



City of Smyrna

Georgia

Comprehensive Annual
Financial Report

Fiscal Year Ending June 30, 2015

City of Smyrna, Georgia

Comprehensive Annual Financial Report

Fiscal Year Ending June 30, 2015

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, 2015**

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INTRODUCTORY SECTION



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

December 30, 2015

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, 2015, 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's 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 the 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, 2015 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, 2015 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 unit.

The City provides a full range of services to its estimated 54,490 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 had a slight increase in the current year, and with the planned development within the City, we are optimistic values will continue to increase in the future. The net assessment of property in the City increased 5.9 percent from \$1,603,657,664 to \$1,698,104,252. The unemployment rate was slightly lower than the state average. At June 30, 2015 the rate was 4.8 percent compared to the State average of 5.7 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 ensure 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.

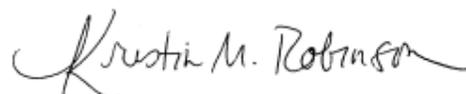
Awards and Acknowledgements

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, 2014. 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,

A handwritten signature in cursive script that reads "Kristin M. Robinson". The signature is written in black ink and is positioned above the printed name and title.

Kristin Robinson
Interim Finance Director



Government Finance Officers Association

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

Presented to

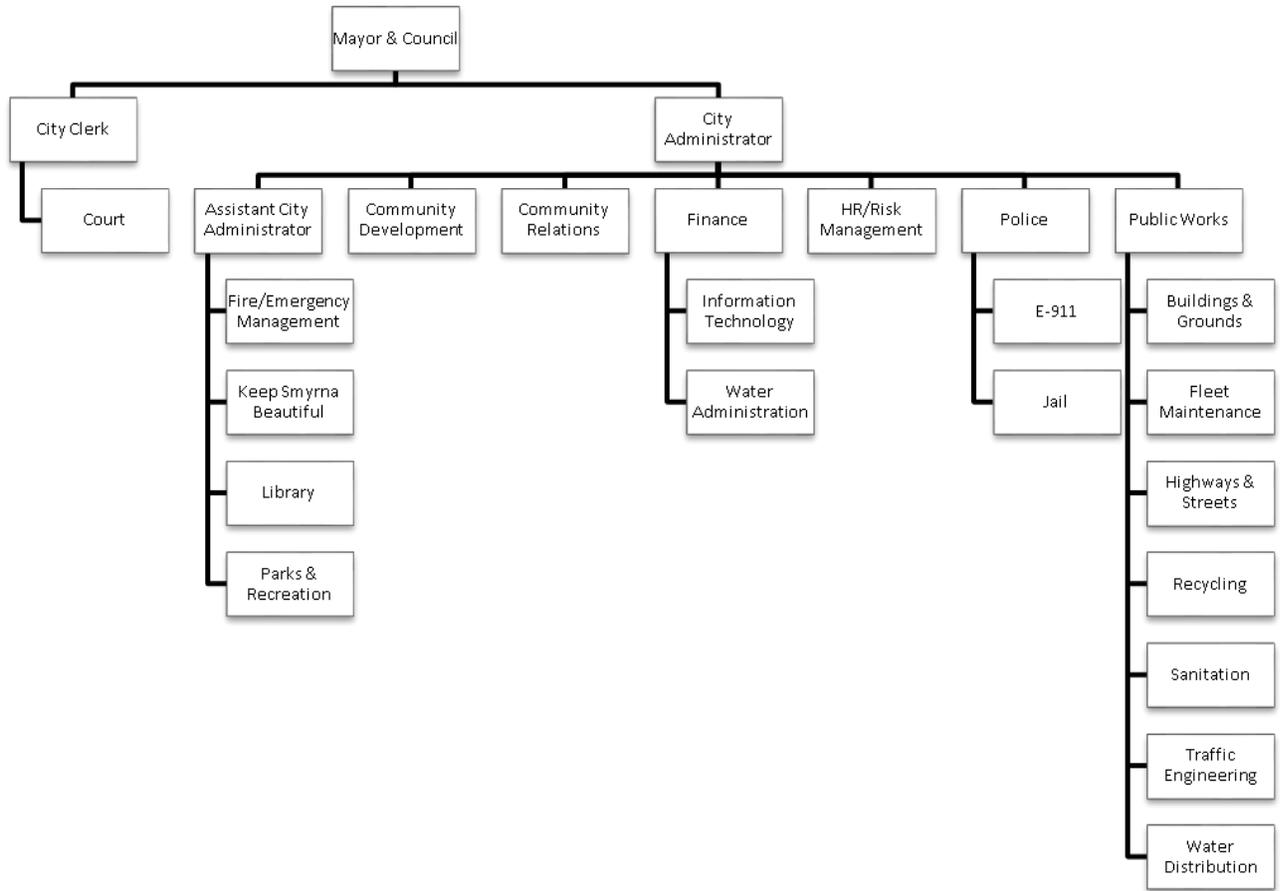
**City of Smyrna
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

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

Mike Jones
Interim City Administrator

Tammi Saddler Jones
Assistant City Administrator

Department Heads

Jennifer Bennett
Community Relations Director

Steve Ciaccio
Director of Parks and Recreation

Kay Bolick
Director of Human Resources

Ann Kirk
Director of KSB

Kristin Robinson
Interim Director of Finance

Roy Acree
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

FINANCIAL SECTION

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, 2015, 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of Changes in the City's Net Pension Liability and Related Ratios, the Schedule of Pension Contributions, and the Post Employment Health Care Plan Schedule of Funding Progress and Employer Contributions on pages 4-11 and 49-53 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 30, 2015, 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.


Grace Galvis McGrath, LLC
Kennesaw, Georgia

December 30, 2015

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, 2015. 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 2015 are as follows:

- ◆ The City's combined net position increased \$10 million to \$152.4 million from \$142.4 million in 2015.
- ◆ Combined revenue increased \$1.2 million to \$73.2 million in 2015, of which governmental activities totaled \$54.5 million and business-type activities totaled \$18.7 million.
- ◆ Overall expenses totaled \$59.6 million of which governmental activities totaled \$44.9 million and business-type activities totaled \$14.7 million.
- ◆ As of June 30, 2015, the City's governmental funds reported combined ending fund balances of \$32.4 million. Approximately 28.8% is available for use (unassigned fund balance).
- ◆ As of June 30, 2015, unassigned fund balance for the general fund was \$9.5 million, or 26.2% of total general fund expenditures.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses

are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 Downtown Smyrna Development Authority. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 14-17 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 18-20 of this report.

Fiduciary Funds Fiduciary Funds account 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 and is not reflected in the government-wide financial statements because the resources are not available to support the City's operations or programs.

The fiduciary fund financial statements can be found on pages 21 and 22.

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 23-48 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 49-53 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 \$152.4 million at June 30, 2015.

The largest portion of the City's net position (87.5%) 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	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	\$ 28,557,916	\$ 48,784,326	\$ 12,935,368	\$ 13,145,372	\$ 41,493,284	\$ 61,929,698
Capital assets	142,491,395	131,560,618	23,344,008	21,844,062	165,835,403	153,404,680
Restricted assets - non current	12,648,094	1,349,568	542,822	-	13,190,916	1,349,568
Total assets	<u>183,697,405</u>	<u>181,694,512</u>	<u>36,822,198</u>	<u>34,989,434</u>	<u>220,519,603</u>	<u>216,683,946</u>
Deferred outflows of resources:	<u>1,890,117</u>	<u>2,241,112</u>	<u>73,757</u>	<u>83,217</u>	<u>1,963,874</u>	<u>2,324,329</u>
Liabilities:						
Current liabilities	6,870,067	6,059,645	1,949,139	1,876,013	8,819,206	7,935,658
Long-term liabilities outstanding	55,812,951	65,682,176	1,889,926	2,589,892	57,702,877	68,272,068
Total liabilities	<u>62,683,018</u>	<u>71,741,821</u>	<u>3,839,065</u>	<u>4,465,905</u>	<u>66,522,083</u>	<u>76,207,726</u>
Deferred inflows of resources:	<u>3,440,401</u>	<u>412,096</u>	<u>76,901</u>	<u>-</u>	<u>3,517,302</u>	<u>412,096</u>
Net position:						
Net investment in capital assets	111,254,960	98,670,865	22,088,286	20,017,889	133,343,246	118,688,754
Restricted	11,406,509	13,945,013	-	-	11,406,509	13,945,013
Unrestricted	(3,197,366)	(834,171)	10,891,703	10,588,857	7,694,337	9,754,686
Total net position	<u>\$ 119,464,103</u>	<u>\$ 111,781,707</u>	<u>\$ 32,979,989</u>	<u>\$ 30,606,746</u>	<u>\$ 152,444,092</u>	<u>\$ 142,388,453</u>

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, 2015, the City is able to report positive balances in net position for the governmental and business-type activities.

For fiscal year 2015, the City's net position increased \$10 million.

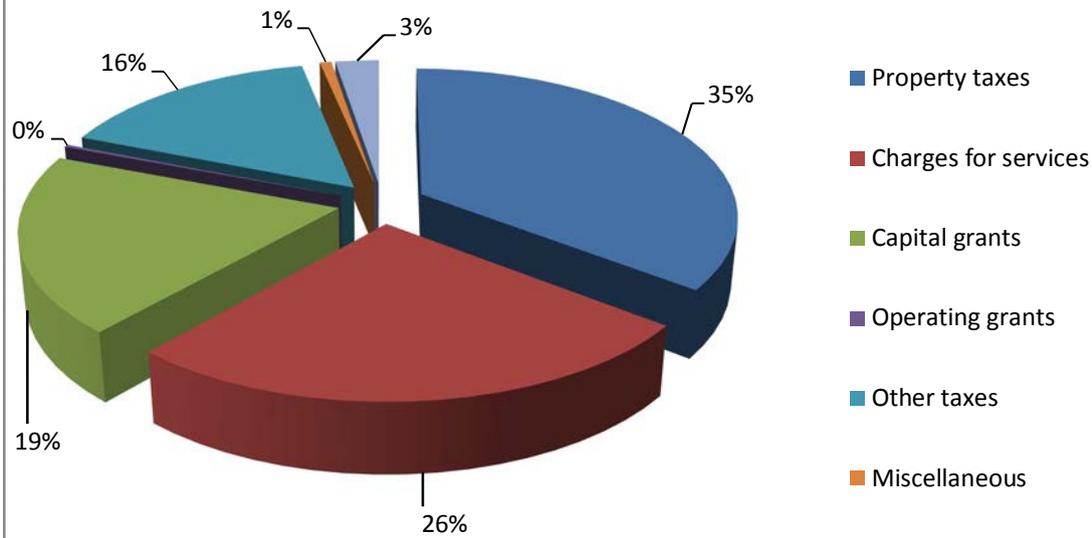
	Governmental Activities		Business-type Activities		Total	
	<u>2015</u>	<u>2014*</u>	<u>2015</u>	<u>2014*</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program revenues:						
Charges for services	\$ 14,160,254	\$ 14,612,425	\$ 18,551,309	\$ 18,277,070	\$ 32,711,563	\$ 32,889,495
Operating grants and contributions	147,404	336,975	-	-	147,404	336,975
Capital grants and contributions	10,544,682	10,780,772	156,789	692,562	10,701,471	11,473,334
General revenues:						
Property taxes	19,324,509	18,573,387	-	-	19,324,509	18,573,387
Other taxes	8,524,380	7,994,393	-	-	8,524,380	7,994,393
Grants and contributions not restricted to specific programs	1,401,222	733,822	-	-	1,401,222	733,822
Unrestricted investment earnings	29,854	34,615	-	-	29,854	34,615
Gain on sale of capital assets	346,475	-	-	-	346,475	-
Total revenues	54,478,780	53,066,389	18,708,098	18,969,632	73,186,878	72,036,021
Expenses:						
General government	6,698,341	6,779,626	-	-	6,698,341	6,779,626
Judicial	440,520	505,821	-	-	440,520	505,821
Public safety	16,411,663	17,103,469	-	-	16,411,663	17,103,469
Public works	13,822,512	14,464,681	-	-	13,822,512	14,464,681
Housing and development	1,692,161	1,232,458	-	-	1,692,161	1,232,458
Culture and recreation	3,355,658	4,490,477	-	-	3,355,658	4,490,477
Water and sewer	-	-	14,701,631	13,908,854	14,701,631	13,908,854
Interest & fiscal charges	2,466,637	2,712,343	-	-	2,466,637	2,712,343
Total expenses	44,887,492	47,288,875	14,701,631	13,908,854	59,589,123	61,197,729
Change in net position before transfers and special item	9,591,288	5,777,514	4,006,467	5,060,778	13,597,755	10,838,292
Special item	(3,542,116)	-	-	-	(3,542,116)	-
Transfers	1,633,224	1,591,127	(1,633,224)	(1,591,127)	-	-
Change in net position	7,682,396	7,368,641	2,373,243	3,469,651	10,055,639	10,838,292
Net position- beginning, as restated	111,781,707	118,658,957	30,606,746	27,904,154	142,388,453	146,563,111
Net position - ending	\$ 119,464,103	\$ 126,027,598	\$ 32,979,989	\$ 31,373,805	\$ 152,444,092	\$ 157,401,403

* - The effect of implementing GASB Statement No. 68 and the correction of pension expenses to previously reported changes in net position has not been determined. For Governmental Activities, the effect of the restatement relating to grant revenues to previously reported changes in net position is an increase of \$199,999.

Governmental Activities. Governmental activities increased the City's net position by \$7.7 million.

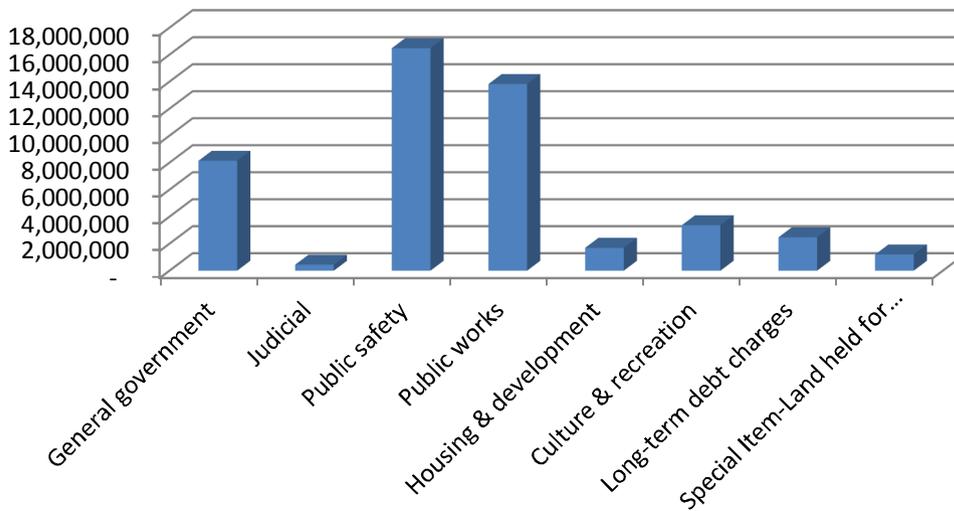
Property tax revenue increased 4.0% as the result of increased personal property taxes. Revenue for Charges for Services decreased 3.1%, and Other Taxes rose 6.6%.

Revenues - Governmental Activities FY 2015



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 51.1% of total revenue.

Expenses- Governmental Activities FY 2015



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

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

Business-Type Activities. Business type revenues exceeded expenses (including transfers out of \$1.6 million) resulting in an increase in net position of \$2.3 million. Increased utility rates and the management of capital projects contributed to the operating revenue increase in FY 2015. 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, 2015, the City's governmental funds reported combined ending fund balances of \$32.4 million. Of this total, \$9.3 million or 28.8% 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 (\$528,233) restricted (\$15,776,840), committed (\$6,694,087), or assigned (\$83,955) 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 \$9.5 million, and total fund balance was \$15.7 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 26.2% of total general fund expenditures and total fund balance represents 43.3% of that same amount.

In FY 2015, the total fund balance of the General Fund decreased \$.4 million.

The key factor to this decrease is:

- ◆ The City acquired property for future development.

The Hickory Lake Apartments Fund is restricted to the redevelopment of that designated area. The fund balance at the end of FY2015 is \$2.9 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 decreased in FY 2015 as tax proceeds were less than project expenditures.

The Downtown Smyrna Development Authority is used to account for the activities of the Authority.

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: Confiscated Assets, Hotel/Motel Tax Fund, Multiple Grant Fund, Auto Rental Tax, Emergency 911 Telephone Fund, Housing and Urban Development Grant Fund (CDBG), and the Tax Allocation District.

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, Parks and Recreation Fund, Capital Projects Fund, Fire Station Construction Fund and Bio Diesel Fund.

Non-major governmental funds revenues and other financing sources totaled \$5.3 million for the fiscal year ended June 30, 2015. Non-major governmental funds expenditures and other financing uses totaled \$4.2 million. Fund balance for all non-major governmental funds was a surplus of \$4.6 million.

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

The *Unrestricted* Net Position for Water and Sewer is \$10.9 million. Total net position increased \$2.4 million. The *Restricted* Cash Balance totals \$0.5 million as of June 30, 2015.

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 \$40,781,744 was amended to \$44,228,943 in a series of budget amendments. These amendments were necessary to meet changing economic conditions. Tax revenue exceeded the budgeted amount as a result of a higher than anticipated increase in the digest and collection rate. License and permit revenue exceeded the budget due to the rebounding of business and construction within the City. Intergovernmental revenues exceed the budget due to higher than anticipated collections from the City's HB 489 distribution. General government had a positive budget variance from personnel vacancies, lower than anticipated repair and maintenance costs, and reductions in planned equipment purchases. Public safety, public works, and culture and recreation all had positive expenditure variances mainly due to reduced personnel costs from position vacancies throughout the year.

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, 2015 amounts to \$165.8 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 2015 was 8.1% from \$153.4

million to \$165.8 million, an increase of \$12.4 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, 2015, the City of Smyrna had a net of \$57.7 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 2016 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, 2011, and again in 2016.

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

Request for Information

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

CITY OF SMYRNA, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets:			
Cash	\$ 18,332,133	\$10,586,956	\$ 28,919,089
Receivables, net:			
Trade	970,080	2,310,783	3,280,863
Taxes	281,948	-	281,948
Other	96,645	-	96,645
Internal balances	(30,126)	30,126	-
Due from other governments	1,798,832	-	1,798,832
Inventories	367,854	-	367,854
Prepaid items	160,379	7,503	167,882
Restricted assets	12,648,094	542,822	13,190,916
Capital assets, non depreciated	38,077,812	2,762,819	40,840,631
Capital assets, depreciated, net	104,413,583	20,581,189	124,994,772
Note receivable	5,883,871	-	5,883,871
Net OPEB asset	693,635	-	693,635
Other assets, net	2,665	-	2,665
Total assets	183,697,405	36,822,198	220,519,603
Deferred outflows of resources:			
Related to pensions	1,401,384	73,757	1,475,141
Unamortized deferred loss	488,733	-	488,733
Total deferred outflows of resources	1,890,117	73,757	1,963,874
Liabilities:			
Accounts payable and other current liabilities	5,503,265	1,368,495	6,871,760
Unearned revenue	76,792	-	76,792
Deposits payable	427,504	542,822	970,326
Accrued interest payable	862,506	-	862,506
Due to other governments	-	37,822	37,822
Noncurrent liabilities:			
Due within one year	3,040,860	541,669	3,582,529
Due in more than one year	52,772,091	1,348,257	54,120,348
Total liabilities	62,683,018	3,839,065	66,522,083
Deferred inflows of resources:			
Related to pensions	1,461,127	76,901	1,538,028
Related to note receivable	1,493,878	-	1,493,878
Accumulated fair value of hedge transaction	485,396	-	485,396
Total deferred inflows of resources	3,440,401	76,901	3,517,302
Net Position:			
Net investment in capital assets	111,254,960	22,088,286	133,343,246
Restricted for:			
Healthcare	61,508	-	61,508
Culture and recreation	876,474	-	876,474
Housing and development	201,157	-	201,157
Completion of projects	9,065,842	-	9,065,842
Public safety	1,201,528	-	1,201,528
Unrestricted	(3,197,366)	10,891,703	7,694,337
Total net position	\$ 119,464,103	\$32,979,989	\$ 152,444,092

See Accompanying Notes to Financial Statements.

**CITY OF SMYRNA, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Functions/Programs	Program Revenue					Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating		Capital Grants and Contributions	Primary Government		
			Grants and Contributions	Contributions		Governmental Activities	Business-type Activities	Total
Primary Government								
Governmental activities:								
General government	\$ 6,698,341	\$ 2,206,117	\$ -	\$ -	-	\$ (4,492,224)	\$ -	\$ (4,492,224)
Judicial	440,520	1,983,526	-	-	-	1,543,006	-	1,543,006
Public safety:								
Police	8,802,705	123,538	135,598	-	-	(8,543,569)	-	(8,543,569)
Fire	6,212,339	-	-	1,386	-	(6,210,953)	-	(6,210,953)
Emergency 911	1,396,619	1,212,378	-	-	-	(184,241)	-	(184,241)
Public works	13,822,512	6,312,015	-	10,331,892	-	2,821,395	-	2,821,395
Housing and development	1,692,161	993,677	-	-	-	(698,484)	-	(698,484)
Culture and recreation	3,355,658	1,329,003	11,806	211,404	-	(1,803,445)	-	(1,803,445)
Interest & fiscal charges on long-term debt	2,466,637	-	-	-	-	(2,466,637)	-	(2,466,637)
Total governmental activities	44,887,492	14,160,254	147,404	10,544,682	-	(20,035,152)	-	(20,035,152)
Business-type activities:								
Water and Sewer	14,701,631	18,551,309	-	156,789	-	-	4,006,467	4,006,467
Total business-type activities	14,701,631	18,551,309	-	156,789	-	-	4,006,467	4,006,467
Total Primary Government	\$ 59,589,123	\$ 32,711,563	\$ 147,404	\$ 10,701,471	\$ 20,035,152	\$ 4,006,467	\$ (16,028,685)	
General revenues:								
Property taxes						19,324,509	-	19,324,509
Hotel, motel tax						1,139,373	-	1,139,373
Insurance premium tax						2,764,966	-	2,764,966
Franchise taxes						3,756,118	-	3,756,118
Alcohol taxes						795,545	-	795,545
Miscellaneous taxes						68,378	-	68,378
Operating grants not restricted to a specific program						1,401,222	-	1,401,222
Unrestricted investment earnings						29,854	-	29,854
Gain on sale of capital assets						346,475	-	346,475
Special item - Loss on sale of land held for sale						(3,542,116)	-	(3,542,116)
Transfers						1,633,224	(1,633,224)	-
Total general revenues and transfers						27,717,548	(1,633,224)	26,084,324
Change in net position						7,682,396	2,373,243	10,055,639
Net assets - beginning, before restatement						126,027,598	31,373,805	157,401,403
Restatement						(14,245,891)	(767,059)	(15,012,950)
Net position - beginning, after restatement						111,781,707	30,606,746	142,388,453
Net position - ending						\$ 119,464,103	\$ 32,979,989	\$ 152,444,092

CITY OF SMYRNA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Downtown Smyrna Development Authority	Hickory Lake Apartments	1% Road Improvement Tax	Non-Major Governmental Funds	Total Governmental Funds
Assets:						
Cash	\$ 16,780,242	\$ 78,567	\$ -	\$ -	\$ 1,473,324	\$ 18,332,133
Restricted cash	489,012	-	83	8,367,057	2,313,739	11,169,891
Receivables, net:						
Trade	970,080	-	-	-	-	970,080
Taxes	166,727	-	-	115,221	-	281,948
Other	-	-	-	-	96,645	96,645
Due from other funds	471,094	-	-	-	-	471,094
Due from other governments	-	-	-	1,680,931	117,901	1,798,832
Inventories	367,854	-	-	-	-	367,854
Restricted investments	-	-	-	-	1,478,203	1,478,203
Prepaid items	155,877	-	-	-	4,502	160,379
Land held for sale	-	-	3,971,896	-	-	3,971,896
Total assets	\$ 19,400,886	\$ 78,567	\$ 3,971,979	\$ 10,163,209	\$ 5,484,314	\$ 39,098,955
Liabilities and fund balances:						
Liabilities						
Accounts payable	\$ 1,150,343	\$ -	\$ 1,075,348	\$ 727,895	\$ 215,364	\$ 3,168,950
Accrued liabilities	1,868,832	-	-	-	96,011	1,964,843
Retainage payable	-	-	-	369,472	-	369,472
Unearned revenue	51,508	-	-	-	25,284	76,792
Due to other funds	-	-	-	-	501,220	501,220
Customer deposits	427,504	-	-	-	-	427,504
Total liabilities	3,498,187	-	1,075,348	1,097,367	837,879	6,508,781
Deferred inflows of resources:						
Unavailable revenue	157,604	-	-	-	-	157,604
Fund Balances:						
Nonspendable:						
Prepays	155,877	-	-	-	4,502	160,379
Inventories	367,854	-	-	-	-	367,854
Restricted for:						
Healthcare	61,508	-	-	-	-	61,508
Capital projects	-	-	-	9,065,842	1,478,200	10,544,042
Public safety	75,143	-	-	-	1,121,884	1,197,027
Culture and recreation	101,045	-	-	-	775,430	876,475
Housing and development	122,590	78,567	-	-	-	201,157
Debt service	-	-	2,896,631	-	-	2,896,631
Committed for:						
Healthcare	500,000	-	-	-	-	500,000
Retirement plans	1,750,000	-	-	-	-	1,750,000
Capital projects	1,025,000	-	-	-	1,439,482	2,464,482
Debt service	1,979,605	-	-	-	-	1,979,605
Assigned for:						
Public safety	1,517	-	-	-	-	1,517
Culture and recreation	82,438	-	-	-	-	82,438
Unassigned	9,522,518	-	-	-	(173,063)	9,349,455
Total fund balances	15,745,095	78,567	2,896,631	9,065,842	4,646,435	32,432,570
Total liabilities, deferred inflows of resources, and fund balances	\$ 19,400,886	\$ 78,567	\$ 3,971,979	\$ 10,163,209	\$ 5,484,314	\$ 39,098,955

CITY OF SMYRNA, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

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

Total fund balances - governmental funds	\$ 32,432,570
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	142,491,395
The cumulative inflow from effective hedge transactions are deferred and reported as deferred inflows in the statement of net position	(485,396)
Other long-term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported or reported as unavailable in the funds:	
Property taxes	157,604
Note receivable	5,883,871
Deferred inflows related to note receivable	(1,493,878)
Land held for sale related to note receivable	(3,971,896)
Unamortized bond insurance	2,665
Net OPEB asset	693,635
Deferred outflows related to pension	1,401,384
Long-term liabilities and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds:	
Unmatured bonds payable	(39,934,928)
Unamortized deferred loss on refunding	488,733
Unamortized debt premium	(1,391,084)
Unamortized debt discount	126,099
Accrued interest payable	(862,506)
Capital leases payable	(414,084)
Certificates of participation	(1,756,000)
Interest rate swap	485,396
Accrued compensated absences	(878,469)
Deferred inflows of resources related to pension	(1,461,127)
Net pension liability	<u>(12,049,881)</u>
Net position of governmental activities	<u>\$ 119,464,103</u>

CITY OF SMYRNA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Downtown Smyrna Development Authority	Hickory Lake Apartments	1% Road Improvement Tax	Non-Major Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 25,801,477	\$ -	\$ -	\$ 750,039	\$ 1,320,547	\$ 27,872,063
Charges for services	8,170,994	-	-	-	1,160,967	9,331,961
Licenses and permits	2,746,850	-	-	-	-	2,746,850
Fines and forfeitures	1,471,777	-	-	-	-	1,471,777
Intergovernmental	1,337,307	-	-	10,325,558	387,323	12,050,188
Investment earnings	2,241	-	-	6,334	27,613	36,188
Miscellaneous revenue	562,964	-	-	-	24,980	587,944
Total revenues	40,093,610	-	-	11,081,931	2,921,430	54,096,971
Expenditures:						
Current:						
General government	13,131,328	-	-	-	-	13,131,328
Judicial	362,096	-	-	-	-	362,096
Public safety						
Police	7,391,403	-	-	-	108,168	7,499,571
Fire	4,899,573	-	-	-	2,168	4,901,741
Emergency 911					1,344,007	1,344,007
Other	33,105	-	-	-	-	33,105
Public works	6,664,217	-	-	-	-	6,664,217
Culture and recreation	2,571,926	-	-	-	1,043,017	3,614,943
Housing and development	1,071,900	-	407,500	-	-	1,479,400
Capital outlay	-	-	-	14,256,388	747,472	15,003,860
Debt service						
Principal, interest, and fees	127,359	12,904,857	-	-	5,206	13,037,422
Total expenditures	36,252,907	12,904,857	407,500	14,256,388	3,250,038	67,071,690
Excess (deficiency) of revenues over expenditures	3,840,703	(12,904,857)	(407,500)	(3,174,457)	(328,608)	(12,974,719)
Other financing sources (uses):						
Transfers in	2,303,228	9,457,021	-	-	2,421,603	14,181,852
Insurance recoveries	92,442	-	-	-	-	92,442
Sale of capital assets	-	346,475	-	-	-	346,475
Bond proceeds	-	3,179,928	-	-	-	3,179,928
Transfers out	(6,673,770)	-	(4,846,197)	-	(975,756)	(12,495,723)
Total other financing sources (uses)	(4,278,100)	12,983,424	(4,846,197)	-	1,445,847	5,304,974
Special item:						
Loss on sale of land held for sale	-	-	(3,960,213)	-	-	(3,960,213)
Net change in fund balance	(437,397)	78,567	(9,213,910)	(3,174,457)	1,117,239	(11,629,958)
Fund balance at beginning of year - before restatement	17,625,113	-	12,110,541	12,240,299	3,402,930	45,378,883
Restatement	(1,442,621)	-	-	-	126,266	(1,316,355)
Fund balance at beginning of year - after restatement	16,182,492	-	12,110,541	12,240,299	3,529,196	44,062,528
Fund balance at end of year	\$ 15,745,095	\$ 78,567	\$ 2,896,631	\$ 9,065,842	\$ 4,646,435	\$ 32,432,570

**CITY OF SMYRNA, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

Net change in fund balances - total governmental funds \$ (11,629,958)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(5,410,200)	
Capital outlays	<u>16,396,600</u>	10,986,400

Loss on disposal of capital assets is not reported in the fund statements (55,623)

Loss on sale of land held for sale not reported in the fund statements 418,097

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. (16,077)

OPEB contributions in excess of annual actuarial costs are recorded as expenses in the governmental funds (227,262)

This issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. (3,179,928)

Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net assets. 10,364,316

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:

Net pension liability	2,460,776	
Deferred outflows of resources related to pensions	(179,737)	
Deferred inflows of resources related to pensions	(1,461,127)	
Accrued compensated absences	3,377	
Prepaid bond insurance	(1,999)	
Accrued interest expense	225,016	
Amortization of deferred loss, debt premium, and debt discount	<u>(23,875)</u>	<u>1,022,431</u>

Change in net position of governmental activities \$ 7,682,396

CITY OF SMYRNA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2015

	<u>Water and Sewer Enterprise Fund</u>
Assets:	
Current assets:	
Cash	\$ 10,586,956
Trade receivables, net	2,310,783
Due from other funds	30,126
Prepaid expenses	7,503
Total current assets	<u>12,935,368</u>
Noncurrent assets	
Restricted assets:	
Cash	542,822
Property, plant and equipment, net	23,344,008
Total noncurrent assets	<u>23,886,830</u>
Total assets	<u>36,822,198</u>
Deferred outflows of resources:	
Related to pensions	<u>73,757</u>
Liabilities:	
Current liabilities:	
Accounts payable	1,212,431
Accrued liabilities	156,064
Due to other governments	37,822
Customer deposits	542,822
Capital lease - current	541,669
Total current liabilities	<u>2,490,808</u>
Long-term liabilities (net of current portion):	
Capital lease payable	714,053
Net pension liability	634,204
Total noncurrent liabilities	<u>1,348,257</u>
Total liabilities	<u>3,839,065</u>
Deferred inflows of resources:	
Related to pensions	<u>76,901</u>
Net position:	
Net investment in capital assets	22,088,286
Unrestricted	10,891,703
Total net position	<u>\$ 32,979,989</u>

CITY OF SMYRNA, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Water and Sewer Enterprise Fund
Operating revenues:	
Charges for services	\$ 18,522,674
Other revenues	28,635
Total operating revenues	<u>18,551,309</u>
Operating expenses:	
Personal services and employee benefits	1,362,065
Other operating expenses	11,786,919
Depreciation	1,489,867
Total operating expenses	<u>14,638,851</u>
Operating income	<u>3,912,458</u>
Nonoperating revenues (expenses):	
Interest expense and fees	<u>(62,780)</u>
Income (loss) before transfers and capital contributions	<u>3,849,678</u>
Other financing sources (uses):	
Capital contributions	209,694
Transfers out	<u>(1,686,129)</u>
Total other financing sources (uses)	<u>(1,476,435)</u>
Change in net position	<u>2,373,243</u>
Net positon, beginning of year before restatement	31,373,805
Restatement	<u>(767,059)</u>
Net positon, beginning of year after restatement	<u>30,606,746</u>
Net position, end of year	<u><u>\$ 32,979,989</u></u>

**CITY OF SMYRNA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Water and Sewer Enterprise Fund</u>
Cash flows from (to) operating activities:	
Cash received from customers	\$ 18,031,188
Cash payments to suppliers for goods and services	(11,714,581)
Cash payments for employee services and fringe benefits	<u>(1,404,431)</u>
Net cash from (to) operating activities	<u>4,912,176</u>
Cash flows from (to) noncapital financing activities:	
Transfers out	<u>(1,686,129)</u>
Net cash from (to) noncapital financing activities	<u>(1,686,129)</u>
Cash flows from (to) capital and related financing activities:	
Acquisition and construction of capital assets	(2,989,813)
Contributed capital	209,694
Principal payments on capital lease	(570,451)
Interest paid on revenue bonds and capital lease	<u>(62,780)</u>
Net cash from (to) capital and related financing activities	<u>(3,413,350)</u>
Net increase (decrease) in cash	(187,303)
Cash at beginning of year (including \$542,305 in restricted accounts)	<u>11,317,081</u>
Cash at end of year (including \$542,822 in restricted accounts)	<u>\$ 11,129,778</u>
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ 3,912,458
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	1,489,867
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(482,492)
(Increase) decrease in due from other funds	(30,126)
(Increase) decrease in prepaid expenses	(7,503)
(Increase) decrease in deferred outflows of resources	9,460
Increase (decrease) in due to other government	20,999
Increase (decrease) in accounts payable	50,822
Increase (decrease) in customer deposits	517
Increase (decrease) in net pension liability	(129,515)
Increase (decrease) in accrued liabilities	788
Increase (decrease) in deferred inflows of resources	<u>76,901</u>
Net cash from operating activities	<u>\$ 4,912,176</u>

CITY OF SMYRNA, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2015

	<u>OPEB TRUST FUND</u>
Assets:	
Current assets:	
Investments - money market mutual funds	<u>\$ 1,694,787</u>
Total assets	<u>1,694,787</u>
Net position:	
Restricted for other post employment benefits	<u>1,694,787</u>
Total net position	<u><u>\$ 1,694,787</u></u>

CITY OF SMYRNA, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>OPEB TRUST FUND</u>
Additions:	
Contributions:	
Employer	\$ 615,738
Employee	<u>125,551</u>
Total contributions	741,289
Investment earnings	<u>23,958</u>
Total additions	<u>765,247</u>
Deductions:	
Benefits and claims	<u>559,540</u>
Total deductions	<u>559,540</u>
Change in net position	205,707
Net position held in trust, beginning of year	<u>1,489,080</u>
Net position held in trust, end of year	<u><u>\$ 1,694,787</u></u>

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which 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

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

position. The City first utilizes restricted resources to finance qualifying activities.

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

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

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

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

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

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

The government reports the following major governmental funds:

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

Downtown Smyrna Development Authority Capital Projects Fund – The Authority provides funding sources to the City for the construction of governmental facilities.

Hickory Lake Apartments Capital Projects Fund – The Hickory Lakes Apartment Fund accounts

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

for money received from bond proceeds that are restricted for use on redevelopment areas.

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

The government reports the following major proprietary fund:

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

Additionally, the government reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City's special revenue funds account for money received for the promotion of tourism, monies received from the U.S. Housing and Urban Development under the Community Development Block Grant Program, monies collected for operations of the Emergency 911 system, monies received for law enforcement expenditures, and tax increments collected for the redevelopment project within the tax allocation district.

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

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Funds, and the Capital Project Funds.

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP) except that the Capital Projects Funds adopt project length budgets and encumbrances are treated as budgetary expenditures in the year of incurrence of the commitment to purchase. In the General Fund, debt service expenditures are budgeted as general governmental expenditures and the expenditure of donations and special fees are budgeted together rather than in the function the donation or fee relates to. Investment earnings and other revenues are not budgeted for in the Confiscated Assets Special Revenue Fund and the Multiple Grant Special Revenue Fund. Also, a budget was not adopted for the revenues in the Tax Allocation District Special Revenue Fund.

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

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

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

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

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

G. Inventories

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current fiscal period are recorded as prepaid items. The consumption method is used to account for prepaid items within the City's funds.

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.

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

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

J. Compensated Absences

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

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

K. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualifies for reporting in this category. They are the unamortized deferred loss on refunding and the deferred outflow of resources relating to pensions.

In addition to liabilities, the statement of net 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 four items that qualify for reporting in this category. They are the accumulated fair value of the City's hedge transaction and the note receivable revenue related to the future improvements reported in the government wide statement of net position, the unavailable taxes revenue reported in the governmental funds balance sheet, and the deferred inflows related to pensions reported in the government wide statement of net position and in the proprietary funds statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

M. Nature and Purpose of Classifications of Fund Equity

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

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

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

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 estimates.

(2) DEPOSITS AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City reduces its exposure to this risk by requiring deposits to be collateralized in accordance with State law. As of June 30, 2015, the City was not exposed to custodial credit risk.

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Per the City's investment policy, the City manages its exposure to custodial risk by requiring full collateralization on two certain types of investments: certificates of deposits and repurchase agreements. As of June 30, 2015, 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, 2015, money market mutual funds had a fair market value of \$1,694,787 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 \$1,478,200 as of June 30, 2015. 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, 2015 consist of the following:

	Taxes and Fines	Utility Accounts	Other	Allowance for Uncollectibles	Net Receivables
General Fund	\$ 317,794	\$ 1,022,693	\$ -	\$ (203,680)	\$ 1,136,807
1% Road Improvement Tax Fund	115,221	-	-	-	115,221
Nonmajor Governmental Funds	-	-	96,645	-	96,645
Water and Sewer Fund	-	2,466,900	-	(156,117)	2,310,783
Total	<u>\$ 433,015</u>	<u>\$ 3,489,593</u>	<u>\$ 96,645</u>	<u>\$ (359,797)</u>	<u>\$ 3,659,456</u>

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

(4) DUE FROM OTHER GOVERNMENTS

	Cobb County, GA
1% Road Improvement Tax Fund	<u>\$ 1,680,931</u>
Nonmajor Funds:	
HUD CDBG Fund	<u>117,901</u>
	<u>\$ 1,798,832</u>

(5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund loans receivable are considered "available spendable resources."

Such balances at June 30, 2015 include Due from (to) and are summarized as follows:

	<u>RECEIVABLE TO</u>	
<u>PAYABLE FROM</u>	General Fund	Water & Sewer Fund
Nonmajor Governmental Funds	<u>\$ 471,094</u>	<u>\$ 30,126</u>

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

Interfund transfers for the current year were as follows:

	<u>TRANSFER OUT FROM</u>				
<u>TRANSFER IN TO</u>	General Fund	Hickory Lake Apartments	Nonmajor Governmental Funds	Water & Sewer Fund	Total
General Fund	\$ -	\$ 246	\$ 711,855	\$ 1,591,127	\$ 2,303,228
Downtown Development Authority	4,611,070	4,845,951	-	-	9,457,021
Nonmajor Governmental Funds	2,062,700	-	263,901	95,002	2,421,603
Total	<u>\$ 6,673,770</u>	<u>\$ 4,846,197</u>	<u>\$ 975,756</u>	<u>\$ 1,686,129</u>	<u>\$ 14,181,852</u>

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

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

(6) RESTRICTED ASSETS

The City's restricted assets at June 30, 2015, consist of the following:

Governmental Funds:	<u>Total</u>
General Fund:	
Customer deposits	<u>\$ 489,012</u>
Hickory Lake Apartments Fund:	
Debt service	<u>83</u>
1% Road Improvement Tax:	
Completion of projects	<u>8,367,057</u>
Nonmajor governmental funds:	
Tax allocation district	272,884
E911 operations	1,063,108
Law enforcement	64,120
Culture and recreation	3
Unspent grant money	14,175
Housing and development	57,382
Completion of projects	1,489,389
Tourism	830,881
	<u>3,791,942</u>
Total governmental funds	<u><u>\$ 12,648,094</u></u>
Proprietary Funds	
Water and Sewer Enterprise Fund:	
Customer deposits	<u>\$ 542,822</u>
Total proprietary funds	<u><u>\$ 542,822</u></u>

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(7) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 24,303,628	\$ 2,008,080	\$ -	\$ 26,311,708
Construction in progress	6,278,645	7,412,660	(1,925,201)	11,766,104
Total capital assets not being depreciated	<u>30,582,273</u>	<u>9,420,740</u>	<u>(1,925,201)</u>	<u>38,077,812</u>
Capital assets, being depreciated:				
Infrastructure	134,014,922	4,810,647	-	138,825,569
Buildings and improvements	63,646,503	2,654,798	(65,361)	66,235,940
Motorized and heavy equipment	1,399,516	-	(489,024)	910,492
Office furniture and equipment	1,423,614	-	(291,204)	1,132,410
Computer equipment	2,525,278	307,109	(1,230,267)	1,602,120
Motor vehicles	10,144,309	1,093,169	(654,486)	10,582,992
Nonmotorized equipment	2,847,087	35,338	(903,907)	1,978,518
Total capital assets being depreciated	<u>216,001,229</u>	<u>8,901,061</u>	<u>(3,634,249)</u>	<u>221,268,041</u>
Less accumulated depreciation for:				
Infrastructure	(86,565,003)	(4,055,891)	-	(90,620,894)
Buildings and improvements	(11,434,894)	(806,677)	26,577	(12,214,994)
Motorized and heavy equipment	(1,320,025)	(17,040)	494,508	(842,557)
Office furniture and equipment	(1,376,116)	(13,700)	291,204	(1,098,612)
Computer equipment	(2,166,660)	(103,807)	1,230,265	(1,040,202)
Motor vehicles	(9,527,595)	(391,039)	637,649	(9,280,985)
Nonmotorized equipment	(2,632,591)	(22,046)	898,423	(1,756,214)
Total accumulated depreciation	<u>(115,022,884)</u>	<u>(5,410,200)</u>	<u>3,578,626</u>	<u>(116,854,458)</u>
Total capital assets being depreciated, net	<u>100,978,345</u>	<u>3,490,861</u>	<u>(55,623)</u>	<u>104,413,583</u>
Governmental activities capital assets, net	<u>\$ 131,560,618</u>	<u>\$ 12,911,601</u>	<u>\$ (1,980,824)</u>	<u>\$ 142,491,395</u>
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,349,382	\$ 1,773,885	\$ (360,448)	\$ 2,762,819
Capital assets, being depreciated:				
Infrastructure and improvements	33,173,943	1,081,496	-	34,255,439
Machinery and equipment	8,848,856	494,870	(246,561)	9,097,165
Motor vehicles	682,597	-	(43,634)	638,963
Computer equipment	82,882	-	(66,638)	16,244
Total capital assets being depreciated	<u>42,788,278</u>	<u>1,576,366</u>	<u>(356,833)</u>	<u>44,007,811</u>
Less accumulated depreciation for:				
Infrastructure and improvements	(14,603,496)	(715,244)	-	(15,318,740)
Machinery and equipment	(6,932,421)	(770,870)	246,561	(7,456,730)
Motor vehicles	(674,789)	(3,753)	43,634	(634,908)
Computer equipment	(82,882)	-	66,638	(16,244)
Total accumulated depreciation	<u>(22,293,588)</u>	<u>(1,489,867)</u>	<u>356,833</u>	<u>(23,426,622)</u>
Total capital assets being depreciated, net	<u>20,494,690</u>	<u>86,499</u>	<u>-</u>	<u>20,581,189</u>
Business-type activities capital assets, net	<u>\$ 21,844,072</u>	<u>\$ 1,860,384</u>	<u>\$ (360,448)</u>	<u>\$ 23,344,008</u>

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

Governmental activities:	
General government	\$ 224,185
Public safety	602,253
Public works, including depreciation of general infrastructure	4,132,598
Culture and recreation	<u>451,164</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 5,410,200</u></u>
 Business-type activities:	
Water and sewer	<u><u>\$ 1,489,867</u></u>

(8) LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015:

	Beginning Balance (As Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 47,025,000	\$ 3,179,928	\$ (10,270,000)	\$ 39,934,928	\$ 2,095,000
Premium	1,546,348	-	(155,264)	1,391,084	-
Discount	(133,980)	-	7,881	(126,099)	-
Capital leases	508,400	-	(94,316)	414,084	97,862
Certificates of participation	1,756,000	-	-	1,756,000	-
Deferred fair value of interest rate swap	(412,096)	-	(73,300)	(485,396)	-
Total certificates of participation	<u>1,343,904</u>	<u>-</u>	<u>(73,300)</u>	<u>1,270,604</u>	<u>-</u>
Net pension liability	14,510,657	-	(2,460,776)	12,049,881	-
Compensated absences	881,846	852,615	(855,992)	878,469	847,998
Governmental activities long-term liabilities	<u><u>\$ 65,682,175</u></u>	<u><u>\$ 4,032,543</u></u>	<u><u>\$ (13,901,767)</u></u>	<u><u>\$ 55,812,951</u></u>	<u><u>\$ 3,040,860</u></u>
Business-type activities:					
Capital leases	\$ 1,826,173	\$ -	\$ (570,451)	\$ 1,255,722	\$ 541,669
Net pension liability	763,719	-	(129,515)	634,204	-
Business-type activities long-term liabilities	<u><u>\$ 2,589,892</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (699,966)</u></u>	<u><u>\$ 1,889,926</u></u>	<u><u>\$ 541,669</u></u>

For Governmental Activities, compensated absences and pension liabilities are typically liquidated in the General Fund.

Operating Leases

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

Governmental Activities:

Revenue Bonds

Revenue bonds have been issued for governmental activities and are comprised of the following individual issues at June 30, 2015:

\$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 (\$6,465,000 outstanding). The bonds were issued to refund a portion of the Series 1994 bonds and to

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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 (\$1,345,000 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 (\$1,160,000 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% (\$20,950,000 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% (\$6,835,000 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.

\$2,320,000 Series 2014A Downtown Smyrna Development Authority bond, serviced through lease payments from the City, due in annual installments commencing February 1, 2018 of \$260,000 to \$690,000 through February 1, 2022; interest at 4.00 percent. The bond was issued to provide funding for the improvements necessary for public infrastructure located on property held for sale by the City. At June 30, 2015, the proceeds used from the bond were \$1,942,831. The remaining was advanced subsequent to year end.

\$3,855,000 Series 2014B Downtown Smyrna Development Authority bond, serviced through lease payments from the City, due in annual installments commencing February 1, 2022 of \$640,000 to \$790,000 through February 1, 2027; interest at 3.05 percent. The bond was issued to provide funding for the improvements necessary on property held for sale by the City. At June 30, 2015, the proceeds used from the bond were \$1,237,097. The remaining was advanced subsequent to year end.

The City and the Smyrna Downtown Development Authority have entered into intergovernmental contracts which 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, 2005, 2010, and 2014 Revenue Bonds issued by the Authority. The contracts will not expire until full payment of the bonds. 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

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Downtown Development Authority.

The following is a schedule of the future payments on outstanding Governmental Activities revenue bonds after the remaining \$2,995,072 of the Series 2014 A& B advances were made:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 2,095,000	\$ 1,990,607	\$ 4,085,607
2017	2,200,000	2,099,581	4,299,581
2018	2,570,000	1,984,411	4,554,411
2019	2,740,000	1,850,742	4,590,742
2020	2,865,000	1,710,172	4,575,172
2021-2025	16,525,000	6,329,426	22,854,426
2026-2030	13,180,000	2,045,652	15,225,652
2031	755,000	60,375	815,375
Total	<u>\$ 42,930,000</u>	<u>\$ 18,070,966</u>	<u>\$ 61,000,966</u>

The amount of defeased debt outstanding but removed from the City's records totaled \$8,750,000 at June 30, 2015.

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 expense. 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, 2015:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 97,862	\$ 15,570	\$ 113,432
2017	101,542	11,890	113,432
2018	105,360	8,072	113,432
2019	109,320	4,110	113,430
Total	<u>\$ 414,084</u>	<u>\$ 39,642</u>	<u>\$ 453,726</u>

Certificates of Participation

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

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Year Ending June 30,	Principal	Interest	Total
2016	\$ -	\$ 83,410	\$ 83,410
2017	-	83,410	83,410
2018	-	83,410	83,410
2019	-	83,410	83,410
2020	-	83,410	83,410
2021-2025	-	417,050	417,050
2026-2028	<u>1,756,000</u>	<u>250,230</u>	<u>2,006,230</u>
Total	<u>\$ 1,756,000</u>	<u>\$ 1,084,330</u>	<u>\$ 2,840,330</u>

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

In the unlikely event that the swap counterparty becomes insolvent, or fails to make payments as specified in the swap agreement, the City would be exposed to credit risk in the amount of the swap's fair value. To minimize this risk, the City executed this agreement with counterparties of appropriate credit strength. At June 30, 2015, the market value of this agreement is \$485,396, an increase of \$73,300 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, 2015 based on the derivative contract. This market value is netted against long-term liabilities in the statement of net position. This derivative is an effective hedge and qualifies for hedge accounting. Therefore, the inflow from the hedge (any change in fair value from inception until fiscal year end) is deferred and reported as deferred inflows of resources in the statement of net position.

Business-type Activities:

Capital Leases

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

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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, 2015, accumulated depreciation expense totaled \$6,925,897. This year \$709,600 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, 2015:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 541,669	\$ 41,483	\$ 583,152
2017	587,469	18,363	605,832
2018	126,584	2,836	129,420
Total	<u>\$ 1,255,722</u>	<u>\$ 62,682</u>	<u>\$ 1,318,404</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, 2014. 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, 2014 were \$1,698,104,252

Based on the 2014 millage levy of 8.99, a property owner would pay \$8.99 per \$1,000 of assessed valuation. Current tax collections of \$ 15,718,002 for the fiscal year ended June 30, 2015 were 99 percent of the tax levy.

(10) EMPLOYEE RETIREMENT SYSTEM

General Information about the Pension Plan

The City has established a defined benefit pension plan ("Plan") and contributes to the Georgia Municipal Employees Benefit System ("GMEBS"), an agent multi-employer public employee retirement system that acts as a common investment and administrative agent for cities in the state of Georgia. The benefit provisions and all other requirements are established by GMEBS and the Adoption Agreement executed by the City.

All full-time City employees are eligible to participate in the plan upon completion of one year of service; elected officials have no waiting period for eligibility. Benefits vest after completing seven years of service. During the fiscal year ended June 30, 2003, all personnel were offered

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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.

Employees covered by benefit terms. At June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	172
Inactive employees entitled to but not yet receiving benefits	75
Active employees	<u>389</u>
Total	<u><u>636</u></u>

Contributions. 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. City's Contributions are determined under the projected unit credit actuarial cost method. The GMEBS Board of Trustees has adopted an actuarial funding policy for determination of annual contributions. For the year ended June 30, 2015, the actuarially determined rate was 11.91% of annual pay. The January 1, 2015 valuation is used to determine the recommended contribution for the fiscal year 2015. During the plan year, total pension contributions were \$1,972,737 from the City.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.25% plus age and service based merit increases
Investment rate of return	7.75%
Post-retirement benefit increases	Not applicable

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	50%	5.95%
International equity	15%	6.45%
Fixed income	25%	1.55%
Real estate	10%	3.75%
Total	<u>100%</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/2013	\$ 54,266,513	\$ 38,992,137	\$ 15,274,376
Changes for the year:			
Service cost	933,885	-	933,885
Interest	4,075,477	-	4,075,477
Differences between expected and actual experience	(182,608)	-	(182,608)
Contributions - employer	-	2,155,027	(2,155,027)
Contributions - employee	-	632,129	(632,129)
Net investment income	-	4,410,989	(4,410,989)
Benefit payments, including refunds of employee contributions	(3,359,424)	(3,359,424)	-
Administrative expense	-	(53,811)	53,811
Other	(272,711)	-	(272,711)
Net changes	<u>1,194,619</u>	<u>3,784,910</u>	<u>(2,590,291)</u>
Balances at 9/30/2014	<u>\$ 55,461,132</u>	<u>\$ 42,777,047</u>	<u>\$ 12,684,085</u>

Changes in Assumptions

Based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014, the following assumptions were changed in this valuation:

- The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.
- The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.
- The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70. If retirement is not available at a given age or a participant does not meet the plan's service criteria to retire at a given age, no retirement is assumed at that age.
- The inflation assumption was decreased from 3.50% to 3.25%.
- The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

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Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 %) or 1-percentage-point higher (8.75 %) than the current rate:

	1% Decrease (6.75%)	Current Discount (7.75%)	1% Increase (8.75%)
Net pension liability	\$19,026,255	\$12,684,085	\$7,375,323

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued GMEBS Retirement Trust financial report. The Georgia Municipal Employee Benefit System issues a publicly available financial report that includes financial statements and required supplementary information of GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling 404-688-0472. The plan’s fiduciary net position has been determined on the same basis as that used by the plan.

The GMEBS’s financial statements are prepared using the accrual basis of accounting. Contributions are recognized as revenues in the period in which the contributions are received. Investment income is recognized as earned by the GMEBS. The net appreciation (depreciation) in the fair value of investments held by the GMEBS 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. Plan refunds, transfers and benefits to participants are recorded as they are received or paid. Other expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Investments are reported at fair value as of the Statement of Net Position date.

Investments of the System consist of common and preferred stocks, corporate fixed income securities, equity and fixed income mutual funds, governmental and governmental agency securities, and real estate. There are no investments in any one organization other than the securities guaranteed by the U.S. government that represent five percent or more of plan net position. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments in real estate funds are valued based on appraisals and valuations prepared by American Realty Advisors. Temporary cash and cash equivalent investments are reported at cost, which approximates fair value. Investments that do not have an established market are reported at estimated fair values.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of \$1,102,764. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (146,088)
Changes of assumptions	-	(261,252)
Net difference between projected and actual earnings on pension plan investments	-	(1,130,688)
Employer contributions to the pension plan subsequent to the measurement date of the net pension liability	<u>1,475,141</u>	<u>-</u>
Total	<u><u>\$1,475,141</u></u>	<u><u>\$(1,538,028)</u></u>

\$1,475,141 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2016	\$ (384,507)
2017	(384,507)
2018	(384,507)
2019	(384,507)
2020	-
Thereafter	-

(11) POST EMPLOYMENT HEALTH CARE PLAN

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

Plan Description - The City of Smyrna OPEB Plan is a single-employer defined benefit healthcare plan administered by the City of Smyrna. The City of Smyrna OPEB Trust is an irrevocable trust established pursuant to Section 115 of the Internal Revenue Code for the purpose of pre-funding other postemployment health benefits in accordance with GASB Statement 43 and GASB Statement 45. The trust was established June 1, 2009, by the City Council to pre-fund medical and prescription drug benefits for retirees and their eligible dependents who are eligible for such benefits under existing City policy. The City provides medical, prescription drug, dental, and life insurance benefits to retirees. Retirees' spouses are eligible for the same benefits as the retiree. Substantially all of the City's employees may become eligible for those benefits if they retire on or after the age of 65 with 10 years of service, or provided that the employee's age (minimum age of 55) plus completed years of service with the City at the time of the employee's retirement is equal to or greater than 80. As of January 1, 2015, there were 78 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

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

formal commitments, as well as statutory or contractual requirements. Benefit payments and refunds are recognized when due and payable in accordance with the terms of the plan.

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

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

Funding Policy - The contribution requirements are established and may be amended by the City. The required contribution was determined by an actuarial valuation. During the fiscal year 2015, the City contributed \$615,737 to the plan. The cost of benefits for retirees is paid by the City and by the retiree. Currently, retirees contribute between 11% and 36% of the cost premiums. 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 2015 totaled \$125,551.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (Asset)	Annual Amount Contributed
6/30/13	\$ 542,368	87%	\$ (1,041,622)	\$ 471,802
6/30/14	542,170	78%	(920,898)	421,446
6/30/15	843,000	73%	(693,635)	615,737

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)
01/01/15	\$ 1,489,080	\$ 8,523,256	\$ 7,034,176	17.5%	\$ 16,406,474	42.9%

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

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

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Annual required contribution	\$ 840,236
Interest on net OPEB obligation	(71,370)
Adjustment to annual required contribution	74,134
Annual OPEB cost	<u>843,000</u>
Contributions made	<u>(615,737)</u>
(Increase) decrease in net OPEB obligation	227,263
Net OPEB asset, beginning of year	<u>(920,898)</u>
Net OPEB asset, end of year	<u><u>\$ (693,635)</u></u>

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

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

Valuation date	1/1/2015
Actuarial cost method	Projected unit credit with benefits attributed From date of hire to date of decrement
Amortization method	Level percentage of pay, open
Remaining amortization period	30years
Asset valuation method	Market value
Actuarial assumptions:	
Discount rate	7.75%
Healthcare cost trend rate	8.0% graded to 5.0% over 7 years

The plan does not issue separate financial statements.

(12) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City participates in a public entity

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

risk pool managed by the Georgia Interlocal Risk Management Agency (GIRMA) whereby the risk is pooled with other entities. Participation in this pool allows the City to share liability, crime, motor vehicle and property damage risks.

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

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

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

To select a person to serve as a Member representative.

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

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

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

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

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

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

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

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

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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.

(13) JOINT VENTURE

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

(14) COMMITMENTS AND CONTINGENCIES

Cobb County Water System

The City entered into an agreement with Cobb County, Georgia (the "County") in April 2005. The term of the agreement is 30 years. The agreement provides for the County to take and treat wastewater from the City and requires the purchase of the County's water in certain circumstances. The County is authorized to establish rates and charges. The City purchased water and wastewater treatment services totaling \$8,494,012 from the County during the fiscal year ended June 30, 2015.

CITY OF SMYRNA, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Encumbrances outstanding at year end totaled \$8,070,054 (\$405,981 in the General Fund, \$7,475,288 in the 1% Road Improvement Fund, and \$188,785 in the nonmajor funds).

(15) FUND BALANCE DEFICITS

Tax Allocation District	<u>\$ (255,736)</u>
Bio Diesel Fund	<u>\$ (782)</u>

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

(16) RESTATEMENT

The City implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pension" during fiscal year 2015. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability. The City also discovered certain grant revenues and pension expenses were not reported correctly in the prior year. The effect of these restatements to beginning net position/fund balance is as follows:

	Governmental Activities	Business-Type Activities	General Fund	Water & Sewer Fund	Non-Major Governmental Funds
Beginning Equity before Restatement	\$ 126,027,598	\$ 31,373,805	\$ 17,625,113	\$ 31,373,805	\$ 3,402,930
Restatement - Deferred Outflows of Resources	1,581,121	83,217	-	83,217	-
Restatement - Net Pension Liability	(14,510,657)	(763,719)	-	(763,719)	-
Restatement - HUD CDBG Revenues	199,999	-	-	-	199,999
Restatement - Pension Expenses	(1,516,354)	(86,557)	(1,442,621)	(86,557)	(73,733)
Beginning Equity after Restatement	<u>\$ 111,781,707</u>	<u>\$ 30,606,746</u>	<u>\$ 16,182,492</u>	<u>\$ 30,606,746</u>	<u>\$ 3,529,196</u>

The effect of the restatement relating to grant revenues to previously reported Governmental Activities changes in net position and Non-major fund change in fund balance is an increase of \$199,999.

The effect of implementing GASB Statement No. 68 to previously reported changes in net position has not been determined. The effect of the correction of pension expenses to previously reported changes in net position or to previously reported net changes in fund balance has not been determined.

**CITY OF SMYRNA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND
RELATED RATIOS**

	2015
Total pension liability	
Service cost	\$ 933,885
Interest	4,075,477
Changes of benefit terms	(182,608)
Differences between expected and actual experience	(326,563)
Changes of assumptions	53,852
Benefit payments, including refunds of employee contributions	(3,359,424)
Net change in total pension liability	<u>1,194,619</u>
Total pension liability - beginning	<u>54,266,513</u>
Total pension liability - ending (a)	<u><u>\$ 55,461,132</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 2,155,027
Contributions - employee	632,129
Net investment income	4,410,989
Benefit payments including refunds of employee contributions	(3,359,424)
Administrative expense	(53,811)
Other	<u>0</u>
Net change in plan fiduciary net position	<u>3,784,910</u>
Plan fiduciary net position - beginning	<u>38,992,137</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 42,777,047</u></u>
Net pension liability - ending (a) - (b)	<u><u>\$ 12,684,085</u></u>
Plan fiduciary net position as a percentage of the total pension liability	77.13%
Covered employee payroll	\$ 16,751,826
Net pension liability as a percentage of covered employee payroll	75.72%

Notes to Schedule:

2015 is the first fiscal year that data has been measured in accordance with GASB Statement 68.

**CITY OF SMYRNA, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PENSION CONTRIBUTIONS**

	<u>2015</u>
Actuarially determined contribution	\$ 1,966,855
Contributions in relation to the actuarially determined contribution	<u>1,972,737</u>
Contribution deficiency (excess)	<u>\$ (5,882)</u>
Covered-employee payroll	\$ 15,751,826
Contributions as a percentage of covered-employee payroll	12.52%

Notes to Schedule:

Valuation Date:

The actuarially determined contribution rate was determined as of January 1, 2015, with an interest adjustment to the fiscal year.

Methods and assumptions to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Varies for the bases, with a net effective amortization period of 10 years.
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Inflation	3.25%
Salary increases	3.25% plus age and service based merit increases
Investment rate of return	7.75%
Cost of Living Adjustments	0.00%
Retirement age	Class 1 (Old Plan) = Rule of 85 with a minimum age of 60 Class 2 (Old Plan) = 65+5 Officials (Old Plan) = 65 Class 3, 6 (New Plan) = 65+5 or Rule of 80 with a minimum age of 55 Officials (New Plan) = 65 or Rule of 80 with a minimum age of 55
Mortality	Class 4, 5, 7 = 65+10, 35 years with the city, or Rule of 80 with a minimum age of 55* RP-2000 Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

2015 is the first fiscal year that data has been measured in accordance with GASB Statement 68.

**CITY OF SMYRNA, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 POST EMPLOYMENT HEALTH CARE PLAN SCHEDULE OF FUNDING
 PROGRESS AND EMPLOYER CONTRIBUTIONS**

SCHEDULE OF FUNDING PROGRESS

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)
01/01/15	\$ 1,489,080	\$ 8,523,256	\$ 7,034,176	17.5%	\$ 16,406,474	42.9%
01/01/13	923,319	6,213,976	5,290,657	14.9%	15,752,675	33.6%
01/01/11	331,382	5,121,788	4,790,406	6.5%	16,476,737	29.1%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (Asset)	Annual Amount Contributed
6/30/15	\$ 843,000	73%	\$ (693,635)	\$ 615,737
6/30/14	542,170	78%	(920,898)	421,446
6/30/13	542,368	87%	(1,041,622)	471,802

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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 25,112,750	\$ 25,432,750	\$ 25,801,477	\$ 368,727
Charges for services	7,991,050	8,111,050	8,170,994	59,944
Licenses and permits	2,200,100	2,450,100	2,746,850	296,750
Fines and forfeitures	2,095,000	1,475,000	1,471,777	(3,223)
Intergovernmental revenues	735,000	735,000	1,337,307	602,307
Investment income	600	600	2,241	1,641
Miscellaneous revenue	378,000	474,379	562,964	88,585
Total revenues	38,512,500	38,678,879	40,093,610	1,414,731
Expenditures:				
Current:				
General government				
Governing body	347,351	351,388	341,828	9,560
Chief executive	563,160	593,375	591,487	1,888
Financial administration	536,028	542,358	521,052	21,306
Data processing	796,387	800,541	761,111	39,430
Human resources	355,606	359,395	352,426	6,969
Buildings and plant	9,214,197	12,127,692	10,683,456	1,444,236
Judicial				
Recorders court	358,063	364,556	362,096	2,460
Public safety				
Police	7,454,907	7,551,334	7,386,688	164,646
Fire				
Fire administration	4,384,874	4,439,885	4,436,001	3,884
Fire prevention	230,666	233,128	218,495	14,633
Fire training	183,314	189,108	187,412	1,696
Emergency management	40,531	40,901	33,105	7,796
Public Works				
Highways and streets	2,416,449	2,429,113	2,426,695	2,418
Traffic engineering	189,004	191,020	131,247	59,773
Sanitary administration	3,269,202	3,410,330	3,407,706	2,624
Recyclable collections	214,308	215,696	187,123	28,573
Public education	211,510	213,923	194,280	19,643
Maintenance and shop	324,628	328,600	317,166	11,434
Culture and recreation				
Administration	1,026,257	1,033,776	1,033,328	448
Participant recreation	420,192	423,029	405,165	17,864
Recreation center	266,809	267,345	204,970	62,375
Park areas	175,897	177,162	152,747	24,415
Library administration	664,807	675,374	674,576	798
Housing and development				
Protective inspection administration	1,002,229	1,013,357	989,551	23,806
Debt Service				
Fiscal agent fees	-	8,000	7,327	673
Donations and special fees	150,000	255,000	245,869	9,131
Total expenditures	34,796,376	38,235,386	36,252,907	1,982,479

Continued on next page.

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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Excess (deficiency) of revenues over expenditures	3,716,124	443,493	3,840,703	3,397,210
Other financing sources (uses):				
Transfers in	2,219,244	2,219,244	2,303,228	83,984
Proceeds from sale of capital assets	50,000	50,000	92,442	42,442
Transfers out	(5,985,368)	(5,993,557)	(6,673,770)	(680,213)
Total other financing sources (uses)	(3,716,124)	(3,724,313)	(4,278,100)	(553,787)
Net change in fund balance	\$ -	\$ (3,280,820)	(437,397)	\$ 2,843,423
Fund balance at beginning of year, as restated- GAAP basis			16,182,492	
Fund balance at end of year- GAAP basis			\$ 15,745,095	

Continued from previous page.

**CITY OF SMYRNA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Special Revenue Funds					
	Confiscated Assets	Hotel/Motel Premium Tax	Multiple Grant Fund	Auto Rental Tax	Emergency 911 Telephone Fund	HUD CDBG
Assets:						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash	64,120	830,881	14,175	-	1,063,108	57,382
Restricted investments	-	-	-	-	-	-
Accounts receivable	-	-	5,080	-	91,565	-
Due from other governments	-	-	-	-	-	117,901
Prepaid items	-	-	-	-	4,502	-
Total assets	\$ 64,120	\$ 830,881	\$ 19,255	\$ -	\$ 1,159,175	\$ 175,283
Liabilities:						
Accounts payable	\$ -	\$ 161,603	\$ 540	\$ -	\$ 18,630	\$ -
Accrued liabilities	-	13,079	-	-	82,932	-
Unearned revenue	-	-	14,062	-	-	-
Due to other funds	-	-	-	-	-	56,055
Total liabilities	-	174,682	14,602	-	101,562	56,055
Fund balances:						
Nonspendable:						
Prepays	-	-	-	-	4,502	-
Restricted for:						
Capital projects	-	-	-	-	-	-
Public safety	64,120	-	4,653	-	1,053,111	-
Culture and recreation	-	656,199	-	-	-	119,228
Committed for capital projects	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance (deficit)	64,120	656,199	4,653	-	1,057,613	119,228
Total liabilities and fund balance	\$ 64,120	\$ 830,881	\$ 19,255	\$ -	\$ 1,159,175	\$ 175,283

**CITY OF SMYRNA, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015**

Tax Allocation District	Capital Projects Funds					Total Non-Major Governmental Funds
	Capital Fund	Parks and Recreation Fund	Capital Projects Fund	Fire Station Construction Fund	Bio Diesel Fund	
\$ -	\$ -	\$ -	\$ 1,473,324	\$ -	\$ -	\$ 1,473,324
272,884	-	-	-	-	11,189	2,313,739
-	1,478,200	3	-	-	-	1,478,203
-	-	-	-	-	-	96,645
-	-	-	-	-	-	117,901
-	-	-	-	-	-	4,502
<u>\$ 272,884</u>	<u>\$ 1,478,200</u>	<u>\$ 3</u>	<u>\$ 1,473,324</u>	<u>\$ -</u>	<u>\$ 11,189</u>	<u>\$ 5,484,314</u>
\$ -	\$ -	\$ -	\$ 33,842	\$ -	\$ 749	\$ 215,364
-	-	-	-	-	-	96,011
-	-	-	-	-	11,222	25,284
445,165	-	-	-	-	-	501,220
<u>445,165</u>	<u>-</u>	<u>-</u>	<u>33,842</u>	<u>-</u>	<u>11,971</u>	<u>837,879</u>
-	-	-	-	-	-	4,502
-	1,478,200	-	-	-	-	1,478,200
-	-	-	-	-	-	1,121,884
-	-	3	-	-	-	775,430
-	-	-	1,439,482	-	-	1,439,482
(172,281)	-	-	-	-	(782)	(173,063)
<u>(172,281)</u>	<u>1,478,200</u>	<u>3</u>	<u>1,439,482</u>	<u>-</u>	<u>(782)</u>	<u>4,646,435</u>
<u>\$ 272,884</u>	<u>\$ 1,478,200</u>	<u>\$ 3</u>	<u>\$ 1,473,324</u>	<u>\$ -</u>	<u>\$ 11,189</u>	<u>\$ 5,484,314</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, 2015**

	Special Revenue Funds				
	Confiscated Assets	Hotel / Motel Premium Tax	Multiple Grant Fund	Auto Rental Tax	Emergency 911 Telephone Fund
Revenues:					
Taxes	\$ -	\$ 1,139,373	\$ -	\$ 161,634	\$ -
Charges for services	-	-	-	-	1,160,967
Intergovernmental	54,640	-	55,978	-	-
Investment earnings	26	-	-	-	1,219
Other revenues	-	-	24,980	-	-
Total revenues	<u>54,666</u>	<u>1,139,373</u>	<u>80,958</u>	<u>161,634</u>	<u>1,162,186</u>
Expenditures:					
Current:					
Public safety:					
Police	47,061	-	61,107	-	-
Fire	-	-	-	-	-
Emergency 911	-	-	-	-	1,344,007
Culture and recreation	-	832,170	-	-	-
Capital outlay	-	-	-	-	19,826
Debt service					
Principal, interest, and fees	-	-	-	-	-
Total expenditures	<u>47,061</u>	<u>832,170</u>	<u>61,107</u>	<u>-</u>	<u>1,363,833</u>
Excess (deficiency) of revenues over expenditures	<u>7,605</u>	<u>307,203</u>	<u>19,851</u>	<u>161,634</u>	<u>(201,647)</u>
Other financing sources (uses):					
Transfers in	-	161,634	-	-	580,900
Transfers out	-	(333,659)	-	(161,634)	-
Total other financing sources (uses)	<u>-</u>	<u>(172,025)</u>	<u>-</u>	<u>(161,634)</u>	<u>580,900</u>
Net change in fund balance	<u>7,605</u>	<u>135,178</u>	<u>19,851</u>	<u>-</u>	<u>379,253</u>
Fund balance (deficit) at beginning of year - before restatement	56,515	530,638	(15,198)	-	742,476
Restatement	-	(9,617)	-	-	(64,116)
Fund balance (deficit) at beginning of year - after restatement	56,515	521,021	(15,198)	-	678,360
Fund balance (deficit) at end of year	<u>\$ 64,120</u>	<u>\$ 656,199</u>	<u>\$ 4,653</u>	<u>\$ -</u>	<u>\$ 1,057,613</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, 2015**

HUD CDBG	Tax Allocation District	Capital Projects Funds					Total Non-Major Governmental Funds
		Capital Fund	Parks and Recreation Fund	Capital Projects Fund	Fire Station Construction Fund	Bio Diesel Fund	
\$ -	\$ 19,540	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,320,547
-	-	-	-	-	-	-	1,160,967
211,404	63,915	-	-	-	-	1,386	387,323
-	-	26,368	-	-	-	-	27,613
-	-	-	-	-	-	-	24,980
<u>211,404</u>	<u>83,455</u>	<u>26,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,386</u>	<u>2,921,430</u>
-	-	-	-	-	-	-	108,168
-	-	-	-	-	-	2,168	2,168
210,847	-	-	-	-	-	-	1,344,007
-	-	-	-	727,646	-	-	1,043,017
-	-	-	-	5,206	-	-	5,206
<u>210,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>732,852</u>	<u>-</u>	<u>2,168</u>	<u>3,250,038</u>
<u>557</u>	<u>83,455</u>	<u>26,368</u>	<u>-</u>	<u>(732,852)</u>	<u>-</u>	<u>(782)</u>	<u>(328,608)</u>
-	-	102,267	-	1,576,802	-	-	2,421,603
-	-	-	-	(480,226)	(237)	-	(975,756)
-	-	102,267	-	1,096,576	(237)	-	1,445,847
<u>557</u>	<u>83,455</u>	<u>128,635</u>	<u>-</u>	<u>363,724</u>	<u>(237)</u>	<u>(782)</u>	<u>1,117,239</u>
(81,328)	(255,736)	1,349,565	3	1,075,758	237	-	3,402,930
<u>199,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,266</u>
<u>118,671</u>	<u>(255,736)</u>	<u>1,349,565</u>	<u>3</u>	<u>1,075,758</u>	<u>237</u>	<u>-</u>	<u>3,529,196</u>
<u>\$ 119,228</u>	<u>\$ (172,281)</u>	<u>\$ 1,478,200</u>	<u>\$ 3</u>	<u>\$ 1,439,482</u>	<u>\$ -</u>	<u>\$ (782)</u>	<u>\$ 4,646,435</u>

**CITY OF SMYRNA, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (Budgetary Basis)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues			
Fines and forfeitures	\$ 48,340	\$ 54,640	\$ 6,300
Total Revenues	<u>48,340</u>	<u>54,640</u>	<u>6,300</u>
Expenditures:			
Current:			
Police	48,340	47,061	1,279
Total Expenditures	<u>48,340</u>	<u>47,061</u>	<u>1,279</u>
Net change in fund balance	<u>\$ -</u>	7,579	<u>\$ 7,579</u>
Reconciliation to GAAP basis:			
Unbudgeted revenues:			
Investment earnings		<u>26</u>	
Fund balance at beginning of year-GAAP basis		<u>56,515</u>	
Fund balance at end of year-GAAP basis		<u>\$ 64,120</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:			
Taxes	\$ 862,000	\$ 1,139,373	\$ 277,373
Total Revenues	<u>862,000</u>	<u>1,139,373</u>	<u>277,373</u>
Expenditures:			
Current:			
Culture and recreation	865,030	832,170	32,860
Total Expenditures	<u>865,030</u>	<u>832,170</u>	<u>32,860</u>
Other financing sources (uses):			
Transfers in	162,000	161,634	(366)
Transfers out	<u>(250,000)</u>	<u>(333,659)</u>	<u>(83,659)</u>
Total other financing sources (uses)	<u>(88,000)</u>	<u>(172,025)</u>	<u>(84,025)</u>
Net change in fund balance	<u>\$ (91,030)</u>	135,178	<u>\$ 226,208</u>
Fund balance at beginning of year, as restated-GAAP basis		<u>521,021</u>	
Fund balance at end of year-GAAP basis		<u>\$ 656,199</u>	

CITY OF SMYRNA, GEORGIA
MULTIPLE GRANT FUND SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (Budgetary Basis)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 61,175	\$ 55,978	\$ (5,197)
Total Revenues	<u>61,175</u>	<u>55,978</u>	<u>(5,197)</u>
Expenditures:			
Current:			
Public Safety:			
Police	<u>61,175</u>	<u>61,107</u>	<u>68</u>
Total Expenditures	<u>61,175</u>	<u>61,107</u>	<u>68</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(5,129)</u>	<u>(5,129)</u>
Net change in fund balance	<u>\$ -</u>	<u>(5,129)</u>	<u>\$ (5,129)</u>
Reconciliation to GAAP basis:			
Unbudgeted revenues:			
Other revenues		<u>24,980</u>	
Fund balance at beginning of year-GAAP basis		<u>(15,198)</u>	
Fund balance at end of year-GAAP basis		<u>\$ 4,653</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, 2015**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	<u>\$ 162,000</u>	<u>\$ 161,634</u>	<u>\$ (366)</u>
Total Revenues	<u>162,000</u>	<u>161,634</u>	<u>(366)</u>
Other financing sources (uses):			
Transfers out	<u>(162,000)</u>	<u>(161,634)</u>	<u>366</u>
Total other financing sources (uses)	<u>(162,000)</u>	<u>(161,634)</u>	<u>366</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance at beginning of year-GAAP basis		<u>-</u>	
Fund balance at end of year-GAAP basis		<u>\$ -</u>	

**CITY OF SMYRNA, GEORGIA
EMERGENCY 911 TELEPHONE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Charges for services	\$ 975,000	\$ 1,160,967	\$ 185,967
Intergovernmental	75,000	-	(75,000)
Investment earnings	1,500	1,219	(281)
Total Revenues	<u>1,051,500</u>	<u>1,162,186</u>	<u>110,686</u>
Expenditures:			
Current:			
Emergency 911	1,424,610	1,344,007	80,603
Capital outlay	215,978	19,826	196,152
Total Expenditures	<u>1,640,588</u>	<u>1,363,833</u>	<u>276,755</u>
Excess (deficiency) of revenues over expenditures	<u>(589,088)</u>	<u>(201,647)</u>	<u>387,441</u>
Other financing sources (uses):			
Transfers in	589,088	580,900	(8,188)
Total other financing sources (uses)	<u>589,088</u>	<u>580,900</u>	<u>(8,188)</u>
Net change in fund balance	<u>\$ -</u>	379,253	<u>\$ 379,253</u>
Fund balance at beginning of year, as restated-GAAP basis		<u>678,360</u>	
Fund balance at end of year-GAAP basis		<u>\$1,057,613</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, 2015**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	<u>\$225,840</u>	<u>\$211,404</u>	<u>\$ (14,436)</u>
Total Revenues	<u>225,840</u>	<u>211,404</u>	<u>(14,436)</u>
Expenditures:			
Current:			
Culture and recreation	<u>225,840</u>	<u>210,847</u>	<u>14,993</u>
Total Expenditures	<u>225,840</u>	<u>210,847</u>	<u>14,993</u>
Net change in fund balance	<u>\$ -</u>	557	<u>\$ 557</u>
Fund balance at beginning of year, as restated-GAAP basis		<u>118,671</u>	
Fund balance at end of year-GAAP basis		<u><u>\$119,228</u></u>	

STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding the financial statements, note disclosures, required supplementary information as well as the overall financial position of the City.

Financial Trends

These schedules contain trend information to help the user understand how the City's financial performance has changed over time.

Revenue Capacity

These schedules contain information to help the user assess the City's major revenue sources.

Debt Capacity

These schedules present information to help the user assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules present demographic and economic indicators to help the user understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain staffing, key operating and capital statistics comparisons to help the user understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Except where noted, the information in these schedules is derived from the City's Annual Financial Report for the relevant year.

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011*	2012	2013	2014*	2015
Governmental Activities										
Net investment in capital assets	\$ 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	\$ 111,254,960
Restricted	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	11,406,509
Unrestricted	8,133,917	8,336,439	5,681,691	10,550,780	13,645,665	13,202,792	11,190,332	12,223,410	(834,171)	(3,197,366)
Total governmental activities net position	\$ 79,020,832	\$ 82,408,037	\$ 86,166,916	\$ 92,812,055	\$ 99,301,820	\$ 102,967,891	\$ 107,580,207	\$ 117,693,094	\$ 111,781,707	\$ 119,464,103
Business-type activities										
Net investment in capital assets	\$ 14,682,078	\$ 17,414,278	\$ 18,200,667	\$ 18,386,326	\$ 18,479,678	\$ 17,880,048	\$ 17,657,460	\$ 17,486,264	\$ 20,017,889	\$ 22,088,286
Restricted	1,490,748	2,115,917	3,386,157	3,506,281	4,228,788	5,887,601	-	10,138,106	10,588,857	10,891,703
Unrestricted	(121,682)	(988,888)	(1,305,473)	(889,442)	(47,585)	(75,714)	7,982,492	27,624,370	30,606,746	32,979,989
Total business-type activities net position	\$ 16,051,144	\$ 18,541,307	\$ 20,281,351	\$ 21,005,165	\$ 22,660,881	\$ 23,691,935	\$ 25,639,952	\$ 27,624,370	\$ 30,606,746	\$ 32,979,989
Primary government										
Net investment in capital assets	\$ 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	\$ 133,343,246
Restricted	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	11,406,509
Unrestricted	8,012,235	7,347,551	4,376,218	9,661,338	13,598,080	13,127,078	19,172,824	22,361,516	9,754,686	7,694,337
Total primary government net position	\$ 95,071,976	\$ 100,949,344	\$ 106,448,267	\$ 113,817,220	\$ 121,962,701	\$ 126,659,826	\$ 133,220,159	\$ 145,317,464	\$ 142,388,453	\$ 152,444,092

* - As Restated

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014**	2015
Expenses										
Governmental Activities:										
General government	\$ 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	\$ 6,698,341
Judicial	533,912	591,093	590,922	574,258	555,925	548,959	539,351	533,504	505,821	440,520
Public Safety	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	16,411,663
Public works	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	13,822,512
Housing and development	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	1,692,161
Culture and recreation	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	3,355,658
Interest on long-term debt	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	2,466,637
Total governmental activities expenses	39,648,976	44,603,074	46,250,392	42,577,165	42,248,206	42,907,859	47,847,224	42,940,369	47,288,875	44,887,492
Business-type activities:										
Water and Sewer	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	14,701,631
Total business-type activities expenses	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	14,701,631
Total primary government expenses	\$ 50,535,125	\$ 56,344,356	\$ 57,830,227	\$ 54,761,372	\$ 54,314,446	\$ 57,045,598	\$ 61,328,617	\$ 57,339,308	\$ 61,197,729	\$ 59,589,123
Program Revenues										
Governmental Activities:										
Charges for services	\$ 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	\$ 14,160,254
Operating grants and contributions	15,264	44,438	46,698	171,752	314,589	532,759	319,253	408,012	336,975	147,404
Capital grants and contributions	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	10,544,682
Total governmental activities program revenues	15,155,453	20,037,271	21,355,187	20,080,102	19,762,361	20,167,941	25,093,990	25,157,960	25,730,172	24,852,340
Business-type activities:										
Charges for services	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	18,551,309
Capital grants and contributions	453,600	1,944,692	846,085	-	-	-	-	-	692,562	156,789
Total business-type activities program revenues	11,742,111	15,093,209	14,245,396	14,196,848	15,210,052	16,751,785	17,012,801	17,972,656	18,969,632	18,708,098
Total primary government program revenues	\$ 26,897,564	\$ 35,130,480	\$ 35,600,583	\$ 34,276,950	\$ 34,972,413	\$ 36,919,726	\$ 42,106,791	\$ 43,130,616	\$ 44,699,804	\$ 43,560,438

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

	2006	2007	2008	2009	2010	2011*	2012	2013	2014**	2015
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (20,035,152)
Business-type activities	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	4,006,467
Total primary government net expense	\$ (23,637,561)	\$ (21,213,876)	# \$ (22,229,644)	\$ (20,484,422)	\$ (19,342,033)	\$ (20,125,872)	\$ (19,221,826)	\$ (14,208,692)	\$ (16,497,926)	\$ (16,028,685)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 19,324,509
Franchise taxes	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	3,756,118
Insurance Premium taxes	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	2,764,966
Other taxes	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	2,003,296
Investment earnings	1,294,339	607,371	321,987	57,599	31,959	35,637	13,018	10,164	34,615	29,854
Grants / Contributions	1,510,729	1,676,211	1,507,091	1,505,426	734,538	727,139	731,251	734,532	733,822	1,401,222
Miscellaneous	106,086	35,792	35,210	69,086	72,114	74,464	27,602	45,136	-	346,475
Special item	-	-	-	-	-	-	-	-	-	(3,542,116)
Transfers	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	1,633,224
Total governmental activities	26,620,119	27,953,008	28,654,084	29,142,202	28,975,610	27,640,684	27,365,550	27,895,296	28,927,344	27,717,548
Business-type activities										
Investment earnings	74,845	103,126	87,618	31,173	11,904	8,135	3,675	1,828	-	-
Transfers	(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)	(1,633,224)
Total business-type activities	(1,101,155)	(861,764)	(925,517)	(1,288,827)	(1,488,096)	(1,582,992)	(1,583,391)	(1,589,299)	(1,591,127)	(1,633,224)
Total primary government	\$ 25,518,964	\$ 27,091,244	\$ 27,728,567	\$ 27,853,375	\$ 27,487,514	\$ 26,057,692	\$ 25,782,159	\$ 26,305,997	\$ 27,336,217	\$ 26,084,324
Change in Net Position										
Governmental activities	\$ 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	\$ 7,682,396
Business-type activities	(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	2,373,243
Total primary government	\$ 1,881,403	\$ 5,877,368	\$ 5,498,923	\$ 7,368,953	\$ 8,145,481	\$ 5,931,820	\$ 6,560,333	\$ 12,097,305	\$ 10,838,292	\$ 10,055,639

*-As restated

**-The effect of implementing GASB Statement No. 68 and the correction of pension expenses to previously reported changes in net position has not been determined. For Governmental Activities, the effect of the restatement relating to grant revenues to previously reported changes in net position is an increase of \$199,999.

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 826,801	\$ 448,302	\$ 1,647,937	\$ 450,793	\$ 350,645	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	9,279,471	10,463,499	9,219,222	11,733,060	13,228,023	-	-	-	-	-
Nonspendable						375,205	414,079	405,203	434,129	523,731
Restricted						213,361	179,755	380,855	374,848	360,286
Committed						500,000	2,091,641	2,929,605	5,254,605	5,254,605
Assigned						331,594	316,583	53,692	77,857	83,955
Unassigned						13,119,479	10,310,623	10,836,607	11,483,674	9,522,518
Total general fund	\$ 10,106,272	\$ 10,911,801	\$ 10,867,159	\$ 12,183,853	\$ 13,578,668	\$ 14,539,639	\$ 13,312,681	\$ 14,605,962	\$ 17,625,113	\$ 15,745,095
All Other Governmental Funds										
Reserved	\$ 134,942	\$ -	\$ -	\$ -	\$ 3,625,757	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	285,758	246,643	429,186	835,703	574,454	-	-	-	-	-
Capital projects funds	20,339,218	19,323,695	12,592,114	6,591,511	194,511	-	-	-	-	-
Nonspendable								125		4,502
Restricted						22,716,437	22,854,118	26,426,028	27,030,274	15,416,554
Committed						1,556,145	1,481,978	1,087,100	1,075,758	1,439,482
Assigned										
Unassigned						(1,018,750)	(961,771)	(257,083)	(352,262)	(173,063)
Total all other governmental funds	\$ 20,759,918	\$ 19,570,338	\$ 13,021,300	\$ 7,427,214	\$ 4,394,722	\$ 23,253,832	\$ 23,374,325	\$ 27,256,170	\$ 27,753,770	\$ 16,687,475
Total fund balances, before restatements	\$ 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	\$ 32,432,570
Restatements*	-	-	-	-	-	1,541,714	-	-	(1,316,355)	-
Total fund balances, after restatements	\$ 30,866,190	\$ 30,482,139	\$ 23,888,459	\$ 19,611,067	\$ 17,973,390	\$ 39,335,185	\$ 36,687,006	\$ 41,862,132	\$ 44,062,528	\$ 32,432,570

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.
 Restatements to ending fund balances were made to 2014 for certain grant revenues and pension expenses.
 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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015
Revenues										
Taxes	\$ 22,739,056	\$ 24,667,280	\$ 25,684,740	\$ 26,454,766	\$ 24,443,618	\$ 25,026,699	\$ 25,506,375	\$ 26,851,993	\$ 27,872,063	\$ 27,872,063
Charges for services	7,124,795	7,213,455	7,438,557	7,781,500	6,940,732	8,469,136	8,985,356	9,197,860	9,331,961	9,331,961
Licenses and permits	1,945,013	1,993,553	1,952,948	1,826,310	1,756,512	2,058,368	2,144,746	2,255,371	2,746,850	2,746,850
Fines and forfeitures	2,034,379	2,508,586	2,485,581	2,213,892	2,160,447	2,446,988	2,049,274	2,202,192	1,471,777	1,471,777
Intergovernmental	4,116,311	8,009,931	8,949,935	8,344,037	10,455,192	11,431,693	13,497,000	10,771,205	12,050,188	12,050,188
Investment earnings	1,294,338	1,617,763	903,664	128,369	39,262	48,071	71,138	34,615	36,188	36,188
Miscellaneous revenue	185,634	589,767	414,232	447,845	364,840	365,561	429,435	557,299	587,944	587,944
Total revenues	39,439,526	46,600,305	47,859,657	47,887,040	46,342,370	49,733,602	52,683,324	51,870,535	54,096,971	54,096,971
Expenditures										
General government	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	13,131,328
Judicial	533,912	591,093	590,922	450,839	457,794	435,885	423,770	423,743	421,235	362,096
Police	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	7,499,571
Fire	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	4,901,741
Other	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	1,377,112
Public Works	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	6,664,217
Culture and recreation	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	3,614,943
Housing and development	1,085,282	1,157,726	1,157,726	828,438	676,898	1,433,664	4,022,861	863,042	1,022,618	1,479,400
Capital outlay	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	15,003,860
Debt service										
Principal	1,224,518	1,414,312	1,443,065	1,647,570	2,125,677	2,176,799	1,846,015	1,718,408	2,010,913	10,364,316
Interest	2,498,812	2,118,890	2,080,483	2,039,188	2,044,644	2,429,823	2,726,797	2,843,710	2,724,345	2,673,106
Total expenditures	43,534,897	48,575,778	56,464,558	55,568,805	50,297,948	44,137,880	53,996,449	49,144,461	49,989,778	67,071,690
Excess of revenues over (under) expenditures	(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	(12,974,719)
Other Financing Sources (Uses)										
Transfers in	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	14,181,852
Transfers out	(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)	(12,495,723)
Bonds issued	-	-	-	-	-	-	-	-	-	3,179,928
Premium on bonds issued	-	-	-	-	-	15,950,000	-	-	-	-
Capital leases	-	590,740	962,876	2,015,287	-	-	-	-	-	-
Insurance recoveries	-	-	-	-	-	-	-	-	-	92,442
Sale of capital assets	106,086	35,792	35,210	69,086	72,114	74,464	27,602	45,136	44,866	346,475
Total other financing sources (uses)	1,282,086	1,591,422	2,011,221	3,404,373	1,572,114	17,615,591	1,614,668	1,636,263	1,635,993	5,304,974
Special Item:										
Loss on sale of land held for sale	-	-	-	-	-	-	-	-	-	(3,960,213)
Net change in fund balances	\$ (2,813,285)	\$ (384,051)	\$ (6,593,680)	\$ (4,277,392)	\$ (1,637,677)	\$ 19,820,081	\$ (2,648,179)	\$ 5,175,126	\$ 3,516,750	\$ (11,629,958)
Debt service as a percentage of noncapital expenditures	10.27%	8.54%	8.52%	9.36%	10.68%	11.51%	10.90%	11.62%	10.82%	5.27%

** - The effect of the correction of pension expenses to previously reported change in fund balance has not been determined. The effect of the restatement relating to grant revenues to previously reported change in fund balance is an increase of \$199,999.

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

Fiscal Year	Property Tax	Intangible Tax	Alcoholic Beverage Excise Tax		Franchise Tax	Premium Tax	Vehicle Ad Valorem Tax		Other	Total
			Excise Tax	Excise Tax			Valorem Tax	Valorem Tax		
2006	14,433,260	358,370	714,544	714,544	2,604,368	2,053,373	1,256,757	1,256,757	1,318,384	22,739,056
2007	15,398,619	338,379	764,206	764,206	3,424,371	2,148,342	1,319,770	1,319,770	1,273,593	24,667,280
2008	16,352,806	268,561	787,896	787,896	3,311,506	2,240,959	1,300,965	1,300,965	1,422,047	25,684,740
2009	16,745,347	176,203	755,453	755,453	3,259,685	2,294,641	1,239,910	1,239,910	1,591,122	26,062,361
2010	17,616,530	154,053	708,060	708,060	3,176,922	2,273,112	1,132,797	1,132,797	1,393,292	26,454,766
2011	16,373,632	149,070	637,194	637,194	3,380,408	2,207,050	1,149,634	1,149,634	1,414,455	25,311,443
2012	15,466,134	147,063	742,176	742,176	3,578,078	2,404,825	1,217,708	1,217,708	1,470,715	25,026,699
2013	15,156,347	249,876	771,469	771,469	3,443,843	2,554,327	1,767,323	1,767,323	1,563,190	25,506,375
2014	15,457,022	225,909	760,690	760,690	3,437,475	2,644,762	2,983,045	2,983,045	1,343,090	26,851,993
2015	16,023,129	253,749	795,545	795,545	3,729,229	2,764,966	2,750,806	2,750,806	1,554,639	27,872,063

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

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Less:		Total Taxable Assessed Value	Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
				Tax-Exempt Property	Tax-Exempt Property				
2006	1,133,855,752	570,119,183	18,532,913	145,688,754	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	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	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	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	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	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	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	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	141,380,471	1,603,657,664	8.99	4,009,144,160	40.00
2015	1,202,265,817	616,109,155	18,700,840	138,971,560	138,971,560	1,698,104,252	8.99	4,245,260,630	40.00

Source: Cobb County Board of Equalization and Assessment.

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

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

Fiscal Year	City of Smyrna	Overlapping Rates			Total Direct & Overlapping Rates
		Cobb County	Cobb County Board of Education	State of Georgia	
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
2015	8.99	7.65	18.90	0.10	35.64

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	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Lake Park Properties LLC.	\$37,554,544	1	2.21	-		-
UCB Inc.	18,438,208	2	1.09	8,316,443	7	0.53
Rock Creek at Vinings LLC	17,799,432	3	1.05			
Consultinvest Inc.	15,122,051	4	0.89			
NA Glen Park 77 LP	12,714,806	5	0.75	-		-
DDRTC Heritage Pavilion LLC.	11,575,096	6	0.68			
Valley Summit LLC.	11,400,000	7	0.67			
Jasmine Woodlands LLC	11,299,725	8	0.67	-		-
Mission Galleria 34 LLC.	7,410,231	9	0.44	-		-
Anna Wright Properties LLC	7,014,400	10	0.41	-		-
Inland Southeast Heritage LLC	-		-	14,200,000	1	0.90
Hickory Lake LP	-		-	10,925,880	2	0.69
Walton Park LP	-		-	10,685,672	3	0.68
Post Atlanta Vinings LTD	-		-	9,812,932	4	0.62
Gardens of Post Village LTD	-		-	9,729,231	5	0.62
Post Partners	-		-	9,649,760	6	0.61
Windsor Lake Apartments	-		-	7,554,560	8	0.48
Fountain of Post Village	-		-	6,932,570	9	0.44
Meadows of Post Village	-		-	6,914,808	10	0.44
Total	\$ 150,328,493		8.85%	\$ 94,721,856		6.01%

Source: City of Smyrna Tax Department

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	14,301,613	14,231,628	99.51	48,603	14,280,231	99.85%
2007	15,176,709	14,873,272	98.00	57,943	14,931,215	98.38%
2008	16,982,661	16,815,737	99.02	131,158	16,946,895	99.79%
2009	17,806,813	17,411,857	97.78	141,273	17,553,130	98.58%
2010	17,793,981	17,389,985	97.73	115,426	17,505,411	98.38%
2011	16,719,990	16,201,095	96.90	118,730	16,319,825	97.61%
2012	15,646,563	15,217,669	97.26	193,166	15,410,835	98.49%
2013	15,160,220	14,926,568	98.46	104,723	15,031,291	99.15%
2014	15,070,296	14,963,651	99.29	70,537	15,034,188	99.76%
2015	15,815,515	15,718,002	99.38	n/a	15,718,002	99.38%

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 Income²	Per Capita²
	Revenue Bonds¹	Certificates of Participation	Capital Leases	Water/Sewer Bonds	Capital Leases			
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	50,506,252	1,756,000	599,313	0	2,209,622	55,071,187	2.88	1,074
2014	48,437,368	1,756,000	508,400	0	1,826,173	52,527,941	2.75	998
2015	41,199,913	1,756,000	414,084	0	1,255,722	44,625,719	2.21	819

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

¹ \$6,175,000 million revenue bonds were issued in 2014. Amounts prior to 2013 exclude premiums and discounts.

² 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)

Fiscal Year	Governmental Activities		Total	Percentage of Actual Taxable Value of Property¹	Per Capita²
	Revenue Bonds	Capital Leases			
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	50,506,252	599,363	49,544,363	1.18	966
2014	48,437,368	508,400	47,533,400	1.19	903
2015	41,199,913	414,084	41,613,997	0.98	764

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

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

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

City of Smyrna, Georgia
Direct and Overlapping Governmental Activities Debt
As of June 30, 2015 (Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable¹</u>	<u>Overlapping Debt</u>
Debt repaid with property taxes			
Cobb County General Obligation Debt	\$18,440,000	6.90%	\$1,272,360
Other debt			
Cobb County Revenue Anticipation Certificates	6,315,000	6.90%	435,735
Cobb County Parking Deck Certificates	9,270,000	6.90%	639,630
Cobb-Marietta Coliseum and Exhibit Hall	40,055,000	6.90%	<u>2,763,795</u>
Subtotal, overlapping debt			5,111,520
City of Smyrna direct debt			<u>43,369,997</u>
Total direct and overlapping debt			<u><u>\$48,481,517</u></u>

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

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

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

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

	Fiscal Year										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Debt limit	\$ 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	\$ 183,707,581	
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-	
Legal debt margin	\$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	\$183,707,581	
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											1,698,104,252
Add back exempt real property											138,971,560
Total assessed value											\$1,837,075,812
Debt limit (10% of total assessed value)											183,707,581
Debt applicable to limit:											-
General obligation bonds											-
Less: Amount set aside for repayment of general obligation debt											-
Total net debt applicable to limit											-
Legal debt margin											183,707,581

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

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

Fiscal Year	Population¹	Personal Income	Per Capita Personal Income²	Median Age¹	School Enrollment	Unemployment Rate³
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%
2015	54,490	2,022,014,920	37,108	34	111,460	4.80%

Data sources

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

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

³Georgia Department of Labor

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

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

<u>Employer</u>	<u>2015</u>			<u>2006</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	2.31%	700	1	2.43%
United Distributors	550	2	1.64%	696	2	2.42%
City of Smyrna	425	3	1.27%			
S. P. Richards	423	4	1.26%	350	4	1.21%
Ridgeview Institute	420	5	1.25%	400	3	1.39%
UCB	400	6	1.19%	250	6	0.87%
GLOCK	400	7	1.19%			
Bake One/ Atlanta Bread	250	8	0.74%			
National Envelope	245	9	0.73%	200	8	0.69%
Archdiocese of Atlanta	225	10	0.67%			
Facility Design				255	5	0.88%
Publix				210	7	0.73%
Atlanta Bread Company				200	9	0.69%
Wade Ford				140	10	0.49%
Total	<u>4,113</u>		<u>12.25%</u>	<u>3401</u>		<u>11.80%</u>

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)

<u>Function/Program</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>	<u>2015</u>
General government										
Governing Body	9	9	9	9	9	9	9	9	9	9
Chief Executive (Mgr. Or Admin.)	7	7	7	7	5	5	5	6	6	7
Data Processing / MIS	2	3	3	3	3	3	3	4	4	4
Recorder's Court	9	8	8	8	7	7	7	6	6	6
Financial Administration	9	9	9	8	7	6	6	6	6	7
General Govt. Bldgs. & Plant	12	13	13	10	6	6	6	6	6	4
Water Administration	8	8	8	8	7	7	7	4	4	3
Human Resources	4	4	4	4	4	4	4	4	4	4
Public Safety										
Police Administration	127	126	126	126	119	101	101	95	102	94
Jail Operations	-	-	-	-	-	19	19	21	21	21
Fire Administration	63	63	66	66	66	72	72	70	72	72
Fire Prevention	4	5	5	5	4	4	3	3	3	4
Fire Training	3	3	3	3	3	3	3	2	3	3
E-911 Communications	17	17	18	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	8	10	8	11	10	11	11	11	10	10
Participant Recreation	2	2	2	3	1	1	1	1	3	3
Recreation Center	3	3	3	3	4	4	4	4	3	3
Parks Areas	18	21	21	18	-	-	-	-	-	-
Library Administration	9	9	9	8	8	8	8	7	8	8
Protective Insp. Administration	12	13	14	14	11	13	13	13	14	14
Public Works										
Highways & Streets Admin.	28	28	28	28	29	29	29	28	29	29
Traffic Engineering	3	3	3	3	3	2	2	2	2	3
Sanitary Administration	31	31	31	31	21	21	21	20	21	23
Distribution (Water)	19	19	19	21	21	20	20	21	23	24
Recyclables Collection	-	7	7	7	5	5	5	5	5	5
Maintenance & Shop	8	8	8	8	7	7	7	7	7	7
Total	421	435	438	436	384	391	390	379	395	391

Source: City of Smyrna Budget Office.

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

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

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

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Works:										
Street resurfacing (feet)	59,638	100,525	123,382	-	0	0	52,656	39,475	59,097	71,824
Potholes misc. repairs	52	51	26	77	32	101	115	54	113	163
Drainage Creek	11	15	3	15	19	30	7	27	32	94
Fire protection:										
Number of calls answered	4,800	4,800	4,722	4,862	4,784	5,032	4,877	5,038	5,325	5,706
Police protection:										
Number of citations written	20,199	21,532	21,732	22,000	19,646	18,668	18,725	18,104	21,597	15,294
Number of automobile accidents	3,098	2,865	2,314	1,817	1,865	1,858	1,917	2,413	2,676	2,544
Number of reported crimes	2,862	2,793	2,518	2,544	1,793	1,778	1,508	2,055	1,931	1,678
Water system:										
Water mains breaks	9	22	23	21	9	28	17	21	22	27
Install water meter	130	39	87	27	15	45	108	82	83	165
Sewerage system:										
Sewer backup	132	285	166	269	45	40	191	228	194	195
Sanitation										
Large items pick up	510	981	845	973	369	1,101	965	1,006	1,070	1,263
Recreation and culture:										
Community Center bookings	2,257	2,299	2,321	1,850	2,248	1,838	770	892	1,147	1,220
Visitors to the Center	238,667	250,224	254,750	250,000	272,000	277,400	309,870	285,000	300,000	300,000
Senior Aquatic Center classes	995	1,367	1,310	1,367	1,339	1,230	1,150	1,192	1,231	1,352
Library										
Attendance	130,293	253,330	267,558	268,746	271,050	248,383	261,993	235,666	239,516	204,277
Circulation	102,170	203,880	210,323	217,523	232,116	220,652	229,068	216,810	243,502	261,411

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>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>	<u>2015</u>
Public Works:										
Miles of streets	176	176	176	176	176	176	176	223	225	225
Number of traffic lights	53	60	60	693	693	693	693	699	699	699
Number of street lights:	2,700	3,972	3,972	3,972	3,972	3,972	3,972	3,972	328	328
Fire protection:										
Number of stations	4	4	4	4	4	4	4	5	5	5
Number of fire fighters and officers	68	73	76	76	72	72	72	80	80	80
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of police officers	95	97	94	94	94	92	88	87	90	87
Water system:										
Number of consumers	13,391	14,067	14,344	14,110	13,500	13,486	13,606	14,500	14,417	14,417
Average daily consumption in gallons	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	3,540,000
Miles of water mains	241	241	241	241	241	241	241	241	241	241
Sewerage system:										
Miles of sanitary sewers	138	138	138	138	138	138	138	179	181	181
Miles of storm sewers	80	80	80	80	80	80	80	142	147	147
Building permits issued	1,051	590	118	159	483	686	886	1,041	754	741
Recreation and culture:										
Number of parks	27	29	29	29	27	27	27	27	27	27
Park acreage	262	263	265	325	325	327	327	327	327	327
Number of libraries	1	1	1	1	1	1	1	1	1	1
Number of items	108,894	109,933	110,433	111,816	109,183	112,647	111,607	93,246	90,972	92,703

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

COMPLIANCE SECTION

**CITY OF SMYRNA, GEORGIA
 CAR RENTAL TAX
 SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Revenues</u>	<u>Expenditures *</u>	<u>Percentage Expended</u>
<u>\$161,634</u>	<u>\$ 161,634</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, 2015**

<u>Revenues</u>	<u>Expenditures *</u>	<u>Percentage Expended</u>
<u>\$ 1,139,373</u>	<u>\$ 670,536</u>	<u>59%</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, 2015

Project	Original Estimated Cost	Current Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
2006 SPLOST Program:						
Transportation Projects	\$ 43,400,391	\$ 42,671,986	\$ 40,846,257	\$ 676,492	\$ 41,522,749	97%
800 MHz Radios	850,067	796,794	796,794	-	796,794	100%
Total	<u>\$ 44,250,458</u>	<u>\$ 43,468,780</u>	<u>\$ 41,643,051</u>	<u>\$ 676,492</u>	<u>\$ 42,319,543</u>	
2012 SPLOST Program:						
Transportation Projects	\$ 29,229,814	\$ 35,109,798	\$ 12,866,765	\$ 10,040,841	\$ 22,907,606	65%
Park Projects	2,137,000	2,137,000	644,037	1,079,479	1,723,516	81%
Public Safety Projects	1,527,000	2,185,000	510,198	1,086,363	1,596,561	73%
Keep Smyrna Beautiful Projects	1,040,504	2,021,676	622,341	1,373,213	1,995,554	99%
Total	<u>\$ 33,934,318</u>	<u>\$ 41,453,474</u>	<u>\$ 14,643,341</u>	<u>\$ 13,579,896</u>	<u>\$ 28,223,237</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, 2015, 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 30, 2015.

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.


Grace Galvis McGrath, LLC
Kennesaw, Georgia

December 30, 2015