

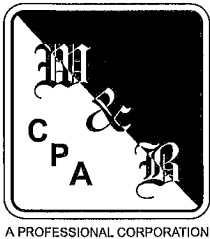
**THE DOWNTOWN DEVELOPMENT AUTHORITY  
OF THE CITY OF CHAMBLEE  
A Component Unit of the City of Chamblee, Georgia**

**AUDITED BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

**THE DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF CHAMBLEE**  
**A Component Unit of the City of Chamblee, Georgia**  
**AUDITED BASIC FINANCIAL STATEMENTS**  
**TABLE OF CONTENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

<b>Independent Auditor's Report</b>	<b>1</b>
 <b>BASIC FINANCIAL STATEMENTS:</b>	
<b>Statement of Net Position</b>	<b>3</b>
<b>Statement of Activities</b>	<b>4</b>
<b>Statement of Fund Net Position - Proprietary Fund</b>	<b>5</b>
<b>Statement of Revenues, Expenditures and Changes in Fund Net Position - Proprietary Fund</b>	<b>6</b>
<b>Statement of Cash Flows</b>	<b>7</b>
<b>Notes to Financial Statements</b>	<b>8</b>
 <b>REPORTS AND SCHEDULES REQUIRED BY GOVERNMENT AUDITING STANDARDS:</b>	
<b>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 <i>Government Auditing Standards</i></b>	<b>14</b>
<b>Schedule of Findings and Responses</b>	<b>16</b>
<b>Corrective Action Plan</b>	<b>18</b>



**WILCOX & BIVINGS, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

4485 Tench Rd, Suite 1320

Suwanee, GA 30024

Phone: 770-904-5295

Fax: 770-904-5299

• MEMBERS •

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

GEORGIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report**

To the Board of Directors  
The Downtown Development Authority of the City of Chamblee  
Chamblee, Georgia

***Report on the Financial Statements***

We have audited the accompanying financial statements of the business-type activities and each major fund of the Downtown Development Authority of the City of Chamblee, a component unit of the City of Chamblee, Georgia, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority'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 from 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 accounting 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 business-type activities and each major fund of the Downtown Development Authority of the City of Chamblee, as of December 31, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors  
The Downtown Development Authority of the City of Chamblee

*Other Matters*

*Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2015, on our consideration of the Downtown Development Authority of the City of Chamblee's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the Downtown Development Authority of the City of Chamblee's internal control over financial reporting and compliance.



Suwanee, Georgia  
August 27, 2015

**BASIC FINANCIAL STATEMENTS**

**THE DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF CHAMBLEE**  
**A Component Unit of the City of Chamblee, Georgia**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2014**

	<u>Business-type Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 118,597
Prepaid expenses	1,458
Depreciable capital assets	<u>5,675</u>
<b>Total assets</b>	<u><b>125,730</b></u>
<b>LIABILITIES</b>	
<b>Current liabilities:</b>	
Accounts payable	<u>800</u>
<b>Total current liabilities</b>	<u><b>800</b></u>
<b>NET POSITION</b>	
Net investment in capital assets	5,675
Unrestricted	<u>119,255</u>
<b>Total net position</b>	<u><b>\$ 124,930</b></u>

SEE NOTES TO FINANCIAL STATEMENTS.

**THE DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF CHAMBLEE**  
**A Component Unit of the City of Chamblee, Georgia**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

Functions/Programs	Expenses	Program Revenues Charges for Services	Total
<b>Business-type Activities:</b>			
Economic Development	\$ <u>26,131</u>	\$ <u>60,000</u>	\$ <u>33,869</u>
<b>General revenues:</b>			
Investment return			<u>6</u>
<b>Total general revenues</b>			<u>6</u>
Change in net position			<b>33,875</b>
Net position – beginning			<u>91,055</u>
Net position – ending			\$ <u>124,930</u>

SEE NOTES TO FINANCIAL STATEMENTS.

**THE DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF CHAMBLEE**  
**A Component Unit of the City of Chamblee, Georgia**  
**STATEMENT OF FUND NET POSITION**  
**PROPRIETARY FUND**  
**DECEMBER 31, 2014**

	<b>Enterprise Fund</b>
<b>ASSETS</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 118,597
Prepaid expenses	<u>1,458</u>
<b>Total current assets</b>	<u><b>120,055</b></u>
<b>Noncurrent assets:</b>	
Net capital assets	<u>5,675</u>
<b>Total noncurrent assets</b>	<u><b>5,675</b></u>
<b>Total assets</b>	<b>\$ <u>125,730</u></b>
<b>LIABILITIES</b>	
<b>Current liabilities:</b>	
Accounts payable	\$ <u>800</u>
<b>Total current liabilities</b>	<u><b>800</b></u>
<b>FUND NET POSITION</b>	
Net investment in capital assets	5,675
Unrestricted	<u>119,255</u>
<b>Total fund net position</b>	<u><b>124,930</b></u>
<b>Total liabilities and fund net position</b>	<b>\$ <u>125,730</u></b>

SEE NOTES TO FINANCIAL STATEMENTS.



**THE DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF CHAMBLEE**  
**A Component Unit of the City of Chamblee, Georgia**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Enterprise Fund</u>
<b>OPERATING REVENUES</b>	
Development fees	\$ <u>60,000</u>
<b>Total operating revenues</b>	<u>60,000</u>
<b>OPERATING EXPENSES</b>	
Development activities	5,257
Contractual services	8,545
Office supplies and materials	73
Professional fees	11,931
Depreciation	<u>325</u>
<b>Total operating expenses</b>	<u>26,131</u>
<b>Operating income</b>	<u>33,869</u>
<b>NONOPERATING REVENUES</b>	
Interest income	<u>6</u>
<b>Total operating income</b>	<u>6</u>
<b>Change in fund net position</b>	33,875
<b>Fund net position - beginning</b>	<u>91,055</u>
<b>Fund net position - ending</b>	<u>\$ 124,930</u>

SEE NOTES TO FINANCIAL STATEMENTS.

**THE DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF CHAMBLEE**  
**A Component Unit of the City of Chamblee, Georgia**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Enterprise Fund</u>
<b><i>CASH FLOWS FROM OPERATING ACTIVITIES</i></b>	
Receipts from development fees	\$ 60,000
Payments to suppliers	( 25,806)
Net cash provided (used) by operating activities	<u>34,194</u>
<b><i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</i></b>	
Purchases of capital assets	( 6,000)
Net cash provided (used) by capital and related financing activities	( 6,000)
<b><i>CASH FLOWS FROM INVESTING ACTIVITIES</i></b>	
Interest earnings	<u>6</u>
Net cash provided (used) by investing activities	<u>6</u>
Increase (decrease) in cash and cash equivalents	28,200
Cash and cash equivalents – beginning of year	<u>90,397</u>
Cash and cash equivalents – end of year	\$ <u><u>118,597</u></u>
<b><i>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</i></b>	
Operating income	\$ 33,869
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	<u>325</u>
Net cash provided by operating activities	\$ <u><u>34,194</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

**THE DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF CHAMBLEE**  
**A Component Unit of the City of Chamblee, Georgia**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Downtown Development Authority of the City of Chamblee ("the Authority"), a discrete component unit of the City of Chamblee, Georgia ("the City") was created in 2013 by the City Council pursuant to the Georgia Downtown Development Authorities Law. It operates through a Board of Directors ("the Board") consisting of members appointed by the City Council and Mayor. The purpose of the Authority 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 financial statements of the Authority have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

The Authority has implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Statement No. 62 incorporates into the GASB's accounting and financial reporting that is included in the FASB Statements and Interpretations, APB Opinions and Research Bulletins, which do not conflict with or contradict GASB statements, which were issued on or before November 30, 1989.

The Authority has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Authority is required to present a Statement of Net Position. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The statement of net position is presented in a format that displays *assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position*. Net position is displayed in three components—*net investment in capital assets; restricted* (distinguishing between major categories of restrictions); and *unrestricted*.

The Authority has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This requires the Authority to adopt provisions of Concepts Statement No. 4 for all other items reported as assets and liabilities, which were not addressed as part of GASB 63. This Statement revises the major fund calculation so that assets are combined with deferred outflows of resources and liabilities should be combined with deferred inflows of resources. GASB No. 65 also restricts the use of the term *deferred* to only deferred outflows of resources and deferred inflows of resources.

**REPORTING ENTITY**

The Authority is governed by a board appointed by the City Council and Mayor. The Authority was created for the purpose of administering activities with regard to the revitalization and economic development of downtown Chamblee. The Authority is a component unit of the City.

**THE DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF CHAMBLEE**  
**A Component Unit of the City of Chamblee, Georgia**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**BASIS OF PRESENTATION**

**Government-wide Financial Statements**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the Authority. The effect of Interfund activity, within the business-type activities columns, has been removed from these statements. Business-type activities rely to a significant extent on fees and charges for support.

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

**Fund Financial Statements**

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

**Proprietary funds**

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

*Enterprise Fund* – The Enterprise Fund is used to account for all activities of the Authority. Activities of the fund include economic development activities. All costs are financed through economic development fees or intergovernmental revenues.

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

**MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

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

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

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

**THE DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF CHAMBLEE**  
**A Component Unit of the City of Chamblee, Georgia**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**CASH AND CASH EQUIVALENTS**

The Authority has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. For purposes of the statement of cash flows of the Proprietary Fund, the Authority considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

**PREPAID EXPENSES**

Payments made for services that will benefit periods beyond December 31, 2014 are recorded as prepaid expenses.

**CAPITAL ASSETS**

Capital are recorded at historical cost, appraised value, or estimated historical cost or replacement cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Repairs and maintenance are recorded as expenditures; renewal and betterments are capitalized. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Furniture, fixtures and equipment	3 – 5 years
-----------------------------------	-------------

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

The Authority capitalizes interest costs as part of the cost of construction of various construction projects when material.

**INTEREST EXPENSE AND CAPITALIZED INTEREST**

Interest expense on long-term debt has been included as a direct function expense in the business-type activities. The Authority incurred no interest expense from business-type activities for the year ended December 31, 2014.

Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets. The Authority incurred no interest costs during the year, therefore, no interest costs were capitalized by the enterprise fund for the year ended December 31, 2014.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures or expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**USE OF RESTRICTED/UNRESTRICTED NET POSITION**

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

**THE DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF CHAMBLEE**  
**A Component Unit of the City of Chamblee, Georgia**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 2 - CASH AND INVESTMENTS**

*Credit risk.* The Authority is authorized to invest in obligations or investments as determined by the Board, subject to any agreement with bondholders and with applicable law. As of December 31, 2014, the Authority did not have any investments other than deposits with financial institutions.

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

The carrying amounts of deposits for the Authority were \$118,597, and the bank balance was \$121,492. The entire bank balance was covered by Federal Depository Insurance at December 31, 2014. The Authority has not adopted a formal deposit policy.

**NOTE 3 - CAPITAL ASSETS**

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

	<u>Balance January 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2014</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
<b>Depreciable capital assets:</b>				
<b>Furniture, fixtures and equipment</b>	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
<b>Subtotal</b>	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
<b>Accumulated depreciation:</b>				
<b>Furniture, fixtures and equipment</b>	<u>-</u>	<u>( 325)</u>	<u>-</u>	<u>( 325)</u>
<b>Subtotal</b>	<u>-</u>	<u>( 325)</u>	<u>-</u>	<u>( 325)</u>
<b>Net capital assets</b>	<u>\$ -</u>	<u>\$ 5,675</u>	<u>\$ -</u>	<u>\$ 5,675</u>

Depreciation was charged to functions as follows:

**Business-type activities:**

        Economic development

\$ 325

**Total governmental activities depreciation expense**

\$ 325

**THE DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF CHAMBLEE**  
**A Component Unit of the City of Chamblee, Georgia**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 4 - CONDUIT DEBT**

The Authority issues industrial revenue bonds to provide financing for the purchase of land, buildings or equipment for qualified companies. The bonds are secured by the property financed and are payable solely from contract payments from the company. Upon repayment of the bonds, ownership of the property transfers to the company served by the bond issue. Neither the Authority, the City of Chamblee, the State of Georgia, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2014, the aggregate maximum principal of bonds issued by the Authority as conduit debt were \$48,000,000, with \$7,155,876 of principal advances issued on the bonds.

**NOTE 5 - LITIGATION**

The Authority is not a party to any pending civil litigation per the knowledge of the Authority Attorney. The Authority's attorney has no knowledge of any unasserted claims and assessments for the period during which they have devoted substantive attention in the form of legal consultation or representation.

**NOTE 6 - RISK MANAGEMENT**

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance, public entity risk pool currently operating as common risk management and insurance program for member local governments. The Georgia Municipal Association (GMA) administers the risk pool.

As part of this risk pool, the Authority is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund being required to pay any claim of loss. The Authority is also to allow the pool's agents and attorneys to represent the Authority in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Government within the scope of loss protection furnished by the fund.

The fund is to defend and protect the members of the fund against liability or loss as prescribed in the member governments' contracts. The fund is 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.

**NOTE 7 – RELATED PARTY TRANSACTIONS**

The Authority entered into contracts for services with a vendor that was related to a Board member. The Authority paid the vendor \$6,000 for these services during the current year.

**THE DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF CHAMBLEE**  
**A Component Unit of the City of Chamblee, Georgia**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 8 - SUBSEQUENT EVENTS**

**Downtown Development Authority of the City of Chamblee Taxable Industrial Development Revenue Bond (Economic Development Project), Series 2015**

The Authority issued taxable industrial development revenue bonds in the maximum amount of \$1,550,000 during February of 2015 in order to finance the purchase of property located in the Authority's development area designated by the City. The Bond was purchased by a bank, which in turn lent \$1,508,858 to the Authority in the form of a line of credit. The proceeds from the line of credit were then used to purchase the property.

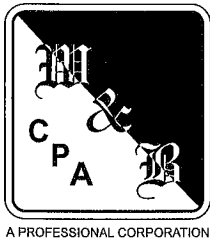
The Bond is secured in part by a pledge of rental payments paid to the Authority by a company which is currently leasing the property. Additionally, the Authority entered into an intergovernmental agreement with the City to provide security for the payment of the Bond. Under the intergovernmental agreement, the City has the authority to tax property in the City at a 3 mill limit to the extent necessary to pay the debt service on the Bond, and that such payments be pledged by the Authority to the holders of the Bond.

**Memorandum of Understanding**

During August of 2015, the Authority entered into a memorandum of understanding agreement in which the Authority would issue industrial revenue bonds to provide financing for the purchase and development of land located within the City's central business district and the Authority's jurisdiction. The bonds would be secured by the property financed and payable solely from contract payments from the company. Upon repayment of the bonds, ownership of the property would transfer to the company served by the bond issue. Neither the Authority, the City of Chamblee, the State of Georgia, nor any political subdivision thereof would be obligated in any manner for the repayment of the bonds. Accordingly, the bonds would not be reported as liabilities in the Authority's financial statements. The estimated maximum principal amount of the bonds is estimated at \$50 million.



**REPORTS AND SCHEDULES REQUIRED BY  
GOVERNMENTAL AUDITING STANDARDS**



**WILCOX & BIVINGS, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

4485 Tench Rd, Suite 1320

Suwanee, GA 30024

Phone: 770-904-5295

Fax: 770-904-5299

• MEMBERS •

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

GEORGIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**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***

To the Board of Directors  
The Downtown Development Authority of the City of Chamblee  
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 business-type activities and each major fund of the Downtown Development Authority of the City of Chamblee as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Downtown Development Authority of the City of Chamblee's basic financial statements and have issued our report thereon dated August 27, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Downtown Development Authority of the City of Chamblee'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 Downtown Development Authority of the City of Chamblee's internal control. Accordingly, we do not express an opinion on the effectiveness of the Downtown Development Authority of the City of Chamblee's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses. We identified no deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

*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. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness noted as item 2014-001.

*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. We consider no deficiencies described in the accompany schedule of findings and responses to be significant deficiencies.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Downtown Development Authority of the City of Chamblee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are disclosed in the accompanying schedule of findings and responses as items 2014-002 and 2014-003.

### The Downtown Development Authority of the City of Chamblee's Response to Findings

The Downtown Development Authority of the City of Chamblee's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Downtown Development Authority of the City of Chamblee's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on it.

### 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 entity'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.



Suwanee, Georgia  
August 27, 2015

**THE DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF CHAMBLEE**  
**A Component Unit of the City of Chamblee, Georgia**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**DECEMBER 31, 2014**

**FINANCIAL STATEMENT FINDINGS**

**Finding 2014-001**

**Criteria:** Cash disbursement transactions should be posted on the correct dates and with the correct vendor name on the general ledger.

**Condition:** Two vendor checks were not posted to the general ledger in the proper accounting year, and one vendor check was posted to the general ledger with an incorrect name.

**Cause:** The general ledger was not properly reviewed, and the cash account not properly reconciled at year-end. Therefore, transactions were posted incorrectly.

**Effect:** The cash account and expense accounts on the general ledger were misstated at year end.

**Recommendation:** It is recommended that the Authority implement controls and procedures to review vendor transaction postings in order to ensure that transactions are posted in the correct period, and with the correct vendor name.

**Auditee Response:** The Authority concurs with this finding and recommendation. The Authority will implement controls to review its general ledger prior to year-end in order to ensure proper posting of transaction dates and vendor names.

**Finding 2014-002**

**Criteria:** Board members are required to disclose a conflict of interest to the other Board members of the Authority in advance.

**Condition:** A Board member failed to disclose a conflict of interest.

**Cause:** A Board member did not disclose a conflict of interest prior to the discussion of and voting on a transaction in which the Board member had a conflict of interest.

**Effect:** The Authority was not in compliance with Georgia state law.

**Recommendation:** It is recommended that the all Board members properly disclose all conflicts of interest prior to the discussion of any transaction in which a conflict exists.

**Auditee Response:** The Authority concurs with this finding and recommendation. The Authority will educate its Board members to ensure that each member knows the requirements of disclosing a conflict of interest, and that all conflicts will be disclosed prior to any discussion relating to a transaction in which a conflict exists.

**THE DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF CHAMBLEE**  
**A Component Unit of the City of Chamblee, Georgia**  
**SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED**  
**DECEMBER 31, 2014**

**Finding 2014-003**

**Criteria:** The Authority is required to issue 1099-MISC forms to all vendors, who are not corporations, for payment of services when aggregate vendor payments exceed \$600 in a calendar year.

**Condition:** Noncompliance with 1099 reporting requirements.

**Cause:** The Authority did not require vendors to complete Internal Revenue Service Form W-9, "Request for Taxpayer Identification Number and Certification" prior to paying vendors for services that exceeded \$600 in aggregate during the calendar year. Therefore, the Authority did not have the procedures in place to issue 1099 forms to vendors that met the required reporting criteria.

**Effect:** The Authority did not issue 1099-MISC forms to vendors that met the requirements to receive 1099-MISC forms from the Authority.

**Recommendation:** It is recommended that the Authority require all vendors to complete Internal Revenue Service Form W-9 prior to issuing payment to a vendor. It is further recommended that the Authority implement in its accounting system procedures to ensure the issuance of 1099 forms to all vendors that meet the 1099 reporting criteria.

**Auditee Response:** The Authority concurs with this finding and recommendation. The Authority will require all vendors to complete a W-9 form prior to issuing payment to a vendor. Additionally, the Authority will implement in its accounting system procedures to ensure the issuance of 1099 forms to each vendor that meets the 1099 reporting requirements.

**THE DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF CHAMBLEE**  
A Component Unit of the City of Chamblee, Georgia  
5468 Peachtree Road  
CHAMBLEE, GA 30341  
470-395-2308

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**FINANCIAL STATEMENT FINDINGS**

**Finding 2014-001**

The Authority posted transactions to its general ledger on incorrect dates, and one transaction had the incorrect vendor name causing misstatements on the general ledger.

**Recommendation**

It is recommended that the Authority implement controls and procedures to review vendor transactions postings in order to ensure that transactions are posted to the correct period, and with the correct vendor names.

**Statement of Concurrence**

The Authority concurs with this finding and recommendation.

**Action**

The Authority will implement controls to review its general ledger prior to year-end in order to ensure proper posting of transaction dates and vendor names.

**Finding 2014-002**

A Board member failed to disclose a conflict of interest to other Board members of the Authority in advance.

**Recommendation**

It is recommended that all Board members properly disclose all conflicts of interest prior to the discussion of any transaction in which a conflict exists.

**Statement of Concurrence**

The Authority concurs with this finding and recommendation.

**Action**

The Authority will educate its Board members to ensure that each member knows the requirements of disclosing a conflict of interest, and that all conflicts will be disclosed prior to any discussion relating to a transaction in which a conflict exists.

**Finding 2014-003**

The Authority did not comply with 1099 reporting requirements.

**Recommendation**

It is recommended that the Authority require all vendors to complete Internal Revenue Service Form W-9 prior to issuing payment to a vendor. It is further recommended that the Authority implement in its accounting system procedures to ensure the issuance of 1099 forms to all vendors that meet the 1099 reporting criteria.

**Statement of Concurrence**

The Authority concurs with this finding and recommendation.

**Action**

The Authority will require all vendors to complete a W-9 form prior to issuing payment to a vendor. Additionally, the Authority will implement in its accounting system procedures to ensure the issuance of 1099 forms to each vendor that meets the 1099 reporting requirements.