



City of Smyrna

**Georgia**

Comprehensive Annual  
Financial Report

Fiscal Year Ending June 30, 2014

# City of Smyrna, Georgia

## Comprehensive Annual Financial Report

Fiscal Year Ending June 30, 2014

Prepared by:  
Department of Finance  
2800 King Street / P. O. Box 1226  
Smyrna, Georgia 30081

**City of Smyrna, Georgia**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2014**

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City of Smyrna  
2800 King Street/P.O. Box 1226  
Smyrna Ga 30081  
(770) 434-6600/www.smyrnacity.com

December 20, 2014

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, 2014, 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, 2014 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, 2014 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 52,650 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 4.9 percent from \$1,686,342,619 to \$1,603,657,664. The unemployment rate was slightly higher than the state average. At June 30, 2014 the rate was 7.6 percent compared to the State average of 7.4 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.

### Long-term Financial Planning and Policies

As part of its strategic plan, the Mayor and Council continue to set aside monies for future occurrences. This includes committing funds for future retirement obligations, capital projects and vehicle replacement. All of these committed funds ensuring the City's strong financial position.

The Mayor and Council have adopted a minimum fund balance policy. This policy requires 25% of expenditures to be maintained. The City exceeded this minimum for the current year.

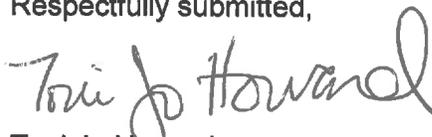
### Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the year ended June 30, 2013. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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,



Toni Jo Howard  
Finance Director



Government Finance Officers Association

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

Presented to

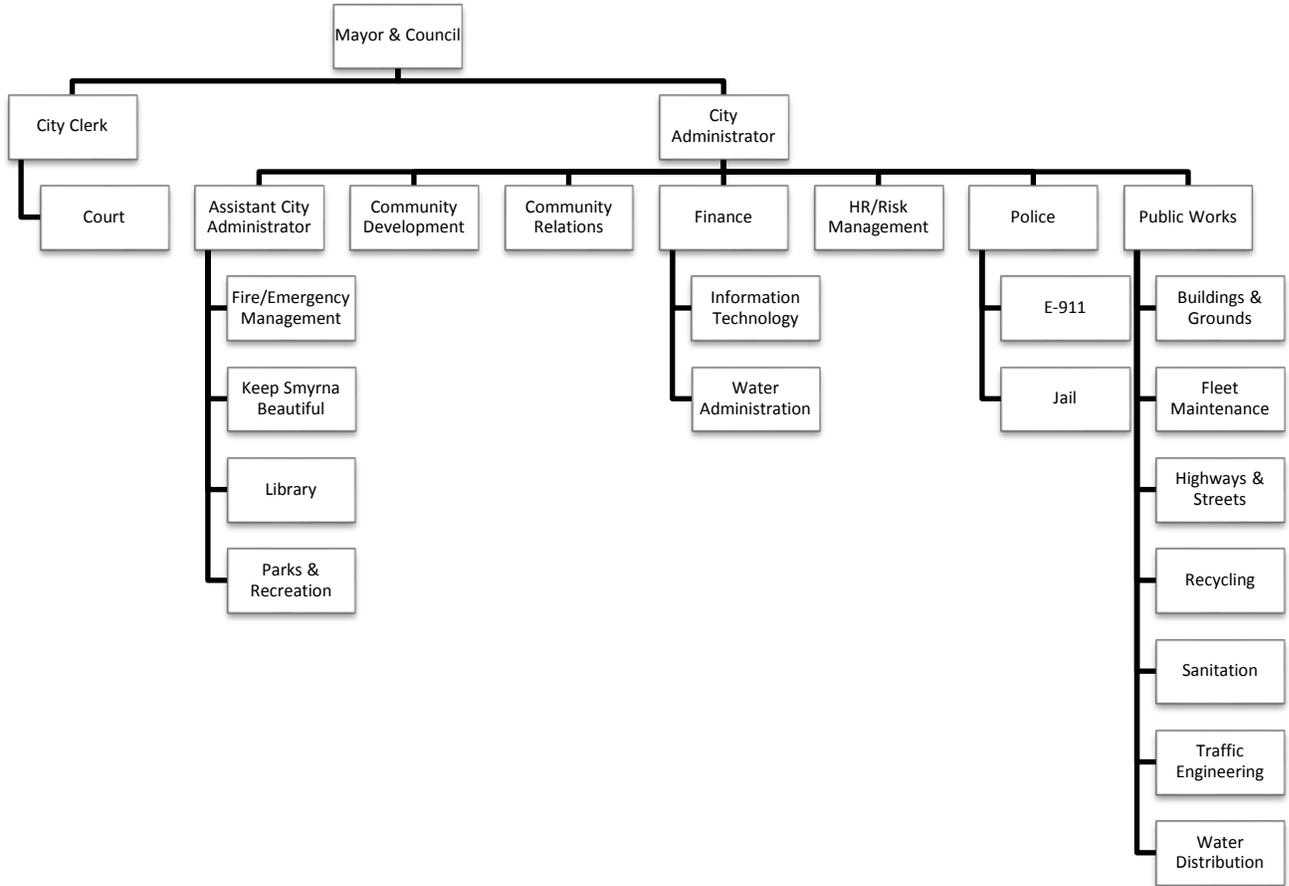
**City of Smyrna  
Georgia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

## 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

Eric Taylor  
City Administrator

### Department Heads

Tammi Saddler Jones  
Assistant City Administrator

Jennifer Bennett  
Community Relations Director

Steve Ciaccio  
Director of Parks and Recreation

Kay Bolick  
Director of Human Resources

Ann Kirk  
Director of KSB

Toni Jo Howard  
Director of Finance

Jason Lanyon  
Fire Chief/Emergency Mgt. Dir.

David Lee  
Chief of Police

Mary Moore  
Library Director

Scott Stokes  
Public Works Director

Ken Suddreth  
Director of Community 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, 2014, 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, 2014, 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 13-21 and 57-58 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 December 19, 2014, 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

December 19, 2014

## 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, 2014. 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 2014 are as follows:

- ◆ The City's combined net position increased \$10.1 million to \$157.4 million from \$145.3 million in 2014.
- ◆ Combined revenue increased \$1.1 million to \$72.0 million from \$69.4 million in 2013, of which governmental activities totaled \$53.1 million and business-type activities totaled \$19 million.
- ◆ Overall expenses totaled \$60.4 million of which governmental activities totaled \$46.5 million and business-type activities totaled \$14 million.
- ◆ As of June 30, 2014, the City's governmental funds reported combined ending fund balances of \$45.4 million. Approximately 24.5% is available for use (unassigned fund balance).
- ◆ As of June 30, 2013, unassigned fund balance for the general fund was \$11.5 million, or 34.4% 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 22 and 23 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 24-27 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 28-30 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-55 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 56-58 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 \$157.4 million at June 30, 2014.

The largest portion of the City's net position (75.4%) 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	
	2014	2013	2014	2013	2014	2013
<b>Assets:</b>						
Current and other assets	\$ 48,584,327	\$ 32,647,254	\$ 13,145,372	\$ 11,278,033	\$ 61,729,699	\$ 43,925,287
Capital assets	131,560,618	127,880,594	21,844,062	19,695,886	153,404,680	147,576,480
Restricted assets - non current	<u>1,349,568</u>	<u>14,022,993</u>	<u>-</u>	<u>537,121</u>	<u>1,349,568</u>	<u>14,560,114</u>
Total assets	181,494,513	174,550,841	34,989,434	31,511,040	216,483,947	206,061,881
Deferred outflows of resources:	659,991	-	-	-	659,991	-
<b>Liabilities:</b>						
Current liabilities	4,543,291	4,056,932	1,789,456	1,677,048	6,332,747	5,733,980
Long-term liabilities outstanding	<u>51,171,519</u>	<u>52,389,678</u>	<u>1,826,173</u>	<u>2,209,622</u>	<u>52,997,692</u>	<u>54,599,300</u>
Total liabilities	55,714,810	56,446,610	3,615,629	3,886,670	59,330,439	60,333,280
Deferred inflows of resources:	412,096	411,137	-	-	412,096	411,137
<b>Net position:</b>						
Net investment in capital assets	98,670,865	93,417,083	20,017,889	17,486,264	118,688,754	110,903,347
Restricted	13,945,013	12,052,601	-	-	13,945,013	12,052,601
Unrestricted	<u>13,411,720</u>	<u>12,223,410</u>	<u>11,355,916</u>	<u>10,138,106</u>	<u>24,767,636</u>	<u>22,361,516</u>
Total net position	\$ 126,027,598	\$ 117,693,094	\$ 31,373,805	\$ 27,624,370	\$ 157,401,403	\$ 145,317,464

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.

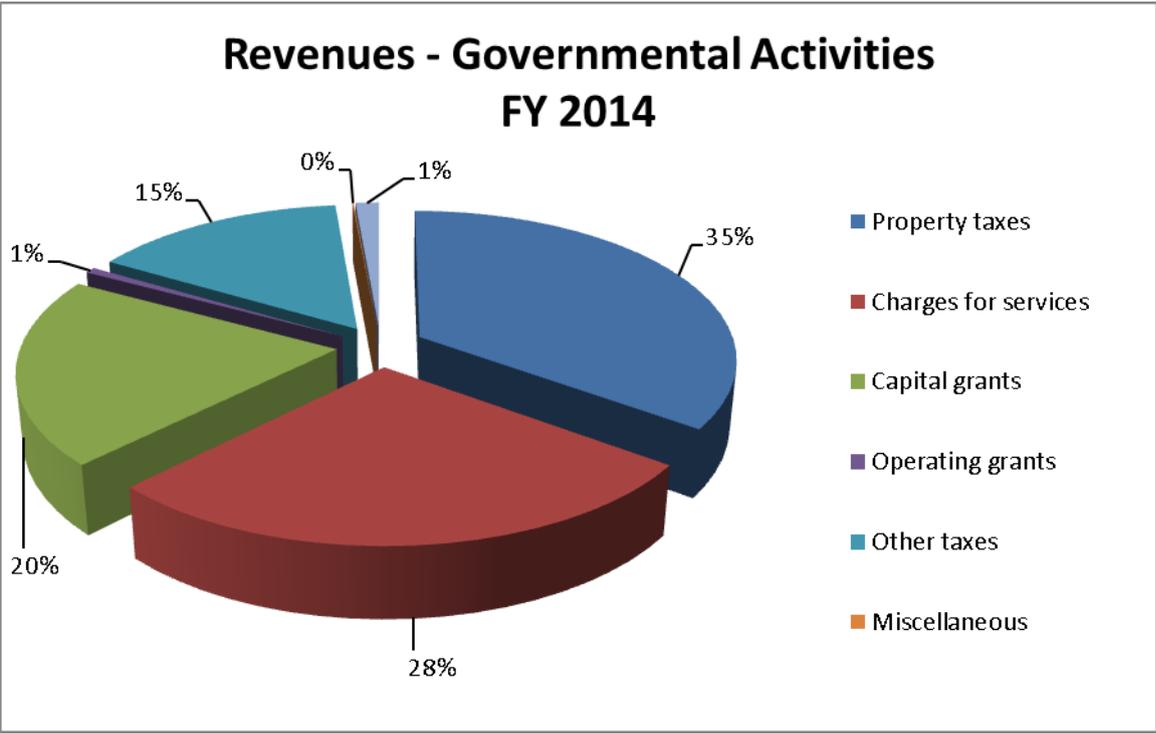
As of June 30, 2014, the City is able to report positive balances in net position for the governmental and business-type activities.

For fiscal year 2014, the City's net position increased \$12.1 million including the current year restatement of \$1.2 million.

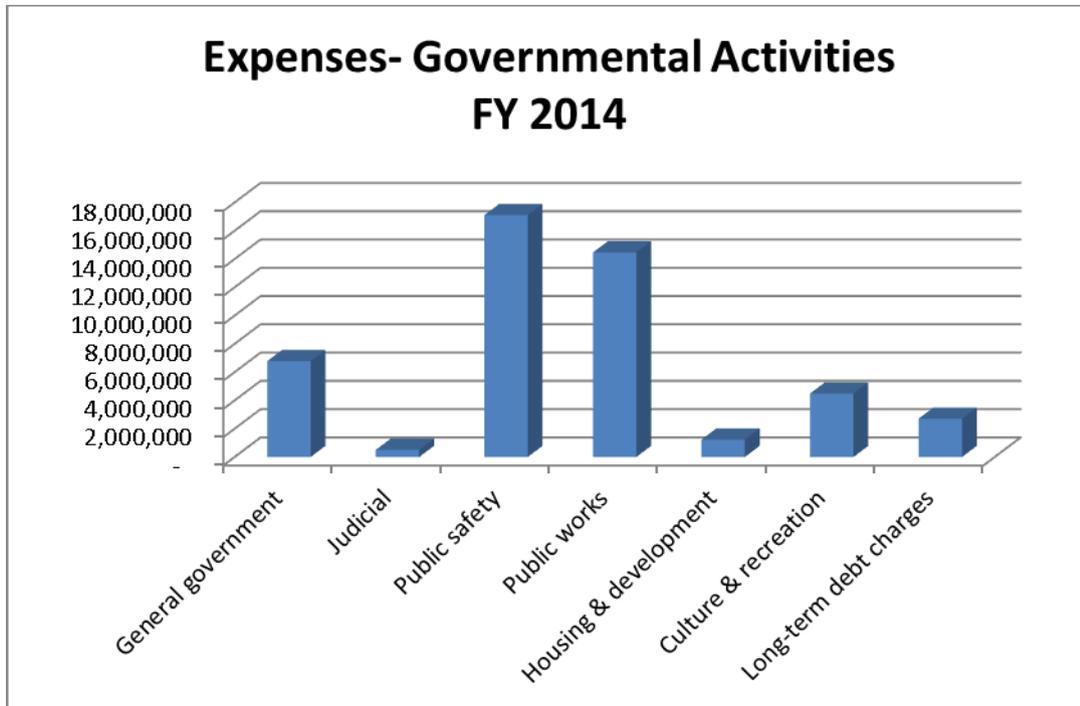
	Governmental Activities		Business-type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services	\$ 14,612,425	\$ 13,505,267	\$ 18,277,070	\$ 17,972,656	\$ 32,889,495	\$ 31,477,923
Operating grants and contributions	336,975	408,012	-	-	336,975	408,012
Capital grants and contributions	10,780,772	11,244,681	692,562	-	11,473,334	11,244,681
General revenues:						
Property taxes	18,573,387	17,774,261	-	-	18,573,387	17,774,261
Other taxes	7,994,393	7,740,076	-	-	7,994,393	7,740,076
Grants and contributions not restricted to specific programs	733,822	734,532	-	-	733,822	734,532
Unrestricted investment earnings	34,615	10,164	-	1,828	34,615	11,992
Gain/ (Loss) on sale of capital assets:	-	45,136	-	-	-	45,136
Total revenues	<u>53,066,389</u>	<u>51,462,129</u>	<u>18,969,632</u>	<u>17,974,484</u>	<u>72,036,021</u>	<u>69,436,613</u>
Expenses:						
General government	6,779,626	5,597,496	-	-	6,779,626	5,597,496
Judicial	505,821	533,504	-	-	505,821	533,504
Public safety	17,103,469	17,729,276	-	-	17,103,469	17,729,276
Public works	14,464,681	10,658,449	-	-	14,464,681	10,658,449
Housing and development	1,232,458	1,131,446	-	-	1,232,458	1,131,446
Culture and recreation	4,490,477	4,425,185	-	-	4,490,477	4,425,185
Water and sewer	-	-	13,908,854	14,398,939	13,908,854	14,398,939
Interest & fiscal charges	2,712,343	2,865,013	-	-	2,712,343	2,865,013
Total expenses	<u>47,288,875</u>	<u>42,940,369</u>	<u>13,908,854</u>	<u>14,398,939</u>	<u>61,197,729</u>	<u>57,339,308</u>
Change in net position before transfers	5,777,514	8,521,760	5,060,778	3,575,545	10,838,292	12,097,305
Transfers	1,591,127	1,591,127	(1,591,127)	(1,591,127)	-	-
Change in net position	7,368,641	10,112,887	3,469,651	1,984,418	10,838,292	12,097,305
Net position- beginning, as restated	118,658,957	107,580,207	27,904,154	25,639,952	146,563,111	133,220,159
Net position - ending	\$ 126,027,598	\$ 117,693,094	\$ 31,373,805	\$ 27,624,370	\$ 157,401,403	\$ 145,317,464

**Governmental Activities.** Governmental activities increased the City's net position by \$7.4 million.

Property tax revenue increased 4.5% as the result of increased personal property taxes. Revenue for Charges for Services grew 8.2%, and Other Taxes rose 3.3%.



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 \$3.5 million. Increased utility rates and elimination of drought restrictions contributed to the operating revenue increase in FY 2014. 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, 2014, the City's governmental funds reported combined ending fund balances of \$45.4 million. Of this total, \$11.1 million or 24.4% 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 (\$434,129) restricted (\$27,405,112), committed (\$6,330,363), or assigned (\$77,857) 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 \$11.8 million, and total fund balance was \$17.6 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 34.4% of total general fund expenditures and total fund balance represents 52.8% of that same amount.

In FY 2014, the Total Fund Balance of the General Fund increased \$3 million.

The key factor to this increase is:

- ◆ Increased revenues from charges for services.

The Hickory Lake Apartments Fund is restricted to the redevelopment of that designated area. The fund balance at the end of FY2014 is \$12.1 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 2014 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 \$8.1 million for the fiscal year ended June 30, 2014. Non-major governmental funds expenditures and other financing uses totaled \$8.3 million. Fund balance for all non-major governmental funds was a surplus of \$3.7 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 \$11.4 million. Total net position increased \$3.5

million. The *Restricted* Cash Balance totals \$0.5 million as of June 30, 2014.

### **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 \$34,041,545 was amended to \$34,353,366 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 \$3,788,915.

### **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, 2014 amounts to \$153.4 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 2014 was 3.9% from \$147.6 million to \$153.4 million, an increase of \$5.8 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, 2014, the City of Smyrna had a net of \$53 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 2015 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](http://www.smyrnacity.com), and selecting financial documents from the drop down menu on quick links.

**City of Smyrna, Georgia**  
**Statement of Net Position**  
**June 30, 2014**

	Primary Government		Primary Government Total
	Governmental Activities	Business-type Activities	
<b>Assets:</b>			
Cash	\$ 18,638,440	\$ 10,774,776	\$ 29,413,216
Restricted cash	13,476,873	542,305	14,019,178
Receivables, net:			
Trade	950,657	1,828,291	2,778,948
Taxes	317,696	-	317,696
Other	91,961	-	91,961
Due from other governments	1,638,797	-	1,638,797
Inventories	407,239	-	407,239
Prepaid items	31,554	-	31,554
Restricted investments	1,349,568	-	1,349,568
Land held for sale	12,110,212	-	12,110,212
Capital assets, non depreciated	30,582,273	1,349,382	31,931,655
Capital assets, depreciated, net	100,978,345	20,494,680	121,473,025
Net OPEB asset	920,898	-	920,898
Total assets	181,494,513	34,989,434	216,483,947
<b>Deferred outflows of resources:</b>			
Unamortized deferred loss and bond insurance	659,991	-	659,991
<b>Liabilities:</b>			
Accounts payable and other current liabilities	2,910,755	1,230,328	4,141,083
Unearned revenue	129,358	-	129,358
Deposits payable	415,656	542,305	957,961
Accrued interest payable	1,087,522	-	1,087,522
Due to other governments	-	16,823	16,823
Noncurrent liabilities:			
Due within one year	2,955,308	570,451	3,525,759
Due in more than one year	48,216,211	1,255,722	49,471,933
Total liabilities	55,714,810	3,615,629	59,330,439
<b>Deferred inflows of resources:</b>			
Accumulated fair value of hedge transaction	412,096	-	412,096
<b>Net Position</b>			
Net investment in capital assets	98,670,865	20,017,889	118,688,754
Restricted for:			
Healthcare	54,655	-	54,655
Culture and recreation	628,338	-	628,338
Housing and development	127,225	-	127,225
Completion of projects	12,240,299	-	12,240,299
Public safety	894,496	-	894,496
Unrestricted	13,411,720	11,355,916	24,767,636
Total net position	\$ 126,027,598	\$ 31,373,805	\$ 157,401,403

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

**City of Smyrna, Georgia**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2014**

Functions/Program Activities	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
		Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Activities	Total
<b>Primary government</b>							
Governmental Activities:							
General Government	\$ 6,779,626	\$ 2,112,306			\$ (4,667,320)	\$ -	\$ (4,667,320)
Judicial	505,821	2,284,261			1,778,440	-	1,778,440
Public Safety	17,103,469	2,202,973	194,701		(14,705,795)	-	(14,705,795)
Public Works	14,464,681	6,349,166		10,685,762	2,570,247	-	2,570,247
Housing and development	1,232,458	682,775	-		(549,683)	-	(549,683)
Culture/Recreation	4,490,477	980,944	142,274	95,010	(3,272,249)	-	(3,272,250)
Interest and fiscal charges	2,712,343				(2,712,343)	-	(2,712,343)
Total governmental activities	47,288,875	14,612,425	336,975	10,780,772	(21,558,703)	-	(21,558,704)
Business-type activities:							
Water and Sewer	13,908,854	18,277,070	-	692,562	-	5,060,778	5,060,778
Total business-type activity	13,908,854	18,277,070	-	692,562	-	5,060,778	5,060,778
Total primary government	\$ 61,197,729	\$ 32,889,495	\$ 336,975	\$ 11,473,333	(21,558,703)	5,060,778	(16,497,926)
General revenues							
Property taxes					18,573,387		5,060,778
Hotel, motel tax					909,397		909,397
Insurance premium tax					2,644,762		2,644,762
Franchise taxes					3,437,475		3,437,475
Alcohol taxes					760,690		760,690
Miscellaneous taxes					242,069	-	242,069
Operating grants not restricted					733,822	-	733,822
Unrestricted investment earnings					34,615	-	34,615
Transfers					1,591,127	(1,591,127)	-
Total general revenues and transfers					28,927,344	(1,591,127)	27,336,217
Change in net position					7,368,641	3,469,651	10,838,292
Net position - beginning of year					117,693,094	27,624,370	145,317,464
Prior period adjustment					965,863	279,784	1,245,647
Net position - end of year					\$ 126,027,598	\$ 31,373,805	\$ 157,401,403

**City of Smyrna, Georgia**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

	Major Governmental Funds					Total Governmental Funds
	General	Tax Allocation District	Hickory Lake Apartments	1% Road Improvement Tax	Non-Major Governmental Funds	
<b>Assets</b>						
Cash	\$ 17,548,348	\$ -	\$ -	\$ -	\$ 1,090,092	\$ 18,638,440
Restricted Cash	355,656	189,429	329	11,522,526	1,408,933	13,476,873
Receivables, net						
Trade	950,657	-	-	-	-	950,657
Taxes	241,975	-	-	75,721	-	317,696
Other	-	-	-	-	91,961	91,961
Due from other funds	445,165	-	-	-	-	445,165
Due from other governments	-	-	-	1,638,797	-	1,638,797
Inventories	407,239	-	-	-	-	407,239
Restricted investments	-	-	-	-	1,349,568	1,349,568
Prepaid items	26,890	-	-	-	-	26,890
Land held for sale	-	-	12,110,212	-	-	12,110,212
<b>Total assets</b>	<b>\$ 19,975,930</b>	<b>\$ 189,429</b>	<b>\$ 12,110,541</b>	<b>\$ 13,237,044</b>	<b>\$ 3,940,554</b>	<b>\$ 49,453,498</b>
<b>Liabilities</b>						
Accounts payable	1,174,844	-	-	819,174	127,752	2,121,770
Cash overdraft	-	-	-	-	100,292	100,292
Accrued liabilities	444,193	-	-	-	20,629	464,822
Retainage payable	46,300	-	-	177,571	-	223,871
Unearned revenue	96,143	-	-	-	33,215	129,358
Due to other funds	-	445,165	-	-	-	445,165
Deposits payable	415,656	-	-	-	-	415,656
<b>Total liabilities</b>	<b>2,177,136</b>	<b>445,165</b>	<b>-</b>	<b>996,745</b>	<b>281,888</b>	<b>3,900,934</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenues	173,681	-	-	-	-	173,681
<b>Fund Balances</b>						
<b>Nonspendable:</b>						
Prepays	26,890	-	-	-	-	26,890
Inventories	407,239	-	-	-	-	407,239
<b>Restricted for:</b>						
Healthcare	54,655	-	-	-	-	54,655
Capital projects	-	-	-	12,240,299	1,349,565	13,589,864
Public safety	95,268	-	-	-	799,228	894,496
Culture and recreation	97,700	-	-	-	530,641	628,341
Debt Service	-	-	12,110,541	-	-	12,110,541
Housing and development	127,225	-	-	-	-	127,225
<b>Committed for:</b>						
Healthcare	500,000	-	-	-	-	500,000
Retirement plans	1,750,000	-	-	-	-	1,750,000
Capital projects	1,025,000	-	-	-	1,075,758	2,100,758
Debt Service	1,979,605	-	-	-	-	1,979,605
<b>Assigned for:</b>						
Public safety	3,719	-	-	-	-	3,719
Culture and recreation	74,138	-	-	-	-	74,138
Unassigned	11,483,674	(255,736)	-	-	(96,526)	11,131,412
<b>Total fund balances</b>	<b>17,625,113</b>	<b>(255,736)</b>	<b>12,110,541</b>	<b>12,240,299</b>	<b>3,658,666</b>	<b>45,378,883</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 19,975,930</b>	<b>\$ 189,429</b>	<b>\$ 12,110,541</b>	<b>\$ 13,237,044</b>	<b>\$ 3,940,554</b>	<b>\$ 49,453,498</b>

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

**City of Smyrna, Georgia**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Position**

**June 30, 2014**

Total fund balances - governmental funds	\$ 45,378,883
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 as assets in governmental funds.	131,560,618
The cumulative inflow from effective hedge transactions are deferred and reported as deferred inflows in the statement of net position	(412,096)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported as unavailable in the funds:	
Property taxes	173,681
Net OPEB asset	920,898
Unamortized bond insurance	4,664
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Unmatured bonds payable	(47,025,000)
Unamortized deferred loss on refunding	659,991
Unamortized premium	(1,546,348)
Unamortized discount	133,980
Accrued interest payable	(1,087,522)
Capital leases payable	(508,400)
Certificates of participation	(1,756,000)
Interest rate swap	412,096
Accrued compensated absences	(881,847)
Total net position - governmental activities	<u>\$ 126,027,598</u>

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

**City of Smyrna, Georgia**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2014**

	Major Governmental Funds				Non-Major Governmental Funds	Total Governmental Funds
	General	Tax Allocation District	Hickory Lake Apartments	1% Road Improvement Tax		
<b>Revenues:</b>						
Taxes	\$ 24,994,689	\$ -	\$ -	\$ 845,318	\$ 1,011,986	\$ 26,851,993
Charges for services	8,121,138	-	-	-	1,076,722	9,197,860
Licenses and permits	2,255,371	-	-	-	-	2,255,371
Fines and forfeitures	2,202,192	-	-	-	-	2,202,192
Intergovernmental	733,822	-	-	9,846,048	191,335	10,771,205
Investment earnings	71	-	181	5,495	28,868	34,615
Miscellaneous revenue	557,299	-	-	-	-	557,299
<b>Total revenues</b>	<b>38,864,582</b>	<b>-</b>	<b>181</b>	<b>10,696,861</b>	<b>2,308,911</b>	<b>51,870,535</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	10,626,214	-	-	-	-	10,626,214
Judicial	421,235	-	-	-	-	421,235
Public safety						
Police	7,312,691	-	-	-	54,235	7,366,926
Fire	4,726,331	-	-	-	-	4,726,331
Other	36,445	-	-	-	1,316,941	1,353,386
Public works	6,405,215	-	-	-	-	6,405,215
Culture and recreation	2,685,848	-	-	-	1,011,706	3,697,554
Housing and development	1,022,618	-	-	-	-	1,022,618
Capital projects	27,647	-	-	8,980,403	626,991	9,635,041
Debt service						-
Principal, interest, and fees	116,006	-	-	-	4,619,252	4,735,258
<b>Total expenditures</b>	<b>33,380,250</b>	<b>-</b>	<b>-</b>	<b>8,980,403</b>	<b>7,629,125</b>	<b>49,989,778</b>
Excess (deficiency) of revenues over (under) expenditures	5,484,332	-	181	1,716,458	(5,320,214)	1,880,757
<b>Other financing sources (uses):</b>						
Transfers in	1,869,527	-	-	-	5,842,542	7,712,069
Transfers out	(4,379,575)	-	(1,039,652)	-	(701,715)	(6,120,942)
Proceeds from sale of capital assets	44,867	-	-	-	-	44,867
<b>Total other financing sources (uses)</b>	<b>(2,465,181)</b>	<b>-</b>	<b>(1,039,652)</b>	<b>-</b>	<b>5,140,827</b>	<b>1,635,994</b>
Net change in fund balance	3,019,151	-	(1,039,472)	1,716,458	(179,387)	3,516,751
Fund balances at the beginning of year	14,605,962	(255,736)	13,150,012	10,523,841	3,838,053	41,862,132
Fund balances at end of year	<u>\$ 17,625,113</u>	<u>\$ (255,736)</u>	<u>\$ 12,110,541</u>	<u>\$ 12,240,299</u>	<u>\$ 3,658,666</u>	<u>\$ 45,378,883</u>

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

**City of Smyrna, Georgia**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and**  
**Changes in Fund Balances with the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2014**

Total net change in fund balances - governmental funds \$ 3,516,751

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. The cost of capital assets sold is recognized as an expense in the entity wide statements but not in the fund level statements

Depreciation expense	(5,281,336)
Capital outlays	6,217,726

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.	(285,105)
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The net effect of various miscellaneous transactions involving capital assets (donations of \$1,480,958 and sales of \$71,198)	1,409,760
--	-----------

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	2,010,913
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OPEB contributions in excess of annual actuarial costs are recorded as expenses in the governmental funds	(120,724)
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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	(111,347)
Accrued interest expense	36,377
Prepaid bond insurance	(1,999)
Amortization deferred loss on refunding, discount, and premium	<u>(22,375)</u>

Change in net position of governmental activities	<u>\$ 7,368,641</u>
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The accompanying notes are an integral part of these financial statements.

**City of Smyrna, Georgia**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2014**

		Water and Sewer <u>Enterprise Fund</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$	10,774,776
Restricted cash		542,305
Trade receivables, net		<u>1,828,291</u>
Total current assets		<u>13,145,372</u>
Noncurrent assets		
Property, plant and equipment, net		<u>21,844,062</u>
Total noncurrent assets		<u>21,844,062</u>
<b>Total assets</b>		<u>34,989,434</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable		1,161,609
Accrued liabilities		68,719
Due to other governments		16,823
Deposits payable		542,305
Capital lease - current		<u>570,451</u>
Total current liabilities		<u>2,359,907</u>
Long-term liabilities (net of current portion):		
Capital lease payable		<u>1,255,722</u>
Total noncurrent liabilities		<u>1,255,722</u>
<b>Total liabilities</b>		<u>3,615,629</u>
<b>NET POSITION</b>		
Net investment in capital assets		20,017,889
Unrestricted		<u>11,355,916</u>
<b>Total net position</b>	<b>\$</b>	<u><u>31,373,805</u></u>

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

**City of Smyrna, Georgia**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Water and Sewer Enterprise Fund</u>
Operating revenues:	
Charges for sales and services	\$ 18,277,070
Total operating revenues	<u>18,277,070</u>
Operating expenses:	
Employee services and benefits	1,358,161
Other operating	11,038,349
Depreciation	<u>1,430,604</u>
Total operating expenses	<u>13,827,114</u>
Operating income (loss)	<u>4,449,956</u>
Non-operating activities	
Interest expense and fees	<u>(81,740)</u>
Total non-operating activities	<u>(81,740)</u>
Income before capital contributions and transfers	<u>4,368,216</u>
Capital contributions and transfers	
Capital contributions	692,562
Transfers in	-
Transfers out	<u>(1,591,127)</u>
Total capital contributions and transfers	<u>(898,565)</u>
Change in Net Position	3,469,651
Net Position, beginning of year	<u>27,624,370</u>
Restatement	<u>279,784</u>
Net Position, beginning of year after restatement	<u>27,904,154</u>
Net Position, end of year	<u>\$ 31,373,805</u>

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

**City of Smyrna, Georgia**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Water and Sewer Enterprise Fund</u>
<b>Cash flows from (to) operating activities:</b>	
Cash received from customers	\$ 18,139,737
Cash payments to suppliers for goods and services	(10,943,137)
Cash payments for employee services and fringe benefits	(1,346,149)
<b>Net cash from (to) operating activities</b>	<u>5,850,451</u>
<b>Cash flows from (to) noncapital financing activities:</b>	
Transfers out	(1,591,127)
<b>Net cash from (to) noncapital financing</b>	<u>(1,591,127)</u>
<b>Cash flows from (to) capital and related financing activities:</b>	
Acquisition and construction of capital assets	(2,606,434)
Proceeds from sale of assets	-
Principal payments on capital leases	(383,449)
Interest paid on revenue bonds and capital leases	(81,740)
<b>Net cash from (to) capital and related financing activities</b>	<u>(3,071,623)</u>
<b>Cash flows from (to) investing activities:</b>	
Interest earned on assets	-
<b>Net cash from (to) investing activities</b>	<u>-</u>
<b>Net increase (decrease) in cash</b>	1,187,701
<b>Cash at beginning of year (including \$537,121 in restricted accounts)</b>	<u>10,129,380</u>
<b>Cash at end of year (including \$542,305 in restricted accounts)</b>	<u>\$ 11,317,081</u>
<b>Reconciliation of operating income to net cash from operating activities:</b>	
Operating income	\$ 4,449,956
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	1,430,604
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(142,517)
Increase (decrease) in due to other government	(19,200)
Increase (decrease) in accounts payable	114,412
Increase (decrease) in deposits payable	5,184
Increase (decrease) in accrued liabilities	12,012
<b>Net cash from operating activities</b>	<u>\$ 5,850,451</u>
<b>Schedule of noncash capital and related financing activities:</b>	
Contributions of capital assets	<u>\$692,567</u>

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

**City of Smyrna, Georgia**  
**Statement of Fiduciary Net Position**  
**Fiduciary Fund**  
**June 30, 2014**

	<u>OPEB TRUST FUND</u>
<b>Assets:</b>	
Current assets:	
Investments-money market mutual funds	\$ 1,489,080
<b>Total assets</b>	<u>\$ 1,489,080</u>
<b>Net position:</b>	
Net position held in trust for other post employment benefits	\$ 1,489,080
<b>Total net position held in trust</b>	<u><u>\$ 1,489,080</u></u>

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

**City of Smyrna, Georgia**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**For the Fiscal Year Ended June 30, 2014**

	<u>OPEB</u> <u>TRUST FUND</u>
<b>Additions</b>	
Contributions:	
Employer	\$ 421,446
Employee	<u>105,767</u>
Total contributions	527,213
Investment earnings	<u>178,241</u>
<b>Total additions</b>	705,454
<b>Deductions:</b>	
Benefits and claims	<u>384,412</u>
<b>Total deductions</b>	<u>384,412</u>
<b>Change in net position</b>	321,042
<b>Net position held in trust, beginning of year</b>	<u>1,168,038</u>
<b>Net position held in trust, end of year</b>	<u><u>\$ 1,489,080</u></u>

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

**City of Smyrna, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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 POLICES**

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

**City of Smyrna, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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 customer 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 a 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 Statements 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.

**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.

**City of Smyrna, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

1% Road Improvement Tax Capital Projects Fund – The City's 1% Road Improvement Tax 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, and monies received for law enforcement expenditures.

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, 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.

**City of Smyrna, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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 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 countries, 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.

**City of Smyrna, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**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 fund” 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, 2014 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 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.

**City of Smyrna, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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. 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. Issuances costs are reported as debt service expenditures.

**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 or 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 (expenses/expenditure) until then. The City reports unamortized deferred loss on refunding and bond insurance as a deferred outflow.

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 two items that qualify for reporting in this category, the accumulated fair value of the City's hedge transaction reported in the government-wide statement of net position and unavailable revenues reported only in the governmental funds balance sheet. See note 8 for information regarding the City's interest rate swap agreement.

**City of Smyrna, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**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 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. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (adoption of another ordinance) to remove or revise the limitation. 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 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 expenditure 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.

**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 estimated.

**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, 2014, 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

**City of Smyrna, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

requiring full collateralization on two certain types of investments: certificates of deposits and repurchase agreements. As of June 30, 2014, 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, 2014, money market mutual funds had a fair market value of \$1,489,083 and were not rated. The money market funds had investment maturities of less than one year. The guaranteed investment contract had a fair value of \$1,349,565 as of June 30, 2014. 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, 2014 consist of the following:

	Taxes and Fines	Utility Accounts	Other	Allowance for Uncollectibles	Net Receivables
General Fund	\$ 434,259	\$ 968,001	\$ -	\$ (209,628)	\$1,192,632
1% Road Improvement Tax Fund	75,721	-	-	-	75,721
Nonmajor Governmental Funds	-	-	91,961	-	91,961
Water and Sewer Funds		2,165,614	-	(337,323)	1,828,291
Total	\$ 509,980	\$3,133,615	\$91,961	\$ (546,951)	\$3,188,605

**4. DUE FROM OTHER GOVERNMENTS**

	Cobb County, GA
1% Road Improvement Tax Fund	\$1,638,797
	<u>\$1,638,797</u>

**5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund loans receivable are considered “available spendable resources.”

Such balances at June 30, 2014 include Due from (to) and are summarized as follows:

	Receivable To
<u>Payable From</u>	<u>General Fund</u>
Tax Allocation District Fund	\$445,165

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.

**City of Smyrna, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

Interfund transfers for the current year were as follows:

Transfer in to	General Fund	Hickory Lake Apartments	Non Major Governmental Funds	Water & Sewer Fund	Total
General Fund	\$ -	\$ -	\$ 278,400	\$ 1,591,127	\$ 1,869,527
Non Major Governmental Funds	<u>4,379,575</u>	<u>1,039,652</u>	<u>423,315</u>		<u>5,842,542</u>
	<u>\$ 4,379,575</u>	<u>\$ 1,039,652</u>	<u>\$ 701,715</u>	<u>\$ 1,591,127</u>	<u>\$ 7,712,070</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.

**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 Tax Allocation District Fund, and the Hickory Lake Apartments Fund are restricted to be used 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 Jun 30, 2014, consist of the following:

<b>Governmental Funds:</b>	Total
General Fund:	
Customer deposits	<u>\$ 355,656</u>
Hickory Lake Apartments Fund:	
Debt Service	<u>329</u>
1% Road Improvement Tax:	
Completion of projects	<u>11,522,526</u>
Tax allocation district	<u>189,429</u>
Nonmajor governmental funds:	
E911 operations	707,469
Law enforcement	56,515
Unspent grant money	19,259
Completion of projects	1,362,413
Tourism	<u>612,845</u>
	<u>2,758,501</u>
<b>Total governmental funds</b>	<b><u>\$14,826,441</u></b>
<b>Proprietary Funds</b>	
Water and Sewer Enterprise Fund:	
Customer deposits	<u>\$ 542,305</u>
<b>Total proprietary funds</b>	<b><u>\$ 542,305</u></b>

**City of Smyrna, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**7. CAPITAL ASSETS**

	Beginning Balance	Restatement	Additions	Disposals	Ending Balance
<b>Governmental Activities capital assets:</b>					
Capital assets not being depreciated:					
Land	\$ 19,014,804	\$ 4,758,815	\$ 530,009	\$ -	\$ 24,303,628
CIP	2,000,693	(2,280)	4,351,430	(71,198)	6,278,645
	<u>21,015,497</u>	<u>4,756,535</u>	<u>4,881,439</u>	<u>(71,198)</u>	<u>30,582,273</u>
Capital assets being depreciated:					
Infrastructure	140,822,599	(8,682,357)	1,874,680		134,014,922
Buildings and improvements	59,037,274	4,148,475	460,754		63,646,503
Motorized and heavy equipment	1,397,572	1,944	-		1,399,516
Office furniture and equipment	1,447,614	(33,165)	9,165	-	1,423,614
Computer equipment	3,131,547	(740,437)	134,168	-	2,525,278
Motor vehicles	10,069,957	(64,128)	138,480	-	10,144,309
Non-motorized equipment	2,934,665	(287,577)	199,999	-	2,847,087
	<u>218,841,228</u>	<u>(5,657,245)</u>	<u>2,817,246</u>	<u>-</u>	<u>216,001,229</u>
<b>Accumulated Depreciation</b>					
Infrastructure	(71,661,525)	(10,918,962)	(3,984,516)		(86,565,003)
Buildings and improvements	(23,442,788)	12,797,619	(789,725)		(11,434,894)
Motorized and heavy equipment	(1,664,103)	361,118	(17,040)		(1,320,025)
Office furniture and equipment	(1,281,665)	(82,279)	(12,172)	-	(1,376,116)
Computer equipment	(1,746,746)	(340,873)	(79,041)	-	(2,166,660)
Motor vehicles	(10,066,922)	918,692	(379,365)	-	(9,527,595)
Non-motorized equipment	(2,112,382)	(500,732)	(19,477)	-	(2,632,591)
<b>Total Accumulated Depreciation</b>	<u>(111,976,131)</u>	<u>2,234,583</u>	<u>(5,281,336)</u>	<u>-</u>	<u>(115,022,884)</u>
<b>Total capital assets being depreciated, net</b>	<u>106,865,097</u>	<u>(3,422,662)</u>	<u>(2,464,090)</u>	<u>-</u>	<u>100,978,345</u>
<b>Governmental Activities capital assets, net</b>	<u>\$ 127,880,594</u>	<u>\$ 1,333,874</u>	<u>\$ 2,417,348</u>	<u>\$ (71,198)</u>	<u>\$ 131,560,618</u>
<b>Business Type activities</b>					
CIP	\$ -	\$ -	\$ 1,349,382	\$ -	\$ 1,349,382
Infrastructure and improvements	31,782,497	(150)	1,391,596		33,173,943
Machinery and equipment	8,290,833	-	558,023		8,848,856
Motor vehicles	907,200	(224,603)			682,597
Computer equipment	82,882	-			82,882
	<u>41,063,412</u>	<u>(224,753)</u>	<u>1,949,619</u>	<u>-</u>	<u>42,788,278</u>
<b>Accumulated Depreciation</b>					
Infrastructure and improvements	(14,514,418)	582,450	(671,528)		(14,603,496)
Buildings and improvements	-	-	-		-
Machinery and equipment	(5,876,130)	(300,958)	(755,333)		(6,932,421)
Motor vehicles	(894,096)	223,040	(3,743)		(674,789)
Computer equipment	(82,882)	-			(82,882)
<b>Total Accumulated Depreciation</b>	<u>(21,367,526)</u>	<u>504,532</u>	<u>(1,430,604)</u>	<u>-</u>	<u>(22,293,588)</u>
<b>Total capital assets being depreciated, net</b>	<u>19,695,886</u>	<u>279,779</u>	<u>519,015</u>	<u>-</u>	<u>20,494,690</u>
<b>Business Type Activities assets, net</b>	<u>\$ 19,695,886</u>	<u>\$ 279,779</u>	<u>\$ 1,868,397</u>	<u>\$ -</u>	<u>\$ 21,844,072</u>

The City had adjustments in the current year for assets based on implementation of new software. The majority of the adjustments were reclassifications of assets between categories.

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

Governmental activities:	
General government	\$ 178,838
Public safety	542,296
Public works, including depreciation of general infrastructure	4,073,653
Culture and recreation	<u>486,549</u>
 Total depreciation expense – governmental activities	 <u>\$ 5,281,336</u>
 Business-type activities:	
Water and sewer	<u>\$ 1,430,604</u>

**8. LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term liabilities for the year ended June 20, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Revenue bonds	48,945,000	-	(1,920,000)	47,025,000	2,005,000
Premium	1,701,612	-	(155,264)	1,546,348	-
Discount	(140,360)	-	6,380	(133,980)	-
Capital leases	599,313	-	(90,913)	508,400	94,316
Certificates of participation	1,756,000	-	-	1,756,000	-
Deferred fair value of interest rate swap	(411,137)	-	(959)	(412,096)	-
Total certificates of participation	1,344,863	-	(959)	1,343,904	-
Compensated absences	770,500	746,038	(634,691)	881,847	855,992
Governmental activities long-term liabilities	<u>\$ 51,659,676</u>	<u>\$ 746,038</u>	<u>\$ (2,646,563)</u>	<u>\$ 51,171,519</u>	<u>\$ 2,955,308</u>
 <b>Business-type activities:</b>					
Capital leases	\$ 2,209,622	\$ -	\$ (383,449)	\$ 1,826,173	\$ 570,451
Business-type activities long term liabilities	<u>\$ 2,209,622</u>	<u>\$ -</u>	<u>\$ (383,449)</u>	<u>\$ 1,826,173</u>	<u>\$ 570,451</u>

Compensated absences are typically liquidated in the General Fund.

Operating leases

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

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**Governmental Activities:**

Revenue Bonds

Revenue bonds have been issued for governmental activities and are comprised of the following individual issues at June 30, 2014:

\$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 \$35,000 to \$1,700,000 through February 1, 2020; interest at 3.7 to 5.6 percent (\$6,655,000 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 (\$1,500,000 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 (\$2,260,000 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% (\$21,080,000 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% (\$15,530,000 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, 2002, and 2010 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

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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, 2014:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 2,005,000	\$ 2,606,070	\$ 4,611,070
2016	2,095,000	2,512,308	4,607,308
2017	2,200,000	2,410,066	4,610,066
2018	2,310,000	2,294,898	4,604,898
2019	2,440,000	2,171,627	4,611,627
2020-2024	14,260,000	8,785,617	23,045,617
2025-2029	15,115,000	4,546,896	19,661,896
2030-2034	5,300,000	1,596,995	6,896,995
2035	1,300,000	89,700	1,389,700
	<u>\$ 47,025,000</u>	<u>\$ 27,014,177</u>	<u>\$ 74,039,177</u>

The amount of defeased debt outstanding but removed from the City's records totaled \$11,225,000 at June 30, 2014.

Capital Leases

The City leases certain equipment through BB&T Governmental Finance with costs totaling \$930,000 and accumulated depreciation totaling \$837,000. This year, \$93,000 was included in depreciation expenses. 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, 2014:

Year Ending June 30,	Principal	Interest	Total
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
	<u>\$ 508,400</u>	<u>\$ 58,758</u>	<u>\$ 567,158</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 pools was provided by the issuance \$150,126,000 certificates of participation by GMA. GMA passed the net proceeds through the participating municipalities with the

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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:

Year Ending June 30,	Principal	Interest	Total
2015	\$ -	\$ 83,410	\$ 83,410
2016	-	83,410	83,410
2017	-	83,410	83,410
2018	-	83,410	83,410
2019	-	83,410	83,410
2020-2024	-	417,050	417,050
2025-2028	1,756,000	333,640	2,089,640
	<u>\$ 1,756,000</u>	<u>\$ 1,167,740</u>	<u>\$ 2,923,740</u>

As part of the issuance of the certificates of participations, the City entered into an interest rate swap agreement. Under the swap agreement, the City is required to (a) pay a semi-annual 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 a 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, 2014, the floating rate being paid by the City is .4% and the market value of this agreement is \$412,096, an increase of \$959 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, 2014 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.

**City of Smyrna, Georgia  
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**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. 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, 2014, accumulated depreciation expense totaled \$6,216,296. This year \$709,596 was included in depreciation expense.

The following is a schedule of the future payments on outstanding Business-Type Activities capital leases as of June 30, 2014:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 570,451	\$ 81,740	\$ 652,191
2016	541,415	41,483	582,898
2017	587,469	18,363	605,832
2018	126,838	2,836	129,674
	<u>\$ 1,826,173</u>	<u>\$ 144,422</u>	<u>\$ 1,970,595</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, 2013. 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, 2013 were \$1,603,657,664.

Based on the 2013 millage levy of 8.99, a property owner would pay \$8.99 per \$1,000 of assessed valuation. Current tax collections of \$14,963,651 for the fiscal year ended June 30, 2014 were 99 percent of the tax levy.

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**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 the cities in the State of Georgia. The City’s payroll for employees covered by the System’s defined benefit plan was \$16,237,293 as of January 1, 2014. The Plan also provides death benefits for early retirees. 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 projected unit credit actuarial cost method.

The January 1, 2013 valuation is used to determine the recommended contribution for the fiscal year 2014. During the plan year, total pension contributions were \$2,843,066 (\$2,219,117 from the City and \$623,949 from employee contributions).

The net pension obligation was computed as part of an actuarial valuation performed as of January 1, 2014. 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

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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 \$2,219,117.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/12	\$ 2,488,204	100%	--
6/30/13	2,309,489	100%	--
6/30/14	2,219,117	100%	--

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued 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>
01/01/14	\$ 41,827,004	\$ 50,785,945	\$ 8,958,941	82.4%	\$16,237,293	55.2%

The Schedule of Funding Progress presented as required supplemental information following the notes to the financial statements presents multi-year 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. The 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.

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Retirees' spouses may become eligible for those benefits if the retiree on or after the age of 65 with 10 years of service, or provided that the employee's age (minimum 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.

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 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 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 2014, the City contributed \$421,446 to the plan. The cost of benefits for retirees is paid by the City and by the retiree. Currently retirees contribute 20%. 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 2014 totaled \$105,767.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (Asset)	Annual Amount Contributed
6/30/12	\$500,514	176%	\$(1,112,188)	\$ 882,072
6/30/13	542,368	87%	(1,041,622)	471,802
6/30/14	542,170	78%	(920,898)	421,446

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

**City of Smyrna, Georgia**  
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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 fund that, if paid 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	80,726
Adjustment to annual required contribution	<u>(83,866)</u>
Annual OPEB Cost	542,170
Contributions made	<u>(421,446)</u>
(Increase) decrease in net OPEB obligation	120,724
Net OPEB asset, beginning of year	<u>(1,041,622)</u>
Net OPEB asset, end of year	<u>\$ (920,898)</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 as required supplemental information following the notes to the financial statements, presents multi-year trend 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	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Discount rate	7.75%
Healthcare cost trend rate	8.0% graded to 5.0% over 6 years

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The plan does not issue separate financial statements.

**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 in in a 401(a) Defined Contribution plan. Contribution amounts may be amended by the City Council. For the fiscal year ending June 30, 2014, the City’s contributions were \$35,023 and employee contributions were \$319,904.

**13. RISK MANAGEMENT**

The City is exposed to various risk 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 of 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 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.

**City of Smyrna, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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 person or property when such loss or injury is within the scope of the protection of Fund or Funds in which the City participates.

The City is also exposed to risks of loss related to job-related illness 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.

#### **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

**City of Smyrna, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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 \$8,353,455 from the County during the fiscal year ended June 30, 2014.

Retirement

The City has determined that benefit payments made to certain retirees were incorrect and is working to determine the correct amounts. An estimate of the amount due to the retirees as a result of this error has not been determined as of the date of this report.

**16. FUND BALANCE DEFICITS**

Tax Allocation District	<u>\$(255,736)</u>
Multiple Grant Fund	<u>\$ (15,198)</u>
HUD CDBG	<u>\$ (81,328)</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. The deficit in the HUD CDBG fund will be funded by expense reimbursements.

**17. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The following funds had expenditures over appropriations for the fiscal year ended June 30, 2014:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
MCS Narcotics	\$2,187	\$2,828	\$(641)
Hotel/Motel	730,797	807,367	(76,570)
Multiple Grant Fund	43,287	51,407	(8,120)
Auto Rental	88,000	102,589	(14,589)
General Fund			
Data processing	674,126	678,032	(3,906)
Fire prevention	223,935	227,210	(3,275)
Emergency management	36,049	36,445	(396)
Traffic engineering	145,624	162,744	(17,120)
Sanitary administration	3,160,833	3,248,104	(87,271)
Participant recreation	502,631	554,928	(52,297)

**City of Smyrna, Georgia**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

Park areas	153,732	157,518	(3,786)
Protective inspection administration	993,389	1,023,576	(30,187)
Fiscal agent fees	-	2,574	(2,574)

**18. RESTATEMENT**

The Statement of Activities includes \$1,245,647 for a prior period adjustment. This includes \$1,333,874 and \$279,784 of adjustments to capital assets for Governmental Activities and Business Type Activities, respectively, discovered during the implementation of a new capital assets system. Also, \$368,010 of bond issuance costs is included for the restatement required by GASBS 65 for Governmental Activities.

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Water and Sewer Fund</u>
Net position as previously reported	\$ 117,693,094	\$ 27,624,370	\$ 27,627,370
Restatements			
Capital assets	(1,333,873)	279,784	279,784
Bond issuance costs	<u>368,010</u>		
Net position as restated	<u>\$ 116,727,231</u>	<u>\$ 27,904,154</u>	<u>\$ 27,907,154</u>
Change in net position as previously reported	\$ 10,112,887	\$ 1,984,418	\$ 1,984,418
Effect of restatements	<u>(965,863)</u>	<u>279,784</u>	<u>279,784</u>
Change in net position as restated	<u>\$ 9,147,024</u>	<u>\$ 2,264,202</u>	<u>\$ 2,264,202</u>

**19. SUBSEQUENT EVENT**

The City sold property acquired with the 2010 DDA bonds on September 18, 2014. The proceeds from this sale will be used to redeem the 2010 bonds.

**City of Smyrna, Georgia**  
**Required Supplementary Information**  
**Schedule of Funding Progress**  
**For the Fiscal Year Ended June 30, 2014**

**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)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2014	\$ 41,827,004	\$ 50,785,945	\$ 8,958,941	82.4%	\$ 16,237,293	55.2%
1/1/2013	39,132,696	49,237,503	10,104,807	79.5%	16,090,802	62.8%
1/1/2012	36,691,949	47,224,279	10,532,330	77.7%	16,945,936	62.2%

**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)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2013	\$ 923,319	\$ 6,213,976	\$ 5,290,657	14.9%	\$ 15,752,675	33.6%
1/1/2011	331,382	5,121,788	4,790,406	6.5%	16,476,737	29.1%
1/1/2009	160,000	5,273,546	5,113,546	3.0%	n/a	n/a

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation (Asset)	Annual Amount Contributed
6/30/2014	\$ 539,029	78%	\$ (929,898)	\$ 421,446
6/30/2013	539,029	88%	(1,041,622)	471,802
6/30/2012	529,690	167%	(1,112,188)	882,072

**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, 2014**

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 23,375,301	\$ 23,666,401	\$ 24,994,689	\$ 1,328,288
Charges for services	7,656,550	7,656,550	8,121,138	464,588
Licenses and permits	2,084,000	2,084,000	2,255,371	171,371
Fines and forfeitures	2,042,000	2,042,000	2,202,192	160,192
Intergovernmental revenues	730,000	730,000	733,822	3,822
Investment revenue	7,100	7,100	71	(7,029)
Miscellaneous revenue	201,000	201,000	557,299	356,299
Total revenues	<u>36,095,951</u>	<u>36,387,051</u>	<u>38,864,582</u>	<u>2,477,531</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government</b>				
Governing body	345,753	357,610	321,062	36,548
Chief executive	541,429	551,285	540,947	10,338
Financial administration	518,214	524,801	489,909	34,892
Data processing	673,149	674,126	678,032	(3,906)
Human resources	331,966	353,721	348,243	5,478
Buildings and plant	8,831,175	8,844,956	8,366,702	478,254
<b>Judicial System</b>				
Recorders court	418,784	421,266	421,235	31
<b>Public Safety</b>				
Police	7,421,558	7,526,156	7,323,679	202,477
<b>Fire</b>				
Fire administration	4,421,938	4,473,056	4,312,958	160,098
Fire prevention	221,252	223,935	227,210	(3,275)
Fire training	193,633	196,397	186,163	10,234
Emergency management	35,758	36,049	36,445	(396)
<b>Public Works</b>				
Highways and streets	2,320,176	2,330,479	2,323,483	6,996
Traffic engineering	145,248	145,624	162,744	(17,120)
Sanitary administration	3,152,803	3,160,833	3,248,104	(87,271)
Recyclable collections	188,771	190,543	186,045	4,498
Public education	181,932	184,409	182,220	2,189
Maintenance & shop	314,860	316,853	302,617	14,236
<b>Culture/Recreation</b>				
Administration	1,159,846	1,166,723	1,142,394	24,329
Participant recreation	500,952	502,631	554,928	(52,297)
Recreation center	240,742	241,162	211,462	29,700
Park areas	153,301	153,732	157,518	(3,786)
Library administration	632,428	637,191	630,000	7,191
<b>Housing and development</b>				
Protective inspection administration	<u>949,438</u>	<u>993,389</u>	<u>1,023,576</u>	<u>(30,187)</u>
<b>Debt Service</b>				
Fiscal agent fees	<u>-</u>	<u>-</u>	<u>2,574</u>	<u>(2,574)</u>
Total expenditures	<u>33,895,106</u>	<u>34,206,927</u>	<u>33,380,250</u>	<u>826,677</u>

Continued

**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, 2014**

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Excess of revenues over expenditures	2,200,845	2,180,124	5,484,332	3,304,208
Other financing sources (uses):				
Transfers in	1,841,127	1,841,127	1,869,527	28,400
Transfers out	(4,091,972)	(4,100,088)	(4,379,575)	(279,487)
Sale of capital assets	50,000	78,837	44,867	(33,970)
Total other financing sources (uses)	(2,200,845)	(2,180,124)	(2,465,181)	(285,057)
Net change in fund balances	-	-	3,019,151	3,019,151
Fund balances - beginning			14,605,962	
Fund balances - ending			\$ 17,625,113	

\* The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP) except that encumbrances are treated as budgetary expenditures in the year of incurrence of the commitment to purchase and debt service expenditures are budgeted as general government expenditures.

**City of Smyrna, Georgia**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2014**

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash	\$ -	\$ 1,090,092	\$ 1,090,092
Restricted Cash	1,396,088	12,845	1,408,933
Restricted investments	-	1,349,568	1,349,568
Accounts receivable	91,961	-	91,961
<b>Total assets</b>	<u>1,488,049</u>	<u>2,452,505</u>	<u>3,940,554</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	113,418	14,334	127,752
Cash overdraft	100,292	-	100,292
Accrued liabilities	20,629	-	20,629
Unearned revenue	20,607	12,608	33,215
<b>Total liabilities</b>	<u>254,946</u>	<u>26,942</u>	<u>281,888</u>
<b>Fund Balances:</b>			
Restricted for:			
Capital Projects	-	1,349,565	1,349,565
Public safety	798,991	237	799,228
Culture and recreation	530,638	3	530,641
Committed for capital projects	-	1,075,758	1,075,758
Unassigned	(96,526)	-	(96,526)
<b>Total fund balances</b>	<u>1,233,103</u>	<u>2,425,563</u>	<u>3,658,666</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,488,049</u>	<u>\$ 2,452,505</u>	<u>\$ 3,940,554</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, 2014**

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 1,011,986	\$ -	\$ 1,011,986
Charges for services	1,076,722	-	1,076,722
Intergovernmental	191,295	40	191,335
Investment earnings	1,173	27,695	28,868
Miscellaneous revenues	-	-	-
<b>Total revenues</b>	<u>2,281,176</u>	<u>27,735</u>	<u>2,308,911</u>
<b>Expenditures:</b>			
Current:			
Public Safety:			
Police	54,235	-	54,235
Emergency 911	1,316,941	-	1,316,941
Culture and recreation	1,010,545	1,161	1,011,706
Capital Projects	-	626,991	626,991
Debt Service			
Principal, interest, and fees	-	4,619,252	4,619,252
<b>Total expenditures</b>	<u>2,381,721</u>	<u>5,247,404</u>	<u>7,629,125</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(100,545)</u>	<u>(5,219,669)</u>	<u>(5,320,214)</u>
<b>Other Financing sources (uses):</b>			
Transfers in	408,319	5,434,223	5,842,542
Transfers out	(380,989)	(320,726)	(701,715)
<b>Total other financing sources (uses)</b>	<u>27,330</u>	<u>5,113,497</u>	<u>5,140,827</u>
<b>Net change in fund balance.</b>	<u>(73,215)</u>	<u>(106,172)</u>	<u>(179,387)</u>
<b>Fund balance - beginning</b>	<u>1,306,318</u>	<u>2,531,735</u>	<u>3,838,053</u>
<b>Fund balance - ending</b>	<u>\$ 1,233,103</u>	<u>\$ 2,425,563</u>	<u>\$ 3,658,666</u>

**City of Smyrna, Georgia  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2014**

	MCS Narcotics	Hotel/Motel Premium Tax	Multiple Grant Fund	Auto Rental Tax	Emergency 911 Telephone Fund	HUD CDBG	Total Non-Major Special Revenue Funds
<b>Assets</b>							
Restricted Cash	\$ 56,515	\$ 612,845	\$ 19,259	\$ -	\$ 707,469	\$ -	\$ 1,396,088
Accounts receivable	-	-	-	-	91,961	-	91,961
<b>Total assets</b>	<u>56,515</u>	<u>612,845</u>	<u>19,259</u>	<u>-</u>	<u>799,430</u>	<u>-</u>	<u>1,488,049</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	-	79,349	13,850	-	20,219	-	113,418
Cash overdraft	-	-	-	-	18,964	81,328	100,292
Accrued liabilities	-	2,858	-	-	17,771	-	20,629
Unearned revenue	-	-	20,607	-	-	-	20,607
<b>Total liabilities</b>	<u>-</u>	<u>82,207</u>	<u>34,457</u>	<u>-</u>	<u>56,954</u>	<u>81,328</u>	<u>254,946</u>
<b>Fund Balances:</b>							
Restricted for:							
Public safety	56,515	-	-	-	742,476	-	798,991
Culture and recreation	-	530,638	-	-	-	-	530,638
Unassigned	-	-	(15,198)	-	-	(81,328)	(96,526)
<b>Total fund balances</b>	<u>56,515</u>	<u>530,638</u>	<u>(15,198)</u>	<u>-</u>	<u>742,476</u>	<u>(81,328)</u>	<u>1,233,103</u>
<b>Total liabilities and fund balance</b>	<u>\$ 56,515</u>	<u>\$ 612,845</u>	<u>\$ 19,259</u>	<u>\$ -</u>	<u>\$ 799,430</u>	<u>\$ -</u>	<u>\$ 1,488,049</u>

**City of Smyrna, Georgia**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2014**

	MCS Narcotic	Hotel/Motel Premium Tax	Multiple Grant Fund	Auto Rental Tax	Emergency 911 Telephone Fund	HUD CDBG	Total Non-Major Special Revenue Funds
<b>Revenues:</b>							
Taxes	\$ -	\$ 909,397	\$ -	\$ 102,589	\$ -	\$ -	\$ 1,011,986
Charges for services	-	-	-	-	1,076,722	-	1,076,722
Intergovernmental	58,730	-	37,556	-	-	95,009	191,295
Investment earnings	-	-	-	-	1,173	-	1,173
Miscellaneous revenues	-	-	-	-	-	-	-
<b>Total revenues</b>	<u>58,730</u>	<u>909,397</u>	<u>37,556</u>	<u>102,589</u>	<u>1,077,895</u>	<u>95,009</u>	<u>2,281,176</u>
<b>Expenditures:</b>							
Current:							
Public Safety:							
Police	2,828	-	51,407	-	-	-	54,235
Emergency 911	-	-	-	-	1,316,941	-	1,316,941
Culture and Recreation	-	807,367	-	-	-	203,178	1,010,545
<b>Total expenditures</b>	<u>2,828</u>	<u>807,367</u>	<u>51,407</u>	<u>-</u>	<u>1,316,941</u>	<u>203,178</u>	<u>2,381,721</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>55,902</u>	<u>102,030</u>	<u>(13,851)</u>	<u>102,589</u>	<u>(239,046)</u>	<u>(108,169)</u>	<u>(100,545)</u>
<b>Other financing sources (uses):</b>							
Transfers in	-	102,589	-	-	305,730	-	408,319
Transfers out	-	(278,400)	-	(102,589)	-	-	(380,989)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(175,811)</u>	<u>-</u>	<u>(102,589)</u>	<u>305,730</u>	<u>-</u>	<u>27,330</u>
<b>Net change in fund balance</b>	<u>55,902</u>	<u>(73,781)</u>	<u>(13,851)</u>	<u>-</u>	<u>66,684</u>	<u>(108,169)</u>	<u>(73,215)</u>
<b>Fund balances - beginning</b>	<u>613</u>	<u>604,419</u>	<u>(1,347)</u>	<u>-</u>	<u>675,792</u>	<u>26,841</u>	<u>1,306,318</u>
<b>Fund balances - ending</b>	<u>\$ 56,515</u>	<u>\$ 530,638</u>	<u>\$ (15,198)</u>	<u>\$ -</u>	<u>\$ 742,476</u>	<u>\$ (81,328)</u>	<u>\$ 1,233,103</u>

**City of Smyrna, Georgia  
Combining Balance Sheet  
Nonmajor Capital Project Funds  
For the Fiscal Year Ended June 30, 2014**

	Capital Fund	Downtown Smyrna Development Authority	Parks and Recreation Fund	Capital Projects Fund	Fire Station Constuction Fund	Bio Diesel Fund	Total Non-Major Capital Project Funds
<b>Assets</b>							
Cash	\$ -	\$ -	\$ -	\$ 1,090,092	\$ -	\$ -	\$ 1,090,092
Restricted Cash	-	-	-	-	237	12,608	12,845
Restricted Investments	1,349,565	-	3	-	-	-	1,349,568
<b>Total assets</b>	<u>1,349,565</u>	<u>-</u>	<u>3</u>	<u>1,090,092</u>	<u>237</u>	<u>12,608</u>	<u>2,452,505</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	-	-	-	14,334	-	-	14,334
Unearned revenue	-	-	-	-	-	12,608	12,608
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,334</u>	<u>-</u>	<u>12,608</u>	<u>26,942</u>
<b>Fund Balances:</b>							
Nonspendable:							
Prepays	-	-	-	-	-	-	-
Restricted for:							
Capital projects	1,349,565	-	-	-	-	-	1,349,565
Public safety	-	-	-	-	237	-	237
Culture and recreation	-	-	3	-	-	-	3
Committed for capital projects	-	-	-	1,075,758	-	-	1,075,758
<b>Total fund balances</b>	<u>1,349,565</u>	<u>-</u>	<u>3</u>	<u>1,075,758</u>	<u>237</u>	<u>-</u>	<u>2,425,563</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,349,565</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 1,090,092</u>	<u>\$ 237</u>	<u>\$ 12,608</u>	<u>\$ 2,452,505</u>

**City of Smyrna, Georgia**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Capital Project Funds**  
**For the Fiscal Year Ended June 30, 2014**

	Capital Fund	Downtown Smyrna Development Auth	Parks and Recreation Fund	Capital Projects Fund	Fire Station Construction Fund	Bio Diesel Fund	Total Non-Major Capital Project Funds
<b>Revenues:</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40	\$ 40
Investment earnings	27,695	-	-	-	-	-	27,695
<b>Total revenues</b>	<u>27,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40</u>	<u>27,735</u>
<b>Expenditures:</b>							
Current:							
Public safety:							
Culture and recreation	-	-	1,161	-	-	-	1,161
Capital projects	-	-	-	626,951	-	40	626,991
Debt service							
Principal, interest, and fees	-	4,613,497	-	5,755	-	-	4,619,252
<b>Total expenditures</b>	<u>-</u>	<u>4,613,497</u>	<u>1,161</u>	<u>632,706</u>	<u>-</u>	<u>40</u>	<u>5,247,404</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>27,695</u>	<u>(4,613,497)</u>	<u>(1,161)</u>	<u>(632,706)</u>	<u>-</u>	<u>-</u>	<u>(5,219,669)</u>
<b>Other financing sources (uses):</b>							
Transfers in	99,681	4,613,497	-	721,045	-	-	5,434,223
Transfers out	(221,045)	-	-	(99,681)	-	-	(320,726)
<b>Total other financing sources (uses)</b>	<u>(121,364)</u>	<u>4,613,497</u>	<u>-</u>	<u>621,364</u>	<u>-</u>	<u>-</u>	<u>5,113,497</u>
<b>Net change in fund balances</b>	<u>(93,669)</u>	<u>-</u>	<u>(1,161)</u>	<u>(11,342)</u>	<u>-</u>	<u>-</u>	<u>(106,172)</u>
<b>Fund balances - beginning</b>	<u>1,443,234</u>	<u>-</u>	<u>1,164</u>	<u>1,087,100</u>	<u>237</u>	<u>-</u>	<u>2,531,735</u>
<b>Fund balances - ending</b>	<u>\$1,349,565</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 1,075,758</u>	<u>\$ 237</u>	<u>\$ -</u>	<u>\$ 2,425,563</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, 2014**

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Fines and forfeitures	\$ 2,187	\$ 2,187	\$ 58,730	\$ 56,543
<b>Total revenues</b>	<u>2,187</u>	<u>2,187</u>	<u>58,730</u>	<u>56,543</u>
<b>Expenditures:</b>				
Current:				
Police	2,187	2,187	2,828	(641)
<b>Total expenditures</b>	<u>2,187</u>	<u>2,187</u>	<u>2,828</u>	<u>(641)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	\$ 55,902	<u>\$ 55,902</u>
<b>Fund balance at beginning of year - GAAP basis</b>			<u>613</u>	
<b>Fund balance at end of year - GAAP basis</b>			<u>\$ 56,515</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, 2014**

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 815,500	\$ 815,500	\$ 909,397	\$ 93,897
<b>Total revenues</b>	<u>815,500</u>	<u>815,500</u>	<u>909,397</u>	<u>93,897</u>
<b>Expenditures:</b>				
Current:				
Culture and recreation	683,992	730,797	807,367	(76,570)
<b>Total expenditures</b>	<u>683,992</u>	<u>730,797</u>	<u>807,367</u>	<u>(76,570)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>131,508</u>	<u>84,703</u>	<u>102,030</u>	<u>17,327</u>
<b>Other financing sources (uses):</b>				
Transfers in	88,800	88,800	102,589	13,789
Transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(278,400)</u>	<u>(28,400)</u>
<b>Total other financing uses</b>	<u>(161,200)</u>	<u>(161,200)</u>	<u>(175,811)</u>	<u>(14,611)</u>
<b>Net change in fund balances</b>	<u>\$ (29,692)</u>	<u>\$ (76,497)</u>	<u>(73,781)</u>	<u>\$ 2,716</u>
<b>Fund balance at beginning of year - GAAP basis</b>			<u>604,419</u>	
<b>Fund balance at end of year - GAAP basis</b>			<u>\$ 530,638</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, 2014**

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 43,287	\$ 43,287	\$ 37,556	\$ (5,731)
<b>Total revenues</b>	<u>43,287</u>	<u>43,287</u>	<u>37,556</u>	<u>(5,731)</u>
<b>Expenditures:</b>				
Current:				
Public Safety:				
Police	43,287	43,287	51,407	(8,120)
<b>Total expenditures</b>	<u>43,287</u>	<u>43,287</u>	<u>51,407</u>	<u>(8,120)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>(13,851)</u>	<u>(13,851)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,851)</u>	<u>\$ (13,851)</u>
<b>Fund balance at beginning of year - GAAP basis</b>			<u>(1,347)</u>	
<b>Fund balance at end of year - GAAP basis</b>			<u>\$ (15,198)</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, 2014**

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 88,000	\$ 88,000	\$ 102,589	\$ 14,589
<b>Total revenues</b>	<u>88,000</u>	<u>88,000</u>	<u>102,589</u>	<u>14,589</u>
<b>Other financing sources (uses):</b>				
Transfers out	(88,000)	(88,000)	(102,589)	(14,589)
<b>Total other financing uses</b>	<u>(88,000)</u>	<u>(88,000)</u>	<u>(102,589)</u>	<u>(14,589)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>Fund balance at beginning of year - GAAP basis</b>			-	
<b>Fund balance at end of year - GAAP basis</b>			<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, 2014**

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ 1,105,500	\$ 1,105,500	\$ 1,076,722	\$ (28,778)
Intergovernmental	-	-	-	-
Interest Income	1,703	1,703	1,173	(530)
<b>Total revenues</b>	<u>1,107,203</u>	<u>1,107,203</u>	<u>1,077,895</u>	<u>(29,308)</u>
<b>Expenditures:</b>				
Current:				
Emergency 911	1,412,933	1,421,049	1,316,941	104,108
<b>Total expenditures</b>	<u>1,412,933</u>	<u>1,421,049</u>	<u>1,316,941</u>	<u>104,108</u>
<b>Excess (deficiency) of revenues</b> over expenditures	<u>(305,730)</u>	<u>(313,846)</u>	<u>(239,046)</u>	<u>74,800</u>
<b>Other financing sources (uses):</b>				
Transfers in	305,730	313,846	305,730	(8,116)
Total other financing uses	<u>305,730</u>	<u>313,846</u>	<u>305,730</u>	<u>(8,116)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	66,684	<u>\$ 66,684</u>
<b>Fund balance at beginning of year - GAAP basis</b>			<u>675,792</u>	
<b>Fund balance at end of year - GAAP basis</b>			<u>\$ 742,476</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
<b>Revenues:</b>				
Intergovernmental	\$ 238,060	\$ 238,060	\$ 95,009	\$ (143,051)
<b>Total revenues</b>	<u>238,060</u>	<u>238,060</u>	<u>95,009</u>	<u>(143,051)</u>
<b>Expenditures:</b>				
Current:				
Culture and recreation	<u>238,060</u>	<u>238,060</u>	<u>203,178</u>	<u>34,882</u>
<b>Total expenditures</b>	<u>238,060</u>	<u>238,060</u>	<u>203,178</u>	<u>34,882</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	(108,169)	<u>\$ (108,169)</u>
<b>Fund balance at beginning of year - GAAP basis</b>			<u>26,841</u>	
<b>Fund balance at end of year - GAAP basis</b>			<u>\$ (81,328)</u>	

## 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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
Financial Trends These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	58-63
Revenue Capacity These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	64-68
Debt Capacity 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.	69-72
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	73-74
Operating Information 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.	75-77

**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									
	2005*	2006	2007	2008	2009	2010	2011*	2012	2013	2014
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 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	\$ 98,670,865
Restricted	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	13,945,013
Unrestricted	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	13,411,720
Total governmental activities net position	<u>\$ 76,894,236</u>	<u>\$ 79,020,832</u>	<u>\$ 82,408,037</u>	<u>\$ 86,166,916</u>	<u>\$ 92,812,055</u>	<u>\$ 99,301,820</u>	<u>\$ 102,967,891</u>	<u>\$ 107,580,207</u>	<u>\$ 117,693,094</u>	<u>\$ 126,027,598</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 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	\$ 20,017,889
Restricted	2,396,565	1,490,748	2,115,917	3,386,157	3,506,281	4,228,788	5,887,601	-	-	-
Unrestricted	38,231	(121,682)	(988,888)	(1,305,473)	(889,442)	(47,585)	(75,714)	7,982,492	10,138,106	11,355,916
Total business-type activities net position	<u>\$ 16,296,337</u>	<u>\$ 16,051,144</u>	<u>\$ 18,541,307</u>	<u>\$ 20,281,351</u>	<u>\$ 21,005,165</u>	<u>\$ 22,660,881</u>	<u>\$ 23,691,935</u>	<u>\$ 25,639,952</u>	<u>\$ 27,624,370</u>	<u>\$ 31,373,805</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 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	\$ 118,688,754
Restricted	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	13,945,013
Unrestricted	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	24,767,636
Total primary government net position	<u>\$ 93,190,573</u>	<u>\$ 95,071,976</u>	<u>\$ 100,949,344</u>	<u>\$ 106,448,267</u>	<u>\$ 113,817,220</u>	<u>\$ 121,962,701</u>	<u>\$ 126,659,826</u>	<u>\$ 133,220,159</u>	<u>\$ 145,317,464</u>	<u>\$ 157,401,403</u>

\*-As restated

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

	Fiscal Year									
	2005*	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 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	\$ 6,779,626
Judicial	720,967	533,912	591,093	590,922	574,258	555,925	548,959	539,351	533,504	505,821
Public Safety	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	17,103,469
Public works	10,596,718	10,370,411	12,590,787	11,579,574	11,167,574	10,577,151	10,476,228	12,700,351	10,658,449	14,464,681
Housing and development	891,318	957,813	1,218,863	1,129,385	1,047,730	871,326	1,656,854	4,296,015	1,131,446	1,232,458
Culture and recreation	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	4,490,477
Interest on long-term debt	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	2,712,343
Total governmental activities expenses	<u>37,072,718</u>	<u>39,648,976</u>	<u>44,603,074</u>	<u>46,250,392</u>	<u>42,577,165</u>	<u>42,248,206</u>	<u>42,907,859</u>	<u>47,847,224</u>	<u>42,940,369</u>	<u>47,288,875</u>
Business-type activities:										
Water and Sewer	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	13,908,854
Total business-type activities expenses	<u>10,131,868</u>	<u>10,886,149</u>	<u>11,741,282</u>	<u>11,579,835</u>	<u>12,184,207</u>	<u>12,066,240</u>	<u>14,137,739</u>	<u>13,481,393</u>	<u>14,398,939</u>	<u>13,908,854</u>
Total primary government expenses	<u>\$ 47,204,586</u>	<u>\$ 50,535,125</u>	<u>\$ 56,344,356</u>	<u>\$ 57,830,227</u>	<u>\$ 54,761,372</u>	<u>\$ 54,314,446</u>	<u>\$ 57,045,598</u>	<u>\$ 61,328,617</u>	<u>\$ 57,339,308</u>	<u>\$ 61,197,729</u>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services	\$ 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	\$ 14,612,425
Operating grants and contributions	133,684	15,264	44,438	46,698	171,752	314,589	532,759	319,253	408,012	336,975
Capital grants and contributions	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	10,780,772
Total governmental activities program revenues	<u>12,493,102</u>	<u>15,155,453</u>	<u>20,037,271</u>	<u>21,355,187</u>	<u>20,080,102</u>	<u>19,762,361</u>	<u>20,167,941</u>	<u>25,093,990</u>	<u>25,157,960</u>	<u>25,730,172</u>
Business-type activities:										
Charges for services	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	18,277,070
Capital grants and contributions	962,100	453,600	1,944,692	846,085	-	-	-	-	-	692,562
Total business-type activities program revenues	<u>11,673,098</u>	<u>11,742,111</u>	<u>15,093,209</u>	<u>14,245,396</u>	<u>14,196,848</u>	<u>15,210,052</u>	<u>16,751,785</u>	<u>17,012,801</u>	<u>17,972,656</u>	<u>18,969,632</u>
Total primary government program revenues	<u>\$ 24,166,200</u>	<u>\$ 26,897,564</u>	<u>\$ 35,130,480</u>	<u>\$ 35,600,583</u>	<u>\$ 34,276,950</u>	<u>\$ 34,972,413</u>	<u>\$ 36,919,726</u>	<u>\$ 42,106,791</u>	<u>\$ 43,130,616</u>	<u>\$ 44,699,804</u>

\*-As restated

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

	<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>	<u>2014</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (24,579,616)	\$ (24,493,523)	\$ (24,565,803)	\$ (24,895,205)	\$ (22,497,063)	\$ (22,485,845)	\$ (22,739,918)	\$ (22,753,234)	\$ (17,782,409)	\$ (21,558,704)
Business-type activities	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	5,060,778
Total primary government net expense	<u>\$ (23,038,386)</u>	<u>\$ (23,637,561)</u>	<u>\$ (21,213,876)</u>	<u>\$ (22,229,644)</u>	<u>\$ (20,484,422)</u>	<u>\$ (19,342,033)</u>	<u>\$ (20,125,872)</u>	<u>\$ (19,221,826)</u>	<u>\$ (14,208,692)</u>	<u>\$ (16,497,926)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 18,573,387
Franchise taxes	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	3,437,475
Insurance Premium taxes	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	2,644,762
Other taxes	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	1,912,156
Investment earnings	489,252	1,294,339	607,371	321,987	57,599	31,959	35,637	13,018	10,164	34,615
Grants / Contributions	-	1,510,729	1,676,211	1,507,091	1,505,426	734,538	727,139	731,251	734,532	733,822
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	964,890	1,013,135	1,320,000	1,500,000	1,591,127	1,587,066	1,591,127	1,591,127
Total governmental activities	<u>23,498,740</u>	<u>26,620,119</u>	<u>27,953,008</u>	<u>28,654,084</u>	<u>29,142,202</u>	<u>28,975,610</u>	<u>27,640,684</u>	<u>27,365,550</u>	<u>27,895,296</u>	<u>28,927,344</u>
Business-type activities										
Investment earnings	62,273	74,845	103,126	87,618	31,173	11,904	8,135	3,675	1,828	-
Transfers	(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)	(1,591,127)
Total business-type activities	<u>(1,113,727)</u>	<u>(1,101,155)</u>	<u>(861,764)</u>	<u>(925,517)</u>	<u>(1,288,827)</u>	<u>(1,488,096)</u>	<u>(1,582,992)</u>	<u>(1,583,391)</u>	<u>(1,589,299)</u>	<u>(1,591,127)</u>
Total primary government	<u>\$ 22,385,013</u>	<u>\$ 25,518,964</u>	<u>\$ 27,091,244</u>	<u>\$ 27,728,567</u>	<u>\$ 27,853,375</u>	<u>\$ 27,487,514</u>	<u>\$ 26,057,692</u>	<u>\$ 25,782,159</u>	<u>\$ 26,305,997</u>	<u>\$ 27,336,217</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (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	\$ 7,368,641
Business-type activities	427,503	(245,193)	2,490,163	1,740,044	723,814	1,655,716	1,031,054	1,948,017	1,984,418	3,469,651
Total primary government	<u>\$ (653,373)</u>	<u>\$ 1,881,403</u>	<u>\$ 5,877,368</u>	<u>\$ 5,498,923</u>	<u>\$ 7,368,953</u>	<u>\$ 8,145,481</u>	<u>\$ 5,931,820</u>	<u>\$ 6,560,333</u>	<u>\$ 12,097,305</u>	<u>\$ 10,838,292</u>

\*-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 (splot) 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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 757,301	\$ 826,801	\$ 448,302	\$ 1,647,937	\$ 450,793	\$ 350,645	\$ -	\$ -	\$ -	\$ -
Unreserved	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	434,129
Restricted							213,361	179,755	380,855	374,848
Committed							500,000	2,091,641	2,929,605	5,254,605
Assigned							331,594	316,583	53,692	77,857
Unassigned							13,119,479	10,310,623	10,836,607	11,483,674
Total general fund	<u>\$ 8,683,377</u>	<u>\$ 10,106,272</u>	<u>\$ 10,911,801</u>	<u>\$ 10,867,159</u>	<u>\$ 12,183,853</u>	<u>\$ 13,578,668</u>	<u>\$ 14,539,639</u>	<u>\$ 13,312,681</u>	<u>\$ 14,605,962</u>	<u>\$ 17,625,113</u>
All Other Governmental Funds										
Reserved	\$ -	\$ 134,942	\$ -	\$ -	\$ -	\$ 3,625,757	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	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	27,030,274
Committed							1,556,145	1,481,978	1,087,100	1,075,758
Assigned							-	-	-	-
Unassigned							(1,018,750)	(961,771)	(257,083)	(352,262)
Total all other governmental funds	<u>\$ 24,331,044</u>	<u>\$ 20,759,918</u>	<u>\$ 19,570,338</u>	<u>\$ 13,021,300</u>	<u>\$ 7,427,214</u>	<u>\$ 4,394,722</u>	<u>\$ 23,253,832</u>	<u>\$ 23,374,325</u>	<u>\$ 27,256,170</u>	<u>\$ 27,753,770</u>
Total fund balances, before restatements	\$ 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	\$ 45,378,883
Restatements*	665,054	-	-	-	-	-	1,541,714	-	-	-
Total fund balances, after restatements	<u>\$ 33,679,475</u>	<u>\$ 30,866,190</u>	<u>\$ 30,482,139</u>	<u>\$ 23,888,459</u>	<u>\$ 19,611,067</u>	<u>\$ 17,973,390</u>	<u>\$ 39,335,185</u>	<u>\$ 36,687,006</u>	<u>\$ 41,862,132</u>	<u>\$ 45,378,883</u>

**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)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Taxes	\$ 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	\$ 26,851,993
Charges for services	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	9,197,860
Licenses and permits	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	2,255,371
Fines and forfeitures	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	2,202,192
Intergovernmental	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	10,771,205
Investment earnings	489,251	1,294,338	1,617,763	903,664	128,369	39,262	25,870	48,071	71,138	34,615
Miscellaneous revenue	191,942	185,634	589,767	414,232	447,845	364,840	365,561	252,647	429,435	557,299
Total revenues	<u>34,589,879</u>	<u>39,439,526</u>	<u>46,600,305</u>	<u>47,859,657</u>	<u>47,887,040</u>	<u>47,088,157</u>	<u>46,342,370</u>	<u>49,733,602</u>	<u>52,683,324</u>	<u>51,870,535</u>
<b>Expenditures</b>										
General government	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	10,626,214
Judicial	720,967	533,912	591,093	590,922	450,839	457,794	435,885	423,770	423,743	421,235
Police	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	7,366,926
Fire	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	4,726,331
Other	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	1,353,386
Public Works	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	6,405,215
Culture and recreation	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	3,697,554
Housing and development	920,178	1,085,282	1,153,735	1,157,726	826,438	676,898	1,433,664	4,022,881	863,042	1,022,618
Capital outlay	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	9,635,041
Debt service	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	4,735,258
Total expenditures	<u>37,000,847</u>	<u>43,534,897</u>	<u>48,575,778</u>	<u>56,464,558</u>	<u>55,568,805</u>	<u>50,297,948</u>	<u>44,137,880</u>	<u>53,996,449</u>	<u>49,144,461</u>	<u>49,989,778</u>
Excess of revenues over (under) expenditures	(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	1,880,757
<b>Other Financing Sources (Uses)</b>										
Transfers in	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	7,712,069
Transfers out	(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)	(6,120,942)
Refunding bonds issued	-	-	-	-	-	-	-	-	-	-
Bonds issued	22,000,000	-	-	-	-	-	-	-	-	-
Premium on bonds issued	2,431,355	-	-	-	-	-	15,950,000	-	-	-
Payment refund bond escrow agent	-	-	-	-	-	-	-	-	-	-
Capital leases	255,000	-	590,740	962,876	2,015,287	-	-	-	-	-
Sale of capital assets	40,622	106,086	35,792	35,210	69,086	72,114	74,464	27,602	45,136	44,866
Total other financing sources (uses)	<u>25,902,977</u>	<u>1,282,086</u>	<u>1,591,422</u>	<u>2,011,221</u>	<u>3,404,373</u>	<u>1,572,114</u>	<u>17,615,591</u>	<u>1,614,668</u>	<u>1,636,263</u>	<u>1,635,993</u>
Net change in fund balances	<u>\$ 23,492,009</u>	<u>\$ (2,813,285)</u>	<u>\$ (384,051)</u>	<u>\$ (6,593,680)</u>	<u>\$ (4,277,392)</u>	<u>\$ (1,637,677)</u>	<u>\$ 19,820,081</u>	<u>\$ (2,648,179)</u>	<u>\$ 5,175,126</u>	<u>\$ 3,516,750</u>
Debt service as a percentage of noncapital expenditures	7.86%	10.27%	8.54%	8.52%	9.36%	10.68%	11.51%	10.90%	11.62%	10.82%

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Intangible Tax</u>	<u>Alcoholic Beverage Excise Tax</u>	<u>Franchise Tax</u>	<u>Premium Tax</u>	<u>Vehicle Ad Valorem Tax</u>	<u>Other</u>	<u>Total</u>
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
2014	15,457,022	225,909	760,690	3,437,475	2,644,762	2,983,045	1,343,090	26,851,993

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

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Direct Tax Rate</u>	<u>Actual Taxable Value</u>	<u>Value as a Percentage of Actual Value</u>
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
2014	1,126,000,517	599,205,711	19,831,907	141,380,471	1,603,657,664	8.99	4,009,144,160	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)

<b>Fiscal Year</b>	<b>City of Smyrna</b>	<b>Overlapping Rates</b>			<b>Total Direct &amp; Overlapping Rates</b>
		<b>Cobb County</b>	<b>Cobb County Board of Education</b>	<b>State of Georgia</b>	
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
2014	8.99	7.85	18.90	0.15	35.89

**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	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Lake Park Properties LLC.	\$43,564,248	1	2.72	-	-	-
UCB Inc.	18,007,162	2	1.12	6,871,199	6	0.43
Consultinvest Inc.	13,354,194	3	0.83	-	-	-
NA Glen Park 77 LP	12,852,000	4	0.80	-	-	-
GS Vinings LP	12,307,720	5	0.77	-	-	-
Jasmine Woodlands LLC	11,891,310	6	0.74	-	-	-
DDRTC Heritage Pavilion LLC.	11,800,436	7	0.74	-	-	-
Valley Summit LLC.	11,400,000	8	0.71	-	-	-
Mission Galleria 34 LLC.	7,556,081	9	0.47	-	-	-
Anna Wright Properties LLC	6,505,150	10	0.41	-	-	-
Post Properties Inc.	-	-	-	53,659,022	1	3.34
Inland Southeast Heritage LLC	-	-	-	14,423,522	2	0.90
Hickory Lake LP	-	-	-	10,925,880	3	0.68
Walton Park LP	-	-	-	10,684,884	4	0.66
Windsor Lakes Apartments LP	-	-	-	9,251,056	5	0.58
MAQ Kingstowne Assoc LTD	-	-	-	6,820,000	7	0.42
Monadnock Property Trust LLC	-	-	-	6,308,378	8	0.39
Security Capital Atlantic Inc	-	-	-	5,928,350	9	0.37
Parkway Properties LP	-	-	-	5,786,691	10	0.36
Total	<u>\$ 149,238,301</u>		<u>9.31%</u>	<u>\$ 130,658,982</u>		<u>8.12%</u>

Source: City of Smyrna Tax Department

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

<b>Fiscal Year Ended June 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2005	14,196,979	13,883,044	97.79	327,227	14,210,271	100.09
2006	14,301,613	14,231,628	99.51	48,319	14,279,947	99.85
2007	15,176,709	14,873,272	98.00	57,687	14,930,959	98.38
2008	16,982,661	16,815,737	99.02	130,728	16,946,465	99.79
2009	17,806,813	17,411,857	97.78	139,823	17,551,680	98.57
2010	17,793,981	17,389,985	97.73	103,095	17,493,080	98.31
2011	16,719,990	16,201,095	96.90	106,261	16,307,356	97.53
2012	15,646,563	15,217,669	97.26	170,077	15,387,746	98.35
2013	15,160,220	14,926,568	98.46	76,028	15,002,596	98.96
2014	15,070,296	14,963,651	99.29	n/a	14,963,651	99.29

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

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

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income <sup>2</sup>	Per Capita <sup>2</sup>
	Revenue Bonds	Certificates of Participation	Capital Leases	Water/Sewer Bonds	Capital Leases			
2005 <sup>1</sup>	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
2014	47,025,000	1,756,000	508,400	0	1,826,173	51,115,573	2.68	971

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

<sup>1</sup> \$22 million revenue bonds were issued in 2005.

<sup>2</sup> See the Schedule of Demographic and Economic Statistics for personal income and population data.

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

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Total</b>	<b>Percentage of Actual Taxable Value of Property<sup>1</sup></b>	<b>Per Capita<sup>2</sup></b>
	<b>Revenue Bonds</b>	<b>Capital Leases</b>			
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	599,363	49,544,363	1.18	966
2014	47,025,000	508,400	47,533,400	1.19	903

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

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

<sup>2</sup> 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, 2014 (Unaudited)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable<sup>1</sup></u>	<u>Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Cobb County General Obligation Debt	\$26,065,000	6.90%	\$1,798,485
Cobb County TAN's	52,000,000	6.90%	3,588,000
<b>Other debt</b>			
Cobb County Solid Waste Disposal	2,000,000	6.90%	138,000
Cobb County Parking Deck Certificates	9,670,000	6.90%	667,230
Cobb-Marietta Coliseum and Exhibit Hall	45,190,000	6.90%	<u>3,118,110</u>
Subtotal, overlapping debt			9,309,825
<b>City of Smyrna direct debt</b>			<u>49,289,400</u>
<b>Total direct and overlapping debt</b>			<u><u>\$58,599,225</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.

<sup>1</sup>The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the 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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 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	\$ 174,503,814
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$160,832,284</u>	<u>\$172,250,785</u>	<u>\$191,302,847</u>	<u>\$207,499,728</u>	<u>\$216,162,269</u>	<u>\$215,499,104</u>	<u>\$197,932,801</u>	<u>\$185,994,621</u>	<u>\$176,585,524</u>	<u>\$174,503,814</u>
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 2014**

Assessed value	1,603,657,664
Add back exempt real property	<u>141,380,471</u>
Total assessed value	\$1,745,038,135
Debt limit (10% of total assessed value)	
Debt applicable to limit:	174,503,814
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><u>174,503,814</u></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)**

<b>Fiscal Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income</b>	<b>Per Capita Personal Income<sup>2</sup></b>	<b>Median Age<sup>1</sup></b>	<b>School Enrollment</b>	<b>Unemployment Rate<sup>3</sup></b>
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%
2014	52,650	1,907,562,150	36,231	34	109,760	7.60%

**Data sources**

<sup>1</sup>Atlanta Regional Commission (U.S. Census Bureau for 2010)

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

<sup>3</sup>Georgia 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)**

<u>Employer</u>	<u>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
IBM	775	1	2.34%	500	1	1.74%
United Distributors	550	2	1.66%	375	4	1.30%
Emory-Adventist Hospit:	499	3	1.50%			
City of Smyrna	425	4	1.28%	406	2	1.45%
S. P. Richards	423	5	1.28%	325	5	1.13%
Ridgeview Institute	420	6	1.27%	270	6	0.94%
UCB	400	7	1.21%	390	3	1.36%
GLOCK	400	8	1.21%			
Bake One/ Atlanta Breac	250	9	0.75%			
National Envelope	245	10	0.74%			
Archdiocese of Atlanta				120	10	0.42%
Cobb County Schools				165	7	0.57%
The Facility Group				140	8	0.49%
Quintiles Labs				125	9	0.43%
<b>Total</b>	<b><u>4,387</u></b>		<b><u>13.23%</u></b>	<b><u>2816</u></b>		<b><u>9.83%</u></b>

**Source:** Community Development

For 2014, total city employment total of 33,164 used to calc percentages.

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

**Full-time-Equivalent Employees as of June 30,**

<b><u>Function/Program</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
General government										
Governing Body	10	9	9	9	9	9	9	9	9	9
Chief Executive (Mgr. Or Admin.)	5	7	7	7	7	5	5	5	6	6
Data Processing / MIS	2	2	3	3	3	3	3	3	4	4
Recorder's Court	9	9	8	8	8	7	7	7	6	6
Financial Administration	9	9	9	9	8	7	6	6	6	6
General Govt. Bldgs. & Plant	12	12	13	13	10	6	6	6	6	6
Water Administration	8	8	8	8	8	7	7	7	4	4
Human Resources	4	4	4	4	4	4	4	4	4	4
Public Safety										
Police Administration	121	127	126	126	126	119	101	101	95	102
Jail Operations	-	-	-	-	-	-	19	19	21	21
Fire Administration	63	63	63	66	66	66	72	72	70	72
Fire Prevention	4	4	5	5	5	4	4	3	3	3
Fire Training	3	3	3	3	3	3	3	3	2	3
E-911 Communications	17	17	17	18	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	8	10	8	11	10	11	11	11	10
Participant Recreation	2	2	2	2	3	1	1	1	1	3
Recreation Center	3	3	3	3	3	4	4	4	4	3
Parks Areas	18	18	21	21	18	-	-	-	-	-
Library Administration	8	9	9	9	8	8	8	8	7	8
Protective Insp. Administration	12	12	13	14	14	11	13	13	13	14
Public Works										
Highways & Streets Admin.	28	28	28	28	28	29	29	29	28	29
Traffic Engineering	3	3	3	3	3	3	2	2	2	2
Sanitary Administration	28	31	31	31	31	21	21	21	20	21
Distribution (Water)	16	19	19	19	21	21	20	20	21	23
Recyclables Collection	-	-	7	7	7	5	5	5	5	5
Maintenance & Shop	7	8	8	8	8	7	7	7	7	7
<b>Total</b>	<b><u>407</u></b>	<b><u>421</u></b>	<b><u>435</u></b>	<b><u>438</u></b>	<b><u>436</u></b>	<b><u>384</u></b>	<b><u>391</u></b>	<b><u>390</u></b>	<b><u>379</u></b>	<b><u>395</u></b>

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)**

<b>Function</b>	<b>Fiscal Year</b>									
	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
<b>Public Works:</b>										
Street resurfacing (feet)	15,810	59,638	100,525	123,382	0	0	0	52,656	39,475	59,097
Potholes misc. repairs	130	52	51	26	77	32	101	115	54	113
Drainage Creek	23	11	15	3	15	19	30	7	27	32
<b>Fire protection:</b>										
Number of calls answered	4,802	4,800	4,800	4,722	4,862	4,784	5,032	4,877	5,038	5,325
<b>Police protection:</b>										
Number of citations written	25,310	20,199	21,532	21,732	22,000	19,646	18,668	18,725	18,104	21,597
Number of automobile accidents	3,033	3,098	2,865	2,314	1,817	1,865	1,858	1,917	2,413	2,676
Number of reported crimes	3,010	2,862	2,793	2,518	2,544	1,793	1,778	1,508	2,055	1,931
<b>Water system:</b>										
Water mains breaks	27	9	22	23	21	9	28	17	21	22
Install water meter	223	130	39	87	27	15	45	108	82	83
<b>Sewerage system:</b>										
Sewer backup	247	132	285	166	269	45	40	191	228	194
<b>Sanitation</b>										
Large items pick up	1,302	510	981	845	973	369	1,101	965	1,006	1,070
<b>Recreation and culture:</b>										
Community Center bookings	2,500	2,257	2,299	2,321	1,850	2,248	1,838	770	892	1,147
Visitors to the Center	300,000	238,667	250,224	254,750	250,000	272,000	277,400	309,870	285,000	300,000
Senior Aquatic Center classes	800	995	1,367	1,310	1,367	1,339	1,230	1,150	1,192	1,231
<b>Library</b>										
Attendance	256,244	130,293	253,330	267,558	268,746	271,050	248,383	261,993	235,666	239,516
Circulation	204,554	102,170	203,880	210,323	217,523	232,116	220,652	229,068	216,810	243,502

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

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

Function	Fiscal Year									
	<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>	<u>2014</u>
<b>Public Works:</b>										
Miles of streets	175	176	176	176	176	176	176	176	223	225
Number of traffic lights	52	53	60	60	693	693	693	693	699	699
Number of street lights:	2,700	2,700	3,972	3,972	3,972	3,972	3,972	3,972	3,972	328
<b>Fire protection:</b>										
Number of stations	4	4	4	4	4	4	4	4	5	5
Number of fire fighters and officers	70	68	73	76	76	72	72	72	80	80
<b>Police protection:</b>										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of police officers	95	95	97	94	94	94	92	88	87	90
<b>Water system:</b>										
Number of consumers	14,100	13,391	14,067	14,344	14,110	13,500	13,486	13,606	14,500	14,417
Average daily consumption in gallons	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	3,721,000
Miles of water mains	242	241	241	241	241	241	241	241	241	241
<b>Sewerage system:</b>										
Miles of sanitary sewers	131	138	138	138	138	138	138	138	179	181
Miles of storm sewers	*	80	80	80	80	80	80	80	142	147
Building permits issued	1,032	1,051	590	118	159	483	686	886	1,041	754
<b>Recreation and culture:</b>										
Number of parks	20	27	29	29	29	27	27	27	27	27
Park acreage	156	262	263	265	325	325	327	327	327	327
Number of libraries	1	1	1	1	1	1	1	1	1	1
Number of items	104,103	108,894	109,933	110,433	111,816	109,183	112,647	111,607	93,246	90,972

**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, 2014**

<u>Revenues</u>	<u>Expenditures*</u>	<u>Percentage Expended</u>
<u>\$ 102,589</u>	<u>\$ 102,589</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, 2014**

<u>Revenues</u>	<u>Expenditures*</u>	<u>Percentage Expended</u>
<u>\$ 909,397</u>	<u>\$ 704,778</u>	<u>77%</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, 2014**

Project	Original Estimated Cost	Expenditures			Estimated Percentage Of Completion
		Prior Years	Curent Year	Total	
<b>2006 SPLOST Program:</b>					
Transportation Projects	\$ 43,400,391	\$ 40,517,421	\$ 328,836	\$ 40,846,257	94%
800 MHz Radios	850,067	796,794	-	796,794	94%
<b>Total</b>	<u>\$ 44,250,458</u>	<u>\$ 41,314,215</u>	<u>\$ 328,836</u>	<u>\$ 41,643,051</u>	
<b>2012 SPLOST Program:</b>					
Transportation Projects	\$ 29,229,814	\$ 5,388,297	\$ 7,478,468	\$ 12,866,765	44%
Park Projects	2,137,000	457,777	186,260	644,037	30%
Public Safety Projects	1,527,000	86,549	423,649	510,198	33%
Keep Smyrna Beautiful Projects	1,040,504	59,150	563,191	622,341	60%
<b>Total</b>	<u>\$ 33,934,318</u>	<u>\$ 5,991,773</u>	<u>\$ 8,651,567</u>	<u>\$ 14,643,340</u>	

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable A. Max Bacon, Mayor  
Members of the City Council  
City of Smyrna  
Smyrna, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 19, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Smyrna, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Smyrna, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Smyrna, Georgia's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

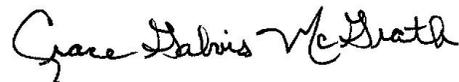
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Smyrna, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Crace Galvis McGrath, LLC  
Kennesaw, Georgia

December 19, 2014