



CITY OF BROOKHAVEN, GEORGIA

Comprehensive Annual Financial Report

**For the Year Ended
December 31, 2018**

**Prepared by:
Finance Department**

CITY OF BROOKHAVEN, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2018

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INTRODUCTORY SECTION



May 27, 2019

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

The Finance Department 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, 2018. The purpose of the report is to provide the Mayor, 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 the 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 the 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.

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) as applied to governmental units. 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. Management asserts that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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, 2018 are free of material misstatements. 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, 2018 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 report is the Management's Discussion and Analysis (MD&A) that provides a narrative introduction, overview, and analysis. 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.

PROFILE OF THE CITY

After 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 in the northeast suburbs of Atlanta and is bounded by the Fulton County line to its west, just south of 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 Councilmembers who enact local legislation, determine policies, adopt the City's annual budget and millage rates. The Mayor and Councilmembers are elected for four-year terms with the Mayor and two Councilmembers alternating with the other two Councilmembers on odd-numbered years. The City Manager is appointed by the Mayor and confirmed 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.

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

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, transmitted to the City Council by the Mayor, 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., personnel 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 Code ordinance. 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 must be approved by the City Council. Budget amendments, increasing or decreasing 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 with appropriated annual budgets, this comparison is presented in the required supplementary information (RSI) or combining fund section of this report.

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 Brookhaven station is a heavily travelled station with connections north and south. 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 Peachtree Road. Also, the City has paved over 40 lane-miles during the last two years, while a total of over 19,000 linear feet of new sidewalks have been added during the same period.

Redevelopment of Existing Land/Properties

With most of the land/property in the City developed, the City's growth has been redevelopment in nature. This redevelopment includes mixed-use (commercial and residential), medical campuses, multiple family residences, and larger, modern homes. With an estimated population of 52,382 (Source: U.S. Census Bureau), the Community Development Department continues to work with developers and builders on projects promoting live-work-play communities, bike and pedestrian mobility, and neighborhood character preservation. Continuous measures have been implemented to make the City of Brookhaven aesthetically pleasing for its citizens and business owners such as design standards and overlay districts.

Recent Economic Development

The City continues its growth through mixed-use development, zoning improvements, and business attraction and retention.

Emory University has announced its masterplan for the Executive Park office park located on the City's Southern gateway near I-85. The masterplan calls for over 2 million square feet of new development totaling \$1 Billion in investment. The masterplan will include a hospital, multi-family housing, and a hotel.

Children's Healthcare of Atlanta (CHOA), recognized by US News and World Reports as one of the top pediatric hospitals in the country, opened its 300,000 square foot Center for Advanced Pediatrics in late summer of 2018, and is moving forward with construction plans to complete two new hospital towers, new parking facilities, and more medical offices at their site in Brookhaven. The facility was in the area annexed into the City in 2014, and is expected to service 300,000 patients annually, provide for ancillary health services, and treat children with complex and chronic illnesses. At completion, the new hospital and its supporting buildings will total \$1.3 Billion in investment.

4004 Perimeter Summit, an 18-story, 355,000 square foot office tower in the Perimeter Parkway office development, is now home to the accounting firm Carr, Riggs, and Ingram. The firm is the building's first tenant and will occupy ~50,000 square feet and bring over 200 employees. 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 square feet of Class A office space, two hotels (Hyatt Regency and Villa Christina) and residential housing. The Perimeter Summit development has over 300 residential condominiums and almost 200 hotel rooms.

In November 2018, the City Council recently approved a city-wide zoning ordinance rewrite, led by the City's Community Development Department. The rewrite created the Buford Highway overlay district in an effort to further promote growth and denser development in the area.

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, Special Tax District Fund, Hotel Motel Tax Fund, Streetlight Fund, E911 Fund, Grant Fund, Homestead Option Sales Tax Fund, and Debt Service Fund are included in the annual appropriated budget. 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. 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 standards for the use of contingencies, unexpected expenditures, the establishment of an unassigned fund balance reserve of 25% of annually budgeted following year expenditures in the General Fund, cash and investment management, grant management, purchasing policies, and internal control policies.

Internal accounting controls are designed to provide reasonable 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 has developed several master plans including parks, transportation and sidewalks, and stormwater infrastructure. The 2018 budget funded substantial progress for execution. It is expected that work on these plans will be implemented over the subsequent ten-year (2019-2028) period. As part of the annual capital improvement program, future capital acquisitions and capital asset replacements are considered in the strategic plan. The City uses various data in forecasts for future operating and capital needs in the preparation of the City's annual budget document.

MAJOR INITIATIVES

Parks Master Plan

With the conveyance of the park property from DeKalb County in 2014, the City primarily concluded its park master planning process in 2015. The master plan establishes the amenities and functional thresholds for City parks and recreational facilities. The City is executing the parks master plan in a pay as you go manner. Personalizing each park will include the various park specific amenities (including but not limited to) – signage, tennis courts, open fields, athletic fields, walking and nature trails, playground structures, parking, restroom construction/renovation, and stream cleanup/stabilization, community gardens, marque fencing, swimming pools, and splash pads.

Since the fall of 2016, the City has completed four (4) park master plan projects. Clacks Corner Park project was completed in spring of 2017. Georgian Hills Park Phase I, Murphey Candler Park Open Space Field project and Skyland Park were all completed in 2018.

In the fall of 2018, the City broke ground on three additional park master plan projects to include Blackburn Park Open Space Field project, Lynwood Parking Lot project, Murphey Candler Athletic Parking Lot project, and Murphey Candler Park Playground (Partnership between the City, Murphey Candler Park Conservancy and Resurgen's Healthcare). Other projects included the Tike Track and the Sand Box Shade Structure at Ashford Park.

Peachtree Creek Greenway Project

The Peachtree Creek Greenway is a 12-mile multi-city trail project beginning just outside of I-285, following the North Fork of Peachtree Creek to its confluence with the South Fork, and linking with regional trails including the Atlanta Beltline. Brookhaven is leveraging the project to provide transportation and recreation alternatives, while encouraging development facing the creek. Plans call for a 2.7-mile multi-use trail and linear park featuring a series of paved multi-purpose and promenade trails near a revitalized corridor dotted with residences, offices, restaurants, bike rental stands, coffee shops, and picnic areas. The City plans to leverage funding via the Atlanta Regional Transportation Improvement Plan, grants, and a bond funded via Hotel/Motel tax to meet the projected \$38 million cost for this portion of the Peachtree Creek Greenway. Bonds were issued in 2018 to fund the progress backed by Hotel/Motel tax receipts and City guarantees.

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. 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. The City is submitting our fiscal year 2018 report expecting to receive the award for a fourth time.

I would like to thank all members of the Finance Department as well as all other departments who assisted with assembling the information presented in this report. I would like to acknowledge the City's auditors, Mauldin & Jenkins, LLC, with the assistance they provided in meeting the deadlines established for publication of the document. The Mayor, City Council, City Manager and Assistant City Manager have been significant agents of change. Many projects have been completed and more are underway.

Respectfully submitted,



Linda Nabers
Finance Director

CITY OF BROOKHAVEN, GEORGIA
LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2018

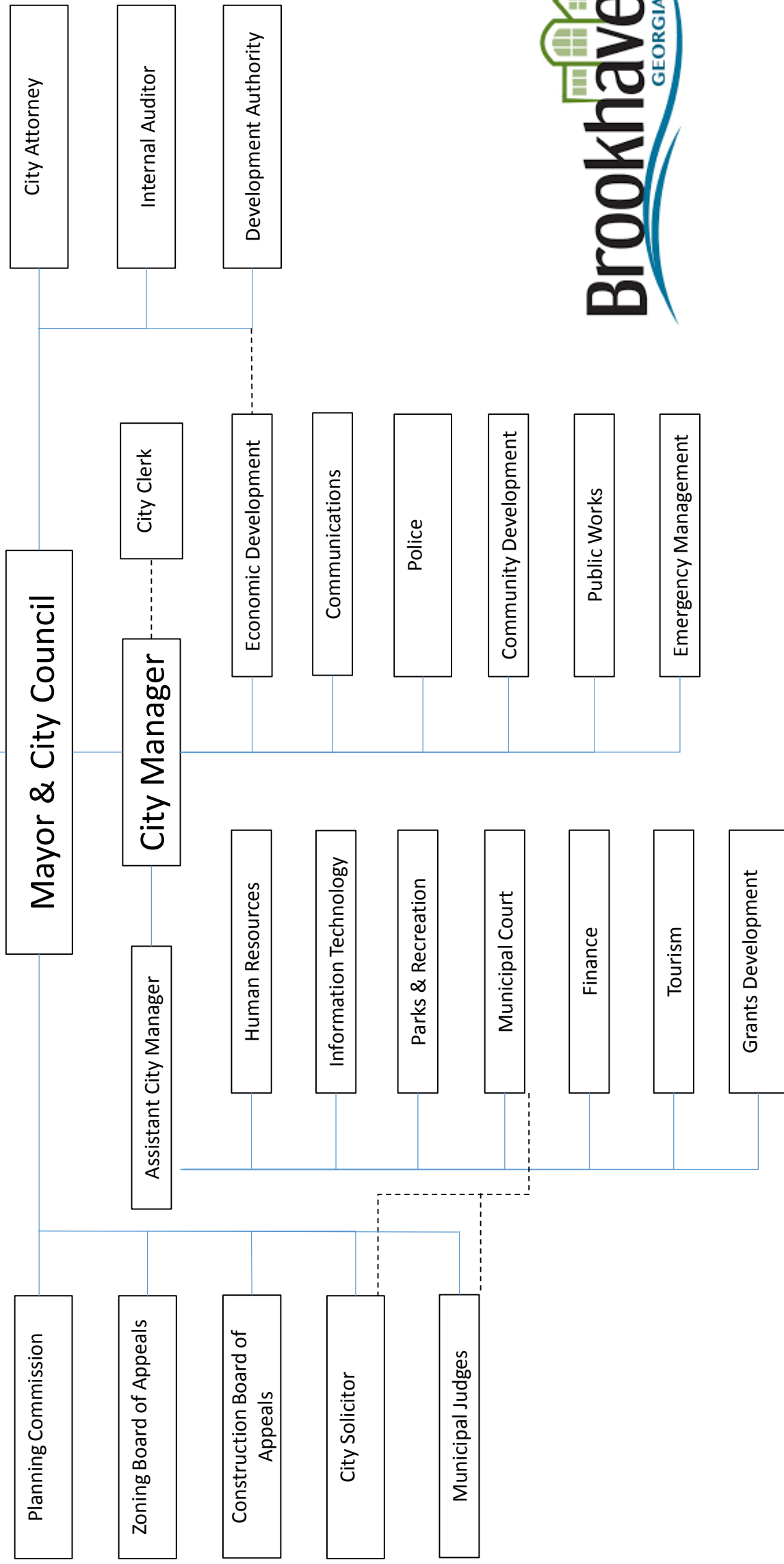
LEGISLATIVE BRANCH

| | |
|-----------------------------|--------------------|
| Mayor | John A. Ernst, Jr. |
| 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 | Christian Sigman |
| Asst. City Manager/CFO | Steve Chapman II |
| City Clerk | Susan Hiott |
| Director of Human Resources | Rick Stone |
| Director of Finance | Linda Nabers |
| Communications Director | Burke Brennan |
| Director of Information Technology | Robert Mullis |
| Municipal Court Administrator | Shirley Archer |
| Police Chief | Gary Yandura |
| Director of Public Works | Hari Karikaran |
| Director of Parks & Recreation | Brian Borden |
| Director of Community Development | Patrice Ruffin |
| Director of Economic Development | Shirlynn Brownell |

Citizens





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Brookhaven
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO

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, 2018, and the related notes to the financial statements, which collectively comprise the City'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 as of December 31, 2018, 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's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections are also 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 and schedule of expenditures of special purpose local option sales tax proceeds (collectively 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 supplementary information is 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 May 27, 2019, on our consideration of the City’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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s 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’s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 27, 2019

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, 2018. We encourage readers to consider the information presented in conjunction with the basic financial statements, notes, and supplementary information 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 \$124,951,818. Of this amount, unrestricted net position of \$30,801,246 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 \$57,572,845.
- The City has increased the overall net position by \$17,277,867 in 2018.

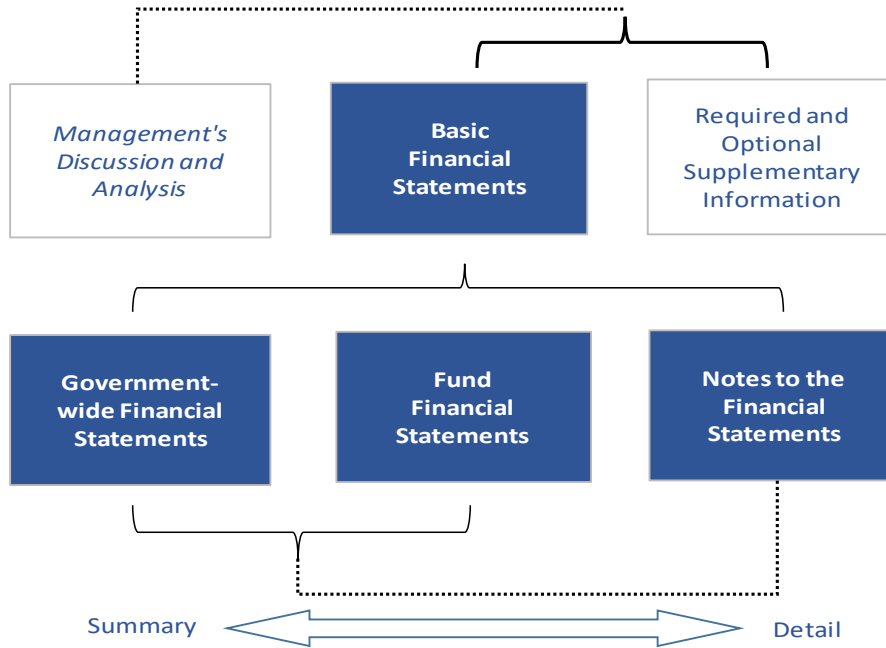
OVERVIEW OF THE FINANCIAL STATEMENTS

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 include two kinds of statements that present different views of the City and are comprised of the following four components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements
- 4) Other supplementary information in addition to the basic financial statements

The aforementioned financial statements focus on both the City as a whole (government-wide) and on the major individual funds. The follow graph shows the relationship between the Comprehensive Annual Financial Report (CAFR) and the basic financial statements and the Required Supplementary Information ("RSI").

Relationship Between Comprehensive Annual
Financial Report (CAFR)
and
Basic Financial Statements and Required
Supplementary Information (RSI)



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. Overtime, 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 cashflows. Thus, revenues and expenses are reported in this statement for some items that will only result in cashflows 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

| | Fund Statements | | |
|----------------------------------------|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| | Government-wide 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, economic development and recreation. The business-type activities of the City include stormwater.

The government-wide financial statements can be found on pages 25 and 26 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 four major governmental funds. The City's major governmental funds are the General, Special Purpose Local Option Sales Tax (SPLOST), Capital Projects and Public Facilities Authority. 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 and special revenue funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 28 through 30 of this report.

Proprietary Funds. Under GASB Statement No. 34, governments report two types of proprietary funds if applicable. 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 31 through 33 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 34 through 53 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 and major special revenue funds 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 54 and 55 of this report. The combining fund financial statements are presented immediately following the required supplementary information. They can be found on pages 56 and 57 of this report.

GOVERNMENT - WIDE FINANCIAL ANALYSIS

City of Brookhaven, Georgia Net Position

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|----------------------------------|----------------------------|----------------------|-----------------------------|---------------------|-----------------------------|-----------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Assets: | | | | | | |
| Current assets | \$ 61,684,601 | \$ 32,034,129 | \$ 1,255,330 | \$ 1,929,770 | \$ 62,939,931 | \$ 33,963,899 |
| Capital assets, net | 88,548,400 | 77,328,582 | 8,227,377 | 7,412,334 | 96,775,777 | 84,740,916 |
| Total assets | <u>150,233,001</u> | <u>109,362,711</u> | <u>9,482,707</u> | <u>9,342,104</u> | <u>159,715,708</u> | <u>118,704,815</u> |
| Liabilities | | | | | | |
| Current liabilities | 4,346,103 | 4,706,898 | 7,720 | 236,690 | 4,353,823 | 4,943,588 |
| Long-term liabilities | 30,410,067 | 6,087,276 | - | - | 30,410,067 | 6,087,276 |
| Total liabilities | <u>34,756,170</u> | <u>10,794,174</u> | <u>7,720</u> | <u>236,690</u> | <u>34,763,890</u> | <u>11,030,864</u> |
| Net Position | | | | | | |
| Net investment in capital assets | 83,202,488 | 72,013,003 | 8,227,377 | 7,412,334 | 91,429,865 | 79,425,337 |
| Restricted | 2,720,707 | 2,724,544 | - | - | 2,720,707 | 2,724,544 |
| Unrestricted | 29,553,636 | 23,830,990 | 1,247,610 | 1,693,080 | 30,801,246 | 25,524,070 |
| Total net position | <u>\$ 115,476,831</u> | <u>\$ 98,568,537</u> | <u>\$ 9,474,987</u> | <u>\$ 9,105,414</u> | <u>\$ 124,951,818</u> | <u>\$ 107,673,951</u> |

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 \$124,951,818 at the close of the most recent fiscal year.

By far the largest portion of the City's net position 73.2% reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position \$2,720,707 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$30,801,246 or 24.7% 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.

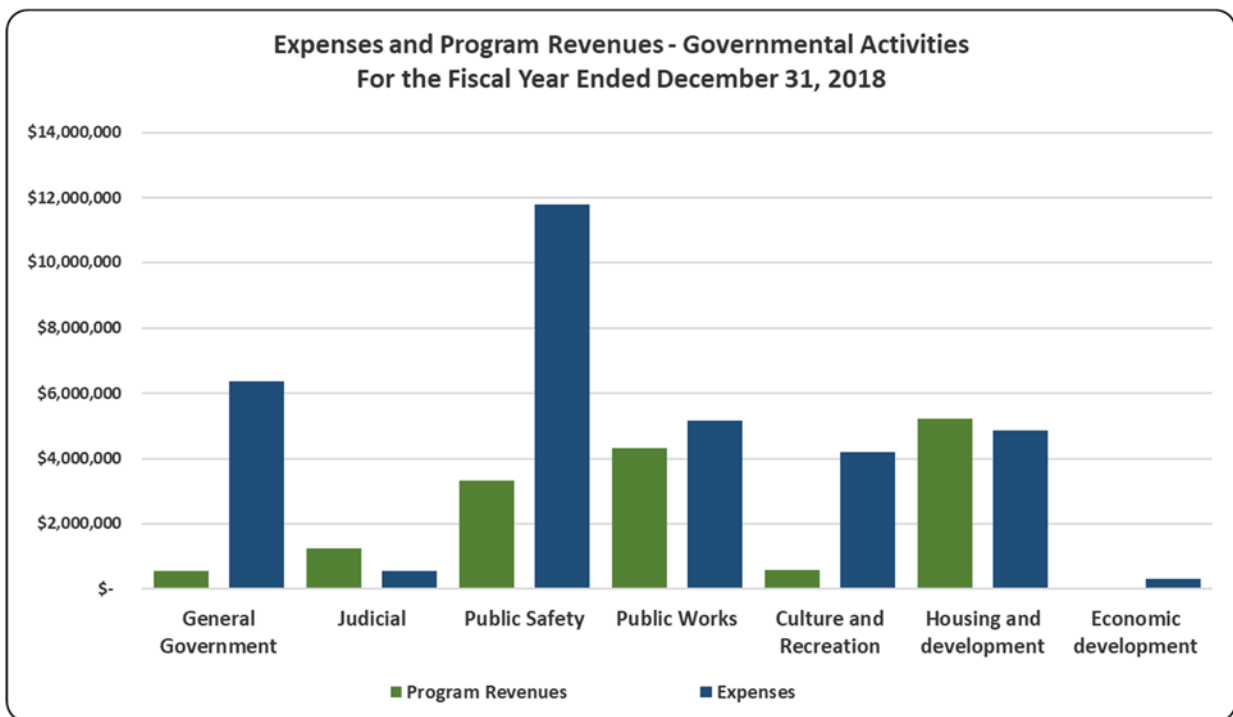
Governmental Activities. Governmental activities increased the City of Brookhaven's net position by \$16,908,294, thereby accounting for 97.9% of the total increase in the net position of the City. Key elements of this increase are shown in detail in the table on the following page.

City of Brookhaven, Georgia
Change in Net Position

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---------------------------------|----------------------------|----------------------|-----------------------------|---------------------|-----------------------------|----------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 8,884,860 | \$ 5,921,195 | \$ 1,999,107 | \$ 1,988,504 | \$ 10,883,967 | \$ 7,909,699 |
| Capital grants & contributions | 6,366,880 | 2,492,933 | - | - | 6,366,880 | 2,492,933 |
| General revenues: | | | | | | |
| Property taxes | 10,090,399 | 9,454,749 | - | - | 10,090,399 | 9,454,749 |
| Sales taxes | 1,631,933 | 6,691,614 | - | - | 1,631,933 | 6,691,614 |
| Hotel/Motel tax | 3,758,787 | 2,948,420 | - | - | 3,758,787 | 2,948,420 |
| Franchise taxes | 2,661,917 | 4,630,027 | - | - | 2,661,917 | 4,630,027 |
| Business tax | 5,834,215 | 5,367,889 | - | - | 5,834,215 | 5,367,889 |
| Alcohol and excise taxes | 1,688,504 | 1,468,069 | - | - | 1,688,504 | 1,468,069 |
| Unrestricted | | | | | | |
| Investment earnings | 181,473 | 43,259 | - | - | 181,473 | 43,259 |
| Miscellaneous | 276,355 | 424,329 | - | - | 276,355 | 424,329 |
| Gain on sale of capital assets | 9,331,635 | 7,429,465 | - | - | 9,331,635 | 7,429,465 |
| Total revenues | 50,706,958 | 46,871,949 | 1,999,107 | 1,988,504 | 52,706,065 | 48,860,453 |
| Expenses: | | | | | | |
| General government | 6,374,028 | 5,896,748 | - | - | 6,374,028 | 5,896,748 |
| Judicial | 552,602 | 580,297 | - | - | 552,602 | 580,297 |
| Public safety | 11,808,133 | 11,552,258 | - | - | 11,808,133 | 11,552,258 |
| Public works | 5,163,842 | 6,628,883 | - | - | 5,163,842 | 6,628,883 |
| Housing and development | 4,869,152 | 4,644,383 | - | - | 4,869,152 | 4,644,383 |
| Culture and recreation | 4,205,797 | 5,695,736 | - | - | 4,205,797 | 5,695,736 |
| Economic development | 316,878 | - | - | - | 316,878 | - |
| Interest on long-term debt | 708,232 | 95,950 | - | - | 708,232 | 95,950 |
| Stormwater | - | - | 1,429,534 | 1,853,950 | 1,429,534 | 1,853,950 |
| Total expenses | 33,998,664 | 35,094,255 | 1,429,534 | 1,853,950 | 35,428,198 | 36,948,205 |
| Transfers | 200,000 | 40,000 | (200,000) | (40,000) | - | - |
| Changes in net position | 16,908,294 | 11,817,694 | 369,573 | 94,554 | 17,277,867 | 11,912,248 |
| Net position, beginning of year | 98,568,537 | 86,750,843 | 9,105,414 | 9,010,860 | 107,673,951 | 95,761,703 |
| Net position, end of year | \$115,476,831 | \$ 98,568,537 | \$ 9,474,987 | \$ 9,105,414 | \$124,951,818 | \$107,673,951 |

- The City's governmental activities has recognized a \$2,963,665 or 50.1% increase in charges for services from 2017 to 2018. This is principally due to an increase in licenses and permits.
- Capital Grants and Contributions are up due primarily to the SPLOST revenues. The City recognized \$5,481,864 in SPLOST revenues in 2018. This was the City's first year of collections, thus representing nine months of the year. The SPLOST funds will be moved to a Capital Improvement Fund where projects have been established and the funds were designated in accordance to the voter referendum.
- Property tax revenues for 2018 were \$635,650 greater than those of 2017. This 6.7% increase was due to the healthy growth in the tax digest due to new construction and improvements.

- Additionally, the City Council did not rollback the millage from 2.740 mills, providing approximately \$933,000 in additional property taxes as a result of property appreciation. This amount has been assigned for capital improvement through the City Council’s approval of the FY 2019 budget.
- A decrease in the HOST sales tax revenues in 2018 from 2017 by (\$5,004,091). The City now receives revenue from Special Purpose Local Option Sales Tax (SPLOST) which are dedicated to capital improvements.
- Franchise fees for the City decreased by \$1,968,110 or 42.5%. The City collected franchise fees that included electricity, cable and telephone. Atlanta Gas Light did not pay in 2018 due to an overpayment in prior years. Georgia Power franchise fees were also down in 2018.
- The City’s business tax revenues increased by \$466,326 or 8.7% from 2017 revenues. The City had new business revenues for 2018 showing a strengthening economy.
- The City made an exchange with Children’s Healthcare of Atlanta (CHOA) on Tullie Road and Tullie Circle for \$10,000,000 which resulted in a gain on the exchange of capital assets in the amount of \$9,331,635. The City abandoned these roads and made a Community Investment Agreement with CHOA.

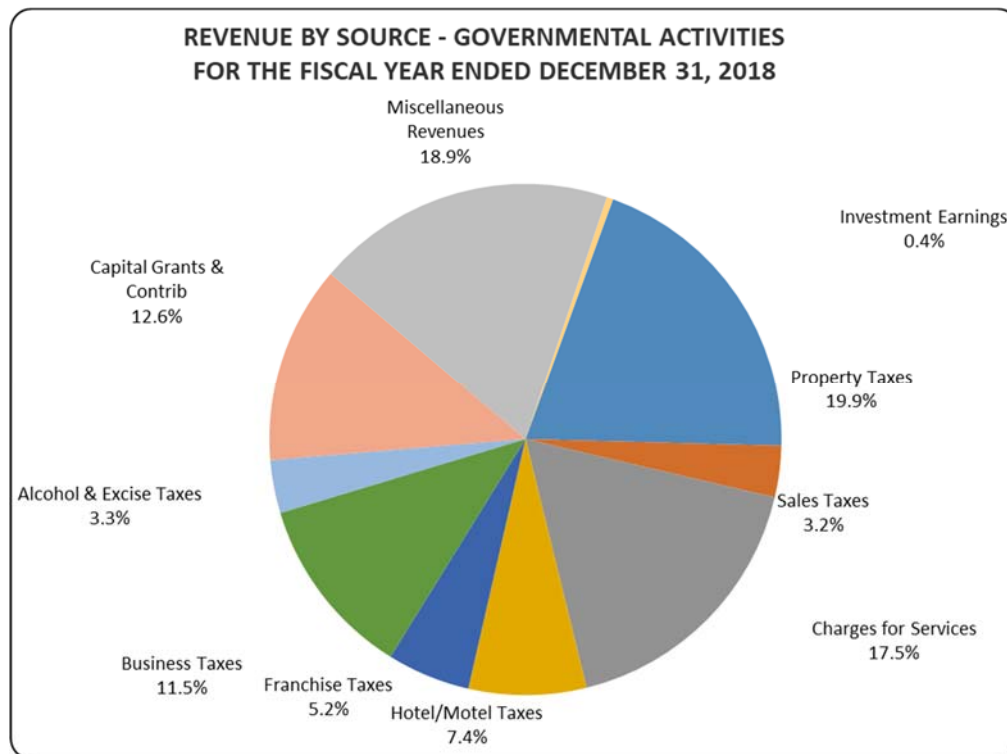


The decrease in governmental activities expenses of \$1,095,591 is attributed to the following major changes:

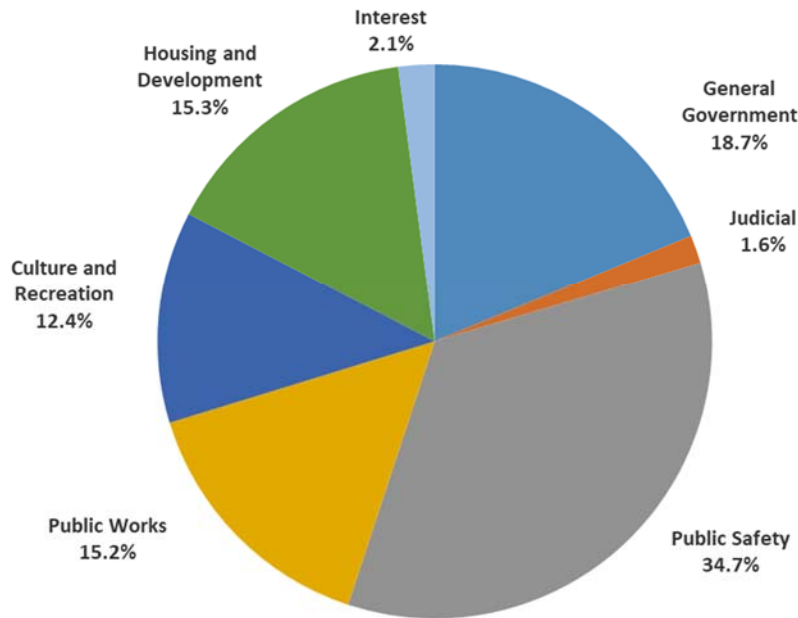
- In 2018, the general government activity expenses of the City increased by \$477,280 over the 2017 expenses. This 8.1% increase was primarily due to the shift in general and casualty insurance being allocated to the operational area of finance in the amount of \$479,795.

- Public safety activity expenses increased by \$255,875 or 2.2% for 2018. Contributing to the increase is the salaries and benefits for public safety officers.
- In 2018, public works activity expenses decreased by \$1,465,041 or 22.1%. This decreased overall in the operational area; however, the capital outlay increased dramatically over the prior year. The City continues to prioritize street paving and sidewalk improvements funded through SPLOST, Grants and the Capital Projects Fund.
- Housing and development expenses increased \$224,769 or 4.8% from those for 2017. This difference is principally attributed to the City’s focus on increasing its global marketing presence for economic development. The City strategically placed wayfinding monumental signs for a greater local presence as well.
- Cultural and recreation activities decreased by \$1,489,939 in 2018. In 2017 over \$2,248,771 was spent on Skyland Park and Georgian Hills Park, thus in 2018 the cultural and recreation expenses went down drastically. This was offset by an increase in general operating expenses due to the expansion of park infrastructure.

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



**EXPENSES BY FUNCTION - GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**



Business-Type Activities. Business-type activities increased the City’s net position by \$369,573, thereby accounting for 2.1% 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 facilities.

| | Stormwater Fund Operations | | | | | |
|------------|-----------------------------------|-------------|---------------------------|-------------|-------------------------------|-------------|
| | Operating Revenues | | Operating Expenses | | Income from Operations | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Fund: | | | | | | |
| Stormwater | \$1,999,107 | \$1,988,504 | \$1,429,534 | \$1,853,950 | \$569,573 | \$134,554 |
| Totals | \$1,999,107 | \$1,988,504 | \$1,429,534 | \$1,853,950 | \$569,573 | \$134,554 |

The revenues for the Stormwater Fund increased \$10,603 or .5% from the previous year. Although the City took over stormwater services during incorporation of the City in 2012, efforts continue to define the elements of the stormwater program.

Stormwater assessment fees (computed based on a property's impervious surface area) were \$1,999,107, up from 2017 by \$10,603. Depreciation on the capital assets accounted for 14.3% of the operating expenses.

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 \$57,572,845.

| General Government Fund Balance | | Purpose | 2018 | 2017 | Diff. |
|-----------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------|----------------------|----------------------|----------------------|
| UNRESTRICTED FUND BALANCE | Non-spendable "inherently non-expendable" such as deposits or inventory | Prepaid Expenses | \$ 701,740 | \$ 697,283 | \$ 4,457 |
| | Restricted External "legal limitations" on use | Streetlighting | 327,538 | 335,582 | (8,044) |
| | | Confiscated Funds | 690,401 | 300,353 | 390,048 |
| | | Public Safety | 12,073,120 | - | 12,073,120 |
| | | Public Works | 140,541 | 562,446 | (421,905) |
| | | Tourism (Hotel Motel) | 1,513,801 | 1,485,020 | 28,781 |
| | | Multi-modal transportation projects | 12,577,699 | - | 12,577,699 |
| | | Police Donations | 30,928 | 30,928 | - |
| | Committed "Self-imposed" limitations on use | Debt Service | 1,615,613 | 1,194,763 | 420,850 |
| | Assigned Limitations resulting from "intended use" | HOST | 113,127 | 1,661,404 | (1,548,277) |
| | | Subsequent year's budget: appropriation of fund balance | 731,443 | 173,719 | 557,724 |
| | | Capital Projects | 14,922,706 | 10,975,319 | 3,947,387 |
| | | Future Capital Improvements | 1,867,906 | 933,953 | 933,953 |
| | | Tree Conservation | 54,837 | 43,969 | 10,868 |
| Sidewalk bank | | 74,674 | - | 74,674 | |
| Public safety | | 174,961 | 286,966 | (112,005) | |
| Public works | | 200,000 | - | 200,000 | |
| Unassigned "Residual" net resources | General Fund | 9,761,810 | 8,565,833 | 1,195,977 | |
| TOTALS FOR GOVERNMENTAL FUNDS | | | <u>\$ 57,572,845</u> | <u>\$ 27,247,538</u> | <u>\$ 30,325,307</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 \$9,761,810 while total fund balance was \$13,616,443. This balance includes \$502,823 in prepaid expenses and \$30,928 in police donations as restricted fund balance. Additionally, \$3,320,882 was assigned for other purposes. This includes \$731,443 for next year's budget,

\$1,867,906 for future capital improvements, \$54,837 for tree conservation, \$74,674 for the sidewalk bank, \$592,022 for Public Safety and Public Works capital projects. The fund balance increased \$3,170,758 over the prior year primarily from an increase in actual revenue expectations for licenses and permits which were up \$2.5 million, due to prior annexation changes and the new construction associated with the build out of the complex for CHOA (Children's Healthcare of Atlanta on the eastern corridor of the City). The primary use of the fund balance will be for capital projects planned in the next year. The Unassigned Reserve accounts for 35% of FY 2019 approved budgetary expenditures which is above the target set by the City's fund balance policy as approved by the City Council.

Special Purpose Local Option Sales Tax Fund (SPLOST). The SPLOST fund was set up to account for receipt of SPLOST sales tax revenues and associated expenditures for capital improvements. Included in the fund balance is \$198,917 in prepaid interest expenses. In 2018 \$12 million was issued through bond proceeds. These funds will be used to begin the Public Safety Building. The City also recognized \$5,562,331 (\$5,481,864 in intergovernmental revenues, and \$80,467 in investment income), while a total of \$87 was expended and \$4.3 million was transferred out to the Capital Project Fund for Project Accounting.

Capital Projects Fund. The Capital Projects Fund was set up to capture the costs related to major projects that include, public safety, public works and recreation. The projects were funded using fund balance from the SPLOST fund, as well as, proceeds from the sale of capital assets and a GEFA loan was obtained to fund the purchase of greenspace property. During 2018, \$100,000 was recognized as contributions from Resurgen's Healthcare and the Murphy Candler Park Conservancy to build a new playground. There was \$13.5 million spent on capital outlay with the bulk of the expenses used for street paving, sidewalk projects, and park improvements. The fund balance remains at \$11.4 million at the end of 2018 to be used for future capital projects assigned by the City Council according to the comprehensive plan.

Public Facilities Authority Fund. The Public Facilities Authority Fund was established to account for funds received from Bond issuance for the Peachtree Creek Greenway as a financing conduit. In 2018, \$12.6 million was recognized through bond proceeds, and \$347.8 thousand was spent on issuance costs associated with the bonds. The fund balance will be used for future project expenses associated with the Peachtree Creek Greenway.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City utilized a conservative approach focusing on core services and accounting for the unknown while creating the budget. Emphasis was given to ensuring financial stability for the current 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. Throughout the year the City funded several purchases using fund balance to maintain a balanced budget.

The General Fund 2018 actual revenues were \$2.4 million or 9.8% greater than the amended budget. This variance is principally attributed to the \$2.3 million in building permit revenues, including more than anticipated revenues from property taxes \$268.1 thousand, business taxes \$287.7 thousand, and charges for services \$219.6 thousand. The 2018 expenditures were \$3.7 million or 12.6% less than the amended

budget. No departments exceeded their appropriations for 2018. Details of the original general fund budget and the amended budget are contained on pages 54 and 55 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, 2018, amounts to \$96,775,777 (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. A majority of these infrastructure assets were transferred to the City from DeKalb County. The City continues to work on projects and improvements.

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

| | Governmental Activities | | Business-type Activities | | Totals | |
|---------------------------|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Land | \$ 16,893,382 | \$ 11,304,991 | \$ 251,800 | \$ 251,800 | \$ 17,145,182 | \$ 11,556,791 |
| Construction in progress | 4,795,172 | 4,725,214 | 32,555 | - | 4,827,727 | 4,725,214 |
| Improvements | 7,690,498 | 2,103,893 | - | - | 7,690,498 | 2,103,893 |
| Buildings | 1,250,566 | 1,349,246 | - | - | 1,250,566 | 1,349,246 |
| Machinery and equipment | 2,077,925 | 2,129,338 | - | - | 2,077,925 | 2,129,338 |
| Infrastructure | 55,840,857 | 55,715,900 | - | - | 55,840,857 | 55,715,900 |
| Stormwater infrastructure | - | - | 7,943,022 | 7,160,534 | 7,943,022 | 7,160,534 |
| Totals | \$ 88,548,400 | \$ 77,328,582 | \$ 8,227,377 | \$ 7,412,334 | \$ 96,775,777 | \$ 84,740,916 |

Additional information on the City's capital assets can be found in note 6 on pages 46 and 47 of this report.

Long-Term Debt. At December 31, 2018, the City's long-term debt amounted to \$30,410,067. Public Facilities Authority Revenue Bonds, Special Purpose Local Option Sales Tax (SPLOST) General Obligation Bonds, Notes Payable and any accrued compensated absences in the amount of \$663.2 thousand make up these debt obligations.

In 2017 the City took out a Georgia Environmental Finance Authority (GEFA) loan in the amount of \$5.2 million for the purchase of greenspace near the Peachtree Dekalb Airport utilizing a low interest rate loan acquired through the Clean Water State Revolving Fund. The principal balance at the end of 2018 was \$4.8 million.

The City issued two major bonds, the Public Facilities Authority Revenue Bonds and the SPLOST General Obligation Bonds in the amount of \$12.6 million and \$12 million, respectively. The Public Facilities Authority Revenue Bonds for the construction of the Peachtree Creek Greenway project, Phase I. The SPLOST General Obligation Bonds were issued to build the public safety/municipal court building.

Additional information on the City's long-term debt can be found in note 7 on pages 47 through 49 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, 2019.

- The 2019 budget anticipates a 3.5% marginal increase in the tax digest over 2018.
- The City has an operating millage rate cap of 3.35 mills that is set by City Charter. The 2019 budget was prepared using the same rate as in FY 2018 of 2.740 mills. The City also anticipates the addition of the millage rate to fund the Park Bonds that were on the voter ballot in November 2018.
- The City sees the biggest challenge in the upcoming budget year as continuing to strive to provide excellent customer service to citizens, while executing on completion of budgeted capital improvements throughout the City.

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, 2018**

| | Governmental Activities | Business-type Activities | Total |
|----------------------------------------------|------------------------------------|-------------------------------------|-----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 56,334,910 | \$ 1,183,355 | \$ 57,518,265 |
| Accounts receivable | 3,052,687 | 58,307 | 3,110,994 |
| Property taxes receivable | 720,185 | - | 720,185 |
| Due from other governments | 875,079 | - | 875,079 |
| Prepays | 701,740 | 13,668 | 715,408 |
| Capital assets: | | | |
| Nondepreciable | 21,688,554 | 284,355 | 21,972,909 |
| Depreciable, net of accumulated depreciation | 66,859,846 | 7,943,022 | 74,802,868 |
| Total assets | 150,233,001 | 9,482,707 | 159,715,708 |
| LIABILITIES | | | |
| Accounts payable | 3,214,253 | 7,720 | 3,221,973 |
| Accrued liabilities | 575,694 | - | 575,694 |
| Unearned revenue | 556,156 | - | 556,156 |
| Compensated absences, due within one year | 663,273 | - | 663,273 |
| Bonds payable, due within one year | 2,315,000 | - | 2,315,000 |
| Bonds payable, due in more than one year | 22,610,583 | - | 22,610,583 |
| Note payable, due within one year | 241,999 | - | 241,999 |
| Note payable, due in more than one year | 4,579,212 | - | 4,579,212 |
| Total liabilities | 34,756,170 | 7,720 | 34,763,890 |
| NET POSITION | | | |
| Net investment in capital assets | 83,202,488 | 8,227,377 | 91,429,865 |
| Restricted for streetlight service | 342,066 | - | 342,066 |
| Restricted for law enforcement | 693,371 | - | 693,371 |
| Restricted for promotion of tourism | 1,513,801 | - | 1,513,801 |
| Restricted for police donations | 30,928 | - | 30,928 |
| Restricted for public works | 140,541 | - | 140,541 |
| Unrestricted | 29,553,636 | 1,247,610 | 30,801,246 |
| Total net position | \$ 115,476,831 | \$ 9,474,987 | \$ 124,951,818 |

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

CITY OF BROOKHAVEN, GEORGIA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

| Functions/Programs | 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 | \$ 6,374,028 | \$ 549,408 | \$ - | \$ (5,824,620) | \$ - | \$ (5,824,620) |
| Judicial | 552,602 | 1,242,168 | - | 689,566 | - | 689,566 |
| Public safety | 11,808,133 | 1,323,529 | 2,008,423 | (8,476,181) | - | (8,476,181) |
| Public works | 5,163,842 | 74,674 | 4,258,448 | (830,720) | - | (830,720) |
| Housing and development | 4,869,152 | 5,228,029 | - | 358,877 | - | 358,877 |
| Culture and recreation | 4,205,797 | 467,052 | 100,009 | (3,638,736) | - | (3,638,736) |
| Economic development | 316,878 | - | - | (316,878) | - | (316,878) |
| Interest and fiscal charges | 708,232 | - | - | (708,232) | - | (708,232) |
| Total governmental activities | <u>33,998,664</u> | <u>8,884,860</u> | <u>6,366,880</u> | <u>(18,746,924)</u> | <u>-</u> | <u>(18,746,924)</u> |
| Business-type activities: | | | | | | |
| Stormwater | 1,429,534 | 1,999,107 | - | - | 569,573 | 569,573 |
| Total primary government | <u>\$ 35,428,198</u> | <u>\$ 10,883,967</u> | <u>\$ 6,366,880</u> | <u>(18,746,924)</u> | <u>569,573</u> | <u>(18,177,351)</u> |
| General revenues: | | | | | | |
| Property taxes | | | | 10,090,399 | - | 10,090,399 |
| Sales taxes | | | | 1,631,933 | - | 1,631,933 |
| Hotel/Motel taxes | | | | 3,758,787 | - | 3,758,787 |
| Franchise taxes | | | | 2,661,917 | - | 2,661,917 |
| Business taxes | | | | 5,834,215 | - | 5,834,215 |
| Alcohol & excise taxes | | | | 1,688,504 | - | 1,688,504 |
| Unrestricted investment earnings | | | | 181,473 | - | 181,473 |
| Miscellaneous revenues | | | | 276,355 | - | 276,355 |
| Gain on sale of capital assets | | | | 9,331,635 | - | 9,331,635 |
| Transfers | | | | 200,000 | (200,000) | - |
| Total general revenues and transfers | | | | <u>35,655,218</u> | <u>(200,000)</u> | <u>35,455,218</u> |
| Change in net position | | | | 16,908,294 | 369,573 | 17,277,867 |
| Net position, beginning of year | | | | 98,568,537 | 9,105,414 | 107,673,951 |
| Net position, end of year | | | | <u>\$ 115,476,831</u> | <u>\$ 9,474,987</u> | <u>\$ 124,951,818</u> |

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

CITY OF BROOKHAVEN, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

| ASSETS | General Fund | SPLOST Fund | Capital Projects Fund | Public Facilities Authority Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--------------------------------------------------------------------------------|-------------------------|------------------------|----------------------------------|-------------------------------------------------|--------------------------------------------|-----------------------------------------|
| Cash and cash equivalents | \$ 12,213,516 | \$ 16,656,212 | \$ 8,422,981 | \$ 12,577,699 | \$ 6,464,502 | \$ 56,334,910 |
| Accounts receivable | 2,951,834 | - | - | - | 100,853 | 3,052,687 |
| Taxes receivable, net of allowance | 194,098 | - | - | - | 526,087 | 720,185 |
| Due from other funds | - | - | 4,363,284 | - | - | 4,363,284 |
| Intergovernmental receivable | 55,816 | 707,115 | - | - | 112,148 | 875,079 |
| Prepays | 502,823 | 198,917 | - | - | - | 701,740 |
| Total assets | \$ 15,918,087 | \$ 17,562,244 | \$ 12,786,265 | \$ 12,577,699 | \$ 7,203,590 | \$ 66,047,885 |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 1,653,330 | \$ - | \$ 1,323,779 | \$ - | \$ 237,144 | \$ 3,214,253 |
| Accrued liabilities | 255,371 | - | - | - | 1,235 | 256,606 |
| Due to other funds | - | 4,363,284 | - | - | - | 4,363,284 |
| Unearned revenue | 325,700 | - | - | - | 230,456 | 556,156 |
| Total liabilities | 2,234,401 | 4,363,284 | 1,323,779 | - | 468,835 | 8,390,299 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue - property taxes | 67,243 | - | - | - | 17,498 | 84,741 |
| Total deferred inflows of resources | 67,243 | - | - | - | 17,498 | 84,741 |
| FUND BALANCES | | | | | | |
| Fund balances: | | | | | | |
| Nonspendable: | | | | | | |
| Prepays | 502,823 | 198,917 | - | - | - | 701,740 |
| Restricted: | | | | | | |
| Law enforcement | - | - | - | - | 690,401 | 690,401 |
| Public safety | - | 12,073,120 | - | - | - | 12,073,120 |
| Streetlight service | - | - | - | - | 327,538 | 327,538 |
| Tourism | - | - | - | - | 1,513,801 | 1,513,801 |
| Police donations | 30,928 | - | - | - | - | 30,928 |
| Public works | - | - | - | - | 140,541 | 140,541 |
| Multi-modal transportation projects | - | - | - | 12,577,699 | - | 12,577,699 |
| Committed - debt service | - | - | - | - | 1,615,613 | 1,615,613 |
| Assigned: | | | | | | |
| Future capital improvements | 1,867,906 | - | - | - | - | 1,867,906 |
| Subsequent year's budget, appropriations of fund balance | 731,443 | - | - | - | - | 731,443 |
| Tree fund activities | 54,837 | - | - | - | - | 54,837 |
| Sidewalk bank | 74,674 | - | - | - | - | 74,674 |
| HOST activities | - | - | - | - | 113,127 | 113,127 |
| Public safety | - | - | - | - | 174,961 | 174,961 |
| Public works | - | - | - | - | 200,000 | 200,000 |
| Capital projects | 592,022 | 926,923 | 11,462,486 | - | 1,941,275 | 14,922,706 |
| Unassigned | 9,761,810 | - | - | - | - | 9,761,810 |
| Total fund balances | 13,616,443 | 13,198,960 | 11,462,486 | 12,577,699 | 6,717,257 | 57,572,845 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 15,918,087 | \$ 17,562,244 | \$ 12,786,265 | \$ 12,577,699 | \$ 7,203,590 | |

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. | 88,548,400 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | (30,729,155) |
| Some revenues are not available in the current period and, therefore, are not reported in the funds. | 84,741 |
| Net position of governmental activities | \$ 115,476,831 |

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, 2018

| | General Fund | SPLOST Fund | Capital Projects Fund | Public Facilities Authority Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--------------------------------------------------------------|----------------------|----------------------|--------------------------|----------------------------------------|-----------------------------------|--------------------------------|
| Revenues: | | | | | | |
| Property taxes | \$ 8,822,615 | \$ - | \$ - | \$ - | \$ 1,270,453 | \$ 10,093,068 |
| Sales taxes | - | - | - | - | 1,631,933 | 1,631,933 |
| Hotel/Motel taxes | - | - | - | - | 3,758,787 | 3,758,787 |
| Franchise taxes | 2,661,917 | - | - | - | - | 2,661,917 |
| Alcohol excise taxes | 1,155,312 | - | - | - | - | 1,155,312 |
| Business taxes | 5,834,215 | - | - | - | - | 5,834,215 |
| Excise taxes | 533,192 | - | - | - | - | 533,192 |
| Licenses and permits | 5,745,897 | - | - | - | - | 5,745,897 |
| Intergovernmental | 312,601 | 5,481,864 | 9 | - | 391,939 | 6,186,413 |
| Charges for services | 922,287 | - | - | - | 974,508 | 1,896,795 |
| Fines and forfeitures | 1,038,309 | - | - | - | 203,859 | 1,242,168 |
| Contributions | 34,271 | - | 100,000 | - | - | 134,271 |
| Interest earned | 159,148 | 80,467 | - | - | 22,325 | 261,940 |
| Miscellaneous | 129,320 | - | - | - | 112,764 | 242,084 |
| Total revenues | <u>27,349,084</u> | <u>5,562,331</u> | <u>100,009</u> | <u>-</u> | <u>8,366,568</u> | <u>41,377,992</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 6,323,975 | - | - | - | 25 | 6,324,000 |
| Judicial | 555,029 | - | - | - | - | 555,029 |
| Public safety | 8,359,743 | 87 | 564,796 | - | 1,990,345 | 10,914,971 |
| Public works | 1,439,610 | - | 877,709 | - | 441,598 | 2,758,917 |
| Recreation | 2,577,742 | - | 602,082 | - | - | 3,179,824 |
| Housing and development | 3,243,602 | - | - | - | 1,615,688 | 4,859,290 |
| Economic development | 316,878 | - | - | - | - | 316,878 |
| Capital outlay | 2,075,870 | - | 13,597,734 | - | 704,526 | 16,378,130 |
| Debt service: | | | | | | |
| Principal | - | - | - | - | 494,368 | 494,368 |
| Interest | - | - | - | - | 48,977 | 48,977 |
| Issuance cost | - | - | - | 347,884 | - | 347,884 |
| Total expenditures | <u>24,892,449</u> | <u>87</u> | <u>15,642,321</u> | <u>347,884</u> | <u>5,295,527</u> | <u>46,178,268</u> |
| Excess (deficiency) of revenues over (under) expenditures | 2,456,635 | 5,562,244 | (15,542,312) | (347,884) | 3,071,041 | (4,800,276) |
| Other financing sources (uses): | | | | | | |
| Transfers in | 1,409,545 | - | 6,832,285 | - | 2,914,195 | 11,156,025 |
| Transfers out | (695,422) | (4,363,284) | - | - | (5,897,319) | (10,956,025) |
| Issuance of bonds | - | 12,000,000 | - | 12,640,000 | - | 24,640,000 |
| Issuance of bond premium | - | - | - | 285,583 | - | 285,583 |
| Proceeds from sale of capital assets | - | - | 10,000,000 | - | - | 10,000,000 |
| Total other financing sources (uses) | <u>714,123</u> | <u>7,636,716</u> | <u>16,832,285</u> | <u>12,925,583</u> | <u>(2,983,124)</u> | <u>35,125,583</u> |
| Net change in fund balances | 3,170,758 | 13,198,960 | 1,289,973 | 12,577,699 | 87,917 | 30,325,307 |
| Fund balances, beginning of year | <u>10,445,685</u> | <u>-</u> | <u>10,172,513</u> | <u>-</u> | <u>6,629,340</u> | <u>27,247,538</u> |
| Fund balances, end of year | <u>\$ 13,616,443</u> | <u>\$ 13,198,960</u> | <u>\$ 11,462,486</u> | <u>\$ 12,577,699</u> | <u>\$ 6,717,257</u> | <u>\$ 57,572,845</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, 2018

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

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Net change in fund balances - total governmental funds | \$ 30,325,307 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. | 11,888,183 |
| The effect of capital asset disposals is to decrease net position. | (668,365) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | (2,669) |
| 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 effect of these differences in the treatment of long-term debt. | (24,431,215) |
| 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>(202,947)</u> |
| Change in net position - governmental activities | <u>\$ 16,908,294</u> |

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

CITY OF BROOKHAVEN, GEORGIA

**STATEMENT OF NET POSITION
 PROPRIETARY FUND
 DECEMBER 31, 2018**

| ASSETS | Stormwater Fund |
|------------------------------------------|----------------------------|
| CURRENT ASSETS | |
| Cash | \$ 1,183,355 |
| Accounts receivable, net of allowance | 58,307 |
| Prepays | 13,668 |
| Total current assets | <u>1,255,330</u> |
| NONCURRENT ASSETS | |
| Capital assets, non-depreciable | 284,355 |
| Capital assets, depreciable | 8,906,529 |
| Accumulated depreciation | (963,507) |
| Total capital assets, net | <u>8,227,377</u> |
| Total assets | <u>9,482,707</u> |
| LIABILITIES | |
| CURRENT LIABILITIES | |
| Accounts payable and accrued liabilities | 7,720 |
| Total current liabilities | <u>7,720</u> |
| NET POSITION | |
| Investment in capital assets | 8,227,377 |
| Unrestricted | 1,247,610 |
| Total net position | <u>\$ 9,474,987</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, 2018

| | Stormwater Fund |
|--------------------------------------|----------------------------|
| OPERATING REVENUE | |
| Stormwater fees | \$ 1,999,107 |
| Total operating revenues | 1,999,107 |
| OPERATING EXPENSES | |
| Cost of services | 1,224,369 |
| Depreciation | 205,165 |
| Total operating expenses | 1,429,534 |
| Operating income before transfers | 569,573 |
| Transfers out | (200,000) |
| Change in net position | 369,573 |
| Total net position, beginning | 9,105,414 |
| Total net position, ending | \$ 9,474,987 |

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, 2018**

| | Stormwater Fund |
|--------------------------------------------------------------------------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from customers and users | \$ 2,001,300 |
| Payments to suppliers | (1,452,788) |
| Net cash provided by operating activities | 548,512 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Purchase of capital assets | (1,020,208) |
| Net cash used in capital and related financing activities | (1,020,208) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Transfer out to other funds | (200,000) |
| Net cash used in noncapital financing activities | (200,000) |
| Net change in cash | (671,696) |
| Cash, beginning of year | 1,855,051 |
| Cash, end of year | \$ 1,183,355 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | |
| Operating income | \$ 569,573 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 205,165 |
| Change in assets and liabilities: | |
| Decrease in accounts receivable | 2,193 |
| Decrease in prepaid items | 551 |
| Decrease in accounts payable | (228,970) |
| Net cash provided by operating activities | \$ 548,512 |

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

CITY OF BROOKHAVEN, GEORGIA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

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 units, entities for which the City is considered to be financially accountable.

Blended Component Units

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.

The Brookhaven Public Facilities Authority (the “BPFA”) has been included as a blended component unit in the accompanying financial statements. All members of the City Council serve as members for the Authority. Although it is legally separate from the City, its sole purpose is to serve as a financing partner for major City developments. The debt and assets of the BPFA have been reported as a form of the City’s debt and assets and all activity is reported as activity of the City. Separate financial statements for the BPFA are not prepared. The City reports the BPFA as a capital project fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on 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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 **SPLOST Fund** is used to account for the special purpose local option sales tax revenue collected and payments made for capital project expenditures of those funds for major capital projects.

The **Capital Projects Fund** is used to account for the expenditures of money for major capital projects.

The **Public Facilities Authority Fund** is used to serve as a financing partner for major City developments.

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.

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.

The **Capital Projects Funds** are used to account for the expenditures of money for major capital projects. These funds are general in nature and may be used to finance any capital project that the City Council designates.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets

Formal budgetary accounting is employed as a management control device for the general fund, special revenue funds, debt service fund, 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 Funds. During the fiscal year ended December 31, 2018, 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."

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 acquisition 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 |
| Buildings | 50 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 taxes as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Bond premiums are deferred and amortized over the term of the bonds using the effective interest method. Bond payables are reported net of the applicable premium.

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. Issuance costs are expenses when incurred.

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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

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 or his or her designee 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.

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.

NOTES TO FINANCIAL STATEMENTS

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 \$30,729,155 difference are as follows:

| | |
|------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Bonds payable, net | \$ (24,925,583) |
| Notes payable | (4,821,211) |
| Accrued interest payable | (319,088) |
| Compensated absences (i.e., vacation) | <u>(663,273)</u> |
| Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i> | <u><u>\$ (30,729,155)</u></u> |

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 \$11,888,183 difference are as follows:

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Capital outlay | \$ 14,907,884 |
| Depreciation expense | <u>(3,019,701)</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><u>\$ 11,888,183</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 (continued)

Another element of the reconciliation states “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. The details of this \$24,431,215 difference are as follows:

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Principal payments | \$ 494,368 |
| Issuance of bonds | (24,640,000) |
| Issuance of bond premium | <u>(285,583)</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>\$ (24,431,215)</u> |

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 \$202,947 difference are as follows:

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Compensated absences | \$ 108,424 |
| Accrued interest | <u>(311,371)</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>\$ (202,947)</u> |

NOTES TO FINANCIAL STATEMENTS

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, 2018, the following funds and departments had actual expenditures in excess of their appropriations:

| | | |
|-----------------------------------------|----|--------|
| Confiscated Assets Fund - Public safety | \$ | 13,998 |
| Hotel/Motel Tax Fund - Transfers out | | 59,545 |

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 to be collateralized by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of December 31, 2018, all of the City’s bank balances were insured or 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, 2018, 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>SPLOST</u> | <u>Nonmajor Governmental Funds</u> | <u>Stormwater</u> |
|-----------------------------------|---------------------|-------------------|--------------------------------------------|-------------------|
| Receivables: | | | | |
| Accounts | \$ 2,951,834 | \$ - | \$ 100,853 | \$ 93,307 |
| Taxes | 282,898 | - | 538,287 | - |
| Intergovernmental | 55,816 | 707,115 | 112,148 | - |
| Total receivables | <u>3,290,548</u> | <u>707,115</u> | <u>751,288</u> | <u>93,307</u> |
| Less allowance for uncollectibles | (88,800) | - | (12,200) | (35,000) |
| Net total receivable | <u>\$ 3,201,748</u> | <u>\$ 707,115</u> | <u>\$ 739,088</u> | <u>\$ 58,307</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended December 31, 2018 is as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|---------------------------------------------|------------------------------|----------------------|---------------------|--------------------|---------------------------|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | \$ 11,304,991 | \$ 5,588,391 | \$ - | \$ - | \$ 16,893,382 |
| Construction in progress | 4,725,214 | 3,838,731 | - | (3,768,773) | 4,795,172 |
| Total | <u>16,030,205</u> | <u>9,427,122</u> | <u>-</u> | <u>(3,768,773)</u> | <u>21,688,554</u> |
| Capital assets, being depreciated: | | | | | |
| Improvements | 3,989,809 | 3,029,175 | - | 2,928,721 | 9,947,705 |
| Buildings | 3,953,205 | - | - | - | 3,953,205 |
| Machinery and equipment | 8,439,181 | 837,881 | - | - | 9,277,062 |
| Infrastructure | 63,542,252 | 1,613,706 | (728,485) | 840,052 | 65,267,525 |
| Total | <u>79,924,447</u> | <u>5,480,762</u> | <u>(728,485)</u> | <u>3,768,773</u> | <u>88,445,497</u> |
| Less accumulated depreciation for: | | | | | |
| Improvements | (1,885,916) | (371,291) | - | - | (2,257,207) |
| Buildings | (2,603,959) | (98,680) | - | - | (2,702,639) |
| Machinery and equipment | (6,309,842) | (889,295) | - | - | (7,199,137) |
| Infrastructure | (7,826,353) | (1,660,435) | 60,120 | - | (9,426,668) |
| Total | <u>(18,626,070)</u> | <u>(3,019,701)</u> | <u>60,120</u> | <u>-</u> | <u>(21,585,651)</u> |
| Capital assets, net depreciation | <u>61,298,377</u> | <u>2,461,061</u> | <u>(668,365)</u> | <u>3,768,773</u> | <u>66,859,846</u> |
| Governmental activities capital assets, net | <u>\$ 77,328,582</u> | <u>\$ 11,888,183</u> | <u>\$ (668,365)</u> | <u>\$ -</u> | <u>\$ 88,548,400</u> |

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|----------------------------------------------|------------------------------|-------------------|------------------|---------------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 251,800 | \$ - | \$ - | \$ 251,800 |
| Construction in progress | - | 1,020,208 | (987,653) | 32,555 |
| Total | <u>251,800</u> | <u>1,020,208</u> | <u>(987,653)</u> | <u>284,355</u> |
| Capital assets, being depreciated: | | | | |
| Infrastructure | <u>7,918,876</u> | <u>-</u> | <u>987,653</u> | <u>8,906,529</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | <u>(758,342)</u> | <u>(205,165)</u> | <u>-</u> | <u>(963,507)</u> |
| Capital assets, net depreciation | <u>7,160,534</u> | <u>(205,165)</u> | <u>987,653</u> | <u>7,943,022</u> |
| Business-type activities capital assets, net | <u>\$ 7,412,334</u> | <u>\$ 815,043</u> | <u>\$ -</u> | <u>\$ 8,227,377</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 | \$ 56,971 |
| Public safety | 898,654 |
| Public works | 1,534,428 |
| Recreation | 515,890 |
| Housing and development | 13,758 |
| Total depreciation expense - governmental activities | <u>\$ 3,019,701</u> |
| Business-type activities: | |
| Stormwater | <u>\$ 205,165</u> |

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity of the City for the year ended December 31, 2018:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|------------------------------------------------|----------------------|---------------|----------------|-------------------|------------------------|
| Governmental activities: | | | | | |
| Bonds payable | \$ - | \$ 24,640,000 | \$ - | \$ 24,640,000 | \$ 2,315,000 |
| Plus: premium | - | 285,583 | - | 285,583 | - |
| Total bonds payable | - | 24,925,583 | - | 24,925,583 | 2,315,000 |
| Capital leases | 254,512 | - | (254,512) | - | - |
| Note payable | 5,061,067 | - | (239,856) | 4,821,211 | 241,999 |
| Compensated absences | 771,697 | 732,562 | (840,986) | 663,273 | 663,273 |
| Governmental activity long-term liabilities | \$ 6,087,276 | \$ 25,658,145 | \$ (1,335,354) | \$ 30,410,067 | \$ 3,220,272 |

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

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Bonds payable

In October 2018, the Brookhaven Public Facilities Authority issued \$12,640,000 of Series 2018 Revenue Bonds for the purpose of financing the construction of the multi-modal transportation system of trails, parks, and other facilities. Principal payments are due annually commencing on July 1, 2019 until maturity July 1, 2042. Interest payments are due semi-annually commencing on January 1, 2019 until maturity at an interest rate ranging from 3.00 – 5.00%.

In May 2018, the City issued \$12,000,000 of Sales Tax Bonds for the purpose of financing capital projects improvements. The issuance of these bonds was approved by a Special Purpose Local Option Sales Tax (SPLOST) referendum in November 2017. Pursuant to Georgia Law, these bonds will be repaid with the proceeds of a one percent sales tax. Principal payments on the bonds are due annually commencing on July 1, 2019 until maturity July 1, 2024. Interest payments on the bonds are due semiannually commencing on January 1, 2019 until maturity at an interest rate of 2.75%.

The total debt service requirements to maturity for the City's bonds payable are as follows:

| Year ending December 31, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|----------------------|---------------------|----------------------|
| 2019 | \$ 2,315,000 | \$ 719,003 | \$ 3,034,003 |
| 2020 | 2,210,000 | 736,231 | 2,946,231 |
| 2021 | 2,220,000 | 670,731 | 2,890,731 |
| 2022 | 2,235,000 | 604,731 | 2,839,731 |
| 2023 | 2,245,000 | 537,981 | 2,782,981 |
| 2024-2028 | 3,620,000 | 1,986,655 | 5,606,655 |
| 2029-2033 | 2,480,000 | 1,502,205 | 3,982,205 |
| 2034-2038 | 3,535,000 | 1,041,969 | 4,576,969 |
| 2039-2042 | 3,780,000 | 338,625 | 4,118,625 |
| Total | <u>\$ 24,640,000</u> | <u>\$ 8,138,131</u> | <u>\$ 32,778,131</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Note payable

On May 1, 2017, the City issued a note payable to borrow a total of \$5,700,000 from the Georgia Environmental Finance Authority (GEFA) for the purpose of acquiring a greenspace at the Peachtree DeKalb Airport. Additionally, the agreement with GEFA included a principal forgiveness component equal to approximately 8.77% of the face value of the note, or \$500,000. Principal and interest payments totaling \$23,660 are paid each month beginning June 1, 2017 through May 1, 2037 at an interest rate of .89%.

The total debt service requirements to maturity for the City's note payable is as follows:

| Year ending December 31, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|---------------------|-------------------|---------------------|
| 2019 | \$ 241,999 | \$ 41,923 | \$ 283,922 |
| 2020 | 244,162 | 39,761 | 283,923 |
| 2021 | 246,344 | 37,579 | 283,923 |
| 2022 | 248,545 | 35,377 | 283,922 |
| 2023 | 250,766 | 33,156 | 283,922 |
| 2024-2028 | 1,287,848 | 131,763 | 1,419,611 |
| 2029-2033 | 1,346,429 | 73,182 | 1,419,611 |
| 2034-2037 | 955,118 | 14,949 | 970,067 |
| Total | <u>\$ 4,821,211</u> | <u>\$ 407,690</u> | <u>\$ 5,228,901</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2018, is as follows:

Due to/from other funds:

| Receivable fund | Payable fund | Amount |
|-----------------------|--------------|--------------|
| Capital Projects Fund | SPLOST Fund | \$ 4,363,284 |

The balance between the SPLOST Fund and the Capital Projects Fund relates to supplemental funding of allowable SPLOST projects.

Interfund transfers:

| Transfers In | Transfers Out | Amount |
|-----------------------------|-----------------------------|---------------|
| General Fund | Nonmajor governmental funds | \$ 1,409,545 |
| Capital Projects Fund | General Fund | 186,000 |
| Capital Projects Fund | SPLOST Fund | 4,363,284 |
| Capital Projects Fund | Nonmajor governmental funds | 2,283,001 |
| Nonmajor governmental funds | Stormwater Fund | 200,000 |
| Nonmajor governmental funds | General Fund | 509,422 |
| Nonmajor governmental funds | Nonmajor governmental funds | 2,204,773 |
| | | \$ 11,156,025 |

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, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) to record capital outlay expenditures on projects in the Capital Projects Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. 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, 2018.

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> |
|-------------------------------------|----------------------|--------------------------------------------|---------------------|
| 2019 | \$ 309,065 | \$ 232,956 | \$ 542,021 |
| 2020 | 318,912 | 238,812 | 557,724 |
| 2021 | 326,885 | 244,836 | 571,721 |
| 2022 | 335,057 | 251,016 | 586,073 |
| 2023 | 343,433 | 257,364 | 600,797 |
| 2024 | 352,019 | - | 352,019 |
| Total lease payments | <u>\$ 1,985,371</u> | <u>\$ 1,224,984</u> | <u>\$ 3,210,355</u> |

NOTE 10. COMMITMENTS AND CONTINGENT LIABILITIES

The City is a defendant in various lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

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 \$4.4 million annually. The contracts were bid for four annual service periods and run through the year ending December 31, 2021.

As of December 31, 2018, construction commitments on uncompleted contracts were \$11,845,052.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. 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, 2018 there were 121 employees participating in the plan who contributed \$707,942 while the City's contributions totaled \$739,084.

The City also contributes the Social Security withholding amount (6.2% for 2018) 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, 2018 there were 145 employees participating in the plan with total contributions from the City of \$550,179.

NOTE 12. 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 13. HOTEL/MOTEL LODGING TAX

The City has levied an 8% 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, 2018, the City received \$3,758,787 in hotel/motel taxes. Of this amount, \$2,349,242, or 62.5%, was used for the promotion of tourism, conventions, or trade shows.

NOTE 14. 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 in the previous three years.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. TAX ABATEMENTS

For the year ended December 31, 2018, City property tax revenues were reduced by \$360,967 under agreements entered into by the DeKalb County Development Authority and Brookhaven Development Authority. Under the agreements, taxes on both real property and personal property are reduced based on investments made by the corporation to whom the incentives were offered as long as the corporation meets certain investment targets.

NOTE 16. SUBSEQUENT EVENT

On January 31, 2019, the City issued \$38,855,000 of Series 2019 General Obligation Bonds for the purpose of financing capital projects improvements, specifically parks and recreational master plans. Principal payments commence on July 1, 2020 due annually until July 1, 2049. Interest payments are due semiannually commencing January 1, 2020 until maturity in 2049 at an interest rate ranging from 3.00% - 5.00%.

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, 2018**

| | Budget | | Actual | Variance With Final Budget |
|--------------------------------|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Property taxes | \$ 8,554,453 | \$ 8,554,453 | \$ 8,822,615 | \$ 268,162 |
| Franchise taxes | 4,081,300 | 4,081,300 | 2,661,917 | (1,419,383) |
| Alcohol excise taxes | 1,025,700 | 1,025,700 | 1,155,312 | 129,612 |
| Business taxes | 5,546,500 | 5,546,500 | 5,834,215 | 287,715 |
| Excise taxes | 297,845 | 297,845 | 533,192 | 235,347 |
| Licenses and permits | 3,359,600 | 3,359,600 | 5,745,897 | 2,386,297 |
| Intergovernmental | - | 284,237 | 312,601 | 28,364 |
| Charges for services | 702,650 | 702,650 | 922,287 | 219,637 |
| Fines and forfeitures | 956,700 | 956,700 | 1,038,309 | 81,609 |
| Contributions | - | - | 34,271 | 34,271 |
| Interest earned | 15,000 | 15,000 | 159,148 | 144,148 |
| Miscellaneous | 77,000 | 77,000 | 129,320 | 52,320 |
| Total revenues | <u>24,616,748</u> | <u>24,900,985</u> | <u>27,349,084</u> | <u>2,448,099</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Mayor and council | 337,224 | 438,524 | 348,872 | 89,652 |
| City manager | 823,613 | 835,348 | 808,065 | 27,283 |
| City clerk | 272,142 | 276,042 | 265,863 | 10,179 |
| Finance and administration | 1,677,918 | 2,259,143 | 2,181,936 | 77,207 |
| Legal | 520,000 | 595,000 | 578,779 | 16,221 |
| Data processing | 1,477,619 | 1,567,514 | 1,506,400 | 61,114 |
| Human resources | 248,162 | 253,062 | 249,300 | 3,762 |
| Public information | 447,102 | 464,052 | 384,760 | 79,292 |
| Contingency | 2,996,665 | 1,523,255 | - | 1,523,255 |
| Total general government | <u>8,800,445</u> | <u>8,211,940</u> | <u>6,323,975</u> | <u>1,887,965</u> |
| Judicial | <u>599,886</u> | <u>601,636</u> | <u>555,029</u> | <u>46,607</u> |
| Public safety | <u>8,421,786</u> | <u>8,421,786</u> | <u>8,359,743</u> | <u>62,043</u> |
| Public works | <u>1,513,900</u> | <u>1,718,521</u> | <u>1,439,610</u> | <u>278,911</u> |
| Recreation | <u>2,570,844</u> | <u>3,005,061</u> | <u>2,577,742</u> | <u>427,319</u> |
| Housing and development | <u>3,078,409</u> | <u>3,701,305</u> | <u>3,243,602</u> | <u>457,703</u> |
| Economic development | <u>151,357</u> | <u>324,244</u> | <u>316,878</u> | <u>7,366</u> |
| Capital Outlay | <u>182,700</u> | <u>2,612,700</u> | <u>2,075,870</u> | <u>536,830</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, 2018**

| | Budget | | Actual | Variance With Final Budget |
|------------------------------------------------------|-----------------|--------------|---------------|---------------------------------------|
| | Original | Final | | |
| Total expenditures | 25,319,327 | 28,597,193 | 24,892,449 | 3,704,744 |
| Excess (deficiency) of revenues over expenditures | (702,579) | (3,696,208) | 2,456,635 | 6,152,843 |
| Other financing sources (uses): | | | | |
| Transfers in | 1,350,000 | 1,350,000 | 1,409,545 | 59,545 |
| Transfers out | (647,421) | (733,421) | (695,422) | 37,999 |
| Total other financing sources (uses) | 702,579 | 616,579 | 714,123 | 97,544 |
| Net change in fund balance | - | (3,079,629) | 3,170,758 | 6,250,387 |
| Fund balance, beginning of year | 10,445,685 | 10,445,685 | 10,445,685 | - |
| Fund balance, end of year | \$ 10,445,685 | \$ 7,366,056 | \$ 13,616,443 | \$ 6,250,387 |

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.

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 8% lodging tax levied in the City, which is restricted by State law.

Grant Fund – To account for federal and state funded initiatives and projects that are restricted for the specific purposes of those initiatives and projects.

Streetlight Fund – To account for special assessments to defray the costs of operating, maintaining and repairing the street lighting system in the City and are restricted for these 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.

Vehicle Capital Project Fund – To account for the resources needed to purchase vehicles for the City's fleet. These amounts are assigned by City Council.

Homestead Option Sales Tax Fund – To account for locally funded acquisition and construction of major capital projects financed by homestead option sales tax funds.

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, 2018

| ASSETS | Special Revenue Funds | | | | | | | | | | Capital Projects Funds | | | Total Nonmajor Governmental Funds |
|--------------------------------------------------------------------|-------------------------|---------------------------------|----------------------|-------------------|-------------------|-------------------|------------------------------|---------------------------------|---------------------|------------------------------|---------------------------------|--|---------------------|-----------------------------------|
| | Confiscated Assets Fund | Special Tax District No. 1 Fund | Hotel/Motel Tax Fund | Grant Fund | Streetlight Fund | E-911 Fund | Vehicle Capital Project Fund | Homestead Option Sales Tax Fund | Debt Service Fund | Capital Projects Funds | | | | |
| | | | | | | | | | | Vehicle Capital Project Fund | Homestead Option Sales Tax Fund | | | |
| Cash and cash equivalents | \$ 578,680 | \$ 421,047 | \$ 1,029,800 | \$ 245,242 | \$ 356,027 | \$ 167,129 | \$ 1,937,837 | \$ 113,127 | \$ 1,615,613 | \$ 6,484,502 | | | \$ 6,484,502 | |
| Accounts receivable | - | - | - | - | - | 97,415 | 3,438 | - | - | 100,853 | | | 100,853 | |
| Intergovernmental receivable | - | - | - | 112,148 | - | - | - | - | - | 112,148 | | | 112,148 | |
| Taxes receivable, net of allowance | - | 3,411 | 500,341 | - | 22,335 | - | - | - | - | - | | | 526,087 | |
| Total assets | \$ 578,680 | \$ 424,458 | \$ 1,530,141 | \$ 357,390 | \$ 378,362 | \$ 264,544 | \$ 1,941,275 | \$ 113,127 | \$ 1,615,613 | \$ 7,203,590 | | | \$ 7,203,590 | |
| LIABILITIES | | | | | | | | | | | | | | |
| Accounts payable | \$ 79,311 | \$ - | \$ 16,340 | \$ 15,614 | \$ 36,296 | \$ 89,583 | \$ - | \$ - | \$ - | \$ 237,144 | | | \$ 237,144 | |
| Accrued liabilities | - | - | - | 1,235 | - | - | - | - | - | 1,235 | | | 1,235 | |
| Unearned revenue | 162,500 | 67,956 | - | - | - | - | - | - | - | 230,456 | | | 230,456 | |
| Total liabilities | 241,811 | 67,956 | 16,340 | 16,849 | 36,296 | 89,583 | - | - | - | 468,835 | | | 468,835 | |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | | | | | | |
| Unavailable revenue- property taxes | - | 2,970 | - | - | 14,528 | - | - | - | - | 17,498 | | | 17,498 | |
| Total deferred inflows of resources | - | 2,970 | - | - | 14,528 | - | - | - | - | 17,498 | | | 17,498 | |
| FUND BALANCES | | | | | | | | | | | | | | |
| Restricted: | | | | | | | | | | | | | | |
| Law enforcement | 336,869 | 353,532 | - | - | - | - | - | - | - | 690,401 | | | 690,401 | |
| Streetlight service | - | - | - | - | 327,538 | - | - | - | - | 327,538 | | | 327,538 | |
| Public works | - | - | - | 140,541 | - | - | - | - | - | 140,541 | | | 140,541 | |
| Tourism | - | - | 1,513,801 | - | - | - | - | - | - | 1,513,801 | | | 1,513,801 | |
| Committed- debt service | - | - | - | - | - | - | - | - | 1,615,613 | 1,615,613 | | | 1,615,613 | |
| Assigned: | | | | | | | | | | | | | | |
| Public safety | - | - | - | - | - | 174,961 | - | - | - | 174,961 | | | 174,961 | |
| HOST activities | - | - | - | - | - | - | - | 113,127 | - | 113,127 | | | 113,127 | |
| Public works | - | - | - | 200,000 | - | - | - | - | - | 200,000 | | | 200,000 | |
| Capital projects | - | - | - | - | - | - | 1,941,275 | - | - | 1,941,275 | | | 1,941,275 | |
| Total fund balances | 336,869 | 353,532 | 1,513,801 | 340,541 | 327,538 | 174,961 | 1,941,275 | 113,127 | 1,615,613 | 6,717,257 | | | 6,717,257 | |
| Total liabilities, deferred inflows of resources and fund balances | \$ 578,680 | \$ 424,458 | \$ 1,530,141 | \$ 357,390 | \$ 378,362 | \$ 264,544 | \$ 1,941,275 | \$ 113,127 | \$ 1,615,613 | \$ 7,203,590 | | | \$ 7,203,590 | |

CITY OF BROOKHAVEN, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

| | Special Revenue Funds | | | | | | | Capital Projects Funds | | | Total Nonmajor Governmental Funds |
|--------------------------------------------------------------|----------------------------|---------------------------------------|-------------------------|---------------|---------------------|---------------|---------------------------------|---------------------------------------|----------------------|-----------|--------------------------------------------|
| | Confiscated Assets Fund | Special Tax District No. 1 Fund | Hotel/Motel Tax Fund | Grant Fund | Streetlight Fund | E-911 Fund | Vehicle Capital Project Fund | Homestead Option Sales Tax Fund | Debt Service Fund | | |
| Revenues | | | | | | | | | | | |
| Property taxes | \$ - | \$ 836,899 | \$ - | \$ - | \$ 433,554 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,270,453 |
| Sales taxes | - | - | - | - | - | - | - | 1,631,933 | - | - | 1,631,933 |
| Hotel/Motel taxes | - | - | 3,758,787 | - | - | - | - | - | - | - | 3,758,787 |
| Charges for services | - | - | - | - | - | 974,508 | - | - | - | - | 974,508 |
| Intergovernmental | - | - | - | 391,939 | - | - | - | - | - | - | 391,939 |
| Miscellaneous | - | 73,467 | - | - | - | - | 39,297 | - | - | - | 112,764 |
| Fines and forfeitures | 203,859 | - | - | - | - | - | - | - | - | - | 203,859 |
| Interest earned | 27 | - | - | 623 | - | - | - | 21,675 | - | - | 22,325 |
| Total revenues | 203,886 | 910,366 | 3,758,787 | 392,562 | 433,554 | 974,508 | 39,297 | 1,653,608 | - | - | 8,366,588 |
| Expenditures | | | | | | | | | | | |
| Current: | | | | | | | | | | | |
| General government | - | - | - | - | - | - | - | - | - | - | 25 |
| Public safety | 28,898 | 641,608 | - | 233,326 | - | 1,086,513 | - | - | - | - | 1,990,345 |
| Public works | - | - | - | - | 441,598 | - | - | - | - | - | 441,598 |
| Housing and development | - | - | 1,615,688 | - | - | - | - | - | - | - | 1,615,688 |
| Capital outlay | 53,698 | - | - | - | - | - | 650,828 | - | - | - | 704,526 |
| Debt service: | | | | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - | 494,368 | - | 494,368 |
| Interest | - | - | - | - | - | - | - | - | 48,977 | - | 48,977 |
| Total expenditures | 82,596 | 641,608 | 1,615,688 | 233,326 | 441,598 | 1,086,513 | 650,828 | 25 | 543,345 | 5,295,527 | |
| Excess (deficiency) of revenues over (under) expenditures | 121,290 | 268,758 | 2,143,099 | 159,236 | (8,044) | (112,005) | (611,531) | 1,653,583 | (543,345) | 3,071,041 | |
| Other Financing Sources (Uses) | | | | | | | | | | | |
| Transfers in | - | - | - | 200,000 | - | - | 1,750,000 | - | 964,195 | - | 2,914,195 |
| Transfers out | - | - | (2,114,318) | (581,141) | - | - | - | (3,201,860) | - | - | (5,897,319) |
| Total other financing sources (uses) | - | - | (2,114,318) | (381,141) | - | - | 1,750,000 | (3,201,860) | 964,195 | - | (2,983,124) |
| Net change in fund balances | 121,290 | 268,758 | 28,781 | (221,905) | (8,044) | (112,005) | 1,138,469 | (1,548,277) | 420,850 | 87,917 | |
| Fund balances, beginning of year | 215,579 | 84,774 | 1,485,020 | 562,446 | 335,582 | 286,966 | 802,806 | 1,661,404 | 1,194,763 | 6,629,340 | |
| Fund balances, end of year | 336,869 | 353,532 | 1,513,801 | 340,541 | 327,538 | 174,961 | 1,941,275 | 113,127 | 1,615,613 | 6,717,257 | |

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, 2018**

| | Budget | | Actual | Variance With Final Budget |
|-----------------------------------------|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Fines and forfeitures | \$ 50,000 | \$ 61,000 | \$ 203,859 | \$ 142,859 |
| Interest | - | - | 27 | 27 |
| Total revenues | <u>50,000</u> | <u>61,000</u> | <u>203,886</u> | <u>142,886</u> |
| Expenditures: | | | | |
| Public safety | 64,900 | 14,900 | 28,898 | (13,998) |
| Capital outlay | - | 123,828 | 53,698 | 70,130 |
| Total expenditures | <u>64,900</u> | <u>138,728</u> | <u>82,596</u> | <u>56,132</u> |
| Net change in fund balances | (14,900) | (77,728) | 121,290 | 199,018 |
| Fund balances, beginning of year | <u>215,579</u> | <u>215,579</u> | <u>215,579</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 200,679</u> | <u>\$ 137,851</u> | <u>\$ 336,869</u> | <u>\$ 199,018</u> |

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, 2018**

| | Budget | | Actual | Variance With Final Budget |
|-----------------------------------------|----------------|----------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Property taxes | \$ 606,608 | \$ 606,608 | \$ 836,899 | \$ 230,291 |
| Charges for services | 35,000 | 35,000 | - | (35,000) |
| Miscellaneous | - | - | 73,467 | 73,467 |
| Total revenues | <u>641,608</u> | <u>641,608</u> | <u>910,366</u> | <u>268,758</u> |
| Expenditures: | | | | |
| Public safety | 641,608 | 641,608 | 641,608 | - |
| Total expenditures | <u>641,608</u> | <u>641,608</u> | <u>641,608</u> | <u>-</u> |
| Net change in fund balances | - | - | 268,758 | 268,758 |
| Fund balances, beginning of year | <u>-</u> | <u>-</u> | <u>84,774</u> | <u>84,774</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 353,532</u> | <u>\$ 353,532</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, 2018**

| | Budget | | Actual | Variance With Final Budget |
|-----------------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 3,600,000 | \$ 3,699,215 | \$ 3,758,787 | \$ 59,572 |
| Total revenues | <u>3,600,000</u> | <u>3,699,215</u> | <u>3,758,787</u> | <u>59,572</u> |
| Expenditures: | | | | |
| Housing and development | 1,575,000 | 1,644,442 | 1,615,688 | 28,754 |
| Total expenditures | <u>1,575,000</u> | <u>1,644,442</u> | <u>1,615,688</u> | <u>28,754</u> |
| Excess of revenues over expenditures | 2,025,000 | 2,054,773 | 2,143,099 | 88,326 |
| Other financing uses: | | | | |
| Transfers out | (2,025,000) | (2,054,773) | (2,114,318) | (59,545) |
| Total other financing uses | <u>(2,025,000)</u> | <u>(2,054,773)</u> | <u>(2,114,318)</u> | <u>(59,545)</u> |
| Net change in fund balances | - | - | 28,781 | 28,781 |
| Fund balances, beginning of year | <u>1,485,020</u> | <u>1,485,020</u> | <u>1,485,020</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 1,485,020</u> | <u>\$ 1,485,020</u> | <u>\$ 1,513,801</u> | <u>\$ 28,781</u> |

CITY OF BROOKHAVEN, GEORGIA

**GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Budget | | Actual | Variance With Final Budget |
|--------------------------------------------------------------|-------------------|--------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 841,010 | \$ 1,126,045 | \$ 391,939 | \$ (734,106) |
| Interest | - | - | 623 | 623 |
| Total revenues | <u>841,010</u> | <u>1,126,045</u> | <u>392,562</u> | <u>(733,483)</u> |
| Expenditures: | | | | |
| Public safety | - | 235,035 | 233,326 | 1,709 |
| Housing and development | 15,000 | 15,000 | - | 15,000 |
| Capital outlay | 826,010 | 1,076,010 | - | 1,076,010 |
| Total expenditures | <u>841,010</u> | <u>1,326,045</u> | <u>233,326</u> | <u>1,092,719</u> |
| Excess (deficiency) of revenues over (under) expenditures | - | (200,000) | 159,236 | 359,236 |
| Other financing sources (uses): | | | | |
| Transfers in | - | 200,000 | 200,000 | |
| Transfers out | - | (582,000) | (581,141) | 859 |
| Total other financing sources (uses) | <u>-</u> | <u>(382,000)</u> | <u>(381,141)</u> | <u>859</u> |
| Net change in fund balances | - | (582,000) | (221,905) | 360,095 |
| Fund balances, beginning of year | <u>562,446</u> | <u>562,446</u> | <u>562,446</u> | <u>-</u> |
| Fund balances (deficit), end of year | <u>\$ 562,446</u> | <u>\$ (19,554)</u> | <u>\$ 340,541</u> | <u>\$ 360,095</u> |

CITY OF BROOKHAVEN, GEORGIA

**STREETLIGHT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Budget | | Actual | Variance With Final Budget |
|-----------------------------------------|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Property taxes | \$ 435,616 | \$ 435,616 | \$ 433,554 | \$ (2,062) |
| Total revenues | <u>435,616</u> | <u>435,616</u> | <u>433,554</u> | <u>(2,062)</u> |
| Expenditures: | | | | |
| Public works | 450,000 | 450,000 | 441,598 | 8,402 |
| Total expenditures | <u>450,000</u> | <u>450,000</u> | <u>441,598</u> | <u>8,402</u> |
| Net change in fund balances | (14,384) | (14,384) | (8,044) | 6,340 |
| Fund balances, beginning of year | <u>335,582</u> | <u>335,582</u> | <u>335,582</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 321,198</u> | <u>\$ 321,198</u> | <u>\$ 327,538</u> | <u>\$ 6,340</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, 2018**

| | Budget | | Actual | Variance With Final Budget |
|-----------------------------------------|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for services | \$ 1,075,000 | \$ 1,075,000 | \$ 974,508 | \$ (100,492) |
| Total revenues | <u>1,075,000</u> | <u>1,075,000</u> | <u>974,508</u> | <u>(100,492)</u> |
| Expenditures: | | | | |
| Public safety | 1,075,000 | 1,087,000 | 1,086,513 | 487 |
| Total expenditures | <u>1,075,000</u> | <u>1,087,000</u> | <u>1,086,513</u> | <u>487</u> |
| Net change in fund balances | - | (12,000) | (112,005) | (100,005) |
| Fund balances, beginning of year | <u>286,966</u> | <u>286,966</u> | <u>286,966</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 286,966</u> | <u>\$ 274,966</u> | <u>\$ 174,961</u> | <u>\$ (100,005)</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, 2018**

| | Budget | | Actual | Variance With Final Budget |
|-----------------------------------------|-------------------|-------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | \$ 529,504 | \$ 529,504 | \$ 494,368 | \$ 35,136 |
| Interest | 51,840 | 51,840 | 48,977 | 2,863 |
| Total expenditures | <u>581,344</u> | <u>581,344</u> | <u>543,345</u> | <u>37,999</u> |
| Other financing sources: | | | | |
| Transfers in | 297,421 | 297,421 | 964,195 | 666,774 |
| Total other financing sources | <u>297,421</u> | <u>297,421</u> | <u>964,195</u> | <u>666,774</u> |
| Net change in fund balances | (283,923) | (283,923) | 420,850 | 704,773 |
| Fund balances, beginning of year | <u>1,194,763</u> | <u>1,194,763</u> | <u>1,194,763</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 910,840</u> | <u>\$ 910,840</u> | <u>\$ 1,615,613</u> | <u>\$ 704,773</u> |

CITY OF BROOKHAVEN, GEORGIA

**SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

| PROJECT | ORIGINAL ESTIMATED COST | REVISED ESTIMATED COST | PRIOR YEARS | CURRENT YEAR | TOTAL | ESTIMATED PERCENT COMPLETE |
|----------------------------------------|----------------------------------------|---------------------------------------|------------------------|-------------------------|---------------------|-------------------------------------------|
| SPLOST: | | | | | | |
| Pavement management | \$ 14,000,000 | \$ 14,000,000 | \$ - | \$ 2,941,810 | \$ 2,941,810 | 21.01 % |
| Existing capital asset maintenance | 7,078,569 | 7,078,569 | - | 653,079 | 653,079 | 9.23 |
| Transportation improvements | 11,111,889 | 11,111,889 | - | 203,686 | 203,686 | 1.83 |
| Public safety facilities and equipment | 15,000,000 | 15,000,000 | - | 564,796 | 564,796 | 3.77 |
| Total SPLOST | \$ 47,190,458 | \$ 47,190,458 | \$ - | \$ 4,363,371 | \$ 4,363,371 | |

| | |
|-----------------------------------------------------------|---------------------|
| Expenditures recorded in the SPLOST fund | \$ 87 |
| Expenditures transferred out to the Capital Projects Fund | <u>4,363,284</u> |
| Total SPLOST expenditures | <u>\$ 4,363,371</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 | 66 |
| 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 | 71 |
| These schedules contain information to help the reader assess the City's most significant local revenue source, property tax. | |
| Debt Capacity | 75 |
| 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 | 78 |
| 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 | 80 |
| 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 SIX YEARS
(accrual basis of accounting)**

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|----------------------------------------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | | | |
| Net investment in capital assets | \$ 83,202,488 | \$ 72,013,003 | \$ 64,370,907 | \$ 65,484,793 | \$ 66,691,916 | \$ 60,658,099 |
| Restricted | 2,720,707 | 2,724,544 | 2,405,177 | 2,202,746 | 1,573,334 | 1,428,776 |
| Unrestricted | 29,553,636 | 23,830,990 | 19,974,759 | 13,305,139 | 9,000,585 | 3,551,798 |
| Total governmental activities net position | <u>\$ 115,476,831</u> | <u>\$ 98,568,537</u> | <u>\$ 86,750,843</u> | <u>\$ 80,992,678</u> | <u>\$ 77,265,835</u> | <u>\$ 65,638,673</u> |
| Business-type activities | | | | | | |
| Investment in capital assets | \$ 8,227,377 | \$ 7,412,334 | \$ 7,146,150 | \$ 6,860,091 | \$ 6,825,621 | \$ 6,487,443 |
| Unrestricted | 1,247,610 | 1,693,080 | 1,864,710 | 1,805,995 | 1,349,322 | 1,079,849 |
| Total business-type activities net position | <u>\$ 9,474,987</u> | <u>\$ 9,105,414</u> | <u>\$ 9,010,860</u> | <u>\$ 8,666,086</u> | <u>\$ 8,174,943</u> | <u>\$ 7,567,292</u> |
| Primary government | | | | | | |
| Net investment in capital assets | \$ 91,429,865 | \$ 79,425,337 | \$ 71,517,057 | \$ 72,344,884 | \$ 73,517,537 | \$ 67,145,542 |
| Restricted | 2,720,707 | 2,724,544 | 2,405,177 | 2,202,746 | 1,573,334 | 1,428,776 |
| Unrestricted | 30,801,246 | 25,524,070 | 21,839,469 | 15,111,134 | 10,349,907 | 4,631,647 |
| Total primary government net position | <u>\$ 124,951,818</u> | <u>\$ 107,673,951</u> | <u>\$ 95,761,703</u> | <u>\$ 89,658,764</u> | <u>\$ 85,440,778</u> | <u>\$ 73,205,965</u> |

CITY OF BROOKHAVEN, GEORGIA

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

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|-------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Expenses | | | | | | |
| Governmental activities: | | | | | | |
| General government | \$ 6,374,028 | \$ 5,896,748 | \$ 5,101,706 | \$ 4,525,493 | \$ 5,211,523 | \$ 3,942,196 |
| Judicial | 552,602 | 580,297 | 584,753 | 601,508 | 508,592 | 468,589 |
| Public safety | 11,808,133 | 11,552,258 | 10,595,386 | 11,301,632 | 7,876,343 | 6,324,863 |
| Public works | 5,163,842 | 6,628,883 | 4,295,145 | 4,225,043 | 5,614,702 | 3,070,672 |
| Housing and development | 4,869,152 | 4,644,383 | 3,736,194 | 2,898,485 | 2,442,100 | 1,272,777 |
| Culture and recreation | 4,205,797 | 5,695,736 | 4,423,411 | 3,506,276 | 1,766,940 | 595,935 |
| Community development | 316,878 | - | 146,983 | 146,642 | 76,515 | 11,794 |
| Interest and fiscal charges | 708,232 | 95,950 | 28,226 | 61,895 | 101,252 | 81,633 |
| Total governmental activities expenses | <u>33,998,664</u> | <u>35,094,255</u> | <u>28,911,804</u> | <u>27,266,974</u> | <u>23,597,967</u> | <u>15,768,459</u> |
| Business-type activities: | | | | | | |
| Stormwater | 1,429,534 | 1,853,950 | 1,488,786 | 1,122,485 | 1,206,891 | 441,792 |
| Total business-type activities expenses | <u>1,429,534</u> | <u>1,853,950</u> | <u>1,488,786</u> | <u>1,122,485</u> | <u>1,206,891</u> | <u>441,792</u> |
| Total primary government expenses | <u>\$ 35,428,198</u> | <u>\$ 36,948,205</u> | <u>\$ 30,400,590</u> | <u>\$ 28,389,459</u> | <u>\$ 24,804,858</u> | <u>\$ 16,210,251</u> |
| Program Revenues | | | | | | |
| Governmental activities: | | | | | | |
| Charges for services: | | | | | | |
| General government | \$ 549,408 | \$ 142,787 | \$ 530,353 | \$ 836,595 | \$ 499,051 | \$ 438,665 |
| Judicial | 1,242,168 | 979,400 | 1,332,434 | 1,395,173 | 1,354,603 | 359,364 |
| Public safety | 1,323,529 | 1,320,894 | 1,538,695 | 771,697 | 356,111 | 1,700 |
| Public works | 74,674 | - | - | 412,402 | 429,769 | 362,219 |
| Housing and development | 5,228,029 | 3,150,238 | 2,995,110 | 1,523,186 | 2,237,592 | 1,652,368 |
| Culture and recreation | 467,052 | 327,876 | 470,656 | 240,247 | 127,830 | 26,856 |
| Capital grants and contributions | 6,366,880 | 2,492,933 | 326,032 | 400,655 | 2,147,621 | - |
| Total governmental activities program revenues | <u>15,251,740</u> | <u>8,414,128</u> | <u>7,193,280</u> | <u>5,579,955</u> | <u>7,152,577</u> | <u>2,841,172</u> |
| Business-type activities: | | | | | | |
| Charges for services: | | | | | | |
| Stormwater | 1,999,107 | 1,988,504 | 1,581,760 | 1,613,628 | 1,538,632 | 1,466,735 |
| Capital grants and contributions | - | - | 251,800 | - | 275,910 | - |
| Total business-type activities program revenues | <u>1,999,107</u> | <u>1,988,504</u> | <u>1,833,560</u> | <u>1,613,628</u> | <u>1,814,542</u> | <u>1,466,735</u> |
| Total primary government program revenues | <u>\$ 17,250,847</u> | <u>\$ 10,402,632</u> | <u>\$ 9,026,840</u> | <u>\$ 7,193,583</u> | <u>\$ 8,967,119</u> | <u>\$ 4,307,907</u> |

(continued)

CITY OF BROOKHAVEN, GEORGIA

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

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---------------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Net (expense)/revenue | | | | | | |
| Governmental activities | \$ (18,746,924) | \$ (26,680,127) | \$ (21,718,524) | \$ (21,687,019) | \$ (16,445,390) | \$ (12,927,287) |
| Business-type activities | 569,573 | 134,554 | 344,774 | 491,143 | 607,651 | 1,024,943 |
| Total primary government net expense | <u>\$ (18,177,351)</u> | <u>\$ (26,545,573)</u> | <u>\$ (21,373,750)</u> | <u>\$ (21,195,876)</u> | <u>\$ (15,837,739)</u> | <u>\$ (11,902,344)</u> |
| General Revenues and Other Changes in Net Position | | | | | | |
| Governmental activities: | | | | | | |
| Property taxes | \$ 10,090,399 | \$ 9,454,749 | \$ 7,684,986 | \$ 6,516,128 | \$ 6,594,450 | \$ 5,747,333 |
| Sales taxes | 1,631,933 | 6,691,614 | 6,911,336 | 5,738,333 | 6,360,077 | 5,201,601 |
| Hotel/Motel taxes | 3,758,787 | 2,948,420 | 1,950,677 | 1,918,124 | 1,646,793 | 1,296,841 |
| Franchise taxes | 2,661,917 | 4,630,027 | 4,111,311 | 4,398,368 | 3,056,603 | 1,472,669 |
| Business taxes | 5,834,215 | 5,367,889 | 5,008,501 | 5,352,681 | 4,584,705 | 1,761,762 |
| Alcohol & excise taxes | 1,688,504 | 1,468,069 | 1,396,966 | 1,109,297 | 881,643 | 741,592 |
| Insurance premium | - | - | - | - | - | 57,663 |
| Unrestricted investment earnings | 181,473 | 43,259 | 9,677 | 3,166 | 4,782 | 2,607 |
| Miscellaneous | 276,355 | 424,329 | 403,235 | 377,765 | 73,955 | 30,986 |
| Gain on sale of capital asset | 9,331,635 | 7,429,465 | - | - | - | - |
| Special item - donation of infrastructure at incorporation | - | - | - | - | - | 62,252,906 |
| Transfers | 200,000 | 40,000 | - | - | - | - |
| Total governmental activities | <u>35,655,218</u> | <u>38,497,821</u> | <u>27,476,689</u> | <u>25,413,862</u> | <u>23,203,008</u> | <u>78,565,960</u> |
| Business-type activities: | | | | | | |
| Special item - donation of infrastructure at incorporation | - | - | - | - | - | 6,542,349 |
| Transfers | (200,000) | (40,000) | - | - | - | - |
| Total business-type activities | <u>(200,000)</u> | <u>(40,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,542,349</u> |
| Total primary government | <u>\$ 35,455,218</u> | <u>\$ 38,457,821</u> | <u>\$ 27,476,689</u> | <u>\$ 25,413,862</u> | <u>\$ 23,203,008</u> | <u>\$ 85,108,309</u> |
| Change in Net Position | | | | | | |
| Governmental activities | \$ 16,908,294 | \$ 11,817,694 | \$ 5,758,165 | \$ 3,726,843 | \$ 6,757,618 | \$ 65,638,673 |
| Business-type activities | 369,573 | 94,554 | 344,774 | 491,143 | 607,651 | 7,567,292 |
| Total primary government | <u>\$ 17,277,867</u> | <u>\$ 11,912,248</u> | <u>\$ 6,102,939</u> | <u>\$ 4,217,986</u> | <u>\$ 7,365,269</u> | <u>\$ 73,205,965</u> |

CITY OF BROOKHAVEN, GEORGIA

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

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|-------------------------------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|
| General fund | | | | | | |
| Nonspendable: | | | | | | |
| Prepaid expenditures | \$ 502,823 | \$ 697,283 | \$ 431,443 | \$ 425,023 | \$ 227,320 | \$ 165,450 |
| Restricted: | | | | | | |
| Streetlight service | - | - | - | 368,189 | 415,981 | 377,994 |
| Police donations | 30,928 | 30,928 | 31,569 | - | - | - |
| Assigned: | | | | | | |
| Tree fund activities | 54,837 | 43,969 | 21,369 | 27,086 | - | - |
| Future capital improvements | 1,867,906 | 933,953 | 933,953 | - | - | - |
| Assigned for subsequent year budget | 731,443 | 173,719 | 550,043 | - | - | - |
| Sidewalk bank | 74,674 | - | - | - | - | - |
| Capital projects | 592,022 | - | - | - | - | - |
| Unassigned | 9,761,810 | 8,565,833 | 6,253,311 | 4,553,079 | 1,104,971 | (108,876) |
| Total general fund | <u>\$ 13,616,443</u> | <u>\$ 10,445,685</u> | <u>\$ 8,221,688</u> | <u>\$ 5,373,377</u> | <u>\$ 1,748,272</u> | <u>\$ 434,568</u> |
| All other governmental funds | | | | | | |
| Nonspendable: | | | | | | |
| Prepaid expenditures | \$ 198,917 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted: | | | | | | |
| Law enforcement | 690,401 | 300,353 | 194,165 | 21,665 | 13,748 | - |
| E-911 operations | - | - | 167,434 | 54,460 | 54,460 | - |
| Public safety | 12,073,120 | - | - | - | - | - |
| Tourism | 1,513,801 | 1,485,020 | 1,660,476 | 1,758,432 | 1,089,145 | 543,839 |
| Streetlight service | 327,538 | 335,582 | 337,995 | - | - | 506,943 |
| Public works | 140,541 | 562,446 | - | - | - | - |
| Multi-modal transportation projects | 12,577,699 | - | - | - | - | - |
| Committed: | | | | | | |
| Debt service | 1,615,613 | 1,194,763 | - | - | - | - |
| Assigned: | | | | | | |
| HOST activities | 113,127 | 1,661,404 | 9,486,486 | 8,699,500 | 7,115,659 | 3,740,069 |
| Capital projects | 14,330,684 | 10,975,319 | 3,028,983 | - | - | - |
| Public works | 200,000 | - | - | - | - | - |
| Public safety | 174,961 | 286,966 | - | - | - | - |
| Unassigned | - | - | (76,521) | (288,119) | - | - |
| Total all other governmental funds | <u>\$ 43,956,402</u> | <u>\$ 16,801,853</u> | <u>\$ 14,799,018</u> | <u>\$ 10,245,938</u> | <u>\$ 8,273,012</u> | <u>\$ 4,790,851</u> |

CITY OF BROOKHAVEN, GEORGIA

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

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--------------------------------------------------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Revenues | | | | | | |
| Property taxes | \$ 10,093,068 | \$ 9,425,609 | \$ 8,100,863 | \$ 7,515,590 | \$ 6,627,845 | \$ 5,682,476 |
| Sales taxes | 1,631,933 | 6,691,614 | 6,911,336 | 5,738,333 | 6,360,077 | 5,201,601 |
| Hotel/Motel taxes | 3,758,787 | 2,948,420 | 1,950,677 | 1,918,124 | 1,646,793 | 1,296,841 |
| Franchise taxes | 2,661,917 (3) | 4,630,027 | 4,111,311 | 3,961,934 | 2,050,890 | 1,472,669 |
| Alcohol excise taxes | 1,155,312 | 1,138,944 | 1,089,937 | 818,244 | 810,836 | 741,592 |
| Business taxes | 5,834,215 | 5,367,889 | 5,008,501 | 5,352,681 | 4,584,705 | 1,761,762 |
| Excise taxes | 533,192 | 329,125 | 307,029 | 291,053 | 70,807 | 57,663 |
| Licenses and permits | 5,745,897 | 3,207,348 | 3,445,759 | 2,043,013 | 2,667,375 | 2,033,031 |
| Intergovernmental | 6,186,413 (2) | 2,492,933 (1) | 316,032 | 300,655 | 300,041 | - |
| Charges for services | 1,896,795 | 1,734,627 | 2,206,972 | 1,847,239 | 1,030,145 | 442,827 |
| Fines and forfeitures | 1,242,168 | 979,220 | 1,214,517 | 1,289,048 | 1,307,436 | 359,364 |
| Contributions | 134,271 | 37,239 | 74,283 | 137,658 | 30,250 | - |
| Interest earned | 261,940 | 43,259 | 9,677 | 3,166 | 4,782 | 2,607 |
| Miscellaneous | 242,084 | 387,090 | 328,952 | 240,107 | 43,705 | 36,936 |
| Total revenues | <u>41,377,992</u> | <u>39,413,344</u> | <u>35,075,846</u> | <u>31,456,845</u> | <u>27,535,687</u> | <u>19,089,369</u> |
| Expenditures | | | | | | |
| General government | 6,324,000 | 5,775,672 | 4,740,681 | 4,420,143 | 5,107,867 | 4,129,445 |
| Judicial | 555,029 | 576,361 | 565,815 | 582,977 | 489,077 | 478,426 |
| Public safety | 10,914,971 | 10,505,639 | 9,342,980 | 8,978,542 | 7,256,316 | 8,167,651 |
| Public works | 2,758,917 | 4,562,868 | 2,093,179 | 2,176,941 | 2,757,346 | 1,139,744 |
| Culture and recreation | 3,179,824 | 5,426,618 | 2,633,492 | 2,266,481 | 1,734,171 | 595,935 |
| Housing and development | 4,859,290 | 4,631,453 | 3,713,479 | 2,883,570 | 2,443,380 | 1,259,431 |
| Community development | - | - | - | 100,560 | 76,515 | 11,794 |
| Economic development | 316,878 | - | - | - | - | - |
| Capital outlay | 16,378,130 | 12,933,727 | 3,778,129 | 3,735,866 | 2,097,406 | 917,693 |
| Debt service | | | | | | |
| Principal | 494,368 | 664,080 | 773,391 | 764,022 | 672,157 | 35,840 |
| Interest | 48,977 | 40,656 | 33,309 | 65,968 | 105,587 | 22,879 |
| Issuance cost | 347,884 | 57,000 | - | - | - | - |
| Total expenditures | <u>46,178,268</u> | <u>45,174,074</u> | <u>27,674,455</u> | <u>25,975,070</u> | <u>22,739,822</u> | <u>16,758,838</u> |
| Excess (deficiency) of revenues over (under) expenditures | (4,800,276) | (5,760,730) | 7,401,391 | 5,481,775 | 4,795,865 | 2,330,531 |
| Other financing sources (uses) | | | | | | |
| Proceeds from sale of capital assets | 10,000,000 | 4,747,562 | - | - | - | 21,915 |
| Issuance of capital lease | - | - | - | 116,256 | - | 2,872,973 |
| Issuance of note payable | - | 5,200,000 | - | - | - | - |
| Issuance of bonds | 24,640,000 | - | - | - | - | - |
| Issuance of bonds premium | 285,583 | - | - | - | - | - |
| Transfers in | 11,156,025 | 20,105,500 | 5,475,295 | 2,292,461 | 1,734,906 | 2,459,475 |
| Transfers out | (10,956,025) | (20,065,500) | (5,475,295) | (2,292,461) | (1,734,906) | (2,459,475) |
| Total other financing sources (uses) | <u>35,125,583</u> | <u>9,987,562</u> | <u>-</u> | <u>116,256</u> | <u>-</u> | <u>2,894,888</u> |
| Net change in fund balances | <u>\$ 30,325,307</u> | <u>\$ 4,226,832</u> | <u>\$ 7,401,391</u> | <u>\$ 5,598,031</u> | <u>\$ 4,795,865</u> | <u>\$ 5,225,419</u> |
| Debt service as a percentage of noncapital expenditures | 0.89% | 2.18% | 3.09% | 3.35% | 3.65% | 0.45% |

(1) Intergovernmental revenues increased during 2017 as a result of additional State funding for road improvements.

(2) Intergovernmental revenues increased during 2018 as a result of the new SPLOST program.

(3) Franchise tax revenues decreased during 2018 as a result of an overpayment in prior years by Atlanta Gas Light.

CITY OF BROOKHAVEN, GEORGIA

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

| Fiscal Year | Real Property | | | Personal Property | |
|----------------|------------------|----------------|---------------|-------------------|---------------|
| | Residential | Commercial | Industrial | Motor Vehicle | Other (1) |
| 2013 | \$ 1,523,386,393 | \$ 649,523,762 | \$ 12,668,560 | \$ - | \$ 72,178,713 |
| 2014 | 1,733,667,148 | 750,897,616 | 13,633,280 | 82,633,320 | 200,673,125 |
| 2015 | 2,060,648,765 | 864,293,618 | 20,659,330 | 67,891,300 | 218,557,894 |
| 2016 | 2,180,835,535 | 1,092,206,786 | 19,896,863 | 47,578,450 | 150,094,412 |
| 2017 | 2,318,323,246 | 1,215,555,686 | 21,372,467 | 40,040,890 | 158,162,722 |
| 2018 | 2,511,412,782 | 1,559,080,844 | 30,815,467 | 22,420,340 | 157,409,307 |

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 | 2,363,249,466 | 2.795 | 5,908,123,665 | 40% |
| 17,710,345 | 646,602,506 | 2,603,158,746 | 2.740 | 6,507,896,865 | 40% |
| 20,281,585 | 728,901,965 | 2,781,991,666 | 2.740 | 6,954,979,165 | 40% |
| 24,103,976 | 760,277,266 | 3,017,281,721 | 2.740 | 7,543,204,303 | 40% |
| 26,441,934 | 824,190,700 | 3,483,389,974 | 2.740 | 8,708,474,935 | 40% |

CITY OF BROOKHAVEN, GEORGIA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (Per \$1000 of Assessed Value) LAST SIX 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 |
| 2016 | 2.740 | 12.560 | 23.730 | 0.000 | 39.030 |
| 2017 | 2.740 | 13.307 | 23.280 | 0.000 | 39.327 |
| 2018 | 2.740 | 13.784 | 23.180 | 0.000 | 39.704 |

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 FIVE YEARS AGO

| Taxpayer | 2018 | | | 2013 | | |
|-----------------------------------|------------------------|------|--------------------------------------|------------------------|------|--------------------------------------|
| | Taxable Assessed Value | Rank | Percentage of Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Taxable Assessed Value |
| CFATT LLC | \$ 50,401,165 | 1 | 1.45 % | \$ 31,234,985 | 2 | 1.56 % |
| Development Auth of DeKalb County | 48,109,358 | 2 | 1.38 | 20,196,001 | 4 | 1.01 |
| 20 Perimeter Summit, LLC | 47,266,880 | 3 | 1.36 | 27,118,720 | 3 | 1.35 |
| Lion Gables Realty LP | 35,156,000 | 4 | 1.01 | | | |
| Perimeter Summit Parcel 2 LP | 35,036,000 | 5 | 1.01 | | | |
| Goodwynn Multifamily, LLC | 34,243,960 | 6 | 0.98 | 19,620,000 | 5 | 0.98 |
| 3450 Blair Circle LLC | 33,200,000 | 7 | 0.95 | | | |
| Real Estate Enterprises | 33,139,287 | 8 | 0.95 | | | |
| AT&T Mobility, LLC | 32,958,417 | 9 | 0.95 | 35,585,501 | 1 | 1.78 |
| Executive Park GA Partners LLC | 28,048,587 | 10 | 0.81 | | | |
| 50 Lincoln Court, LLC | | | | 16,400,000 | 6 | 0.82 |
| Post Glen, LLC | | | | 15,760,000 | 7 | 0.79 |
| Mid America Apartments LP | | | | 14,344,520 | 8 | 0.72 |
| BIR Lenox, LLC | | | | 13,800,000 | 9 | 0.69 |
| Manufacturers Life Insurance | | | | 12,320,200 | 10 | 0.61 |
| | <u>\$ 377,559,654</u> | | <u>10.84 %</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 SIX 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% | \$ 89,525 | \$ 5,591,433 | 99.93% |
| 2014 | 6,373,661 | 6,299,520 | 98.8% | 68,403 | 6,367,923 | 99.91% |
| 2015 | 7,054,126 | 6,975,703 | 98.9% | 65,197 | 7,040,900 | 99.81% |
| 2016 | 8,004,716 | 7,848,448 | 98.0% | 156,268 | 8,004,716 | 100.00% |
| 2017 | 8,802,942 | 8,641,016 | 98.2% | 159,123 | 8,800,139 | 99.97% |
| 2018 | 10,175,123 | 9,942,376 | 97.7% | - | 9,942,376 | 97.71% |

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

CITY OF BROOKHAVEN, GEORGIA

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SIX FISCAL YEARS**

| Fiscal Year | Governmental Activities | | | | Total | Percentage of Personal Income (1) | Per Capita (1) |
|-------------|-------------------------|-----------------------|----------------------|---------------|--------------|-----------------------------------|----------------|
| | Capital Leases | Revenue Bonds Payable | SPLOST Bonds Payable | Notes Payable | | | |
| 2013 | \$ 2,872,973 | \$ - | \$ - | \$ - | \$ 2,872,973 | 0.09% | \$ 61 |
| 2014 | 2,200,816 | - | - | - | 2,200,816 | 0.06% | 44 |
| 2015 | 1,553,050 | - | - | - | 1,553,050 | 0.04% | 30 |
| 2016 | 779,659 | - | - | - | 779,659 | 0.03% | 15 |
| 2017 | 254,512 | - | - | 5,061,067 | 5,315,579 | 0.13% | 101 |
| 2018 | - | 12,925,583 | 12,000,000 | 4,821,211 | 29,746,794 | N/A | 332 |

(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, 2018**

| <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 | \$ 262,652,000 | 12.75% | \$ 33,488,130 |
| Fulton-DeKalb Hospital Authority | 21,870,000 | 12.75% | 2,788,425 |
| DeKalb County Board of Education | <u>198,166,000</u> | 12.75% | <u>25,266,165</u> |
| Total overlapping debt | 482,688,000 | | 61,542,720 |
| City direct debt | <u>17,746,794</u> | 100.00% | <u>17,746,794</u> |
| Total direct and overlapping debt | <u>\$ 500,434,794</u> | | <u>\$ 79,289,514</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

**SPLOST BOND REVENUE COVERAGE
CURRENT YEAR**

| <u>Fiscal Year</u> | <u>Gross Revenue (1)</u> | <u>Operating Expenditures (2)</u> | <u>Net Revenue Available for Debt Service</u> | <u>Debt Service Requirements (3)</u> | | | <u>Bond Coverage Ratio</u> |
|--------------------|--------------------------|-----------------------------------|-----------------------------------------------|--------------------------------------|-----------------|--------------|----------------------------|
| | | | | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | |
| 2018 | \$ 5,562,331 | \$ 4,363,371 | \$ 1,198,960 | \$ - | \$ - | \$ - | - |

(1) Total revenues include interest.

(2) Operating expenditures include expenditures transferred out to other funds.

(3) Represents principal and interest for SPLOST bonds only.

CITY OF BROOKHAVEN, GEORGIA

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST SIX FISCAL YEARS**

| Fiscal Year | Population (1) | Personal Income (in thousands) | Per Capita Personal Income (1b) | Median Age (1c) | School Enrollment (2) | Unemployment Rate (3) |
|--------------------|-----------------------|---------------------------------------|----------------------------------------|------------------------|------------------------------|------------------------------|
| 2013 | 47,253 | \$ 3,288,667 | \$ 69,597 | 32.8 | 7,591 | 6.2% |
| 2014 | 50,181 | 3,408,093 | 67,916 | 33.3 | 7,903 | 4.5% |
| 2015 | 51,910 | 3,596,169 | 69,277 | 33.6 | 8,117 | N/A |
| 2016 | 52,444 | 2,582,710 | 71,743 | 33.4 | 7,804 | 3.4% |
| 2017 | 52,382 | 4,131,002 | 78,863 | 34.1 | 7,910 | 4.1% |
| 2018 | 53,518 | N/A | N/A | 33.4 | 8,198 | 2.1% |

(1) Source: U.S. Census Bureau

(1b) Source: BEA.gov Regional Bearfacts

(1c) Source: Brookhaven Chamber of Commerce

(2) Source: DeKalb County Schools

(3) Source: Bureau of Labor Statistics for regional data

N/A - Not Available

CITY OF BROOKHAVEN, GEORGIA

PRINCIPAL EMPLOYERS CURRENT YEAR AND THREE YEARS AGO

| Employer | 2018 | | | 2015 | | |
|-------------------------------|--------------|------|-------------------------------------|--------------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Autotrader.Com | 1,526 | 1 | 9.09 % | | | % |
| AT&T Services, Inc | 1,476 | 2 | 8.79 | 1,430 | 2 | 9.90 |
| AT&T Mobility | 1,281 | 3 | 7.63 | 1,606 | 1 | 11.12 |
| Verizon Telematics, Inc | 502 | 4 | 2.99 | 629 | 4 | 4.35 |
| Fidelity Bank | 370 | 5 | 2.20 | | | |
| IG Services LLC | 355 | 6 | 2.11 | | | |
| Kroger Company | 349 | 7 | 2.08 | 387 | 7 | 2.68 |
| Source One Direct Inc | 301 | 8 | 1.79 | | | |
| SSC Atlanta Operating Company | 284 | 9 | 1.69 | | | |
| Lavoi Corporation | 280 | 10 | 1.67 | | | |
| Cox Communications | | | | 1,142 | 3 | 7.90 |
| Crawford and Company | | | | 554 | 5 | 3.83 |
| SAP America, Inc | | | | 454 | 6 | 3.14 |
| United Healthcare Services | | | | 372 | 8 | 2.57 |
| Insight Global, LLC | | | | 270 | 9 | 1.87 |
| NDC Health Corporation | | | | 251 | 10 | 1.74 |
| | <u>6,724</u> | | <u>40.05 %</u> | <u>7,095</u> | | <u>49.11 %</u> |

Source: 2018 and 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 SIX YEARS**

| Function | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|-------------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|
| General government | 24 | 26 | 21 | 12 | 9 | 7 |
| Judicial | 3 | 3 | 5 | 7 | 4 | 1 |
| Public safety | | | | | | |
| Police officers | 74 | 76 | 75 | 75 | 59 | 57 |
| Civilians | 8 | 8 | 11 | 6 | 6 | 6 |
| Public works | - | - | - | 2 | - | - |
| Culture and recreation | 10 | 7 | 11 | 10 | 7 | - |
| Housing and development | 12 | 11 | 12 | 11 | 7 | 3 |
| Total | <u><u>131</u></u> | <u><u>131</u></u> | <u><u>135</u></u> | <u><u>123</u></u> | <u><u>92</u></u> | <u><u>74</u></u> |

Source: City of Brookhaven Human Resources Department

CITY OF BROOKHAVEN, GEORGIA

OPERATING INDICATORS BY FUNCTION LAST SIX FISCAL YEARS

| Function | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---------------------------------------------|--------|--------|--------|--------|--------|-------|
| General Government | | | | | | |
| Ordinances approved | 57 | 47 | 26 | 38 | 63 | 68 |
| Resolutions | 68 | 45 | 35 | 36 | 31 | 38 |
| Open records requests | 477 | 408 | 346 | 349 | 261 | 140 |
| Information system service calls | 2,786 | 2,165 | 2,168 | 2,921 | 2,312 | N/A |
| Facebook "likes" | 6,002 | 4,136 | 4,153 | 1,837 | N/A | N/A |
| Constant contact (eBlast) | 3,927 | 3,277 | 3,161 | 2,516 | 2,338 | 1,716 |
| Judicial | | | | | | |
| Municipal court | | | | | | |
| Case filings: | 7,194 | 5,146 | 5,848 | 9,148 | 10,512 | 5,338 |
| City Code | 830 | 789 | 867 | 922 | 730 | 819 |
| Misdemeanors | 30 | 11 | 27 | 39 | 211 | 349 |
| Parking | 245 | 113 | 254 | 261 | 156 | 3 |
| Traffic | 6,089 | 4,233 | 4,700 | 7,926 | 9,415 | 4,167 |
| Number of Court Dockets | 103 | 105 | 119 | 175 | 257 | 103 |
| Number of Defendants on Docket | 5,146 | 6,559 | 4,751 | 6,582 | 10,403 | 3,282 |
| Public Safety | | | | | | |
| Police | | | | | | |
| Calls for service | 80,827 | 46,512 | 54,000 | 59,494 | N/A | N/A |
| Custodial arrests | 2,278 | 1,868 | 2,271 | 2,177 | 1,116 | 427 |
| Traffic citations issued | 6,815 | 8,757 | 5,559 | 8,070 | 8,324 | 3,753 |
| Average response time (all calls) | 6m11s | 6m33s | 6m15s | 7m20s | 7m18s | N/A |
| Average response time (high priority calls) | 4m20s | 4m34s | 4m12s | 3m58s | 3m40s | N/A |
| Public Works | | | | | | |
| Lane-miles paved | 13.8 | 26.1 | 9.4 | 20.2 | 20.2 | N/A |
| Linear feet new sidewalks | 13,900 | 4,810 | 4,330 | 2,610 | 5,230 | N/A |
| Street maintenance work orders completed | 288 | 478 | 267 | 133 | 229 | 132 |
| Stormwater work orders completed | 190 | 130 | 160 | 134 | 84 | 50 |
| Signal/sign work orders completed | 137 | 199 | 235 | 235 | 182 | 23 |
| Right-of-way work orders completed | 77 | 139 | 110 | 61 | 129 | 62 |

Continued

CITY OF BROOKHAVEN, GEORGIA

OPERATING INDICATORS BY FUNCTION LAST SIX FISCAL YEARS

| Function | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|----------------------------------|--------|--------|-------|--------|--------|------|
| Culture and Recreation | | | | | | |
| Park acres maintained | 332 | 276 | 271 | 224 | 224 | 224 |
| Program participants | 10,515 | 7,283 | 2,866 | 2,949 | 2,666 | 40 |
| Aquatics program participants | 20,683 | 11,589 | 8,851 | 10,499 | N/A | N/A |
| Athletic program participants | 7,498 | 6,715 | 6,775 | 6,775 | 4,013 | N/A |
| Community Development | | | | | | |
| Special land use permits (SLUPS) | 7 | 6 | 3 | 12 | 6 | 2 |
| Variances | 74 | 72 | 68 | 74 | 79 | 54 |
| Code enforcement inspections | 5,169 | 6,271 | 6,620 | 7,751 | 8,905 | N/A |
| Building inspections | 10,946 | 10,490 | 9,254 | 8,905 | 15,697 | 998 |
| Development inspections | 3,201 | 4,150 | 4,084 | 2,511 | 2,653 | N/A |
| Tree removal permits | 538 | 419 | 378 | 265 | 115 | N/A |
| Land disturbance permits issued | 44 | 36 | 28 | 20 | 9 | N/A |
| Plat reviews | 58 | 56 | 66 | 58 | 31 | N/A |
| Plats approved | 15 | 26 | 21 | 19 | 15 | N/A |

Source: Various City departments

N/A: Not Available

CITY OF BROOKHAVEN, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST SIX FISCAL YEARS

| Function | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--------------------------------|-------|-------|-------|-------|-------|-------|
| General Government | | | | | | |
| Buildings (1) | 1 | 1 | 1 | 1 | 1 | 1 |
| Vehicles | - | - | - | 1 | 1 | 1 |
| Judicial | | | | | | |
| Building (1) | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Safety | | | | | | |
| Police stations (1) | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 97 | 65 | 65 | 60 | 54 | 49 |
| Patrol zones | 6 | 6 | 6 | 10 | 10 | 10 |
| Public Works | | | | | | |
| Miles of streets (lane miles) | 120.0 | 120.0 | 120.0 | 119.2 | 117.4 | 117.4 |
| Miles of sidewalks | 70.0 | 67.4 | 66.5 | 64.6 | 63.0 | 63.0 |
| Number of traffic signals | 51 | 51 | 50 | 50 | 47 | 47 |
| Miles of storm sewer | 113 | 113 | 113 | 113 | 113 | 113 |
| Culture and Recreation | | | | | | |
| Parks acreage | 332 | 332 | 271 | 224 | 224 | 224 |
| Parks | 15 | 14 | 14 | 11 | 11 | 11 |
| Tennis courts | 28 | 28 | 28 | 30 | 30 | 30 |
| Soccer fields | 2 | 2 | 2 | 2 | 2 | 2 |
| Baseball/Softball fields | 14 | 14 | 14 | 14 | 14 | 14 |
| Multipurpose fields | 5 | 5 | 5 | 5 | 5 | 5 |
| Community centers | 2 | 2 | 2 | 3/2 | 3/2 | 3/2 |
| Swimming pools | 3 | 3 | 3 | 3 | 3 | 3 |
| Vehicles | 3 | 2 | 2 | 2 | 2 | 2 |
| Housing and Development | | | | | | |
| Vehicles | 6 | 5 | 5 | 3 | 1 | - |

Source: Various City departments

(1) Reflects building operating lease