CHAMBLEE
Georgia
A CITY ON THE RIGHT TRACK!



Comprehensive Annual Financial Report

For the Year Ended December 31, 2016

CITY OF CHAMBLEE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2016



Prepared By:
City of Chamblee
Finance Department

CITY OF CHAMBLEE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2016

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CHAMBLEE
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INTRODUCTORY SECTION
(Unaudited)

- Letter of Transmittal
- Certificate of Achievement for Excellence in Financial Reporting
- Organizational Chart
- List of Principal Officials



CITY OF CHAMBLEE

5468 PEACHTREE ROAD CHAMBLEE, GA 30341

June 29, 2017

Honorable Eric Clarkson, Mayor
Members of the City Council, and
Citizens of Chamblee, Georgia

Ladies and Gentlemen:

The comprehensive annual financial report of the City of Chamblee, Georgia (the "City") for the fiscal year ended December 31, 2016 is hereby submitted. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal controls established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the City.

The City's financial statements have been audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The independent auditors have issued an unmodified or "clean" opinion on the City of Chamblee's financial statements for the year ended December 31, 2016. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. The basic audited financial statements with combining and individual fund statements and schedules along with required supplementary information follow the MD&A.

The statistical section contains selected historical financial data, debt statistics, and the miscellaneous social and economic data generally presented on a multi-year basis.

History-City of Chamblee

Chamblee is located in Northern DeKalb County and is bordered by Dunwoody to the northwest, Doraville to the east and Brookhaven to the southwest. The heart of what is known today as the City of Chamblee was originally a small community known as the Roswell Junction. In 1881, the Roswell Railroad completed its line with a stop in the Roswell Junction community. The rail stop spurred growth in the area and due to postal

confusion with Roswell, Roswell Junction became known as Chamblee. Chamblee was officially incorporated as a City by the State of Georgia on August 17, 1908. The City was defined as an area radiating one-half mile in every direction from the rail depot.

Since its incorporation in 1908, the City of Chamblee has undergone several annexations. The most recent of which became effective on December 30, 2013 and grew the City to a total of 7.85 square miles and more than 27,000 citizens.

Form of Government

The City of Chamblee operates under a mayor and council-city manager form of government. The Chamblee City Council is comprised of a mayor and five council members. The City is divided into three council districts and two at-large districts. One council member is elected from each of the three districts and two council members are elected from the city at large. The council members who are elected for the three districts must live in the district that they represent but all five council members are elected by a city-wide vote.

The Council enacts ordinances, establishes policy, adopts the annual budget, and establishes the ad valorem tax rate for each year. The City Manager is responsible for implementing the policies set forth by the Council, overseeing all City employees, and managing the day to day operations of the City.

Services Provided

The services provided by the City under general governmental functions include police protection, planning and development, sidewalk and curb maintenance, and parks operation and maintenance. These services are primarily funded by property taxes, franchise fees, and occupational licenses.

In addition, the City provides stormwater, solid waste, and criminal history background checks under the enterprise fund concept. These services are provided for a fee that is set forth by the City Council.

Economic Outlook

Located just 14 miles from downtown Atlanta, the City of Chamblee is positioned for significant economic growth as the economy continues to recover. Two major interstate highways that border the City, I-285 to the north and I-85 to the southeast, provide easy roadway access to and from the City. For commuters, the roadway access is complimented by a MARTA (Metropolitan Atlanta Rapid Transit Authority) rail station and several MARTA bus stops throughout the City. The City is also home to DeKalb Peachtree Airport (PDK), which is the second busiest airport in the State.

At the time of the 2010 census, the City of Chamblee ranked 37th in population out of 68 incorporated municipalities that were in the 10 counties that make up the Atlanta Regional Commission (ARC) with 9,892 citizens. Today, because of two annexations since the last census, Chamblee's 28,328 citizens would rank 15th in the same region.

The City of Chamblee's median household income in 2012 was $49,505. This is in line with the State of Georgia's median household income of $49,604 but slightly below DeKalb County's median household income of $51,252. Persons living below the poverty level in the City of Chamblee were at 21.2% while DeKalb County and the State of Georgia levels were at 18.6% and 17.4%, respectively. These figures combined with the median household income figures, show that there is a greater disparity between the households at the top income levels and the households at the bottom income levels than there is throughout the State.

Chamblee has benefited from the migration of the film and TV industry to the metro Atlanta area. Studio production companies constantly visit the wide variety of antiques shops that Chamblee has to offer as they search for valuable additions to their sets.

Building materials spent on new construction grew from $43.9 million in 2015 to more than $70 million in 2016. Although major commercial projects have been slowed by county sewer capacity issues, new residential and smaller commercial projects have continued to grow at a rapid pace in 2017.

During the 2017 legislative session, the Georgia General Assembly approved legislation that will allow the City to change its Hotel/Motel tax rate from 5% to 8%. While half of this additional revenue has to go to a non-profit organization to promote tourism, the other half of the additional revenue is restricted to tourism product development. Some of the items that fall under tourism product development are: meeting, convention, exhibit and public spaces, visitor information and welcome centers, parks, trails, and other recreational facilities.

Budget

The budget is the City's annual financial operating plan. The annual budget includes the operating departments of the general fund, special revenue funds, capital project funds, and enterprise funds. The budget encompasses a fiscal year that begins on January 1 and ends on December 31.

The City Manager is responsible for presenting a proposed budget to the Mayor and Council. This budget must be balanced within each fund. The budget must generally be approved prior to the start of the new fiscal year, although local statute does allow the city

to operate for a period of no more than 30 days without an approved budget under certain circumstances.

Long-term Financial Planning

The City's policy is to maintain a minimum General Fund balance reserve equal to 25% of operating expenditures. As of December 31, 2016, the General Fund balance was 65.8% of annual operating expenditures. Excess fund balances over reserve requirements and fund balance from the Criminal History Fund will be used to fund and non-recurring expenditures. The City has developed a rolling 5 year capital plan to help dictate how to best use these excess funds. In addition, the City expects to receive more than $1 million annually in Homestead Option Sales Tax (HOST). This revenue is restricted to the use of capital expenditures. In November of 2017, DeKalb County citizens will vote on whether to replace the HOST with a Special Local Option Sales Tax (SPLOST). While the SPLOST would be more restrictive in use that the HOST, the City estimates that its share of the revenue would increase from just over $1m per year to $5m per year.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended December 31, 2015. This was the City's third consecutive award. To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA for consideration.

Acknowledgments

I would like to thank the Mayor, City Council, and City Manager for their support and guidance in preparation of this report. I would also like to express my appreciation to the City's staff for their assistance and cooperation in the preparation of this report.

Respectfully submitted,

Travis Sims

Travis Sims
Finance Director



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

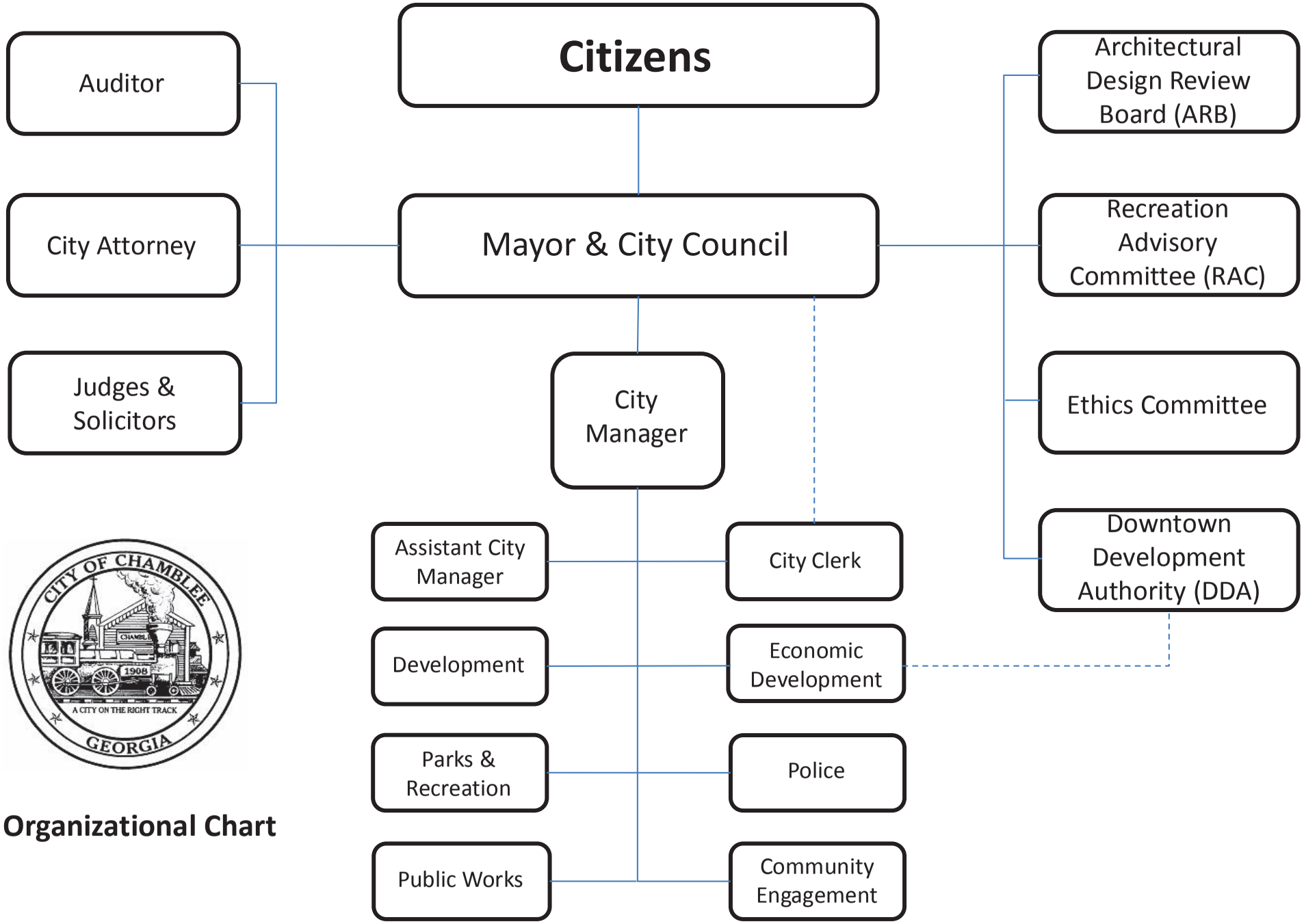
City of Chamblee

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO



Organizational Chart

CITY OF CHAMBLEE, GEORGIA

LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2016

Legislative Branch

Mayor	R. Eric Clarkson
Council Member	Darron Kusman
Council Member	Thomas S. Hogan, II
Council Member	Leslie C. Robson
Council Member	John Mesa
Council Member	Brian Mock

Management Staff

City Manager	Jon Walker
Director of Finance	Travis Sims
Director of Public Works	Reginald Anderson
Director of Development	Gary Cornell
City Clerk	Emmie Niethammer
Director of Parks & Recreation	Jodie Gilfillan
Police Chief	Donny Williams
Economic Development Manager	Adam Causey
City Attorney	Loren Fowler

CHAMBLEE
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FINANCIAL SECTION

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
    - Government-Wide Financial Statements
    - Fund Financial Statements
- Notes to the Financial Statements
- Required Supplementary Information
- Combining, Individual Fund Statements and Schedules



MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Chamblee, Georgia**, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Chamblee, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Chamblee, Georgia as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 14 and the Schedule of Changes in the City's Net Pension Liability and Related Ratios and Schedule of City Contributions on pages 52-53, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Chamblee, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules as well as the introductory and the statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2017, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Chamblee, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 29, 2017

As management of the City of Chamblee, Georgia (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Chamblee for the year ended December 31, 2016.

FINANCIAL HIGHLIGHTS

- The City's total assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $40,300,959 at the end of the year. Of this amount, unrestricted net position of $12,989,736 may be used to meet the City's ongoing obligations to citizens and creditors.

- As a whole, the City's financial position improved during the year 2016. The City's net position increased by $11,734,128 or 41.1%. Of this amount, an increase of $11,522,405 was associated with governmental activities and an increase of $211,723 was associated with business-type activities.

- As of the close of the current year, the City's governmental funds reported combined ending fund balances of $16,465,968, an increase of $2,999,904 in comparison to the prior year. Of this amount, $9,782,944 is unassigned and available for spending.

- At the end of the current year, unassigned fund balance for the General Fund was $9,782,944, or 59.6% of total General Fund expenditures.

- The General Fund reported a net increase in fund balance of $2,149,625 compared to an increase of $1,522,151 in the prior year.

- The City's total debt obligations (including accrued compensated absences, notes payable, and net pension liabilities) increased by $1,727,569 or 53.8% during the current year due to increases in the net pension liability and newly issued notes payable.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these items

being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future periods.

The government-wide financial statements of the City are divided into two (2) categories:

- **Governmental activities** – These include the basic services provided by the City that are principally supported by taxes and intergovernmental revenues. These include police, culture and recreation, public works and general administration.

- **Business-type activities** – These include services for which the City charges specific fees which are meant to recover all or a significant portion of the cost of providing the services. Fees collected under this type of activity include sanitation (solid waste collection), stormwater fees, and criminal history background checks.

Governmental activities and business-type activities are consolidated and added to the total for the primary government.

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, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains nine (9) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Homestead Option Sales Tax Fund which are considered to be a major fund. Data from the other seven (7) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts annual appropriated budgets for its governmental funds. Budgetary comparison statements and schedules have been provided for these funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 17 through 20 of this report.

Proprietary funds. The City maintains three (3) proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sanitation, stormwater, and criminal history background functions. Sanitation, Stormwater, and Criminal History Funds are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 21 through 23 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 24 through 51 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information such as the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 52 and 53 this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $40,300,959 at the close of the most recent year.

By far the largest portion of the City's net position (55.2%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services 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.

An additional portion of the City's net position ($5,069,936) represents resources that are subject to external usage restrictions. The remaining balance of unrestricted net position ($12,989,736) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

City of Chamblee, Georgia's Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	$ 18,439,176	$ 15,524,707	$ 4,428,427	$ 3,657,133	$ 22,867,603	$ 19,181,840
Capital assets	19,948,828	11,633,053	3,566,032	3,233,049	23,514,860	14,866,102
Total Assets	38,388,004	27,157,760	7,994,459	6,890,182	46,382,463	34,047,942
Deferred outflows of resources	$ 910,459	$ 304,106	$ 119,978	$ 35,259	$ 1,030,437	$ 339,365
Liabilities:						
Current and other liabilities	1,930,953	2,018,582	91,853	72,767	2,022,806	2,091,349
Long term debt outstanding	3,714,111	2,983,228	1,222,605	225,919	4,936,716	3,209,147
Total Liabilities	5,645,064	5,001,810	1,314,458	298,686	6,959,522	5,300,496
Deferred inflows of resources	$ 136,892	$ 465,954	$ 15,527	$ 54,026	$ 152,419	$ 519,980
Net position:						
Net investment in capital assets	19,516,311	10,990,044	2,724,976	3,224,889	22,241,287	14,214,933
Restricted	5,069,936	4,437,932	-	-	5,069,936	4,437,932
Unrestricted	8,930,260	6,566,126	4,059,476	3,347,840	12,989,736	9,913,966
Total Net Position	$ 33,516,507	$ 21,994,102	$ 6,784,452	$ 6,572,729	$ 40,300,959	$ 28,566,831

Governmental Activities. Governmental activities increased the City of Chamblee's net position by $11,522,405, thereby accounting for 98.2% of the total increase in the net position of the City. Key elements of this increase are as follows:

- Grants & Contributions increased by $8,510,154 as the City recorded $7,599,731 in road infrastructure after taking over road ownership from DeKalb County.

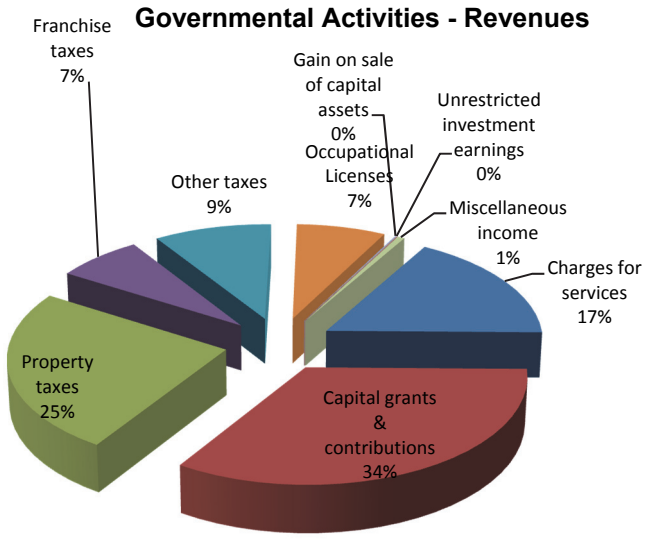
- Other Taxes increased by $898,093 or $15.2% due mainly to an increase in insurance premium tax collections. Insurance premium taxes made up 87.2% of the increase to other taxes.

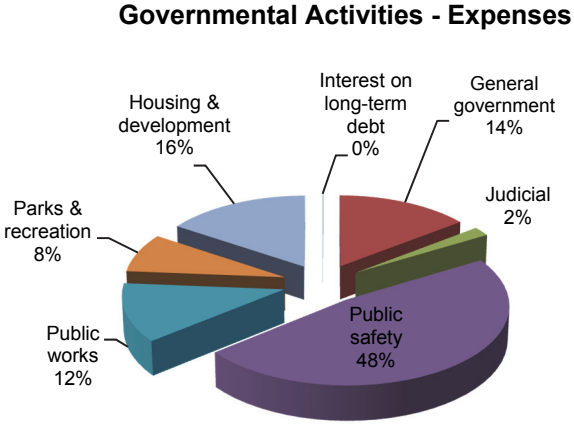
City of Chamblee, Georgia's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues						
Charges for services	$ 4,845,438	$ 4,282,860	$ 3,016,053	$ 2,406,255	$ 7,861,491	$ 6,689,115
Capital grants and contributions	9,707,855	1,197,701	-	-	9,707,855	1,197,701
General revenues:						
Property taxes	7,111,044	6,829,110	-	-	7,111,044	6,829,110
Other taxes	6,816,149	5,918,056	-	-	6,816,149	5,918,056
Investment income	15,783	5,400	-	-	15,783	5,400
Miscellaneous	188,276	228,570	86,900	10,400	275,176	238,970
Total Revenues	28,684,545	18,461,697	3,102,953	2,416,655	31,787,498	20,878,352
Expenses:						
General government	2,565,818	2,023,765	-	-	2,565,818	2,023,765
Judicial	336,953	306,565	-	-	336,953	306,565
Public safety	8,428,508	8,202,652	-	-	8,428,508	8,202,652
Public works	2,142,122	1,509,538	-	-	2,142,122	1,509,538
Parks and recreation	1,427,043	1,249,850	-	-	1,427,043	1,249,850
Housing and development	2,770,970	1,925,243	-	-	2,770,970	1,925,243
Interest on long-term debt	9,148	13,963	-	-	9,148	13,963
Storm water	-	-	858,972	780,900	858,972	780,900
Sanitation	-	-	1,307,507	1,105,695	1,307,507	1,105,695
Criminal history	-	-	206,329	215,685	206,329	215,685
Total Expenses	17,680,562	15,231,576	2,372,808	2,102,280	20,053,370	17,333,856
Excess before Transfers	11,003,983	3,230,121	730,145	314,375	11,734,128	3,544,496
Transfers	518,422	(370,268)	(518,422)	370,268	-	-
Increase in Net position	11,522,405	2,859,853	211,723	684,643	11,734,128	3,544,496
Net position, beginning of year,	21,994,102	19,134,249	6,572,729	5,888,086	28,566,831	25,022,335
Net position, end of year	$ 33,516,507	$ 21,994,102	$ 6,784,452	$ 6,572,729	$ 40,300,959	$ 28,566,831

See page 16 of the financial statements for the net cost (total cost less revenues generated by the activities) of these programs or functions. The following charts show the source of the City's governmental revenues and expenses:

Governmental Activities





Business-type Activities. Business-type activities increased the City's net position by $211,723 thereby accounting for 1.8% of the total increase in the net position of the City. The primary reason for this increase was the Criminal History Fund. Revenues in the Criminal History Fund are derived from running background checks. The City Council has committed income from this fund to be used for capital purchases.

Business-type Activities

	Program Revenues		Program Expenses		Program Income (Loss)	
	2016	2015	2016	2015	2016	2015
Fund:						
Stormw ater	$ 1,144,606	$ 1,087,113	$ 858,972	$ 780,900	$ 285,634	$ 306,213
Sanitation	1,230,010	698,612	1,307,507	1,105,695	(77,497)	(407,083)
Criminal History	641,437	620,530	206,329	215,685	435,108	404,845
Total	$ 3,016,053	$ 2,406,255	$ 2,372,808	$ 2,102,280	$ 643,245	$ 303,975

Criminal History Fund's program revenue increased by $20,907 in 2016. This fund was used to support $249,798 in capital purchases for the year. Sanitation revenues increased $531,398 in 2016 or 76%. This was due to the City receiving 100% of the sanitation revenue for the annexed "DECA" area as opposed to splitting it with DeKalb County in 2015. The revenue was split in 2015 because City took over sanitation services for this area in mid-year 2015. Sanitation expenses only increased by $201,812 or 18.3% because many of the costs related to this transition such as increasing personnel occurred in 2016.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds. The purpose of the City's governmental fund financial statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's new resources available for spending at the end of the year.

As of December 31, 2016, the City's governmental funds reported combined ending balances of $16,465,968, an increase of $2,999,904 in comparison to the prior year. Of this amount, $9,782,944 is unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is not available for new spending because it is either restricted, committed, or assigned for other purposes or nonspendable.

The restricted fund balances include $4,151,850 in Homestead Option Sales Tax (HOST) funds that can be used only for capital projects, $237,187 restricted for public safety, $664,825 restricted for housing and development, and $16,074 restricted for capital projects. The committed funds consist of $309,317 which is to be spent for police and municipal court technology expenditures and $284,358 to be spent on downtown beautification projects.

General Fund. The General Fund is the City's chief operating fund. At the end of the current year, unassigned fund balance of the General Fund was $9,782,944 while total fund balance was $10,802,357. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 59.6% of the total General Fund expenditures for 2016, while total fund balance represents 65.8% of that same amount.

During the current year, the fund balance of the City's General Fund increased by $2,149,625. The revenues increased by $1,388,581 or 8.6%, and the expenditures increased by $2,168,687 or 15.2% resulting in an excess of revenues over expenditures of $1,100,767 for 2016. In addition, the General Fund received a net of $1,005,892 transferred in from other funds.

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

The combined unrestricted net positions of the three proprietary funds were $4,059,476 at the end of the year. Of this amount, $2,960,265 was from the Stormwater Fund while the Sanitation Fund was $131,444. The remaining $967,767 belongs to the Criminal History Fund. Profits from this fund will be transferred to the General Fund to pay for capital purchases as approved by the Mayor and City Council.

GENERAL FUND BUDGETARY HIGHLIGHTS

For year 2016, the City's General Fund had a favorable budget variance of $3,266,179 due in part to the delay of the City's plan to spend $1.7 million on road paving. The City Council instructed staff to implement a plan to spend $1.7 million per year over the next 5 years, beginning in 2016, to repave the City's roads. This $1.7 million that was not spent in 2016 was carried forward into the 2017 budget so that the plan will be on schedule at the end of 2017. During the 2016 fiscal year, the City amended to budget to add $290,000 for the purchase of land that is now known as Canfield Park. In addition, the City increased both its expenditure and revenue budgets by more than $550,000 to account for the increase in development activity. The insurance premium taxes increased by $780,273. This tax on insurance premiums sold are collected and distributed to the jurisdiction in which they are sold by the State. Due to the unexpected retirement of the City Manager, the budget was amended for the $100,000 in additional expenditures incurred. A large portion of these expenses were related to unused leave time that the former City Manager had accumulated in his more than 40 years of service to the City.

CAPITAL ASSETS

The City's investment in capital assets for its governmental activities as of December 31, 2016, amounts to $19,948,828 (net of accumulated depreciation). These assets primarily reflect land, buildings, infrastructure, vehicles, furniture and equipment and park improvements. The City's investment in net capital assets for its business-type activities as of December 31, 2016, amounts to $3,566,032.

The total increase in the City's investment in capital assets for the current year was $8,648,758 or 58.2%. For more detailed information concerning capital assets, see Note 6 to the financial statements.

The some of the major capital asset additions in year 2016 include the transfer of ownership of the City's roads from DeKalb County and the purchase of land to be used as a park.

Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	$ 1,821,838	$ 1,525,278	$ -	$ -	$ 1,821,838	$ 1,525,278
Construction in progress	1,355,366	740,702	-	-	1,355,366	740,702
Buildings and improvements	3,239,917	3,273,763	77,649	81,826	3,317,566	3,355,589
Infrastructure	9,254,347	2,072,261	1,600,904	1,730,590	10,855,251	3,802,851
Furniture, machinery, and equipment	1,260,486	899,810	382,191	387,197	1,642,677	1,287,007
Park improvements	2,275,945	2,251,721	-	-	2,275,945	2,251,721
Vehicles	740,929	869,518	1,505,288	1,033,436	2,246,217	1,902,954
Total	$ 19,948,828	$ 11,633,053	$ 3,566,032	$ 3,233,049	$ 23,514,860	$ 14,866,102

LONG-TERM DEBT AND OBLIGATIONS

At the end of 2016 year, the City had $4,936,716 in outstanding long-term debt and obligations. This is a net increase of $1,727,569 compared to last year's total. More detailed information about the City's long-term liabilities is included in Note 7 to the financial statements.

Outstanding Debt at December 31

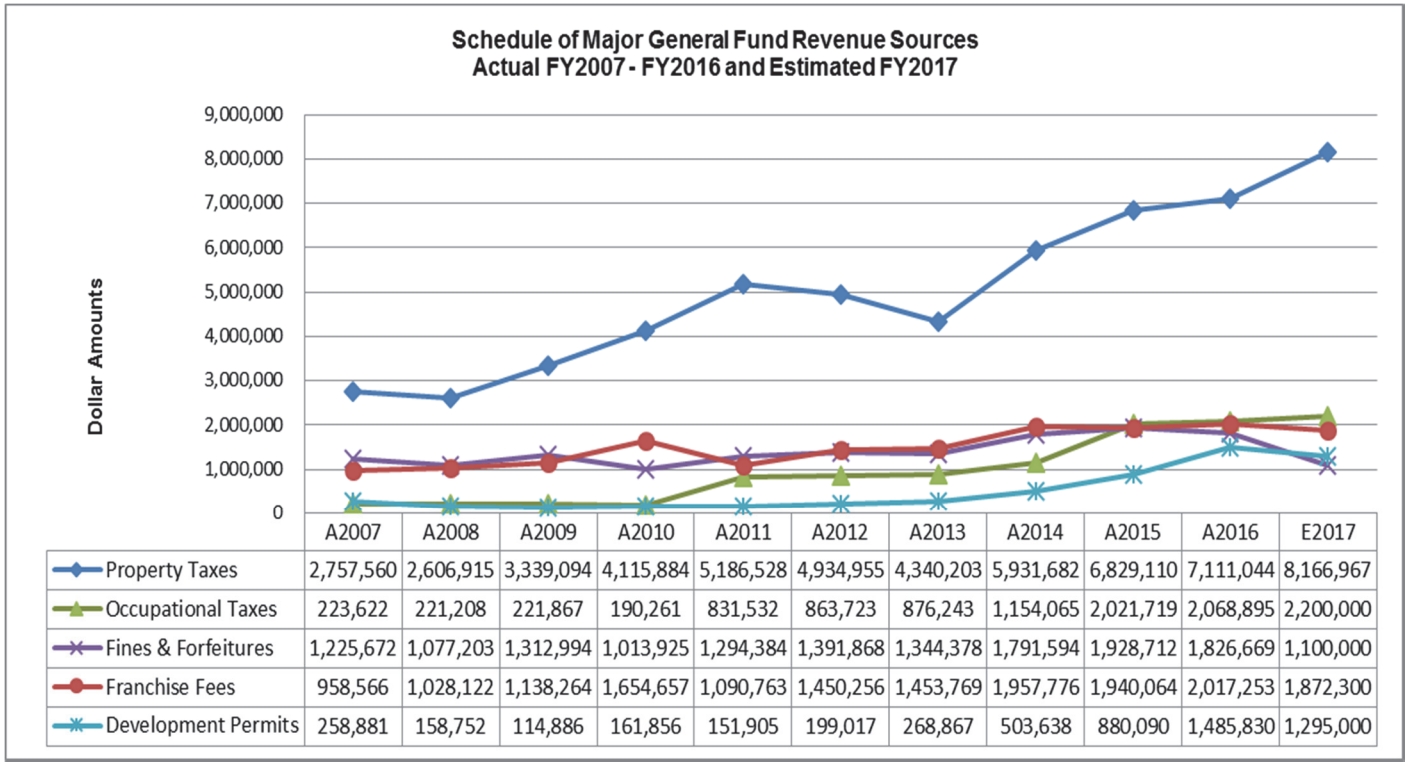
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Capital leases payable	$ 432,517	$ 643,009	$ -	$ 8,160	$ 432,517	$ 651,169
Net pension liability	2,605,451	1,626,157	317,546	188,548	2,922,997	1,814,705
Notes payable	-	-	841,056	-	841,056	-
Compensated absences	676,143	714,062	64,003	29,211	740,146	743,273
Total	$ 3,714,111	$ 2,983,228	$ 1,222,605	$ 225,919	$ 4,936,716	$ 3,209,147

ECONOMIC AND NEXT YEAR'S BUDGET AND RATES

Funding for the City's governmental activities is derived from property tax, other taxes, and fees. During the calendar year 2017 budget process, the City considered projections on the State and local economy to estimate tax revenues for the proposed budget. The City's budget for 2017 was prepared using the 2016 millage rate of 6.4 mills.

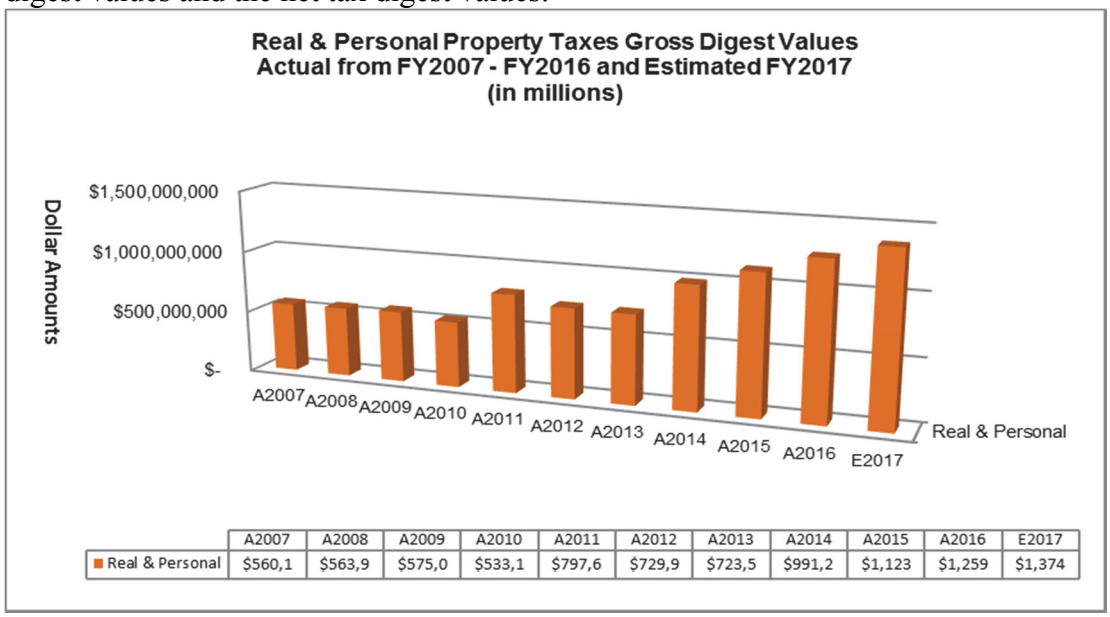
Property taxes, fines and forfeitures, franchise fees, and occupational licenses have been the City's main sources of revenue that support the general governmental operations. As it is clearly displayed in the table below, property tax revenues and development permit revenues continue to climb while other revenue sources remain relatively flat. The current symbiotic relationship of these two revenue sources help to highlight that there are several major redevelopment projects that are currently ongoing in the City. These projects have not only raised the property value of the land being redeveloped but has also added value to the surrounding parcels. This activity is expected to continue in 2017.

The following table shows the ten year revenue trends for the City's major revenue sources and the calendar year 2017 estimated revenue budget amount:

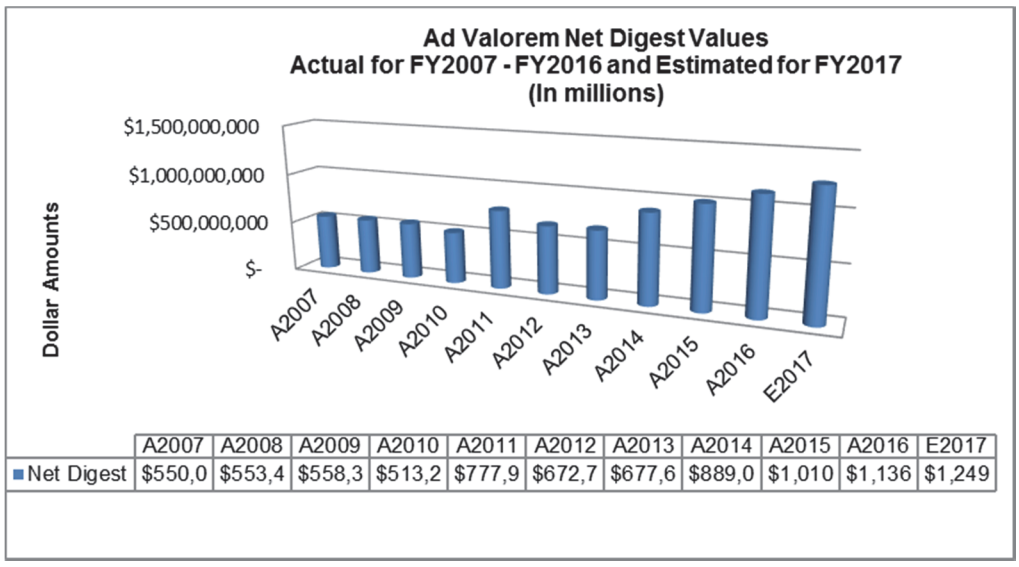


	A2007	A2008	A2009	A2010	A2011	A2012	A2013	A2014	A2015	A2016	E2017
Property Taxes	2,757,560	2,606,915	3,339,094	4,115,884	5,186,528	4,934,955	4,340,203	5,931,682	6,829,110	7,111,044	8,166,967
Occupational Taxes	223,622	221,208	221,867	190,261	831,532	863,723	876,243	1,154,065	2,021,719	2,068,895	2,200,000
Fines & Forfeitures	1,225,672	1,077,203	1,312,994	1,013,925	1,294,384	1,391,868	1,344,378	1,791,594	1,928,712	1,826,669	1,100,000
Franchise Fees	958,566	1,028,122	1,138,264	1,654,657	1,090,763	1,450,256	1,453,769	1,957,776	1,940,064	2,017,253	1,872,300
Development Permits	258,881	158,752	114,886	161,856	151,905	199,017	268,867	503,638	880,090	1,485,830	1,295,000

The following two tables show the ten year trends for the real and personal property tax gross digest values and the net tax digest values:



	A2007	A2008	A2009	A2010	A2011	A2012	A2013	A2014	A2015	A2016	E2017
Real & Personal	$560,1	$563,9	$575,0	$533,1	$797,6	$729,9	$723,5	$991,2	$1,123	$1,259	$1,374



	A2007	A2008	A2009	A2010	A2011	A2012	A2013	A2014	A2015	A2016	E2017
Net Digest	$550,0	$553,4	$558,3	$513,2	$777,9	$672,7	$677,6	$889,0	$1,010	$1,136	$1,249

Financial Contact

This financial report is designed to provide a general overview of the City's finances, comply with finance related laws and regulations, and demonstrate the City's commitment to public accountability. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Finance Department at 5468 Peachtree Road, Chamblee, Georgia, 30341.

CITY OF CHAMBLEE, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2016

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Cash and cash equivalents	$ 15,524,122	$ 4,327,955	$ 19,852,077	$ 92,640
Taxes receivable, net of allowance	2,166,193	-	2,166,193	-
Accounts receivable, net of allowance	124,239	80,357	204,596	98,750
Due from other governments	558,234	1,684	559,918	-
Prepaid items	66,388	18,431	84,819	1,458
Other assets	-	-	-	12,100,958
Capital assets:				
Non-depreciable	3,177,204	-	3,177,204	-
Depreciable, net of accumulated depreciation	16,771,624	3,566,032	20,337,656	1,638
Total assets	38,388,004	7,994,459	46,382,463	12,295,444
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	910,459	119,978	1,030,437	-
Total deferred outflows of resources	910,459	119,978	1,030,437	-
LIABILITIES				
Accounts payable	1,129,710	34,358	1,164,068	6,599
Accrued liabilities	437,227	22,599	459,826	-
Unearned revenue	360,110	-	360,110	-
Due to other governments	160	18,462	18,622	-
Deposits payable	2,500	16,434	18,934	-
Accrued interest payable	1,246	-	1,246	13,750
Compensated absences, due within one year	574,722	54,403	629,125	-
Compensated absences, due in more than one year	101,421	9,600	111,021	-
Capital leases, due within one year	214,163	-	214,163	-
Capital leases, due in more than one year	218,354	-	218,354	-
Notes payable, due within one year	-	210,537	210,537	-
Notes payable, due in more than one year	-	630,519	630,519	12,000,000
Net pension liability, due in more than one year	2,605,451	317,546	2,922,997	-
Total liabilities	5,645,064	1,314,458	6,959,522	12,020,349
DEFERRED INFLOWS OF RESOURCES				
Pension related items	136,892	15,527	152,419	-
Total deferred inflows of resources	136,892	15,527	152,419	-
NET POSITION				
Net investment in capital assets	19,516,311	2,724,976	22,241,287	1,638
Restricted for:				
Public safety	237,187	-	237,187	-
Housing and development	664,825	-	664,825	-
Capital projects	4,167,924	-	4,167,924	-
Unrestricted	8,930,260	4,059,476	12,989,736	273,457
Total net position	$ 33,516,507	$ 6,784,452	$ 40,300,959	$ 275,095

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

CITY OF CHAMBLEE, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Downtown Development Authority
Primary government:							
Governmental activities:							
General government	$ 2,565,818	$ 624,565	$ 1,331,512	$ (609,741)	$ -	$ (609,741)	$ -
Judicial	336,953	1,826,669	-	1,489,716	-	1,489,716	-
Public safety	8,657,653	783,470	-	(7,874,183)	-	(7,874,183)	-
Public works	2,035,326	-	7,599,731	5,564,405	-	5,564,405	-
Parks and recreation	1,274,554	124,904	-	(1,149,650)	-	(1,149,650)	-
Housing and development	2,801,110	1,485,830	776,612	(538,668)	-	(538,668)	-
Interest on long-term debt	9,148	-	-	(9,148)	-	(9,148)	-
Total governmental activities	17,680,562	4,845,438	9,707,855	(3,127,269)	-	(3,127,269)	-
Business-type activities:							
Stormwater	858,972	1,144,606	-	-	285,634	285,634	-
Sanitation	1,307,507	1,230,010	-	-	(77,497)	(77,497)	-
Criminal history	206,329	641,437	-	-	435,108	435,108	-
Total business-type activities	2,372,808	3,016,053	-	-	643,245	643,245	-
Total primary government	$ 20,053,370	$ 7,861,491	$ 9,707,855	$ (3,127,269)	$ 643,245	$ (2,484,024)	$ -
Component Unit:							
Downtown Development Authority	$ 251,836	$ 253,298	$ -	$ -	$ -	$ -	$ 1,462
General revenues:							
Property taxes				7,111,044	-	7,111,044	-
Franchise taxes				2,017,253	-	2,017,253	-
Excise taxes				187,617	-	187,617	-
Insurance premium taxes				1,674,197	-	1,674,197	-
Business taxes				2,068,895	-	2,068,895	-
Other taxes				149,315	-	149,315	-
Hotel / motel taxes				442,257	-	442,257	-
Alcohol taxes				276,615	-	276,615	-
Unrestricted investment earnings				15,783	-	15,783	-
Gain on sale of capital assets				28,965	86,900	115,865	-
Payments from primary government				-	-	-	152,000
Miscellaneous				159,311	-	159,311	-
Transfers				518,422	(518,422)	-	-
Total general revenues and transfers				14,649,674	(431,522)	14,218,152	152,000
Change in net position				11,522,405	211,723	11,734,128	153,462
Net position, beginning of year (restated)				21,994,102	6,572,729	28,566,831	121,633
Net position, end of year				$ 33,516,507	$ 6,784,452	$ 40,300,959	$ 275,095

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

CHAMBLEE Georgia
A CITY ON THE RIGHT TRACK!

CITY OF CHAMBLEE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

ASSETS	General Fund	Homestead Option Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 10,559,994	$ 3,854,055	$ 1,110,073	$ 15,524,122
Taxes receivable, net of related allowance	1,818,192	299,629	48,372	2,166,193
Accounts receivable, net of related allowance	32,281	-	91,958	124,239
Due from other governments	-	-	558,234	558,234
Due from other funds	54,093	-	10,194	64,287
Prepaid items	66,388	-	-	66,388
Total assets	$ 12,530,948	$ 4,153,684	$ 1,818,831	$ 18,503,463
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 887,647	$ 1,834	$ 240,229	$ 1,129,710
Accrued liabilities	424,639	-	12,588	437,227
Unearned revenue - licenses and permits	360,110	-	-	360,110
Deposits payable	2,500	-	-	2,500
Due to other governments	-	-	160	160
Due to other funds	10,194	-	54,093	64,287
Total liabilities	1,685,090	1,834	307,070	1,993,994
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	43,501	-	-	43,501
Total deferred inflows of resources	43,501	-	-	43,501
FUND BALANCES				
Fund Balances:				
Nonspendable:				
Prepaid items	66,388	-	-	66,388
Restricted:				
Public safety	-	-	237,187	237,187
Housing and development	-	-	664,825	664,825
Capital projects	-	4,151,850	16,074	4,167,924
Committed:				
Police technology resources	-	-	309,317	309,317
Downtown construction	-	-	284,358	284,358
Assigned for 2017 budget	953,025	-	-	953,025
Unassigned	9,782,944	-	-	9,782,944
Total fund balances	10,802,357	4,151,850	1,511,761	16,465,968
Total liabilities, deferred inflows of resources, and fund balances	$ 12,530,948	$ 4,153,684	$ 1,818,831	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	19,948,828
Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable (deferred inflows of resources) in the governmental funds.	43,501
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(1,109,906)
Net pension liability is not due and payable in the current period and, therefore, not reported in governmental funds, along with related amounts	(1,831,884)
Net position of governmental activities	$ 33,516,507

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

CITY OF CHAMBLEE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	General Fund	Homestead Option Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 13,295,732	$ -	$ 629,874	$ 13,925,606
Licenses and permits	1,565,637	-	199,200	1,764,837
Intergovernmental	119,875	1,331,512	656,737	2,108,124
Fines and forfeitures	1,826,669	-	98,011	1,924,680
Charges for services	527,824	-	628,097	1,155,921
Interest income	15,783	-	-	15,783
Other revenues	159,311	-	-	159,311
Total revenues	17,510,831	1,331,512	2,211,919	21,054,262
Expenditures				
Current:				
General government	2,067,447	-	-	2,067,447
Judicial	337,601	-	-	337,601
Public safety	7,832,609	-	904,027	8,736,636
Public works	2,113,053	-	-	2,113,053
Parks and recreation	1,458,569	-	-	1,458,569
Housing and development	2,380,538	-	723,736	3,104,274
Capital outlay	-	577,919	-	577,919
Debt service:				
Principal retirements	210,492	-	-	210,492
Interest and fiscal charges	9,755	-	-	9,755
Total expenditures	16,410,064	577,919	1,627,763	18,615,746
Excess of revenues over expenditures	1,100,767	753,593	584,156	2,438,516
Other financing sources (uses):				
Proceeds from sale of capital assets	42,966	-	-	42,966
Transfers in	1,340,551	-	671,852	2,012,403
Transfers out	(334,659)	(584,517)	(574,805)	(1,493,981)
Total other financing sources (uses)	1,048,858	(584,517)	97,047	561,388
Net change in fund balance	2,149,625	169,076	681,203	2,999,904
Fund balances, beginning of year	8,652,732	3,982,774	830,558	13,466,064
Fund balances, end of year	$ 10,802,357	$ 4,151,850	$ 1,511,761	$ 16,465,968

The accompanying notes are an integral part of these 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, 2016

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

Net change in fund balances - total governmental funds	$	2,999,904
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.		730,045
The net effect of various miscellaneous transactions involving capital assets (i.e. sale of capital assets and donated capital assets) is to increase net position.		7,585,730
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,587
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The transaction, however, has no effect on net position.		
Principal payments		210,492
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(5,353)
Change in net position - governmental activities	$	11,522,405

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

CHAMBLEE Georgia
A CITY ON THE RIGHT TRACK!

CITY OF CHAMBLEE, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 13,008,000	$ 13,008,000	$ 13,295,732	$ 287,732
Intergovernmental	119,875	119,875	119,875	-
Licenses and permits	1,391,700	1,691,700	1,565,637	(126,063)
Fines and forfeitures	2,000,000	2,000,000	1,826,669	(173,331)
Charges for services	374,400	605,400	527,824	(77,576)
Interest income	4,500	4,500	15,783	11,283
Other revenues	51,800	51,800	159,311	107,511
Total revenues	16,950,275	17,481,275	17,510,831	29,556
Expenditures				
Current:				
General government	2,338,572	2,438,572	2,067,447	371,125
Judicial	366,404	366,404	337,601	28,803
Public safety	7,699,698	8,154,002	7,832,609	321,393
Public works	4,688,449	4,688,449	2,113,053	2,575,396
Parks and recreation	1,675,604	1,675,604	1,458,569	217,035
Housing and development	1,965,034	2,696,034	2,380,538	315,496
Total current expenditures	18,733,761	20,019,065	16,189,817	3,829,248
Debt service:				
Principal retirements	219,160	219,160	210,492	8,668
Interest and fiscal charges	9,823	9,823	9,755	68
Total debt service	228,983	228,983	220,247	8,736
Total expenditures	18,962,744	20,248,048	16,410,064	3,837,984
Excess (deficiency) of revenues over (under) expenditures	(2,012,469)	(2,766,773)	1,100,767	3,867,540
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	42,966	42,966
Transfers in	2,499,197	2,438,197	1,340,551	(1,097,646)
Transfers out	(726,978)	(787,978)	(334,659)	453,319
Total other financing sources (uses)	1,772,219	1,650,219	1,048,858	(601,361)
Net change in fund balances	(240,250)	(1,116,554)	2,149,625	3,266,179
Fund balances, beginning of year	8,652,732	8,652,732	8,652,732	-
Fund balances, end of year	$ 8,412,482	$ 7,536,178	$ 10,802,357	$ 3,266,179

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

CHAMBLEE Georgia
A CITY ON THE RIGHT TRACK!

CITY OF CHAMBLEE, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

ASSETS	Business-type Activities - Enterprise Funds			
	Stormwater Fund	Sanitation Fund	Criminal History Fund	Totals
CURRENT ASSETS				
Cash and cash equivalents	$ 3,121,186	$ 241,644	$ 965,125	$ 4,327,955
Accounts receivable, net of allowances	4,320	22,788	53,249	80,357
Due from other governments	1,684	-	-	1,684
Prepaid items	4,283	14,148	-	18,431
Total current assets	3,131,473	278,580	1,018,374	4,428,427
CAPITAL ASSETS				
Depreciable assets	8,689,287	2,213,395	-	10,902,682
Accumulated depreciation	(6,553,641)	(783,009)	-	(7,336,650)
Capital assets, net	2,135,646	1,430,386	-	3,566,032
Total assets	5,267,119	1,708,966	1,018,374	7,994,459
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	49,965	61,455	8,558	119,978
Total deferred outflows of resources	49,965	61,455	8,558	119,978
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	6,549	27,709	100	34,358
Accrued liabilities	7,426	12,466	2,707	22,599
Due to others	-	18,389	73	18,462
Deposits payable	-	-	16,434	16,434
Compensated absences payable , due in one year	24,772	29,631	-	54,403
Notes payable, due within one year	-	210,537	-	210,537
Total current liabilities	38,747	298,732	19,314	356,793
LONG TERM LIABILITIES				
Compensated absences payable, due in more than one year	4,371	5,229	-	9,600
Note payable, due in more than one year	-	630,519	-	630,519
Net pension liability	166,089	115,167	36,290	317,546
Total noncurrent liabilities	170,460	750,915	36,290	957,665
Total liabilities	209,207	1,049,647	55,604	1,314,458
DEFERRED INFLOWS OF RESOURCES				
Pension related items	11,966	-	3,561	15,527
Total deferred inflows of resources	11,966	-	3,561	15,527
NET POSITION				
Net investment in capital assets	2,135,646	589,330	-	2,724,976
Unrestricted	2,960,265	131,444	967,767	4,059,476
Total net position	$ 5,095,911	$ 720,774	$ 967,767	$ 6,784,452

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

CITY OF CHAMBLEE, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Business-type Activities - Enterprise Funds			
	Stormwater Fund	Sanitation Fund	Criminal History Fund	Totals
OPERATING REVENUES				
Charges for sales and services	$ 1,144,606	$ 1,230,010	$ 641,437	$ 3,016,053
Total operating revenues	1,144,606	1,230,010	641,437	3,016,053
OPERATING EXPENSES				
Cost of sales and services	128,871	312,544	7,487	448,902
Personnel costs	508,964	790,078	198,842	1,497,884
Administration costs	21,939	41,507	-	63,446
Depreciation	199,198	145,975	-	345,173
Total operating expenses	858,972	1,290,104	206,329	2,355,405
Operating income (loss)	285,634	(60,094)	435,108	660,648
NON-OPERATING REVENUES (EXPENSES)				
Interest expense	-	(17,403)	-	(17,403)
Gain on sale of capital assets	30,000	56,900	-	86,900
Total non-operating revenues	30,000	39,497	-	69,497
Income (loss) before transfers	315,634	(20,597)	435,108	730,145
Transfers in	-	140,968	-	140,968
Transfers out	-	(409,593)	(249,797)	(659,390)
Total transfers	-	(268,625)	(249,797)	(518,422)
Change in net position	315,634	(289,222)	185,311	211,723
Total net position, beginning of year	4,780,277	1,009,996	782,456	6,572,729
Total net position, end of year	$ 5,095,911	$ 720,774	$ 967,767	$ 6,784,452

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

CITY OF CHAMBLEE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Business-type Activities - Enterprise Funds			
	Stormwater Fund	Sanitation Fund	Criminal History Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 1,158,942	$ 1,225,059	$ 682,821	$ 3,066,822
Payments to suppliers	(153,103)	(342,934)	(7,374)	(503,411)
Payments to employees	(483,711)	(771,824)	(198,730)	(1,454,265)
Net cash provided by operating activities	522,128	110,301	476,717	1,109,146
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in from other funds	-	140,968	-	140,968
Transfers out to other funds	-	(409,593)	(249,797)	(659,390)
Net cash used in non-capital financing activities	-	(268,625)	(249,797)	(518,422)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from long-term borrowings	-	956,460	-	956,460
Purchase of capital assets	(205,731)	(472,425)	-	(678,156)
Proceeds from sale of capital assets	30,000	56,900	-	86,900
Principal payments on long term borrowings	-	(123,564)	-	(123,564)
Interest paid	-	(17,403)	-	(17,403)
Net cash provided by (used) in capital and related financing activities	(175,731)	399,968	-	224,237
Net increase in cash	346,397	241,644	226,920	814,961
Cash, beginning of year	2,774,789	-	738,205	3,512,994
Cash, end of year	$ 3,121,186	$ 241,644	$ 965,125	$ 4,327,955
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	$ 285,634	$ (60,094)	$ 435,108	$ 660,648
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	199,198	145,975	-	345,173
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	14,336	(4,951)	35,502	44,887
Increase in prepaid items	(283)	(937)	-	(1,220)
Increase in deferred outflows from pension related items	(28,574)	(52,847)	(6,687)	(88,108)
Increase (decrease) in accounts payable	(5,678)	(6,329)	40	(11,967)
Increase (decrease) in accrued liabilities	2,669	631	(253)	3,047
Increase in deposits payable	-	-	5,882	5,882
Increase in due to others	3,668	18,383	73	22,124
Increase in compensated absences payable	20,267	14,525	-	34,792
Increase in net pension liability	51,701	69,135	8,162	128,998
Decrease in deferred inflows from pension related items	(20,810)	(13,190)	(1,110)	(35,110)
Net cash provided by operating activities	$ 522,128	$ 110,301	$ 476,717	$ 1,109,146

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Chamblee, Georgia (the "City"), which was incorporated on August 17, 1908 under the laws of the State of Georgia, is governed by a six member Mayor/Council – City Manager form of government. The Mayor is elected to a four-year term and council members are elected to staggered four-year terms. The City provides such services to its citizens as public safety, public works, development and permits, parks and recreation, and general and administrative services. The financial statements of the City of Chamblee, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

The City, for financial reporting purposes, includes all of the funds relevant to the operations of the City. The Governmental 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.

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

Discretely Presented Component Unit - In conformity with generally accepted accounting principles, the financial statements of the Downtown Development Authority of the City of Chamblee (the "DDA") are presented as a discretely presented component unit. The DDA was created in 2013 by the City Council pursuant to the Georgia Downtown Development Authorities Law. It operates through a Board of Directors consisting of seven (7) members appointed by the City Council and Mayor and they may also be removed by the Mayor and City Council. The purpose of the DDA is to promote, to preserve, and to enhance a safe and economically viable central business district by focusing both public and private resources on maximizing the potential of both the historic downtown and Peachtree Boulevard corridor to benefit the entire community. The DDA's financial information may be obtained from the Economic Development Manager of the City of Chamblee at 5468 Peachtree Road, Chamblee Georgia 30341 or by calling 470-395-2308. Separate financial statements for the Downtown Development Authority are not prepared.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on activities of the primary government and its component unit. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The component unit is presented in a separate column. The statement of net position will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services that are provided and used are not eliminated in the process of consolidation.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period, with the exception of grant revenues which are considered to be available when all eligibility requirements have been met and if they are collected within one year of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and interest associated with the current period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

The City reports the following major governmental funds:

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

The **Homestead Option Sales Tax Fund** accounts for locally funded acquisition and construction of major capital projects financed by restricted homestead option sales tax funds.

The City reports the following major enterprise funds:

The **Stormwater Fund** accounts for the receipt of ad valorem stormwater assessments to support capital improvement and administration costs of the City's stormwater system.

The **Sanitation Fund** accounts for the City's solid waste management operations.

The **Criminal History Fund** accounts for the City's receipt of fees by providing criminal history information/background checks to employers.

Additionally, the City reports the following fund types:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Special Revenue Funds are used to account for specific revenues that are either legally restricted or committed to expenditures for particular purposes.

Capital Project Funds account for the acquisition and construction of capital assets, other than those accounted for in specific funds, which are not financed by the proprietary funds.

In accounting and reporting for its proprietary operations, the City applies all Governmental Accounting Standards Board (GASB) pronouncements. The City applies GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989.

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

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

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

D. Budgets

Annual appropriated budgets are adopted for all funds. The budgets for the proprietary funds are for management control purposes and are not required to be reported. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds. Annual operating budgets are adopted each year through passage of an annual budget ordinance and amended as required for all governmental funds. During the year ended December 31, 2016, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules. All unencumbered budget appropriations lapse at the end of each year.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits and Investments

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

F. Other Assets

The City's other assets consist of real estate properties held by the Downtown Development Authority. These properties are held with the intention of controlling future development within the City's downtown area and are not held for income or profit purposes. As such, these assets are recorded at cost. The assets consist of four (4) properties comprised of land and buildings in the Authority's development area. One property was purchased in 2015 for $1,446,120 and three properties were purchased in 2016 for $10,654,838. The four properties have a total cost of $12,100,958.

G. Receivables and Payables

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

H. Prepaid Items and Inventory

Payments made to vendors for services that will benefit periods beyond December 31, 2016 are recorded as prepaid items in both government-wide and fund financial statements. Inventories are valued at lower of cost or market using the first-in, first out method. The cost of governmental fund type inventory is recorded as an expenditure when consumed rather than when purchased. Prepaid items are accounted for using the consumption method by recording as asset for the prepaid amount when acquired and subsequently reflecting the expenditure/expense in the fiscal year in which the services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable, as this amount is not available for general appropriation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The City has reported infrastructure consistent with the retroactive infrastructure reporting requirements of GASB Statement 34.

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

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

Assets	Years
Infrastructure	30-50
Buildings and improvements	10-40
Park improvements	10-40
Furniture, machinery, and equipment	3-20
Vehicles	3-10

J. Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City's unavailable revenue, which arises under a modified accrual basis of accounting and, therefore, qualifies for reporting in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and occupational taxes as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources (Continued)

The City also has deferred inflows of resources and deferred outflows of resources related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

K. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is only a liability for non-vesting accumulated rights to receive sick pay benefits when an employee has accrued in excess of 160 hours as the City does not have a policy to pay any amounts when employees separate from service with the City unless the above condition is met. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. Long-Term Obligations

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Fund Equity and Net Position

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

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

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a formal vote of the Mayor and City Council (passage of a resolution). Only the Mayor and the City Council may modify or rescind the commitment through a majority vote (passage of a resolution).

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council has expressly delegated to the City Manager the authority to assign funds for particular purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity and Net Position (Continued)

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

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

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

N. Pensions

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

O. Management Estimates

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $1,109,906 difference are as follows:

Capital leases payable	$	(432,517)
Accrued interest payable		(1,246)
Compensated absences		(676,143)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(1,109,906)

Another element of that reconciliation states that the "net pension liability is not due and payable in the current period and is therefore not reported in governmental funds, along with related amounts." The details of this $1,831,884 difference are as follows:

Net pension liability	$	(2,605,451)
Deferred outflows of resources		910,459
Deferred inflows of resources		(136,892)
Net adjustment to reduce *fund balance- total governmental funds* to arrive at *net position - governmental activities*	$	(1,831,884)

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $730,045 difference are as follows:

Capital outlay	$	1,903,819
Depreciation expense		(1,173,774)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	730,045

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $5,353 difference are as follows:

Changes in:		
Accrued interest payable	$	607
Compensated absences		37,919
Pension expense		(43,879)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(5,353)

Another element of that reconciliation explains that "The net effect of various miscellaneous transactions involving capital assets (i.e. sale of capital assets and donated capital assets) is to increase net position. The details of this $7,585,730 difference are as follows:

Donated assets	$	7,599,731
Capital asset disposals		(14,001)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	7,585,730

NOTE 3. LEGAL COMPLIANCE - BUDGETS

The City of Chamblee, Georgia employs the following procedures in establishing its annual budget:

1. The initial budget is prepared based on revenues and expenditures of the prior year.
2. Work sessions are held to amend the amounts based on expected revenues.
3. The proposed budget is presented to the Mayor and City Council in a regular Council meeting.
4. The Council sets a date for a public hearing on the proposed budget.
5. After the hearing, the Council adopts the budget.
6. Over or under expended appropriations are not carried forward to the next year.
7. The legal level of budgetary control for the City of Chamblee, Georgia is at the departmental level. Budget revisions that alter the total expenditures of any department must be approved by the Mayor and City Council. Budget amounts are as originally adopted or as amended by the Mayor and City Council.

For the year ended December 31, 2016, the hotel motel fund had transfers out that exceeded appropriations by $8,354. This over expenditure was funded by greater than anticipated revenues and available fund balance.

NOTE 4. DEPOSITS AND OTHER ASSETS

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes, and City policy, require all deposits and investments (other than Federal or State government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities. As of December 31, 2016, the City's bank balances were properly collateralized as defined by State Statutes.

Credit Risk – Investments: The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on $1 per share. The City has classified the Georgia Fund 1 funds as cash equivalents; therefore, cash equivalents includes $4,937,297 in Georgia Fund 1. As of December 31, 2016, the Georgia Fund 1 had a weighted average maturity of 34 days and a credit rating of AAAf.

NOTE 4. DEPOSITS AND OTHER ASSETS (CONTINUED)

Interest Rate Risk: The City does not have a formal policy that addresses interest rate risk. At December 31, 2016, the above investments were subject to interest rate risk. Interest rate risk is the risk that a government may face should changes in interest rates affect the fair value of its investments.

Credit Risk Policy: State statutes authorize the City to invest in obligations of the State of Georgia or other States; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers' acceptances; the State of Georgia's Local Government Investment Pool (Georgia Fund 1) established by State law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of December 31, 2016, the City's only investments were in the local government pool established by State law.

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

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NOTE 5. RECEIVABLES

DeKalb County bills and collects real and personal property taxes for the City. Property taxes attach as an enforceable lien on property as of January 1, and are based on property values assessed as of January 1. Tax bills were levied in July 2016. The billings are considered due upon receipt by the taxpayer; however, they are considered late after November 15. After this date, the bill becomes delinquent and penalties and interest may be assessed by the City.

In the governmental funds, the City's property tax revenues are recognized when levied to the extent that they are available. Receivables outstanding more than 60 days after year-end are considered available and are recorded as deferred inflows of resources - unavailable property taxes in the City's governmental funds but are recognized as revenue in the government-wide financial statements for governmental activities.

In the enterprise funds, storm water fees (for residential customers) are billed annually in July along with the property taxes and are due and payable in two installments. The first installment was due on August 15, 2016 and the second installment is due on November 15, 2016. After these dates, the bill becomes delinquent and penalties and interest may be assessed by the City.

Receivables at December 31, 2016, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Homestead Option Sales Tax	Nonmajor Governmental
Receivables:			
Taxes	$ 2,050,991	$ 299,629	$ 48,372
Accounts	32,281	-	91,958
Due from other governments	-	-	558,234
Less allowance for uncollectible	(232,799)	-	-
Net total receivable	$ 1,850,473	$ 299,629	$ 698,564

	Stormwater	Sanitation	Criminal History
Receivables:			
Accounts	$ 101,780	$ 26,006	$ 65,456
Due from other governments	1,684	-	-
Less allowance for uncollectible	(97,460)	(3,218)	(12,207)
Net total receivable	$ 6,004	$ 22,788	$ 53,249

NOTE 6. CAPITAL ASSETS

Primary Government:

Capital asset activity for the year ended December 31, 2016, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 1,525,278	$ 296,560	$ -	$ 1,821,838
Construction in progress	740,702	614,664	-	1,355,366
Total	2,265,980	911,224	-	3,177,204
Capital assets, being depreciated:				
Buildings and improvements	5,365,105	100,282	-	5,465,387
Infrastructure	2,980,961	7,599,731	-	10,580,692
Furniture and equipment	2,293,252	621,944	(15,900)	2,899,296
Park improvements	3,581,775	127,464	-	3,709,239
Vehicles	2,378,557	142,905	(17,501)	2,503,961
Total	16,599,650	8,592,326	(33,401)	25,158,575
Less accummulated depreciation for:				
Buildings and improvements	(2,091,342)	(134,128)	-	(2,225,470)
Infrastructure	(908,700)	(417,645)	-	(1,326,345)
Furniture and equipment	(1,393,442)	(261,268)	15,900	(1,638,810)
Park improvements	(1,330,054)	(103,240)	-	(1,433,294)
Vehicles	(1,509,039)	(257,493)	3,500	(1,763,032)
Total	(7,232,577)	(1,173,774)	19,400	(8,386,951)
Total capital assets, being depreciated, net	9,367,073	7,418,552	(14,001)	16,771,624
Governmental activities capital assets, net	$ 11,633,053	$ 8,329,776	$ (14,001)	$ 19,948,828

NOTE 6. CAPITAL ASSETS (CONTINUED)

Primary Government: (continued)

Business-type activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Infrastructure	$ 7,879,735	$ -	$ -	$ 7,879,735
Buildings	125,305	-	-	125,305
Machinery and equipment	532,466	19,419	-	551,885
Vehicles	1,911,452	658,737	(224,432)	2,345,757
Total	10,448,958	678,156	(224,432)	10,902,682
Less accummulated depreciation for:				
Infrastructure	(6,149,145)	(129,686)	-	(6,278,831)
Buildings	(43,479)	(4,177)	-	(47,656)
Machinery and equipment	(145,269)	(24,425)	-	(169,694)
Vehicles	(878,016)	(186,885)	224,432	(840,469)
Total	(7,215,909)	(345,173)	224,432	(7,336,650)
Total capital assets, being depreciated, net	3,233,049	332,983	-	3,566,032
Governmental activities capital assets, net	$ 3,233,049	$ 332,983	$ -	$ 3,566,032

Discretely Presented Component Unit:

Downtown Development Authority:	Beginning Balance Restated	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Furniture and equipment	$ 6,000	$ -	$ (3,000)	$ 3,000
Total	6,000	-	(3,000)	3,000
Less accumulated depreciation for:				
Furniture and equipment	(325)	(1,200)	163	(1,362)
Total	(325)	(1,200)	163	(1,362)
Total capital assets, being depreciated, net	5,675	(1,200)	(2,837)	1,638
Downtown Development Authority capital assets, net	$ 5,675	$ (1,200)	$ (2,837)	$ 1,638

NOTE 6. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government and its component unit as follows:

Governmental activities:	
General government	$ 499,836
Public safety	441,568
Public works	88,029
Culture and recreation	144,341
Total depreciation expense - governmental activities	$ 1,173,774
Business-type activities:	
Stormwater	$ 199,198
Sanitation	145,975
Total depreciation expense - business-type activities	$ 345,173
Discretely presented component unit:	
Downtown Development Authority	$ 1,200

NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental activities:					
Capital leases	$ 643,009	$ -	$ (210,492)	$ 432,517	$ 214,163
Compensated absences	714,062	575,079	(612,998)	676,143	574,722
Net pension liability	1,626,157	1,311,215	(331,921)	2,605,451	-
Governmental activities Long-term liabilities	$ 2,983,228	$ 1,886,294	$ (1,155,411)	$ 3,714,111	$ 788,885

For governmental activities, capital leases, compensated absences, and the net pension liability are liquidated by the General Fund.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Business-type activities:					
Capital leases	$ 8,160	$ -	$ (8,160)	$ -	$ -
Compensated absences	29,211	81,142	(46,350)	64,003	54,403
Notes payable	-	956,460	(115,404)	841,056	210,537
Net pension liability	188,548	169,451	(40,453)	317,546	-
Business-type activities Long-term liabilities	$ 225,919	$ 1,207,053	$ (210,367)	$ 1,222,605	$ 264,940

NOTE 7. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued):

Capital Leases – Public Safety Building and Equipment. The City has entered into lease agreements as lessee for financing the acquisition of equipment (cameras) and a public safety facility and vehicles used in general governmental activities. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions. As of December 31, 2016, the City had a net book value of $473,452 ($1,089,961 acquisition cost, current year depreciation of $196,392 and accumulated depreciation of $616,509) for governmental activities of assets under capital leases.

Capital Leases – Sanitation Vehicle. The City has entered into lease agreements as lessee for financing the acquisition of a sanitation vehicle used in business-type activities. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions. As of December 31, 2016, the City has paid the lease obligation in full.

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

	Governmental Activities
Year Ending December 31,	
2017	$ 220,253
2018	220,265
Total minimum lease payments	440,518
Less amount representing interest	8,001
Present value of future minimum lease payments	$ 432,517

Notes payable – The City's Sanitation Fund has notes payables with BB&T for the purchase of vehicles and various sanitation equipment. Notes payable outstanding as of December 31, 2016 are as follows:

Loan	Interest Rate %	Maturity Dates	Beginning Balance	Additions	Reductions	Ending Balance	Current Maturities
2015 Note	3.71%	3/10/2020	$ -	$ 545,685	$ (96,272)	$ 449,413	$ 132,582
2016 Note	2.96%	9/27/2021	-	410,775	(19,132)	391,643	77,955
Total Notes Payable			$ -	$ 956,460	$ (115,404)	$ 841,056	$ 210,537

NOTE 7. LONG-TERM DEBT (CONTINUED)

Notes payable (Continued)

Annual debt service requirements, as of December 31, 2016, for the notes payable are as follows:

Year Ending December 31	Principal	Interest	Total
2017	$ 210,537	$ 25,576	$ 236,113
2018	217,857	18,255	236,112
2019	225,436	10,676	236,112
2020	121,683	3,860	125,543
2021	65,543	972	66,515
Total	$ 841,056	$ 59,339	$ 900,395

Discretely Presented Component Unit:

Downtown Development Authority

Long-term liability activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Downtown Development Authority:					
Revenue bonds	$ 1,509,858	$ -	$ (1,509,858)	$ -	$ -
Notes payable	-	12,000,000	-	12,000,000	-
Downtown development authority Long-term liabilities	$ 1,509,858	$ 12,000,000	$ (1,509,858)	$ 12,000,000	$ -

Taxable Industrial Development Revenue Bonds – Economic Development Project. The Downtown Development Authority issued $1,550,000 Taxable Industrial Development Revenue Bonds, Series 2015 for the purpose of financing the purchase of property located in the Authority's development area designated by the City of Chamblee. The bonds carried an interest rate of 3.50% through February 1, 2018 and a variable rate thereafter. The Authority was scheduled to make interest payments monthly with principal payments beginning February 1, 2019 through February 1, 2029. The bonds were secured by the property and in part by a pledge of rental payments paid to the Authority by a company which is currently leasing the property. Additionally, the Authority entered into an intergovernmental agreement with the City to provide security for the payment of the bond in the event the Authority is unable to meet the annual debt service obligation.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Discretely Presented Component Unit: (Continued)

Under the agreement, the City has the authority to tax property in the City at a three mill limit to the extent necessary to pay the debt service on the bonds, and that such payments be pledged by the Authority to the holders of the bonds. As of December 31, 2016, the Series 2015 bonds were paid in full with the issuance of the note payable discussed below.

The Downtown Development Authority issued a note payable with Piedmont Bank on December 21, 2016 in the amount of $12,000,000. The proceeds of the note were to pay the outstanding principal on the Series 2015 taxable revenue bonds noted above and to purchase additional properties located in the Authority's development area. The note carries and interest rate of 3.75%. The Authority will make interest payments monthly with a balloon payment of all outstanding principal and interest due on December 1, 2019. The bonds are secured by the properties and in part by a pledge of rental payments paid to the Authority by tenants leasing the properties. Additionally, the Authority entered into an intergovernmental agreement with the City to provide security for the payment of the note in the event the Authority is unable to meet the annual debt service obligation and the balloon payment. Under the agreement, the City has the authority to tax property in the City at a three mill limit to the extent necessary to pay the debt service on the bonds, and that such payments be pledged by the Authority to the holders of the bonds.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2016, is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental Funds	General Fund	$ 10,194
General Fund	Nonmajor Governmental Funds	54,093

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

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Nonmajor governmental funds	$ 531,156
General Fund	Criminal HistoryFund	108,829
General Fund	HOST fund	290,973
General Fund	Sanitation Fund	409,593
Nonmajor governmental funds	General Fund	334,659
Nonmajor governmental funds	Nonmajor governmental funds	43,649
Nonmajor governmental funds	HOST fund	293,544
Sanitation Fund	Criminal History Fund	140,968

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounts for in other funds in accordance with budgetary authorizations.

NOTE 9. DEFINED BENEFIT PENSION PLAN

Plan Description

The City, as authorized by the Mayor and City Council, has established a defined benefit pension plan (the "City of Chamblee Retirement Plan") covering all full-time employees. The City Council in its role as the Plan Sponsor, has the sole authority to amend the provisions, including specific benefit provisions and contribution requirements of the Plan as provided by the Plan document. The City's Pension Plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472 or on the internet at www.gmanet.com.

As provided by State law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by the Mayor and City Council, the Plan provides pension benefits and death and disability benefits for Plan members and beneficiaries. All employees who work at least thirty (30) hours a week are eligible to participate after one (1) year. Elected officials have no waiting period for eligibility. Benefits vest after ten years of service. A City employee who retires at age 65 with five (5) years of service is entitled to benefits of 2.0% of final average earnings in excess of covered compensation. An employee may elect early retirement at age 55 provided he or she has a minimum of ten (10) years total credited service to receive full benefits. Elected officials are entitled to $30 for each year of service after reaching normal retirement age not to exceed twenty (20) years. Employees of the City are not required to make contributions to this Plan.

At July 1, 2016, the date of the most recent actuarial valuation, there were 130 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	53
Terminated vested participants not yet receiving benefits	33
Active participants - vested	36
Active participants - nonvested	8
Total	130

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets State minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan is to contribute an amount equal to or greater than the recommended contribution described below. For fiscal year 2016, the actuarially determined contribution rate was 14.24% of covered payroll. The City makes all contributions to the Plan. For 2016, the City's contribution to the Plan was $333,636.

Net Pension Liability of the City

The City's net pension liability was measured as of March 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2016.

Actuarial assumptions. The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.75% - 8%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates for the July 1, 2015 valuation were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010–June 30, 2014.

Cost of living adjustments were assumed to be 3.25%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2016 are summarized in the table below:

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Asset class	allocation	rate of return*
Domestic equity	45%	6.75%
International equity	20%	7.45
Real estate	10%	4.55
Global fixed income	5%	3.30
Domestic fixed income	20%	1.75
Cash	—%	
Total	100%	

* Rates shown are net of the 3.25% assumed rate of inflation

Discount rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended December 31, 2016 were as follows:

Primary Government:	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/15	$ 16,916,132	$ 15,101,427	$ 1,814,705
Changes for the year:			
Service cost	152,837	-	152,837
Interest	1,278,981	-	1,278,981
Differences between expected and actual experience	30,959	-	30,959
Contributions—employer	-	333,636	(333,636)
Net investment income	-	38,738	(38,738)
Benefit payments, including refunds of employee contributions	(826,291)	(826,291)	-
Administrative expense	-	(17,889)	17,889
Net changes	636,486	(471,806)	1,108,292
Balances at 12/31/16	$ 17,552,618	$ 14,629,621	$ 2,922,997

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

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

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension liability	$ 5,185,764	$ 2,922,997	$ 1,042,389

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of March 31, 2016 and the current sharing pattern of costs between employer and employee.

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

For the year ended December 31, 2016, the City recognized pension expense of $369,310. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 65,216	$ -
Changes in assumptions	-	152,419
Net difference between projected and actual earnings on pension plan investments	725,483	-
City contributions subsequent to the measurement date	239,738	-
Total	$ 1,030,437	$ 152,419

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

City contributions subsequent to the measurement date of $239,738 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:		
2017	$	70,182
2018		178,025
2019		167,705
2020		222,368
Total	$	638,280

NOTE 10. DEFERRED COMPENSATION PLANS

457 (b) - Plan Description

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 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 and administered by a third party. Accordingly, the assets and liabilities of the deferred compensation plan are not included in the accompanying basic financial statements.

457 (b) - Plan Contributions

Under the Plan authorized by the Mayor and City Council, the City has elected not to make contributions to the Plan. The Plan is entirely employee funded. Employees can either have a percentage of their pay deducted or a specific dollar amount deducted and paid into this Plan. Employees contributed $224,520 during the year ended December 31, 2016. At the end of the year, there were 48 participants in the Plan. Total value of the deferred compensation plan as of year-end was $1,451,474 which results in an average participant balance of $30,239.

401 (a) - Plan Description

The City offers full-time employees who are employed by the City on or after January 1, 2010; and two (2) employees initially employed prior to this date a Deferred Compensation Plan (the “Plan”) created in accordance with Internal Revenue Code Section 401 (a). The Deferred Compensation Plan for the City is available to all employees and is a defined contribution plan and permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. As required by Federal regulations, these Plan assets are held in a trust for the exclusive benefit of participants and their beneficiaries. The Plan is administered by a third party administrator, Georgia Municipal Association, who also serves as the trustee of the Plan.

NOTE 10. DEFERRED COMPENSATION PLANS (CONTINUED)

401 (a) - Plan Description (Continued)

The City has no fiduciary relationship with the trust. Accordingly, the Plan assets are not reported in the City's financial statements.

401 (a) - Plan Contributions

Under the Plan authorized by the Mayor and City Council, the City has elected to make contributions to the Plan and the contributions and related investment earnings allocated to an employee's account are fully vested after the employee's probation period has ended, in accordance with the City's current personnel policy. The Plan is entirely employer funded as Participants are not allowed to contribute to the Plan. City contributions and interest forfeited by employees who leave employment before becoming vested are held in the Plan and are distributed to remaining participants. The City contributed $457,078 during the year ended December 31, 2016. The City's contribution rate is 10% of the employees' gross salary. At the end of the year, there were 104 participants in the Plan. Total value of the plan as of year-end was $1,549,219 which results in an average participant balance of $14,896.

NOTE 11. JOINT VENTURE

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

NOTE 12. RISK MANAGEMENT

The City is exposed to various risks of losses related to: torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has purchased insurance for all other risks of loss, including workers compensation. The City uses Georgia Interlocal Risk Management Agency (GIRMA) and Worker's Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments, as their property/liability insurance and workers compensation insurance providers.

NOTE 12. RISK MANAGEMENT (CONTINUED)

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City 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 government contract and in accordance with the workers' compensation law 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.

Settled claims have not exceeded the coverages in the last three (3) years.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Litigation:

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

Grant Contingencies:

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

NOTE 14. HOTEL/MOTEL LODGING AND MOTOR VEHICLE RENTAL TAXES

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 5% in which 40% of the revenue is restricted and the remaining 60% is not restricted under State law. Revenues were $442,257 for the year ended December 31, 2016. Of this amount, 99%, or $440,709 was expended to promote tourism, conventions, and cultural events as required by O.C.G.A. 48-13-51 while, 1%, or $1,548, was left in the Hotel/Motel Tax Fund to be spent to promote tourism, conventions, and cultural events in year 2017.

NOTE 14. HOTEL/MOTEL LODGING AND MOTOR VEHICLE RENTAL TAXES (CONTINUED)

A 3% excise tax on all rental motor vehicles within the City of Chamblee, Georgia was adopted through City ordinance on June 18, 1996. This car rental tax is intended to be used for public safety facility building capital lease. Revenues were $187,617 for the year ended December 31, 2016 in addition to the prior year fund balance of $24,575. During the year, $196,118 was transferred out to the General Fund to reimburse the General Fund for debt service payments made on the capital lease.

NOTE 15. CONDUIT DEBT

The Downtown Development Authority (the DDA) issues private activity tax exempt and taxable revenue bonds to private sector entities for projects located within the city limit of Chamblee. The bonds are secured by the property financed and are payable solely from payments received on the underlying promissory notes. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The DDA is not obligated in any manner for repayment of the bonds and does not report these as liabilities in the accompanying financial statements. As of December 31, 2016, the DDA disclosed the aggregate original issue amount and the outstanding principal amount of the bonds issued as conduit debt to be $175,000,000 and $74,295,987, respectively.

NOTE 16. SUBSEQUENT EVENT

On April 11, 2017 the City entered into a lease for $1,489,562 with the Georgia Municipal Association to lease twenty four police vehicles. Quarterly principal and interest payments of $78,369 begin on July 11, 2017 and end April 11, 2022.

NOTE 17. CHANGE IN ACCOUNTING PRINCIPLE

The Downtown Development Authority determined that a restatement of beginning net position, capital assets, and other assets was required due to the implementation of GASB Statement No. 72 *Fair Value Measurement and Application*. The Authority has determined the properties purchased in its development area are not in use by the Authority but instead are being held to control development in the downtown area. A restatement was made to adjust the depreciation on these assets and to reclassify the cost of the assets from capital assets to other assets. The restatement is summarized below.

	Downtown Development Authority Capital Assets	Downtown Development Authority Other Assets	Downtown Development Authority Net Position
As previously reported	$ 1,437,635	$ -	$ 107,473
- Remove accumulated depreciaiton	14,160	-	14,160
- Reclass from capital assets to investments	(1,446,120)	1,446,120	-
As restated	$ 5,675	$ 1,446,120	$ 121,633

CHAMBLEE
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REQUIRED SUPPLEMENTARY INFORMATION



CITY OF CHAMBLEE, GEORGIA

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

	2016	2015
Total pension liability		
Service cost	$ 152,837	$ 168,056
Interest on total pension liability	1,278,981	1,254,839
Differences between expected and actual experience	30,959	128,462
Assumption changes		(451,992)
Benefit payments, including refunds of employee contributions	(826,291)	(749,401)
Net change in total pension liability	636,486	349,964
Total pension liability - beginning	16,916,132	16,566,168
Total pension liability - ending (a)	$ 17,552,618	$ 16,916,132
Plan fiduciary net position		
Contributions - employer	$ 333,636	$ 317,218
Net investment income	38,738	1,355,975
Benefit payments, including refunds of member contributions	(826,291)	(749,401)
Administrative expenses	(17,889)	(16,524)
Net change in plan fiduciary net position	(471,806)	907,268
Plan fiduciary net position - beginning	15,101,427	14,194,159
Plan fiduciary net position - ending (b)	$ 14,629,621	$ 15,101,427
City's net pension liability - ending (a) - (b)	$ 2,922,997	$ 1,814,705
Plan fiduciary net position as a percentage of the total pension liability	83.35%	89.27%
Covered-employee payroll	$ 2,209,516	$ 2,452,427
City's net pension liability as a percentage of covered-employee payroll	132.29%	74.00%

Notes to the Schedule:

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

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CITY OF CHAMBLEE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS

	2016	2015
Actuarially determined contribution	$ 333,613	$ 338,298
Contributions in relation to the actuarially determined contribution	333,636	317,218
Contribution deficiency (excess)	$ (23)	$ 21,080
Covered-employee payroll	$ 2,249,272	$ 2,452,427
Contributions as a percentage of covered-employee payroll	14.83%	12.93%

Notes to the Schedule:

(1) Actuarial Assumptions:

Valuation Date	January 1, 2016
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	7.75%, net of pension plan investment expenses, including inflation
Projected Salary Increases	3.75% - 8%, including inflation
Cost-of-living Adjustment	3.25%
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	Varies for the bases, with a net effective period of 10 years

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

CITY OF CHAMBLEE, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

E911 Fund – To account for the E911 fees collected that are required to be spent on the costs of operating a 911 emergency call center as restricted by State law.

Confiscated Assets Fund – This fund is used to account for the City's share of monies that have been forfeited through the court system and are restricted for law enforcement purposes.

Multiple Grants Fund – This fund is used to account for governmental grants received and the related expenditures. These grant funds are restricted by Federal and State grantor agencies

Hotel/Motel Fund – To account for the 5% lodging tax levied in the City. Forty percent of the proceeds of this tax are restricted by State law to promote tourism, conventions, and cultural events within the City.

Police Technology Fund – To account for the technology fees on fines and forfeitures that are committed to be spent on police technology enhancement costs.

Capital Projects Fund

Capital Projects Funds are used to account for the acquisition and construction of major items, such as buildings, infrastructure, parks, streets, and other major capital facilities.

Main Street Improvement Fund – This fund was created to have money dedicated to improve the City's designated Main Street area.

Rental Motor Vehicle Excise Tax Fund – This fund is used to account for the collection and expenditures of an excise tax levied on motor vehicles in the City. The proceeds of this tax are restricted by State law for capital projects.

CITY OF CHAMBLEE, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	Special Revenue Funds					Capital Project Funds		
ASSETS	E911 Fund	Confiscated Assets Fund	Multiple Grants Fund	Hotel/Motel Tax Fund	Police Technology Fund	Main Street Improvement Fund	Rental Motor Vehicle Excise Tax Fund	Total Nonmajor Governmental Funds
Cash and cash equivalents	$ 56,577	$ 281,884	$ -	$ 212,810	$ 299,123	$ 259,679	$ -	$ 1,110,073
Taxes receivable	-	-	-	32,298	-	-	16,074	48,372
Accounts receivable	66,958	-	-	-	-	25,000	-	91,958
Due from other governments	-	-	558,234	-	-	-	-	558,234
Due from other funds	-	-	-	-	10,194	-	-	10,194
Total assets	$ 123,535	$ 281,884	$ 558,234	$ 245,108	$ 309,317	$ 284,679	$ 16,074	$ 1,818,831
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	$ 10,199	$ 145,285	$ 70,845	$ 13,579	$ -	$ 321	$ -	$ 240,229
Accrued liabilities	12,588	-	-	-	-	-	-	12,588
Due to other governments	160	-	-	-	-	-	-	160
Due to other funds	-	-	54,093	-	-	-	-	54,093
Total liabilities	22,947	145,285	124,938	13,579	-	321	-	307,070
FUND BALANCES								
Fund Balances:								
Restricted:								
Public safety	100,588	136,599	-	-	-	-	-	237,187
Housing and development	-	-	433,296	231,529	-	-	-	664,825
Capital projects	-	-	-	-	-	-	16,074	16,074
Committed for:								
Police technology resources	-	-	-	-	309,317	-	-	309,317
Downtown construction	-	-	-	-	-	284,358	-	284,358
Total fund balances	100,588	136,599	433,296	231,529	309,317	284,358	16,074	1,511,761
Total liabilities and fund balances	$ 123,535	$ 281,884	$ 558,234	$ 245,108	$ 309,317	$ 284,679	$ 16,074	$ 1,818,831

CITY OF CHAMBLEE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Special Revenue Funds					Capital Project Funds		
	E911 Fund	Confiscated Assets Fund	Multiple Grants Fund	Hotel/Motel Tax Fund	Police Technology Fund	Main Street Improvement Fund	Rental Motor Vehicle Excise Tax Fund	Total Nonmajor Governmental Funds
REVENUES								
Taxes	$ -	$ -	$ -	$ 442,257	$ -	$ -	$ 187,617	$ 629,874
Intergovernmental	-	-	656,737	-	-	-	-	656,737
Fines and forefeitures	-	98,011	-	-	-	-	-	98,011
Charges for services	477,138	-	-	-	150,959	-	-	628,097
Licenses and permits	-	-	-	-	-	199,200	-	199,200
Total revenues	477,138	98,011	656,737	442,257	150,959	199,200	187,617	2,211,919
EXPENDITURES								
Current:								
Public safety	824,297	79,730	-	-	-	-	-	904,027
Housing and development	-	-	537,405	175,355	-	10,976	-	723,736
Total expenditures	824,297	79,730	537,405	175,355	-	10,976	-	1,627,763
Excess (deficiency) of revenues over (under) expenditures	(347,159)	18,281	119,332	266,902	150,959	188,224	187,617	584,156
Other financing sources (uses)								
Transfers in	356,388	-	315,464	-	-	-	-	671,852
Transfers out	-	-	-	(265,354)	(113,333)	-	(196,118)	(574,805)
Total other financing sources (uses)	356,388	-	315,464	(265,354)	(113,333)	-	(196,118)	97,047
Net change in fund balances	9,229	18,281	434,796	1,548	37,626	188,224	(8,501)	681,203
FUND BALANCES (DEFICIT), beginning of year	91,359	118,318	(1,500)	229,981	271,691	96,134	24,575	830,558
FUND BALANCES end of year	$ 100,588	$ 136,599	$ 433,296	$ 231,529	$ 309,317	$ 284,358	$ 16,074	$ 1,511,761

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CITY OF CHAMBLEE, GEORGIA
E911 SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 335,000	$ 335,000	$ 477,138	$ 142,138
Total revenues	335,000	335,000	477,138	142,138
EXPENDITURES				
Public safety	1,015,478	1,015,478	824,297	191,181
Deficiency of revenues under expenditures	(680,478)	(680,478)	(347,159)	333,319
OTHER FINANCING SOURCES				
Transfers in	680,478	680,478	356,388	(324,090)
Net change in fund balances	-	-	9,229	9,229
FUND BALANCES, beginning of year	91,359	91,359	91,359	-
FUND BALANCES, end of year	$ 91,359	$ 91,359	$ 100,588	$ 9,229

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CITY OF CHAMBLEE, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Fines and forfeitures	$ 50,000	$ 50,000	$ 98,011	$ 48,011
Total revenues	50,000	50,000	98,011	48,011
EXPENDITURES				
Public safety	50,000	100,000	79,730	20,270
Net change in fund balances	-	(50,000)	18,281	68,281
FUND BALANCES, beginning of year	118,318	118,318	118,318	-
FUND BALANCES, end of year	$ 118,318	$ 68,318	$ 136,599	$ 68,281

CITY OF CHAMBLEE, GEORGIA
MULTIPLE GRANTS SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 2,000,000	$ 2,000,000	$ 656,737	$ (1,343,263)
Total revenues	2,000,000	2,000,000	656,737	(1,343,263)
EXPENDITURES				
Housing and development	3,215,000	3,215,000	537,405	2,677,595
Excess (deficiency) of revenues over (under) expenditures	(1,215,000)	(1,215,000)	119,332	1,334,332
OTHER FINANCING SOURCES				
Transfers in	1,215,000	1,215,000	315,464	(899,536)
Net change in fund balances	-	-	434,796	434,796
FUND BALANCES (DEFICIT), beginning of year	(1,500)	(1,500)	(1,500)	-
FUND BALANCES (DEFICIT), end of year	$ (1,500)	$ (1,500)	$ 433,296	$ 434,796

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CITY OF CHAMBLEE, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 420,000	$ 437,000	$ 442,257	$ 5,257
Total revenues	420,000	437,000	442,257	5,257
EXPENDITURES				
Housing and development	168,000	180,000	175,355	4,645
Total expenditures	168,000	180,000	175,355	4,645
Excess of revenues over expenditures	252,000	257,000	266,902	9,902
OTHER FINANCING USES				
Transfers out	(252,000)	(257,000)	(265,354)	(8,354)
Net change in fund balances	-	-	1,548	1,548
FUND BALANCES, beginning of year	229,981	229,981	229,981	-
FUND BALANCES, end of year	$ 229,981	$ 229,981	$ 231,529	$ 1,548

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CITY OF CHAMBLEE, GEORGIA
POLICE TECHNOLOGY SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 200,000	$ 200,000	$ 150,959	$ (49,041)
Total revenues	200,000	200,000	150,959	(49,041)
OTHER FINANCING USES				
Transfers out	(162,000)	(162,000)	(113,333)	48,667
Net change in fund balances	38,000	38,000	37,626	(374)
FUND BALANCES, beginning of year	271,691	271,691	271,691	-
FUND BALANCES, end of year	$ 309,691	$ 309,691	$ 309,317	$ (374)

CITY OF CHAMBLEE, GEORGIA
MAIN STREET IMPROVEMENT CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Licenses and permits	$ 100,000	$ 100,000	$ 199,200	$ 99,200
Total revenues	100,000	100,000	199,200	99,200
EXPENDITURES				
Housing and development	191,650	191,650	10,976	180,674
Net change in fund balances	(91,650)	(91,650)	188,224	279,874
FUND BALANCES, beginning of year	96,134	96,134	96,134	-
FUND BALANCES, end of year	$ 4,484	$ 4,484	$ 284,358	$ 279,874

CITY OF CHAMBLEE, GEORGIA
RENTAL MOTOR VEHICLE EXCISE TAX CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 210,000	$ 210,000	$ 187,617	$ (22,383)
Total revenues	210,000	210,000	187,617	(22,383)
EXPENDITURES				
Debt service:				
Principal retirements	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	210,000	210,000	187,617	(22,383)
OTHER FINANCING USES				
Transfers out	(210,000)	(210,000)	(196,118)	13,882
Net change in fund balances	-	-	(8,501)	(8,501)
FUND BALANCES, beginning of year	24,575	24,575	24,575	-
FUND BALANCES, end of year	$ 24,575	$ 24,575	$ 16,074	$ (8,501)

CHAMBLEE Georgia
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CITY OF CHAMBLEE, GEORGIA
HOMESTEAD OPTION SALES TAX CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental revenue	$ 1,000,000	$ 1,000,000	$ 1,331,512	$ 331,512
Total revenues	1,000,000	1,000,000	1,331,512	331,512
EXPENDITURES				
Capital outlay:				
Public works	200,000	200,000	179,360	20,640
Parks and recreation	-	296,600	296,559	41
Housing and development	-	117,000	102,000	15,000
Total expenditures	200,000	613,600	577,919	35,681
Excess of revenues over expenditures	800,000	386,400	753,593	367,193
OTHER FINANCING USES				
Transfers out	(3,102,000)	(3,102,000)	(584,517)	2,517,483
Net change in fund balances	(2,302,000)	(2,715,600)	169,076	2,884,676
FUND BALANCES, beginning of year	3,982,774	3,982,774	3,982,774	-
FUND BALANCES, end of year	$ 1,680,774	$ 1,267,174	$ 4,151,850	$ 2,884,676

CHAMBLEE Georgia
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Downtown Development Authority
Discretely Presented Component Unit

CITY OF CHAMBLEE, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
DECEMBER 31, 2016

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 92,640
Accounts receivable, net of allowances	98,750
Prepaid items	1,458
Total current assets	192,848
CAPITAL ASSETS	
Depreciable assets	3,000
Accumulated depreciation	(1,362)
Capital assets, net	1,638
Other assets held for redevelopment	12,100,958
Total assets	12,295,444
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	6,599
Accrued interest payable	13,750
Total current liabilities	20,349
LONG TERM LIABILITIES	
Notes payable, due in more than one year	12,000,000
Total noncurrent liabilities	12,000,000
Total liabilities	12,020,349
NET POSITION	
Net investment in capital assets	1,638
Unrestricted	273,457
Total net position	$ 275,095

CITY OF CHAMBLEE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
PROPRIETARY COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2016

OPERATING REVENUES		
Bond Issuance fees	$	100,250
Contribution from primary government		152,000
Rental income		147,048
Other revenues		6,000
Total operating revenues		405,298
OPERATING EXPENSES		
Development activities		36,773
Professional fees		3,512
Repairs and maintenance		466
Supplies		140
Contractual services		24,717
Depreciation		1,200
Total operating expenses		66,808
Operating income		338,490
NONOPERATING REVENUES (EXPENSES)		
Loss on disposal of asset		(2,837)
Loan closing cost		(120,000)
Interest expense		(62,191)
Total nonoperating revenues (expenses)		(185,028)
Change in net position		153,462
Total net position, beginning of year (restated)		121,633
Total net position, end of year	$	275,095

CHAMBLEE Georgia
A CITY ON THE RIGHT TRACK!

CITY OF CHAMBLEE, GEORGIA

STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2016

	Downtown Development Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 369,048
Purchase of downtown properties	(10,654,838)
Payments to vendors	(60,248)
Net cash provided by operating activities	(10,346,038)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on bonds	(1,509,858)
Proceeds from note payable	12,000,000
Loan closing cost paid	(120,000)
Interest paid	(52,845)
Net cash provided by capital and related financing activities	10,317,297
Net decrease in cash and cash equivalents	(28,741)
Cash and cash equivalents, beginning of year	121,381
Cash and cash equivalents, end of year	$ 92,640
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 338,490
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,200
Change in assets and liabilities:	
Increase in accounts receivable	(36,250)
Increase in other assets	(10,654,838)
Increase in accounts payable	5,360
Net cash provided by operating activities	$ (10,346,038)

CITY OF CHAMBLEE, GEORGIA
STATISTICAL SECTION

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

Page

Financial Trends..... **67**

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

Revenue Capacity..... **72**

These schedules contain information to help the reader assess the City's most significant local revenue source and property tax.

Debt Capacity..... **77**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information..... **80**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information..... **83**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the City's financial report for the relevant year. The City implemented GASB 54 in Year 2011; fund balance for governmental funds under the categories nonspendable, restricted, committed, assigned, and unassigned will be reflected in Year 2011 and subsequent periods. The City implemented GASB 63; Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position in Year 2012 and GASB 68 and 71 relating to pension plans in Year 2015.

CITY OF CHAMBLEE, GEORGIA
SCHEDULE 1
NET POSITION BY COMPONENT
LAST TEN YEARS
(accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities										
Net investment in capital assets	$ 19,516,311	$ 10,990,044	$ 10,683,425	$ 11,337,688	$ 11,182,359	$ 10,849,537	$ 10,967,745	$ 11,599,248	$ 12,294,025	$ 10,258,965
Restricted	5,069,936	4,437,932	3,744,041	2,430,168	2,012,227	520,846	251,228	15,420	17,249	17,980
Unrestricted	8,930,260	6,566,126	4,706,783	6,133,886	5,856,520	5,436,273	3,413,854	2,009,283	754,919	3,504,527
Total governmental activities net position	$ 33,516,507	$ 21,994,102	$ 19,134,249	$ 19,901,742	$ 19,051,106	$ 16,806,656	$ 14,632,827	$ 13,623,951	$ 13,066,193	$ 13,781,472
Business-type activities										
Net investment in capital assets	$ 2,724,976	$ 3,224,889	$ 2,629,383	$ 2,799,327	$ 1,251,288	$ 1,079,642	$ 882,258	$ 838,594	$ 940,200	$ 521,450
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	4,059,476	3,347,840	3,258,703	2,657,919	2,566,552	2,200,523	1,723,854	963,802	660,709	113,402
Total business-type activities net position	$ 6,784,452	$ 6,572,729	$ 5,888,086	$ 5,457,246	$ 3,817,840	$ 3,280,165	$ 2,606,112	$ 1,802,396	$ 1,600,909	634,852
Primary government										
Net investment in capital assets	$ 22,241,287	$ 14,214,933	$ 13,312,808	$ 14,137,015	$ 12,433,647	$ 11,929,179	$ 11,850,003	$ 12,437,842	$ 13,234,225	$ 10,780,415
Restricted	5,069,936	4,437,932	3,744,041	2,430,168	2,012,227	520,846	251,228	15,420	17,249	17,980
Unrestricted	12,989,736	9,913,966	7,965,486	8,791,805	8,423,072	7,636,796	5,137,708	2,973,085	1,415,628	3,617,929
Total primary government net position	$ 40,300,959	$ 28,566,831	$ 25,022,335	$ 25,358,988	$ 22,868,946	$ 20,086,821	$ 17,238,939	$ 15,426,347	$ 14,667,102	14,416,324

Souce: Current year and prior year financial statements of the City of Chamblee, Georgia

CITY OF CHAMBLEE, GEORGIA
SCHEDULE 2
CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)

	2016	2015	2014(8)	2013(7)	2012	2011(5),(6)	2010	2009(1),(2),(3),(4)	2008	2007
Expenses										
Governmental activities:										
General government	$ 2,565,818	$ 2,023,765	$ 1,947,348	$ 1,718,753	$ 1,390,498	$ 1,357,621	$ 1,291,718	$ 1,128,643	$ 1,397,804	$ 1,156,311
Judicial	336,953	306,565	278,743	245,170	226,005	205,951	190,617	97,000	-	-
Public safety	8,428,508	8,202,652	8,135,258	5,741,808	5,469,687	5,307,569	4,250,043	4,278,893	3,752,432	3,432,825
Public works	2,142,122	1,509,538	1,435,724	1,316,389	1,258,183	1,034,529	871,680	1,124,299	1,827,141	1,651,774
Parks and recreation	1,427,043	1,249,850	929,319	896,655	805,707	676,861	713,080	717,953	606,506	708,043
Housing and development	2,770,970	1,925,243	1,367,963	681,563	399,986	500,936	411,499	341,582	-	-
Development and permits	-	-	-	-	-	-	-	-	479,695	480,057
Court	-	-	-	-	-	-	-	-	181,189	167,125
911 System	-	-	-	-	-	-	-	-	641,321	552,663
Interest on long-term debt	9,148	13,963	18,727	4,678	9,881	14,899	39,765	16,906	16,295	19,171
Total governmental activities expenses	17,680,562	15,231,576	14,113,082	10,605,016	9,559,947	9,098,366	7,768,402	7,705,276	8,902,383	8,167,969
Business-type activities:										
Stormwater	858,972	780,900	516,683	423,412	376,708	386,321	299,816	340,026	623,614	210,027
Sanitation	1,307,507	1,105,695	833,208	656,705	575,099	564,986	574,562	585,655	-	-
Criminal History	206,329	215,685	182,801	235,327	180,752	171,681	123,897	-	-	-
Total business-type activities expenses	2,372,808	2,102,280	1,532,692	1,315,444	1,132,559	1,122,988	998,275	925,681	623,614	210,027
Total primary government expenses	$ 20,053,370	$ 17,333,856	$ 15,645,774	$ 11,920,460	$ 10,692,506	$ 10,221,354	$ 8,766,677	$ 8,630,957	$ 9,525,997	$ 8,377,996
Program Revenues										
Governmental activities:										
Charges for services	$ 4,845,438	$ 4,282,860	$ 3,658,441	$ 2,634,063	$ 2,490,942	$ 2,327,563	$ 2,042,447	$ 2,877,340	$ 2,929,965	$ 3,595,462
Capital grants and contributions	9,707,855	1,197,701	1,285,974	840,699	254,166	64,365	19,515	67,869	493,845	200,836
Total governmental activities program revenues	14,553,293	5,480,561	4,944,415	3,474,762	2,745,108	2,391,928	2,061,962	2,945,209	3,423,810	3,796,298
Business-type activities:										
Charges for services	3,016,053	2,406,255	2,342,204	1,755,412	1,790,316	1,729,437	1,519,716	848,326	527,861	557,912
Capital grants and contributions	-	-	-	1,268,656	-	-	-	-	-	-
Total business-type activities program revenues	3,016,053	2,406,255	2,342,204	3,024,068	1,790,316	1,729,437	1,519,716	848,326	527,861	557,912
Total primary government program revenues	$ 17,569,346	$ 7,886,816	$ 7,286,619	$ 6,498,830	$ 4,535,424	$ 4,121,365	$ 3,581,678	$ 3,793,535	$ 3,951,671	$ 4,354,210

(Continued)

CITY OF CHAMBLEE, GEORGIA
SCHEDULE 2
CHANGES IN NET POSITION
LAST TEN YEARS

	2016	2015	2014	2013	2012	2011	2010	2009(5),(6)	2008	2007(1)
Net (expense)/revenue										
Governmental activities	$ (3,127,269)	$ (9,751,015)	$ (9,168,667)	$ (7,130,254)	$ (6,814,839)	$ (6,706,438)	$ (5,706,440)	$ (4,760,067)	$ (5,478,573)	$ (4,371,671)
Business-type activities	643,245	303,975	809,512	1,708,624	657,757	606,449	521,441	(77,355)	(95,753)	347,885
Total primary government net (expense) revenue	$ (2,484,024)	$ (9,447,040)	$ (8,359,155)	$ (5,421,630)	$ (6,157,082)	$ (6,099,989)	$ (5,184,999)	$ (4,837,422)	$ (5,574,326)	$ (4,023,786)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	$ 7,111,044	$ 6,829,110	$ 5,931,682	$ 4,340,202	$ 4,934,955	$ 5,186,528	$ 4,115,844	$ 3,382,942	$ 2,642,734	$ 2,551,520
Franchise taxes	2,017,253	1,940,064	1,957,776	1,453,769	1,450,256	1,090,763	1,654,657	1,085,876	1,028,123	958,567
Excise taxes	187,617	228,086	217,161	186,408	149,002	143,188	95,036	89,097	-	-
Insurance premium taxes	1,674,197	893,924	836,960	510,269	492,821	463,976	514,201	529,593	534,608	522,102
Business taxes	2,068,895	2,021,719	1,154,065	876,243	863,723	831,532	190,261	51,895	-	-
Other taxes	149,315	110,434	125,756	137,207	25,572	156,177	51,484	67,401	137,369	229,488
Hotel/motel taxes	442,257	408,587	364,928	195,000	185,041	143,759	55,757	47,994	-	-
Alcohol taxes	276,615	315,242	212,718	160,119	159,073	165,245	293,982	305,540	321,814	339,135
Sanitation	-	-	-	-	-	-	-	-	197,308	153,124
Rental motor vehicle excise	-	-	-	-	-	-	-	-	88,976	109,493
Sales taxes	-	-	-	-	661,602	712,230	-	-	-	-
Unrestricted investment earnings	15,783	5,400	2,942	1,794	1,161	6,843	7,898	6,235	66,922	178,681
Gain on Sale of Assets	28,965	45,193	51,650	6,225	3,425	22,242	-	-	-	27,078
Miscellaneous	159,311	183,377	27,927	33,192	12,576	25,388	16,073	29,970	66,824	35,271
Transfers	518,422	(370,268)	157,141	80,462	120,082	(67,604)	(279,877)	(278,718)	-	-
Total governmental activities	14,649,674	12,610,868	11,040,706	7,980,890	9,059,289	8,880,267	6,715,316	5,317,825	5,084,678	5,104,459
Business-type activities:										
Unrestricted investment earnings	-	-	-	-	-		2,398	124	-	-
Gain on Sale of Assets	86,900	10,400	750	11,244	-	-	-	-	-	-
Transfers	(518,422)	370,268	(157,141)	(80,462)	(120,082)	67,604	279,877	278,718	-	-
Total business-type activities	(431,522)	380,668	(156,391)	(69,218)	(120,082)	67,604	282,275	278,842	-	-
Total primary government	$ 14,218,152	$ 12,991,536	$ 10,884,315	$ 7,911,672	$ 8,939,207	$ 8,947,871	$ 6,997,591	$ 5,596,667	$ 5,084,678	$ 5,104,459
Change in Net Position										
Governmental activities	$ 11,522,405	$ 2,859,853	$ 1,872,039	$ 850,636	$ 2,244,450	$ 2,173,829	$ 1,008,876	$ 557,758	$ (393,895)	$ 732,788
Business-type activities	211,723	684,643	653,121	1,639,406	537,675	674,053	803,716	201,487	(95,753)	347,885
Total primary government	$ 11,734,128	$ 3,544,496	$ 2,525,160	$ 2,490,042	$ 2,782,125	$ 2,847,882	$ 1,812,592	$ 759,245	$ (489,648)	$ 1,080,673

Source: Current year and prior year financial statements of the City of Chamblee, Georgia

Notes:

(1) In 2009, Court was moved to the Judicial function.

(2) During 2009, the City stopped reporting E911 as a separate function and started reporting it as a nonmajor governmental fund.

(3) In 2009, Rental Motor Vehicle Excise taxes were moved under the heading of Excise taxes.

(4) In 2009, Business taxes and Hotel/Motel taxes became major revenue categories.

(5) On January 1, 2011, the City annexed an area of 1.5 square miles that included 6,000 residences

(6) In 2011, the City changed the way it calculated Occupation Licenses from a flat fee to a formula to include gross sales and number of employees.

(7) In 2013, H.O.S.T. revenue, which had been accounted for as Sales taxes the previous two years, is now accounted for under operating grants and contributions

(8) On December 30, 2013, the City annexed an area of 3.04 miles that included 11,750 residents

The 2013 column was restated to properly report capital contributions from DeKalb County in relation to annexed property in the prior period. See footnote 15 for further discussions.

CITY OF CHAMBLEE, GEORGIA
SCHEDULE 3
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

	2016	2015	2014	2013	2012	2011 *	2010	2009	2008	2007
General fund										
Nonspendable	**$** 66,388	**$** 61,993	**$** 228,835	$ 163,396	$ 35,197	$ 45,160	$ 61,236	$ 156,496	$ 207,692	$ 127,277
Restricted	-	-	3,313,815	2,129,920	1,655,052	271,781	205,908	48,804	60,393	1,566,324
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	953,025	-	-	-	-	-	-	-	-	-
Unassigned	9,782,944	8,590,739	6,710,517	5,517,332	5,417,043	4,805,343	2,891,930	1,629,521	1501617	2,892,495
Total general fund	**$ 10,802,357**	**$ 8,652,732**	$ **10,253,167**	$ **7,810,648**	$ **7,107,292**	$ **5,122,284**	$ **3,159,074**	$ **1,834,821**	**1,769,702**	$ **4,586,096**
All other governmental funds										
Nonspendable	**$** -	**$** 9,075	**$** 9,075	$ 9,075	$ -	$ **-**	$ -	$ -	$	$ -
Restricted	5,069,936	4,437,932	430,226	300,248	357,175	249,065	105,310	15,420	17,249	17,980
Committed	593,675	367,825	226,103	188,757	124,016	172,803	-	-	-	-
Unassigned (deficit)	-	(1,500)	(5,791)	-	-	-	-	8,058	(597,147)	(1,100,124)
Total all other governmental funds	**$ 5,663,611**	**$ 4,813,332**	$ **659,613**	$ **498,080**	$ **481,191**	$ **421,868**	$ **105,310**	$ **23,478**	**(579,898)**	$ **(1,082,144)**

Source: Current year and prior year financial statements of the City of Chamblee, Georgia

* For 2011, the City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This new standard changed the overall definitions and classifications of governmental fund balances.

CITY OF CHAMBLEE, GEORGIA
SCHEDULE 4
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009(1),(2)	2008	2007
Revenues										
Taxes	$ 13,925,606	$ 12,757,978	$ 10,782,270	$ 7,918,650	$ 9,009,498	$ 8,864,082	$ 6,971,531	$ 5,561,788	$ 4,915,114	$ 4,842,777
Licenses and permits	1,764,837	1,378,754	925,514	498,998	436,793	383,522	310,301	474,396	485,280	592,906
Intergovernmental	2,108,124	1,197,701	1,285,974	840,699	254,166	64,365	19,515	67,869	493,845	200,836
Fines and forfeitures	1,924,680	1,955,922	1,907,823	1,398,211	1,425,339	1,320,659	1,105,326	1,345,888	1,082,447	1,266,577
Charges for services	1,155,921	948,184	825,104	736,854	628,810	623,382	626,820	1,057,056	1,362,238	1,735,979
Interest income	15,783	5,400	2,942	1,794	1,161	6,843	7,898	6,235	66,922	178,681
Other Revenues	159,311	183,377	27,927	33,192	12,576	25,388	16,073	29,970	66,824	35,271
Total revenues	21,054,262	18,427,316	15,757,554	11,428,398	11,768,343	11,288,241	9,057,464	8,543,202	8,472,670	8,853,027
Expenditures										
General government	2,067,447	1,888,113	1,816,050	1,664,070	1,265,867	1,204,491	1,137,216	1,102,861	1,369,975	1,096,897
Judicial	337,601	305,157	275,754	244,498	224,126	205,194	193,770	179,730	-	-
Public safety	8,736,636	8,006,067	8,169,090	6,153,372	5,556,891	5,243,827	4,324,951	4,045,773	3,792,921	3,612,795
Public works	2,113,053	1,616,339	1,426,002	1,296,605	1,329,472	975,700	831,768	962,525	1,864,161	1,694,265
Development and permits	-	-	-	-	-	-	-	-	462,514	481,671
Parks and recreation	1,458,569	1,328,887	829,546	727,841	632,688	632,273	606,145	929,542	1,410,749	745,916
Court	-	-	-	-	-	-	-	-	180,782	167,514
911 system	-	-	-	-	-	-	-	-	765,547	540,966
Capital outlay	577,919	-	-	-	-	-	-	-	926,778	305,404
Housing and development	3,104,274	2,121,304	1,371,204	709,861	649,714	520,550	419,277	343,970	-	-
Debt service			-	-	-	-	-	-	-	-
Principal	210,492	268,257	266,544	139,658	177,529	172,319	112,703	109,006	105,303	108,498
Interest	9,755	14,833	16,545	5,565	11,232	16,444	39,254	16,915	-	-
Total expenditures	18,615,746	15,548,957	14,170,735	10,941,470	9,847,519	8,970,798	7,665,084	7,690,322	10,878,730	8,753,926
Excess of revenues over (under) expenditures	2,438,516	2,878,359	1,586,819	486,928	1,920,824	2,317,443	1,392,380	852,880	(2,406,060)	99,101
Other financing sources (uses)										
Capital leases			909,174	146,630	-	-	293,582	-	91,912	-
Proceeds from sale of capital assets	42,966	45,193	51,650	6,225	3,425	29,929	-	-	-	28,390
Transfers in	2,012,403	1,754,396	1,515,326	1,059,132	1,105,252	735,791	240,916	160,531	-	-
Transfers out	(1,493,981)	(2,124,664)	(1,458,917)	(978,670)	(985,170)	(803,395)	(520,793)	(439,249)	-	-
Total other financing sources (uses)	561,388	(325,075)	1,017,233	233,317	123,507	(37,675)	13,705	(278,718)	91,912	28,390
Net change in fund balances	$ 2,999,904	$ 2,553,284	$ 2,604,052	$ 720,245	$ 2,044,331	$ 2,279,768	$ 1,406,085	$ 574,162	$ (2,314,148)	$ 127,491
Debt Service as a Percentage of noncapital expenditures	**1.32%**	**1.93%**	**1.89%**	**1.35%**	**1.95%**	**2.15%**	**2.02%**	**1.66%**	**1.07%**	**1.30%**

Source: Current year and prior year financial statements of the City of Chamblee, Georgia

Note: Prior to 2009, principal and interest were indistiguishable for debt service.

(1) In 2009, the Court & Development and permits functions became the Judicial & Housing and development functions respectively.

(2) In 2009, 911 system became an nonmajor governmental fund.

CITY OF CHAMBLEE, GEORGIA
SCHEDULE 5
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN YEARS
(accrual basis of accounting)

Fiscal Year	Property Tax	Franchise Tax	Excise Tax	Insurance Premium Tax	Business Tax	Other Tax	Hotel Motel Tax	Sanitation Tax	Rental Motor Vehicle Excise Tax	Alcohol Tax	Sales Taxes	Total
2007	$ 2,551,520	$ 958,567	$ -	$ 522,102	$ -	$ 229,488	$ -	$ 153,124	$ 109,493	$ 339,135	$ -	$ 4,863,429
2008	2,642,734	1,028,123	-	534,608	-	137,369	-	197,308	88,976	321,814	-	4,950,932
2009(1),(2)	3,382,942	1,085,876	89,097	529,593	51,895	67,401	47,994	-	-	305,540	-	5,560,338
2010	4,115,844	1,654,657	95,036	514,201	190,261	51,484	55,757	-	-	293,982	-	6,971,222
2011	5,186,528	1,090,763	143,188	463,976	831,532	156,177	143,759	-	-	165,245	712,230	8,893,398
2012(3)	4,934,955	1,450,256	149,002	492,821	863,723	25,572	185,041	-	-	159,073	661,602	8,922,045
2013(4)	4,340,202	1,453,769	186,408	510,269	876,243	137,207	195,000	-	-	160,119	-	7,859,217
2014	5,931,682	1,957,776	217,161	836,960	1,154,065	125,756	364,928	-	-	212,718	-	10,801,046
2015	6,829,110	1,940,064	228,086	893,924	2,021,719	110,434	408,587	-	-	315,242	-	12,747,166
2016	7,111,044	2,017,253	187,617	1,674,197	2,068,895	149,315	442,257	-	-	276,615	-	13,927,193

Source: Current year and prior year financial statements of the City of Chamblee, Georgia

(1) In 2009, Hotel/Motel and Business taxes were broken out as major revenue sources.
(2) In 2009, Sanitation Tax became a separate fund and Rental Motor Vehicle Excise Tax became Excise Tax.
(3) In 2012, the City started receiving sales taxes in the form of H.O.S.T. revenue.
(4) In 2013, H.O.S.T. revenue, which had been accounted for under Sales the previous two years, is now accounted for under Intergovenmental Grants & Contributions

CITY OF CHAMBLEE, GEORGIA
SCHEDULE 6
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
- ALL TAXABLE PROPERTY
LAST TEN YEARS
(accrual basis of accounting)

	Real Property		Personal Property		Public Utility		Motor Vehicle		Total Property				
Year	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value		Estimated True Value	Total Direct Tax Rate	Ratio of Total Assessed to Total Estimated Actual Value	Percent Increase in Estimated Actual Value Over Prior Year
2007	$ 385,554,122	$ 963,885,305	$ 141,003,340	$ 352,508,350	$ 13,544,670	$ 33,861,675	$15,280,060	$38,200,150	$ 555,382,192		$ 1,388,455,480	5.00	40%	0.54%
2008	386,100,564	965,251,410	179,606,067	449,015,168	12,389,798	30,974,495	15,561,050	38,902,625	593,657,479		1,484,143,698	5.00	40%	6.89%
2009	397,861,328	994,653,320	166,457,935	416,144,838	10,769,822	26,924,555	16,118,770	40,296,925	591,207,855		1,478,019,638	6.31	40%	-0.41%
2010	388,248,161	970,620,403	144,949,798	362,374,495	9,563,181	23,907,953	14,546,770	36,366,925	557,307,910		1,393,269,775	7.95	40%	-5.73%
2011	611,126,366	1,527,815,915	193,372,547	483,431,368	11,087,937	27,719,843	14,131,410	35,328,525	829,718,260	(1)	2,074,295,650	7.40	40%	48.88%
2012	562,328,458	1,405,821,145	167,649,642	419,124,105	9,128,386	22,820,965	22,076,110	55,190,275	761,182,596		1,902,956,490	7.40	40%	-8.26%
2013	568,117,263	1,420,293,158	155,457,702	388,644,255	9,726,659	24,316,648	27,471,830	68,679,575	760,773,454		1,901,933,635	6.40	40%	-0.05%
2014	854,534,277	2,136,335,693	135,091,685	337,729,213	10,289,198	25,722,995	23,807,070	59,517,675	1,023,722,230	(2)	2,559,305,575	6.40	40%	34.56%
2015	959,013,951	2,397,534,878	164,295,251	410,738,128	15,151,224	37,878,060	20,050,020	50,125,050	1,158,510,446		2,896,276,115	6.40	40%	13.17%
2016	1,080,144,856	2,700,362,140	179,441,139	448,602,848	13,476,415	33,691,038	15,797,850	39,494,625	1,288,860,260		3,222,150,650	6.40	40%	11.25%

Source: City of Chamblee Finance Department

(1) - Assessed values increased from 2010 to 2011 due to an annexation.

(2) - Assessed values increased from 2013 to 2014 due to a second annexation.

CITY OF CHAMBLEE, GEORGIA
SCHEDULE 7
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN TAX DIGEST YEARS
(Rate per $1,000 of assessed value)

	Direct Rates			Overlapping Rates			Total
	City of Chamblee						Direct and
Tax Digest Year	Operating Millage	Debt Service	Total	State of Georgia	DeKalb County	County School System	Overlapping Millage Rate
2007	5.00	-	5.00	0.25	12.52	22.90	40.67
2008	5.00	-	5.00	0.25	12.73	22.98	40.96
2009	6.31	-	6.31	0.25	12.85	22.98	42.39
2010	7.95	-	7.95	0.25	12.85	22.98	44.03
2011	7.40	-	7.40	0.25	15.18	22.98	45.81
2012	7.40	-	7.40	0.20	15.65	23.98	47.23
2013	6.40	-	6.40	0.15	14.76	23.98	45.29
2014	6.40	-	6.40	0.10	12.36	23.98	42.84
2015	6.40	-	6.40	0.50	14.57	23.73	45.20
2016	6.40	-	6.40	0.00	12.66	23.38	42.44

Source: City of Chamblee Finance Department and DeKalb County Financial Statements

CITY OF CHAMBLEE, GEORGIA
SCHEDULE 8
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

	2016			2007 (1)		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Bel Clairmont LLC	$ 19,700,000	1	1.82%			
LG Century Center LLC	18,389,000	2	1.70%	-		-
Johnson Ferry Apartment	18,033,762	3	1.67%	-		-
Chatsworth LL LLC	15,200,000	4	1.41%	-		-
Highwoods Forsyth Limited Part	14,000,000	5	1.30%	-		-
Camden Creekstone LLC	13,297,520	6	1.23%	-		-
Morguard Savoy Apartments LLC	11,388,776	7	1.05%	-		-
Highwoods Forsyth Limited Part	11,316,800	8	1.05%			
JBE Realty Holdings LLP	10,641,866	9	0.99%	-		-
Perimeter Park 230 LLC	10,400,000	10	0.96%	-		-
EQR-Peachtree A LLC	-		-	$ 15,600,000	1	4.18%
McKesson Corp	-		-	9,025,800	2	2.42%
Lowes Home Centers INC	-		-	8,556,520	3	2.29%
Southern Company Services	-		-	8,243,682	4	2.21%
Fleet Capital Corporation	-		-	7,800,000	5	2.09%
SE Leasing LLC	-		-	7,518,755	6	2.01%
5300 Peachtree LP	-		-	7,395,720	7	1.98%
Global Aviation	-		-	7,200,000	8	1.93%
Spectrum Brands	-		-	6,520,000	9	1.75%
Spanos Corporation	-		-	6,460,120	10	1.73%
All Others	937,777,132		86.82%	288,836,215		77.40%
Totals	$ 1,080,144,856		100.00%	$ 373,156,812		100.00%

Source: City of Chamblee Finance Department

(1) Information prior to Fiscal Year 2007 is not readily available

CITY OF CHAMBLEE, GEORGIA
SCHEDULE 9
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Collected Within The Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections To Date	
		Amount	Percentage of Levy		Amount	Percentage Of Levy
2007	$ 2,457,960	$ 2,342,630	95.31%	$ 111,325	$ 2,453,955	99.84%
2008	2,533,753	2,356,612	93.01%	165,700	2,522,312	99.55%
2009	3,238,048	3,043,576	93.99%	173,914	3,217,490	99.37%
2010	3,997,520	3,730,868	93.33%	218,147	3,949,015	98.79%
2011	4,940,513	4,709,627	95.33%	209,751	4,919,378	99.57%
2012	4,617,889	4,326,902	93.70%	269,306	4,596,208	99.53%
2013	3,953,150	3,841,910	97.19%	98,409	3,940,319	99.68%
2014	5,635,595	5,425,228	96.27%	156,051	5,581,279	99.04%
2015	6,189,965	6,035,706	97.51%	74,452	6,110,158	98.71%
2016	6,967,739	6,734,022	96.65%	-	6,734,022	96.65%

Source: City of Chamblee Finance Department

CITY OF CHAMBLEE, GEORGIA
SCHEDULE 10
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

	Governmental Activities				Business-type Activities						
Fiscal Year	General Obligation Bonds	Capital Leases	Percentage of Estimated Actual Value of Taxable Property	Per Capita	Stormwater	Sanitation	Capital Leases	Notes Payable	Total Primary Government	Percent of Personal Income	Per Capita
2007	$ -	$ 556,382	0.04%	57	$ -	$ -	$ -	$ -	$ 556,382	0.29%	57
2008	-	539,639	0.04%	55	-	-	-	-	539,639	0.28%	55
2009	-	430,633	0.03%	44	-	-	-	-	430,633	0.22%	44
2010	-	611,512	0.04%	62	-	-	-	-	611,512	0.24%	62
2011	-	439,193	0.02%	28	-	-	130,055	-	569,248	0.14%	37
2012	-	261,664	0.01%	17	-	-	101,058	-	362,722	0.09%	23
2013	-	268,636	0.01%	10	-	-	71,098	-	339,734	0.05%	12
2014	-	911,266	0.04%	33	-	-	40,143	-	951,409	0.13%	34
2015	-	643,009	0.02%	23	-	-	8,160	-	651,169	0.09%	23
2016	**-**	**432,517**	**0.01%**	**15**	**-**	**-**	**-**	**841,056**	1,273,573	**0.17%**	**45**

Source: City of Chamblee Finance Department

CITY OF CHAMBLEE, GEORGIA
SCHEDULE 11
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2016

	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Chamblee (1)	Amount Applicable to City of Chamblee
DeKalb County	$ 216,590	5.42%	$ 11,733
Fulton-DeKalb Hospital Authority(Dekalb portion)	35,945	5.42%	1,947
DeKalb County Board of Education	141,047	5.42%	7,641
Total overlapping debt	393,582		21,321
City Direct Debt:			
Capital Leases	432,517	100.00%	432,517
Total Direct and Overlapping Debt	$ 826,099		$ 453,838

Source: Assessed value data used to estimate applicable percentages provided by the DeKalb County Tax Assessor and the DeKalb County Financial Statements

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

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

CITY OF CHAMBLEE, GEORGIA
SCHEDULE 12
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS

Year	Assessed Value	Percent	Debt Limit	Amount Applicable (1)	Legal Debt Margin
2007	$ 555,382,192	10%	$ 55,538,219	-	$ 55,538,219
2008	593,657,479	10%	59,365,748	-	59,365,748
2009	591,207,855	10%	59,120,786	-	59,120,786
2010	557,307,910	10%	55,730,791	-	55,730,791
2011	829,718,260	10%	82,971,826	-	82,971,826
2012	761,182,596	10%	76,118,260	-	76,118,260
2013	760,773,454	10%	76,077,345	-	76,077,345
2014	1,023,722,230	10%	102,372,223	-	102,372,223
2015	1,158,510,446	10%	115,851,045	-	115,851,045
2016	1,288,860,260	10%	128,886,026	-	128,886,026

Source: City of Chamblee Finance Department

Notes:

(1) The City of Chamblee has had no general obligation bonds outstanding during the last ten years.

CITY OF CHAMBLEE, GEORGIA
SCHEDULE 13
DEMOGRPAHIC AND ECONOMIC STATISTICS INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (1)	Per Capita Income (1)	Median Age (2)	Median Education Level in Years of Formal Schooling (2)	School Enrollment (4),(5)	Unemployment Rate (3)
2007	9,791	$ 195,144,421	$ 19,931	27.6	12	-	4.9%
2008	9,825	195,822,075	19,931	27.6	12	-	6.4%
2009	9,858	196,479,798	19,931	27.6	12	-	9.9%
2010	9,892	259,724,352	26,256	29.0	12	-	10.5%
2011	15,491	406,731,696	26,256	29.0	12	2,824	10.2%
2012	15,790	414,582,240	26,256	29.0	12	2,656	9.3%
2013	27,300	716,788,800	26,256	29.0	12	2,620	8.3%
2014	27,639	725,676,981	26,256	29.0	12	4,993	7.3%
2015	27,981	734,675,376	26,256	29.0	12	5,114	5.9%
2016	28,328	743,785,350	26,256	29.0	12	5,134	5.2%

Notes:

(1) City of Chamblee Development Department

(2) Source: U.S. Census

(3) Source: Georgia Department of Labor

(4) Includes: Chamblee Charter High School, Chamblee Middle School, Huntley Hills Elementary School, Sophia Academy Dresden Elementary School, and St. Pius X Catholic High School. Information prior to Fiscal Year 2011 is not readily available

(5) Enrollment numbers increased in 2014 because of the addition of three schools due to annexation

CITY OF CHAMBLEE, GEORGIA
SCHEDULE 14
PRINCIPAL EMPLOYERS
Current Year and Five Years Previous (Earliest Available)

	2016			2011(1)		
Employer	Employees	Rank	Percentage of Total Employees	Employees	Rank	Percentage of Total Employees
Wal-Mart Supercenter	348	1	2.7%	319	1	3.8%
Jim Ellis Volkswagen, Inc.	293	2	2.3%	318	2	3.8%
Northrop Grumman	224	3	1.7%	178	3	2.1%
Moore Wallace North	213	4	1.7%	145	8	1.7%
Asthon Woods	195	5	1.5%	171	4	2.0%
Jim Ellis Atlanta, Inc.	192	6	1.5%	154	6	1.8%
Curry Honda	189	7	1.5%			
Eckardt Electric	170	8	1.3%	135	10	1.6%
Sam's Club	165	9	1.3%	145	7	1.7%
World Toyota	157	10	1.2%	140	9	1.7%
Epps Air Service, Inc.	136			164	5	1.9%
All Others	10,605			6,601		
Totals	12,887			8,470		

Source: City of Chamblee Finance Department

Notes:

(1) Prior to 2011, the City did not include number of employees in its calculation of Occupational Tax

CITY OF CHAMBLEE, GEORGIA
SCHEDULE 15
FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYESS BY FUNCTION/PROGRAM
LAST TEN YEARS

Function	2007	2008	2009	2010	2011(1)	2012	2013	2014(1)	2015 (1)	2016
Administrative	12	12	12	12	18	18	19	19	19	18
Police	32	32	32	32	44	44	44	68	68	67
Public Works	6	6	6	6	9	9	9	15	19	20
Parks and Recreation	6	6	6	6	6	6	6	6	10	10
E-911	8	8	8	8	12	13	13	15	15	15
Stormwater	4	4	4	4	4	4	4	5	6	5
Sanitation	11	11	11	11	11	11	11	13	17	17
	79	79	79	79	104	105	106	141	154	152

Source: City of Chamblee Finance Department

Notes:

(1) Total employee count increased due to annexation

CITY OF CHAMBLEE, GEORGIA
SCHEDULE 16
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function	2007	2008	2009	2010	2011	2012	2013	2014(1)	2015	2016(2)
Police										
Physical Arrests	870	1,000	925	803	912	858	854	2,478	2,807	2,163
Traffic Violations	13,219	9,970	10,508	9,458	12,754	12,257	12,211	10,208	10,954	10,642
Sanitation										
Refuse Collected (tons/year)	2,473	2,340	2,336	2,272	2,173	2,195	2,231	3,510	3,590	4,614
Recyclables Collected (tons/year)	872	880	996	960	1,297	1,251	1,346	2,925	2,050	638
Public Safety										
Police Patrol Units	19	19	19	19	23	23	23	33	33	33

Source: City of Chamblee Finance Department

Notes:

(1) The City started police patrols for the area added to the City in the 2013 annexation while adding sanitation services for the 2010 annexation.
The City took over over sanitation services for the area 2013 annexation in mid-year 2014.

(2) The City ended it's glass recycling program

CITY OF CHAMBLEE, GEORGIA
SCHEDULE 17
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City Hall										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	1	1	1	1	1	2	2	2	3	1
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	29	29	33	36	39	46	46	56	61	61
Public Works										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	7	10	12	11	11	12	12	12	14	14
Culture and recreation										
Parks acreage	49.7	49.7	49.7	49.7	49.7	49.7	49.7	49.7	75.1	76.1
Parks	7	7	7	7	7	7	7	7	8	9
Tennis courts	2	2	2	2	2	2	2	2	2	2
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	3	3	3	3	3	3	3	5	5	5
Sanitation										
Vehicles	11	11	11	12	14	18	18	14	16	16
Stormwater										
Vehicles	2	4	4	4	4	5	5	7	7	7

Source: City of Chamblee Finance Department

CHAMBLEE
Georgia
A CITY ON THE RIGHT TRACK!

COMPLIANCE SECTION



MAULDIN & JENKINS

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

The Honorable Mayor and Members
of City Council
City of Chamblee, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Chamblee, Georgia** (the "City") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 29, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as items 2016-001 and 2016-002, that we consider to be material weaknesses.

Compliance and Other Matters

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

The City of Chamblee, Georgia's Responses to Findings

The City of Chamblee, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of Chamblee, Georgia's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 29, 2017

CITY OF CHAMBLEE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2016

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	_X_ yes ___ no
Significant deficiencies identified?	___ yes _X_ none reported
Noncompliance material to financial statements noted?	___ yes _X_ no

Federal Awards

There was not an audit of major federal award programs for the year ended December 31, 2016 due to the City not expending federal awards of $750,000 or more during the year ended December 31, 2016.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2016-001: Segregation of Duties (Repeat Finding)

Criteria: Segregation of employee's duties is a common practice in an effective internal control structure. Segregation of duties is when specific employee functions related to important accounting areas (such as cash receipting or cash disbursements) are separated among different individuals to significantly reduce the risk that any one individual could intentionally or unintentionally misappropriate assets. Policies should be in place requiring the segregation of certain duties.

Condition: The size of the City's accounting and administrative staff precluded certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. A significant number of duties relative to the receipt and disbursement process, payroll, and general ledger functions are handled by one individual. The most significant issues noted are as follows:

- Individuals who post cash receipts to the accounting records can perform other functions which should typically be segregated, such as the write-off of delinquent accounts, editing the master receivable file, and reviewing the receivables aging trial balance.
- Those responsible for review, authorization, or signing of checks are also responsible for the reconciliation of bank accounts.
- Those responsible for approval of rates and fees can prepare bills, collect accounts receivable, post cash receipts, investigate receivable discrepancies and are also responsible for reviewing the receivable trial balance.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2016-001: Segregation of Duties (Repeat Finding) (Continued)

- Check signing (including control of mechanical check signers and signature plates) is not independent of the initiator of purchases, approver of purchases, preparer of checks, cash receipts, accounts payable, and cash bookkeeping.
- Individuals who have access to edit the vendor master file can initiate purchase orders, prepare or issue debit memos, investigate account discrepancies, and maintain custody of assets.
- Information technology (IT) personnel have the responsibility for transaction and accounting duties. IT personnel administering security have responsibilities for programming, database management, and computer operations. IT programmers also have access to modify the software code.
- Responsibilities for payroll accounting and payroll deposits are not separated from the general ledger function.
- Individuals who prepare payroll checks are also authorized to sign payroll checks and edit the payroll mater files.
- Daily cash receipts should be compared to postings to customer accounts and deposits by a person independent of the cash receipts and accounts receivable functions.
- Individuals who collect receivables can perform other functions which should typically be segregated such as reviewing the receivables aging subledger, maintain or authorize receivable adjustments, and investigate discrepancies or issues related to revenue.
- Individuals who open mail or copy checks received should not prepare deposits or investigate discrepancies and issues related to cash.
- Individuals who reconcile bank statements of the Downtown Development Authority can perform other functions which should typically be segregated such as posting cash receipts and other journal entries.
- There is no formal review/approval process of the Downtown Development Authority for posting journal entries.
- Individuals who collect receivables are allowed to investigate discrepancies or issues related to revenue.
- Individuals who investigate discrepancies or issues related to cash are able to maintain the cash receipts journal and post journal entries to the general ledger. We recommend management strengthen controls surrounding the cash reconciliation and accounting process.
- Individuals who review, authorize, or sign checks are able to prepare checks, edit the vendor master file, and investigate discrepancies or issues involving expenditures.
- There is no responsible person other than the cashier who maintains custody of the key to the cash register tape compartment or takes periodic readings of the register and compares the readings with the contents of the cash register.

CITY OF CHAMBLEE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2016

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2016-001: Segregation of Duties (Repeat Finding) (Continued)

Context/Cause: We addressed this matter with City officials who understand that the size of the City's accounting and administrative staff precluded certain internal controls, that would be preferred if the office staff were large enough, to provide optimum segregation of duties.

Effects/Possible Effects: Failure to properly segregate duties between recording, distribution, and reconciliation of accounts may allow for errors or irregularities to occur, intentionally or unintentionally, and not be detected in a timely manner by employees in the normal course of performing their assigned functions.

Recommendation: We understand the staffing limitations which result in these overlapping duties; however, we recommend the City's management implement additional controls that would reduce the risk of fraudulent activity and the risk that such activities go unnoticed by management and the Mayor and City Council. No one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. We also recommend the Downtown Development Authority implement a process for all journal entries to be reviewed/approved by someone other than the prepared of those entries.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that proper controls are implemented to mitigate the risks described above.

2016-002: Debt Issuance Costs

Criteria: Governmental Accounting Standards Board (GASB) Statement No. 65 requires debt issuance costs to be expensed in the year of issuance.

Condition: Internal controls did not detect misstatements in the reporting of the Downtown Development Authority's debt issuance costs.

Context/Cause: During our testing of the Downtown Development Authority's debt an audit adjustment of $120,000 was required to expense loan closing fees in accordance with GASB Statement No. 65, which were capitalized by the Authority. required as follows:

Effects/Possible Effects: Audit adjustments of $120,000 were required as detailed above.

Recommendation: We recommend the Authority devote the resources necessary to ensure that debt issuance costs are properly recorded and classified.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that debt issuance costs properly recorded and classified.

CHAMBLEE
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