CITY OF BROOKHAVEN, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2016

Prepared by:
Finance Department

CITY OF BROOKHAVEN, GEORGIA

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

TABLE OF CONTENTS

Page Number

INTRODUCTORY SECTION (UNAUDITED)
- Letter of Transmittal 1-5
- List of Principal Officials 6
- Organizational Chart 7
- Certificate of Achievement for Excellence in Financial Reporting 8

FINANCIAL SECTION
- Independent Auditor's Report 9-11
- Management's Discussion and Analysis 12-23
- Basic Financial Statements:
  - Government-wide Financial Statements
    - Statement of Net Position 24
    - Statement of Activities 25
  - Fund Financial Statements
    - Balance Sheet – Governmental Funds 26
    - Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 27
    - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 28
    - Statement of Net Position – Proprietary Fund 29
    - Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund 30
    - Statement of Cash Flows – Proprietary Fund 31
  - Notes to Financial Statements 32-49
- Required Supplementary Information:
  - General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (GAAP Basis) ..... 50 and 51
  - E-911 Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (GAAP Basis) 52
- Combining and Individual Fund Financial Statements and Schedules:
  - Combining Balance Sheet – Nonmajor Governmental Funds 53
  - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 54
  - Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (GAAP Basis) – Confiscated Assets Fund 55
  - Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (GAAP Basis) – Special Tax District No. 1 Fund 56

CITY OF BROOKHAVEN, GEORGIA

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

TABLE OF CONTENTS

Page Number

FINANCIAL SECTION (CONTINUED)

Combining and Individual Fund Financial Statements and Schedules (Continued):

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (GAAP Basis) – Hotel/Motel Tax Fund 57

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (GAAP Basis) – Streetlight Fund 58

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (GAAP Basis) – Debt Service Fund 59

STATISTICAL SECTION (UNAUDITED)

Net Position by Component 60

Changes in Net Position ..... 61 and 62

Fund Balances of Governmental Funds 63

Changes in Fund Balances of Governmental Funds 64

Assessed Value and Estimated Actual Value - All Taxable Property 65

Property Tax Rates - Direct and Overlapping Governments 66

Principal Taxpayers – Current and Three Years Ago 67

Property Tax Levies and Collections 68

Ratios of Outstanding Debt by Type 69

Direct and Overlapping Governmental Activities Debt 70

Demographic and Economic Statistics 71

Principal Employers 72

Full Time Equivalent City Government Employees By Function 73

Operating Indicators By Function ..... 74 and 75

Capital Assets Statistics By Function 76

INTRODUCTORY SECTION

June 30, 2017

Honorable Mayor,
Members of the City Council, and 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, 2016. 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 an Act providing uniform standards for audits of municipalities and counties within the State of Georgia, approved March 28, 1968 (p.464), and as amended by an Act approved April 21, 1968 (GA Laws 1977, p.883). Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

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

To provide a reasonable basis for making these representations, the management of the City of Brookhaven has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Brookhaven's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Brookhaven's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. 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, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified

opinion that the City of Brookhaven's financial statements for the fiscal year ended December 31, 2016 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 users of the basic financial statements a narrative introduction, overview, and analysis of those statements. The basic financial statements, including the accompanying notes, represent the core of the financial section. These financial statements present the financial condition of the City of Brookhaven as a single entity, as well as the individual funds that account for the City's various governmental and business-type activities.

PROFILE

Subsequent to a July 31, 2012 voter referendum approving the establishment of the City of Brookhaven, the City officially became the largest city in DeKalb, Georgia on December 17, 2012. Brookhaven is located in the northeast suburbs of Atlanta and is bounded by the Fulton County line to its west, 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 council members who enact local legislation, determine policies, adopt the City's annual budget and mill rates. The mayor and council members are elected for four-year terms with the mayor and two council members being elected each odd-numbered year and the remaining two council members to be elected on even-numbered year. The City Manager is appointed by the City Council and is responsible for implementing the policies set forth by the Council, overseeing all City employees, and managing the day to day operations of the City. Since incorporation, the City has undergone one annexation which became effective and grew the City by 0.3 square miles.

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

The annual budget of the City of Brookhaven serves as the foundation for the City's financial planning and control. The budget is prepared by the City Manager, 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. personal services). All expenditures of the City are made in accordance with the adopted annual budget. The department level is the legal level of control enacted by the Brookhaven 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 calling for new fund appropriations must also be approved by the City Council.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For all governmental funds 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 has over 2,300 daily passengers pass through its turnstiles. Transportation systems have a major impact on the growth and development of any community. With access to I-85 and I-285, the City's major local thoroughfares include Buford Highway (GA 13), Ashford Dunwoody Road, and the Peachtree Road. Also, the City has paved over 20 lane-miles during the last two years, while a total of over 6,800 linear feet of new sidewalks have been added.

Redevelopment of Existing Land/Properties

With the majority of the land/property in the City "developed", the City's growth has been in the redevelopment of these properties. This has been the development of mixed-use (commercial and residential), multiple family residences, and larger, modern homes. Based on an estimated population of 52,444 (July 2016 census), City density with 4,521 residents per square mile. Due the scarcity of undeveloped property in the City, the Community Development Department continues to work with developers and builders on projects promoting live-work-play communities, bike and pedestrian, and neighborhood character preservation.

Recent Economic Development

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

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

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

Budgetary Controls

The City of Brookhaven maintains budgetary controls to ensure compliance with legal provisions of the annual appropriated budget approved by the City Council. Activities of the General Fund, Confiscated Funds, E911 Fund, Special Tax District No. 1 Fund, Hotel Motel Tax Fund, Streetlight 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. The copies of the annual budget or the various master plans can also be accessed through the department's web site at www.brookhavenga.gov.

Financial Policies

The City's Financial Management Policy guides management in the preparation of its annual budget and daily financial operations. The Policy provides 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.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safety of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

Long-Term Financial Planning

The City actively engages in multi-year financial planning. The City has developed several master plans including parks, streets and sidewalks, and stormwater infrastructure. The majority of these plans are substantially completed and the 2017 budget has begun the funding process for execution. It is expected that work on these plans will be implemented over the subsequent ten-year (2017-2027) period. As part of the annual capital improvement program, future capital acquisitions and capital asset replacements are considered in the forecast. The City uses various data in forecasts for future operating and capital needs in the preparation of the City's annual budget document as well.

MAJOR INITIATIVES

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 our parks and recreational facilities. The City is executing the parks master plan in phases, with the first phase commencing in 2016. This initial phase is funded by HOST revenues and will be annually funded at the $2.5 million level until completion. The overall park master plan is projected to cost $45.0 million. Personalizing each park will include the various park specific amenities – signage, tennis courts, open fields, athletic fields, walking and nature trails, playground structures, parking, restroom construction/renovation, and stream cleanup/stabilization.

Peachtree Creek Greenway Project

The Peachtree Greenway is envisioned as a 12-mile multi-city trail project beginning just outside of I-285, following I-85 south to the south fork of Peachtree Creek. In Brookhaven, Peachtree Creek flows between Buford Highway and I-85 and the City's goal is to improve the environment and encourage development facing the creek. The City of Brookhaven plans call for a linear park on a 2.7 mile portion of the creek featuring a series of nature trails, paved multi-purpose trails, and paved promenade trails near a revitalized corridor dotted with residences, offices, restaurants, bike rental stands, coffee shops and picnic areas. The City's projected cost for its portion of the Peachtree Greenway project is approximately $38 million, and the City plans to leverage grants and other funding sources (Hotel/Motel taxes), while utilizing various property acquisition/development alternatives.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) *Certificate of Achievement for Excellence in Financial Reporting (CAFR)* is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a *Certificate of Achievement*, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. The document must satisfy both generally accepted accounting principles and applicable legal requirements. Our 2015 report was our first submittal and the City was successful in receiving the GFOA Certificate of Achievement. We are submitting our fiscal year 2016 report expecting to receive the award for a second time.

I wish to thank all members of the Finance Department who assisted with assembling the information presented in this report and acknowledge the City's auditors, Mauldin & Jenkins, LLC, with the assistance they provided in meeting the deadlines established for publication of the document. I am grateful for the support provided to me by the Mayor, City Council, and City Manager. I would like to affirm my pledge to be a resource in achieving the goals that the Mayor and Council have established for the Brookhaven community.

Respectfully submitted,

Carl A. Stephens
Finance Director

CITY OF BROOKHAVEN, GEORGIA

LIST OF PRINCIPAL OFFICIALS

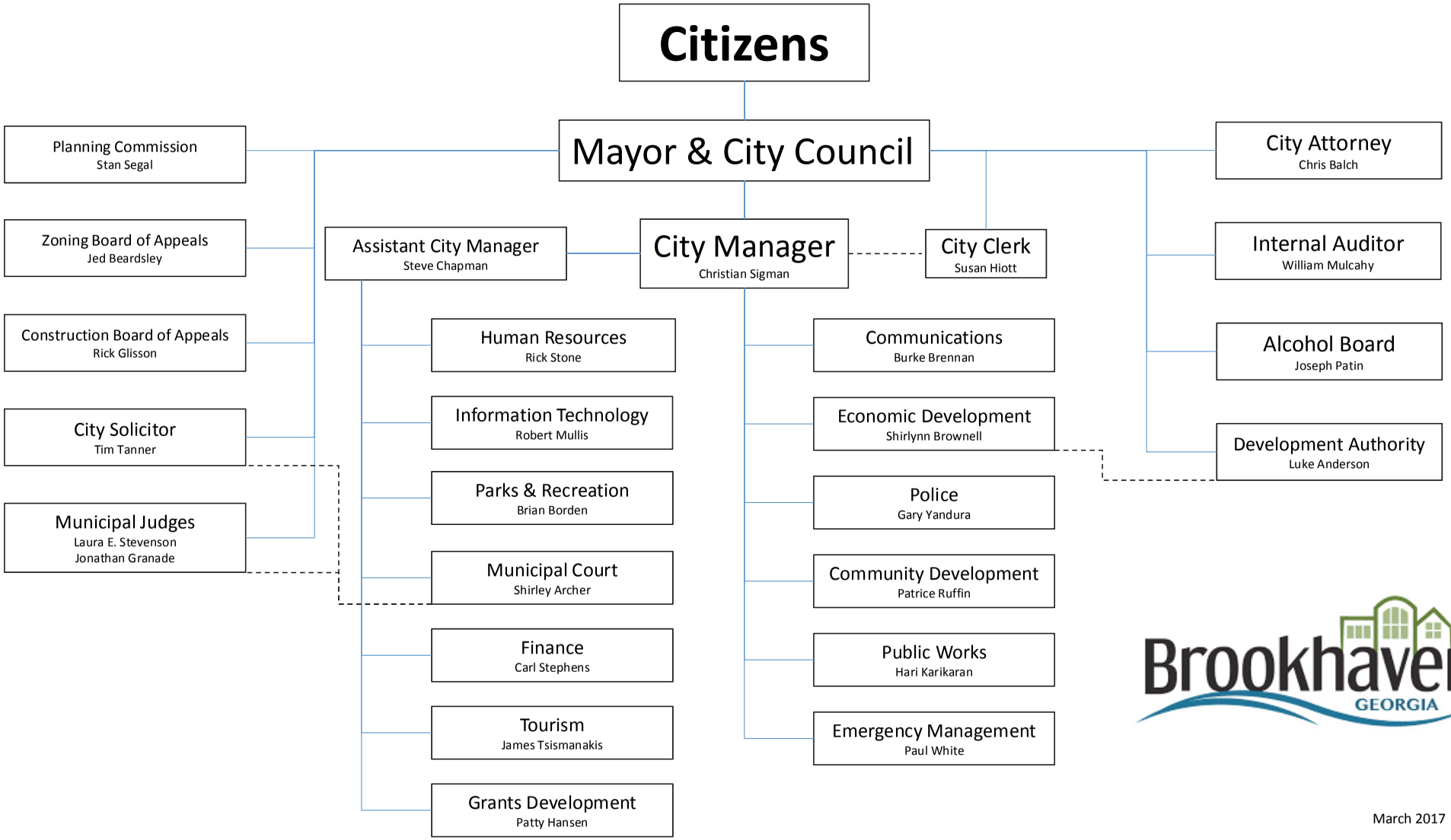
DECEMBER 31, 2016

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	Carl A. Stephens
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



Brookhaven GEORGIA

March 2017

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, 2015

Executive Director/CEO

FINANCIAL SECTION

MAULDIN & JENKINS

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, 2016, 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, 2016, 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 and E911 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 introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Information (Continued)

The combining and individual fund financial statements and schedules (the "supplementary information") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 June 20, 2017, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 20, 2017

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, 2016. 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.

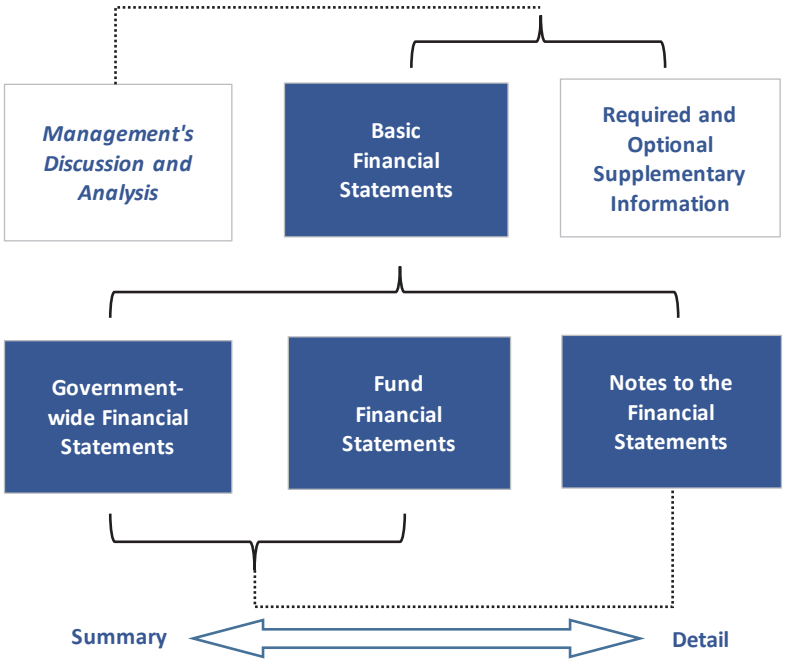
FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal period by $95,761,703. Of this amount, unrestricted net position of $21,853,007 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 $23,020,706.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) other supplementary information in addition to the basic financial statements themselves.



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

The statement of net position presents information on all of the City's assets and liabilities, with the difference between them reported as net position. 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, recreation and community development.

The government-wide financial statements can be found on pages 24 and 25 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 three major governmental funds. The City's major governmental funds are the General, Homestead Option Sales Tax (HOST), and E-911 funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these major funds.

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

The basic governmental fund financial statements can be found on pages 26 through 28 of this report.

Proprietary Funds. Under GASB Statement No. 34, governments report two types of proprietary funds (i.e., enterprise and internal service funds). The City maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements .The City uses an enterprise fund to account for its stormwater fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements can be found on pages 29 through 31 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 32 through 49 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 and major special revenue funds as presented on a generally accepted accounting principal basis

in this section. These schedules are intended to demonstrate the City's compliance with the legally adopted and amended budget. Required supplementary information can be found on pages 50 through 52 of this report.

The combining fund financial statements are presented immediately following the required supplementary information. They can be found on pages 53 and 54 of this report.

City of Brookhaven, Georgia's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Assets:						
Current assets	$ 25,493,827	$ 18,533,475	$ 1,954,037	$ 1,866,967	$ 27,447,864	$ 20,400,442
Capital assets, net	65,150,566	67,037,843	7,146,150	6,860,091	72,296,716	73,897,934
Total assets	90,644,393	85,571,318	9,100,187	8,727,058	99,744,580	94,298,376
Liabilities						
Current liabilities	2,424,274	2,454,519	89,327	60,972	2,513,601	2,515,491
Long-term liabilities	1,469,276	2,124,121	-	-	1,469,276	2,124,121
Total liabilities	3,893,550	4,578,640	89,327	60,972	3,982,877	4,639,612
Net Position						
Net investment in capital assets	64,370,907	65,484,793	7,146,150	6,860,091	71,517,057	72,344,884
Restricted	2,405,177	2,202,746	-	-	2,405,177	2,202,746
Unrestricted	19,974,759	13,305,139	1,864,710	1,805,995	21,839,469	15,111,134
Total net position	$ 86,750,843	$ 80,992,678	$ 9,010,860	$ 8,666,086	$ 95,761,703	$ 89,658,764

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 $95,761,703 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (74.7%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position ($2,405,177) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position ($21,833,469 or 22.8%) 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 $5,758,165, thereby accounting for 94.4% of the total increase in the net position of the City. Key elements of this increase are shown in detail in the table on the following page.

City of Brookhaven, Georgia's Change in Net Posistion

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Charges for services	$ 6,867,248	$ 5,179,300	$ 1,581,760	$ 1,613,628	$ 8,449,008	$ 6,792,928
Capital grants & contributions	326,032	400,655	-	-	326,032	400,655
General revenues:						
Property taxes	7,684,986	6,516,128	-	-	7,684,986	6,516,128
Sales taxes	6,911,336	5,738,333	-	-	6,911,336	5,738,333
Hotel/Motel tax	1,950,677	1,918,124	-	-	1,950,677	1,918,124
Franchise taxes	4,111,311	4,398,368	-	-	4,111,311	4,398,368
Business tax	5,008,501	5,352,681	-	-	5,008,501	5,352,681
Alcohol and excise taxes	1,396,966	1,109,297	-	-	1,396,966	1,109,297
Unrestricted Investment earnings	9,677	3,166	-	-	9,677	3,166
Miscellaneous	403,235	377,765	-	-	403,235	377,765
Capital contributions	-	-	251,800	-	251,800	-
Total revenues	34,669,969	30,993,817	1,833,560	1,613,628	36,503,529	32,607,445
Expenses:						
General government	5,101,706	4,525,493	-	-	5,101,706	4,525,493
Judicial	584,753	601,508	-	-	584,753	601,508
Public safety	10,595,386	11,301,632	-	-	10,595,386	11,301,632
Public works	4,295,145	4,225,043	-	-	4,295,145	4,225,043
Housing and development	3,736,194	2,898,485	-	-	3,736,194	2,898,485
Culture and recreation	4,423,411	3,506,276	-	-	4,423,411	3,506,276
Community development	146,983	146,642	-	-	146,983	146,642
Interest on long-term debt	28,226	61,895	-	-	28,226	61,895
Stormwater	-	-	1,488,786	1,122,485	1,488,786	1,122,485
Total expenses	28,911,804	27,266,974	1,488,786	1,122,485	30,400,590	28,389,459
Changes in net position	5,758,165	3,726,843	344,774	491,143	6,102,939	4,217,986
Net position, beginning of year	80,992,678	77,265,835	8,666,086	8,174,943	89,658,764	85,440,778
Net position, end of year	$ 86,750,843	$ 80,992,678	$ 9,010,860	$ 8,666,086	$ 95,761,703	$ 89,658,764

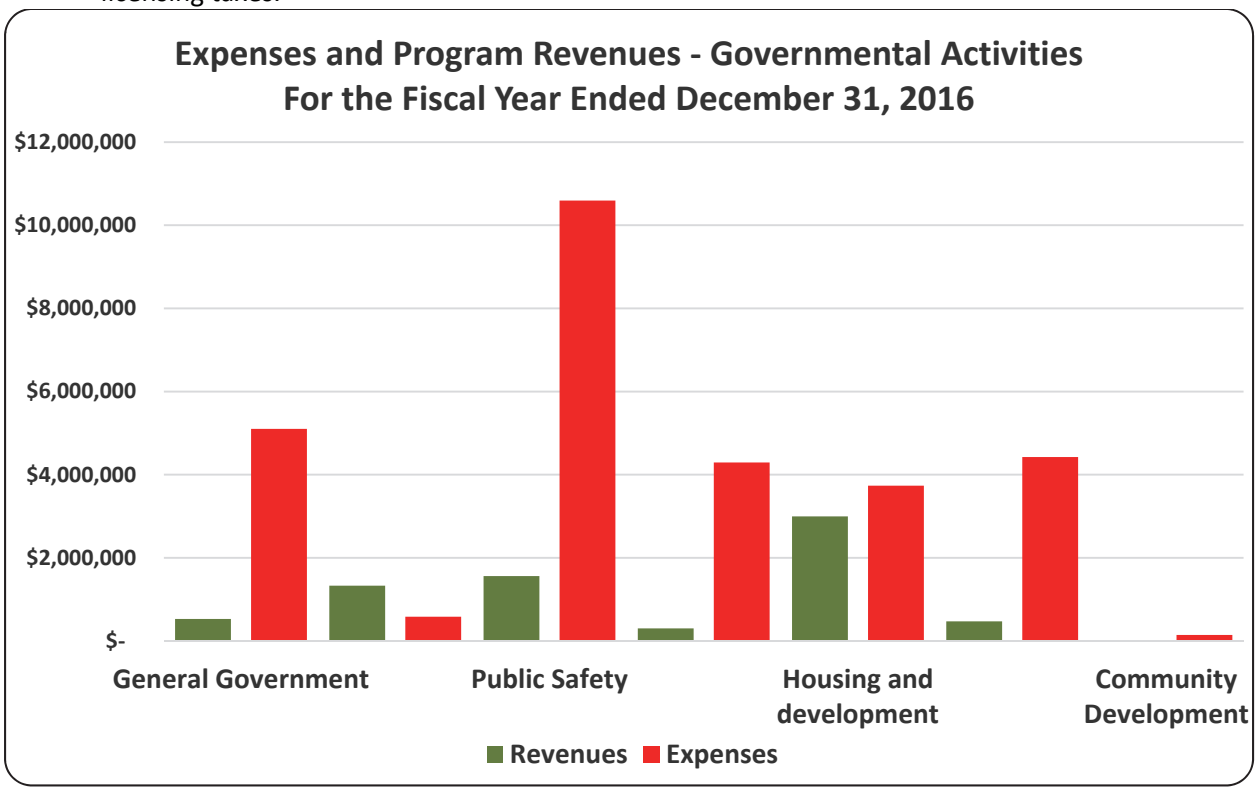
- The City's governmental activities recognized a $1.7 million or 32.6% increase in charges for services from 2015. This principally due to increased building permitting activities and major projects resulting in a $1.3 million or 85.1% increase.

- Property tax revenues for 2016 were $1.2 million greater than those of 2015. This 17.9% increase was due to a "healthy" 4.0% 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 2017 budget.

- Steady economic growth in 2016 resulted in approximately $1.2 million increase in sales tax revenues. These are HOST revenues dedicated to capital improvements, and the City continues cautiously to provide funding for various park improvements, road and sidewalks improvements.

- Franchise fee for the City decreased by $287.0 thousand or 6.59%. The City collected delinquent and past due fees in 2015, and this decrease was anticipated.

- The City's business tax revenues decreased by $344.2 thousand (6.4%) from 2015 revenues. The revenues for 2015 reflect the utilization of a third-party vendor to assess and collect past due licensing taxes.



Regarding the increase in governmental activities expenses of $1.6 million, the following major changes should be noted:

- In 2016, the general government activities of the City increased by $576.2 thousand. This 12.7% increase was primarily due to the transition of management ($230.9 thousand), shift of telecommunications costs from other departments (almost $100 thousand), and the reduction of legal/city attorney costs ($157.8 thousand).

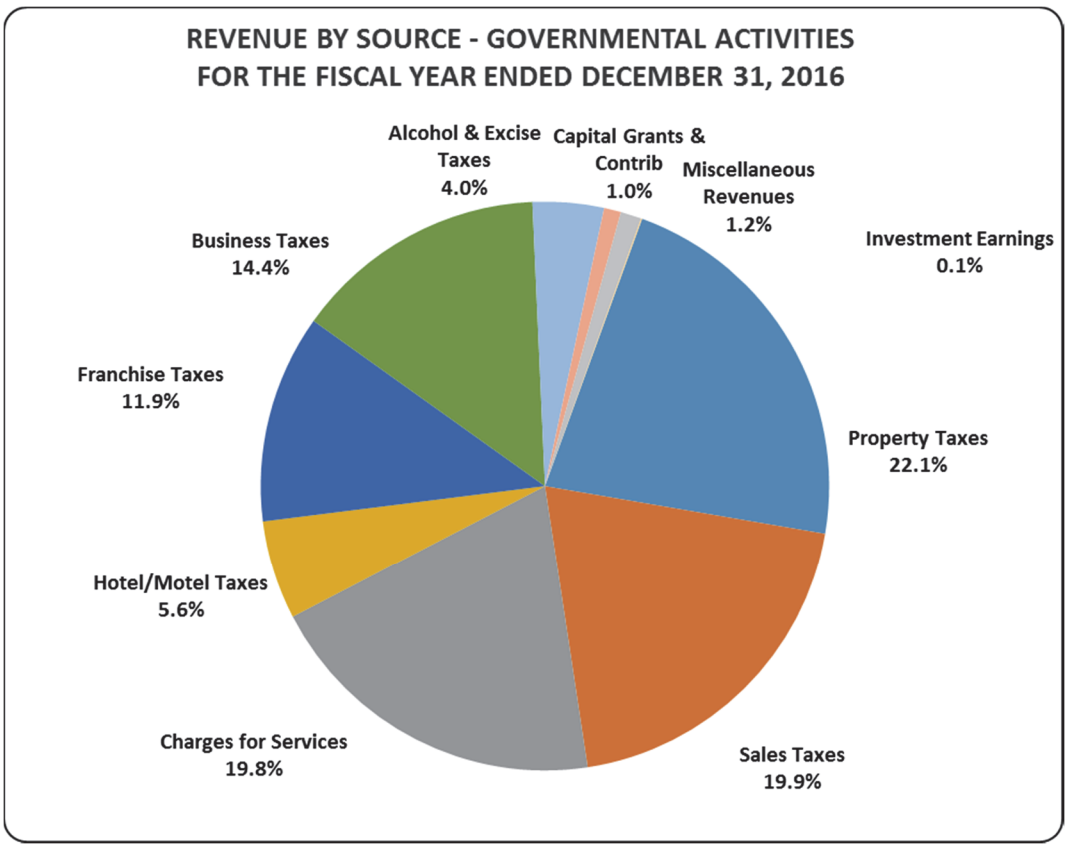
- Public safety activities decreased by $706.2 thousand or 6.2% for 2016. Contributing to the reduction was a $145.5 thousand decrease due the start-up costs in the special service district and a decrease in asset additions of $496.9 thousand.

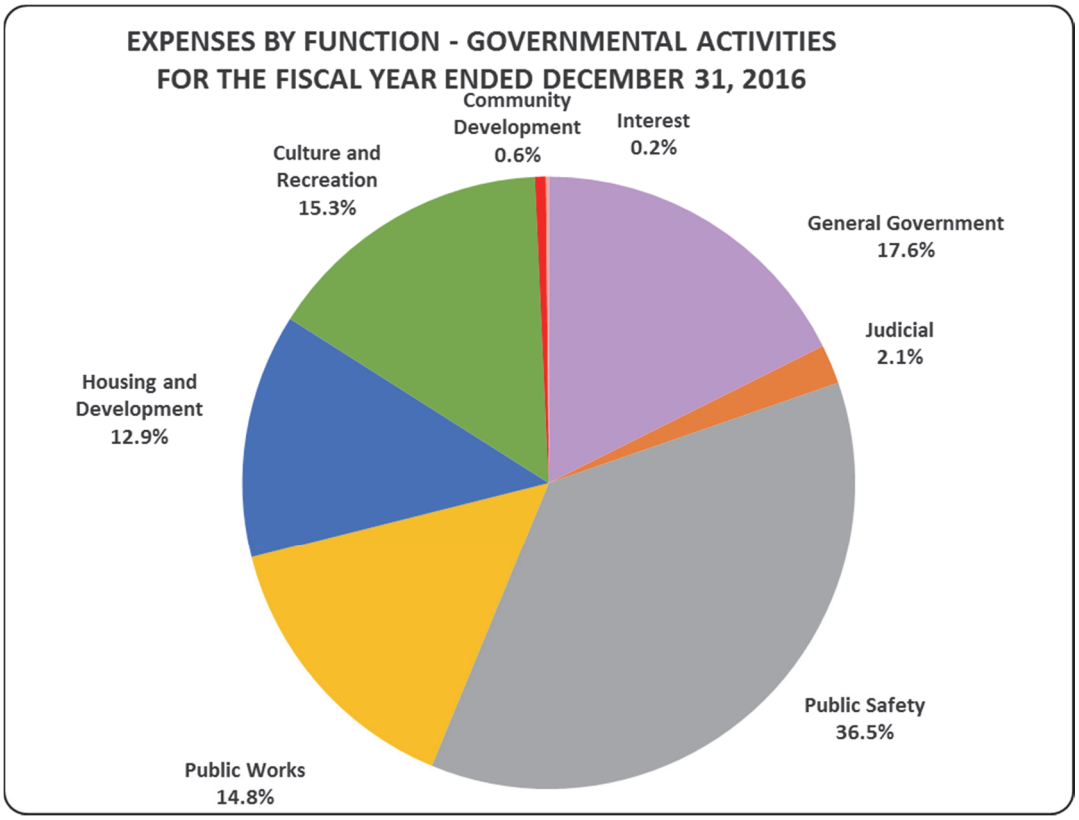
- During 2016, public works activity expenses increased by $70.1 thousand or 1.7%. This is a nominal increase as the City continues developing and prioritizing street paving and sidewalk improvements to HOST.

- In 2016 the City continued bringing various parks online, resulting in investments in repair and maintenance and park facility programming. The expenses for culture and recreation increased by $917.1 thousand due to the engagement of technical and professional contractors and staff to bring parks, pools and recreational amenities online. Over $1.4 million was expended in HOST funding in repair and maintenance and improvements at the various parks.

- Community development expenses increased $837.7 thousand from those for 2015. This difference is principally attributed to the City contracting with a third-party (destination marketing organization or DMO) to promote the City and its events governed by State law for hotel/motel excise taxes. A full year of services resulted in an increase of $788.2 thousand in cost above that for 2015.

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





Business-Type Activities. Business-type activities increased the City's net position by $344,774, thereby accounting for 5.6% of the total increase in the net position of the City. The sole business-type activity is its stormwater operations, which are accounted for in its Stormwater Fund. This fund is used to facilitate the repair, maintenance, and improvements to the City's stormwater facilities.

Stormwater Fund Operations

	Operating Revenues		Operating Expenses		Income from Operations	
	2016	2015	2016	2015	2016	2015
Fund:						
Stormwater	$1,581,760	$1,613,628	$1,488,786	$1,122,485	$92,974	$491,143
Totals	$1,581,760	$1,613,628	$1,488,786	$1,122,485	$92,974	$491,143

The revenues for the Stormwater Fund decreased $31,868 or 1.9% 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 $1,581,760; representing 100% of the revenues. Depreciation on the capital assets accounted for 12.0% of the operating expenses as most activities were for start-up and assessment of the stormwater system.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of $23,020,706.

General Government Fund Balance		Purpose	2016	2015	Diff.
	Non-spendable "inherently non-expendable "such as deposits or inventory	Prepaid Expenses	$ 431,443	$ 425,023	$ 6,420
UNRESTRICTED FUND BALANCE	**Restricted** External "legal limitations" on use	Streetlighting	337,995	368,189	(30,194)
		Confiscated Funds	194,165	21,665	172,500
		E911 Operations	167,434	54,460	112,974
		Tourism (Hotel Motel)	1,660,476	1,758,432	(97,956)
		Police Donations	31,569	-	31,569
	Committed "Self-imposed" limitations on use				
	Assigned Limitations resulting from "intended use"	HOST	9,486,486	8,699,500	786,986
		Subsequent year's budget: appropriation of fund balance	550,043	-	550,043
		Capital Projects	3,028,983	-	3,028,983
		Future Capital Improvements	933,953	-	933,953
		Tree Conservation	21,369	27,086	(5,717)
	Unassigned "Residual" net resources	General Fund	6,253,311	4,553,079	1,700,232
		Special Tax District No 1	(76,521)	(288,119)	211,598
	TOTALS FOR GOVERNMENTAL FUNDS		$ 23,020,706	$ 15,619,315	$7,401,391

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 $6,253,311 while total fund balance was $8,221,688. This balance includes $431,443 in prepaid expenses and $31,569 in police donations as restricted fund balance. Additionally, $1,505,365 was assigned for other purposes. This includes $550,043 for next year's budget, $933,953 for future capital improvements, and $21,369 for tree conservation. Fund balance increased $2,848,311 over the prior year primarily from actual revenues exceeding expectations for franchise fees ($1.1 million), permitting ($1.3 million), and insurance premium tax (almost $300 thousand). The Unassigned Reserve accounts for 26.3% of FY 2017 approved budgetary expenditures which exceeds the target set by the City's fund balance policy as approved by the City Council. This is the first year that the City has fully funded its policy mandated unassigned reserve.

Homestead Option Sales Tax Fund (HOST). The HOST fund was set up to account for receipt of HOST sales tax revenues and associated expenditures for capital improvements. During the current year, $7,205,360 ($6,911,336 in sales tax revenues, $290,391 in grant funding, and $3,633 in investment income) was recognized as revenues, while a total of $4,338,374 was expended.

Emergency 911 Fund (E911). The E911 Fund was established to account for subscriber fees for telephone services that are required to be spent on providing emergency 911 services as restricted by State law. In 2016, subscriber revenues were $1.1 million, an increase of $534,430 or 87.6%. A major wireless provider remitted receipts for the previous year in 2016. The cost of services (paid to the contracted service provider) was $1.0 million for the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

The City employs an annual mid-year budget process in order to re-align appropriations made during the annual budget process with significant unexpected trends. This ensures adjustments facilitating appropriations to be in alignment with expected resources. On August 9, 2016, the City Council amended the 2016 budget of $20,840,230. The mid-year action included amending the budget by $461,709 in additional anticipated revenues and $56,492 in fund balance. The additional revenues included $250,000 for building permits, $100,000 in insurance proceeds, and $111,709 in City event revenues. Additionally, the City Council authorized utilizing $1,389,000 of contingency to meet several operating challenges. This included additional funding for property and workers compensation insurance ($73,255), legal and technical cost related to planning and development ($150,000), a standby generator and software migration project ($294,350), an additional police detective, vehicle replacement, and body cameras ($226,715), public works street and right-of-way maintenance ($400,000), park maintenance and improvements ($500,000), replacement of a storm-damaged bridge in a park ($100,000), and City event expenditures ($137,295).

The General Fund 2016 actual revenues were $3.5 million or 17.0% greater than the amended budget. This variance is principally attributed to $1.1 million franchisee fees (outstanding fees and new franchisees) and $1.5 million in building permit revenues offsetting less than anticipated revenues from businesses taxes ($143.0 thousand), and fines and forfeitures ($220.9 thousand). The 2016 expenditures were $1.0 million or 4.9% less than the amended budget. No departments exceeded their appropriations for 2016. Details of the original general fund budget and the amended budget are contained on pages 50 and 51 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, 2016, amounts to $72,296,716 (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 following table summarizes the capital assets (net of depreciation) for governmental activities, business-type activities and the total for the primary government.

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

	Governmental Activities		Business-type Activties		Totals	
	2016	2015	2016	2015	2016	2015
Land	$ 1,924,238	$ 1,924,238	$ -	$ -	$ 1,924,238	$ 1,924,238
Construction in progress	208,911	-	251,800	-	460,711	-
Improvements	2,102,832	2,113,617	-	-	2,102,832	2,113,617
Buildings	1,443,224	1,491,336	-	-	1,443,224	1,491,336
Machinery and equipment	2,785,233	3,895,593	-	-	2,785,233	3,895,593
Infrastructure	56,686,128	57,613,059	-	-	56,686,128	57,613,059
Stormwater infrastructure	-	-	6,894,350	6,860,091	6,894,350	6,860,091
Totals	$ 65,150,566	$ 67,037,843	$ 7,146,150	$ 6,860,091	$ 72,296,716	$ 73,897,934

Additional information on the City's capital assets can be found in Note 6 on pages 43 and 44 of this report.

Long-Term Debt. At December 31, 2016, the City's long-term debt amounted to $1,469,276. The debt consisted of capital leases used to acquire police equipment, computers and software, as well as any accrued compensated absences balances expected to be paid beyond year-end year.

Additional information on the City's long-term debt can be found in Note 7 on pages 44 and 45 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's management and elected officials considered many factors when adopting the budget for the fiscal year ending December 31, 2017.

- The 2017 budget anticipates a relatively stable tax digest.
- The City has an operating millage rate cap of 3.35 mills that is set by City Charter. The 2017 budget was prepared using the same rate as in FY 2016 of 2.740 mills.
- One area of potential increase in cost is with employee benefits, primarily the cost of healthcare. Management intends to monitor these costs in the coming year and will assess the necessity for changes if the actual cost varies materially.

- The City sees the biggest challenge in the upcoming budget year as continuing to strive to provide excellent customer service to citizens, 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, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 20,525,178	$ 1,926,474	$ 22,451,652
Accounts receivable	2,738,522	27,000	2,765,522
Property taxes receivable	247,232	-	247,232
Due from other governments	1,551,452	-	1,551,452
Prepaids	431,443	563	432,006
Capital assets:			
Nondepreciable	2,133,149	251,800	2,384,949
Depreciable, net of accumulated depreciation	63,017,417	6,894,350	69,911,767
Total assets	90,644,393	9,100,187	99,744,580
LIABILITIES			
Accounts payable	1,507,984	89,327	1,597,311
Accrued liabilities	562,361	-	562,361
Unearned revenue	353,929	-	353,929
Compensated absences, due within one year	553,093	-	553,093
Compensated absences, due in more than one year	136,524	-	136,524
Capital leases payable, due within one year	487,700	-	487,700
Capital leases payable, due in more than one year	291,959	-	291,959
Total liabilities	3,893,550	89,327	3,982,877
NET POSITION			
Net investment in capital assets	64,370,907	7,146,150	71,517,057
Restricted for streetlight service	351,533	-	351,533
Restricted for law enforcement	194,165	-	194,165
Restricted for E-911 operations	167,434	-	167,434
Restricted for promotion of tourism	1,660,476	-	1,660,476
Restricted for police donations	31,569	-	31,569
Unrestricted	19,974,759	1,864,710	21,839,469
Total net position	$ 86,750,843	$ 9,010,860	$ 95,761,703

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

CITY OF BROOKHAVEN, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-Type Activities	Net (Expenses) Revenues and Changes in Net Position: Total
Primary government:						
Governmental activities:						
General government	$ 5,101,706	$ 530,353	$ -	$ (4,571,353)	$ -	$ (4,571,353)
Judicial	584,753	1,332,434	-	747,681	-	747,681
Public safety	10,595,386	1,538,695	21,735	(9,034,956)	-	(9,034,956)
Public works	4,295,145	-	304,297	(3,990,848)	-	(3,990,848)
Housing and development	3,736,194	2,995,110	-	(741,084)	-	(741,084)
Culture and recreation	4,423,411	470,656	-	(3,952,755)	-	(3,952,755)
Community development	146,983	-	-	(146,983)	-	(146,983)
Interest and fiscal charges	28,226	-	-	(28,226)	-	(28,226)
Total governmental activities	28,911,804	6,867,248	326,032	(21,718,524)	-	(21,718,524)
Business-type activities:						
Stormwater	1,488,786	1,581,760	251,800	-	344,774	344,774
Total primary government	$ 30,400,590	$ 8,449,008	$ 577,832	(21,718,524)	344,774	(21,373,750)
General revenues:						
Property taxes				7,684,986	-	7,684,986
Sales taxes				6,911,336	-	6,911,336
Hotel/Motel taxes				1,950,677	-	1,950,677
Franchise taxes				4,111,311	-	4,111,311
Business taxes				5,008,501	-	5,008,501
Alcohol & excise taxes				1,396,966	-	1,396,966
Unrestricted investment earnings				9,677	-	9,677
Miscellaneous revenues				403,235	-	403,235
Total general revenues				27,476,689	-	27,476,689
Change in net position				5,758,165	344,774	6,102,939
Net position, beginning of year				80,992,678	8,666,086	89,658,764
Net position, end of year				$ 86,750,843	$ 9,010,860	$ 95,761,703

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

CITY OF BROOKHAVEN, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

ASSETS	General Fund	Homestead Option Sales Tax Fund	E-911 Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 6,081,104	$ 8,347,847	$ 511,407	$ 5,584,820	$ 20,525,178
Accounts receivable, net of allowance	2,653,373	-	85,149	-	2,738,522
Taxes receivable, net of allowance	131,514	-	-	115,718	247,232
Intergovernmental receivable	-	1,550,201	-	1,251	1,551,452
Prepaids	431,443	-	-	-	431,443
Total assets	$ 9,297,434	$ 9,898,048	$ 596,556	$ 5,701,789	$ 25,493,827
LIABILITIES					
Accounts payable	$ 828,267	$ 411,562	$ 89,584	$ 178,571	$ 1,507,984
Accrued liabilities	202,747	-	339,538	10,653	552,938
Unearned revenue	-	-	-	353,929	353,929
Total liabilities	1,031,014	411,562	429,122	543,153	2,414,851
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	44,732	-	-	13,538	58,270
Total deferred inflows of resources	44,732	-	-	13,538	58,270
FUND BALANCES					
Fund balances:					
Nonspendable:					
Prepaids	431,443	-	-	-	431,443
Restricted:					
Law enforcement	-	-	-	194,165	194,165
Streetlight service	-	-	-	337,995	337,995
E-911 operations	-	-	167,434	-	167,434
Tourism	-	-	-	1,660,476	1,660,476
Police donations	31,569	-	-	-	31,569
Assigned:					
Future capital improvements	933,953	-	-	-	933,953
Subsequent year's budget, appropriations of fund balance	550,043	-	-	-	550,043
Tree fund activities	21,369	-	-	-	21,369
HOST activities	-	9,486,486	-	-	9,486,486
Capital projects	-	-	-	3,028,983	3,028,983
Unassigned (deficit)	6,253,311	-	-	(76,521)	6,176,790
Total fund balances	8,221,688	9,486,486	167,434	5,145,098	23,020,706
Total liabilities, deferred inflows of resources, and fund balances	$ 9,297,434	$ 9,898,048	$ 596,556	$ 5,701,789	
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.					65,150,566
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					(1,478,699)
Some revenues are not available in the current period and, therefore, are not reported in the funds.					58,270
Net position of governmental activities					$ 86,750,843

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, 2016

	General Fund	Homestead Option Sales Tax Fund	E-911 Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 7,233,843	$ -	$ -	$ 867,020	$ 8,100,863
Sales taxes	-	6,911,336	-	-	6,911,336
Hotel/Motel taxes	-	-	-	1,950,677	1,950,677
Franchise taxes	4,111,311	-	-	-	4,111,311
Alcohol excise taxes	1,089,937	-	-	-	1,089,937
Business taxes	5,008,501	-	-	-	5,008,501
Excise taxes	307,029	-	-	-	307,029
Licenses and permits	3,445,759	-	-	-	3,445,759
Intergovernmental	24,390	290,391	-	1,251	316,032
Charges for services	1,062,359	-	1,144,613	-	2,206,972
Fines and forfeitures	1,029,051	-	-	185,466	1,214,517
Contributions	74,283	-	-	-	74,283
Interest earned	6,040	3,633	-	4	9,677
Miscellaneous	275,325	-	-	53,627	328,952
Total revenues	23,667,828	7,205,360	1,144,613	3,058,045	35,075,846
Expenditures:					
Current:					
General government	4,683,562	57,119	-	-	4,740,681
Judicial	565,815	-	-	-	565,815
Public safety	7,815,061	73,742	1,031,639	422,538	9,342,980
Public works	1,340,409	320,827	-	431,943	2,093,179
Recreation	2,474,935	158,557	-	-	2,633,492
Housing and development	2,835,252	-	-	878,227	3,713,479
Capital outlay	-	3,778,129	-	-	3,778,129
Debt service:					
Principal	-	-	-	773,391	773,391
Interest	-	-	-	33,309	33,309
Total expenditures	19,715,034	4,388,374	1,031,639	2,539,408	27,674,455
Excess of revenues over expenditures	3,952,794	2,816,986	112,974	518,637	7,401,391
Other financing sources (uses):					
Transfers in	1,170,406	-	-	4,304,889	5,475,295
Transfers out	(2,274,889)	(2,030,000)	-	(1,170,406)	(5,475,295)
Total other financing sources (uses)	(1,104,483)	(2,030,000)	-	3,134,483	-
Net change in fund balances	2,848,311	786,986	112,974	3,653,120	7,401,391
Fund balances, beginning of year	5,373,377	8,699,500	54,460	1,491,978	15,619,315
Fund balances, end of year	$ 8,221,688	$ 9,486,486	$ 167,434	$ 5,145,098	$ 23,020,706

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, 2016

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	7,401,391
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays and capital contributions in the current period.		(1,651,040)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to decrease net position.		(236,237)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(415,877)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction, however, has no effect on net position. This amount is the effect of this difference in the treatment of long-term debt.		773,391
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.		(113,463)
Change in net position - governmental activities	$	5,758,165

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

CITY OF BROOKHAVEN, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2016

ASSETS	Stormwater Fund
CURRENT ASSETS	
Cash	$ 1,926,474
Accounts receivable, net of allowance	27,000
Prepaids	563
Total current assets	1,954,037
NONCURRENT ASSETS	
Capital assets, non-depreciable	251,800
Capital assets, depreciable	7,469,962
Accumulated depreciation	(575,612)
Total capital assets, net	7,146,150
Total assets	9,100,187
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	89,327
Total current liabilities	89,327
NET POSITION	
Investment in capital assets	7,146,150
Unrestricted	1,864,710
Total net position	$ 9,010,860

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, 2016

	Stormwater Fund
OPERATING REVENUE	
Stormwater fees	$ 1,581,760
Total operating revenues	1,581,760
OPERATING EXPENSES	
Cost of services	1,310,542
Depreciation	178,244
Total operating expenses	1,488,786
Income before capital contributions	92,974
CAPITAL CONTRIBUTIONS	251,800
Change in net position	344,774
Total net position, beginning	8,666,086
Total net position, ending	$ 9,010,860

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, 2016

	Stormwater Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 1,585,164
Payments to suppliers	(1,282,750)
Net cash provided by operating activities	302,414
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITES	
Purchase of capital assets	(212,503)
Net cash used in capital and related financing activities	(212,503)
Net change in cash	89,911
Cash, beginning of year	1,836,563
Cash, end of year	$ 1,926,474
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 92,974
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	178,244
Change in assets and liabilities:	
Decrease in accounts receivable	3,404
Increase in prepaid items	(563)
Increase in accounts payable	28,355
Net cash provided by operating activities	$ 302,414
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions	$ 251,800

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Brookhaven, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

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

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

Blended Component Unit

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. The statement of net position includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

In accordance with GASB Statement No. 34, major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

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

The **Emergency 911 Fund** is used 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Additionally, the City reports the following fund types:

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

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

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.

D. Budgets

Formal budgetary accounting is employed as a management control device for the general fund, special revenue funds, and capital projects funds of the City. The governmental funds budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual operating budgets are adopted for the General Fund and each Special Revenue Fund each fiscal year through passage of an annual budget ordinance and amended as required. The City adopts project length budgets for the Capital Projects Funds. During the fiscal year ended December 31, 2016, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All unencumbered budget appropriations lapse at the end of each year.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2016, are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

I. Capital Assets

Capital assets, which include improvements, machinery and equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The City has reported all infrastructure that it currently owns and has a responsibility for maintaining. Donated capital assets are recorded at estimated 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property 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.

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

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

M. Fund Equity

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

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.

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $1,478,699 difference are as follows:

Capital leases	$	(779,659)
Accrued interest payable		(9,423)
Compensated absences (i.e., vacation)		(689,617)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(1,478,699)

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $1,651,040 difference are as follows:

Capital outlay	$	1,598,660
Depreciation expense		(3,249,700)
Net adjustment to decrease *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	(1,651,040)

Another element of the reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position." The details of this $236,237 difference are as follows:

Disposal of capital assets	$	(246,237)
Donations of capital assets		10,000
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$	(236,237)

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 $113,463 difference are as follows:

Compensated absences	$	(118,546)
Accrued interest		5,083
Net adjustment to decrease *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	(113,463)

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, 2016, the following Funds had actual expenditures in excess of their appropriations:

E-911 Fund	$	6,139
Hotel Motel Fund		158,227

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

NOTE 4. DEPOSITS

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

NOTE 5. RECEIVABLES

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

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

	General	Homestead Option Sales Tax	E-911	Nonmajor Governmental Funds	Stormwater
Receivables:					
Accounts	$ 2,653,373	$ -	$ 85,149	$ -	$ 52,000
Taxes	202,514	-	-	127,718	-
Intergovernmental	-	1,550,201	-	1,251	-
Total receivables	2,855,887	1,550,201	85,149	128,969	52,000
Less allowance for uncollectibles	(71,000)	-	-	(12,000)	(25,000)
Net total receivable	$ 2,784,887	$ 1,550,201	$ 85,149	$ 116,969	$ 27,000

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NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 1,924,238	$ -	$ -	$ 1,924,238
Construction in progress	-	208,911	-	208,911
Total	1,924,238	208,911	-	2,133,149
Capital assets, being depreciated:				
Improvements	3,776,607	334,247	(279,714)	3,831,140
Buildings	4,058,814	65,358	(170,967)	3,953,205
Machinery and equipment	7,173,615	345,881	-	7,519,496
Infrastructure	62,262,131	654,263	-	62,916,394
Total	77,271,167	1,399,749	(450,681)	78,220,235
Less accumulated depreciation for:				
Improvements	(1,662,990)	(145,811)	80,493	(1,728,308)
Buildings	(2,567,478)	(66,454)	123,951	(2,509,981)
Machinery and equipment	(3,278,022)	(1,456,241)	-	(4,734,263)
Infrastructure	(4,649,072)	(1,581,194)	-	(6,230,266)
Total	(12,157,562)	(3,249,700)	204,444	(15,202,818)
Capital assets, net depreciation	65,113,605	(1,849,951)	(246,237)	63,017,417
Governmental activities capital assets, net	$ 67,037,843	$ (1,641,040)	$ (246,237)	$ 65,150,566

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	$ -	$ 251,800	$ -	$ 251,800
Capital assets, being depreciated:				
Infrastructure	7,257,878	228,854	(16,770)	7,469,962
Less accumulated depreciation for:				
Infrastructure	(397,787)	(178,244)	419	(575,612)
Capital assets, net depreciation	6,860,091	50,610	(16,351)	6,894,350
Business-type activities capital assets, net	$ 6,860,091	$ 302,410	$ (16,351)	$ 7,146,150

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:		
General government	$	87,896
Public safety		893,380
Public works		2,050,810
Recreation		182,552
Judicial		16,510
Community development		18,552
Total depreciation expense - governmental activities	$	3,249,700
Business-type activities:		
Stormwater	$	178,244

NOTE 7. LONG-TERM DEBT

Capital Leases

On January 28, 2013, the City entered into a capital lease to purchase computers and software through the Georgia Municipal Association ("GMA") for $1,000,000. Annual payments of $211,482, including interest at a rate of 1.89% began January 28, 2014 and will continue through January 28, 2018. The outstanding balance at December 31, 2016 is $411,267.

On June 28, 2013, the City entered into a capital lease to purchase police radios through Motorola for $172,973. Annual payments of $38,985, including interest at a rate of 4.108% began July 1, 2014 and will continue through July 1, 2018. The outstanding balance at December 31, 2016 is $73,416.

On November 18, 2013, the City entered into a capital lease to purchase police vehicles through Georgia Commerce Bank for $1,700,000. Monthly payments of $45,124, including interest at prime less .25% began January 18, 2014 and will continue through May 18, 2017. The outstanding balance at December 31, 2016 is $225,136.

On May 19, 2015, the City entered into a capital lease to purchase vehicles through the Georgia Municipal Association ("GMA") for $116,256. Annual payments of $24,081, including interest at a rate of 1.71% began July 29, 2015 and will continue through July 29, 2019. The outstanding balance at December 31, 2016 is $69,840.

NOTE 7. LONG-TERM DEBT (CONTINUED)

As of December 31, 2016, the cost and accumulated depreciation on the assets acquired under capital leases are $3,000,087 and $2,111,377, respectively. The annual depreciation is included in the capital asset depreciation total in Note 6.

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

Year Ending December 31,	GMA	Motorola	Georgia Commerce Bank	Total
2017	$ 235,562	$ 38,985	$ 226,638	$ 501,185
2018	235,562	38,985	-	274,547
2019	24,081	-	-	24,081
Total minimum lease payments	495,205	77,970	226,638	799,813
Less amounts representing interest	(14,098)	(4,554)	(1,502)	(20,154)
Present value of minimum lease payments	$ 481,107	$ 73,416	$ 225,136	$ 779,659

The following is a summary of long-term debt activity of the City for the year ended December 31, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Captial leases	$ 1,553,050	$ -	$ (773,391)	$ 779,659	$ 487,700
Compensated absences	571,071	914,337	(795,791)	689,617	553,093
Governmental activity long-term liabilities	$ 2,124,121	$ 914,337	$ (1,569,182)	$ 1,469,276	$ 1,040,793

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

NOTE 8. SHORT-TERM BORROWINGS

The City had a tax anticipation note (TAN) for operating purposes at a local financial institution. During the year ended December 31, 2016 the City only drew $50,000 on the TAN. The borrowing, with an interest rate of 0.75%, matures on December 31, 2016 and was paid in full by the City.

Total short-term borrowings interest incurred and expensed for the period ended December 31, 2016, was $392.

The following is a summary of the City's short-term borrowings for the period ended December 31, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance
Tax anticipation note	$ -	$ 50,000	$ (50,000)	$ -

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Nonmajor governmental funds	$ 1,170,406
Nonmajor governmental funds	General Fund	2,274,889
Nonmajor governmental funds	HOST Fund	2,030,000
		$ 5,475,295

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

NOTE 10. OPERATING LEASES

The government leases the office facilities (city hall, police station and municipal court) under non-cancelable operating leases. The City accrues rent expense in an amount such that the total rent expense under the lease is recognized ratably over the lease term. The lease expense on the city hall facility and the police station/municipal court were $347,959 and $216,497 respectively for the year ended December 31, 2016.

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

Year Ending December 31,	City Hall	Police Station / Municipal Court	Total
2017	$ 294,174	$ 221,736	$ 515,910
2018	301,526	227,268	528,794
2019	309,065	-	309,065
Total lease payments	$904,765	$ 449,004	$1,353,769

NOTE 11. COMMITMENTS AND CONTINGENT LIABILITIES

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

The City has entered several public/private contractual partnerships for outsourced services and operations. Through these contracts with private companies, an array of operational services are provided via outsourcing. These contracts are an operating contract for which the City is continually monitoring its outsourcing needs as compared to providing services in-house. Currently, these contracts are approximately $3.4 million annually. The contracts were bid for four annual service periods and run through the year ending December 31, 2017.

As of December 31, 2016, construction commitments on uncompleted contracts were $1,496,523.

NOTE 12. DEFINED CONTRIBUTION PENSION PLAN

The City of Brookhaven offers two Retirement Plans for City employees. The 401(a) and 457 plan are defined contribution plans established by Brookhaven for all full-time employees. City Council has the authority to establish and amend the plan provisions as well as the contribution for the plan. For the 457 plan, The City matches employee contributions at a two to one (2:1) rate up to a maximum of 10%. Employees are eligible on the first day of the month, following thirty days of employment and are fully vested after twelve months. At December 31, 2016 there were 103 employees participating in the plan who contributed $483,641 while the City's contributions totaled $640,671.

The City also contributes the Social Security withholding amount (6.2% for 2016) 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, 2016 there were 122 employees participating in the plan with total contributions from the City of $477,373.

NOTE 13. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities around the Metropolitan Atlanta Georgia area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto, which DeKalb County has paid on behalf of the City of Brookhaven. Membership in ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of ARC. ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street NE, Atlanta, Georgia 30303.

NOTE 14. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax. The Official Code of Georgia Annotated 48-13-51 requires that all lodging taxes levied of 3% or more be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. During the year ended December 31, 2016, the City received $1,950,677 in hotel/motel taxes. Of this amount, $878,227, or 45%, was used for the promotion of tourism, conventions, or trade shows.

NOTE 15. RISK MANAGEMENT

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

NOTE 16. FUND DEFICIT

The City's Special Tax District No.1 Fund, had a deficit fund balance of $76,521. This balance will be eliminated as unearned revenues are recognized as revenue.

NOTE 17. TAX ABATEMENTS

For the year ended December 31, 2016, City property tax revenues were reduced by $278,808 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 18. SUBSEQUENT EVENT

On May 1, 2017, the City issued a note payable through the Georgia Environmental Finance Authority for $5,700,000. The note is for the purpose of acquiring a greenspace at the Peachtree DeKalb Airport and is payable over a 20 year period maturing on May 1, 2037.

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, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 7,062,980	$ 7,062,980	$ 7,233,843	$ 170,863
Franchise taxes	3,035,000	3,035,000	4,111,311	1,076,311
Alcohol excise taxes	800,000	800,000	1,089,937	289,937
Business taxes	5,152,000	5,152,000	5,008,501	(143,499)
Excise taxes	121,000	121,000	307,029	186,029
Licenses and permits	1,715,000	1,965,000	3,445,759	1,480,759
Intergovernmental	5,000	5,000	24,390	19,390
Charges for services	571,750	571,750	1,062,359	490,609
Fines and forfeitures	1,250,000	1,250,000	1,029,051	(220,949)
Contributions	2,500	2,500	74,283	71,783
Interest earned	5,000	5,000	6,040	1,040
Miscellaneous	40,000	251,709	275,325	23,616
Total revenues	19,760,230	20,221,939	23,667,828	3,445,889
Expenditures:				
Current:				
General government:				
Mayor and council	149,061	296,163	296,004	159
City manager	889,989	989,675	989,468	207
City clerk	247,995	264,895	259,692	5,203
Finance and administration	1,998,224	1,336,184	1,335,956	228
Legal	330,000	480,000	442,419	37,581
Data processing	971,557	1,300,356	1,209,354	91,002
Public information	146,921	151,446	150,669	777
Contingency	1,389,000	-	-	-
Total general government	6,122,747	4,818,719	4,683,562	135,157
Judicial	695,466	724,016	565,815	158,201
Public safety	7,554,752	7,934,760	7,815,061	119,699
Public works	877,382	1,420,316	1,340,409	79,907
Recreation	1,699,953	2,555,753	2,474,935	80,818
Housing and development	2,768,394	3,278,680	2,835,252	443,428

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, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
Total expenditures	19,718,694	20,732,244	19,715,034	1,017,210
Excess (deficiency) of revenues over expenditures	41,536	(510,305)	3,952,794	4,463,099
Other financing sources (uses):				
Transfers in	1,080,000	1,080,000	1,170,406	90,406
Transfers out	(1,121,536)	(2,275,036)	(2,274,889)	147
Total other financing sources (uses)	(41,536)	(1,195,036)	(1,104,483)	90,553
Net change in fund balance	-	(1,705,341)	2,848,311	4,553,652
Fund balance, beginning of year	5,373,377	5,373,377	5,373,377	-
Fund balance, end of year	$ 5,373,377	$ 3,668,036	$ 8,221,688	$ 4,553,652

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, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Charges for services	$ 720,000	$ 720,000	$ 1,144,613	$ 424,613
Total revenues	720,000	720,000	1,144,613	424,613
Expenditures:				
Public safety	1,025,500	1,025,500	1,031,639	(6,139)
Total expenditures	1,025,500	1,025,500	1,031,639	(6,139)
Excess (deficiency) of revenues over expenditures	(305,500)	(305,500)	112,974	418,474
Other financing sources:				
Transfers in	305,500	305,500	-	(305,500)
Total other financing sources	305,500	305,500	-	(305,500)
Net change in fund balances	-	-	112,974	112,974
Fund balances, beginning of year	54,460	54,460	54,460	-
Fund balances, end of year	$ 54,460	$ 54,460	$ 167,434	$ 112,974

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 5% lodging tax levied in the City, which is restricted by State law.

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.

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

Capital Projects Fund – To account for the expenditures of money for major capital projects.

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.

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, 2016

	Special Revenue Funds					Capital Project Funds			
ASSETS	Confiscated Assets Fund	Special Tax District No. 1 Fund	Hotel / Motel Tax Fund	Streetlight Fund	Grant Fund	Capital Projects Fund	Vehicle Capital Project Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Cash and cash equivalents	$ 336,158	$ 142,210	$ 1,704,435	$ 373,034	$ -	$ 2,030,000	$ 998,983	$ -	$ 5,584,820
Intergovernmental receivable					1,251				1,251
Taxes receivable, net of allowance	-	1,158	99,759	14,801	-	-	-	-	115,718
Total assets	$ 336,158	$ 143,368	$ 1,804,194	$ 387,835	$ 1,251	$ 2,030,000	$ 998,983	$ -	$ 5,701,789
LIABILITIES									
Accounts payable	$ -	$ -	$ 143,718	$ 34,853	$ -	$ -	$ -	$ -	$ 178,571
Accrued liabilities	-	7,953	-	1,449	1,251	-	-	-	10,653
Unearned revenue	141,993	211,936	-	-	-	-	-	-	353,929
Total liabilities	141,993	219,889	143,718	36,302	1,251	-	-	-	543,153
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue- property taxes	-	-	-	13,538	-	-	-	-	13,538
Total deferred inflows of resources	-	-	-	13,538	-	-	-	-	13,538
FUND BALANCES									
Restricted:									
Law enforcement	194,165	-	-	-	-	-	-	-	194,165
Streetlight service	-	-	-	337,995	-	-	-	-	337,995
Tourism	-	-	1,660,476	-	-	-	-	-	1,660,476
Assigned - capital projects	-	-	-	-	-	2,030,000	998,983	-	3,028,983
Unassigned (deficit):	-	(76,521)	-	-	-	-	-	-	(76,521)
Total fund balances (deficit)	194,165	(76,521)	1,660,476	337,995	-	2,030,000	998,983	-	5,145,098
Total liabilities, deferred inflows of resources and fund balances	$ 336,158	$ 143,368	$ 1,804,194	$ 387,835	$ 1,251	$ 2,030,000	$ 998,983	$ -	$ 5,701,789

CITY OF BROOKHAVEN, GEORGIA

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

	Special Revenue Funds					Capital Project Funds			Total Nonmajor Governmental Funds
	Confiscated Assets Fund	Special Tax District No. 1 Fund	Hotel / Motel Tax Fund	Streetlight Fund	Grant Fund	Capital Projects Fund	Vehicle Capital Project Fund	Debt Service Fund	
Revenues									
Property taxes	$ -	$ 465,271	$ -	$ 401,749	$ -	$ -	$ -	$ -	$ 867,020
Hotel / Motel taxes	-	-	1,950,677	-	-	-	-	-	1,950,677
Miscellaneous	-	53,627	-	-	-	-	-	-	53,627
Fines and forfeitures	185,466	-	-	-	-	-	-	-	185,466
Intergovernmental	-	-	-	-	1,251	-	-	-	1,251
Interest	4	-	-	-	-	-	-	-	4
Total revenues	185,470	518,898	1,950,677	401,749	1,251	-	-	-	3,058,045
Expenditures									
Current:									
Public safety	12,970	307,300	-	-	1,251	-	101,017	-	422,538
Public works	-	-	-	431,943	-	-	-	-	431,943
Housing and development	-	-	878,227	-	-	-	-	-	878,227
Debt service:									
Principal	-	-	-	-	-	-	-	773,391	773,391
Interest	-	-	-	-	-	-	-	33,309	33,309
Total expenditures	12,970	307,300	878,227	431,943	1,251	-	101,017	806,700	2,539,408
Excess (deficiency) of revenues over (under) expenditures	172,500	211,598	1,072,450	(30,194)	-	-	(101,017)	(806,700)	518,637
Other Financing Sources (Uses)									
Transfers in	-	-	-	368,189	-	2,030,000	1,100,000	806,700	4,304,889
Transfers out	-	-	(1,170,406)		-	-		-	(1,170,406)
Total other financing sources (uses)	-	-	(1,170,406)	368,189	-	2,030,000	1,100,000	806,700	3,134,483
Net change in fund balances	172,500	211,598	(97,956)	337,995	-	2,030,000	998,983	-	3,653,120
Fund balances (deficit), beginning of year	21,665	(288,119)	1,758,432	-	-	-	-	-	1,491,978
Fund balances (deficit), end of year	$ 194,165	$ (76,521)	$ 1,660,476	$ 337,995	$ -	$ 2,030,000	$ 998,983	$ -	$ 5,145,098

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, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Fines and forfeitures	$ 18,000	$ 18,000	$ 185,466	$ 167,466
Interest	20	20	4	(16)
Total revenues	18,020	18,020	185,470	167,450
Expenditures:				
Public safety	18,020	18,020	12,970	5,050
Total expenditures	18,020	18,020	12,970	5,050
Net change in fund balances	-	-	172,500	172,500
Fund balances, beginning of year	21,665	21,665	21,665	-
Fund balances, end of year	$ 21,665	$ 21,665	$ 194,165	$ 172,500

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, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 397,809	$ 397,809	$ 465,271	$ 67,462
Charges for services	55,644	-	-	-
Miscellaneous	-	55,644	53,627	(2,017)
Total revenues	453,453	453,453	518,898	65,445
Expenditures:				
Public safety	453,453	453,453	307,300	146,153
Total expenditures	453,453	453,453	307,300	146,153
Net change in fund balances	-	-	211,598	211,598
Fund balances (deficit), beginning of year	(288,119)	(288,119)	(288,119)	-
Fund balances (deficit), end of year	$ (288,119)	$ (288,119)	$ (76,521)	$ 211,598

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, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	$ 1,800,000	$ 1,800,000	$ 1,950,677	$ 150,677
Total revenues	1,800,000	1,800,000	1,950,677	150,677
Expenditures:				
Housing and development	720,000	720,000	878,227	(158,227)
Total expenditures	720,000	720,000	878,227	(158,227)
Excess of revenues over expenditures	1,080,000	1,080,000	1,072,450	(7,550)
Other financing uses:				
Transfers out	(1,080,000)	(1,080,000)	(1,170,406)	(90,406)
Total other financing uses	(1,080,000)	(1,080,000)	(1,170,406)	(90,406)
Net change in fund balances	-	-	(97,956)	(97,956)
Fund balances, beginning of year	1,758,432	1,758,432	1,758,432	-
Fund balances, end of year	$ 1,758,432	$ 1,758,432	$ 1,660,476	$ (97,956)

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, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 475,000	$ 475,000	$ 401,749	$ (73,251)
Total revenues	475,000	475,000	401,749	(73,251)
Expenditures:				
Public works	475,000	475,000	431,943	43,057
Total expenditures	475,000	475,000	431,943	43,057
Deficiency of revenues over expenditures	-	-	(30,194)	(30,194)
Other financing sources:				
Transfers in	-	-	368,189	368,189
Total other financing sources	-	-	368,189	368,189
Net change in fund balances	-	-	337,995	337,995
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ 337,995	$ 337,995

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, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures:				
Debt service:				
Principal	$ 780,364	$ 780,364	$ 773,391	$ 6,973
Interest	35,672	35,672	33,309	2,363
Total expenditures	816,036	816,036	806,700	9,336
Other financing sources:				
Transfers in	816,036	816,036	806,700	(9,336)
Total other financing sources	816,036	816,036	806,700	(9,336)
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ -	$ -

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.

Page

Financial Trends **60**

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 **65**

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

Debt Capacity **69**

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 **71**

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 **73**

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 FOUR YEARS
(accrual basis of accounting)

	2016	2015	2014	2013
Governmental activities				
Net investment in capital assets	$ 64,370,907	$ 65,484,793	$ 66,691,916	$ 60,658,099
Restricted	2,405,177	2,202,746	1,573,334	1,428,776
Unrestricted	19,974,759	13,305,139	9,000,585	3,551,798
Total governmental activities net position	$ 86,750,843	$ 80,992,678	$ 77,265,835	$ 65,638,673
Business-type activities				
Net investment in capital assets	$ 7,146,150	$ 6,860,091	$ 6,825,621	$ 6,487,443
Unrestricted	1,864,710	1,805,995	1,349,322	1,079,849
Total business-type activities net position	$ 9,010,860	$ 8,666,086	$ 8,174,943	$ 7,567,292
Primary government				
Net investment in capital assets	$ 71,517,057	$ 72,344,884	$ 73,517,537	$ 67,145,542
Restricted	2,405,177	2,202,746	1,573,334	1,428,776
Unrestricted	21,839,469	15,111,134	10,349,907	4,631,647
Total primary government net position	$ 95,761,703	$ 89,658,764	$ 85,440,778	$ 73,205,965

CITY OF BROOKHAVEN, GEORGIA

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

	2016	2015	2014	2013
Expenses				
Governmental activities:				
General government	$ 5,101,706	$ 4,525,493	$ 5,211,523	$ 3,942,196
Judicial	584,753	601,508	508,592	468,589
Public safety	10,595,386	11,301,632	7,876,343	6,324,863
Public works	4,295,145	4,225,043	5,614,702	3,070,672
Housing and development	3,736,194	2,898,485	2,442,100	1,272,777
Culture and recreation	4,423,411	3,506,276	1,766,940	595,935
Community development	146,983	146,642	76,515	11,794
Interest and fiscal charges	28,226	61,895	101,252	81,633
Total governmental activities expenses	28,911,804	27,266,974	23,597,967	15,768,459
Business-type activities:				
Stormwater	1,488,786	1,122,485	1,206,891	441,792
Total business-type activities expenses	1,488,786	1,122,485	1,206,891	441,792
Total primary government expenses	$ 30,400,590	$ 28,389,459	$ 24,804,858	$ 16,210,251
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 530,353	$ 836,595	$ 499,051	$ 438,665
Judicial	1,332,434	1,395,173	1,354,603	359,364
Public safety	1,538,695	771,697	356,111	1,700
Public works	-	412,402	429,769	362,219
Housing and development	2,995,110	1,523,186	2,237,592	1,652,368
Culture and recreation	470,656	240,247	127,830	26,856
Capital grants and contributions	326,032	400,655	2,147,621	-
Total governmental activities program revenues	7,193,280	5,579,955	7,152,577	2,841,172
Business-type activities:				
Charges for services:				
Stormwater	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	1,833,560	1,613,628	1,814,542	1,466,735
Total primary government program revenues	$ 9,026,840	$ 7,193,583	$ 8,967,119	$ 4,307,907

(continued)

CITY OF BROOKHAVEN, GEORGIA

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

	2016	2015	2014	2013
Net (expense)/revenue				
Governmental activities	$ (21,718,524)	$ (21,687,019)	$ (16,445,390)	$ (12,927,287)
Business-type activities	344,774	491,143	607,651	1,024,943
Total primary government net expense	$ (21,373,750)	$ (21,195,876)	$ (15,837,739)	$ (11,902,344)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	$ 7,684,986	$ 6,516,128	$ 6,594,450	$ 5,747,333
Sales taxes	6,911,336	5,738,333	6,360,077	5,201,601
Hotel/Motel taxes	1,950,677	1,918,124	1,646,793	1,296,841
Franchise taxes	4,111,311	4,398,368	3,056,603	1,472,669
Business taxes	5,008,501	5,352,681	4,584,705	1,761,762
Alcohol & excise taxes	1,396,966	1,109,297	881,643	741,592
Insurance premium	-	-	-	57,663
Unrestricted investment earnings	9,677	3,166	4,782	2,607
Miscellaneous	403,235	377,765	73,955	30,986
Special item - donation of infrastructure at incorporation	-	-	-	62,252,906
Total governmental activities	27,476,689	25,413,862	23,203,008	78,565,960
Business-type activities:				
Special item - donation of infrastructure at incorporation	-	-	-	6,542,349
Total business-type activities	-	-	-	6,542,349
Total primary government	$ 27,476,689	$ 25,413,862	$ 23,203,008	$ 85,108,309
Change in Net Position				
Governmental activities	$ 5,758,165	$ 3,726,843	$ 6,757,618	$ 65,638,673
Business-type activities	344,774	491,143	607,651	7,567,292
Total primary government	$ 6,102,939	$ 4,217,986	$ 7,365,269	$ 73,205,965

CITY OF BROOKHAVEN, GEORGIA

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

	2016	2015	2014	2013
General fund				
Nonspendable:				
Prepaid expenditures	$ 431,443	$ 425,023	$ 227,320	$ 165,450
Restricted:				
Streetlight service	-	368,189	415,981	377,994
Police donations	31,569	-	-	-
Assigned:				
Tree fund activities	21,369	27,086	-	-
Future capital improvements	933,953	-	-	-
Assigned for subsequent year budget	550,043	-	-	-
Unassigned	6,253,311	4,553,079	1,104,971	(108,876)
Total general fund	$ 8,221,688	$ 5,373,377	$ 1,748,272	$ 434,568
All other governmental funds				
Restricted:				
Law enforcement	$ 194,165	$ 21,665	$ 13,748	$ -
E-911 operations	167,434	54,460	54,460	-
Tourism	1,660,476	1,758,432	1,089,145	543,839
Streetlight service	337,995	-	-	506,943
Assigned:				
HOST activities	9,486,486	8,699,500	7,115,659	3,740,069
Capital projects	3,028,983	-	-	-
Unassigned	(76,521)	(288,119)	-	-
Total all other governmental funds	$ 14,799,018	$ 10,245,938	$ 8,273,012	$ 4,790,851

CITY OF BROOKHAVEN, GEORGIA

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

	2016	2015	2014	2013
Revenues				
Property taxes	$ 8,100,863	$ 7,515,590	$ 6,627,845	$ 5,682,476
Sales taxes	6,911,336	5,738,333	6,360,077	5,201,601
Hotel/Motel taxes	1,950,677	1,918,124	1,646,793	1,296,841
Franchise taxes	4,111,311	3,961,934	2,050,890	1,472,669
Alcohol excise taxes	1,089,937	818,244	810,836	741,592
Business taxes	5,008,501	5,352,681	4,584,705	1,761,762
Excise taxes	307,029	291,053	70,807	57,663
Licenses and permits	3,445,759	2,043,013	2,667,375	2,033,031
Intergovernmental	316,032	300,655	300,041	-
Charges for services	2,206,972	1,847,239	1,030,145	442,827
Fines and forfeitures	1,214,517	1,289,048	1,307,436	359,364
Contributions	74,283	137,658	30,250	-
Interest earned	9,677	3,166	4,782	2,607
Miscellaneous	328,952	240,107	43,705	36,936
Total revenues	35,075,846	31,456,845	27,535,687	19,089,369
Expenditures				
General government	4,740,681	4,420,143	5,107,867	4,129,445
Judicial	565,815	582,977	489,077	478,426
Public safety	9,342,980	8,978,542	7,256,316	8,167,651
Public works	2,093,179	2,176,941	2,757,346	1,139,744
Culture and recreation	2,633,492	2,266,481	1,734,171	595,935
Housing and development	3,713,479	2,883,570	2,443,380	1,259,431
Community development	-	100,560	76,515	11,794
Capital outlay	3,778,129	3,735,866	2,097,406	917,693
Debt service				
Principal	773,391	764,022	672,157	35,840
Interest	33,309	65,968	105,587	22,879
Total expenditures	27,674,455	25,975,070	22,739,822	16,758,838
Excess of revenues over expenditures	7,401,391	5,481,775	4,795,865	2,330,531
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	-	21,915
Issuance of capital lease	-	116,256	-	2,872,973
Transfers in	5,475,295	2,292,461	1,734,906	2,459,475
Transfers out	(5,475,295)	(2,292,461)	(1,734,906)	(2,459,475)
Total other financing sources (uses)	-	116,256	-	2,894,888
Net change in fund balances	$ 7,401,391	$ 5,598,031	$ 4,795,865	$ 5,225,419
Debt service as a percentage of noncapital expenditures	3.09%	3.35%	3.65%	0.45%

CITY OF BROOKHAVEN, GEORGIA

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

Fiscal	Real Property			Personal Property	
Year	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

Source: Georgia Department of Revenue

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

Public Utility	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
$ -	$ 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%

CITY OF BROOKHAVEN, GEORGIA

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

Calendar Year	City of Brookhaven	DeKalb County	DeKalb County Schools	State	Total Direct & Overlapping Rates
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

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 THREE YEARS AGO

	2016			2013		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Development Auth of DeKalb County	$ 59,544,354	1	2.14 %	$ 20,196,001	4	1.01 %
CFATT LLC	51,201,165	2	1.84	31,234,985	2	1.56
20 Perimeter Summit, LLC	40,587,200	3	1.46	27,118,720	3	1.35
Goodwynn Multifamily, LLC	34,243,960	4	1.23	19,620,000	5	0.98
3450 Blair Circle LLC	33,200,000	5	1.19			
AT&T Mobility, LLC	31,035,987	6	1.12	35,585,501	1	1.78
CWS SGARR Brookhaven LLC	23,161,400	7	0.83			
Columbia Brookhaven, LLC	22,730,400	8	0.82			
Lion Gables Realty LP	22,000,000	9	0.79			
BMIRF Lenox, LLC	20,699,960	10	0.74			
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
Manuacturers Life Insurance				12,320,200	10	0.61
	$ 338,404,426		12.16 %	$ 206,379,927		10.30 %

Source: Dekalb County Tax Commissioner

CITY OF BROOKHAVEN, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST FOUR FISCAL YEARS

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	$ 5,595,364	$ 5,501,908	98.3%	$ 89,519	$ 5,591,427	99.93%
2014	6,373,661	6,299,520	98.8%	68,261	6,367,781	99.91%
2015	7,054,126	6,975,703	98.9%	64,663	7,040,366	99.80%
2016	8,004,716	7,848,448	98.0%	-	7,848,448	98.05%

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

CITY OF BROOKHAVEN, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST FOUR FISCAL YEARS

Fiscal Year	Governmental Activities Capital Leases	Percentage of Personal Income (1)	Per Capita (1)
2013	$ 2,872,973	0.13%	$ 61
2014	2,200,816	0.09%	44
2015	1,553,050	N/A	30
2016	779,659	0.03%	15

(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, 2016

Governmental Unit	Net Governmental Activities Debt Outstanding	Percentage Applicable to City of Brookhaven (1)	Amount Applicable to City of Brookhaven
Debt repaid with property taxes:			
DeKalb County	$ 295,685,000	12.05%	$ 35,630,043
Fulton-DeKalb Hospital Authority	28,955,000	12.05%	3,489,078
DeKalb County Board of Education	49,417,000	12.05%	5,954,749
Total overlapping debt	374,057,000		45,073,869
City direct debt	779,659	100.00%	779,659
Total direct and overlapping debt	$ 374,836,659		$ 45,853,528

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

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

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

CITY OF BROOKHAVEN, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST FOUR FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate (1)
2013	47,253	$ 2,221,931	$ 47,022	32.8	7,591	6.2%
2014	50,181	2,329,854	46,429	33.3	7,903	4.5%
2015	51,910	N/A	N/A	N/A	8,117	N/A
2016	52,444	2,582,710	49,247	33.8	7,804	3.4%

(1) Source: U.S. Census Bureau

(2) Source: DeKalb County Schools

N/A - Not Available

CITY OF BROOKHAVEN, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND ONE YEAR AGO

	2016			2015		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
AT&T Mobility	1,476	1	9.85 %	1,606	1	11.12 %
Autotrader.Com	1,361	2	9.08			
AT&T Services, Inc	1,344	3	8.97	1,430	2	9.90
Verizon Telematics, Inc	577	4	3.85	629	4	4.35
Crawford and Company	462	5	3.08	554	5	3.83
Kroger Company	376	6	2.51	387	7	2.68
SSC Atlanta Operating Company	284	7	1.90			
Lavoi Corporation	280	8	1.87			
NDC Health Corporation	280	9	1.87	251	10	1.74
IG Services LLC	277	10	1.85			
Cox Communications				1,142	3	7.90
SAP America, Inc				454	6	3.14
United Healthcare Services				372	8	2.57
Insight Global, LLC				270	9	1.87
	6,717		44.82 %	7,095		49.11 %

Source: 2016 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 FOUR FISCAL YEARS

	2016	2015	2014	2013
Function				
General government	21	12	9	7
Judicial	5	7	4	1
Public safety				
Police officers	75	75	59	57
Civilians	11	6	6	6
Public works	-	2	-	-
Culture and recreation	11	10	7	-
Housing and development	12	11	7	3
Total	135	123	92	74

Source: City of Brookhaven Human Resources Department

CITY OF BROOKHAVEN, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST FOUR FISCAL YEARS

Function	2016	2015	2014	2013
General Government				
Ordinances approved	26	38	63	68
Resolutions	35	36	31	38
Open records requests	346	349	261	140
Information system service calls	2,168	2,921	2,312	N/A
Facebook "likes"	4,153	1,837	N/A	N/A
Constant contact (eBlast)	3,161	2,516	2,338	1,716
Judicial				
Municipal court				
Case filings:	5,848	9,148	10,512	5,338
City Code	867	922	730	819
Misdemeanors	27	39	211	349
Parking	254	261	156	3
Traffic	4,700	7,926	9,415	4,167
Number of Court Dockets	119	175	257	103
Number of Defendants on Docket	4,751	6,582	10,403	3,282
Public Safety				
Police				
Calls for service	54,000	59,494	N/A	N/A
Physical arrests	2,271	2,177	1,116	427
Traffic citations issued	5,559	8,070	8,324	3,753
Average response time (all calls)	6m15s	7m20s	7m18s	N/A
Average response time (in progress/just occurred)	4m12s	3m58s	3m40s	N/A
Public Works				
Lane-miles paved	9.4	20.2	20.2	N/A
Linear feet new sidewalks	4,330	2,610	5,230	N/A
Street maintenance work orders completed	267	133	229	132
Stormwater work orders completed	160	134	84	50
Signal/sign work orders completed	235	235	182	23
Right-of-way work orders completed	110	61	129	62

Continued

CITY OF BROOKHAVEN, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST FOUR FISCAL YEARS

Function	2016	2015	2014	2013
Culture and Recreation				
Park acres maintained	271	224	224	224
Program participants	2,866	2,949	2,666	40
Aquatics program participants	8,851	10,499	N/A	N/A
Athletic program participants	6,775	6,775	4,013	N/A
Community Development				
Special land use permits (SLUPS)	3	12	6	2
Variances	68	74	79	54
Code enforcement inspections	6,620	7,751	8,905	N/A
Building inspections	9,254	8,905	15,697	998
Development inspections	4,084	2,511	2,653	N/A
Tree removal permits	378	265	115	N/A
Land disturbance permits issued	28	20	9	N/A
Plat reviews	66	58	31	N/A
Plats approved	21	19	15	N/A

Source: Various City departments

N/A: Not Available

CITY OF BROOKHAVEN, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST FOUR FISCAL YEARS

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

Source: Various City departments

(1) Reflects building operating lease