



City of Smyrna

Georgia

Comprehensive Annual
Financial Report

Fiscal Year Ending June 30, 2013

Toni Jo Howard
Director of Finance

Kevin Klosterboer
Budget Officer

Kristin Robinson
Controller

Michael Hickenbottom
Accounting Coordinator

**CITY OF SMYRNA, GEORGIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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CITY OF SMYRNA

2800 King Street/P.O. Box 1226, Smyrna, GA 30081

(770) 434-6600 / www.smyrnacity.com

November 30, 2013

Honorable Max Bacon, Mayor
Members of City Council
and the Citizens of the City of Smyrna, GA

The Comprehensive Annual Financial Report of the City of Smyrna, Georgia for the fiscal year ended June 30, 2013, is hereby submitted as mandated by State statute. The statute requires that the City of Smyrna, Georgia issue a report on its financial position and activity on an annual basis, and this report is to be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the City of Smyrna, Georgia. All disclosures necessary to enable the reader to gain an understanding of the City financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this letter of transmittal, a list of City of Smyrna's principal officials, department directors and elected officials, and an organizational chart. The financial section includes the management's discussion and analysis, basic financial statements, combining and individual funds financial statements and schedules, as well as the independent auditor's report on these financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Crace Galvis McGrath, LLC, a firm of certified public accountants, audited the City of Smyrna's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2013 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Smyrna's financial statements for the fiscal year ended June 30, 2013 are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first financial section component of this report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic

financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A section.

Reporting Entity

The financial reporting entity (City of Smyrna) includes all the funds of the primary government, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and included as part of the primary government. The Downtown Smyrna Development Authority is included as a blended component units.

The City provides a full range of services to its estimated 51,271 citizens. Some of the services which are available to those residents include police and fire protection; court systems; library services; the construction and maintenance of highways, streets and infrastructure; fleet maintenance; buildings and grounds maintenance; tax collection; planning and zoning; building permitting and inspections; recreational activities and cultural events; and inherent administrative support services. The City also provides water and sewer services, which are shown as an Enterprise Fund in this report.

Government Structure, Local Economic Condition and Outlook

Smyrna was incorporated in 1872 as a municipality by the State of Georgia. Its land area encompasses approximately 15 square miles. Smyrna is located 10 miles northwest of Atlanta, Georgia and is part of the metropolitan Atlanta area. Known also as the "Jonquil City", it derives this name from the thousands of jonquils, which flourish in gardens and along the streets in early spring.

The governing body of the City is the Mayor and Council, which appoints a City Administrator to serve as the chief administrative officer. The Mayor and Council are empowered to levy taxes, establish fees and utility rates, adopt a budget, appoint committees and take other actions within the jurisdiction consistent with their function as a policy-making body. The City Administrator is responsible for the daily operations of the City government in accordance with the policies of the Mayor and Council.

The economic outlook for the City remains stable as a result of cost cutting initiatives begun by management at the beginning of the economic downturn. This proactive approach has positioned the City to be able to face the current economic climate and maintain a strong financial position. Property values did see a decline in the current year; however, the decline is mild compared to surrounding areas. The net assessment of property in the City decreased 3.1 percent from \$1,740,440,900 to \$1,686,342,619. The unemployment rate continues to remain lower than the state average. At June 30, 2013 the rate was 7.9 percent compared to the State average of 8.5 percent.

The City of Smyrna continues to benefit economically by being an integral part of one of the top growth areas in the United States. The Metropolitan Atlanta region represents one of the nation's primary transportation and distribution centers as well as being a major financial and consumer services leader. Georgia's geographically central location for domestic distribution,

excellent surface transportation system, telecommunications infrastructure and proximity to major consumer markets make the State an excellent base for air cargo operations.

Accounting and Budgetary Controls

Management of the City of Smyrna is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance for the proper recording of financial transactions.

The City maintains budgetary controls to ensure compliance with the legal provision of the annual appropriations budget approved by the Mayor and Council. Statutes of the State of Georgia require the City to operate under an annual balanced budget adopted by resolution. The City Administrator is responsible for preparing the annual budget, which is then submitted to the Mayor and Council for discussion and adoption.

The applicable State statutes require that the City not exceed its budget at the department level. The legal level of City budget control (the level at which expenditures may not exceed appropriations) for each legally adopted annual operating budget is at the department level. Administrative budgetary control is maintained internally at an object of expenditure level within the department or function. The City Administrator can authorize the transfer of appropriations among accounts within their department's budget. The Mayor and Council must approve all other transfers or supplemental appropriations. The City's budget procedures are more fully explained in the accompanying Notes to the Financial Statements.

The City maintains an encumbrance accounting system as another means of accomplishing budgetary control. Encumbered amounts at year-end are reported within restricted, committed, or assigned fund balances of governmental funds and carried forward into the ensuing year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Cash Management

Cash temporarily idle during the year was invested in accordance with allowable investments per Georgia law. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits are required to be either insured by federal depository insurance or collateralized. At June 30, 2013, all of the City's depositories provided sufficient and/or proper collateralization of the City's deposits. All other collateral on deposits was held either by the City, its agent, or a financial institution's trust department in the City's name.

Risk Management

The City is self-insured for employee medical, dental and vision coverage, and workers' compensation. Third party administrators are employed to process claims for these programs.

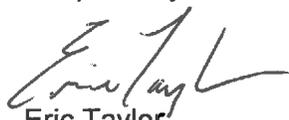
The City's Human Resource Department monitors all self-funded programs to develop programs for accident prevention and claims reduction in all City departments.

Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the various City departments and officials, and in particular, the staff of the Finance Department. Our sincere appreciation is extended to each individual for the contributions made in the preparation of this report.

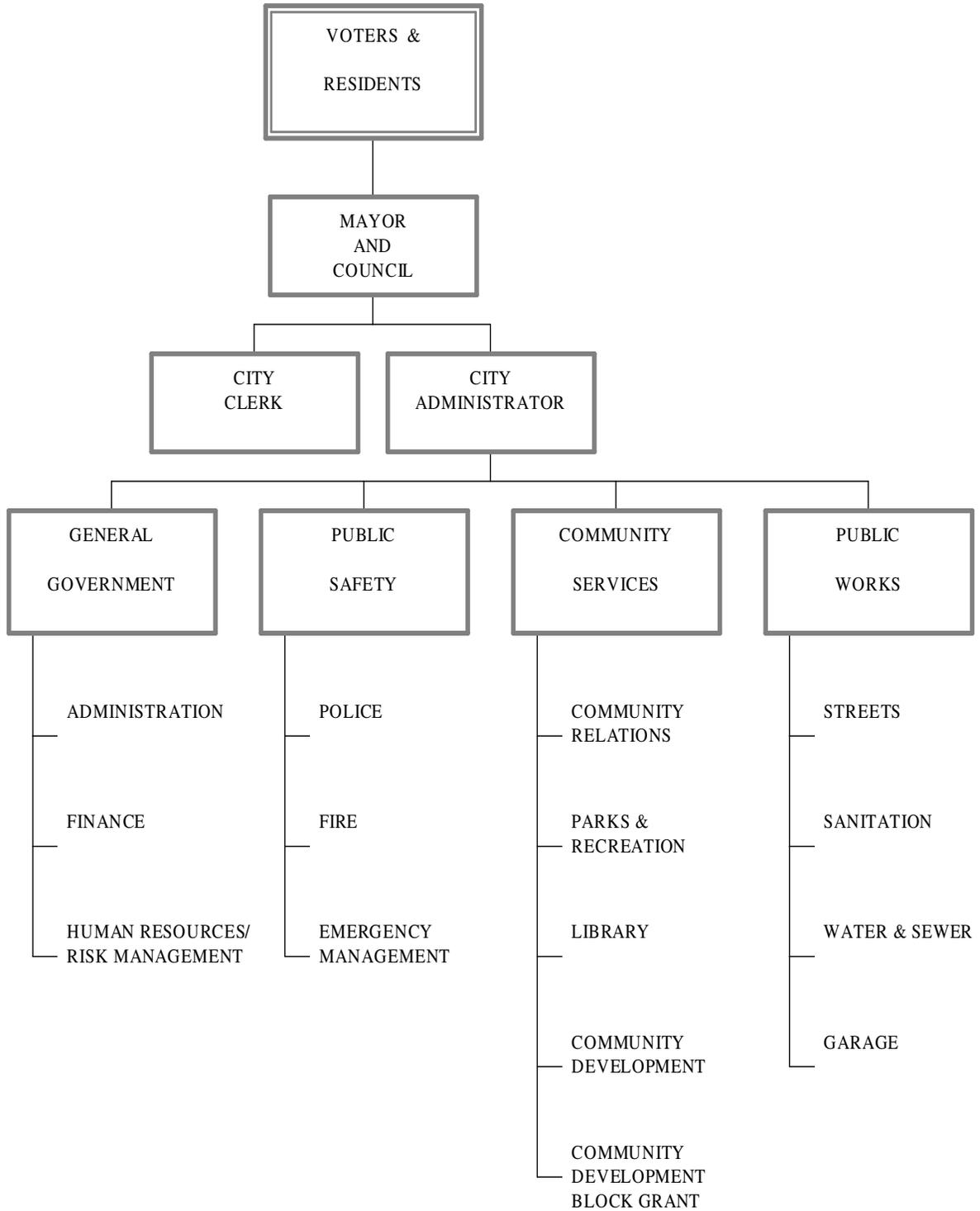
We would also like to thank the Mayor and members of Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner and through whose efforts we have made substantial progress in responding to the extraordinary demands placed upon our community. We believe that the accomplishments that have been identified in this transmittal letter and the accompanying MD&A section clearly indicate that the Mayor and Council has effectively and efficiently planned and managed the resources that were entrusted to them by the Citizens of the City.

Respectfully submitted,


Eric Taylor
City Administrator


Toni Jo Howard
Finance Director

ORGANIZATIONAL CHART
CITY OF SMYRNA, GEORGIA



Principal Officials

City of Smyrna, Georgia

Mayor & City Council



A. Max Bacon
Mayor

Melleny Pritchett
Ward 1

Andrea Blustein
Ward 2

Teri Anulewicz
Ward 3

Charles Welch
Ward 4

Susan Wilkinson
Ward 5

Wade Lnenicka
Ward 6

Ron Fennel
Ward 7

Appointed Officials

Terri Graham
City Clerk / Court Services

Tammi Saddler Jones
Assistant City Administrator

Steve Ciaccio
Director of Parks and Recreation

Ann Kirk
Director of KSB

Jason Lanyon
Fire Chief/Emergency Mgt. Dir.

Mary Moore
Library Director

Eric Taylor
City Administrator

Department Heads

Jennifer Bennett
Community Relations Director

Kay Bolick
Director of Human Resources/Risk Management

Toni Jo Howard
Director of Finance

Chris Addicks - Information Systems Manager

David Lee
Chief of Police

Scott Stokes
Public Works Director
City Engineer

Ken Suddreth
Director of Community Development
Economic Development

INDEPENDENT AUDITOR'S REPORT

The Honorable A. Max Bacon, Mayor
Members of the City Council
City of Smyrna
Smyrna, 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 Smyrna, Georgia, as of and for the year ended June 30, 2013, 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 of Smyrna, Georgia, as of June 30, 2013, 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 budgetary comparison information on pages 4-11 and 46-47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Smyrna, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical section, and compliance section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Car Rental Tax Schedule of Revenue Received and Expenditures Incurred, the Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred, and the 1 Percent Sales Tax Schedule of Projects Constructed with Special Sales Tax Proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia 48-13-93, 48-13-51, and 48-8-121, respectively, and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the compliance section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the compliance section are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2013, on our consideration of the City of Smyrna, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Smyrna, Georgia's internal control over financial reporting and compliance.



Crace Galvis McGrath, LLC
Kennesaw, Georgia

November 20, 2013

Management's Discussion and Analysis

As management of the City of Smyrna, Georgia, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the information in the financial statements and the notes to the financial statements.

Financial Highlights

Key financial highlights for 2013 are as follows:

- ◆ The City's combined net position increased \$12.1 million to \$145.3 million from \$133.2 million in 2013.
- ◆ Combined revenue increased \$1.5 million to \$69.4 million from \$67.9 million in 2013, of which governmental activities totaled \$51.5 million and business-type activities totaled \$17.9 million.
- ◆ Overall expenses totaled \$57.3 million of which governmental activities totaled \$42.9 million and business-type activities totaled \$14.4 million.
- ◆ As of June 30, 2013, the City's governmental funds reported combined ending fund balances of \$41.9 million. Approximately 25.2% is available for use (unassigned fund balance).
- ◆ As of June 30, 2013, unassigned fund balance for the general fund was \$10.8 million, or 33% of total general fund expenditures.

Overview of the Financial Statements

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

Government-wide Financial Statements.

The Government-wide financial statements are designed to provide readers with a broad overview of the City's operations, in a manner similar to a private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the Primary Government. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

The statement of net position presents information on all of the City's assets and liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*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, judiciary, public safety, public works, housing and development, and culture and recreation. The business-type activities include the water and sewer system.

The government-wide financial statements can be found on pages 12 and 13 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 two categories: governmental funds and proprietary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds. Most of the basic services provided by the City are financed through 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, the 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 government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. 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 governmental fund types: the General Fund, Special Revenue Funds, and the Capital Projects Funds. Four individual funds are considered major funds – the General Fund, the Hickory Lake Apartments Fund, the 1% Road Improvement Tax (SPLOST) Fund and the Tax Allocation District. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 14-16 of this report.

Proprietary Funds. Proprietary funds are used to account for activities that operate similar to those commercial enterprises found in the private sector. The City maintains its Water and Sewer Fund as an enterprise fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 17-19 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 22-44 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the budgetary comparison for the General Fund. Required supplementary information can be found on pages 45-47 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position (government and business-type activities) totaled \$145.3 million at June 30, 2013.

The largest portion of the City's net position (76.3%) reflects its investment in capital assets such as land, buildings, equipment and infrastructure, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its 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.

	Governmental Activities		Business-type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Assets:						
Current and other assets	\$ 32,647,254	\$ 19,625,933	\$ 11,278,033	\$ 8,926,219	\$ 43,925,287	\$ 28,552,152
Capital assets	127,880,594	123,667,979	19,695,886	20,219,285	147,576,480	143,887,264
Restricted assets - non current	<u>14,022,993</u>	<u>23,482,445</u>	<u>537,121</u>	<u>532,999</u>	<u>14,560,114</u>	<u>24,015,444</u>
Total assets	174,550,841	166,776,357	31,511,040	29,678,503	206,061,881	196,454,860
Liabilities:						
Current liabilities	4,056,932	7,598,924	1,677,048	1,859,541	5,733,980	9,458,465
Long-term liabilities outstanding	<u>52,389,678</u>	<u>51,597,226</u>	<u>2,209,622</u>	<u>2,179,010</u>	<u>54,599,300</u>	<u>53,776,236</u>
Total liabilities	56,446,610	59,196,150	3,886,670	4,038,551	60,333,280	63,234,701
Deferred inflows of resources:	411,137	-	-	-	411,137	-
Net position:						
Invested in capital assets, net	93,417,083	87,502,055	17,486,264	17,657,460	110,903,347	105,159,515
Restricted	12,052,601	8,887,820	-	-	12,052,601	8,887,820
Unrestricted	<u>12,223,410</u>	<u>11,190,332</u>	<u>10,138,106</u>	<u>7,982,492</u>	<u>22,361,516</u>	<u>19,172,824</u>
Total net position	\$ 117,693,094	\$ 107,580,207	\$ 27,624,370	\$ 25,639,952	\$ 145,317,464	\$ 133,220,159

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the government's ongoing obligations to citizens and creditors.

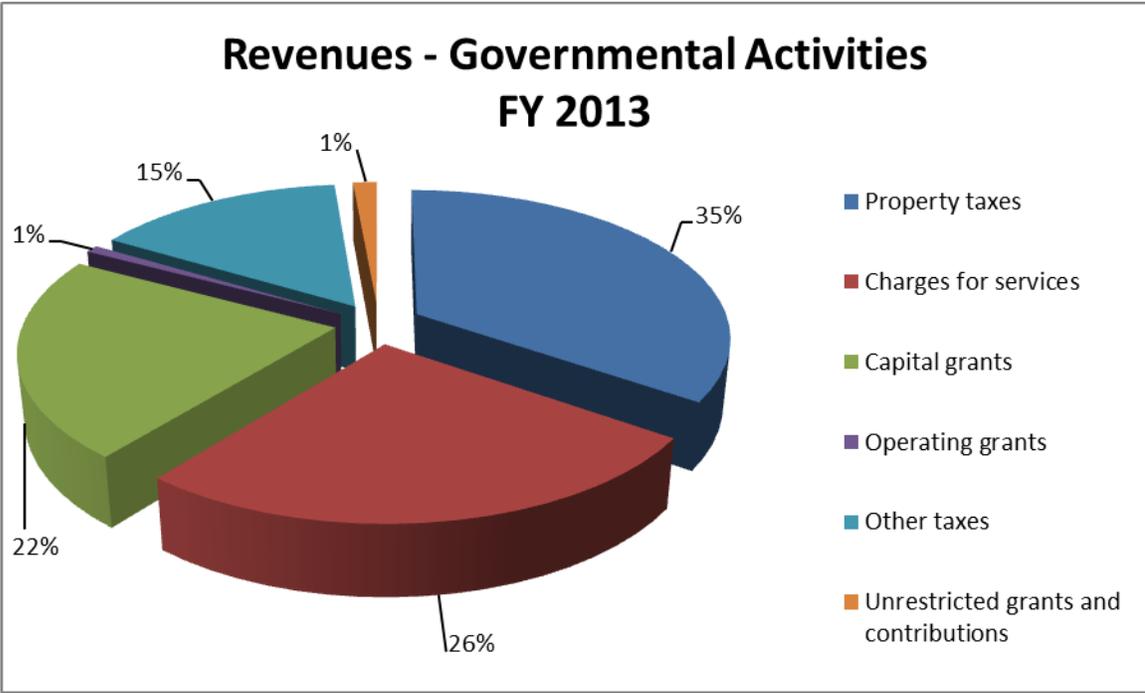
As of June 30, 2013, the City is able to report positive balances in net position for the governmental and business-type activities.

For fiscal year 2013, the City's net position increased \$12.1 million.

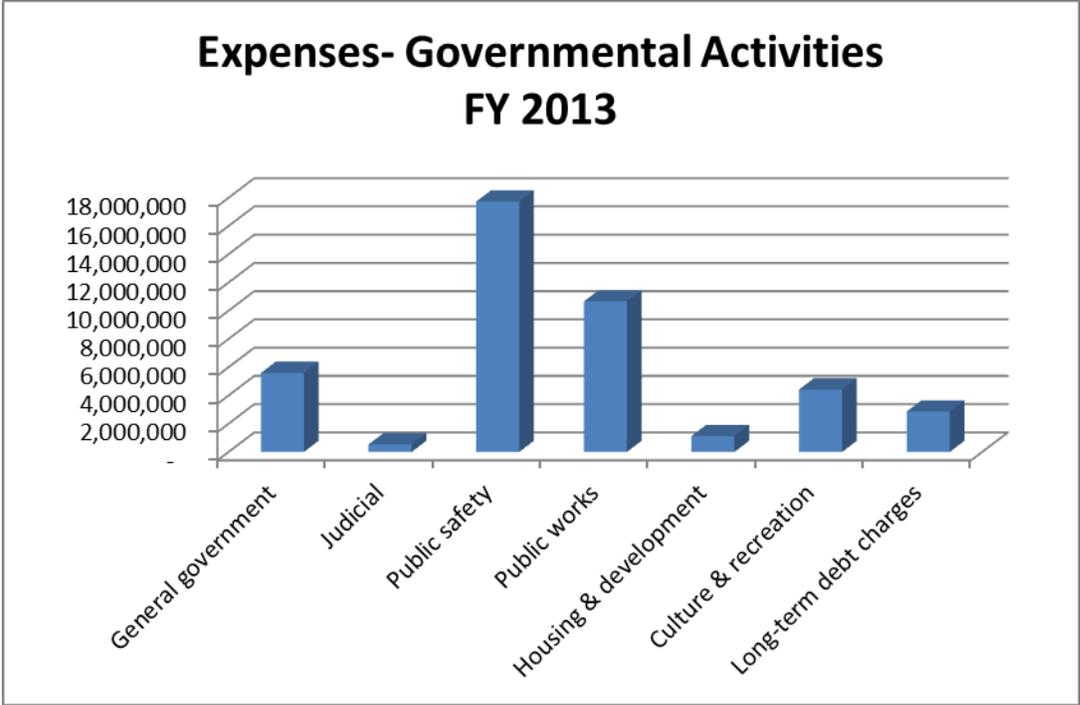
	Governmental Activities		Business-type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program revenues:						
Charges for services	\$ 13,505,267	\$ 13,185,068	\$ 17,972,656	\$ 17,012,801	\$ 31,477,923	\$ 30,197,869
Operating grants and contributions	408,012	319,253	-	-	408,012	319,253
Capital grants and contributions	11,244,681	11,589,669	-	-	11,244,681	11,589,669
General revenues:						
Property taxes	17,774,261	17,342,141	-	-	17,774,261	17,342,141
Other taxes	7,740,076	7,664,472	-	-	7,740,076	7,664,472
Grants and contributions not restricted to specific programs						
	734,532	731,251	-	-	734,532	731,251
Unrestricted investment earnings	10,164	13,018	1,828	3,675	11,992	16,693
Gain on sale of capital assets	45,136	27,602	-	-	45,136	27,602
Total revenues	51,462,129	50,872,474	17,974,484	17,016,476	69,436,613	67,888,950
Expenses:						
General government	5,597,496	6,658,936	-	-	5,597,496	6,658,936
Judicial	533,504	539,351	-	-	533,504	539,351
Public safety	17,729,276	16,422,991	-	-	17,729,276	16,422,991
Public works	10,658,449	12,700,351	-	-	10,658,449	12,700,351
Housing and development	1,131,446	4,296,015	-	-	1,131,446	4,296,015
Culture and recreation	4,425,185	4,319,312	-	-	4,425,185	4,319,312
Water and sewer	-	-	14,398,939	13,481,393	14,398,939	13,481,393
Interest & fiscal charges	2,865,013	2,910,268	-	-	2,865,013	2,910,268
Total expenses	42,940,369	47,847,224	14,398,939	13,481,393	57,339,308	61,328,617
Change in net position before transfers	8,521,760	3,025,250	3,575,545	3,535,083	12,097,305	6,560,333
Transfers	1,591,127	1,587,066	(1,591,127)	(1,587,066)	-	-
Change in net position	10,112,887	4,612,316	1,984,418	1,948,017	12,097,305	6,560,333
Net position- beginning, as restated	107,580,207	102,967,891	25,639,952	23,691,935	133,220,159	126,659,826
Net position - ending	\$ 117,693,094	\$ 107,580,207	\$ 27,624,370	\$ 25,639,952	\$ 145,317,464	133,220,159

Governmental Activities. Governmental activities increased the City's net position by \$10.1 million.

Property tax revenue increased 2.5% as the result of increased personal property taxes. Revenue for Charges for Services grew 2.4%, and Other Taxes rose 1.0%.



Governmental activity revenues are generated from a variety of sources including fees, grants, intergovernmental transfers and taxes. Taxes are the majority revenue source for the City at 50% of total revenue.



Governmental activity expenses generate a variety of services. The largest use of funds is for public safety (fire and police) and public works (streets, traffic engineering, sanitation and Keep Smyrna Beautiful). General government includes administrative activities such as human resources, information technology, finance, community relations, etc., and maintenance of government property.

Public safety expense reflects the city's desire to invest in this important area. Public works expense includes SPLOST expenditures and culture and recreation expense reflects expenditure of hotel/motel taxes to promote tourism.

Business-Type Activities. Business type revenues exceeded expenses (including transfers out of \$1.6 million) resulting in an increase in net position of \$2.0 million. Increased utility rates and elimination of drought restrictions contributed to the operating revenue increase in FY 2013. Rates are scheduled to increase as needed on an ongoing annual basis.

Financial Analysis of the Government's Funds

As noted earlier, the City of Smyrna 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 financial requirements. In particular, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2013, the City's governmental funds reported combined ending fund balances of \$41.9 million. Of this total, \$10.6 million or 25.2% constitutes *unassigned fund balance*, which is available for spending in the coming year. The remainder of fund balance is *Nonspendable, Restricted, Committed, or Assigned* to indicate that it is not available for new spending because it is not in spendable form (\$405,328) restricted (\$26,806,883), committed (\$4,016,705), or assigned (\$53,692) for a particular purpose.

Major Governmental Funds

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, Unassigned Fund Balance of the General Fund was \$10.8 million, and total fund balance was \$14.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both the Unassigned Fund Balance and total Fund Balance to total fund expenditures. Unassigned Fund Balance represents 33.2% of total general fund expenditures and total fund balance represents 44.7% of that same amount.

In FY 2013, the Total Fund Balance of the General Fund increased \$1.3 million.

The key factor to this increase is:

- ◆ Decreased expenditures in housing and development.

The Hickory Lake Apartments Fund is restricted to the redevelopment of that designated area. The fund balance at the end of FY2013 is \$13.2 million.

The 1% Road Improvement Tax (SPLOST) Fund is used to account for financial resources collected and used for construction and enhancement of the city's infrastructure. The fund balance increased in FY 2013 as tax proceeds were more than project expenditures.

The Tax Allocation District is used to account for the activities of the district.

Non-Major Governmental Funds.

The Special Revenue Funds are used to account for the City's collection and disbursement of specific revenues that are legally restricted to expenditures for specified purposes. Included in this classification are: Marietta, Cobb and Smyrna Narcotics Squad (MCS), Hotel/Motel Tax Fund, Multiple Grant Fund, Auto Rental Tax, Emergency 911 Telephone Fund, and Housing and Urban Development Grant Fund (CDBG).

The Capital Project Funds are used to account for financial resources that are *restricted* or *committed* to be used for the acquisition or construction of major capital facilities. Included in this classification are: Capital Fund, Downtown Smyrna Development Authority, Capital Projects Fund, Parks and Recreation Fund, Fire Station Construction Fund and Bio Diesel Fund.

Non-major governmental funds revenues and other financing sources totaled \$10.1 million for the fiscal year ended June 30, 2013. Non-major governmental funds expenditures and other financing uses totaled \$9.1 million. Fund balance for all non-major governmental funds was a surplus of \$3.8 million.

Proprietary Fund. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The City has one enterprise fund, which is the Water and Sewer Fund.

The *Unrestricted* Net Position for Water and Sewer is \$10.1 million. Total net position increased \$2.0 million. As noted earlier, the City is raising utility rates in anticipation of funding future capital infrastructure projects. The *Restricted* Cash Balance totals \$0.5 million as of June 30, 2013.

General Fund Budgetary Highlights

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level within funds. The most significant budgeted fund is the General Fund. The original budget of \$34,271,393 was amended to \$33,306,393 in a series of budget amendments. These amendments were necessary to meet changing economic conditions.

Actual revenues were greater than the final budget and expenditures were less than the final budget. Thus, the City ended the year with a positive budget variance in fund balance of \$1,333,121.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2013 amounts to \$147.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the city, such as roads, bridges, sidewalks, drainage, curb and gutter and the water and sewer systems.

The net increase in the City's investment in capital assets for fiscal year 2013 was 2.6% from \$143.9 million to \$147.6 million, an increase of \$3.7 million. Additional information on the City's capital assets can be found in Note 7 of the notes to the financial statements of this report.

Long – term debt. As of June 30, 2013, the City of Smyrna had a net of \$54.6 million in outstanding long-term debt, which does not include interest expense. The City has no general obligation debt. Additional information on the City's long-term debt can be found in Note 8 of the notes to the financial statements of this report.

Economic Factors

The Mayor and Council, along with a dedicated staff of professionals, have continued to aggressively address the current and future needs of the City by focusing on sound financial management, the use of current resources for capital expenditures, and an extensive budgeting process.

The City's top priorities will continue to be the redevelopment of older neighborhoods and aging commercial areas, parks and transportation. There are two major financial issues for FY 2014 and beyond:

- Commercial redevelopment. There are several major projects; both public and private, that is in various stages of redevelopment. Once completed these projects will bring major commercial and residential development to downtown Smyrna and surrounding areas.
- Continued transportation improvements to roads, sidewalks and traffic issues using the Cobb County 1% Special Local Option Sales Tax (SPLOST) approved by voters in 2005, and again in 2011.

Smyrna continues to change and mature. The City's 15-year downtown redevelopment plan, capped by the award-winning Market Village, has been a catalyst for millions of dollars of investment and redevelopment in Smyrna, with restaurants and retail establishments once again flourishing in downtown Smyrna.

Request for Information

This financial report is designed to provide a general overview of the City of Smyrna's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Smyrna, Office of the Finance Director, 2800 King Street, Smyrna, Georgia, 30080. Budget information can be obtained by going to www.smyrnacity.com, and selecting financial documents from the drop down menu on quick links.

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CITY OF SMYRNA, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets:			
Cash	\$ 15,687,864	\$ 9,592,259	\$ 25,280,123
Receivables, net:			
Trade	778,098	1,685,774	2,463,872
Taxes	613,133	-	613,133
Other	95,766	-	95,766
Due from other governments	1,540,557	-	1,540,557
Inventories	384,571	-	384,571
Prepaid items	20,757	-	20,757
Restricted assets	14,022,993	537,121	14,560,114
Land held for sale	12,110,212	-	12,110,212
Capital assets, non depreciated	21,015,497	-	21,015,497
Capital assets, depreciated, net	106,865,097	19,695,886	126,560,983
Net OPEB asset	1,041,622	-	1,041,622
Other assets, net	374,674	-	374,674
Total assets	174,550,841	31,511,040	206,061,881
Liabilities:			
Accounts payable and other current liabilities	2,393,875	1,103,904	3,497,779
Unearned revenue	147,551	-	147,551
Deposits payable	391,607	537,121	928,728
Accrued interest payable	1,123,899	-	1,123,899
Due to other governments	-	36,023	36,023
Noncurrent liabilities:			
Due within one year	2,645,604	455,073	3,100,677
Due in more than one year	49,744,074	1,754,549	51,498,623
Total liabilities	56,446,610	3,886,670	60,333,280
Deferred inflows of resources:			
Accumulated fair value of hedge transaction	411,137	-	411,137
Net Position:			
Net investment in capital assets	93,417,083	17,486,264	110,903,347
Restricted for:			
Healthcare	38,241	-	38,241
Culture and recreation	631,260	-	631,260
Housing and development	117,382	-	117,382
Completion of projects	10,523,841	-	10,523,841
Public safety	741,877	-	741,877
Unrestricted	12,223,410	10,138,106	22,361,516
Total net position	\$ 117,693,094	\$27,624,370	\$ 145,317,464

**CITY OF SMYRNA, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Functions/Programs	Program Revenue			Net (Expense) Revenue and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 5,597,496	\$ 1,985,086	\$ 10,936	-	\$ (3,601,474)	\$ -	\$ (3,601,474)
Judicial	533,504	2,653,250	-	-	2,119,746	-	2,119,746
Public safety:							
Police	10,098,783	96,463	19,614	-	(9,982,706)	-	(9,982,706)
Fire	6,292,199	-	355,436	470,466	(5,466,297)	-	(5,466,297)
Emergency 911	1,338,294	1,074,834	-	36,437	(227,023)	-	(227,023)
Public works	10,658,449	6,260,481	-	10,352,515	5,954,547	-	5,954,547
Housing and development	1,131,446	519,231	-	-	(612,215)	-	(612,215)
Culture and recreation	4,425,185	915,922	22,026	385,263	(3,101,974)	-	(3,101,974)
Interest & fiscal charges on long-term debt	2,865,013	-	-	-	(2,865,013)	-	(2,865,013)
Total governmental activities	42,940,369	13,505,267	408,012	11,244,681	(17,782,409)	-	(17,782,409)
Business-type activities:							
Water and Sewer	14,398,939	17,972,656	-	-	-	3,573,717	3,573,717
Total business-type activities	14,398,939	17,972,656	-	-	-	3,573,717	3,573,717
Total Primary Government	\$ 57,339,308	\$ 31,477,923	\$ 408,012	\$ 11,244,681	\$ (17,782,409)	\$ 3,573,717	\$ (14,208,692)
General revenues:							
Property taxes					17,774,261	-	17,774,261
Hotel, motel tax					870,380	-	870,380
Insurance premium tax					2,554,327	-	2,554,327
Franchise taxes					3,472,230	-	3,472,230
Alcohol taxes					771,469	-	771,469
Miscellaneous taxes					71,670	-	71,670
Operating grants not restricted to a specific program					734,532	-	734,532
Unrestricted investment earnings					10,164	1,828	11,992
Gain on sale of capital assets					45,136	-	45,136
Transfers					1,591,127	(1,591,127)	-
Total general revenues and transfers					27,895,296	(1,589,299)	26,305,997
Change in net position					10,112,887	1,984,418	12,097,305
Net position - beginning					107,580,207	25,639,952	133,220,159
Net position - ending					\$ 117,693,094	\$ 27,624,370	\$ 145,317,464

**CITY OF SMYRNA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	General Fund	Tax Allocation District	Hickory Lake Apartments	1% Road Improvement Tax	Other Governmental Funds	Total Governmental Funds
Assets						
Cash	\$ 14,589,876	\$ -	\$ -	\$ -	\$ 1,097,988	\$ 15,687,864
Restricted cash	391,607	189,429	1,039,800	9,626,593	1,331,166	12,578,595
Receivables, net:						
Trade	778,098	-	-	-	-	778,098
Taxes	538,304	-	-	74,829	-	613,133
Other	-	-	-	-	95,766	95,766
Due from other funds	445,165	-	-	-	-	445,165
Due from other governments	-	-	-	1,540,557	-	1,540,557
Inventories	384,571	-	-	-	-	384,571
Restricted investments	-	-	-	-	1,444,398	1,444,398
Prepaid items	20,632	-	-	-	125	20,757
Land held for sale	-	-	12,110,212	-	-	12,110,212
Total assets	\$ 17,148,253	\$ 189,429	\$13,150,012	\$ 11,241,979	\$ 3,969,443	\$ 45,699,116
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ 1,271,889	\$ -	\$ -	\$ 679,025	\$ 67,374	\$ 2,018,288
Accrued liabilities	320,033	-	-	-	16,441	336,474
Retainage payable	-	-	-	39,113	-	39,113
Deferred revenue	458,786	-	-	-	-	458,786
Unearned revenue	99,976	-	-	-	47,575	147,551
Due to other funds	-	445,165	-	-	-	445,165
Deposits payable	391,607	-	-	-	-	391,607
Total liabilities	2,542,291	445,165	-	718,138	131,390	3,836,984
Fund Balances						
Nonspendable:						
Prepays	20,632	-	-	-	125	20,757
Inventories	384,571	-	-	-	-	384,571
Restricted for:						
Healthcare	38,241	-	-	-	-	38,241
Capital projects	-	-	-	10,523,841	1,443,234	11,967,075
Public safety	65,472	-	-	-	676,517	741,989
Culture and recreation	159,760	-	-	-	632,424	792,184
Housing and development	117,382	-	-	-	-	117,382
Debt service	-	-	13,150,012	-	-	13,150,012
Committed for:						
Healthcare	500,000	-	-	-	-	500,000
Retirement plans	650,000	-	-	-	-	650,000
Capital projects	200,000	-	-	-	1,087,100	1,287,100
Debt service	1,579,605	-	-	-	-	1,579,605
Assigned for:						
Public safety	5,802	-	-	-	-	5,802
Culture and recreation	47,890	-	-	-	-	47,890
Unassigned	10,836,607	(255,736)	-	-	(1,347)	10,579,524
Total fund balances	14,605,962	(255,736)	13,150,012	10,523,841	3,838,053	41,862,132
Total liabilities and fund balances	\$ 17,148,253	\$ 189,429	\$13,150,012	\$ 11,241,979	\$ 3,969,443	
Amounts reported for governmental activities in the statement of net position are different because:						
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.						127,880,594
The cumulative inflow from effective hedge transactions are deferred and reported as deferred inflows in the statement of net position						(411,137)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported or reported as unavailable in the funds:						
Property taxes						458,786
Unamortized bond costs						374,674
Net OPEB asset						1,041,622
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:						
Unmatured bonds payable						(48,945,000)
Unamortized deferred loss on refunding						461,227
Unamortized debt premium/discount						(1,191,229)
Accrued interest payable						(1,123,899)
Capital leases payable						(599,313)
Certificates of participation						(1,756,000)
Interest rate swap						411,137
Accrued compensated absences						(770,500)
Net position of governmental activities						\$ 117,693,094

CITY OF SMYRNA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	Tax Allocation District	Hickory Lake Apartments	1% Road Improvement Tax	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 24,258,135	\$ -	\$ -	\$ 275,635	\$ 972,605	\$ 25,506,375
Charges for services	7,910,522	-	-	-	1,074,834	8,985,356
Licenses and permits	2,144,746	-	-	-	-	2,144,746
Fines and forfeitures	2,049,274	-	-	-	-	2,049,274
Intergovernmental	745,468	-	-	11,355,732	1,395,800	13,497,000
Investment earnings	4,327	-	973	5,316	60,522	71,138
Miscellaneous revenue	380,029	-	3,889	44,000	1,517	429,435
Total revenues	37,492,501	-	4,862	11,680,683	3,505,278	52,683,324
Expenditures:						
Current:						
General government	10,553,172	-	-	-	-	10,553,172
Judicial	423,743	-	-	-	-	423,743
Public safety						
Police	7,189,029	-	-	-	35,002	7,224,031
Fire	4,489,061	-	-	-	353,718	4,842,779
Other	36,037	-	-	-	1,290,837	1,326,874
Public works	6,256,667	-	-	-	-	6,256,667
Culture and recreation	2,539,810	-	-	-	1,093,602	3,633,412
Housing and development	863,042	-	-	-	-	863,042
Capital projects	-	-	-	7,828,283	1,630,340	9,458,623
Debt service						
Principal, interest, and fees	329,862	-	-	-	4,232,256	4,562,118
Total expenditures	32,680,423	-	-	7,828,283	8,635,755	49,144,461
Excess (deficiency) of revenues over expenditures	4,812,078	-	4,862	3,852,400	(5,130,477)	3,538,863
Other financing sources (uses):						
Transfers in	1,866,322	-	-	-	6,589,335	8,455,657
Sale of capital assets	45,136	-	-	-	-	45,136
Transfers out	(5,430,255)	-	(957,261)	-	(477,014)	(6,864,530)
Total other financing sources (uses)	(3,518,797)	-	(957,261)	-	6,112,321	1,636,263
Net change in fund balance	1,293,281	-	(952,399)	3,852,400	981,844	5,175,126
Fund balance at beginning of year	13,312,681	(255,736)	14,102,411	6,671,441	2,856,209	36,687,006
Fund balance at end of year	\$ 14,605,962	\$ (255,736)	\$ 13,150,012	\$ 10,523,841	\$ 3,838,053	\$ 41,862,132

**CITY OF SMYRNA, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

Net change in fund balances - total governmental funds		\$ 5,175,126
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.		
Depreciation expense	(5,675,287)	
Capital outlays	<u>9,887,902</u>	4,212,615
The net effect of revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(1,165,992)
OPEB contributions in excess of annual actuarial costs are recorded as expenses in the governmental funds		(70,566)
Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net assets.		1,718,408
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 the governmental funds:		
Accrued compensated absences	264,599	
Accrued interest expense	29,338	
Amortization of bond costs, deferred loss, and premium/discount	<u>(50,641)</u>	<u>243,296</u>
Change in net position of governmental activities		<u><u>\$10,112,887</u></u>

CITY OF SMYRNA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2013

	<u>Water and Sewer Enterprise Fund</u>
ASSETS	
Current assets:	
Cash	\$ 9,592,259
Trade receivables, net	<u>1,685,774</u>
Total current assets	<u>11,278,033</u>
Noncurrent assets	
Restricted assets:	
Cash	537,121
Property, plant and equipment, net	<u>19,695,886</u>
Total noncurrent assets	<u>20,233,007</u>
Total assets	<u>31,511,040</u>
LIABILITIES	
Current liabilities:	
Accounts payable	1,047,197
Accrued liabilities	56,707
Due to other governments	36,023
Deposits payable	537,121
Capital lease - current	<u>455,073</u>
Total current liabilities	<u>2,132,121</u>
Long-term liabilities (net of current portion):	
Capital lease payable	<u>1,754,549</u>
Total noncurrent liabilities	<u>1,754,549</u>
Total liabilities	<u>3,886,670</u>
NET POSITION	
Net investment in capital assets	17,486,264
Unrestricted	<u>10,138,106</u>
Total net position	<u>\$ 27,624,370</u>

CITY OF SMYRNA, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Water and Sewer Enterprise Fund
Operating revenues:	
Charges for services	\$ 17,972,656
Total operating revenues	<u>17,972,656</u>
Operating expenses:	
Personal services and employee benefits	1,298,806
Other operating expenses	11,330,535
Depreciation	1,659,836
Total operating expenses	<u>14,289,177</u>
Operating income	<u>3,683,479</u>
Nonoperating revenues (expenses):	
Interest income	1,828
Interest expense and fees	(107,413)
Loss on disposal of capital assets	(2,349)
Total nonoperating revenues (expenses)	<u>(107,934)</u>
Income (loss) before transfers	<u>3,575,545</u>
Transfers out	<u>(1,591,127)</u>
Change in net position	1,984,418
Net position, beginning of year	<u>25,639,952</u>
Net position, end of year	<u>\$ 27,624,370</u>

**CITY OF SMYRNA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Water and Sewer Enterprise Fund</u>
Cash flows from (to) operating activities:	
Cash received from customers	\$ 17,878,005
Cash payments to suppliers for goods and services	(11,254,755)
Cash payments for employee services and fringe benefits	(1,304,578)
Net cash from (to) operating activities	<u>5,318,672</u>
Cash flows from (to) noncapital financing activities:	
Transfers out	(1,591,127)
Net cash from (to) noncapital financing activities	<u>(1,591,127)</u>
Cash flows from (to) capital and related financing activities:	
Acquisition and construction of capital assets	(1,143,099)
Proceeds from sale of assets	4,313
Principal payments on capital lease	(352,203)
Interest paid on revenue bonds and capital lease	(107,413)
Net cash from (to) capital and related financing activities	<u>(1,598,402)</u>
Cash flows from (to) investing activities:	
Interest earned on assets	1,828
Net cash from (to) investing activities	<u>1,828</u>
Net increase (decrease) in cash	2,130,971
Cash at beginning of year (including \$532,999 in restricted accounts)	7,998,409
Cash at end of year (including \$537,121 in restricted accounts)	<u>\$ 10,129,380</u>
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ 3,683,479
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	1,659,836
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(98,773)
Increase (decrease) in due to other government	36,023
Increase (decrease) in accounts payable	165,949
Increase (decrease) in deposits payable	4,122
Increase (decrease) in due to other funds	(126,192)
Increase (decrease) in accrued liabilities	(5,772)
Net cash from operating activities	<u>\$ 5,318,672</u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	<u>\$ 107,413</u>

CITY OF SMYRNA, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2013

	<u>OPEB TRUST FUND</u>
Assets:	
Current assets:	
Investments - money market mutual funds	<u>\$ 1,168,038</u>
Total assets	<u>\$ 1,168,038</u>
Net position:	
Net position held in trust for other post employment benefits	<u>\$ 1,168,038</u>
Total net position held in trust	<u><u>\$ 1,168,038</u></u>

**CITY OF SMYRNA, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>OPEB TRUST FUND</u>
Additions	
Contributions:	
Employer	\$ 471,802
Employee	<u>92,627</u>
Total contributions	564,429
Investment earnings	<u>101,917</u>
Total additions	<u>666,346</u>
Deductions:	
Benefits and claims	<u>421,627</u>
Total deductions	<u>421,627</u>
Change in net position	244,719
Net position held in trust, beginning of year	<u>923,319</u>
Net position held in trust, end of year	<u><u>\$ 1,168,038</u></u>

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

The accounting methods and procedures adopted by the City of Smyrna, Georgia, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the City's Comprehensive Annual Financial Report.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City was created in 1872 and operates under an elected Mayor/Council form of government. The City's major operations included public safety, culture-recreation, water and sewer services, highways and streets, sanitation, public improvements, planning and zoning, and general administrative services.

The financial statements of the reporting entity include those of the City of Smyrna (the primary government) and its component unit, an entity for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The fiscal year end of the component unit is June 30. The component unit does not issue separate Component Unit Financial Statements. A brief description of the component unit is as follows:

Downtown Smyrna Development Authority: The Downtown Smyrna Development Authority was created by the City of Smyrna, pursuant to the resolution of the Georgia General Assembly in October 1988. The Authority provides funding through capital lease agreements for the construction of governmental facilities. Currently the Authority is being used to provide funding sources to the City for the construction of governmental facilities.

The City Council appoints seven of the eight members of the Authority. The eighth position is filled by the Mayor who serves as the chairman. The Authority's debt is expected to be repaid by the City. The Authority provides services almost entirely to the City. The Authority is presented as a blended component unit and presented as a Capital Projects Fund.

Related Organization: The Smyrna Housing Authority is a related organization which has not been included in the reporting entity. The Authority provides housing assistance to eligible families in the City. The Board consists of seven members appointed by the Mayor and City Council; however, the City does not have the ability to impose its will or have a financial benefit or burden relationship. The debts of the Housing Authority are not secured by the City and deficits are not financed by the City. No budgetary or financial relationship exists between the City of Smyrna and the Smyrna Housing Authority.

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 nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

rely to a significant extent on fees and charges for support. The City's net position is reported in three parts – net invested in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 government 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 a payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest 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 government.

The government reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Tax Allocation District Special Revenue Fund - The TAD fund is used to account for tax increments collected for the redevelopment project within the tax allocation district.

Hickory Lake Apartments Capital Projects Fund - The Hickory Lakes Apartment Fund accounts for money received from bond proceeds that are restricted for use on redevelopment areas.

1% Road Improvement Capital Projects Fund - The City's 1% Road Improvement Fund is used to account for financial resources restricted for transportation projects, 800 MHz radios, park projects, public safety projects, and Keep Smyrna Beautiful projects.

The government reports the following major proprietary fund:

The Water and Sewer Fund accounts for the operations of providing water and sewer services to the residents of the City.

Additionally, the government reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City's special revenue funds account for money received for the promotion of tourism, monies received from the U.S. Housing and Urban Development under the Community Development Block Grant Program, monies collected for operations of the Emergency 911 system, monies received for law enforcement expenditures, to account for the financing transactions of the redevelopment of the downtown area and construction of governmental facilities, and to account for the activities of the City's blended component unit.

Capital Project Funds - Capital Project Funds are used to account for financial resources that are restricted or committed to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Trust Funds - The Trust Fund accounts for the assets held by the City in a trustee capacity for individuals. The City's OPEB Trust Fund is utilized to account for the activity of the City's OPEB Plan.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water, sewer, sanitation and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services,

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Budgets and Budgetary Accounting

An operating budget is legally adopted each fiscal year for the General Fund, Special Revenue Funds, and the Capital Project Funds.

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP) except that the Capital Projects Funds adopt project length budgets and encumbrances are treated as budgetary expenditures in the year of incurrence of the commitment to purchase. In the General Fund, debt service expenditures are budgeted as general governmental expenditures.

The City generally follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed operating budget including proposed expenditures and the means of financing them is submitted to the City Council by the City Administrator.
2. A public hearing on the budget is held.
3. The budget is then revised and adopted or amended by the City Council at the first regular meeting following the hearing.
4. The level of control (the level at which expenditures may not legally exceed appropriations) for each of the above adopted budgets is at the department level. The City's department heads may make transfers of appropriations within a department with approval from the City Administrator and Finance Director. Transfers of appropriations between departments require the approval of the Mayor and City Council. The total budget so adopted may be revised during the year only by formal action of the City Council in a regular meeting and no increase shall be made therein without provision also being made for financing the same. For a non-budgeted activity or item, or one which has a high likelihood of exceeding the budget appropriation, approval must come from the Mayor and City Council.

Unencumbered appropriations lapse at year end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue and Capital Projects Funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

E. Cash and Investments

For the purpose of the statement of cash flows, cash and cash equivalents include restricted and unrestricted amounts in demand accounts and all highly liquid investments with a

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

maturity of three months or less when purchased.

Investments are stated at fair value. Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's Investors Service, Inc., negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association, repurchase agreements when collateralized by U.S. Government or agency obligations, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds. See note (2) for additional information regarding Cash and Investments.

F. Short-Term/Long-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds."

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

G. Inventories

Inventories are valued at cost using the first in/first out (FIFO) method. Inventories consist of expendable supplies held for consumption and items needed for repairs or improvements. The consumption method is used to account for inventories.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013 are recorded as prepaid items.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

In the case of the initial capitalization of general infrastructure assets (e.g., those reported by governmental activities), the City chose to include all such items regardless of their

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

acquisition date.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The capitalized threshold for capital assets is \$5,000.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation has been calculated on an estimated useful life as follows:

	<u>Water and Sewer</u>	<u>Governmental Activities</u>
Buildings and Improvements	15- 40 years	80 years
Vehicles, machinery, furniture and equipment	4-10 years	5 years
Infrastructure and improvements	40 years	30 years

J. Compensated Absences

Accumulated unpaid vacation pay and comp time amounts are accrued when incurred by the City in the government-wide and proprietary financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. A liability in the governmental funds is reported only if the benefit has matured.

Accumulated sick pay benefits for City employees have not been recorded as a liability because the payment of the benefits is contingent upon the future illness of an employee. It is not expected that any unrecorded sick pay benefits will exceed a normal year's accumulation.

K. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any items that qualify for reporting in this category.

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 one item that qualifies for reporting in this category, the accumulated fair value of the City's hedge transaction. See note 8 for information regarding the City's interest rate swap agreement.

M. Nature and Purpose of Classifications of Fund Equity

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance are classified as committed fund balances. Amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by City management based on Council direction. Council has designated the Finance Director the authority to make necessary assignments of the fund balance. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has adopted a financial policy to maintain a minimum level of unassigned fund balance in the General Fund. The target level is set at 25% of the subsequent year's budgeted expenditures and outgoing transfers. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts.

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

N. Use of Estimates

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

(2) DEPOSITS AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City reduces its exposure to this risk by requiring deposits to be collateralized in accordance with State law. As of June 30, 2013, the City was not exposed to custodial credit risk.

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Per the City's investment policy, the City manages its exposure to custodial risk by requiring full collateralization on two certain types of investments: certificates of deposits and repurchase agreements. As of June 30, 2013, none of the government's investments were exposed to custodial credit risk.

Investments of the City are comprised of money market mutual funds and guaranteed investment contracts. As of June 30, 2013, money market mutual funds had a fair market value of \$1,169,202, of which \$1,164 were rated AAAM and \$1,168,038 were not rated. The money market funds had investment maturities of less than one year. The guaranteed investment contract had a fair value of \$1,443,234 as of June 30, 2013. The contract was unrated and has a maturity date of June 1, 2028.

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits direct investments in securities maturing more than five years from the date of purchase, unless matched by a specific cash flow.

(3) RECEIVABLES

Receivables at June 30, 2013 consist of the following:

	<u>Taxes and Fines</u>	<u>Utility Accounts</u>	<u>Other</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
General Fund	\$ 612,084	\$ 855,795	\$ -	\$ (151,477)	\$ 1,316,402
1% Road Improvement Tax Fund	74,829	-	-	-	74,829
Nonmajor Governmental Funds	-	-	95,766	-	95,766
Water and Sewer Fund	-	1,911,286	-	(225,512)	1,685,774
Total	<u>\$ 686,913</u>	<u>\$ 2,767,081</u>	<u>\$ 95,766</u>	<u>\$ (376,989)</u>	<u>\$ 3,172,771</u>

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

(4) DUE FROM OTHER GOVERNMENTS

	Cobb County, GA
	<u> </u>
1% Road Improvement Tax Fund	\$ 1,540,557
	<u>\$ 1,540,557</u>

(5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund loans receivable are considered "available spendable resources."

Such balances at June 30, 2013 include Due from (to) and are summarized as follows:

	<u>RECEIVABLE TO</u>
	General Fund
<u>PAYABLE FROM</u>	<u> </u>
Tax Allocation District Fund	<u>\$ 445,165</u>

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds.

Interfund transfers for the current year were as follows:

	<u>TRANSFER OUT FROM</u>				
	General Fund	Hickory Lake Apartments	Nonmajor Governmental Funds	Water & Sewer Fund	Total
<u>TRANSFER IN TO</u>					
General Fund	\$ -	\$ -	\$ 275,195	\$ 1,591,127	\$ 1,866,322
Nonmajor Governmental Funds	5,430,255	957,261	201,819	-	6,589,335
Total	<u>\$ 5,430,255</u>	<u>\$ 957,261</u>	<u>\$ 477,014</u>	<u>\$ 1,591,127</u>	<u>\$ 8,455,657</u>

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, maintaining debt service on a routine basis, or in accordance with budgetary authorizations.

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(6) RESTRICTED ASSETS

In the governmental funds, customer deposits that will be refunded upon termination of service are restricted assets. Cash and investments that have accumulated in the special revenue funds, the 1% Road Improvement Tax Fund, the Hickory Lake Apartments Fund, the Bio Diesel Fund, and the Fire Construction Fund are restricted to use per the fund description. In the proprietary fund, customer deposits that will be refunded upon termination of service are restricted assets.

The City's restricted assets at June 30, 2013, consist of the following:

Governmental Funds:	<u>Total</u>
General Fund:	
Customer deposits	<u>\$ 391,607</u>
Hickory Lake Apartments Fund:	
Debt service	<u>1,039,800</u>
1% Road Improvement Tax:	
Completion of projects	<u>9,626,593</u>
Tax allocation district	<u>189,429</u>
Nonmajor governmental funds:	
E911 operations	616,411
Law enforcement	613
Culture and recreation	1,164
Unspent grant money	35,039
Housing and development	27,442
Completion of projects	1,456,120
Tourism	638,775
	<u>2,775,564</u>
Total governmental funds	<u><u>\$ 14,022,993</u></u>
Proprietary Funds	
Water and Sewer Enterprise Fund:	
Customer deposits	<u>\$ 537,121</u>
Total proprietary funds	<u><u>\$ 537,121</u></u>

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(7) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 18,660,921	\$ 353,883	\$ -	\$ 19,014,804
Construction in progress	807,320	2,000,693	(807,320)	2,000,693
Total capital assets not being depreciated	19,468,241	2,354,576	(807,320)	21,015,497
Capital assets, being depreciated:				
Infrastructure	135,343,397	5,479,202	-	140,822,599
Buildings and improvements	56,998,009	2,039,265	-	59,037,274
Motorized and heavy equipment	1,359,326	85,200	(46,954)	1,397,572
Office furniture and equipment	1,315,313	132,301	-	1,447,614
Computer equipment	2,919,303	212,244	-	3,131,547
Motor vehicles	10,019,584	380,534	(330,161)	10,069,957
Nonmotorized equipment	2,922,765	11,900	-	2,934,665
Total capital assets being depreciated	210,877,697	8,340,646	(377,115)	218,841,228
Less accumulated depreciation for:				
Infrastructure	(68,466,387)	(3,195,138)	-	(71,661,525)
Buildings and improvements	(21,712,276)	(1,730,512)	-	(23,442,788)
Motorized and heavy equipment	(1,619,677)	(91,380)	46,954	(1,664,103)
Office furniture and equipment	(1,263,924)	(17,741)	-	(1,281,665)
Computer equipment	(1,608,272)	(138,474)	-	(1,746,746)
Motor vehicles	(9,896,937)	(169,985)	-	(10,066,922)
Nonmotorized equipment	(2,110,486)	(332,057)	330,161	(2,112,382)
Total accumulated depreciation	(106,677,959)	(5,675,287)	377,115	(111,976,131)
Total capital assets being depreciated, net	104,199,738	2,665,359	-	106,865,097
Governmental activities capital assets, net	\$ 123,667,979	\$ 5,019,935	\$ (807,320)	\$ 127,880,594
Business-type activities:				
Capital assets, being depreciated:				
Infrastructure and improvements	\$ 30,842,113	\$ 940,384	\$ -	\$ 31,782,497
Buildings and improvements	84,329	-	(84,329)	-
Machinery and equipment	8,103,813	187,020	-	8,290,833
Motor vehicles	921,947	15,695	(30,442)	907,200
Computer equipment	82,882	-	-	82,882
Total capital assets being depreciated	40,035,084	1,143,099	(114,771)	41,063,412
Less accumulated depreciation for:				
Infrastructure and improvements	(13,671,254)	(843,164)	-	(14,514,418)
Buildings and improvements	(77,667)	-	77,667	-
Machinery and equipment	(5,095,580)	(780,550)	-	(5,876,130)
Motor vehicles	(888,416)	(36,122)	30,442	(894,096)
Computer equipment	(82,882)	-	-	(82,882)
Total accumulated depreciation	(19,815,799)	(1,659,836)	108,109	(21,367,526)
Total capital assets being depreciated, net	20,219,285	(516,737)	(6,662)	19,695,886
Business-type activities capital assets, net	\$ 20,219,285	\$ (516,737)	\$ (6,662)	\$ 19,695,886

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

Governmental activities:	
General government	\$ 694,441
Public safety	843,250
Public works, including depreciation of general infrastructure	3,343,949
Culture and recreation	<u>793,647</u>
Total depreciation expense - governmental activities	<u>\$ 5,675,287</u>
Business-type activities:	
Water and sewer	<u>\$ 1,659,836</u>

(8) LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term liabilities for the year ended June 30, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 50,370,000	\$ -	\$ (1,425,000)	\$ 48,945,000	\$ 1,920,000
Deferred charges	707,627	22,375	-	730,002	-
	<u>51,077,627</u>	<u>22,375</u>	<u>(1,425,000)</u>	<u>49,675,002</u>	<u>1,920,000</u>
Capital leases	892,721	-	(293,408)	599,313	90,913
Certificates of participation	1,756,000	-	-	1,756,000	-
Deferred fair value of interest rate swap	(631,350)	-	220,213	(411,137)	-
Total certificates of participation	<u>1,124,650</u>	<u>-</u>	<u>220,213</u>	<u>1,344,863</u>	<u>-</u>
Compensated absences	1,035,099	549,850	(814,449)	770,500	634,691
Governmental activities long-term liabilities	<u>\$ 54,130,097</u>	<u>\$ 572,225</u>	<u>\$ (2,312,644)</u>	<u>\$ 52,389,678</u>	<u>\$ 2,645,604</u>
Business-type activities:					
Capital leases	\$ 2,561,825	\$ -	\$ (352,203)	\$ 2,209,622	455,073
Business-type activities long-term liabilities	<u>\$ 2,561,825</u>	<u>\$ -</u>	<u>\$ (352,203)</u>	<u>\$ 2,209,622</u>	<u>\$ 455,073</u>

The deferred loss on refunding has been reclassified from long term liabilities to deferred outflows of resources.

Compensated absences are typically liquidated in the General Fund.

Operating Leases

The City has several operating leases for equipment that are not material.

Governmental Activities:

Revenue Bonds

Revenue bonds have been issued for governmental activities and are comprised of the following individual issues at June 30, 2013:

\$8,285,000 Series 1997 Downtown Smyrna Development Authority bonds, serviced through lease payments from the City, due in annual installments commencing February 1, 1998 of

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\$35,000 to \$1,700,000 through February 1, 2020; interest at 3.7 to 5.6 percent (\$6,830,000 outstanding). The bonds were issued to refund a portion of the Series 1994 bonds and to finance the cost of constructing, furnishing, and equipping a new fire station to be leased to the City.

\$2,875,000 Series 2001 Downtown Smyrna Development Authority bonds, serviced through lease payments from the City, due in annual installments commencing February 11, 2002 of \$85,000 to \$225,000 through February 2021; interest at 5.14 percent (\$1,650,000 outstanding). The bonds were issued to purchase property.

\$11,885,000 Series 2002 Downtown Smyrna Development Authority bonds, serviced through lease payments from the City, due in annual installments commencing February 1, 2003 of \$755,000 to \$1,160,000 through February 1, 2016; interest at 2.25 to 5.25 percent (\$3,310,000 outstanding). The bonds were issued to refund a portion of Series 1989 and 1993 bonds.

\$22,000,000 Series 2005 Downtown Smyrna Development Authority bonds, serviced through lease payments from the City, due in annual installments commencing on August 1, 2005 of \$220,000 to \$3,070,000 through February 1, 2028; interest at 3% to 5.25% (\$21,205,000 outstanding). The bonds were issued for acquiring, construction, and renovation of parks and recreation facilities.

\$15,950,000 Series 2010 Downtown Smyrna Development Authority bonds, serviced through lease payments from the City, due in annual installments commencing on February 1, 2014 of \$420,000 to \$1,300,000 through February 1, 2035; interest at 2.49% to 6.90% (\$15,950,000 outstanding). The bonds were issued for acquiring, construction, and redeveloping the site of an existing apartment complex, preserving the site for future development, and to pay the costs of issuing the bonds.

On November 21, 2002, the City and the Smyrna Downtown Development Authority entered into an amended and restated intergovernmental contract. The contract obligates the City to make lease payments directly to the Authority for the purpose of paying the principal and interest on the outstanding balance of the Series 1997, 2001 and 2002 Revenue Bonds issued by the Authority. The contract will not expire until full payment of the bonds, however, the agreement will terminate absolutely on August 1, 2039. On April 1, 2005 the City and the Authority entered into an additional intergovernmental contract obligating the City to make lease payments directly to the Authority for the purpose of paying principal and interest on the Series 2005 Revenue bonds issued by the Authority. The contract will not expire until full payment of the bonds, however, the agreement will terminate absolutely on February 1, 2028. The contracts enable the City to lease from the Authority the facilities constructed by the Authority. The leases are a direct financing lease in accordance with generally accepted accounting principles. The Authority has no obligation for the debt beyond the resources provided by the City under the contract; therefore the obligation for the bonds is not reported on the financial statements of the Smyrna Downtown Development Authority. Each agreement provides that prior to expiration of the leases upon payment in full of the bonds outstanding, the City may purchase the project from the Authority for \$100.

The following is a schedule of the future payments on outstanding Governmental Activities revenue bonds as of June 30, 2013:

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Year Ending June 30,	Principal	Interest	Total
2014	\$ 1,920,000	\$ 2,693,504	\$ 4,613,504
2015	2,005,000	2,606,070	4,611,070
2016	2,095,000	2,511,308	4,606,308
2017	2,200,000	2,410,066	4,610,066
2018	2,310,000	2,294,895	4,604,895
2019-2023	13,550,000	9,498,523	23,048,523
2024-2028	17,435,000	5,498,967	22,933,967
2029-2033	4,915,000	1,930,110	6,845,110
2034-2035	2,515,000	263,235	2,778,235
Total	<u>\$ 48,945,000</u>	<u>\$ 29,706,675</u>	<u>\$ 78,651,675</u>

The amount of defeased debt outstanding but removed from the City's records totaled \$13,550,000 at June 30, 2013.

Capital Leases

The City leases certain equipment through BB&T Governmental Finance with costs totaling \$930,000 and accumulated depreciation totaling \$837,000. The lease bears interest at 3.76%.

The following is a schedule of the future payments on outstanding Governmental Activities capital leases as of June 30, 2013:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 90,913	\$ 22,534	\$ 113,447
2015	94,316	19,116	113,432
2016	97,862	15,570	113,432
2017	101,542	11,890	113,432
2018	105,360	8,072	113,432
2019	109,320	4,110	113,430
Total	<u>\$ 599,313</u>	<u>\$ 81,292</u>	<u>\$ 680,605</u>

Certificates of Participation

In June 1998, the City entered into a lease pool agreement with the Georgia Municipal Association (GMA). The funding of the lease pool was provided by the issuance of \$150,126,000 certificates of participation by GMA. GMA passed the net proceeds through the participating municipalities with the City's participation totaling \$1,756,000. The lease pool agreement with GMA provides that the City owns their portion of the assets invested by the pool and is responsible for the payment of their portion of the principal and interest of the certificates of participation. The principal is due in a lump sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The City may draw on the investment to lease equipment from GMA. The lease pool agreement requires the City to make lease payments back into its investment account to fund the principal and interest requirements of the 1998(A) GMA certificates of participation. The annual debt service requirements are as follows:

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Year Ending June 30,	Principal	Interest	Total
2014	\$ -	\$ 83,410	\$ 83,410
2015	-	83,410	83,410
2016	-	83,410	83,410
2017	-	83,410	83,410
2018	-	83,410	83,410
2019-2023	-	417,050	417,050
2024-2028	1,756,000	417,050	2,173,050
Total	<u>\$ 1,756,000</u>	<u>\$ 1,251,150</u>	<u>\$ 3,007,150</u>

As part of the issuance of the certificates of participation, the City entered into an interest rate swap agreement. Under the swap agreement, the City is required to (a) pay a semiannual floating rate of interest based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index to, or behalf of, the swap counterparty; and the swap counterparty will pay to, or on behalf of, the City a semi-annual payment based on a rate equal to the fixed rate on the certificates of participation (4.75%) times a notional amount specified in the swap agreement, but generally equal to the outstanding unpaid principal portion of such contract, less the amount originally deposited in the reserve fund relating to the contract, and (b) a one time swap premium to be paid on the effective date of the swap agreement. The semiannual payments from the swap counterparty with respect to the City are structured, and expected to be sufficient to make all interest payments due under the contract, and related distributions of interest on the certificates. Monthly interest payments between the City, the holders of the certificates of participation, and the swap counterparty can be made in a net settlement form as part of this agreement. Under the swap agreement, the City's obligation to pay floating payments to the swap counterparty in any calendar year may not exceed an amount equal to the SIFMA Municipal Swap Index plus 5% to be determined on the first business day of December in the preceding year. This agreement also matures on June 1, 2028. This derivative qualifies as a fair market hedge.

In the unlikely event that the swap counterparty becomes insolvent, or fails to make payments as specified in the swap agreement, the City would be exposed to credit risk in the amount of the swap's fair value. To minimize this risk, the City executed this agreement with counterparties of appropriate credit strength. At June 30, 2013, the floating rate being paid by the City is .4% and the market value of this agreement is \$411,137, a decrease of \$220,213 from the market value at the end of the previous fiscal year. The market value of the hedge was determined using settlement prices at the end of the day on June 30, 2013 based on the derivative contract. This market value is netted against long-term liabilities in the statement of net position. This derivative is an effective hedge and qualifies for hedge accounting. Therefore, the inflow from the hedge (any change in fair value from inception until fiscal year end) is deferred and reported as deferred inflows of resources in the statement of net position.

Business-type Activities:

Capital Leases

On November 29, 2004, the City entered into a lease agreement to acquire meter reading equipment with a total cost of \$7,025,205 for use in the Water and Sewer Enterprise Fund.

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The original principal amount of the agreement was \$4,300,000 following a down payment of \$2,725,205. The terms of the lease call for principal and interest payments over 156 months, with an annual interest rate of 4.16% and an option to purchase at the end of the lease term for \$1. The lease qualifies as a capital lease. As of June 30, 2013, accumulated depreciation expense totaled \$5,218,112.

The following is a schedule of the future payments on outstanding Business-Type Activities capital leases as of June 30, 2013:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 455,073	\$ 83,417	\$ 538,490
2015	498,573	62,780	561,353
2016	541,669	41,483	583,152
2017	587,469	18,363	605,832
2018	126,838	2,836	129,674
Total	<u>\$ 2,209,622</u>	<u>\$ 208,879</u>	<u>\$ 2,418,501</u>

(9) PROPERTY TAXES

The City bills and collects its own real and personal property taxes. Ad valorem tax on motor vehicles and mobile homes is collected by the Cobb County Tax Commissioner and remitted to the City. City property tax revenues are recognized when levied to the extent that they result in current receivables.

Property taxes are levied in September of each year on the assessed valuation of property as of the preceding January 1. Taxes were levied on September 10, 2012. The billings are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending 60 days after the tax bill mailing. At that later date, generally mid-November, the bill becomes delinquent, subject to lien, and penalties and interest may be assessed by the City.

Assessed values are established by the Cobb County Tax Assessor's office and are currently calculated at 40% of the market value. The net assessed values of real and personal property (excluding public utility franchise motor vehicles, heavy duty equipment and mobile home taxes) at January 1, 2012 were \$1,686,342,619.

Based on the 2012 millage levy of 8.99, a property owner would pay \$8.99 per \$1,000 of assessed valuation. Current tax collections of \$14,918,840 for the fiscal year ended June 30, 2013 were 98 percent of the tax levy.

(10) EMPLOYEE RETIREMENT SYSTEM

The City contributes to the Georgia Municipal Employees Benefit System ("System"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the state of Georgia. The City's payroll for employees covered by the System's defined benefit plan was \$16,948,936 as of January 1, 2012. The Plan also provides death benefits for early retirees.

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The benefit provisions and all other requirements are established by the System and the Adoption Agreement executed by the City.

All full-time City employees are eligible to participate in the System upon completion of one year of service; elected officials have no waiting period for eligibility. Benefits vest after completing seven years of service.

All full-time employees become eligible for the plan after one year of service; elected officials have no waiting period for eligibility. During the fiscal year ended June 30, 2003, all personnel were offered the option of acquiring an early retirement benefit at age 55 with thirty years of service completed. All new employees are automatically covered by the early retirement benefits. The plan was amended on April 1, 2010. Normal retirement age is now 65 with 10 years of credited service. A reduced benefit is payable at age 55 with 10 years of service. An early unreduced benefit is payable after 35 years of service or after achieving the Rule of 80 (minimum age plus years of service to equal 80).

Employee benefits are calculated as a percentage of the average basic earnings in the five consecutive years prior to retirement multiplied by the number of years of service.

The death and disability benefits are based on a percentage of final average earnings.

All employees are covered under the early retirement benefit and are required by the City to contribute 3.25% of their annual salary towards the additional cost of this benefit.

The City is required to contribute the remaining amounts necessary to fund the GMEBS pension plan, using the frozen initial liability actuarial cost method.

The January 1, 2012 valuation is used to determine the recommended contribution for the fiscal year 2013. During the plan year, total pension contributions were \$2,888,694 (\$2,309,489 from the City and \$579,205 from employee contributions).

The net pension obligation was computed as part of an actuarial valuation performed as of January 1, 2012. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7.75% a year, (b) projected salary increases of 3.5% a year, (c) additional projected salary increases attributable to seniority or merit, (d) 0% inflation, and (e) no post retirement benefit increases.

Contributions are determined under the projected unit credit actuarial cost method and the asset valuation method (roll forward prior years actuarial value with contributions, disbursements, and expected return on investments, plus 10% of investment gains (losses) during 10 prior years).

The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

Employer contributions represented 14% of covered payroll and were in accordance with actuarial recommendations. The contribution requirement was \$2,309,489.

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SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/11	\$ 3,019,985	100%	--
6/30/12	2,488,204	100%	--
6/30/13	2,309,489	100%	--

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b - a) / c)</u>
01/01/13	\$ 39,132,696	\$ 49,237,503	\$ 10,104,807	79.5%	\$ 16,090,802	62.8%

The Schedule of Funding Progress presented as required supplemental information following the notes to the financial statements presents multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The Georgia Municipal Employee Benefit System issues a publicly available financial report. That report may be obtained by writing to:

Georgia Municipal Association
Risk Management and Employee Benefit Service
201 Pryor Street, SW
Atlanta, Georgia 30303

(11) POST EMPLOYMENT HEALTH CARE PLAN

The City implemented GASB 45 prospectively during the year ended June 30, 2009.

Plan Description - The City of Smyrna OPEB Plan is a single-employer defined benefit healthcare plan administered by the City of Smyrna. The City of Smyrna OPEB Trust is an irrevocable trust established pursuant to Section 115 of the Internal Revenue Code for the purpose of pre-funding other postemployment health benefits in accordance with GASB Statement 43 and GASB Statement 45. The trust was established June 1, 2009, by the City Council to pre-fund medical and prescription drug benefits for retirees and their eligible dependents who are eligible for such benefits under existing City policy. The City provides medical, prescription drug, dental, and life insurance benefits to retirees. Retirees' spouses are eligible for the same benefits as the retiree. Substantially all of the City's employees may become eligible for those benefits if they retire on or after the age of 65 with 10 years of service, or provided that the employee's age (minimum age of 55) plus completed years of service with the City at the time of the employee's retirement is equal to or greater than 80. As of January 1, 2013, there were 128 retirees, beneficiaries, and spouses eligible for the benefits and 363 active employees. The City has the authority to establish and amend benefit provisions.

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Summary of significant accounting policies - The plan financial statements are prepared on the accrual basis of accounting. Contributions from the City are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefit payments and refunds are recognized when due and payable in accordance with the terms of the plan.

Investment income is recognized as earned by the plan. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. The net appreciation (depreciation) in the fair value of investments held by the pension plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the statement of net position.

There are no investments in, loans to, or leases with parties related to the pension plan. Administrative costs are financed through investment earnings.

Funding Policy - The contribution requirements are established and may be amended by the City. The required contribution was determined by an actuarial valuation. During the fiscal year 2013, the City contributed \$471,802 to the plan. The cost of benefits for retirees is paid by the City and by the retiree. The retirees' contribution is based on their enrollment in a City sponsored wellness program, as well as their smoker/nonsmoker status. Total retiree contributions to the plan during the fiscal year 2013 totaled \$92,627.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (Asset)	Annual Amount Contributed
6/30/11	\$ 512,274	152%	\$ (730,630)	\$ 780,697
6/30/12	500,514	176%	(1,112,188)	882,072
6/30/13	542,368	87%	(1,041,622)	471,802

The following is the funding status of the Plan as of the most recent valuation date:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
01/01/13	\$ 923,319	\$ 6,213,976	\$ 5,290,657	14.9%	\$ 15,752,675	33.6%

The Schedule of Funding Progress presented as required supplemental information following the notes to the financial statements presents multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Annual OPEB Cost and Net OPEB Obligation (Asset) - The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid

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on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a thirty year period. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation (asset):

Annual required contribution	\$ 539,029
Interest on net OPEB obligation	(86,195)
Adjustment to annual required contribution	89,534
Annual OPEB cost	<u>542,368</u>
Contributions made	<u>(471,802)</u>
(Increase) decrease in net OPEB obligation	70,566
Net OPEB asset, beginning of year	<u>(1,112,188)</u>
Net OPEB asset, end of year	<u><u>\$ (1,041,622)</u></u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of employer contributions present information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a thirty year period. The schedule of funding progress, presented above, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Valuation date	1/1/2013
Actuarial cost method	Projected unit credit with benefits attributed From date of hire to date of decrement
Amortization method	Level percentage of pay, open
Remaining amortization period	30years
Asset valuation method	Market value
Actuarial assumptions:	
Discount rate	7.75%
Healthcare cost trend rate	8.0% graded to 5.0% over 6 years

The plan does not issue separate financial statements.

**CITY OF SMYRNA, GEORGIA
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(12) DEFINED CONTRIBUTION PLAN

The City of Smyrna 457 Plan (the "Plan") is a single employer defined contribution plan established by the City of Smyrna and administered by The Hartford Insurance Company. All full time employees and regular part time employees are eligible and may contribute a portion of their compensation to this plan not to exceed annual IRS limitations. Employees participating in the Plan may begin contributions upon hire and are fully vested immediately. Employees are not required to contribute to the Plan. For eligible full time employees hired on or after April 1, 2010 who voluntarily elect to participate in the 457 Plan, the City contributes a discretionary amount as determined by the City Council and places it in a 401(a) Defined Contribution plan. Contribution amounts may be amended by the City Council. For the fiscal year ending June 30, 2013, the City's contributions were \$24,204 and employee contributions were \$351,098.

(13) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City participates in a public entity risk pool managed by the Georgia Interlocal Risk Management Agency (GIRMA) whereby the risk is pooled with other entities. Participation in this pool allows the City to share liability, crime, motor vehicle and property damage risks.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. GIRMA is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities - GIRMA establishes and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.

To select a person to serve as a Member representative.

To allow GIRMA and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.

To allow attorneys appointed by GIRMA to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the Fund or Funds established by GIRMA.

To assist and cooperate in the defense and settlement of claims against the City.

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To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purpose of GIRMA.

To follow all loss reduction and prevention procedures established by GIRMA.

To furnish to GIRMA such budget, operating and underwriting information as may be requested.

To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

The City is also exposed to risks of loss related to job-related illnesses or injuries to employees for which the City has transferred its risk through participation in a public entity risk pool managed by the Georgia Municipal Association Group Self Insurance Workers' Compensation Fund whereby the risk is pooled with other entities.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City became a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The liability of the fund to the employees of any employer is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

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

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, maintaining debt service on a routine basis, or in accordance with budgetary authorizations.

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(14) JOINT VENTURE

Under Georgia law, the City in conjunction with other cities and counties in the ten county Atlanta region is a member of the Atlanta Regional Commission (ARC). Membership in a RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the officials of political subdivisions and private citizens representing districts with the Atlanta region. OCGA 50-8-39.1 provides that certain member governments are liable for any debts or obligations of a RC. Separate financial statements may be obtained from the Atlanta Regional Commission, 40 Courtland Street, NE, Atlanta, Georgia 30303.

(15) COMMITMENTS AND CONTINGENCIES

Cobb County Water System

The City entered into an agreement with Cobb County, Georgia (the "County") in April 2005. The term of the agreement is 30 years. The agreement provides for the County to take and treat wastewater from the City and requires the purchase of the County's water in certain circumstances. The County is authorized to establish rates and charges. The City purchased water and wastewater treatment services totaling \$8,494,012 from the County during the fiscal year ended June 30, 2013.

Encumbrances outstanding at year end totaled \$8,463,798 (\$40,506 in the General Fund, \$3,839 in the Hotel/Motel Premium Tax Fund, and \$8,419,453 in the 1% Road Improvement Tax Fund).

(16) FUND BALANCE DEFICITS

Tax Allocation District	<u>\$ (255,736)</u>
Multiple Grant Fund	<u>\$ (1,347)</u>

The deficit in the Tax Allocation District Fund will be funded by future tax increment revenues. The deficit in the Multiple Grant Fund will be funded by a transfer from the General Fund.

(17) EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following fund had expenditures over appropriations for the fiscal year ended June 30, 2013:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
HUD Community Development Block Grant Special Revenue Fund:			
Culture and recreation	\$ 247,348	\$ 366,025	\$ (118,677)

**CITY OF SMYRNA, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

A) PUBLIC EMPLOYEE RETIREMENT SYSTEM

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
01/01/13	\$ 39,132,696	\$ 49,237,503	\$ 10,104,807	79.5%	\$ 16,090,802	62.8%
01/01/12	36,691,949	47,224,279	10,532,330	77.7%	16,945,936	62.2%
01/01/11	34,596,509	45,644,602	11,048,093	75.8%	16,587,011	66.6%

B) POST EMPLOYMENT HEALTH CARE PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
01/01/13	\$ 923,319	\$ 6,213,976	\$ 5,290,657	14.9%	\$ 15,752,675	33.6%
01/01/11	331,382	5,121,788	4,790,406	6.5%	16,476,737	29.1%
07/01/09	160,000	5,273,546	5,113,546	3.0%	n/a	n/a

**CITY OF SMYRNA, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES- BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 23,857,455	\$ 23,857,455	\$ 24,258,135	\$ 400,680
Charges for services	7,527,711	7,552,711	7,910,522	357,811
Licenses and permits	2,037,350	2,037,350	2,144,746	107,396
Fines and forfeitures	2,439,489	2,589,489	2,049,274	(540,215)
Intergovernmental revenues	725,000	725,000	745,468	20,468
Investment income	8,525	8,525	4,327	(4,198)
Miscellaneous revenue	226,025	226,025	380,029	154,004
Total revenues	36,821,555	36,996,555	37,492,501	495,946
Expenditures:				
Current:				
General government				
Governing body	317,862	320,562	313,528	7,034
Chief executive	586,610	586,610	583,379	3,231
Financial administration	514,189	500,189	494,063	6,126
Data processing	645,254	637,254	629,539	7,715
Human resources	325,328	352,328	335,864	16,464
Buildings and plant	9,000,633	8,685,633	8,214,683	470,950
Judicial				
Recorders court	429,987	429,987	423,743	6,244
Public safety				
Police	7,578,094	7,208,094	7,124,675	83,419
Fire				
Fire administration	4,231,680	4,177,680	4,171,883	5,797
Fire prevention	225,153	225,153	216,170	8,983
Fire training	195,870	175,870	169,701	6,169
Emergency management	35,628	36,128	36,037	91
Public Works				
Highways and streets	2,400,136	2,324,636	2,296,941	27,695
Traffic engineering	166,415	136,415	124,839	11,576
Sanitary administration	3,254,149	3,194,149	3,191,957	2,192
Recyclable collections	207,167	197,167	187,142	10,025
Public education	169,072	169,072	165,244	3,828
Maintenance and shop	313,743	313,743	301,253	12,490
Culture and recreation				
Administration	1,300,241	1,274,541	1,164,840	109,701
Participant recreation	415,538	390,538	361,886	28,652
Recreation center	267,271	257,271	256,913	358
Park areas	124,407	146,407	146,244	163
Library administration	646,188	631,188	623,965	7,223
Housing and development				
Protective inspection administration	920,778	935,778	856,578	79,200
Debt Service				
Fiscal agent fees	329,862	329,862	329,862	-
Total expenditures	34,601,255	33,636,255	32,720,929	915,326

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**CITY OF SMYRNA, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES- BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Excess (deficiency) of revenues over expenditures	2,220,300	3,360,300	4,771,572	1,411,272
Other financing sources (uses):				
Transfers in	1,841,127	1,841,127	1,866,322	25,195
Sale of capital assets	50,000	50,000	45,136	(4,864)
Transfers out	(4,191,773)	(5,331,773)	(5,430,255)	(98,482)
Total other financing sources (uses)	(2,300,646)	(3,440,646)	(3,518,797)	(78,151)
Net change in fund balance	<u>\$ (80,346)</u>	<u>\$ (80,346)</u>	\$ 1,252,775	<u>\$ 1,333,121</u>
Encumbrances outstanding at June 30, 2013			40,506	
Fund balance at beginning of year- GAAP basis			<u>13,312,681</u>	
Fund balance at end of year- GAAP basis			<u>14,605,962</u>	

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**CITY OF SMYRNA, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013**

	Special Revenue Funds					HUD CDBG
	MCS Narcotics	Hotel/Motel Premium Tax	Multiple Grant Fund	Auto Rental Tax	Emergency 911Telephone Fund	
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash	613	638,775	35,039	-	616,411	27,442
Restricted investments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	95,766	-
Prepaid items	-	-	-	-	125	-
Total assets	\$ 613	\$ 638,775	\$ 35,039	\$ -	\$ 712,302	\$ 27,442
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ 31,883	\$ 1,460	\$ -	\$ 22,542	\$ 601
Accrued liabilities	-	2,473	-	-	13,968	-
Unearned revenue	-	-	34,926	-	-	-
Total liabilities	-	34,356	36,386	-	36,510	601
Fund balances:						
Nonspendable:						
Prepays	-	-	-	-	125	-
Restricted for:						
Capital projects	-	-	-	-	-	-
Public safety	613	-	-	-	675,667	-
Culture and recreation	-	604,419	-	-	-	26,841
Committed for capital projects	-	-	-	-	-	-
Unassigned	-	-	(1,347)	-	-	-
Total fund balance (deficit)	613	604,419	(1,347)	-	675,792	26,841
Total liabilities and fund balance	\$ 613	\$ 638,775	\$ 35,039	\$ -	\$ 712,302	\$ 27,442

**CITY OF SMYRNA, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013**

Capital Projects Funds						Total Non-Major Governmental Funds
Capital Fund	Downtown Smyrna Development Authority	Parks and Recreation Fund	Capital Projects Fund	Fire Station Construction Fund	Bio Diesel Fund	
\$ -	\$ -	\$ -	\$ 1,097,988	\$ -	\$ -	\$ 1,097,988
-	-	-	-	237	12,649	1,331,166
1,443,234	-	1,164	-	-	-	1,444,398
-	-	-	-	-	-	95,766
-	-	-	-	-	-	125
<u>\$ 1,443,234</u>	<u>\$ -</u>	<u>\$ 1,164</u>	<u>\$ 1,097,988</u>	<u>\$ 237</u>	<u>\$ 12,649</u>	<u>\$ 3,969,443</u>
\$ -	\$ -	\$ -	\$ 10,888	\$ -	\$ -	\$ 67,374
-	-	-	-	-	-	16,441
-	-	-	-	-	12,649	47,575
-	-	-	10,888	-	12,649	131,390
-	-	-	-	-	-	125
1,443,234	-	-	-	-	-	1,443,234
-	-	-	-	237	-	676,517
-	-	1,164	-	-	-	632,424
-	-	-	1,087,100	-	-	1,087,100
-	-	-	-	-	-	(1,347)
<u>1,443,234</u>	<u>-</u>	<u>1,164</u>	<u>1,087,100</u>	<u>237</u>	<u>-</u>	<u>3,838,053</u>
<u>\$ 1,443,234</u>	<u>\$ -</u>	<u>\$ 1,164</u>	<u>\$ 1,097,988</u>	<u>\$ 237</u>	<u>\$ 12,649</u>	<u>\$ 3,969,443</u>

**CITY OF SMYRNA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Special Revenue Funds					HUD CDBG
	MCS Narcotics	Hotel / Motel Premium Tax	Multiple Grant Fund	Auto Rental Tax	Emergency 911 Telephone Fund	
Revenues:						
Taxes	\$ -	\$ 870,380	\$ -	\$ 102,225	\$ -	\$ -
Charges for services	-	-	-	-	1,074,834	-
Intergovernmental	-	-	375,050	-	36,437	384,113
Investment earnings	-	-	-	-	4,796	-
Miscellaneous revenues	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>870,380</u>	<u>375,050</u>	<u>102,225</u>	<u>1,116,067</u>	<u>384,113</u>
Expenditures:						
Current:						
Public safety:						
Police	14,740	-	20,262	-	-	-
Fire	-	-	353,718	-	-	-
Emergency 911	-	-	-	-	1,290,837	-
Culture and recreation	-	727,577	-	-	-	366,025
Capital projects	-	-	-	-	-	-
Debt service						
Principal, interest, and fees	-	-	-	-	-	-
Total expenditures	<u>14,740</u>	<u>727,577</u>	<u>373,980</u>	<u>-</u>	<u>1,290,837</u>	<u>366,025</u>
Excess (deficiency) of revenues over expenditures	<u>(14,740)</u>	<u>142,803</u>	<u>1,070</u>	<u>102,225</u>	<u>(174,770)</u>	<u>18,088</u>
Other financing sources (uses):						
Transfers in	-	102,225	-	-	650,709	-
Transfers out	-	(268,855)	(6,340)	(102,225)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(166,630)</u>	<u>(6,340)</u>	<u>(102,225)</u>	<u>650,709</u>	<u>-</u>
Net change in fund balance	<u>(14,740)</u>	<u>(23,827)</u>	<u>(5,270)</u>	<u>-</u>	<u>475,939</u>	<u>18,088</u>
Fund balance (deficit) at beginning of year	<u>15,353</u>	<u>628,246</u>	<u>3,923</u>	<u>-</u>	<u>199,853</u>	<u>8,753</u>
Fund balance (deficit) at end of year	<u>\$ 613</u>	<u>\$ 604,419</u>	<u>\$ (1,347)</u>	<u>\$ -</u>	<u>\$ 675,792</u>	<u>\$ 26,841</u>

CITY OF SMYRNA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Capital Fund	Capital Projects Funds					Total Non-Major Governmental Funds
	Downtown Smyrna Development Authority	Parks and Recreation Fund	Capital Projects Fund	Fire Station Construction Fund	Bio Diesel Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 972,605
-	-	-	-	-	-	1,074,834
55,658	-	-	-	581,397	18,803	1,395,800
-	-	1,150	367	68	-	60,522
<u>55,658</u>	<u>-</u>	<u>1,150</u>	<u>367</u>	<u>-</u>	<u>-</u>	<u>1,517</u>
<u>55,658</u>	<u>-</u>	<u>1,150</u>	<u>367</u>	<u>581,465</u>	<u>18,803</u>	<u>3,505,278</u>
-	-	-	-	-	-	35,002
-	-	-	-	-	-	353,718
-	-	-	-	-	-	1,290,837
-	-	-	-	-	-	1,093,602
-	-	-	1,010,651	600,886	18,803	1,630,340
<u>43,090</u>	<u>4,189,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,232,256</u>
<u>43,090</u>	<u>4,189,166</u>	<u>-</u>	<u>1,010,651</u>	<u>600,886</u>	<u>18,803</u>	<u>8,635,755</u>
<u>12,568</u>	<u>(4,189,166)</u>	<u>1,150</u>	<u>(1,010,284)</u>	<u>(19,421)</u>	<u>-</u>	<u>(5,130,477)</u>
206,542	4,894,655	-	715,000	20,204	-	6,589,335
-	-	-	(99,594)	-	-	(477,014)
<u>206,542</u>	<u>4,894,655</u>	<u>-</u>	<u>615,406</u>	<u>20,204</u>	<u>-</u>	<u>6,112,321</u>
<u>219,110</u>	<u>705,489</u>	<u>1,150</u>	<u>(394,878)</u>	<u>783</u>	<u>-</u>	<u>981,844</u>
<u>1,224,124</u>	<u>(705,489)</u>	<u>14</u>	<u>1,481,978</u>	<u>(546)</u>	<u>-</u>	<u>2,856,209</u>
<u>\$ 1,443,234</u>	<u>\$ -</u>	<u>\$ 1,164</u>	<u>\$ 1,087,100</u>	<u>\$ 237</u>	<u>\$ -</u>	<u>\$ 3,838,053</u>

**CITY OF SMYRNA, GEORGIA
MCS NARCOTICS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues			
Fines and forfeitures	\$ 19,503	\$ -	\$ (19,503)
Total Revenues	<u>19,503</u>	<u>-</u>	<u>(19,503)</u>
Expenditures:			
Current:			
Police	<u>19,503</u>	<u>14,740</u>	<u>4,763</u>
Total Expenditures	<u>19,503</u>	<u>14,740</u>	<u>4,763</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>(14,740)</u>	<u>\$ (14,740)</u>
Fund balance at beginning of year-GAAP basis		<u>15,353</u>	
Fund balance at end of year-GAAP basis		<u><u>\$ 613</u></u>	

**CITY OF SMYRNA, GEORGIA
HOTEL/MOTEL PREMIUM TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 828,000	\$ 870,380	\$ 42,380
Investment earnings	950	-	(950)
Total Revenues	<u>828,950</u>	<u>870,380</u>	<u>41,430</u>
Expenditures:			
Current:			
Culture and recreation	<u>751,516</u>	<u>727,577</u>	<u>23,939</u>
Total Expenditures	<u>751,516</u>	<u>727,577</u>	<u>23,939</u>
Other financing sources (uses):			
Transfers in	88,800	102,225	13,425
Transfers out	<u>(251,000)</u>	<u>(268,855)</u>	<u>(17,855)</u>
Total other financing sources (uses)	<u>(162,200)</u>	<u>(166,630)</u>	<u>(4,430)</u>
Net change in fund balance	<u>\$ (84,766)</u>	<u>(23,827)</u>	<u>\$ 60,939</u>
Fund balance at beginning of year-GAAP basis		<u>628,246</u>	
Fund balance at end of year-GAAP basis		<u>\$604,419</u>	

**CITY OF SMYRNA, GEORGIA
 MULTIPLE GRANT FUND SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 382,009	\$ 375,050	\$ (6,959)
Total Revenues	<u>382,009</u>	<u>375,050</u>	<u>(6,959)</u>
Expenditures:			
Current:			
Public Safety:			
Police	25,740	20,262	5,478
Fire	<u>356,269</u>	<u>353,718</u>	<u>2,551</u>
Total Expenditures	<u>382,009</u>	<u>373,980</u>	<u>8,029</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>1,070</u>	<u>1,070</u>
Other financing sources (uses):			
Transfers out	<u>-</u>	<u>(6,340)</u>	<u>(6,340)</u>
Total other financing sources (uses)	<u>-</u>	<u>(6,340)</u>	<u>(6,340)</u>
Net change in fund balance	<u>\$ -</u>	<u>(5,270)</u>	<u>\$ (5,270)</u>
Fund balance at beginning of year-GAAP basis		<u>3,923</u>	
Fund balance at end of year-GAAP basis		<u>\$ (1,347)</u>	

**CITY OF SMYRNA, GEORGIA
 AUTO RENTAL TAX SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 105,000	\$ 102,225	\$ (2,775)
Total Revenues	<u>105,000</u>	<u>102,225</u>	<u>(2,775)</u>
Other financing sources (uses):			
Transfers out	(105,000)	(102,225)	2,775
Total other financing sources (uses)	<u>(105,000)</u>	<u>(102,225)</u>	<u>2,775</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance at beginning of year-GAAP basis		-	
Fund balance at end of year-GAAP basis		<u>\$ -</u>	

**CITY OF SMYRNA, GEORGIA
EMERGENCY 911 TELEPHONE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Charges for services	\$ 1,105,500	\$ 1,074,834	\$ (30,666)
Intergovernmental	30,000	36,437	6,437
Investment earnings	800	4,796	3,996
	<u>1,136,300</u>	<u>1,116,067</u>	<u>(20,233)</u>
Total Revenues			
Expenditures:			
Current:			
Emergency 911	1,439,214	1,290,837	148,377
	<u>1,439,214</u>	<u>1,290,837</u>	<u>148,377</u>
Total Expenditures			
Excess (deficiency) of revenues over expenditures	<u>(302,914)</u>	<u>(174,770)</u>	<u>128,144</u>
Other financing sources (uses):			
Transfers in	302,914	650,709	347,795
	<u>302,914</u>	<u>650,709</u>	<u>347,795</u>
Total other financing sources (uses)			
Net change in fund balance	<u>\$ -</u>	475,939	<u>\$ 475,939</u>
Fund balance at beginning of year-GAAP basis		<u>199,853</u>	
Fund balance at end of year-GAAP basis		<u>\$ 675,792</u>	

**CITY OF SMYRNA, GEORGIA
 HUD COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$247,348	\$384,113	\$ 136,765
Total Revenues	<u>247,348</u>	<u>384,113</u>	<u>136,765</u>
Expenditures:			
Current:			
Culture and recreation	247,348	366,025	(118,677)
Total Expenditures	<u>247,348</u>	<u>366,025</u>	<u>(118,677)</u>
Net change in fund balance	<u>\$ -</u>	18,088	<u>\$ 18,088</u>
Fund balance at beginning of year-GAAP basis		<u>8,753</u>	
Fund balance at end of year-GAAP basis		<u>\$ 26,841</u>	

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STATISTICAL SECTION

This part of The City of Smyrna'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 government's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	58-63
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	64-68
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	69-72
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	73-74
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	75-77
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Smyrna, Georgia
 Net Position by Component
 Last Ten Fiscal Years (Unaudited)
 (accrual basis of accounting)

	Fiscal Year									
	2004	2005*	2006	2007	2008	2009	2010	2011*	2012	2013
Governmental Activities										
Net investment in capital assets	\$ 68,274,146	\$ 67,983,187	\$ 69,604,930	\$ 71,979,849	\$ 75,669,686	\$ 75,593,976	\$ 81,282,475	\$ 81,927,292	\$ 87,502,055	\$ 93,417,083
Restricted	1,069,728	712,543	1,281,985	2,091,749	4,815,539	6,667,299	4,373,680	7,837,807	8,887,820	12,052,601
Unrestricted	8,631,238	8,198,506	8,133,917	8,336,439	5,681,691	10,550,780	13,645,665	13,202,792	11,190,332	12,223,410
Total governmental activities net position	\$ 77,975,112	\$ 76,894,236	\$ 79,020,832	\$ 82,408,037	\$ 86,166,916	\$ 92,812,055	\$ 99,301,820	\$ 102,967,891	\$ 107,580,207	\$ 117,693,094
Business-type activities										
Net investment in capital assets	\$ 9,983,739	\$ 13,861,541	\$ 14,682,078	\$ 17,414,278	\$ 18,200,667	\$ 18,388,326	\$ 18,479,678	\$ 17,880,048	\$ 17,657,460	\$ 17,486,264
Restricted	4,347,912	2,396,565	1,490,748	2,115,917	3,386,157	3,506,281	4,228,788	5,887,601	-	-
Unrestricted	1,537,183	38,231	(121,682)	(988,888)	(1,305,473)	(889,442)	(47,585)	(75,714)	7,982,492	10,138,106
Total business-type activities net position	\$ 15,868,834	\$ 16,296,337	\$ 16,051,144	\$ 18,541,307	\$ 20,281,351	\$ 21,005,165	\$ 22,660,881	\$ 23,691,935	\$ 25,639,952	\$ 27,624,370
Primary government										
Net investment in capital assets	\$ 78,257,885	\$ 81,844,728	\$ 84,287,008	\$ 89,394,127	\$ 93,870,353	\$ 93,982,302	\$ 99,762,153	\$ 99,807,340	\$ 105,159,515	\$ 110,903,347
Restricted	5,417,640	3,109,108	2,772,733	4,207,666	8,201,696	10,173,580	8,602,468	13,725,408	8,887,820	12,052,601
Unrestricted	10,168,421	8,236,737	8,012,235	7,347,551	4,376,218	9,661,338	13,598,080	13,127,078	19,172,824	22,361,516
Total primary government net position	\$ 93,843,946	\$ 93,190,573	\$ 95,071,976	\$ 100,949,344	\$ 106,448,267	\$ 113,817,220	\$ 121,962,701	\$ 126,659,826	\$ 133,220,159	\$ 145,317,464

*-As restated

City of Smyrna, Georgia
Changes in Net Position
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

	Fiscal Year									
	2004	2005*	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
General government	\$ 4,727,112	\$ 5,200,451	\$ 6,101,807	\$ 5,294,279	\$ 5,903,609	\$ 4,979,546	\$ 6,618,073	\$ 6,585,526	\$ 6,658,936	\$ 5,597,496
Judicial	605,288	720,967	533,912	591,093	590,922	574,258	555,925	548,959	539,351	533,504
Public Safety	13,932,542	14,241,622	14,719,398	16,766,728	17,667,184	17,452,477	16,331,914	17,029,989	16,422,991	17,729,276
Public works	10,160,371	10,596,718	10,370,411	12,590,787	11,579,574	11,167,574	10,577,151	10,476,228	12,700,351	10,668,449
Housing and development	770,838	891,318	957,813	1,218,863	1,129,385	1,047,730	871,326	1,656,854	4,296,015	1,131,446
Culture and recreation	3,834,675	4,373,583	4,996,967	6,001,248	7,299,235	5,316,392	5,249,173	4,492,687	4,319,312	4,425,185
Interest on long-term debt	1,057,578	1,048,059	1,968,668	2,140,076	2,080,483	2,039,188	2,044,644	2,117,616	2,910,268	2,865,013
Total governmental activities expenses	35,088,404	37,072,718	39,648,976	44,603,074	46,250,392	42,577,165	42,248,206	42,907,859	47,847,224	42,940,369
Business-type activities:										
Water and Sewer	8,880,983	10,131,868	10,886,149	11,741,282	11,579,835	12,184,207	12,066,240	14,137,739	13,481,393	14,398,939
Total business-type activities expenses	8,880,983	10,131,868	10,886,149	11,741,282	11,579,835	12,184,207	12,066,240	14,137,739	13,481,393	14,398,939
Total primary government expenses	\$ 43,969,387	\$ 47,204,586	\$ 50,535,125	\$ 56,344,356	\$ 57,830,227	\$ 54,761,372	\$ 54,314,446	\$ 57,045,598	\$ 61,328,617	\$ 57,339,308
Program Revenues										
Governmental Activities:										
Charges for services	\$ 11,442,592	\$ 11,752,212	\$ 11,364,434	\$ 12,355,331	\$ 12,316,318	\$ 12,236,905	\$ 12,144,864	\$ 12,421,617	\$ 13,185,068	\$ 13,505,267
Operating grants and contributions	36,290	133,684	15,264	44,438	46,698	171,752	314,589	532,759	319,253	408,012
Capital grants and contributions	1,265,548	607,206	3,775,755	7,637,502	8,992,171	7,671,445	7,302,908	7,213,565	11,589,669	11,244,681
Total governmental activities program revenues	12,744,430	12,493,102	15,155,453	20,037,271	21,355,187	20,080,102	19,762,361	20,167,941	25,093,990	25,157,960
Business-type activities:										
Charges for services	10,020,069	10,710,998	11,288,511	13,148,517	13,399,311	14,196,848	15,210,052	16,751,785	17,012,801	17,972,656
Capital grants and contributions	-	962,100	453,600	1,944,692	846,085	-	-	-	-	-
Total business-type activities program revenues	10,020,069	11,673,098	11,742,111	15,093,209	14,245,396	14,196,848	15,210,052	16,751,785	17,012,801	17,972,656
Total primary government program revenues	\$ 22,764,499	\$ 24,166,200	\$ 26,897,564	\$ 35,130,480	\$ 35,600,583	\$ 34,276,950	\$ 34,972,413	\$ 36,919,726	\$ 42,106,791	\$ 43,130,616

City of Smyrna, Georgia
Changes in Net Position
Last Ten Fiscal Years (Unaudited) (Continued)
(accrual basis of accounting)

	Fiscal Year									
	2004	2005*	2006	2007	2008	2009	2010	2011*	2012	2013
Net (Expense)/Revenue										
Governmental Activities	\$ (2,343,974)	\$ (2,579,616)	\$ (2,493,523)	\$ (2,565,803)	\$ (2,895,205)	\$ (2,497,063)	\$ (2,485,845)	\$ (2,739,918)	\$ (2,753,234)	\$ (1,782,409)
Business-type activities	1,139,086	1,541,230	855,962	3,351,927	2,665,561	2,012,641	3,143,812	2,614,046	3,531,408	3,573,717
Total primary government net expense	\$ (21,204,888)	\$ (23,038,386)	\$ (23,637,561)	\$ (21,213,876)	\$ (22,229,644)	\$ (20,484,422)	\$ (19,342,033)	\$ (20,125,872)	\$ (19,221,826)	\$ (14,208,692)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 15,348,338	\$ 15,919,079	\$ 16,624,127	\$ 17,443,721	\$ 18,351,230	\$ 18,884,117	\$ 19,663,081	\$ 18,051,649	\$ 17,342,141	\$ 17,774,261
Franchise taxes	2,375,225	2,766,775	2,604,368	3,424,371	3,341,633	3,259,685	3,209,116	3,412,969	3,606,573	3,472,230
Insurance Premium taxes	1,761,117	1,908,572	2,053,373	2,148,342	2,240,959	2,294,641	2,273,112	2,207,050	2,404,825	2,554,327
Other taxes	1,166,146	1,198,440	1,251,097	1,652,310	1,842,839	1,751,648	1,491,690	1,540,649	1,653,074	1,713,519
Investment earnings	121,061	489,252	1,294,339	607,371	321,987	57,599	31,959	35,637	13,018	10,164
Grants / Contributions	-	-	1,510,729	1,676,211	1,507,091	1,505,426	734,538	727,139	731,251	734,532
Miscellaneous	-	40,622	106,086	35,792	35,210	69,086	72,114	74,464	27,602	45,136
Transfers	1,176,000	1,176,000	1,176,000	964,890	1,013,135	1,320,000	1,500,000	1,591,127	1,587,066	1,591,127
Total governmental activities	21,947,887	23,498,740	26,620,119	27,953,008	28,654,084	29,142,202	28,975,610	27,640,684	27,365,550	27,895,296
Business-type activities										
Investment earnings	39,001	62,273	74,845	103,126	87,618	31,173	11,904	8,135	3,675	1,828
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	(1,176,000)	(1,176,000)	(1,176,000)	(964,890)	(1,013,135)	(1,320,000)	(1,500,000)	(1,591,127)	(1,587,066)	(1,591,127)
Total business-type activities	(1,136,999)	(1,113,727)	(1,101,155)	(861,764)	(925,517)	(1,288,827)	(1,488,096)	(1,582,992)	(1,583,391)	(1,589,299)
Total primary government	\$ 20,810,888	\$ 22,385,013	\$ 25,518,964	\$ 27,091,244	\$ 27,728,567	\$ 27,853,375	\$ 27,487,514	\$ 26,057,692	\$ 25,782,159	\$ 26,305,997
Change in Net Position										
Governmental activities	\$ (396,087)	\$ (1,080,876)	\$ 2,126,596	\$ 3,387,205	\$ 3,758,879	\$ 6,645,139	\$ 6,489,765	\$ 4,900,766	\$ 4,612,316	\$ 10,112,887
Business-type activities	2,087	427,503	(245,193)	2,490,163	1,740,044	723,814	1,655,716	1,031,054	1,948,017	1,984,418
Total primary government	\$ (394,000)	\$ (653,373)	\$ 1,881,403	\$ 5,877,368	\$ 5,498,923	\$ 7,368,953	\$ 8,145,481	\$ 5,931,820	\$ 6,560,333	\$ 12,097,305

*-As restated
Note: Increase in capital grants and contributions for fiscal year 2006 and 2007 was due to the passing of a special local option sales tax (splost) for 1% roads. Grants / Contributions for fiscal year 2006 and 2007 includes payments from The State of Georgia for the Homeowner Tax Relief Grant. This payment was shown in property taxes for prior years.

City of Smyrna, Georgia
Fund Balances of Governmental Funds
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 705,923	\$ 757,301	\$ 826,801	\$ 448,302	\$ 1,647,937	\$ 450,793	\$ 350,645	\$ -	\$ -	\$ -
Unreserved	7,823,831	7,926,076	9,279,471	10,463,499	9,219,222	11,733,060	13,228,023	-	-	-
Nonspendable								375,205	414,079	405,203
Restricted								213,361	179,755	380,855
Committed								500,000	2,091,641	2,929,605
Assigned								331,594	316,583	53,692
Unassigned								13,119,479	10,310,623	10,836,607
Total general fund	\$ 8,529,754	\$ 8,683,377	\$ 10,106,272	\$ 10,911,801	\$ 10,867,159	\$ 12,183,853	\$ 13,578,668	\$ 14,539,639	\$ 13,312,681	\$ 14,605,962
All Other Governmental Funds										
Reserved	\$ 331,831	\$ -	\$ 134,942	\$ -	\$ -	\$ -	\$ 3,625,757	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	660,827	379,832	285,758	246,643	429,186	835,703	574,454	-	-	-
Capital projects funds	-	23,951,212	20,339,218	19,323,695	12,592,114	6,591,511	194,511	-	-	-
Nonspendable										125
Restricted								22,716,437	22,854,118	26,426,028
Committed								1,556,145	1,481,978	1,087,100
Assigned								-	-	-
Unassigned								(1,018,750)	(961,771)	(257,083)
Total all other governmental funds	\$ 992,658	\$ 24,331,044	\$ 20,759,918	\$ 19,570,338	\$ 13,021,300	\$ 7,427,214	\$ 4,394,722	\$ 23,253,832	\$ 23,374,325	\$ 27,256,170
Total fund balances, before restatements	\$ 9,522,412	\$ 33,014,421	\$ 30,866,190	\$ 30,482,139	\$ 23,888,459	\$ 19,611,067	\$ 17,973,390	\$ 37,793,471	\$ 36,687,006	\$ 41,862,132
Restatements*	-	665,054	-	-	-	-	-	1,541,714	-	-
Total fund balances, after restatements	\$ 9,522,412	\$ 33,679,475	\$ 30,866,190	\$ 30,482,139	\$ 23,888,459	\$ 19,611,067	\$ 17,973,390	\$ 39,335,185	\$ 36,687,006	\$ 41,862,132

Note: The increase in unreserved Capital Projects in fiscal year 2005 is due to bonds being issued for improving parks and recreation facilities.
*-Restatements to ending fund balance were made to 2003 and 2005 for the elimination of the self insurance fund, or overstated liabilities, and understatement of escrow cash respectively.
The City implemented GASB 54 in FY 2011, thus the fund balance classifications were changed in reporting for 2011 and subsequent years.

City of Smyrna, Georgia
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 20,729,658	\$ 21,997,526	\$ 22,739,056	\$ 24,667,280	\$ 25,684,740	\$ 26,062,361	\$ 26,454,766	\$ 24,443,618	\$ 25,026,699	\$ 25,506,375
Charges for services	7,006,064	7,100,775	7,124,795	7,213,455	7,438,557	7,781,500	7,711,343	6,940,732	8,469,136	8,985,356
Licenses and permits	1,915,871	2,009,500	1,945,013	1,993,553	1,952,948	1,826,310	1,756,512	1,950,950	2,058,368	2,144,746
Fines and forfeitures	2,354,812	2,215,135	2,034,379	2,508,556	2,485,581	2,213,892	2,417,397	2,160,447	2,446,988	2,049,274
Intergovernmental	1,301,838	585,750	4,116,311	8,009,931	8,979,935	9,426,763	8,344,037	10,455,192	11,431,693	13,497,000
Investment earnings	121,061	489,251	1,294,338	1,617,763	903,664	128,369	39,262	25,870	48,071	71,138
Miscellaneous revenue	165,845	191,942	185,634	589,767	414,232	447,845	364,840	365,561	252,647	429,435
Total revenues	33,595,149	34,589,879	39,439,526	46,600,305	47,859,657	47,887,040	47,088,157	46,342,370	49,733,602	52,683,324
Expenditures										
General government	3,737,180	4,550,036	5,552,516	4,740,730	6,004,339	10,174,936	9,895,079	10,617,279	10,347,913	10,553,172
Judicial	605,288	720,967	533,912	591,093	590,922	450,839	457,794	435,885	423,770	423,743
Police	8,223,032	8,435,641	8,951,135	8,786,483	9,537,406	7,279,317	7,162,825	7,266,077	7,091,115	7,224,031
Fire	4,910,145	4,927,545	5,000,370	5,841,593	6,029,972	4,605,698	4,962,774	4,726,467	4,694,075	4,842,779
Other	71,670	119,212	90,844	1,338,314	1,279,557	1,504,273	1,270,222	1,362,463	1,292,325	1,326,874
Public Works	7,321,490	7,791,605	7,569,714	8,561,402	8,659,834	7,202,162	6,489,015	6,285,578	6,211,615	6,256,667
Culture and recreation	2,566,998	3,672,534	3,753,947	6,839,738	4,585,437	3,638,185	3,965,244	3,301,886	3,290,744	3,633,412
Housing and development	1,553,118	920,178	1,085,282	1,153,735	1,157,726	826,438	676,898	1,433,664	4,022,881	863,042
Capital outlay	3,239,171	3,206,129	7,273,847	7,189,488	15,095,817	16,200,199	11,247,776	4,101,959	12,049,199	9,458,623
Debt service	2,459,212	2,657,000	3,723,330	3,533,202	3,523,548	3,686,758	4,170,321	4,606,622	4,572,812	4,562,118
Total expenditures	34,687,304	37,000,847	43,534,897	48,575,778	56,464,558	55,568,805	50,297,948	44,137,880	53,996,449	49,144,461
Excess of revenues over (under) expenditures	(1,092,155)	(2,410,968)	(4,095,371)	(1,975,473)	(8,604,901)	(7,681,765)	(3,209,791)	2,204,490	(4,262,847)	3,538,863
Other Financing Sources (Uses)										
Transfers in	6,919,766	3,279,753	4,197,890	5,070,759	4,733,307	5,426,026	6,283,352	2,920,043	7,165,571	8,455,657
Transfers out	(5,743,766)	(2,103,753)	(3,021,890)	(4,105,869)	(3,720,172)	(4,106,026)	(4,783,352)	(1,328,916)	(5,578,505)	(6,864,530)
Refunding bonds issued	-	-	-	-	-	-	-	-	-	-
Bonds issued	-	22,000,000	-	-	-	-	-	15,950,000	-	-
Premium on bonds issued	-	2,431,355	-	-	-	-	-	-	-	-
Payment refund bond escrow agent	-	-	-	-	-	-	-	-	-	-
Capital leases	134,927	255,000	106,086	590,740	962,876	2,015,287	72,114	74,464	27,602	45,136
Sale of capital assets	33,126	40,622	40,622	35,792	35,210	69,086	72,114	74,464	27,602	45,136
Total other financing sources (uses)	1,344,053	25,902,977	1,282,086	1,591,422	2,011,221	3,404,373	1,572,114	17,615,591	1,614,668	1,636,263
Net change in fund balances	\$ 251,898	\$ 23,492,009	\$ (2,813,285)	\$ (384,051)	\$ (6,593,680)	\$ (4,277,392)	\$ (1,637,677)	\$ 19,820,081	\$ (2,648,179)	\$ 5,175,126
Debt service as a percentage of noncapital expenditures	7.82%	7.86%	10.27%	8.54%	8.52%	9.36%	10.68%	11.51%	10.90%	11.50%

City of Smyrna, Georgia
Tax Revenue by Source, Governmental Funds,
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Alcoholic Beverage			Franchise			Premium			Vehicle Ad Valorem			Total
	Property Tax	Intangible Tax	Excise Tax	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Tax	
2004	13,312,120	450,744	713,594	2,375,225	1,761,117	1,145,211	971,647	20,729,658					
2005	14,071,072	326,050	713,985	2,798,594	1,908,572	1,038,446	1,020,266	21,876,985					
2006	14,433,260	358,370	714,544	2,604,368	2,053,373	1,256,757	1,318,384	22,739,056					
2007	15,398,619	338,379	764,206	3,424,371	2,148,342	1,319,770	1,273,593	24,667,280					
2008	16,352,806	268,561	787,896	3,311,506	2,240,959	1,300,965	1,422,047	25,684,740					
2009	16,745,347	176,203	755,453	3,259,685	2,294,641	1,239,910	1,591,122	26,062,361					
2010	17,616,530	154,053	708,060	3,176,922	2,273,112	1,132,797	1,393,292	26,454,766					
2011	16,373,632	149,070	637,194	3,380,408	2,207,050	1,149,634	1,414,455	25,311,443					
2012	15,466,134	147,063	742,176	3,578,078	2,404,825	1,217,708	1,470,715	25,026,699					
2013	15,156,347	249,876	771,469	3,443,843	2,554,327	1,767,323	1,563,190	25,506,375					

City of Smyrna, Georgia
Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2004	929,199,827	532,213,052	15,770,940	88,535,525	1,388,648,294	9.70	3,471,620,735	40.00
2005	1,037,138,488	513,992,311	15,690,335	122,660,982	1,444,160,152	9.65	3,610,400,380	40.00
2006	1,133,855,752	570,119,183	18,532,913	145,688,754	1,576,819,094	9.57	3,942,047,735	40.00
2007	1,283,593,263	611,053,176	18,382,035	173,873,140	1,739,155,334	9.17	4,347,888,335	40.00
2008	1,422,164,288	632,738,678	20,094,313	185,935,996	1,889,061,283	8.99	4,722,653,208	40.00
2009	1,464,153,464	675,484,781	21,984,449	180,887,128	1,980,735,566	8.99	4,951,838,915	40.00
2010	1,459,914,437	673,337,768	21,738,837	175,682,832	1,979,308,210	8.99	4,948,270,525	40.00
2011	1,297,068,850	661,030,383	21,228,785	119,484,864	1,859,843,154	8.99	4,649,607,885	40.00
2012	1,238,208,764	602,459,556	19,277,894	119,505,314	1,740,440,900	8.99	4,351,102,250	40.00
2013	1,137,110,379	608,860,653	19,884,205	79,512,618	1,686,342,619	8.99	4,215,856,548	40.00

Source: Cobb County Board of Equalization and Assessment.

Notes: Property in the county is reassessed once every three years. The county assesses property at approximately 40 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$1,000 of assessed value.

City of Smyrna, Georgia
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years (Unaudited)
(rate per \$1,000 of assessed value)

Fiscal Year	City of Smyrna	Overlapping Rates			Total Direct & Overlapping Rates
		Cobb County	Cobb County Board of Education	State of Georgia	
2004	9.70	7.07	19.90	0.25	36.92
2005	9.65	7.07	19.90	0.25	36.87
2006	9.57	7.32	19.90	0.25	37.04
2007	9.17	7.04	19.90	0.25	36.36
2008	8.99	7.04	18.90	0.25	35.18
2009	8.99	7.04	18.90	0.25	35.18
2010	8.99	7.04	18.90	0.25	35.18
2011	8.99	7.04	18.90	0.25	35.18
2012	8.99	8.05	18.90	0.25	36.19
2013	8.99	8.05	18.90	0.20	36.14

Source: Cobb County Board of Equalization and Assessment.

Note: Overlapping rates are those of local and county governments that apply to property owners within The City of Smyrna.

City of Smyrna, Georgia
Principal Property Taxpayers
Current Year and Nine Years Ago (Unaudited)

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Lake Park Properties LLC.	\$45,231,768	1	2.68	-		-
UCB Inc.	14,497,485	2	0.86	-		-
GS Vinings LP.	13,508,732	3	0.80	-		-
NA Glen Park 77 LP	13,341,760	4	0.79	-		-
DDRTC Heritage Pavilion LLC.	12,009,858	5	0.71	-		-
Jasmine Woodlands LLC	11,831,065	6	0.70	-		-
Valley Summit LLC.	11,400,000	7	0.68	-		-
United Distributors, Inc.	10,117,320	8	0.60	-		-
Consultinvest Inc.	8,842,542	9	0.52	-		-
Mission Galleria 34 LLC.	7,505,280	10	0.45	-		-
Post Properties Inc.	-		-	56,291,061	1	3.77
Walton Park LP	-		-	10,687,429	2	0.72
Fourth Quarter Properties Inc.	-		-	10,553,457	3	0.71
Windsor Lake Apartments LP	-		-	9,251,056	4	0.62
MAQ Kingstowne Assoc. LTD	-		-	8,504,080	5	0.57
Monadnock Property Trust LLC	-		-	6,308,378	6	0.42
Security Capital Atlantic Inc.	-		-	5,928,350	7	0.40
Parkway Properties LP	-		-	5,690,269	8	0.38
Sunguard Recovery Services LP	-		-	5,689,688	9	0.38
Richards S P Company	-		-	5,486,726	10	0.37
Total	\$ 148,285,810		8.79%	\$ 124,390,494		8.34%

Source: City of Smyrna Tax Department

**City of Smyrna, Georgia
Property Tax Levies and Collections,
Last Ten Fiscal Years (Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	13,422,554	12,974,527	96.66	450,107	13,424,634	100.00
2005	14,196,979	13,883,044	97.79	326,923	14,209,967	100.00
2006	14,301,613	14,231,628	99.51	48,171	14,279,799	99.85
2007	15,176,709	14,873,272	98.00	57,405	14,930,677	98.38
2008	16,982,661	16,815,737	99.02	128,361	16,944,098	99.77
2009	17,806,813	17,411,857	97.78	133,375	17,545,232	98.53
2010	17,793,981	17,389,985	97.73	54,159	17,444,144	98.03
2011	16,719,990	16,201,095	96.90	53,564	16,254,659	97.22
2012	15,646,563	15,217,669	97.26	90,758	15,308,427	97.84
2013	15,160,220	14,926,568	98.46	n/a	14,926,568	98.46

Sources: Cobb County Board of Equalization and Assessment and The City of Smyrna Finance Department.

City of Smyrna, Georgia
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income ²	Per Capita ²
	Revenue Bonds	Certificates of Participation	Capital Leases	Water/Sewer Bonds	Capital Leases				
2004	21,880,000	1,756,000	753,725	4,505,000	-	28,894,725	2.24	648	
2005 ¹	42,905,000	1,756,000	716,774	4,505,000	4,300,000	54,182,774	4.21	1,215	
2006	41,905,000	1,756,000	492,256	3,875,000	4,245,264	52,273,520	4.05	1,142	
2007	40,765,000	1,756,000	808,684	3,215,000	4,033,370	50,578,054	3.84	1,062	
2008	39,590,000	1,756,000	1,503,495	2,530,000	3,771,116	49,150,611	3.34	1,011	
2009	38,370,000	1,756,000	3,091,212	1,815,000	3,453,341	48,485,553	2.74	973	
2010	37,105,000	1,756,000	2,230,535	1,070,000	3,074,562	45,236,097	2.52	892	
2011	51,740,000	1,756,000	1,368,736	290,000	2,833,157	57,987,893	3.18	1,131	
2012	50,370,000	1,756,000	892,721	0	2,561,825	55,580,546	2.98	1,084	
2013	48,945,000	1,756,000	599,313	0	2,209,622	53,509,935	2.80	1,044	

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ \$22 million revenue bonds were issued in 2005.

² See the Schedule of Demographic and Economic Statistics for personal income and population data.

City of Smyrna, Georgia
Ratios of General Bonded Debt Outstanding,
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Governmental Activities		Total	Percentage of Actual Taxable Value of Property ¹	Per Capita ²
	Revenue Bonds	Capital Leases			
2004	21,880,000	753,725	22,633,725	0.65	508
2005	42,905,000	716,774	43,621,774	1.21	978
2006	41,905,000	492,256	42,397,256	1.08	927
2007	40,765,000	808,684	41,573,684	0.96	873
2008	39,590,000	1,503,495	41,093,495	0.87	845
2009	38,370,000	3,091,212	41,461,212	0.84	833
2010	37,105,000	2,230,535	39,335,535	0.79	777
2011	51,740,000	1,368,736	53,108,736	1.14	1,035
2012	50,370,000	892,721	51,262,721	1.18	1,000
2013	48,945,000	599,313	49,544,313	1.18	966

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

² See the Schedule of Demographic and Economic Statistics for population data.

City of Smyrna, Georgia
Direct and Overlapping Governmental Activities Debt
As of June 30, 2013 (Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Cobb County General Obligation Debt	\$33,375,000	6.90%	\$2,302,875
Cobb County TAN's	67,000,000	6.90%	4,623,000
Other debt			
Cobb County Solid Waste Disposal	4,050,000	6.90%	279,450
Cobb County Parking Deck Certificates	9,990,000	6.90%	689,310
Cobb-Marietta Coliseum and Exhibit Hall	46,785,000	6.90%	3,228,165
Subtotal, overlapping debt			11,122,800
City of Smyrna direct debt			<u>48,945,000</u>
Total direct and overlapping debt			<u><u>\$60,067,800</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Cobb County Board of Equalization and Assessment.
Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of The City of Smyrna. This process recognizes that, when considering the city'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.

¹The 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 government's boundaries and dividing it by the county's total taxable assessed value.

City of Smyrna, Georgia
 Legal Debt Margin Information
 Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 163,742,307	\$ 160,832,284	\$ 172,250,785	\$ 191,302,847	\$ 207,499,728	\$ 216,162,269	\$ 215,499,104	\$ 197,932,801	\$ 185,994,621	\$ 176,585,524
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$163,742,307	\$160,832,284	\$172,250,785	\$191,302,847	\$207,499,728	\$216,162,269	\$215,499,104	\$197,932,801	\$185,994,621	\$176,585,524
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2013	
Assessed value	\$1,686,342,619
Add back exempt real property	\$79,512,618
Total assessed value	<u>\$1,765,855,237</u>
Debt limit (10% of total assessed value)	
Debt applicable to limit:	176,585,524
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>176,585,524</u>

Notes: Under state finance law, The City of Smyrna's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

**City of Smyrna, Georgia
Demographic and Economic Statistics
Last Ten Fiscal Years (Unaudited)**

Fiscal Year	Population¹	Personal Income	Per Capita Personal Income²	Median Age¹	School Enrollment	Unemployment Rate³
2004	44,564	1,287,780,314	28,909	33	101,269	3.90%
2005	44,602	1,287,780,314	28,909	33	103,447	4.90%
2006	45,755	1,289,399,218	27,637	32	105,885	4.20%
2007	47,643	1,316,709,591	27,637	33	107,274	4.10%
2008	48,632	1,473,646,864	30,302	34	106,425	5.10%
2009	49,854	1,767,673,278	35,457	34	106,675	11.30%
2010	50,712	1,798,095,384	35,457	34	107,245	9.90%
2011	51,271	1,823,914,554	35,574	33	106,719	9.70%
2012	51,271	1,868,007,614	36,434	34	106,849	9.30%
2013	51,271	1,910,357,460	37,260	34	108,262	7.90%

Data sources

¹Atlanta Regional Commission (U.S. Census Bureau for 2010)

²Georgia State Department of Industry and Trade (U.S. Census Bureau for 2010)

³Georgia Department of Labor

Note: School enrollment provided by The Cobb County Board of Education.

**City of Smyrna, Georgia
Principal Employers,
Current Year and Nine Years Ago (Unaudited)**

Employer	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
IBM	775	1	2.44%	500	1	1.74%
United Distributors	550	2	1.73%	375	4	1.30%
Emory-Adventist Hospital at Smyrna	499	3	1.57%	-		-
City of Smyrna	425	4	1.34%	406	2	1.45%
S. P. Richards	423	5	1.33%	325	5	1.13%
Ridgeview Institute	420	6	1.32%	270	6	0.94%
UCB	400	7	1.26%	390	3	1.36%
GLOCK	400	8	1.26%	-		-
National Envelope	245	9	0.77%	-		-
Archdiocese of Atlanta	225	10	0.71%	120	10	0.42%
Cobb County Schools	-		0.00%	165	7	0.57%
The Facility Group	-		0.00%	140	8	0.49%
Quintiles Labs	-		-	125	9	0.43%
Total	4,362		13.73%	2816		9.83%

Source: Community Development

For 2013, total city employment total of 31,772 used to calc percentages.

City of Smyrna, Georgia
Full-time-Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years (Unaudited)

<u>Function/Program</u>	<u>Full-time-Equivalent Employees as of June 30,</u>									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government	10	10	9	9	9	9	9	9	9	9
Governing Body	5	5	7	7	7	7	5	5	5	6
Chief Executive (Mgr. Or Admin.)	2	2	2	3	3	3	3	3	3	4
Data Processing / MIS	8	9	9	8	8	8	7	7	7	6
Recorder's Court	9	9	9	9	9	8	7	6	6	6
Financial Administration	12	12	12	13	13	10	6	6	6	6
General Govt. Bldgs. & Plant	11	8	8	8	8	8	7	7	7	4
Water Administration	4	4	4	4	4	4	4	4	4	4
Human Resources										
Public Safety										
Police Administration	121	121	127	126	126	126	119	101	101	95
Jail Operations	-	-	-	-	-	-	-	19	19	21
Fire Administration	63	63	63	63	66	66	66	72	72	70
Fire Prevention	4	4	4	5	5	5	4	4	3	3
Fire Training	3	3	3	3	3	3	3	3	3	2
E-911 Communications	18	17	17	17	18	18	18	18	18	18
Emergency Management	1	1	1	1	1	1	1	1	1	1
Community Services										
Public Information	2	2	2	2	2	2	2	2	2	2
Public Education	3	3	3	3	3	3	3	3	3	3
Culture/Recreation Administration	9	9	8	10	8	11	10	11	11	11
Participant Recreation	2	2	2	2	2	3	1	1	1	1
Recreation Center	3	3	3	3	3	3	4	4	4	4
Parks Areas	15	18	18	21	21	18	-	-	-	-
Library Administration	8	8	9	9	9	8	8	8	8	7
Protective Insp. Administration	12	12	12	13	14	14	11	13	13	13
Public Works										
Highways & Streets Admin.	28	28	28	28	28	28	29	29	29	28
Traffic Engineering	3	3	3	3	3	3	3	2	2	2
Sanitary Administration	28	28	31	31	31	31	21	21	21	20
Distribution (Water)	16	16	19	19	19	21	21	20	20	21
Recyclables Collection	-	-	-	7	7	7	5	5	5	5
Maintenance & Shop	7	7	8	8	8	8	7	7	7	7
Total	407	407	421	435	438	436	384	391	390	379

Source: City of Smyrna Budget Office.

January 2007 The City of Smyrna added an in house recycling program.

July 2010 The City of Smyrna divided Jail from Police Administration.

City of Smyrna, Georgia
Operating Indicators by Function
Last Ten Fiscal Years (Unaudited)

Function	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Public Works:										
Street resurfacing (feet)	68,595	15,810	59,638	100,525	123,382	0	0	0	52,656	39,475
Potholes misc. repairs	140	130	52	51	26	77	32	101	115	54
Drainage Creek	22	23	11	15	3	15	19	30	7	27
Fire protection:										
Number of calls answered	4,772	4,802	4,800	4,800	4,722	4,862	4,784	5,032	4,877	5,038
Police protection:										
Number of citations written	25,951	25,310	20,199	21,532	21,732	22,000	19,646	18,668	18,725	18,104
Number of automobile accidents	3,043	3,033	3,098	2,865	2,314	1,817	1,865	1,858	1,917	2,413
Number of reported crimes	3,003	3,010	2,862	2,793	2,518	2,544	1,793	1,778	1,508	2,055
Water system:										
Water mains breaks	19	27	9	22	23	21	9	28	17	21
Install water meter	332	223	130	39	87	27	15	45	108	82
Sewerage system:										
Sewer backup	374	247	132	285	166	269	45	40	191	228
Sanitation										
Large items pick up	1,513	1,302	510	981	845	973	369	1,101	965	1,006
Recreation and culture:										
Community Center bookings	1,880	2,500	2,257	2,299	2,321	1,850	2,248	1,838	770	892
Visitors to the Center	203,000	300,000	238,667	250,224	254,750	250,000	272,000	277,400	309,870	285,000
Senior Aquatic Center classes	1,371	800	995	1,367	1,310	1,367	1,339	1,230	1,150	692
Library										
Attendance	249,834	256,244	130,293	253,330	267,558	268,746	271,050	248,383	261,993	235,666
Circulation	201,799	204,554	102,170	203,880	210,323	217,523	232,116	220,652	229,068	216,810

Sources: Various city departments, data not available for all years.
 *- Information not readily available.

City of Smyrna, Georgia
Capital Asset Statistics by Function
Last Ten Fiscal Years (Unaudited)

Function	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Public Works:										
Miles of streets	175	175	176	176	176	176	176	176	176	223
Number of traffic lights	52	52	53	60	60	693	693	693	693	699
Number of street lights:	2,700	2,700	2,700	3,972	3,972	3,972	3,972	3,972	3,972	3,972
Fire protection:										
Number of stations	4	4	4	4	4	4	4	4	4	5
Number of fire fighters and officers	70	70	68	73	76	76	72	72	72	80
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of police officers	93	95	95	97	94	94	94	92	88	87
Water system:										
Number of consumers	14,100	14,100	13,391	14,067	14,344	14,110	13,500	13,486	13,606	14,500
Average daily consumption in gallons	4,926,000	4,926,000	4,890,000	5,200,000	3,356,000	4,168,000	3,700,000	3,791,000	3,779,000	3,897,000
Miles of water mains	240	242	241	241	241	241	241	241	241	241
Sewerage system:										
Miles of sanitary sewers	130	131	138	138	138	138	138	138	138	179
Miles of storm sewers	*	*	80	80	80	80	80	80	80	142
Building permits issued	1,117	1,032	1,051	590	118	159	483	686	886	1,041
Recreation and culture:										
Number of parks	20	20	27	29	29	29	27	27	27	27
Park acreage	156	156	262	263	265	325	325	327	327	327
Number of libraries	1	1	1	1	1	1	1	1	1	1
Number of items	97,000	104,103	108,894	109,933	110,433	111,816	109,183	112,647	111,607	93,246

Sources: Various city departments.
 *- Information not readily available.

**CITY OF SMYRNA, GEORGIA
 CAR RENTAL TAX
 SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Revenues</u>	<u>Expenditures *</u>	<u>Percentage Expended</u>
<u>\$102,225</u>	<u>\$ 102,225</u>	<u>100%</u>

* Funds were transferred to the Hotel/Motel Special Revenue fund and were expended in Hotel/Motel Fund

**CITY OF SMYRNA, GEORGIA
HOTEL/MOTEL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Revenues</u>	<u>Expenditures *</u>	<u>Percentage Expended</u>
<u>\$870,380</u>	<u>\$ 625,352</u>	<u>72%</u>

* Expended in Hotel/Motel Special Revenue Fund

CITY OF SMYRNA, GEORGIA
1 PERCENT SALES TAX
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Project	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
2006 SPLOST Program:					
Transportation Projects	\$ 43,400,391	\$ 38,008,341	\$ 2,509,080	\$ 40,517,421	93%
800 MHz Radios	850,067	796,794	-	796,794	94%
Total	<u>\$ 44,250,458</u>	<u>\$ 38,805,135</u>	<u>\$ 2,509,080</u>	<u>\$ 41,314,215</u>	
2012 SPLOST Program:					
Transportation Projects	\$ 29,229,814	\$ 668,990	\$ 4,719,307	\$ 5,388,297	18%
Park Projects	2,137,000	-	457,777	457,777	21%
Public Safety Projects	1,527,000	3,580	82,969	86,549	6%
Keep Smyrna Beautiful Projects	1,040,504	-	59,150	59,150	6%
Total	<u>\$ 33,934,318</u>	<u>\$ 672,570</u>	<u>\$ 5,319,203</u>	<u>\$ 5,991,773</u>	

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