

CITY OF BROOKHAVEN, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2015

Prepared by:
Finance Department

CITY OF BROOKHAVEN, GEORGIA
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FOR THE YEAR ENDED DECEMBER 31, 2015

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INTRODUCTORY SECTION



August 29, 2016

Honorable Mayor,
Members of the City Council, and City Manager
City of Brookhaven, Georgia

The Department of Finance of the City of Brookhaven (the "City") is pleased to submit the Comprehensive Annual Financial Report of the City of Brookhaven, Georgia for the fiscal year ended December 31, 2015. The purpose of the report is to provide the City Council, management, staff, the public and other interested parties with detailed information reflecting the City's financial condition.

THE REPORT

State law and local ordinances require that every general-purpose local government publish a complete set of audited financial statements each fiscal year. This report has been prepared in accordance with State statutes set forth in an Act providing uniform standards for audits of municipalities and counties within the State of Georgia, approved March 28, 1968 (p.464), and as amended by an Act approved April 21, 1968 (GA Laws 1977, p.883). Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

We believe the data is accurate in all material respects and is presented in a manner that fairly sets forth the financial position of the City of Brookhaven. We also believe all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included.

To provide a reasonable basis for making these representations, the management of the City of Brookhaven has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Brookhaven's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Brookhaven's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Comprehensive Annual Financial Report (CAFR) is organized into major Introductory, Financial, and Statistical Sections. The Introductory Section provides general information on the government's structure and personnel as well as information useful in assessing the government's financial condition.

The Financial Section contains the opinion of the City's independent auditor. The City of Brookhaven's financial statements have been audited by Mauldin & Jenkins, LLC. The responsibility of the independent audit was to provide reasonable assurance that the financial statements of the City of Brookhaven for the

fiscal year ended December 31, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Brookhaven's financial statements for the fiscal year ended December 31, 2015 are fairly presented in conformity with GAAP. Note that the auditors do not express an opinion on the effectiveness of the City's internal controls. The independent auditor's report is presented as the first component of the Financial Section of this report.

Also included in the Financial Section is Management's Discussion and Analysis (MD&A) that provides users of the basic financial statements a narrative introduction, overview, and analysis of those statements. The basic financial statements, including the accompanying notes, represent the core of the financial section. These financial statements present the financial condition of the City of Brookhaven as a single entity, as well as the individual funds that account for the City's various governmental and business-type activities.

The report concludes with the *Statistical Section*, which, through the use of tables, presents comparative economic and financial data to give users of the report a perspective of the City's performance over a number of years.

PROFILE

Subsequent to a July 31, 2012 voter referendum approving the establishment of the City of Brookhaven, the City officially became the largest city in DeKalb, Georgia on December 17, 2012. Brookhaven is located in the northeast suburbs of Atlanta and is bounded by the Fulton County line to its west, interstate I-85 to its south, the City of Dunwoody at interstate I-285 to its north, and the City of Chamblee to its east. At 11.6 square miles, the area has developed rapidly over the past three decades, and is home to affluent neighborhoods, numerous work-play communities, scores of quality restaurants, quality shopping, and a large diverse international population.

Under the Charter, the Council is comprised of a mayor and four council members who enact local legislation, determine policies, adopt the City's annual budget and millage rates. The mayor and council members are elected for four-year terms with the mayor and two council members being elected each odd-numbered year and the remaining two council members to be elected on even-numbered year. The City Manager is appointed by the City Council and 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. Since incorporation, the City has undergone one annexation which became effective and grew the City by 0.3 square miles.

The City provides a full range of municipal services including general government, public safety (police), streets, parks and recreation, planning and zoning, code enforcement, and stormwater utility. Sanitation collection services and fire protection are provided to residents via an intergovernmental agreement with DeKalb County. DeKalb County also provides water and sewer services to all municipalities, including Brookhaven, within its borders.

The annual budget of the City of Brookhaven serves as the foundation for the City's financial planning and control. The budget is prepared by the City Manager and adopted by the City Council in accordance with policies and procedures established by the Brookhaven Charter and council ordinances. The appropriated budget is prepared and presented by fund, department (e.g. police) or function (e.g. debt service), and major cost category (e.g. personal services). All expenditures of the City are made in accordance with the adopted annual budget. The department level is the legal level of control enacted by the Brookhaven Charter. Budgetary control is maintained at the individual expenditure account level by the review of all requisitions of estimated purchase amounts prior to the release of purchase orders to vendors. Transfers among expenditure accounts in one department may occur with the approval of the Finance Director. Transfers between operating departments may occur with the approval of the City Council. Transfers between funds accomplished via budget amendment approved by the City Council. Budget amendments calling for new fund appropriations must also be approved by the City Council.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For all governmental funds other than the General Fund with appropriated annual budgets, this comparison is presented in the governmental fund section of this report, beginning on page 53.

ECONOMIC CONDITION AND OUTLOOK

Some of the factors, which will contribute to the future growth, and development of the City of Brookhaven are listed below:

Improved Transportation System

The City of Brookhaven is home to a heavy rail rapid transit station operated by the Metropolitan Atlanta Rapid Transit Authority (MARTA). Opening in 1984, the station has over 2,300 daily passengers pass through its turnstiles. Transportation systems have a major impact on the growth and development of any community. With access to I-85 and I-285, the City's major local thoroughfares include Buford Highway (GA 13), Ashford Dunwoody Road, and the Peachtree Road. Also, the City has paved an average of 20 lane-miles each of the last two years, while a total of over 6,800 linear feet of new sidewalks have been added.

Redevelopment of Existing Land/Properties

With the majority of the land/property in the City "developed", the City's growth has been in the redevelopment of these properties. This has been the development of mixed-use (commercial and residential), multiple family residences, and larger, modern homes. Based on an estimated population of 51,910, City density with 4,475 residents per square mile. Due the scarcity of undeveloped property in the City, the Community Development continues to work with developers and builders on projects promoting live-work-play communities, bike and pedestrian, and neighborhood character preservation.

Recent Economic Development

The City continues its growth through mixed-use development with the development. Located on Ashford Dunwoody Road, near Perimeter Summit and I-285, the Ashford Green Development is a 1.13 million sq. ft. project, consisting of two (2) 10-story office buildings and approximately 300 apartments. Additionally, a Walgreens' anchored development is planned at the corner of Peachtree Road and Colonial Drive. The

46,100 sq. ft. development will have Walgreens, the anchor tenant, occupying 14,100 sq. ft. on the first floor, doctor or medical offices on the second floor, and above grade parking on the third level.

Children's Healthcare of Atlanta (CHOA), recognized by US News and World Reports as one of the top pediatric hospitals in the country, is planning an 8 story, 300,000 sq. ft. clinic/ambulatory care facility at its I-85 and North Druid Hills Road location. The facility will be in the area annexed into the City in 2014 and will sit where the former 20 story Executive Park Hotel once sat. The facility is expected to service 300,000 patients annually and is expected to provide for ancillary health services and treat children with complex and chronic illnesses.

Decide DeKalb, the development authority arm of DeKalb County, provided tax incentives for the development of an 18 level, 400,000 sq. ft. office tower at Perimeter Parkway. Perimeter Summit is an 83 acre master planned development in the northern, I-285 area of the city currently consisting of three office buildings providing a total of more than 1.3 million of Class A office space, two hotels (Hyatt Regency and Villa Christina) and residential housing. The Perimeter Summit development currently has over 1.3 million sq. ft. of office space, over 300 residential condominiums and almost 200 hotel rooms.

MARTA (Metropolitan Atlanta Regional Transit Authority) has proposed a Transit Oriented Development (TOD) at its Brookhaven rail station. Currently a heavy rail station of over 13 acres, the plan is to develop a mixed-use office, retail, civic and public space ("town center") that continues to provide transit services, while enhancing pedestrian and bike traffic. The ambitious town center plan includes approximately 340 apartments, 120,000-200,000 sq. ft. of office space, 40,000-60,000 sq. ft. of retail space, 10,000-40,000 sq. ft. of civic space and 125 hotel rooms.

Budgetary Controls

The City of Brookhaven maintains budgetary controls to ensure compliance with legal provisions of the annual appropriated budget approved by the City Council. Activities of the General Fund, Confiscated Funds, E911 Fund, Special Tax District No. 1 Fund, Hotel Motel Tax Fund, Debt Service Fund and Stormwater Fund are included in the annual appropriated budget. A project length budget is adopted for the HOST (Homestead Option Sales Tax) Fund. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the department level.

A copy of the City of Brookhaven's annual budget can be obtained from the City of Brookhaven's Finance Department by calling (404) 637-0500. The copies of the annual budget or the various master plans can also be accessed through the department's web site at www.brookhavenga.gov.

Financial Policies

The City's Financial Management Policy guides management in the preparation of its annual budget and daily financial operations. The Policy provides guidelines for the use of contingencies for unexpected expenditures, the establishment of a fund balance reserve of approximately 25% of annual budgeted expenditures in the General Fund, cash and investment management, grant management, purchasing policies and internal control policies.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safety of assets against loss from unauthorized use or disposition and the

reliability of financial records for preparing financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

Long-Term Financial Planning

The City actively engages in multi-year financial planning. The City is in the midst of developing several master plans including streets and sidewalks, stormwater infrastructure. These plans are expected to be concluded or substantially completed during 2016, and the 2017 budget is expected to reflect funding of these plans over the subsequent five year (2017-2021) period. This plan will also reflect future capital acquisitions and capital asset replacements. The Finance Director uses various data in forecasts for future operating and capital needs in the preparation of the City's annual budget document as well.

MAJOR INITIATIVES

Peachtree Creek Greenway Project

The Peachtree Greenway is envisioned as a 12-mile multi-city trail project beginning just outside of I-285, following I-85 south to the south fork of Peachtree Creek. In Brookhaven, Peachtree Creek flows between Buford Highway and I-85 and the City's goal is to improve the environment and encourage development facing the creek. The City of Brookhaven's plans a linear park on its 2.7 mile portion featuring a series of trails including nature trails, paved multi-purpose trails, and paved promenade trails near a revitalized corridor dotted with residences, offices, restaurants, bike rental stands, coffee shops and picnic areas. The City's projected cost for its portion of the Peachtree Greenway project is approximately \$35 million, and the City plans to leverage grants and other funding sources, while utilizing various property acquisition/development alternatives.

Park Master Plan

With the conveyance of the park property from DeKalb County in 2014, the City concluded its park master plan in 2015. This plan establishes the amenities and functional thresholds for our parks and recreational facilities. The City plans to initiate the parks master plan in phases, with the first phase commencing in 2016 consisting of surveying each park, meeting with various groups and stakeholders to "personalize" each park for its community. This initial phase is to be funded by HOST revenues and cost approximately \$2.5 million. The overall park master plan is projected to cost \$31.7 million. Personalizing each park will include the various park specific amenities – signage, tennis courts, open fields, athletic fields, walking and nature trails, playground structures, parking, restroom construction/renovation, and stream cleanup/stabilization.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) *Certificate of Achievement for Excellence in Financial Reporting (CAFR)* is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a *Certificate of Achievement*, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. The document must satisfy both generally accepted accounting principles and

applicable legal requirements. This report constitutes our initial submission to GFOA for their consideration and we believe it conforms to the Certificate of Achievement program requirements.

We wish to thank all members of the Finance Department who assisted us with assembling the information presented in this report and acknowledge our auditors, Mauldin & Jenkins, LLC, and the assistance they provided in meeting the deadlines established for publication of the document. We are grateful for the support provided to us by the City Manager, Mayor, and City Council, and we affirm our pledge to be a resource to help them achieve the goals they have established for the Brookhaven community.

Respectfully submitted,

Carl A. Stephens
Finance Director

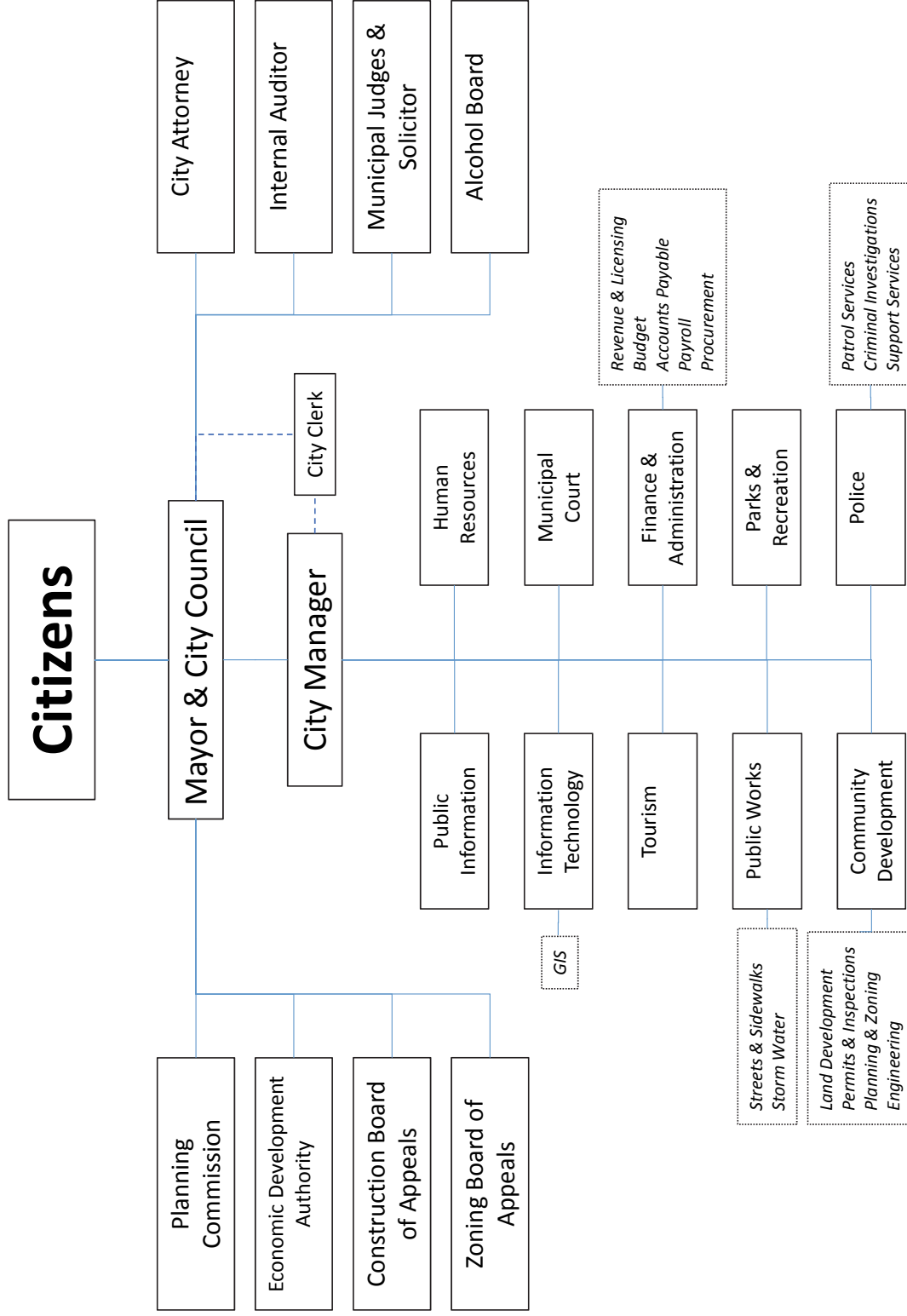
CITY OF BROOKHAVEN, GEORGIA
LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2015

LEGISLATIVE BRANCH

Mayor	Rebecca Chase-Williams
Council Member – District 1	Linley Jones
Council Member – District 2	John Park
Council Member – District 3	Bates Mattison
Council Member – District 4	Joe Gebbia

MANAGEMENT STAFF

City Manager	Marie Garrett
Asst. City Manager	Vacant
City Clerk	Susan Hiott
Director of Human Resources	Rick Stone
Director of Finance	Carl A. Stephens
Communications Director	Ann Marie Quill
Director of Information Technology	Robert Mullis
Municipal Court Administrator	Shirley Archer
Police Chief	Gary Yandura
Director of Public Works	W. Bennett White
Director of Parks & Recreation	Brian Borden
Director of Community Development	Ben Song



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**The Honorable Mayor and Members
of the City Council of the
City of Brookhaven, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Brookhaven, Georgia**, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Brookhaven, 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 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brookhaven, Georgia as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof 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 and General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP Basis), 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 Brookhaven, Georgia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Information (Continued)

The combining and individual fund financial statements and schedules (the “supplementary information”) 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 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 August 9, 2016, on our consideration of the City of Brookhaven, 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 Brookhaven, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
August 9, 2016

CITY OF BROOKHAVEN, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

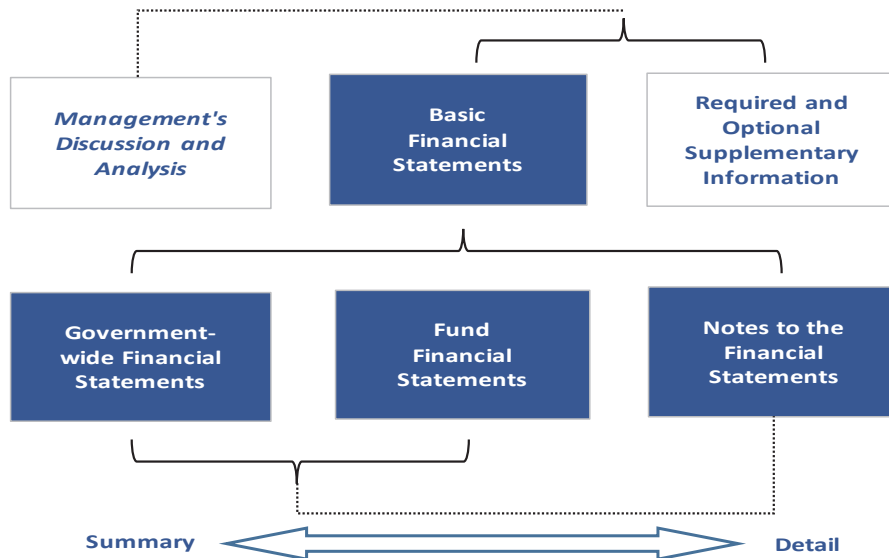
As management of the City of Brookhaven (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2015. We encourage readers to consider the information presented in conjunction with the basic financial statements, notes, and supplementary information as well as the letter of transmittal found in this report. This information taken collectively is designed to provide readers with an understanding of the City's finances.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal period by \$89,658,764. Of this amount, unrestricted net position of \$15,111,134 is available to meet the ongoing obligations of the government.
- As of the close of the fiscal period, the City's governmental funds reported combined ending fund balances of \$15,619,315.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report is comprised of four segments as dictated by generally accepted accounting principles (GAAP); *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information* and *other supplementary information*. The 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 and liabilities, with the difference between them 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 fiscal period. 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 flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Major Features of the City of Brookhaven's Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government	Activities of the City that are not proprietary, such as police, zoning, and parks	Activities the City operates similar to private business; stormwater utility
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balance	* Statement of net position * Statement of revenues, expenses, and changes in net position * Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial, public safety, public works, housing and development, recreation and community development.

The government-wide financial statements can be found on pages 23 and 24 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into governmental funds or 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 fiscal year. Such information may be useful in evaluating the City'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 governmental funds and governmental activities.

The City maintains two major governmental funds. The City's major governmental funds are the General and Homestead Option Sales Tax (H.O.S.T.) 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 these major funds.

The City adopts an annual appropriated budget for its general and special revenue funds. A project length budget is adopted for the capital project fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 25 and 26 of this report.

Proprietary Funds. The City maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its stormwater fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements can be found on pages 28 through 30 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 31 through 48 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 budgetary comparison schedule for the general fund as presented on a generally accepted accounting principal basis in this section. This schedule is intended to demonstrate the City's compliance with the legally adopted and amended budget. Required supplementary information can be found on pages 49 and 50 of this report.

The combining fund financial statements are presented immediately following the required supplementary information. They can be found on pages 51 and 52 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

City of Brookhaven, Georgia's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014 (Restated)	2015	2014	2015	2014 (Restated)
Assets:						
Current assets	\$ 18,533,475	\$ 16,226,401	\$ 1,866,967	\$ 1,445,779	\$ 20,400,442	\$ 17,672,180
Capital assets, net	67,037,843	68,892,732	6,860,091	6,825,621	73,897,934	75,718,353
Total assets	85,571,318	85,119,133	8,727,058	8,271,400	94,298,376	93,390,533
Liabilities						
Current liabilities	2,454,519	5,186,521	60,972	96,457	2,515,491	5,282,978
Long-term liabilities	2,124,121	2,666,777	-	-	2,124,121	2,666,777
Total liabilities	4,578,640	7,853,298	60,972	96,457	4,639,612	7,949,755
Net Position						
Net investment in capital assets	65,484,793	66,691,916	6,860,091	6,825,621	72,344,884	73,517,537
Restricted	2,202,746	1,573,334	-	-	2,202,746	1,573,334
Unrestricted	13,305,139	9,000,585	1,805,995	1,349,322	15,111,134	10,349,907
Total net position	\$ 80,992,678	\$ 77,265,835	\$ 8,666,086	\$ 8,174,943	\$ 89,658,764	\$ 85,440,778

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 exceeded liabilities by \$89,658,764 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (80.7%) 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 (\$2,202,746) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$15,111,134 or 16.9%) 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.

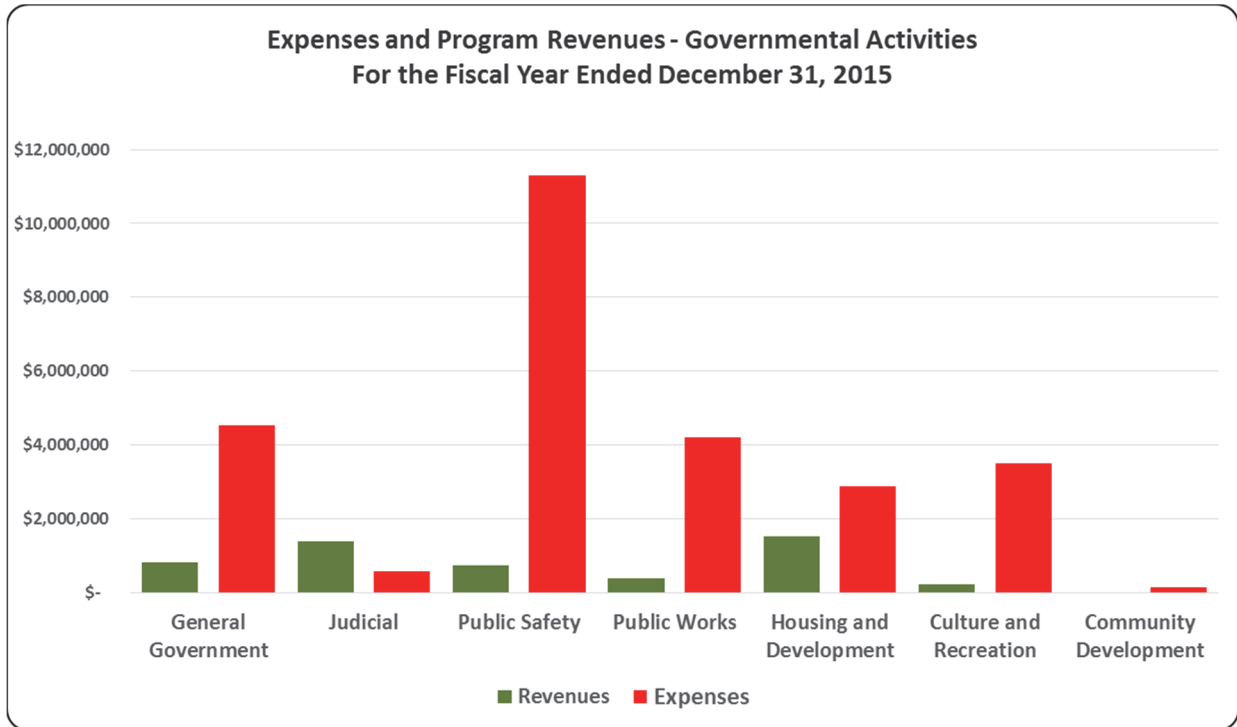
Governmental Activities. Governmental activities increased the City of Brookhaven's net position by \$3,726,843, thereby accounting for 88.4% of the total increase in the net position of the City. Key elements of this increase are shown in detail in the table on the following page.

City of Brookhaven, Georgia's Change in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014 (Restated)	2015	2014	2015	2014 (Restated)
Revenues						
Program revenues:						
Charges for services	\$ 5,179,300	\$ 5,004,956	\$ 1,613,628	\$ 1,538,632	\$ 6,792,928	\$ 6,543,588
Capital grants & contributions	400,655	7,017,165	-	275,910	400,655	7,293,075
General revenues:						
Property taxes	6,516,128	6,594,450	-	-	6,516,128	6,594,450
Sales taxes	5,738,333	6,360,077	-	-	5,738,333	6,360,077
Business tax	5,352,681	4,584,705	-	-	5,352,681	4,584,705
Hotel/Motel tax	1,918,124	1,646,793	-	-	1,918,124	1,646,793
Franchise taxes	4,398,368	3,056,603	-	-	4,398,368	3,056,603
Alcohol and excise taxes	1,109,297	881,643	-	-	1,109,297	881,643
Unrestricted						
Investment earnings	3,166	4,782	-	-	3,166	4,782
Miscellaneous	377,765	73,955	-	-	377,765	73,955
Total revenues	<u>30,993,817</u>	<u>35,225,129</u>	<u>1,613,628</u>	<u>1,814,542</u>	<u>32,607,445</u>	<u>37,039,671</u>
Expenses:						
General government	4,525,493	5,211,523	-	-	4,525,493	5,211,523
Judicial	601,508	508,592	-	-	601,508	508,592
Public safety	11,301,632	7,876,343	-	-	11,301,632	7,876,343
Public works	4,225,043	5,614,702	-	-	4,225,043	5,614,702
Housing and development	2,898,485	2,442,100	-	-	2,898,485	2,442,100
Culture and recreation	3,506,276	1,766,940	-	-	3,506,276	1,766,940
Community development	146,642	76,515	-	-	146,642	76,515
Interest on long-term debt	61,895	101,252	-	-	61,895	101,252
Stormwater	-	-	1,122,485	1,206,891	1,122,485	1,206,891
Total expenses	<u>27,266,974</u>	<u>23,597,967</u>	<u>1,122,485</u>	<u>1,206,891</u>	<u>28,389,459</u>	<u>24,804,858</u>
Changes in net position	3,726,843	11,627,162	491,143	607,651	4,217,986	12,234,813
Net position, beginning of year, restated	<u>77,265,835</u>	<u>65,638,673</u>	<u>8,174,943</u>	<u>7,567,292</u>	<u>85,440,778</u>	<u>73,205,965</u>
Net position, end of year	<u>\$ 80,992,678</u>	<u>\$ 77,265,835</u>	<u>\$ 8,666,086</u>	<u>\$ 8,174,943</u>	<u>\$ 89,658,764</u>	<u>\$ 85,440,778</u>

- The City has recognized a \$6.9 million (94.5%) decrease in Capital Grants and contributions from 2014. The higher amount for 2014 is due to the acquisition of parks and other properties from DeKalb County in 2014.
- Continued anemic economic growth in 2015 resulted in a just over \$600 thousand decrease in sales tax revenues. These are HOST revenues dedicated to capital improvements, and the City continues cautiously to provide funding for various park improvements and road and sidewalks improvements.
- The City's business tax revenues grew by \$767.9 thousand (16.8%) over revenues for 2014. In 2015, the City engaged a third-party vendor for field and audit compliance of City businesses. As the City matures, it continues to promote business compliance.

- Franchise fees for the City increased by \$1.3 million or 43.9% as a result of an audit of a major City franchisee. The City's infancy (started in December 2012) had resulted in the franchisee "continuing" to remit taxes to their previous governmental authority.
- Miscellaneous revenues increased by \$303.8 thousand (over 400%) chiefly as a result of contributions and sponsorship of the City's first Cherry Blossom Festival in March 2015.

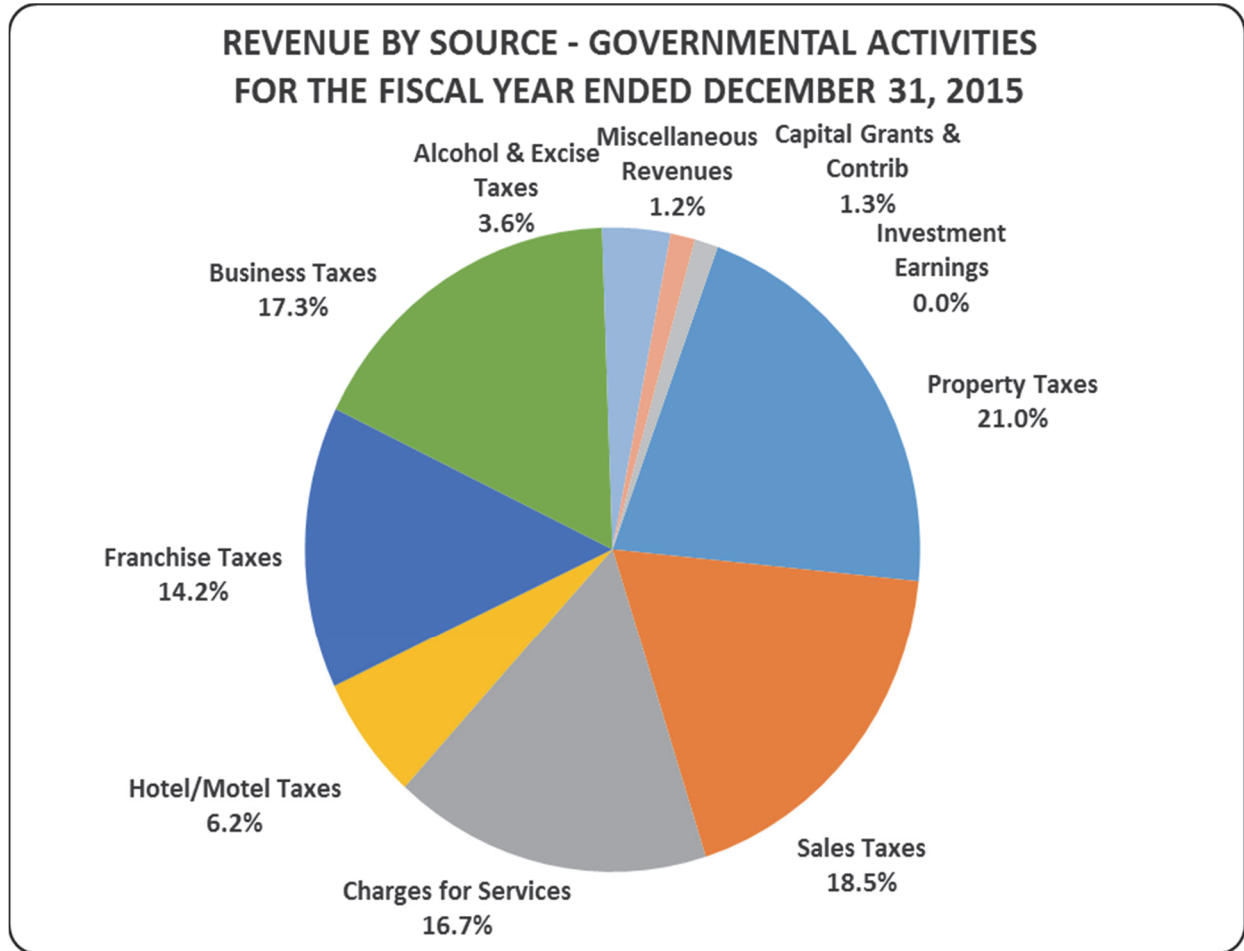


Regarding the increase in governmental activities expenses of \$3.7 million, the following major changes should be noted:

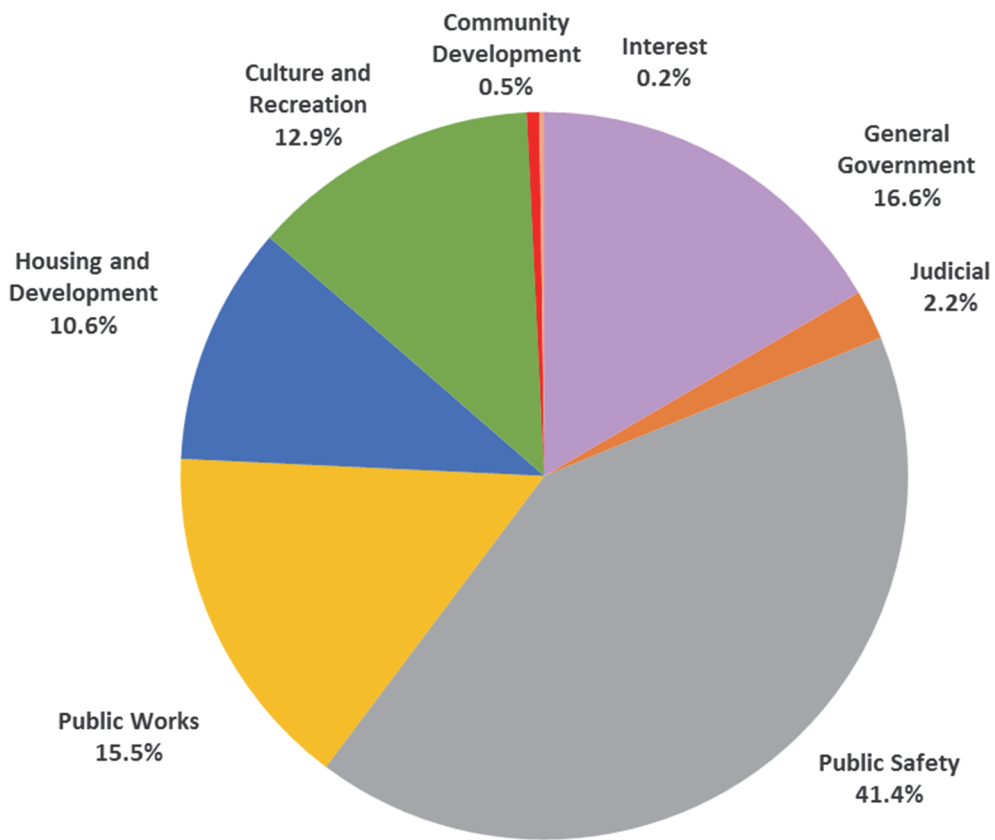
- Public safety activities increased by \$3.4 million for 2015 as a result of the continued ramp up of police services and the build-out of a new facility. In 2015, the police department employed and equipped 10 additional officers for expanded patrol/police services. Also, 2015 was the first full year of utilizing a contracted service provider for E911 services. This full year of service resulted in an additional \$620 thousand in expenses in 2015.
- In 2015, public works activity expenses decreased by \$1.4 million or 24.8%. As the City is developing and prioritizing street paving and sidewalk improvements, including seasonal paving, paving and resurfacing decreased by over \$775 thousand, while capital improvements/outlays increased almost \$1.3 million. The latter is a shift from repairs and maintenance (expenses) to capitalized infrastructure in 2015.
- Housing and development expenses increased by \$456.4 thousand above those for 2014. The City continues to engage staff and contractors in providing building inspection, fire marshal, and other field services in 2015.

- In 2015 the City continued bringing our various parks online, resulting in investment in repair and maintenance and park facility programming. The expenses for culture and recreation increased by \$1.7 million due to the engagement of technical and professional contractors and staff to bring our parks, pools and recreational amenities online. Over \$900 thousand was expended in HOST funding in repair and maintenance at the various parks.

The charts below denote the source of the City's governmental revenues and expenses.



**EXPENDITURES BY FUNCTION - GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**



Business-Type Activities. Business-type activities increased the City’s net position by \$491,143, thereby accounting for 11.6% of the total increase in the net position of the City. The sole business-type activity is its stormwater operations, which are accounted for in its Stormwater Fund. This fund is used to facilitate the repair, maintenance, and improvements to the City’s stormwater drains and pipes.

Stormwater Fund Operations

	Operating Revenues		Operating Expenses		Income from Operations	
	2015	2014	2015	2014	2015	2014
Fund:						
Stormwater	\$1,613,628	\$1,538,632	\$1,122,485	\$1,206,891	\$491,143	\$331,741
Totals	\$1,613,628	\$1,538,632	\$1,122,485	\$1,206,891	\$491,143	\$331,741

The revenues for the Stormwater Fund increased \$74,996 or 4.9% from the previous year. Although the City took over stormwater services during incorporation of the City in 2012, we continue our efforts to define the elements of the stormwater program.

Stormwater assessment fees (computed based on a property's impervious surface area) were \$1,613,628; representing 100% of the revenues. Depreciation on the capital assets accounted for 15.6% of the operating expenses as most activities were for start-up and assessment of the stormwater system.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$15,619,315.

General Government Fund Balance		Purpose	2015	2014	Diff.
UNRESTRICTED FUND BALANCE	Non-spendable "inherently non-expendable" such as deposits or inventory	Prepaid Expenditures	\$ 425,023	\$ 227,320	\$ 197,703
	Restricted External "legal limitations" on use	Streetlighting	368,189	415,981	(47,792)
		Confiscated Funds	21,665	13,748	7,917
		E911 Operations	54,460	54,460	-
		Tourism (Hotel Motel)	1,758,432	1,089,145	669,287
	Committed "Self-imposed" limitations on use	Encumbrances	-	-	-
	Assigned Limitations resulting from "intended use"	HOST	8,699,500	7,115,659	1,583,841
		Tree Conservation	27,086	-	27,086
	Unassigned "Residual" net resources	General Fund	4,553,079	1,104,971	3,448,108
		Special Tax District No 1	(288,119)	-	(288,119)
TOTALS FOR GOVERNMENTAL FUNDS			<u>\$ 15,619,315</u>	<u>\$ 10,021,284</u>	<u>\$ 5,598,031</u>

General Fund. The general fund is the primary operating fund of the City. At the end of the current fiscal period, unassigned fund balance was \$4,553,079 while total fund balance was \$5,373,377. This balance includes \$425,023 in prepaid expenditures, \$368,189 restricted for streetlight operations, and \$27,086 for tree fund activities. Fund balance increased \$3,625,105 over the prior year primarily from increased franchise taxes as a result of an audit of a major City franchisee.

Homestead Option Sales Tax Fund (HOST). The HOST fund was set up to account for receipt of HOST sales tax revenues and associated expenditures for capital improvements. During the current year, \$6,027,562 (\$5,738,333 in sales tax revenues and \$289,229 in grant funding) was recognized as revenues, while a total of \$4,443,721 was expended.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City utilized a conservative approach based on a lack of historical information available. Emphasis was given to ensuring financial stability for the start-up period as well as long-term stability.

The City employs an annual mid-year budget process in order to re-align appropriations made during the annual budget process with significant unexpected trends. This ensures adjustments facilitating appropriations to be in alignment with expected resources. On August 25, 2015, the City Council amended the 2015 budget by \$836,256, a 4.2% increase. This was due to \$500,000 in additional property tax revenues (tax digest growth was greater than anticipated), \$120,000 in previously outstanding intangible and real estate transfer taxes, \$100,000 in additional occupational licenses taxes due to business audits, and \$116,256 in lease proceeds (purchase of police cars). These resources principally provided for funding for the upcoming November election, information technology contractual needs, park maintenance, an SUV for police K9 services, and a City inspector/arborist, and increased the projected contingency by \$372,915.

The General Fund 2015 actual revenues were \$3.1 million or 15.4% greater than the amended budget. This variance is due to the following: \$1.3 million in settlement of outstanding franchise fee payments, \$700 thousand for business license (audits) and insurance premium revenues, \$500 thousand in building permit revenues, and \$286 thousand in business special assessments. The 2015 expenditures were \$517 thousand or 2.6% less than the amended budget. Although Public Works and Recreation were \$219,394 and \$137,959 over budget respectfully (repairs and maintenance; professional and technical services), this was offset by other departments expending less than budgeted. Details of the original general fund budget and the amended budget are contained on pages 49 and 50 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities at December 31, 2015, amounts to \$73,897,934 (net of accumulated depreciation). This investment in capital assets includes land, structures, vehicles, as well as infrastructure assets such as streets, curbs, sidewalks, culverts and drainage ponds. These infrastructure assets were donated to the City from DeKalb County.

The table on the following page summarizes the capital assets (net of depreciation) for governmental activities, business-type activities and the total for the primary government.

City of Brookhaven, Georgia's Capital Assets
(Net of depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2015	2014 (Restated)	2015	2014	2015	2014 (Restated)
Land	\$ 1,924,238	\$ 1,824,238	\$ -	\$ -	\$ 1,924,238	\$ 1,824,238
Improvements	2,113,617	2,010,067	-	-	2,113,617	2,010,067
Buildings	1,491,336	1,585,314	-	-	1,491,336	1,585,314
Machinery and equipment	3,895,593	4,284,399	-	-	3,895,593	4,284,399
Infrastructure	57,613,059	59,188,714	-	-	57,613,059	59,188,714
Stormwater infrastructure	-	-	6,860,091	6,825,621	6,860,091	6,825,621
Totals	\$ 67,037,843	\$ 68,892,732	\$ 6,860,091	\$ 6,825,621	\$ 73,897,934	\$ 75,718,353

Please note that the 2014 capital assets were restated due to an unrecorded acquisition of \$4.9 million of parks property and improvements that were not recognized at December 31, 2014. Additional information on the City's capital assets can be found in Note 6 on pages 42 and 43 of this report.

Long-Term Debt. At December 31, 2015, the City's long-term debt amounted to \$1,553,050. The debt consisted of capital leases used to acquire police equipment, computers and software.

Additional information on the City's long-term debt can be found in Note 8 on pages 44 and 45 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's management and elected officials considered many factors when adopting the budget for the fiscal year ending December 31, 2016.

- The 2016 budget anticipates a relatively stable tax digest.
- The operating millage rate cap of 3.35 mills is statutorily set and cannot be changed without a referendum. The 2016 budget was prepared using the currently adopted rate of 2.740 mills, a decrease from the previous year's 2.795 mills.
- One area of potential increased cost is in employee benefits, primarily the cost of health care. Management intends to monitor these costs in the coming year and will assess the necessity of a budget amendment if the actual cost varies materially.
- The City sees the biggest challenge in the upcoming budget year as continuing to strive to provide excellent customer service to citizens by not reducing services or increasing their costs.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Brookhaven's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, City of Brookhaven, 4362 Peachtree Road, Brookhaven, Georgia, 30319, or by calling (404) 637-0500.

CITY OF BROOKHAVEN, GEORGIA

**STATEMENT OF NET POSITION
DECEMBER 31, 2015**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 11,912,985	\$ 1,836,563	\$ 13,749,548
Accounts receivable	3,624,327	30,404	3,654,731
Property taxes receivable	627,404	-	627,404
Due from other governments	1,943,736	-	1,943,736
Prepays	425,023	-	425,023
Capital assets:			
Nondepreciable	1,924,238	-	1,924,238
Depreciable, net of accumulated depreciation	65,113,605	6,860,091	71,973,696
Total assets	85,571,318	8,727,058	94,298,376
LIABILITIES			
Accounts payable	1,909,570	60,972	1,970,542
Accrued liabilities	165,464	-	165,464
Unearned revenue	379,485	-	379,485
Compensated absences, due within one year	571,071	-	571,071
Capital leases payable, due within one year	783,377	-	783,377
Capital leases payable, due in more than one year	769,673	-	769,673
Total liabilities	4,578,640	60,972	4,639,612
NET POSITION			
Net investment in capital assets	65,484,793	6,860,091	72,344,884
Restricted for streetlight service	368,189	-	368,189
Restricted for law enforcement	21,665	-	21,665
Restricted for E-911 operations	54,460	-	54,460
Restricted for promotion of tourism	1,758,432	-	1,758,432
Unrestricted	13,305,139	1,805,995	15,111,134
Total net position	\$ 80,992,678	\$ 8,666,086	\$ 89,658,764

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

CITY OF BROOKHAVEN, GEORGIA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Functions/Programs</u>	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 4,525,493	\$ 836,595	\$ -	\$ (3,688,898)	\$ -	\$ (3,688,898)
Judicial	601,508	1,395,173	-	793,665	-	793,665
Public safety	11,301,632	771,697	11,426	(10,518,509)	-	(10,518,509)
Public works	4,225,043	412,402	289,229	(3,523,412)	-	(3,523,412)
Housing and development	2,898,485	1,523,186	100,000	(1,275,299)	-	(1,275,299)
Culture and recreation	3,506,276	240,247	-	(3,266,029)	-	(3,266,029)
Community development	146,642	-	-	(146,642)	-	(146,642)
Interest and fiscal charges	61,895	-	-	(61,895)	-	(61,895)
Total governmental activities	<u>27,266,974</u>	<u>5,179,300</u>	<u>400,655</u>	<u>(21,687,019)</u>	<u>-</u>	<u>(21,687,019)</u>
Business-type activities:						
Stormwater	<u>1,122,485</u>	<u>1,613,628</u>	<u>-</u>	<u>-</u>	<u>491,143</u>	<u>491,143</u>
Total primary government	<u>\$ 28,389,459</u>	<u>\$ 6,792,928</u>	<u>\$ 400,655</u>	<u>(21,687,019)</u>	<u>491,143</u>	<u>(21,195,876)</u>
General revenues:						
Property taxes				6,516,128	-	6,516,128
Sales taxes				5,738,333	-	5,738,333
Hotel/Motel taxes				1,918,124	-	1,918,124
Franchise taxes				4,398,368	-	4,398,368
Business taxes				5,352,681	-	5,352,681
Alcohol & excise taxes				1,109,297	-	1,109,297
Unrestricted investment earnings				3,166	-	3,166
Miscellaneous revenues				<u>377,765</u>	<u>-</u>	<u>377,765</u>
Total general revenues				<u>25,413,862</u>	<u>-</u>	<u>25,413,862</u>
Change in net position				3,726,843	491,143	4,217,986
Net position, beginning of year, as restated				<u>77,265,835</u>	<u>8,174,943</u>	<u>85,440,778</u>
Net position, end of year				<u>\$ 80,992,678</u>	<u>\$ 8,666,086</u>	<u>\$ 89,658,764</u>

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

CITY OF BROOKHAVEN, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2015

ASSETS	General Fund	Homestead Option Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 2,738,050	\$ 7,641,565	\$ 1,533,370	\$ 11,912,985
Accounts receivable, net of allowance	3,552,378	-	71,949	3,624,327
Taxes receivable, net of allowance	151,837	-	475,567	627,404
Due from other funds	18,419	-	-	18,419
Intergovernmental receivable	-	1,943,736	-	1,943,736
Prepays	425,023	-	-	425,023
Total assets	<u>\$ 6,885,707</u>	<u>\$ 9,585,301</u>	<u>\$ 2,080,886</u>	<u>\$ 18,551,894</u>
LIABILITIES				
Accounts payable	\$ 893,323	\$ 885,801	\$ 130,446	\$ 1,909,570
Accrued liabilities	144,860	-	6,098	150,958
Due to other funds	-	-	18,419	18,419
Unearned revenue	-	-	379,485	379,485
Total liabilities	<u>1,038,183</u>	<u>885,801</u>	<u>534,448</u>	<u>2,458,432</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	37,713	-	-	37,713
Unavailable revenue - franchise taxes	436,434	-	-	436,434
Total deferred inflows of resources	<u>474,147</u>	<u>-</u>	<u>-</u>	<u>474,147</u>
FUND BALANCES				
Fund balances:				
Nonspendable:				
Prepays	425,023	-	-	425,023
Restricted:				
Streetlight service	368,189	-	-	368,189
Law enforcement	-	-	21,665	21,665
E-911 operations	-	-	54,460	54,460
Tourism	-	-	1,758,432	1,758,432
Assigned for tree fund activities	27,086	-	-	27,086
Assigned for HOST activities	-	8,699,500	-	8,699,500
Unassigned (deficit)	4,553,079	-	(288,119)	4,264,960
Total fund balances (deficit)	<u>5,373,377</u>	<u>8,699,500</u>	<u>1,546,438</u>	<u>15,619,315</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,885,707</u>	<u>\$ 9,585,301</u>	<u>\$ 2,080,886</u>	
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 funds.				67,037,843
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				(2,138,627)
Some revenues are not available in the current period and, therefore, are not reported in the funds.				474,147
Net position of governmental activities				<u>\$ 80,992,678</u>

The accompanying notes are an integral part of these statements.

CITY OF BROOKHAVEN, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General Fund	Homestead Option Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 7,429,782	\$ -	\$ 85,808	\$ 7,515,590
Sales taxes	-	5,738,333	-	5,738,333
Hotel/Motel taxes	-	-	1,918,124	1,918,124
Franchise taxes	3,961,934	-	-	3,961,934
Alcohol excise taxes	818,244	-	-	818,244
Business taxes	5,352,681	-	-	5,352,681
Excise taxes	291,053	-	-	291,053
Licenses and permits	2,043,013	-	-	2,043,013
Intergovernmental	11,426	289,229	-	300,655
Charges for services	1,158,201	-	689,038	1,847,239
Fines and forfeitures	1,275,812	-	13,236	1,289,048
Contributions	137,658	-	-	137,658
Interest earned	3,144	-	22	3,166
Miscellaneous	240,107	-	-	240,107
Total revenues	<u>22,723,055</u>	<u>6,027,562</u>	<u>2,706,228</u>	<u>31,456,845</u>
Expenditures:				
Current:				
General government	4,420,143	-	-	4,420,143
Judicial	582,977	-	-	582,977
Public safety	7,578,739	3,347	1,396,456	8,978,542
Public works	1,833,164	343,777	-	2,176,941
Recreation	1,905,750	360,731	-	2,266,481
Housing and development	2,883,570	-	-	2,883,570
Community development	-	-	100,560	100,560
Capital outlay	-	3,735,866	-	3,735,866
Debt service:				
Principal	-	-	764,022	764,022
Interest	13,956	-	52,012	65,968
Total expenditures	<u>19,218,299</u>	<u>4,443,721</u>	<u>2,313,050</u>	<u>25,975,070</u>
Excess (deficiency) of revenues over (under) expenditures	3,504,756	1,583,841	393,178	5,481,775
Other financing sources (uses):				
Issuance of capital lease	116,256	-	-	116,256
Transfers in	1,148,277	-	1,144,184	2,292,461
Transfers out	(1,144,184)	-	(1,148,277)	(2,292,461)
Total other financing sources (uses)	<u>120,349</u>	<u>-</u>	<u>(4,093)</u>	<u>116,256</u>
Net change in fund balances	3,625,105	1,583,841	389,085	5,598,031
Fund balances, beginning of year	<u>1,748,272</u>	<u>7,115,659</u>	<u>1,157,353</u>	<u>10,021,284</u>
Fund balances, end of year	<u>\$ 5,373,377</u>	<u>\$ 8,699,500</u>	<u>\$ 1,546,438</u>	<u>\$ 15,619,315</u>

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

CITY OF BROOKHAVEN, 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, 2015

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

Net change in fund balances - total governmental funds	\$	5,598,031
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 depreciation expense exceeded capital outlays in the current period.		(1,954,889)
The effect of capital assets donations is to increase net position.		100,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(563,028)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.		647,766
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.		<u>(101,037)</u>
Change in net position - governmental activities	\$	<u>3,726,843</u>

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

CITY OF BROOKHAVEN, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUND DECEMBER 31, 2015

ASSETS	Stormwater Fund
CURRENT ASSETS	
Cash	\$ 1,836,563
Accounts receivable, net of allowance	30,404
Total current assets	<u>1,866,967</u>
NONCURRENT ASSETS	
Capital assets, depreciable	7,257,878
Accumulated depreciation	<u>(397,787)</u>
Total capital assets, net	<u>6,860,091</u>
Total assets	<u>8,727,058</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	<u>60,972</u>
Total current liabilities	<u>60,972</u>
NET POSITION	
Investment in capital assets	6,860,091
Unrestricted	<u>1,805,995</u>
Total net position	<u>\$ 8,666,086</u>

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

CITY OF BROOKHAVEN, GEORGIA

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Stormwater Fund
OPERATING REVENUE	
Stormwater fees	\$ 1,613,628
Total operating revenues	<u>1,613,628</u>
OPERATING EXPENSES	
Cost of services	947,888
Depreciation	<u>174,597</u>
Total operating expenses	<u>1,122,485</u>
Operating income / Change in net position	491,143
Total net position, beginning	<u>8,174,943</u>
Total net position, ending	<u>\$ 8,666,086</u>

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

CITY OF BROOKHAVEN, GEORGIA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015**

	Stormwater Fund
	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 1,617,278
Payments to suppliers	<u>(983,373)</u>
Net cash provided by operating activities	<u>633,905</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	<u>(209,067)</u>
Net cash used in capital and related financing activities	<u>(209,067)</u>
 Net change in cash	424,838
Cash, beginning of year	<u>1,411,725</u>
Cash, end of year	<u><u>\$ 1,836,563</u></u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 491,143
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	174,597
Change in assets and liabilities:	
Decrease in accounts receivable	3,650
Decrease in accounts payable	<u>(35,485)</u>
Net cash provided by operating activities	<u><u>\$ 633,905</u></u>

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

CITY OF BROOKHAVEN, GEORGIA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Brookhaven, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (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 principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City, which was incorporated in 2012, operates under a charter adopted December 17, 2012, as a municipal corporation governed by an elected mayor and a four-member council. The government provides such services as police protection, cultural and recreational activities, community development and public works.

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable.

Blended Component Unit

The Brookhaven Government Finance Corporation (the "BGFC") has been included as a blended component unit in the accompanying financial statements. The City appoints the four member board. Although it is legally separate from the City, its sole purpose is to finance construction and acquisitions of the City. The debt and assets of the BGFC have been reported as a form of the City's debt and assets and all debt service activity is reported as debt service activity of the City. Separate financial statements for the BGFC are not prepared. The City reports the BGFC as a debt service fund.

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 all of the non-fiduciary activities of the primary government and its component unit. The statement of net position includes 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, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

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 those 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 properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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 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 on or before November 30, 1989.

In accordance with GASB Statement No. 34, major individual governmental 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** is used to account for locally funded acquisition and construction of major capital projects financed by homestead option sales tax funds.

The City reports the following major proprietary fund:

The **Stormwater Fund** is used to account for the charges and expenses of maintaining the City's stormwater infrastructure.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Additionally, the City reports the following fund types:

The **Special Revenue Funds** are used to account for specific revenues which are legally restricted to expenditures for particular purposes.

The **Debt Service Fund** is used to account for the resources accumulated and payments made for principal and interest on long term debt of the City.

D. Budgets

Formal budgetary accounting is employed as a management control device for the general fund, special revenue funds, and capital projects funds of the City. The governmental funds budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual operating budgets are adopted for the General Fund and each Special Revenue Fund each fiscal year through passage of an annual budget ordinance and amended as required. The City adopts project length budgets for the Capital Projects Fund. During the fiscal year ended December 31, 2015, 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.

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

F. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

G. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds."

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2015, are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

I. Capital Assets

Capital assets, which include improvements, machinery and equipment, and infrastructure assets, are reported 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. The City has reported all infrastructure that it currently owns and has a responsibility for maintaining. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Capital assets of the City are depreciated using the straight line method over the following useful lives:

Improvements	15-40 years
Machinery and equipment	3-20 years
Infrastructure	7-60 years

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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property and franchise taxes, as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide 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, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, governmental fund types recognize the face amount of the debt issued as other financing sources and the repayment of debt as debt service expenditures.

M. Fund Equity

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 and liabilities and deferred inflows of resources 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

Fund balances are classified as follows (continued):

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed through a resolution of the City Council. Only the City Council may modify or rescind the commitment, also through 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 Fund Balance Policy, as adopted by the City Council, delegates the authority to the City manager and finance director to assign fund balance for particular purposes.

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.

The City's policy is to obtain and then maintain a minimum General Fund fund balance reserve equal to three months (25%) of annual budgeted expenditures.

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, (3) Unassigned.

Net Position – Net position represents the difference between assets and liabilities 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 section above. The remaining portion of net position is reported as unrestricted.

The City applies restricted resources first to fund outlays for which both restricted and unrestricted net position is available.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Use of 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 amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting 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 \$2,138,627 difference are as follows:

Capital leases	\$ (1,553,050)
Accrued interest payable	(14,506)
Compensated absences (i.e., vacation)	<u>(571,071)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (2,138,627)</u></u>

NOTES TO FINANCIAL STATEMENTS

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 change in fund balances – total governmental funds and change 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 \$1,954,889 difference are as follows:

Capital outlay	\$ 1,164,451
Depreciation expense	<u>(3,119,340)</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u>\$ (1,954,889)</u>

Another element of the reconciliation states “the issuance of long-term debt provides current financial resources to governmental fund, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt. The details of this \$647,766 difference are as follows:

Principal payments	\$ 764,022
Issuance of capital lease	<u>(116,256)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u>\$ 647,766</u>

NOTES TO FINANCIAL STATEMENTS

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 (continued)

Another element of the reconciliation states 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 \$101,037 difference are as follows:

Compensated absences	\$	(105,110)
Accrued interest		4,073
<i>Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position - governmental activities</i>	<i>\$</i>	<i>(101,037)</i>

NOTE 3. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

The budget is officially adopted by the governing body prior to the beginning of its fiscal year, or a resolution authorizing the continuation of necessary and essential expenditures to operate the City will be adopted. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level, within the fund.

Transfers of appropriations within a department budget or within a non-departmental expenditure category require only the approval of the Finance Director. Increases in appropriations in a departmental budget or in a non-departmental expenditure category, require approval of the governing body in the form of amendments to the budget ordinance.

B. Excess Expenditures Over Appropriations

For the year ended December 31, 2015, the following General Fund departments and Funds had actual expenditures in excess of their appropriations:

General government- Legal	\$	240
Recreation		137,959
Public works		219,394
Special Tax District Fund		10,282
Confiscated Assets Fund		2,841
Debt Service Fund		63,065

These expenditures in excess of appropriations were funded by lower than budgeted expenditures in other areas and available fund balance.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS

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 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, 2015, all of the City's bank balances were insured and collateralized as defined by GASB and State statutes.

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The City contracts with DeKalb County to bill and collect City of Brookhaven property taxes. The taxes are levied by August 1 based on the assessed value of property as listed on the previous January 1 and are due on November 15 of each year, with a lien date of January 1 of the following year. Property taxes are recorded as receivables and unavailable revenues when assessed. Revenues are recognized when available.

Receivables at December 31, 2015, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Homestead Option Sales Tax</u>	<u>Nonmajor Governmental Funds</u>	<u>Stormwater</u>
Receivables:				
Accounts	\$ 3,552,378	\$ -	\$ 71,949	\$ 46,404
Taxes	189,337	-	475,567	-
Intergovernmental	-	1,943,736	-	-
Total receivables	<u>3,741,715</u>	<u>1,943,736</u>	<u>547,516</u>	<u>46,404</u>
Less allowance for uncollectibles	(37,500)	-	-	(16,000)
Net total receivable	<u>\$ 3,704,215</u>	<u>\$ 1,943,736</u>	<u>\$ 547,516</u>	<u>\$ 30,404</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended December 31, 2015 is as follows:

	Beginning Balance Restated	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 1,824,238	\$ 100,000	\$ -	\$ 1,924,238
Total	<u>1,824,238</u>	<u>100,000</u>	<u>-</u>	<u>1,924,238</u>
Capital assets, being depreciated:				
Improvements	3,549,513	227,094	-	3,776,607
Buildings	4,058,814	-	-	4,058,814
Machinery and equipment	6,236,258	937,357	-	7,173,615
Infrastructure	<u>62,262,131</u>	<u>-</u>	<u>-</u>	<u>62,262,131</u>
Total	<u>76,106,716</u>	<u>1,164,451</u>	<u>-</u>	<u>77,271,167</u>
Less accumulated depreciation for:				
Improvements	(1,539,446)	(123,544)	-	(1,662,990)
Buildings	(2,473,500)	(93,978)	-	(2,567,478)
Machinery and equipment	(1,951,859)	(1,326,163)	-	(3,278,022)
Infrastructure	<u>(3,073,417)</u>	<u>(1,575,655)</u>	<u>-</u>	<u>(4,649,072)</u>
Total	<u>(9,038,222)</u>	<u>(3,119,340)</u>	<u>-</u>	<u>(12,157,562)</u>
Capital assets, net depreciation	<u>67,068,494</u>	<u>(1,954,889)</u>	<u>-</u>	<u>65,113,605</u>
Governmental activities capital assets, net	<u>\$ 68,892,732</u>	<u>\$ (1,854,889)</u>	<u>\$ -</u>	<u>\$ 67,037,843</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, being depreciated:				
Infrastructure	\$ 7,048,811	\$ 209,067	\$ -	\$ 7,257,878
Less accumulated depreciation for:				
Infrastructure	<u>(223,190)</u>	<u>(174,597)</u>	<u>-</u>	<u>(397,787)</u>
Business-type activities capital assets, net	<u>\$ 6,825,621</u>	<u>\$ 34,470</u>	<u>\$ -</u>	<u>\$ 6,860,091</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	\$ 84,821
Public safety	767,624
Public works	2,047,343
Recreation	197,408
Judicial	16,510
Community development	5,634
Total depreciation expense - governmental activities	<u>\$ 3,119,340</u>
Business-type activities:	
Stormwater	<u>\$ 174,597</u>

NOTE 7. SHORT-TERM BORROWINGS

The City had a tax anticipation note (TAN) for operating purposes of \$3,800,000 at a local financial institution. The City also had a TAN outstanding from 2014 for \$3,075,000. The borrowing, with an interest rate of 0.75%, matures on December 31, 2015 and was paid in full by the City.

Total short-term borrowings interest incurred and expensed for the period ended December 31, 2015, was \$13,956.

The following is a summary of the City's short-term borrowings for the period ended December 31, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance
Tax anticipation note	<u>\$ 3,075,000</u>	<u>\$ 3,800,000</u>	<u>\$ (6,875,000)</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT

Capital Leases

On January 28, 2013, the City entered into a capital lease to purchase computers and software through the Georgia Municipal Association (“GMA”) for \$1,000,000. Annual payments of \$211,482, including interest at a rate of 1.89% began January 28, 2014 and will continue through January 28, 2018. The outstanding balance at December 31, 2015 is \$611,197.

On June 28, 2013, the City entered into a capital lease to purchase police radios through Motorola for \$172,973. Annual payments of \$38,985, including interest at a rate of 4.108% began July 1, 2014 and will continue through July 1, 2018. The outstanding balance at December 31, 2015 is \$107,966.

On November 18, 2013, the City entered into a capital lease to purchase police vehicles through Georgia Commerce Bank for \$1,700,000. Monthly payments of \$45,124, including interest at prime less .25% began January 18, 2014 and will continue through May 18, 2017. The outstanding balance at December 31, 2015 is \$741,545.

On May 19, 2015, the City entered into a capital lease to purchase vehicles through the Georgia Municipal Association (“GMA”) for \$116,256. Annual payments of \$24,081, including interest at a rate of 1.71% began July 29, 2015 and will continue through July 29, 2019. The outstanding balance at December 31, 2015 is \$92,342.

As of December 31, 2015, the cost and accumulated depreciation on the assets acquired under capital leases are \$3,000,087 and \$1,444,321, respectively. The annual depreciation is included in the capital asset depreciation total in Note 6.

The total debt service requirements to maturity for the City’s capital leases are as follows:

<u>Year Ending December 31,</u>	<u>GMA</u>	<u>Motorola</u>	<u>Georgia Commerce Bank</u>	<u>Total</u>
2016	\$ 235,562	\$ 38,985	\$ 541,486	\$ 816,033
2017	235,562	38,985	216,652	491,199
2018	235,562	38,985	-	274,547
2019	24,081	-	-	24,081
Total minimum lease payments	<u>730,767</u>	<u>116,955</u>	<u>758,138</u>	<u>1,605,860</u>
Less amounts representing interest	<u>(27,228)</u>	<u>(8,989)</u>	<u>(16,593)</u>	<u>(52,810)</u>
Present value of minimum lease payments	<u>\$ 703,539</u>	<u>\$ 107,966</u>	<u>\$ 741,545</u>	<u>\$ 1,553,050</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

The following is a summary of long-term debt activity of the City for the year ended December 31, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital leases	\$ 2,200,816	\$ 116,256	\$ (764,022)	\$ 1,553,050	\$ 783,377
Compensated absences	465,961	687,044	(581,934)	571,071	571,071
Governmental activity long-term liabilities	<u>\$ 2,666,777</u>	<u>\$ 803,300</u>	<u>\$ (1,345,956)</u>	<u>\$ 2,124,121</u>	<u>\$ 1,354,448</u>

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

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 1,148,277
Nonmajor governmental funds	General Fund	1,144,184
		<u>\$ 2,292,461</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect 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 accounted for in other funds in accordance with budgetary authorizations.

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Tax District	\$ 18,419

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

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OPERATING LEASES

The government leases the office facilities (city hall, police station and municipal court) under non-cancelable operating leases. The City accrues rent expense in an amount such that the total rent expense under the lease is recognized ratably over the lease term. The lease expense on the city hall facility and the police station / municipal court were \$347,959 and \$216,497 respectively for the year ended December 31, 2015.

The future minimum lease payments for these leases are as follows:

<u>Year Ending December 31,</u>	<u>City Hall</u>	<u>Police Station / Municipal Court</u>	<u>Total</u>
2016	287,003	216,360	503,363
2017	294,174	221,736	515,910
2018	301,526	227,268	528,794
2019	309,065	-	309,065
Total lease payments	<u>\$1,191,768</u>	<u>\$ 665,364</u>	<u>\$1,857,132</u>

NOTE 11. COMMITMENTS AND CONTINGENT LIABILITIES

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City has entered several public/private contractual partnerships for outsourced services and operations. Through these contracts with private companies, an array of operational services are provided via outsourcing. These contracts are an operating contract for which the City is continually monitoring its outsourcing needs as compared to providing services in-house. Currently, these contracts are approximately \$3.1 million annually. The contracts were bid for four annual service periods and run through the year ending December 31, 2016.

As of December 31, 2015, construction commitments on uncompleted contracts were \$1,545,485.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. DEFINED CONTRIBUTION PENSION PLAN

The City of Brookhaven offers two Retirement Plans for City employees. The 401(a) and 457 plan are defined contribution plans established by Brookhaven for all full-time employees. City Council has the authority to establish and amend the plan provisions as well as the contribution for the plan. For the 457 plan, The City matches employee contributions at a two to one (2:1) rate up to a maximum of 10%. Employees are eligible on the first day of the month, following thirty days of employment and are fully vested after twelve months. At December 31, 2015 there were 87 employees participating in the plan who contributed \$391,006 while the City's contributions totaled \$513,611.

The City also contributes the Social Security withholding amount (6.2% for 2015) to a social security replacement 401(a) plan for each eligible employee. All participants are fully vested in their social security replacement plan at all times. At December 31, 2015 there were 109 employees participating in the plan with total contributions from the City of \$410,434.

NOTE 13. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities around the Metropolitan Atlanta Georgia area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto, which DeKalb County has paid on behalf of the City of Brookhaven. Membership in ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of ARC. ARC Board membership includes the chief elected official of each county and municipality 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 14. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax. The Official Code of Georgia Annotated 48-13-51 requires that all lodging taxes levied of 3% or more be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. During the year ended December 31, 2015, the City received \$1,918,124 in hotel/motel taxes. Of this amount, \$100,560, or 5%, was used for the promotion of tourism, conventions, or trade shows.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks of losses. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage during the first three years of incorporation.

NOTE 16. FUND DEFICIT

The City's Special Tax District No.1 Fund, had a deficit fund balance of \$288,119. This balance will be funded by future tax district collections or transfers from the General Fund. The deficit is caused by significant initial cost to service the district.

NOTE 17. RESTATEMENT

The City has determined that a restatement to beginning net position of the governmental activities is required to recognize the parks (land, buildings, and improvements) received from DeKalb County as of December 31, 2014. The adjustment resulted in changes to beginning net position of governmental activities as follows:

	Governmental Activities
Net position, as previously reported	\$ 72,396,291
To record donated assets (parks) from DeKalb County in the proper period	4,869,544
Net position, as restated	<u>\$ 77,265,835</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BROOKHAVEN, GEORGIA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 6,740,200	\$ 7,360,200	\$ 7,429,782	\$ 69,582
Franchise taxes	2,642,136	2,642,136	3,961,934	1,319,798
Alcohol excise taxes	800,000	800,000	818,244	18,244
Business taxes	4,695,500	4,775,500	5,352,681	577,181
Excise taxes	210,000	210,000	291,053	81,053
Licenses and permits	1,522,775	1,542,775	2,043,013	500,238
Intergovernmental	299,773	299,773	11,426	(288,347)
Charges for services	788,816	788,816	1,158,201	369,385
Fines and forfeitures	1,250,000	1,250,000	1,275,812	25,812
Contributions	700	700	137,658	136,958
Interest earned	3,000	3,000	3,144	144
Miscellaneous	11,500	11,500	240,107	228,607
Total revenues	<u>18,964,400</u>	<u>19,684,400</u>	<u>22,723,055</u>	<u>3,038,655</u>
Expenditures:				
Current:				
General government:				
Mayor and council	603,741	558,031	221,240	336,791
City manager	1,087,102	732,027	679,581	52,446
City clerk	262,115	337,115	291,658	45,457
Finance and administration	2,000,257	1,707,301	1,665,397	41,904
Legal	650,000	600,000	600,240	(240)
Data processing	551,021	833,796	787,501	46,295
Public information	322,858	322,858	174,526	148,332
Total general government	<u>5,477,094</u>	<u>5,091,128</u>	<u>4,420,143</u>	<u>670,985</u>
Judicial	<u>575,845</u>	<u>595,545</u>	<u>582,977</u>	<u>12,568</u>
Public safety	<u>7,700,680</u>	<u>7,721,589</u>	<u>7,578,739</u>	<u>142,850</u>
Public works	<u>1,613,770</u>	<u>1,613,770</u>	<u>1,833,164</u>	<u>(219,394)</u>
Recreation	<u>1,678,045</u>	<u>1,767,791</u>	<u>1,905,750</u>	<u>(137,959)</u>
Housing and development	<u>2,245,979</u>	<u>2,931,754</u>	<u>2,883,570</u>	<u>48,184</u>

Continued

CITY OF BROOKHAVEN, GEORGIA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Debt service:				
Interest	\$ 18,900	\$ 13,956	\$ 13,956	\$ -
Total debt service	<u>18,900</u>	<u>13,956</u>	<u>13,956</u>	<u>-</u>
Total expenditures	<u>19,310,313</u>	<u>19,735,533</u>	<u>19,218,299</u>	<u>517,234</u>
Excess (deficiency) of revenues over (under) expenditures	(345,913)	(51,133)	3,504,756	3,555,889
Other financing sources (uses):				
Issuance of capital lease	-	116,256	116,256	-
Transfers in	1,080,000	1,080,000	1,148,277	68,277
Transfers out	<u>(734,087)</u>	<u>(1,145,123)</u>	<u>(1,144,184)</u>	<u>939</u>
Total other financing sources (uses)	<u>345,913</u>	<u>51,133</u>	<u>120,349</u>	<u>69,216</u>
Net change in fund balance	-	-	3,625,105	3,625,105
Fund balance, beginning of year	<u>1,748,272</u>	<u>1,748,272</u>	<u>1,748,272</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,748,272</u>	<u>\$ 1,748,272</u>	<u>\$ 5,373,377</u>	<u>\$ 3,625,105</u>

NONMAJOR GOVERNMENTAL FUNDS

Confiscated Assets Fund – To account for the use of the City's share of monies that have been forfeited through the court system and are restricted for law enforcement purposes.

Emergency 911 Fund – To account for the monthly 911 charges that are required to be spent on the cost of providing emergency 911 services as restricted by State law.

Special Tax District No. 1 Fund – To account for the cost of providing public safety services in the Special Tax District created by the City, which is restricted by City ordinance.

Hotel Motel Tax Fund – To account for the 5% lodging tax levied in the City, which is restricted by State law.

Debt Service Fund – To account for the debt service expenditures of the City.

CITY OF BROOKHAVEN, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

ASSETS	Special Revenue Funds					Total Nonmajor Governmental Funds
	Confiscated	E-911	Special Tax	Hotel / Motel	Debt	
	Assets Fund	Fund	District No. 1 Fund	Tax Fund	Service Fund	
Cash and cash equivalents	\$ 135,587	\$ 67,928	\$ -	\$ 1,329,855	\$ -	\$ 1,533,370
Accounts receivable	-	71,949	-	-	-	71,949
Taxes receivable, net of allowance	-	-	1,961	473,606	-	475,567
Total assets	\$ 135,587	\$ 139,877	\$ 1,961	\$ 1,803,461	\$ -	\$ 2,080,886
LIABILITIES						
Accounts payable	\$ -	\$ 85,417	\$ -	\$ 45,029	\$ -	\$ 130,446
Accrued liabilities	-	-	6,098	-	-	6,098
Due to other funds	-	-	18,419	-	-	18,419
Unearned revenue	113,922	-	265,563	-	-	379,485
Total liabilities	113,922	85,417	290,080	45,029	-	534,448
FUND BALANCES						
Restricted:						
Law enforcement	21,665	-	-	-	-	21,665
E-911 operations	-	54,460	-	-	-	54,460
Tourism	-	-	-	1,758,432	-	1,758,432
Unassigned (deficit)	-	-	(288,119)	-	-	(288,119)
Total fund balances	21,665	54,460	(288,119)	1,758,432	-	1,546,438
Total liabilities and fund balances	\$ 135,587	\$ 139,877	\$ 1,961	\$ 1,803,461	\$ -	\$ 2,080,886

CITY OF BROOKHAVEN, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Confiscated Assets Fund	E-911 Fund	Special Tax District No. 1 Fund	Hotel / Motel Tax Fund	Debt Service Fund	
Revenues						
Property taxes	\$ -	-	\$ 85,808	\$ -	\$ -	\$ 85,808
Hotel / Motel taxes	-	-	-	1,918,124	-	1,918,124
Charges for services	-	610,183	78,855	-	-	689,038
Fines and forfeitures	13,236	-	-	-	-	13,236
Interest	22	-	-	-	-	22
Total revenues	<u>13,258</u>	<u>610,183</u>	<u>164,663</u>	<u>1,918,124</u>	<u>-</u>	<u>2,706,228</u>
Expenditures						
Current:						
Public safety	5,341	938,333	452,782	-	-	1,396,456
Community development	-	-	-	100,560	-	100,560
Debt service:						
Principal	-	-	-	-	764,022	764,022
Interest	-	-	-	-	52,012	52,012
Total expenditures	<u>5,341</u>	<u>938,333</u>	<u>452,782</u>	<u>100,560</u>	<u>816,034</u>	<u>2,313,050</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,917</u>	<u>(328,150)</u>	<u>(288,119)</u>	<u>1,817,564</u>	<u>(816,034)</u>	<u>393,178</u>
Other Financing Sources (Uses)						
Transfers in	-	328,150	-	-	816,034	1,144,184
Transfers out	-	-	-	(1,148,277)	-	(1,148,277)
Total other financing sources (uses)	<u>-</u>	<u>328,150</u>	<u>-</u>	<u>(1,148,277)</u>	<u>816,034</u>	<u>(4,093)</u>
Net change in fund balances	7,917	-	(288,119)	669,287	-	389,085
Fund balances, beginning of year	<u>13,748</u>	<u>54,460</u>	<u>-</u>	<u>1,089,145</u>	<u>-</u>	<u>1,157,353</u>
Fund balances, end of year	<u>\$ 21,665</u>	<u>\$ 54,460</u>	<u>\$ (288,119)</u>	<u>\$ 1,758,432</u>	<u>\$ -</u>	<u>\$ 1,546,438</u>

CITY OF BROOKHAVEN, GEORGIA

**CONFISCATED ASSETS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 2,500	\$ 2,500	\$ 13,236	\$ 10,736
Interest	-	-	22	22
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>13,258</u>	<u>10,758</u>
Expenditures:				
Public safety	<u>2,500</u>	<u>2,500</u>	<u>5,341</u>	<u>(2,841)</u>
Total expenditures	<u>2,500</u>	<u>2,500</u>	<u>5,341</u>	<u>(2,841)</u>
Net change in fund balances	-	-	7,917	7,917
Fund balances, beginning of period	<u>13,748</u>	<u>13,748</u>	<u>13,748</u>	<u>-</u>
Fund balances, end of period	<u>\$ 13,748</u>	<u>\$ 13,748</u>	<u>\$ 21,665</u>	<u>\$ 7,917</u>

CITY OF BROOKHAVEN, GEORGIA

**E-911 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 938,333	\$ 618,333	\$ 610,183	\$ (8,150)
Total revenues	938,333	618,333	610,183	(8,150)
Expenditures:				
Public safety	938,333	938,333	938,333	-
Total expenditures	938,333	938,333	938,333	-
Deficiency of revenues over expenditures	-	(320,000)	(328,150)	(8,150)
Other financing sources:				
Transfers in	-	320,000	328,150	8,150
Total other financing sources	-	320,000	328,150	8,150
Net change in fund balances	-	-	-	-
Fund balances, beginning of period	54,460	54,460	54,460	-
Fund balances, end of period	\$ 54,460	\$ 54,460	\$ 54,460	\$ -

CITY OF BROOKHAVEN, GEORGIA

**SPECIAL TAX DISTRICT NO. 1 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 100,000	\$ 100,000	\$ 85,808	\$ (14,192)
Charges for services	342,500	342,500	78,855	(263,645)
Total revenues	<u>442,500</u>	<u>442,500</u>	<u>164,663</u>	<u>(277,837)</u>
Expenditures:				
Public safety	442,500	442,500	452,782	(10,282)
Total expenditures	<u>442,500</u>	<u>442,500</u>	<u>452,782</u>	<u>(10,282)</u>
Net change in fund balances	-	-	(288,119)	(288,119)
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (288,119)</u>	<u>\$ (288,119)</u>

CITY OF BROOKHAVEN, GEORGIA

**HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 1,800,000	\$ 1,800,000	\$ 1,918,124	\$ 118,124
Total revenues	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,918,124</u>	<u>118,124</u>
Expenditures:				
Housing and development	720,000	720,000	100,560	619,440
Total expenditures	<u>720,000</u>	<u>720,000</u>	<u>100,560</u>	<u>619,440</u>
Excess of revenues over expenditures	1,080,000	1,080,000	1,817,564	737,564
Other financing uses:				
Transfers out	(1,080,000)	(1,080,000)	(1,148,277)	(68,277)
Total other financing uses	<u>(1,080,000)</u>	<u>(1,080,000)</u>	<u>(1,148,277)</u>	<u>(68,277)</u>
Net change in fund balances	-	-	669,287	669,287
Fund balances, beginning of period	<u>1,089,145</u>	<u>1,089,145</u>	<u>1,089,145</u>	<u>-</u>
Fund balances, end of period	<u>\$ 1,089,145</u>	<u>\$ 1,089,145</u>	<u>\$ 1,758,432</u>	<u>\$ 669,287</u>

CITY OF BROOKHAVEN, GEORGIA

**DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Expenditures:				
Debt service:				
Principal	\$ 514,413	\$ 710,634	\$ 764,022	\$ (53,388)
Interest	27,074	42,335	52,012	(9,677)
Total expenditures	<u>541,487</u>	<u>752,969</u>	<u>816,034</u>	<u>(63,065)</u>
Other financing sources:				
Transfers in	<u>541,487</u>	<u>752,969</u>	<u>816,034</u>	<u>63,065</u>
Total other financing sources	<u>541,487</u>	<u>752,969</u>	<u>816,034</u>	<u>63,065</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

This part of the City of Brookhaven’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.

	<u>Page</u>
Financial Trends	58
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	63
These schedules contain information to help the reader assess the City’s most significant local revenue source, property tax.	
Debt Capacity	67
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	70
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	72
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 comprehensive annual financial report for the relevant year. Note that 2013 was the first year of operations.

CITY OF BROOKHAVEN, GEORGIA

NET POSITION BY COMPONENT LAST THREE YEARS (accrual basis of accounting)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental activities			
Net investment in capital assets	\$ 65,484,793	\$ 66,691,916	\$ 60,658,099
Restricted	2,202,746	1,573,334	1,428,776
Unrestricted	13,305,139	9,000,585	3,551,798
Total governmental activities net position	<u>\$ 80,992,678</u>	<u>\$ 77,265,835</u>	<u>\$ 65,638,673</u>
Business-type activities			
Net investment in capital assets	\$ 6,860,091	\$ 6,825,621	\$ 6,487,443
Unrestricted	1,805,995	1,349,322	1,079,849
Total business-type activities net position	<u>\$ 8,666,086</u>	<u>\$ 8,174,943</u>	<u>\$ 7,567,292</u>
Primary government			
Net investment in capital assets	\$ 72,344,884	\$ 73,517,537	\$ 67,145,542
Restricted	2,202,746	1,573,334	1,428,776
Unrestricted	15,111,134	10,349,907	4,631,647
Total primary government net position	<u>\$ 89,658,764</u>	<u>\$ 85,440,778</u>	<u>\$ 73,205,965</u>

CITY OF BROOKHAVEN, GEORGIA

CHANGES IN NET POSITION LAST THREE YEARS (accrual basis of accounting)

	2015	2014	2013
Expenses			
Governmental activities:			
General government	\$ 4,525,493	\$ 5,211,523	\$ 3,942,196
Judicial	601,508	508,592	468,589
Public safety	11,301,632	7,876,343	6,324,863
Public works	4,225,043	5,614,702	3,070,672
Housing and development	2,898,485	2,442,100	1,272,777
Culture and recreation	3,506,276	1,766,940	595,935
Community development	146,642	76,515	11,794
Interest and fiscal charges	61,895	101,252	81,633
Total governmental activities expenses	27,266,974	23,597,967	15,768,459
Business-type activities:			
Stormwater	1,122,485	1,206,891	441,792
Total business-type activities expenses	1,122,485	1,206,891	441,792
Total primary government expenses	\$ 28,389,459	\$ 24,804,858	\$ 16,210,251
Program Revenues			
Governmental activities:			
Charges for services:			
General government	\$ 836,595	\$ 499,051	\$ 438,665
Judicial	1,395,173	1,354,603	359,364
Public safety	771,697	356,111	1,700
Public works	412,402	429,769	362,219
Housing and development	1,523,186	2,237,592	1,652,368
Culture and recreation	240,247	127,830	26,856
Capital grants and contributions	400,655	2,147,621	-
Total governmental activities program revenues	5,579,955	7,152,577	2,841,172
Business-type activities:			
Charges for services:			
Stormwater	1,613,628	1,538,632	1,466,735
Capital grants and contributions	-	275,910	-
Total business-type activities program revenues	1,613,628	1,814,542	1,466,735
Total primary government program revenues	\$ 7,193,583	\$ 8,967,119	\$ 4,307,907

(continued)

CITY OF BROOKHAVEN, GEORGIA

CHANGES IN NET POSITION LAST THREE YEARS (accrual basis of accounting)

	2015	2014	2013
Net (expense)/revenue			
Governmental activities	\$ (21,687,019)	\$ (16,445,390)	\$ (12,927,287)
Business-type activities	491,143	607,651	1,024,943
Total primary government net expense	\$ (21,195,876)	\$ (15,837,739)	\$ (11,902,344)
General Revenues and Other Changes in Net Position			
Governmental activities:			
Property taxes	\$ 6,516,128	\$ 6,594,450	\$ 5,747,333
Sales taxes	5,738,333	6,360,077	5,201,601
Hotel/Motel taxes	1,918,124	1,646,793	1,296,841
Franchise taxes	4,398,368	3,056,603	1,472,669
Business taxes	5,352,681	4,584,705	1,761,762
Alcohol & excise taxes	1,109,297	881,643	741,592
Insurance premium	-	-	57,663
Unrestricted investment earnings	3,166	4,782	2,607
Miscellaneous	377,765	73,955	30,986
Special item - donation of infrastructure at incorporation	-	-	62,252,906
Total governmental activities	25,413,862	23,203,008	78,565,960
Business-type activities:			
Special item - donation of infrastructure at incorporation	-	-	6,542,349
Total business-type activities	-	-	6,542,349
Total primary government	\$ 25,413,862	\$ 23,203,008	\$ 85,108,309
Change in Net Position			
Governmental activities	\$ 3,726,843	\$ 6,757,618	\$ 65,638,673
Business-type activities	491,143	607,651	7,567,292
Total primary government	\$ 4,217,986	\$ 7,365,269	\$ 73,205,965

CITY OF BROOKHAVEN, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS LAST THREE FISCAL YEARS (modified accrual basis of accounting)

	2015	2014	2013
General fund			
Nonspendable:			
Prepaid expenditures	\$ 425,023	\$ 227,320	\$ 165,450
Restricted:			
Streetlight service	368,189	415,981	377,994
Assigned:			
Tree fund activities	27,086	-	-
Unassigned	4,553,079	1,104,971	(108,876)
Total general fund	\$ 5,373,377	\$ 1,748,272	\$ 434,568
All other governmental funds			
Restricted:			
Law enforcement	\$ 21,665	\$ 13,748	\$ -
E-911 operations	54,460	54,460	-
HOST capital projects	-	-	543,839
Tourism	1,758,432	1,089,145	506,943
Assigned:			
HOST activities	8,699,500	7,115,659	3,740,069
Unassigned	(288,119)	-	-
Total all other governmental funds	\$ 10,245,938	\$ 8,273,012	\$ 4,790,851

CITY OF BROOKHAVEN, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST THREE FISCAL YEARS (modified accrual basis of accounting)

	2015	2014	2013
Revenues			
Property taxes	\$ 7,515,590	\$ 6,627,845	\$ 5,682,476
Sales taxes	5,738,333	6,360,077	5,201,601
Hotel/Motel taxes	1,918,124	1,646,793	1,296,841
Franchise taxes	3,961,934	2,050,890	1,472,669
Alcohol excise taxes	818,244	810,836	741,592
Business taxes	5,352,681	4,584,705	1,761,762
Excise taxes	291,053	70,807	57,663
Licenses and permits	2,043,013	2,667,375	2,033,031
Intergovernmental	300,655	300,041	-
Charges for services	1,847,239	1,030,145	442,827
Fines and forfeitures	1,289,048	1,307,436	359,364
Contributions	137,658	30,250	-
Interest earned	3,166	4,782	2,607
Miscellaneous	240,107	43,705	36,936
Total revenues	31,456,845	27,535,687	19,089,369
Expenditures			
General government	4,420,143	5,107,867	4,129,445
Judicial	582,977	489,077	478,426
Public safety	8,978,542	7,256,316	8,167,651
Public works	2,176,941	2,757,346	1,139,744
Culture and recreation	2,266,481	1,734,171	595,935
Housing and development	2,883,570	2,443,380	1,259,431
Community development	100,560	76,515	11,794
Capital outlay	3,735,866	2,097,406	917,693
Debt service			
Principal	764,022	672,157	35,840
Interest	65,968	105,587	22,879
Total expenditures	25,975,070	22,739,822	16,758,838
Excess of revenues over expenditures	5,481,775	4,795,865	2,330,531
Other financing sources (uses)			
Proceeds from sale of capital assets	-	-	21,915
Issuance of capital lease	116,256	-	2,872,973
Transfers in	2,292,461	1,734,906	2,459,475
Transfers out	(2,292,461)	(1,734,906)	(2,459,475)
Total other financing sources (uses)	116,256	-	2,894,888
Net change in fund balances	\$ 5,598,031	\$ 4,795,865	\$ 5,225,419
Debt service as a percentage of noncapital expenditures	3.35%	3.65%	0.45%

CITY OF BROOKHAVEN, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE - ALL TAXABLE PROPERTY LAST THREE FISCAL YEARS

Fiscal Year	Real Property				Personal Property	
	Residential	Commercial	Industrial	Historical	Motor Vehicle	Other (1)
2013	\$ 1,523,386,393	\$ 649,523,762	\$ 12,668,560	\$ 639,120	\$ -	\$ 71,539,593
2014	1,733,667,148	750,897,616	13,633,280	529,000	82,633,320	200,673,125
2015	2,060,648,765	864,293,618	20,659,330	688,080	67,891,300	217,869,814

Source: Georgia Department of Revenue

(1) Includes aircraft, boats, equipment and other miscellaneous personal property.

<u>Public Utility</u>	<u>Less: Tax Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ -	\$ 254,330,508	\$ 2,003,426,920	2.850	\$ 5,008,567,300	40%
14,644,304	432,899,327	2,363,778,466	2.795	5,909,446,165	40%
17,710,345	646,602,506	2,603,158,746	2.740	6,507,896,865	40%

CITY OF BROOKHAVEN, GEORGIA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (Per \$1000 of Assessed Value) LAST THREE YEARS

<u>Calendar Year</u>	<u>City of Brookhaven</u>	<u>DeKalb County</u>	<u>DeKalb County Schools</u>	<u>State</u>	<u>Total Direct & Overlapping Rates</u>
2013	2.850	16.250	23.980	0.150	43.230
2014	2.795	13.570	23.900	0.100	40.365
2015	2.740	14.670	23.730	0.050	41.190

Source: DeKalb County Tax Commissioner

Overlapping rates are those of local and county governments that apply to property owners within the City of Brookhaven. There are no components of the City's tax rate to disclose.

The City's legal millage rate is capped at 3.35.

CITY OF BROOKHAVEN, GEORGIA

**PRINCIPAL TAXPAYERS
CURRENT AND TWO YEARS AGO**

Taxpayer	2015			2013		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
AT&T Mobility, LLC	\$ 52,799,506	1	2.03 %	\$ 35,585,501	1	1.78 %
Cox Communications	49,297,994	2	1.89			
CFATT LLC	31,521,023	3	1.21	31,234,985	2	1.56
Goodwynn Multifamily, LLC	27,360,000	4	1.05	19,620,000	5	0.98
20 Perimeter Summit, LLC	27,118,720	5	1.04	27,118,720	3	1.35
Worthing Brookleigh, LLC	25,959,080	6	1.00			
Columbia Brookhaven, LLC	22,730,400	7	0.87			
CWS SGARR Brookhaven LLC	22,692,306	8	0.87			
Development Authority of DeKalb County	21,600,000	9	0.83	20,196,001	4	1.01
Post Glen, LLC	19,483,498	10	0.75	15,760,000	7	0.79
BIR Lenox, LLC				13,800,000	9	0.69
Manufacturers Life Insurance				12,320,200	10	0.61
Mid America Apartments LP				14,344,520	8	0.72
50 Lincoln Court, LLC				16,400,000	6	0.82
	<u>\$ 300,562,527</u>		<u>11.55 %</u>	<u>\$ 206,379,927</u>		<u>10.30 %</u>

Source: DeKalb County Tax Commissioner

CITY OF BROOKHAVEN, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS LAST THREE 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
2013	\$ 5,595,364	\$ 5,501,908	98.3%	\$ 89,519	\$ 5,591,427	99.93%
2014	6,373,661	6,299,520	98.8%	64,016	6,363,536	99.84%
2015	7,054,126	6,975,703	98.9%	-	6,975,703	98.89%

Source: DeKalb County Tax Commissioner and City of Brookhaven Tax Department.

CITY OF BROOKHAVEN, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE LAST THREE FISCAL YEARS

<u>Fiscal Year</u>	<u>Governmental Activities Capital Leases</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
2013	\$ 2,872,973	0.13%	\$ 61
2014	2,200,816	0.09%	44
2015	1,553,050	N/A	30

(1) See the Demographic and Economic Statistics for personal income and population data.

N/A - Not Available

CITY OF BROOKHAVEN, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT DECEMBER 31, 2015

<u>Governmental Unit</u>	<u>Net Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City of Brookhaven (1)</u>	<u>Amount Applicable to City of Brookhaven</u>
Debt repaid with property taxes:			
DeKalb County	\$ 306,435,000	11.95%	\$ 36,618,983
Fulton-DeKalb Hospital Authority	35,945,000	11.95%	4,295,428
DeKalb County Board of Education	<u>141,047,000</u>	11.95%	<u>16,855,117</u>
Total overlapping debt	483,427,000		57,769,527
City direct debt	<u>1,553,050</u>	100.00%	<u>1,553,050</u>
Total direct and overlapping debt	<u>\$ 484,980,050</u>		<u>\$ 59,322,577</u>

Source: Assessed value data used to estimate applicable percentages and debt outstanding obtained from DeKalb County's Finance Department.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and business of the City of Brookhaven, 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 BROOKHAVEN, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST THREE FISCAL YEARS

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (1)</u>
2013	47,253	\$ 2,221,931	\$ 47,022	32.8	7,591	6.2%
2014	50,181	2,329,854	46,429	33.3	7,903	4.5%
2015	51,910	N/A	N/A	N/A	8,117	N/A

(1) Source: U.S. Census Bureau

(2) Source: DeKalb County Schools

N/A - Not Available

CITY OF BROOKHAVEN, GEORGIA

PRINCIPAL EMPLOYERS CURRENT YEAR

<u>Employer</u>	<u>2015</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
AT&T Mobility	1,606	1	11.12 %
AT&T Services, Inc	1,430	2	9.90
Cox Communications	1,142	3	7.90
Verizon Telematics, Inc	629	4	4.35
Crawford and Company	554	5	3.83
SAP America, Inc	454	6	3.14
Kroger Company	387	7	2.68
United Healthcare Services	372	8	2.57
Insight Global, LLC	270	9	1.87
NDC Health Corporation	251	10	1.74
	<u>7,095</u>		<u>49.11 %</u>

Source: 2015 individual employer's business filings

Note: Data prior to 2015 is not available

CITY OF BROOKHAVEN, GEORGIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION LAST THREE FISCAL YEARS

Function	<u>2015</u>	<u>2014</u>	<u>2013</u>
General government	12	9	7
Judicial	7	4	1
Public safety			
Police officers	75	59	57
Civilians	6	6	6
Public works	2	-	-
Culture and recreation	10	7	-
Housing and development	11	7	3
Total	<u>123</u>	<u>92</u>	<u>74</u>

Source: City of Brookhaven Human Resources Department

CITY OF BROOKHAVEN, GEORGIA

OPERATING INDICATORS BY FUNCTION LAST THREE FISCAL YEARS

Function	2015	2014	2013
General Government			
Ordinances approved	38	63	68
Resolutions	36	31	38
Open records requests	349	261	140
Information system service calls	2,921	2,312	N/A
Facebook "likes"	1,837	N/A	N/A
Constant contact (eBlast)	2,516	2,338	1,716
Judicial			
Municipal court			
Case filings:			
City Code	9,148	10,512	5,338
Misdemeanors	922	730	819
Parking	39	211	349
Traffic	261	156	3
Number of Court Dockets	7,926	9,415	4,167
Number of Defendants on Docket	175	257	103
	6,582	10,403	3,282
Public Safety			
Police			
Calls for service	59,494	N/A	N/A
Physical arrests	2,177	1,116	427
Traffic citations issued	8,070	8,324	3,753
Average response time (all calls)	7m20s	7m18s	N/A
Average response time (in progress/just occurred)	3m58s	3m40s	N/A
Public Works			
Lane-miles paved	20.2	20.2	N/A
Linear feet new sidewalks	2,610	5,230	N/A
Street maintenance work orders completed	133	229	132
Stormwater work orders completed	134	84	50
Signal/sign work orders completed	235	182	23
Right-of-way work orders completed	61	129	62

Continued

CITY OF BROOKHAVEN, GEORGIA

OPERATING INDICATORS BY FUNCTION LAST THREE FISCAL YEARS

Function	2015	2014	2013
Culture and Recreation			
Park acres maintained	224	224	224
Program participants	2,949	2,666	40
Aquatics program participants	10,499	N/A	N/A
Athletic program participants	6,775	4,013	N/A
Community Development			
Special land use permits (SLUPS)	12	6	2
Variances	74	79	54
Code enforcement inspections	7,751	8,905	N/A
Building inspections	8,905	15,697	998
Development inspections	2,511	2,653	N/A
Tree removal permits	265	115	N/A
Land disturbance permits issued	20	9	N/A
Plat reviews	58	31	N/A
Plats approved	19	15	N/A

Source: Various City departments

N/A: Not Available

CITY OF BROOKHAVEN, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION LAST THREE FISCAL YEARS

Function	2015	2014	2013
General Government			
Buildings (1)	1	1	1
Vehicles	1	1	1
Judicial			
Building (1)	1	1	1
Public Safety			
Police stations	1	1	1
Patrol units	60	54	49
Patrol zones	10	10	10
Public Works			
Miles of streets (lane miles)	119.2	117.4	117.4
Miles of sidewalks	64.6	63.0	63.0
Number of traffic signals	50	47	47
Miles of storm sewer	113	113	113
Culture and Recreation			
Parks acreage	224	224	224
Parks	11	11	11
Tennis courts	30	30	30
Soccer fields	2	2	2
Baseball/Softball fields	14	14	14
Multipurpose fields	5	5	5
Community centers	3/2	3/2	3/2
Swimming pools	3	3	3
Vehicles	2	2	2
Housing and development			
Vehicles	3	1	-

Source: Various City departments
(1) Reflects building operating lease