



**Comprehensive Annual  
Financial Report  
Fiscal Year Ending  
June 30, 2013**

**Prepared by the Finance Department**

# TOWN OF SMYRNA, TENNESSEE

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## **INTRODUCTORY SECTION**

**Town Council**

Marc Adkins, Vice-Mayor  
H. G. Cole  
Paul Johns  
Lance Lee  
Tim Morrell  
Rick Wise

**Mayor**

Mary Esther Reed

**Town Manager**

Mark O'Neal

November 1, 2013

The Honorable Mayor, Town Council and Citizens of the Town of Smyrna, Tennessee:

The Comprehensive Annual Financial Report of the Town of Smyrna, Tennessee (the “Town” or “Town of Smyrna”) for the fiscal year ending June 30, 2013 is hereby submitted as required by state statutes. These statutes require that all general-purpose local governments publish a complete set of audited financial statements.

Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town’s financial statements. Because the cost of internal controls should not exceed anticipated benefits, the Town’s internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

The Town’s financial statements have been audited by Yeary, Howell & Associates. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion. The independent auditor’s report is presented as the first component of the financial section of this report.

Management’s Discussion and Analysis (MD&A) provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town of Smyrna’s MD&A can be found immediately following the report of the independent auditors.

**Profile of the Government**

The Town of Smyrna is located in middle Tennessee in the northwestern part of Rutherford County; it has grown 39.1% in the previous ten years. The Town is in close proximity to the southeastern boundary of Metropolitan Nashville-Davidson County and is joined by the City of Murfreesboro on the south. The City of LaVergne is immediately to the northwest of the Town. The incorporated area of the Town covers approximately 29 square miles and serves an estimated population of 41,705.

The Town was first incorporated in December 1869, but that incorporating charter was repealed in 1881. The Town then operated under a Mayor and Commission form of government authorized by a charter dated May 5, 1915. In January 2000, the Town adopted a new charter changing to a Council-Manager form of government. The new charter also changed the number of members in the governing body of the Town. The governing body is made up of the Mayor and six Council Members, who serve four-year terms of office. The Mayor and Council appoint the Town Manager, who is the chief, non-elected administrative officer of the Town.

The Town provides a wide range of services characteristic of similar jurisdictions in the state. These services include police and fire protection; the maintenance of highways and streets; parks and recreation; community development; planning and zoning; stormwater; and general administrative services. The Town also operates water, sewer, and natural gas utilities for its residents. Electric power is provided by the Middle Tennessee Electric Membership Cooperative. The Town is also financially accountable for a legally separate industrial development board, which is reported separately within the Town's financial statements. Additional information on this board can be found in the notes to the financial statements on page 29.

The annual budget serves as the foundation for the Town's financial planning and control. The Town maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Town's governing body. The legal level of budgetary control is at the department level. Any revision to the total expenditures of any department or transfers between departments must be approved by the Town Council. Additional information concerning the Town's budgetary process can be found on page 46 of this report.

## **Local Economy**

The Town currently enjoys a favorable economic environment and local indicators point to continued stability. The Town enjoys a diversified base of employment from area industries and also serves as a bedroom community to Nashville. The largest single employer is Nissan North America, Inc., a leading manufacturer of vehicles in America. Nissan is also one of Tennessee's largest employers which employs more than 7,000 people with an annual payroll in excess of \$275 million.

The Town continues to see commercial growth within its boundaries. This growth is in both expansion of existing companies and new businesses choosing to locate in Smyrna. Nissan North America-Smyrna is under way with a \$200 million expansion of the paint shop facility. Motlow State Community College recently completed a \$7.6 million dollar addition that will double its size. Taylor Farms expansion results in a \$5.9 million investment and the creation of 170 new jobs. Other expansions include Kroger, Goodwill and Premier System Integrators. Academy Sports, Holiday Inn Express, O'Reilly Auto Parts, Bojangles, Dollar General and TJ Maxx are just some of the new businesses that have opened or in the process of opening. This growth provides jobs and revenues to the Town.

The local economy has historically remained healthier than the national economy, with the average unemployment rate below the national average. During the past ten years, the unemployment rate for Smyrna has averaged about 6.4%, while the national unemployment rate for the same time period has averaged about 7.8%. The local unemployment rate is expected to decrease in the near future due to continued new business creation.

### **Long-term Financial Planning**

As part of the Town's budget process, a five-year capital plan is developed in order to assess future needs. As part of this plan, projects are evaluated as to their future funding source in order that the Town can adequately plan for future bond issue needs.

### **Relevant Financial Policies**

The Town's Financial, Debt, and Budget Management Policy, as adopted by the Town Council, requires that ending fund balance of the general fund be maintained at a level that equals at least 30 to 35% of the general fund operating revenue. This policy is in place to provide a contingency plan for times of economic downturn or one-time use for capital expansion.

### **Major Initiatives**

The Town's impressive amenities, such as our superior park system, executive and regulation golf courses, extensive greenways, and our forward looking approach to infrastructure improvements, and recruitment of commercial business allow us to continue to live up to our reputation of being one of the top 10 best places to retire by U.S. News and World Report (2008). More recently, Forbes Magazine recognized the Town as one of the top 25 suburbs for retirement touting the Town's cost of living is 11% below the national average (2011).

The Town continues to abide by our Employees' Guiding Principles to remind us that everything we do as an organization and as individual employees of the Town is to benefit the citizens of Smyrna. Management and all employees give particular attention to customer service, respecting all members of the organization, being innovative, financially responsible, and embracing a mentoring mindset.

The Town continues to pursue the Federal Highway Administration and Tennessee Department of Transportation regarding the construction of another interchange off Interstate 24 within the Town's corporate boundaries. Providing this additional interchange would allow for a wealth of opportunities for commercial growth while further benefiting our citizens by providing an additional means of accessing Interstate 24.

The Town received a certificate of Public Purpose and Necessity for a Business Park. The certificate is issued by the Department of Economic and Community Development of the State of Tennessee. This 43 acre site will be marketed as sites for Class A Office and Related Services. Construction on the first phase of improvements of the property has commenced. Phase 1

includes the installation of entrances, signage, road base, perimeter landscaping which will allow prospective clients to see the concept and anticipate building locations.

The Town of Smyrna completed a major expansion at our Water Treatment Plant. This expansion increased the treatment capacity from 15 million gallons per day (MGD) to 18.3 (MGD) along with several upgrades to the treatment process including state of the art membrane filtration, water softening and hyper-chlorite generation.

The Town has placed into service a Wastewater Effluent Reuse System. This “green” initiative provides non-potable water for irrigation and other purposes to commercial and industrial uses and will be expanded in the future for residential areas. This project also reduces the amount of effluent returned to the Hart’s Brach tributary which assists the Wastewater Treatment Plant operations, while reducing demands on the treatment of potable water at our Water Treatment Plant.

### **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 Town of Smyrna for its comprehensive annual financial report (CAFR) for the year ended June 30, 2012. The Town of Smyrna has received a Certificate of Achievement for the last twenty five consecutive years (fiscal years ended 1988-2012). In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. 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 CAFR 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 would not have been possible without the efforts of the members of the Finance Department office staff, Kay Charles, Tammie Mitchell, Beth Morris, Sierra Nolen and Donna Getner, and the cooperation of each of the Town's departments. Specific appreciation is expressed to Finance Manager, Ed Hamblin and Financial Analyst, Danita Hunt, on their preparation and thoroughness throughout the audit process. Credit also must be given to the Mayor and Town Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Smyrna’s finances.

Respectfully submitted,



Mark O’Neal, ICMA-CM  
Town Manager



Rex S. Gaither, CMFO, CPPB  
Finance Director



Government Finance Officers Association

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

Presented to

**Town of Smyrna  
Tennessee**

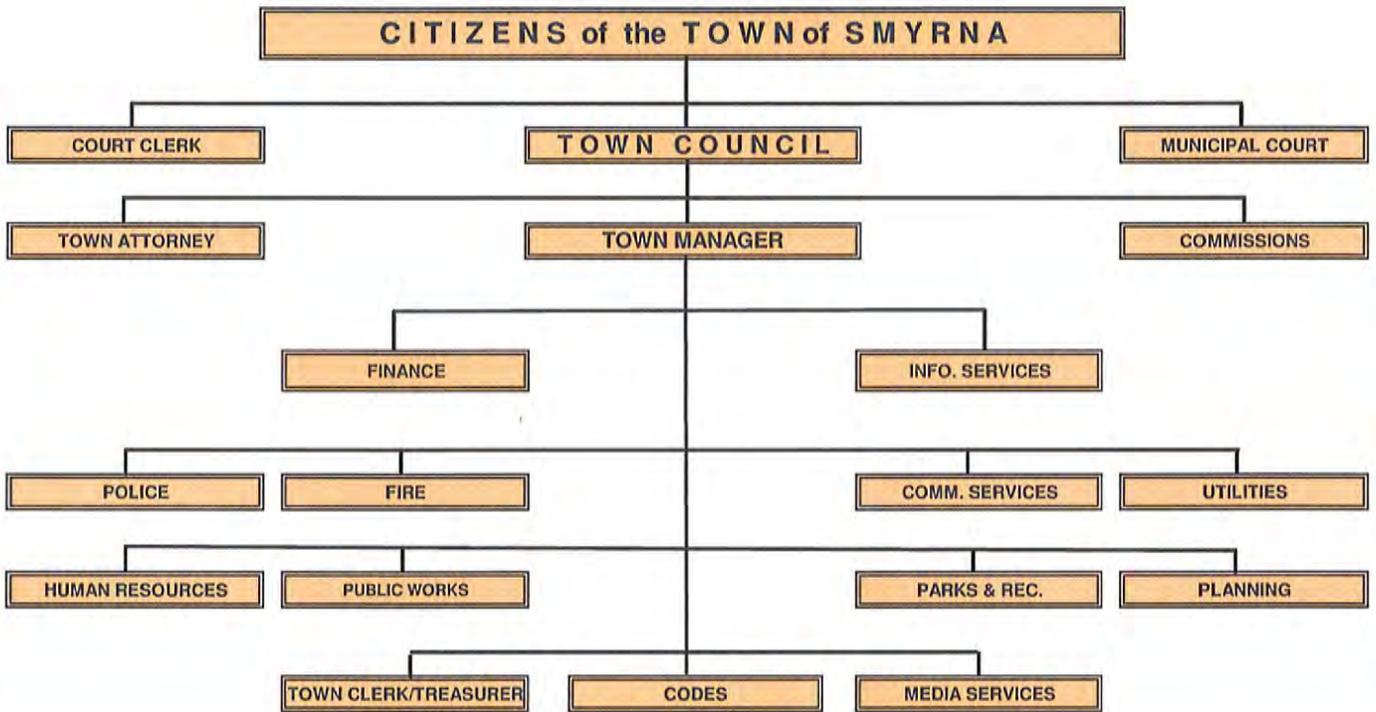
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

# ORGANIZATIONAL CHART

## July 2012



# TOWN OF SMYRNA, TENNESSEE

## Town Officials

### ELECTED OFFICIALS:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tony Dover	Mayor	December 2014
Mary Esther Reed	Vice Mayor, Councilwoman	December 2014
H. G. Cole	Councilman	December 2014
Tim Morrell	Councilman	December 2016
Paul Johns	Councilman	December 2016
Lance Lee	Councilman	December 2014
Marc Adkins	Councilman	December 2014

### APPOINTED OFFICIALS:

		<u>Date of Appointment</u>
Mark O'Neal*	Town Manager	September 2002
Paul Wilson	Director of Utilities	August 2012
Rex S. Gaither**	Director of Finance	November 2010
Kevin Arnold	Chief of Police	December 2006
Bill Culbertson	Fire Chief	January 1993
David King	Director of Public Works	February 2007
Hal Loflin	Director of Community Services	June 1993
Mike Moss	Director of Parks and Recreation	June 2004

\*The Town maintains a \$200,000 bond on the Town Manager

\*\*The Town maintains a \$100,000 bond on the Director of Finance.

## **FINANCIAL SECTION**

# YEARY, HOWELL & ASSOCIATES

*Certified Public Accountants*

501 EAST IRIS DRIVE  
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY  
GREGORY V. HOWELL

(615) 385-1008  
FAX (615) 385-1208

## **Independent Auditor's Report**

Honorable Mayor and Town Council  
Town of Smyrna, Tennessee  
Smyrna, Tennessee

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Smyrna, Tennessee (the Town), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Town'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 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 of 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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Smyrna, Tennessee as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principle**

As discussed in Note 16 to the financial statements, in 2013, the Town adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflow of Resources, Deferred Inflow of Resources, and Net Position* and GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements and early implemented GASB Statement No. 65, Items Previously Recognized as Assets and Liabilities*. Our opinion is not modified with respect to these matters.

Mayor and Town Council  
Town of Smyrna, Tennessee  
Smyrna, Tennessee

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pages 3 through 12, 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 Town of Smyrna's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, and statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund statements and schedules, 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 statements and schedules are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

### *Other Reporting Required by Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Smyrna's internal control over financial reporting and compliance.

*Yeary Howell & Associates*

November 1, 2013

# Management's Discussion and Analysis

As management of the Town of Smyrna, Tennessee (the "Town" or the "Town of Smyrna"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2013. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Town. Please consider the information presented here in conjunction with our Letter of Transmittal (page i) and the Town's financial statements (beginning on page 13).

## Financial Highlights

- The assets of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$210,572,891 (net position). Of this amount, \$29,171,694 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$4,918,049.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$23,334,991, an increase of \$2,720,033 in comparison with the prior year. Approximately 65.42% of this total amount, \$15,266,713, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$15,266,713, or 53.95% of total general fund expenditures. This demonstrates the Town's fiscal discipline and places the Town in a financial position to meet unexpected emergencies, uncertainties at the State level or the general slowdown in the economy.
- The Town of Smyrna's total debt decreased by \$4,078,543 during the current fiscal year. This was a result of the issuance of \$611,019 in new debt and the payment of current debt owed.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction of the Town of Smyrna's basic financial statements. The Town's 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 themselves.

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

The statement of net position presents information on all of the Town's assets and liabilities and deferred inflows of resources, with the difference between the two 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 Town of Smyrna is improving or deteriorating.

The statement of activities presents information showing how the government'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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town 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 Town include general government, public safety, highways and streets, stormwater, recreation and community development. The business-type activities of the Town include the Water and Sewer Fund and the Natural Gas Fund.

The government-wide financial statements can be found on pages 13-14 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 Town, 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 Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a 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. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund, both of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

The general fund statement of revenues, expenditures, and changes in fund balance provides additional details of the fund, as well as, a budget comparison to demonstrate compliance with the budget. This statement can be found on pages 19-22 of this report.

Individual fund data for each of the nonmajor governmental funds is provided in the form of combining and individual fund statements and schedules. The schedules provide a budget comparison to demonstrate compliance with the budget.

The combining and individual fund statements and schedules can be found on pages 51-57 of this report.

**Proprietary funds.** The Town maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its Water and Sewer Fund and Natural Gas Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its self-insured insurance. Because this service benefits both governmental and business-type functions, it has been allocated between both governmental activities and business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund and the Natural Gas Fund, both of which are considered to be major funds of the Town. The internal service fund is also presented in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 23-26 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 27-28 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-49 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. In the case of the Town of Smyrna, assets exceeded liabilities and deferred inflows of resources by \$210,572,891 at the close of the most recent fiscal year.

#### Net Position - Primary Government June 30

	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
		As Restated		As Restated		As Restated
Current and Other Assets	\$ 40,320,055	\$ 35,835,279	\$ 17,117,430	\$ 14,471,148	\$ 57,437,485	\$ 50,306,427
Capital Assets	96,172,115	98,190,964	146,458,099	148,919,513	242,630,214	247,110,477
Total Assets	136,492,170	134,026,243	163,575,529	163,390,661	300,067,699	297,416,904
Long-term Liabilities Outstanding	22,044,240	23,188,522	50,245,687	53,840,595	72,289,927	77,029,117
Other Liabilities	2,442,245	2,867,276	2,951,625	2,954,222	5,393,870	5,821,498
Total Liabilities	24,486,485	26,055,798	53,197,312	56,794,817	77,683,797	82,850,615
Unavailable Revenues	11,811,011	10,156,638	-	-	11,811,011	10,156,638
Total Deferred Inflows of Resources	11,811,011	10,156,638	-	-	11,811,011	10,156,638
Net Positions:						
Net Investment in Capital Assets	76,999,847	77,980,535	96,772,588	97,067,481	173,772,435	175,048,016
Restricted	7,628,762	6,841,336	-	-	7,628,762	6,841,336
Unrestricted	15,566,065	12,991,936	13,605,629	9,528,363	29,171,694	22,520,299
Total Net Position	\$ 100,194,674	\$ 97,813,807	\$ 110,378,217	\$ 106,595,844	\$ 210,572,891	\$ 204,409,651

By far the largest portion of the Town of Smyrna's net position (82.52 %) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town of Smyrna uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Smyrna's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Town's net position (3.62 %) represents resources that are subject to external restrictions on how they may be used. These include net assets restricted for capital projects (\$4,530,099), cemetery (\$558,342) highways and streets (\$190,200), stormwater (\$2,296,550) and law enforcement (\$53,571). The remaining balance of unrestricted net assets (\$29,171,694) may be used to meet the government's ongoing obligations to citizens and creditors.

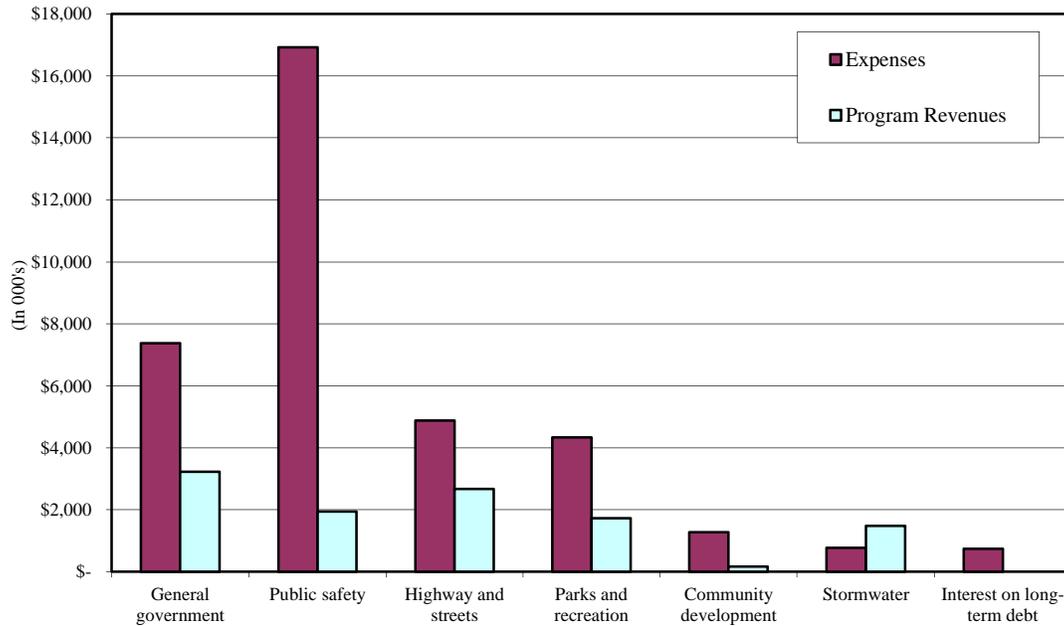
At the end of the current fiscal year, the Town of Smyrna is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**Governmental activities.** Governmental activities increased the Town of Smyrna's net position by \$1,758,972. The town's revenues were \$176,394 greater than last year. Revenue showed growth in sales tax (9.03%), other taxes (9.01%) and operating grants & contributions (32.86%). Revenues decreased in capital grants & contributions (42.6%), property tax & in lieu of tax (0.52%) and unrestricted investment earnings (51.4%). The town's expenses were \$468,089 less than last year. Departmental expenses decreased in public safety (3.68%) and parks & recreation (4.47%). Departmental expenses increased in highway and streets (8%) and stormwater (14.06%). All the other departmental revenues and expenses were neither up or down in a significant dollar amount.

**Changes in Net Position  
For the year ended June 30**

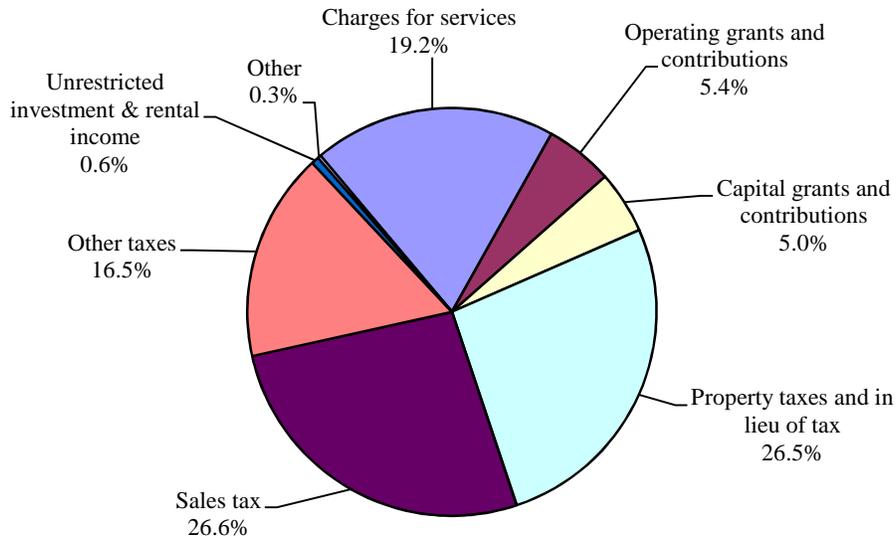
	Governmental Activities		Business-Type Activities		Total	
	2013	2012 As Restated	2013	2012 As Restated	2013	2012 As Restated
<b>Revenues:</b>						
Charges for services	\$ 7,291,535	\$ 7,336,068	\$ 28,509,272	\$ 23,885,729	\$ 35,800,807	\$ 31,221,797
Operating grants and contributions	2,039,015	1,534,671	-	-	2,039,015	1,534,671
Capital grants and contributions	1,880,582	3,276,378	1,988,624	2,196,923	3,869,206	5,473,301
General revenues:	-	-	-	-	-	-
Property taxes and in lieu of tax	10,047,891	10,100,115	-	-	10,047,891	10,100,115
Sales tax	10,116,499	9,278,787	-	-	10,116,499	9,278,787
Other taxes	6,269,437	5,751,207	-	-	6,269,437	5,751,207
Gain on sale of capital assets	-	-	-	-	-	-
Unrestricted investment earnings	225,037	437,803	94,510	202,056	319,547	639,859
Other	97,612	76,185	18,775	-	116,387	76,185
<b>Total Revenues</b>	<b>37,967,608</b>	<b>37,791,214</b>	<b>30,611,181</b>	<b>26,284,708</b>	<b>68,578,789</b>	<b>64,075,922</b>
<b>Expenses:</b>						
General government	7,372,627	7,321,245	-	-	7,372,627	7,321,245
Public safety	16,921,361	17,568,059	-	-	16,921,361	17,568,059
Highway and streets	4,879,112	4,517,730	-	-	4,879,112	4,517,730
Parks and recreation	4,336,852	4,540,006	-	-	4,336,852	4,540,006
Community development	1,271,570	1,362,977	-	-	1,271,570	1,362,977
Stormwater	772,488	677,236	-	-	772,488	677,236
Interest on long-term debt	740,988	775,834	-	-	740,988	775,834
Water and Sewer	-	-	13,499,799	13,426,393	13,499,799	13,426,393
Natural Gas	-	-	12,620,752	13,005,327	12,620,752	13,005,327
<b>Total expenses</b>	<b>36,294,998</b>	<b>36,763,087</b>	<b>26,120,551</b>	<b>26,431,720</b>	<b>62,415,549</b>	<b>63,194,807</b>
Increase in net position before transfers	1,672,610	1,028,127	4,490,630	(147,012)	6,163,240	881,115
Transfers	708,257	703,312	(708,257)	(703,312)	-	-
Increase in net position	2,380,867	1,731,439	3,782,373	(850,324)	6,163,240	881,115
Net position - beginning , as restated	97,813,807	96,082,368	106,595,844	107,446,168	204,409,651	203,528,536
<b>Net position - ending</b>	<b>\$ 100,194,674</b>	<b>\$ 97,813,807</b>	<b>\$ 110,378,217</b>	<b>\$ 106,595,844</b>	<b>\$ 210,572,891</b>	<b>\$ 204,409,651</b>

## Expenses and Program Revenues – Governmental Activities



As the above graph shows, Public Safety is the largest activity, reflecting the Town’s commitment to a safe community. General Government is the next largest activity, which is responsible for the administration of the government. Highways and Streets and Parks and Recreation were also substantial activities reflecting the Town’s commitment to safe roads and leisure activity.

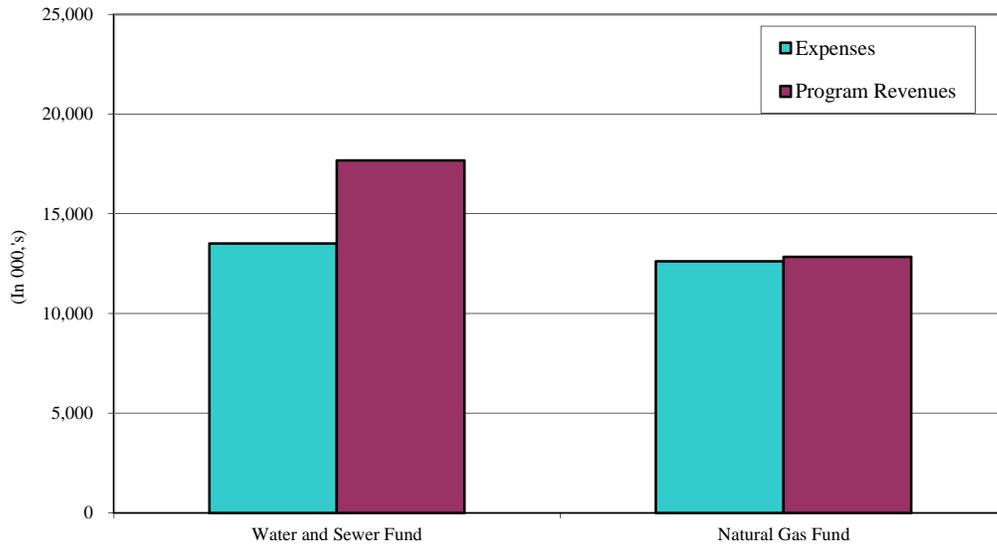
## Revenue by Source – Governmental Activities



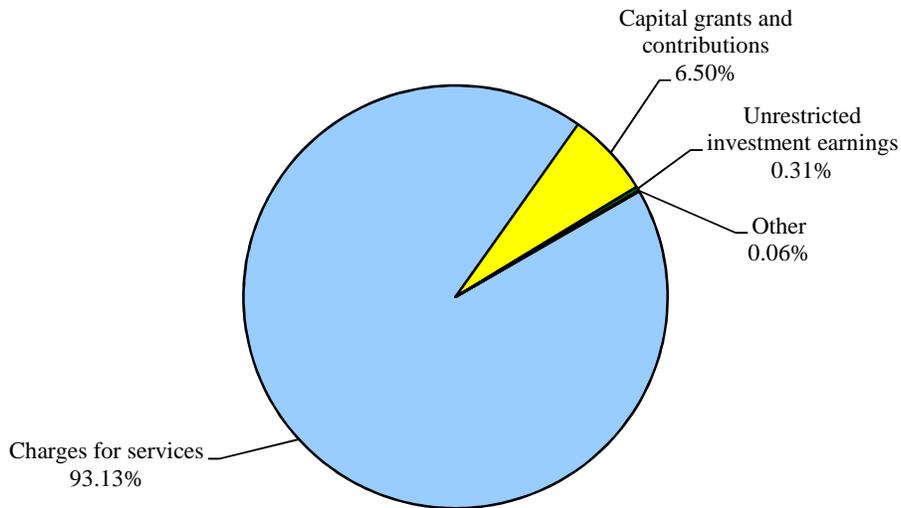
**Business-type activities.** Business-type activities increased the Town of Smyrna’s net position by \$3,159,077. Key elements of this increase are as follows:

- The operating revenues were more in the Water & Sewer Fund and Gas Fund than in the previous year. Both funds expenses were less than in the previous year.

**Expenses and Program Revenues – Business-type Activities**



**Revenues by Source – Business-type Activities**



## Financial Analysis of the Government's Funds

As noted earlier, the Town of Smyrna uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$23,334,991, an increase of \$2,720,033 in comparison with the prior year. Approximately 65% of this total amount \$15,266,713 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for restrictions \$7,978,493 and prepaid items and inventory \$89,785.

The general fund is the chief operating fund of the Town of Smyrna. The general fund balance increased by \$2,110,749 during the current fiscal year. At the end of the current fiscal year, unassigned fund balance of the general fund was \$15,266,713, while total fund balance was \$15,914,840. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 54 percent of total general fund expenditures, while total fund balance represents 56 percent of that same amount.

The capital projects fund has a total fund balance of \$420,020. The net decrease in fund balance during the current year in the capital projects fund was \$63,081. The key factor in this decrease was for the purchase of capital outlay.

**Proprietary funds.** The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$3,456,301 and those for the Natural Gas Fund amounted to \$9,178,848. The change in unrestricted net position for the funds was an increase of \$2,412,530 and of \$634,433, respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town's business-type activities.

### General Fund Budgetary Highlights

During the year there was a \$26,000 net increase in appropriations between the original and final amended general fund expenditure budget and can be summarized with the following increase:

- \$16,000 supplemental amendment to fund travel for the legislative department.
- \$10,000 supplemental amendment to fund over-time salaries for the judicial department.

These supplemental amendments were funded from an increase in business tax revenue.

Additional information about the budget process can be found in Note 16, on page 47 of this report.

## Capital Asset and Debt Administration

**Capital assets.** The Town of Smyrna's investment in capital assets for its governmental and business type activities as of June 30, 2013 amounts to \$242,630,214 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water, sewer and gas system, construction in progress, machinery and equipment, park facilities, roads, highways and bridges. The total decrease in the Town of Smyrna's investment in capital assets for the current fiscal year was 1.81 percent (a 2.06 percent decrease for governmental activities and a 1.65 percent decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

- The construction phase was completed on the foundation repairs at Town Hall; which amounted to \$117,822 for the fiscal year.
- The development of "The Summit" business park continued; which amounted to \$99,631 for the year.
- The installation of a traffic signal at Morton and Almadale Road was substantially completed; which amounted to \$258,243 for the year.
- Construction completed on the Town Centre expansion and improvements; which amounted to \$58,749 for this project for the fiscal year.
- Purchased 6 police patrol vehicles. This purchase resulted in an increase in equipment of \$144,523.
- Purchased SCBA equipment for the fire department. This purchase resulted in an increase in equipment of \$397,310
- Construction continued on Cedar Stone Park; which amounted to \$530,446 for this project.
- Purchased 36 electric golf carts. This purchase resulted in an increase in equipment of \$79,160.
- Stormwater drainage improvements were completed; which amounted to \$88,608 for the year.
- Sewer rehabilitation work continued; which amounted to \$348,493 for this project for the fiscal year.
- Construction completed on the water reuse project; which amounted to \$105,020 for the fiscal year and \$6,784,101 for the project.
- Construction completed on the water plant improvements and expansion; which amounted to \$928,735 for the fiscal year and \$33,395,074 for the project.
- There were developer donations of water and sewer improvements and general government activities' infrastructure in the amount of \$1,435,857.

### Capital Assets (net of accumulated depreciation) June 30

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Land	\$ 5,532,688	\$ 5,532,688	\$ 1,681,903	\$ 1,681,903	\$ 7,214,591	\$ 7,214,591
Water rights	-	-	2,350,000	2,350,000	2,350,000	2,350,000
Buildings and system	12,201,269	10,929,697	141,589,886	103,493,436	153,791,155	114,423,133
Improvements other than buildings	8,882,049	9,299,878	-	-	8,882,049	9,299,878
Machinery and equipment	5,112,555	5,182,603	323,713	590,447	5,436,268	5,773,050
Infrastructure	61,962,489	64,134,635	-	-	61,962,489	64,134,635
Construction in progress	2,481,065	3,111,463	512,597	40,803,727	2,993,662	43,915,190
<b>Total Assets, net</b>	<b>\$ 96,172,115</b>	<b>\$ 98,190,964</b>	<b>\$ 146,458,099</b>	<b>\$ 148,919,513</b>	<b>\$ 242,630,214</b>	<b>\$ 247,110,477</b>

Additional information on the Town's capital assets can be found in Note 3 on page 36 of this report.

**Long-term debt.** At the end of the current fiscal year, the Town of Smyrna had total bonded debt, revolving loan, county loan and capital lease obligations outstanding of \$69,406,006. Of this amount, \$20,218,898 is debt backed by the full faith and credit of the government; \$49,187,108 is debt secured by specified revenue sources, but backed by the taxing authority of the Town (i.e., revenue and tax bonds).

**Outstanding Debt  
General Obligation, Revenue Bonds, Loans and Leases  
June 30**

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
		As Restated		As Restated		As Restated
General obligation bonds	\$ 19,636,051	\$ 20,739,991	\$ -	\$ -	\$ 19,636,051	\$ 20,739,991
Capital lease	43,328	51,043	-	-	43,328	51,043
Obligation to county	539,519	539,519	-	-	539,519	539,519
Revenue and tax bonds	-	-	45,652,228	49,003,603	45,652,228	49,003,603
Revolving loan	-	-	3,534,880	3,689,912	3,534,880	3,689,912
Total	<u>\$ 20,218,898</u>	<u>\$ 21,330,553</u>	<u>\$ 49,187,108</u>	<u>\$ 52,693,515</u>	<u>\$ 69,406,006</u>	<u>\$ 74,024,068</u>

The Town of Smyrna’s total bonded debt decreased by \$4,078,543 (5.55%) during the current fiscal year. This was a result of the issuance of \$611,019 in new debt and the payment of current debt owed.

The Town of Smyrna maintains a “AA” rating from Standard and Poor’s and an “Aa3” rating from Moody’s Investors Service for its general obligation and revenue and tax bonds debt.

State statutes set no limit for the amount of general obligation debt a governmental entity may issue. However, the Town has established a policy that tax supported debt not exceed 10% of assessed property value. The Town’s tax supported debt is currently at 6.89% of assessed property value.

Additional information on the Town of Smyrna’s long-term debt can be found in Note 6 on pages 38-40 of this report.

**Economic Factors and Next Year’s Budgets and Rates**

- Management believes unemployment in the area will continue to decrease due to the Nissan plant expansion and construction of the new battery plant.
- Local sales tax collections continue to come in at amounts greater than the previous year’s collections. This is due to the continued development of commercial businesses through this economic slowdown.
- State shared taxes were less than in the previous year.
- The economic recovery from the downturn seems to be on a slow but steady path.
- The property tax rate was increased from .7595 to .9095 for the 2014 budget year. A surplus of \$753,723 is projected.

These factors were considered in preparing the Town of Smyrna’s budget for the 2014 fiscal year.

## **Requests for Information**

This financial report is designed to provide a general overview of the Town of Smyrna's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town of Smyrna  
Office of the Finance Director  
315 South Lowry  
Smyrna, Tennessee 37167  
E-mail: [rex.gaither@townofsmyrna.org](mailto:rex.gaither@townofsmyrna.org)

TOWN OF SMYRNA, TENNESSEE

Statement of Net Position

June 30, 2013

	Primary Government			Component Units	
	Governmental	Business	Total	Industrial	Charity
	Activities	Activities		Development	Assistance
			Fund	Fund	
<b>Assets</b>					
Cash and cash equivalents	\$24,577,566	10,495,832	35,073,398	55,821	4,251
Receivables (net of allowance for uncollectibles)					
Property taxes	9,229,873	-	9,229,873	-	-
Other taxes	3,277,039	-	3,277,039	-	-
Due from other governments	2,941,857	2,866	2,944,723	-	-
Accounts receivable	553,846	2,689,294	3,243,140	-	-
Inventories, at cost	90,099	677,160	767,259	-	-
Internal balances	(989,255)	989,255	-	-	-
Restricted assets:					
Cash and equivalents - customer and developer deposits	-	1,020,506	1,020,506	-	-
Cash-bond proceeds	-	840,028	840,028	-	-
Other	-	350	350	-	-
Capital outlay note proceeds receivable	611,019	-	611,019	-	-
Note receivable	-	402,139	402,139	-	-
Prepaid items	10,311	-	10,311	-	-
Other assets	17,700	-	17,700	-	-
Non-depreciable capital assets	8,013,753	4,544,500	12,558,253	-	-
Depreciable capital assets (net of accumulated depreciation)	88,158,362	141,913,599	230,071,961	2,752,259	-
<b>Total Assets</b>	<b>\$136,492,170</b>	<b>163,575,529</b>	<b>300,067,699</b>	<b>2,808,080</b>	<b>4,251</b>
<b>Liabilities</b>					
Accounts payable	\$1,361,055	969,427	2,330,482	-	1,915
Accrued liabilities	742,644	458,410	1,201,054	-	-
Interest payable	164,535	215,680	380,215	14,048	-
Unearned revenue	35,322	-	35,322	-	-
Liabilities payable from restricted assets	68,689	1,308,108	1,376,797	-	-
Long-term liabilities due within one year	3,672,260	2,564,315	6,236,575	60,000	-
Long-term liabilities due in more than one year	18,371,980	47,681,372	66,053,352	3,605,000	-
<b>Total Liabilities</b>	<b>24,416,485</b>	<b>53,197,312</b>	<b>77,613,797</b>	<b>3,679,048</b>	<b>1,915</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues	11,881,011	-	11,881,011	-	-
<b>Net Position</b>					
Net investment in capital assets	76,999,847	96,772,588	173,772,435	(912,741)	-
Restricted					
Cemetery maintenance	558,342	-	558,342	-	-
Street maintenance	190,200	-	190,200	-	-
Law enforcement	53,571	-	53,571	-	-
Stormwater	2,296,550	-	2,296,550	-	-
Capital projects	4,530,099	-	4,530,099	-	-
Unrestricted	15,566,065	13,605,629	29,171,694	41,773	2,336
<b>Total Net Position</b>	<b>\$100,194,674</b>	<b>110,378,217</b>	<b>210,572,891</b>	<b>(870,968)</b>	<b>2,336</b>

See accompanying notes to financial statements

TOWN OF SMYRNA, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2013

Functions / Programs:	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Industrial Development Fund	Charity Assistance Fund
					Governmental Activities	Business-type Activities		
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
General government	\$7,372,627	2,466,490	762,647	-	(4,143,490)	-	(4,143,490)	-
Public safety:								
Police	8,847,423	1,676,133	61,797	-	(7,109,493)	-	(7,109,493)	-
Fire	8,073,938	-	40,200	158,730	(7,875,008)	-	(7,875,008)	-
Highways and streets	4,879,112	-	1,174,371	1,492,480	(2,212,261)	-	(2,212,261)	-
Recreation	4,336,852	1,499,155	-	229,372	(2,608,325)	-	(2,608,325)	-
Community Development	1,271,570	168,638	-	-	(1,102,932)	-	(1,102,932)	-
Stormwater	772,488	1,481,119	-	-	708,631	-	708,631	-
Interest expense on long-term debt	740,988	-	-	-	(740,988)	-	(740,988)	-
Total Government Activities	<u>36,294,998</u>	<u>7,291,535</u>	<u>2,039,015</u>	<u>1,880,582</u>	<u>(25,083,866)</u>	<u>-</u>	<u>(25,083,866)</u>	<u>-</u>
<b>Business-type Activities</b>								
Water and Sewer	13,499,799	15,718,937	-	1,943,293	-	4,162,431	4,162,431	-
Natural Gas	12,620,752	12,790,335	-	45,331	-	214,914	214,914	-
Total Business-type Activities	<u>26,120,551</u>	<u>28,509,272</u>	<u>-</u>	<u>1,988,624</u>	<u>-</u>	<u>4,377,345</u>	<u>4,377,345</u>	<u>-</u>
Total Primary Government	<u>\$62,415,549</u>	<u>35,800,807</u>	<u>2,039,015</u>	<u>3,869,206</u>	<u>(25,083,866)</u>	<u>4,377,345</u>	<u>(20,706,521)</u>	<u>-</u>
<b>Component Unit</b>								
Industrial Development Fund	253,500	297,961	-	-	-	-	(44,461)	-
Charity Assistance Fund	7,838	5,502	-	-	-	-	-	2,336
Total Component Units	<u>\$261,338</u>	<u>303,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,461)</u>	<u>2,336</u>
<b>General Revenues:</b>								
Property taxes and in lieu of tax					\$10,047,891	-	10,047,891	-
Sales taxes					10,116,499	-	10,116,499	-
Business tax					1,155,289	-	1,155,289	-
Wholesale beer tax					1,138,256	-	1,138,256	-
Hotel / Motel Tax					424,920	-	424,920	-
Cable TV Franchise Tax					544,562	-	544,562	-
Unrestricted other locally assessed taxes					27,481	-	27,481	-
State shared unrestricted taxes:								
State shared income tax					75,934	-	75,934	-
State shared beer tax					19,763	-	19,763	-
State shared sales tax					2,763,240	-	2,763,240	-
State shared mixed drink tax					95,056	-	95,056	-
Other unrestricted other state shared taxes					24,936	-	24,936	-
Unrestricted investment earnings					225,037	94,510	319,547	7
Other					97,612	18,775	116,387	-
<b>Transfers</b>					708,257	(708,257)	-	-
Total general revenues and transfers					<u>27,464,733</u>	<u>(594,972)</u>	<u>26,869,761</u>	<u>7</u>
Change in net assets					2,380,867	3,782,373	6,163,240	(44,454)
Net position - beginning of year, as restated					<u>97,813,807</u>	<u>106,595,844</u>	<u>204,409,651</u>	<u>(826,514)</u>
Net position - end of year					<u>\$100,194,674</u>	<u>110,378,217</u>	<u>210,572,891</u>	<u>(870,968)</u>

See accompanying notes to financial statements

**TOWN OF SMYRNA, TENNESSEE**

**Balance Sheet  
Governmental Funds**

**June 30, 2013**

<u>Assets</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash	\$15,162,649	-	6,933,173	22,095,822
Receivables (net of allowance for uncollectibles)				
Property taxes	9,285,873	-	-	9,285,873
Other taxes	3,277,039	-	-	3,277,039
Due from other governments	2,629,476	125,312	187,069	2,941,857
Accounts receivable	223,403	-	187,692	411,095
Due from other funds	33,490	-	-	33,490
Inventory of supplies	79,474	-	-	79,474
Capital outlay note proceeds receivable	-	611,019	-	611,019
Prepaid items	10,311	-	-	10,311
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$30,701,715</u>	<u>736,331</u>	<u>7,307,934</u>	<u>38,745,980</u>
<u>Liabilities</u>				
Accounts payable	\$493,595	219,513	193,816	906,924
Accrued costs	730,451	-	12,194	742,645
Due to other funds	18,775	28,109	5,381	52,265
Contracts payable	-	68,689	-	68,689
Unearned revenue	35,322	-	-	35,322
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>1,278,143</u>	<u>316,311</u>	<u>211,391</u>	<u>1,805,845</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenues	<u>13,508,732</u>	<u>-</u>	<u>96,412</u>	<u>13,605,144</u>
<u>Fund Balance:</u>				
<u>Nonspendable:</u>				
Inventory	79,474	-	-	79,474
Prepays	10,311	-	-	10,311
<u>Restricted for:</u>				
Cemetery maintenance	558,342	-	-	558,342
Street maintenance	-	-	93,788	93,788
Law enforcement	-	-	53,571	53,571
Stormwater	-	-	2,322,673	2,322,673
General capital projects	-	420,020	-	420,020
Roads capital projects	-	-	4,061,814	4,061,814
Parks capital projects	-	-	173,236	173,236
Fire protection capital projects	-	-	295,049	295,049
Unassigned	15,266,713	-	-	15,266,713
Total Fund Balances	<u>15,914,840</u>	<u>420,020</u>	<u>7,000,131</u>	<u>23,334,991</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$30,701,715</u>	<u>736,331</u>	<u>7,307,934</u>	<u>38,745,980</u>

See accompanying notes to financial statements.

**TOWN OF SMYRNA, TENNESSEE**

**Reconciliation of Balance Sheet to Statement of Net Position  
of Governmental Activities**

**June 30, 2013**

<b>Amounts reported for fund balance - total governmental funds</b>	\$23,334,991
<b>Amounts reported for governmental activities in the statement of net position are different because:</b>	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported in the funds.	96,172,115
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	
State shared revenues and local option sales tax receivable	1,322,359
Property taxes receivable	345,774
Internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	1,210,510
Interest payable on long-term obligations are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	(164,535)
Prepaid insurance related to bond issues are amortized over the life of the bonds in the statement of activities.	17,700
Bond premiums are amortized as a component of interest in the statement of activities.	(35,219)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not recorded in the funds.	
Governmental bonds and notes payable	(19,636,051)
Other claims	(539,519)
Compensated absences	(1,790,123)
Capital leases	(43,328)
Net position of governmental activities	<u>\$100,194,674</u>

See accompanying notes to financial statements.

**TOWN OF SMYRNA, TENNESSEE**

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds**

**For the Year Ended June 30, 2013**

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$20,932,248	-	-	20,932,248
Payment in lieu of taxes	2,487,069	-	-	2,487,069
Licenses and permits	703,621	-	831,617	1,535,238
Intergovernmental	3,221,263	879,404	1,028,136	5,128,803
Fines and forfeits	1,563,569	-	112,564	1,676,133
Uses of money and property	3,601,572	2,461	1,519,519	5,123,552
Miscellaneous	137,224	48,528	-	185,752
Total Revenues	32,646,566	930,393	3,491,836	37,068,795
<b>Expenditures</b>				
Current:				
General government	6,155,741	279,360	-	6,435,101
Public safety:				
Police	8,624,825	61,856	130,084	8,816,765
Fire	7,974,576	80,705	-	8,055,281
Highways and streets	507,014	664,690	635,371	1,807,075
Recreation	3,806,682	51,504	-	3,858,186
Community development	1,230,554	7,508	-	1,238,062
Stormwater	-	2,284	776,349	778,633
Debt service	-	-	2,475,435	2,475,435
Capital outlay	-	2,308,049	-	2,308,049
Total Expenditures	28,299,392	3,455,956	4,017,239	35,772,587
Excess (deficiency) revenues over expenditures	4,347,174	(2,525,563)	(525,403)	1,296,208
<b>Other Financing Sources (Uses)</b>				
General obligation note issuance	-	611,019	-	611,019
Insurance proceeds	19,849	-	-	19,849
Transfers in	785,150	1,851,463	2,475,435	5,112,048
Transfers out	(3,041,424)	-	(1,362,367)	(4,403,791)
Total Other Financing Source (Uses)	(2,236,425)	2,462,482	1,113,068	1,339,125
Net change in fund balance	2,110,749	(63,081)	587,665	2,635,333
Fund balance, beginning of year, as restated	13,804,091	483,101	6,412,466	20,699,658
Fund balance, end of year	\$15,914,840	420,020	7,000,131	23,334,991

See accompanying notes to financial statements.

**TOWN OF SMYRNA, TENNESSEE**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance  
of Governmental Funds to the Statement of Activities**

**For the Year Ended June 30, 2013**

<b>Net change in fund balances-total governmental funds:</b>	<b>\$2,635,333</b>
 <b>Amounts reported for governmental activities in the statement of activities are different because:</b>	
 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.	
Cost of assets acquired	2,308,048
Depreciation expense	(5,211,842)
Basis of capital assets disposed of	(213)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	(5,444)
Local option sales tax	16,605
State shared taxes	28,841
Contributed capital assets	885,157
 The issuance of long-term debt provides current financial resources to governmental funds. While the repayment of the principal of long-term debt consumes the current financial resources of governmental funds, neither transaction, however, has any effect on net assets. Also governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities.	
Debt repayment	1,722,674
Debt issuance	(611,019)
Amortization of prepaid insurance related to bond issue	(1,967)
Amortization of debt related premium	4,775
 Interest is accrued on outstanding obligations in governmental activities whereas, in governmental funds, an interest expenditure is reported when due:	
Change in accrued interest on debt	6,998
 Expenses reported for governmental activities which do not require the use of financial resources and are not reported as expenditures in the governmental funds:	
Compensated absences	27,852
 Internal service funds are used by management to charge the costs of insurance to individual funds. The net revenue (expenses) of certain activities of internal service funds is reported with governmental activities. (net of amount allocated to business activities)	
	575,069
	\$2,380,867
 Change in net position of governmental activities	 <b>\$2,380,867</b>

See accompanying notes to financial statements.

**TOWN OF SMYRNA, TENNESSEE**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (GAAP Basis) and Actual**

**General Fund**

**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Real estate taxes	\$7,579,775	7,579,775	7,566,266	(13,509)
Business tax	834,000	860,000	1,130,869	270,869
Wholesale beer tax	1,042,350	1,042,350	1,138,256	95,906
Local option sales tax	9,395,794	9,395,794	10,099,894	704,100
Hotel / motel tax	294,620	294,620	424,920	130,300
Cable TV / gas franchise tax	485,000	485,000	544,562	59,562
Other	26,500	26,500	27,481	981
Total Taxes	<u>19,658,039</u>	<u>19,684,039</u>	<u>20,932,248</u>	<u>1,248,209</u>
Payments in lieu of taxes	<u>2,443,661</u>	<u>2,443,661</u>	<u>2,487,069</u>	<u>43,408</u>
Licenses and Permits	<u>582,500</u>	<u>582,500</u>	<u>703,621</u>	<u>121,121</u>
Intergovernmental Revenues:				
State income tax	60,800	60,800	75,934	15,134
State beer tax	20,000	20,000	19,763	(237)
State sales tax	2,791,685	2,791,685	2,752,285	(39,400)
State mixed drink tax	175,000	175,000	103,566	(71,434)
State petroleum special tax	82,000	82,000	81,912	(88)
Federal and state grants	18,400	18,400	18,320	(80)
State street maintenance contracts	110,000	110,000	62,347	(47,653)
State fire supplement	45,000	45,000	40,200	(4,800)
State police supplement	45,000	45,000	42,000	(3,000)
Other state and county shared taxes	22,575	22,575	24,936	2,361
Total Intergovernmental Revenues	<u>3,370,460</u>	<u>3,370,460</u>	<u>3,221,263</u>	<u>(149,197)</u>
Fines and forfeits	<u>1,452,900</u>	<u>1,452,900</u>	<u>1,563,569</u>	<u>110,669</u>
Uses of Property and Money:				
Penalties	51,750	51,750	51,644	(106)
Interest earned	319,438	319,438	170,910	(148,528)
Rent	115,000	115,000	115,817	817
Traffic school fees	122,500	122,500	142,691	20,191
Administrative support charges	1,387,117	1,387,117	1,387,117	-
Cemetery revenue	74,000	74,000	65,600	(8,400)
Recreation fees and community center fees	1,400,840	1,400,840	1,499,155	98,315
Food sales	190,000	190,000	168,638	(21,362)
Total Uses of Property and Money	<u>3,660,645</u>	<u>3,660,645</u>	<u>3,601,572</u>	<u>(59,073)</u>
Other	<u>50,700</u>	<u>50,700</u>	<u>137,224</u>	<u>86,524</u>
Total Revenues	<u>31,218,905</u>	<u>31,244,905</u>	<u>32,646,566</u>	<u>1,401,661</u>
Expenditures:				
General Government:				
Current:				
Legislative Board:				
Salaries	36,000	36,000	36,000	-
Benefits and payroll taxes	58,310	58,310	55,878	2,432
Insurance	25,381	25,381	25,381	-
Other	24,500	40,500	24,785	15,715
Total Legislative Board	<u>144,191</u>	<u>160,191</u>	<u>142,044</u>	<u>18,147</u>

Continued on next page

**TOWN OF SMYRNA, TENNESSEE**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (GAAP Basis) and Actual, Continued**  
**General Fund**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures, Continued:				
General Government, Continued:				
Current, Continued:				
City and General Sessions Court:				
Salaries	\$714,506	724,506	754,757	(30,251)
Benefits and payroll taxes	305,644	305,644	276,796	28,848
Contractual services	72,410	72,410	47,482	24,928
Other	90,386	90,386	47,047	43,339
Total Town and General Sessions Court	<u>1,182,946</u>	<u>1,192,946</u>	<u>1,126,082</u>	<u>66,864</u>
Vehicle Maintenance:				
Salaries	192,340	192,340	168,773	23,567
Benefits and payroll taxes	96,572	96,572	72,463	24,109
Supplies	30,750	30,750	43,027	(12,277)
Other	27,678	27,678	35,373	(7,695)
Total Vehicle Maintenance	<u>347,340</u>	<u>347,340</u>	<u>319,636</u>	<u>27,704</u>
Codes, Engineering and Planning:				
Salaries	617,239	617,239	614,255	2,984
Benefits and payroll taxes	309,172	309,172	273,390	35,782
Contractual services	3,630	3,630	4,171	(541)
Insurance	4,921	4,921	4,921	-
Telephone and utilities	1,750	1,750	2,268	(518)
Supplies	24,175	24,175	16,480	7,695
Repairs and maintenance	1,000	1,000	1,055	(55)
Professional services	40,500	40,500	39,954	546
Other	18,826	18,826	38,907	(20,081)
Total Codes, Engineering and Planning	<u>1,021,213</u>	<u>1,021,213</u>	<u>995,401</u>	<u>25,812</u>
Building and Grounds:				
Salaries	290,984	290,984	292,811	(1,827)
Benefits and payroll taxes	211,196	211,196	192,598	18,598
Repairs and maintenance	100,000	100,000	101,682	(1,682)
Supplies	28,140	28,140	25,414	2,726
Insurance	10,597	10,597	10,597	-
Cemetery	16,200	16,200	15,910	290
Other	1,600	1,600	1,110	490
Total Building Maintenance	<u>658,717</u>	<u>658,717</u>	<u>640,122</u>	<u>18,595</u>
Finance and Administration:				
Salaries	1,626,789	1,626,789	1,559,448	67,341
Benefits and payroll taxes	716,476	716,476	607,365	109,111
Memberships and testing	40,870	40,870	31,814	9,056
Telephone and utilities	166,368	166,368	168,172	(1,804)
Professional services	123,600	123,600	163,589	(39,989)
Contractual services	328,650	328,650	261,793	66,857
Repairs and maintenance	5,450	5,450	1,760	3,690
Supplies	68,100	68,100	42,862	25,238
Insurance	18,076	18,076	17,576	500
Outside services	51,850	51,850	27,022	24,828
Other	71,280	71,280	51,055	20,225
Total Finance and Administration	<u>3,217,509</u>	<u>3,217,509</u>	<u>2,932,456</u>	<u>285,053</u>
Total Current	<u>6,571,916</u>	<u>6,597,916</u>	<u>6,155,741</u>	<u>442,175</u>
Capital Outlay	-	-	-	-
Total General Government	<u>6,571,916</u>	<u>6,597,916</u>	<u>6,155,741</u>	<u>442,175</u>

Continued on next page

**TOWN OF SMYRNA, TENNESSEE**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (GAAP Basis) and Actual, Continued**

**General Fund**

**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures, Continued:				
Public Safety:				
Police Department:				
Current:				
Salaries	\$5,818,064	5,818,064	5,579,332	238,732
Benefits and payroll taxes	2,764,966	2,764,966	2,343,954	421,012
Outside services	108,450	108,450	108,185	265
Memberships and testing	12,761	12,761	12,867	(106)
Telephone	30,072	30,072	35,332	(5,260)
Repairs and maintenance	77,288	77,288	69,721	7,567
Travel	1,000	1,000	2,823	(1,823)
Supplies	374,491	374,491	347,830	26,661
Insurance	117,656	117,656	117,656	-
Other	8,000	8,000	7,125	875
Total Current	9,312,748	9,312,748	8,624,825	687,923
Capital Outlay	-	-	-	-
Total Police Department	9,312,748	9,312,748	8,624,825	687,923
Fire Department:				
Current:				
Salaries	5,461,380	5,461,380	5,157,806	303,574
Benefits and payroll taxes	2,651,885	2,651,885	2,235,816	416,069
Memberships and testing	2,160	2,160	3,080	(920)
Telephone and utilities	135,668	135,668	120,545	15,123
Repairs and maintenance	133,400	133,400	144,535	(11,135)
Supplies	262,685	262,685	178,110	84,575
Insurance	49,270	49,270	49,270	-
Outside services	141,991	141,991	83,015	58,976
Other	7,580	7,580	2,399	5,181
Total Current	8,846,019	8,846,019	7,974,576	871,443
Capital Outlay	-	-	-	-
Total Fire Department	8,846,019	8,846,019	7,974,576	871,443
Total Public Safety	18,158,767	18,158,767	16,599,401	1,559,366
Highways and Streets:				
Current:				
Salaries	212,859	212,859	191,166	21,693
Benefits and payroll taxes	187,831	187,831	146,596	41,235
Telephone and utilities	5,250	5,250	1,119	4,131
Repairs and maintenance	82,300	82,300	61,046	21,254
Supplies	85,800	85,800	70,816	14,984
Insurance	15,131	15,131	15,131	-
Outside services	30,650	30,650	16,028	14,622
Other	20,180	20,180	5,112	15,068
Total Current	640,001	640,001	507,014	132,987
Capital Outlay	-	-	-	-
Total Highways and Streets	640,001	640,001	507,014	132,987

Continued on next page

**TOWN OF SMYRNA, TENNESSEE**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (GAAP Basis) and Actual, Continued**  
**General Fund**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures, Continued:				
Recreation:				
Current:				
Salaries	\$1,803,849	1,803,849	1,664,853	138,996
Benefits and payroll taxes	813,949	813,949	731,753	82,196
Memberships and testing	11,560	11,560	9,409	2,151
Telephone and utilities	322,260	322,260	317,000	5,260
Repairs and maintenance	164,639	164,639	228,569	(63,930)
Outside services	233,056	233,056	238,166	(5,110)
Food purchases	106,500	106,500	114,325	(7,825)
Recreation programs	28,725	28,725	32,020	(3,295)
Advertising and promotion	950	950	585	365
Supplies	213,511	213,511	209,389	4,122
Insurance	32,145	32,145	32,145	-
Rent	210,443	210,443	206,277	4,166
Other	20,750	20,750	22,191	(1,441)
Total Current	<u>3,962,337</u>	<u>3,962,337</u>	<u>3,806,682</u>	<u>155,655</u>
Capital Outlay	-	-	-	-
Total Recreation	<u>3,962,337</u>	<u>3,962,337</u>	<u>3,806,682</u>	<u>155,655</u>
Community Development:				
Current:				
Salaries	336,570	336,570	308,161	28,409
Benefits and payroll taxes	150,280	150,280	141,865	8,415
Telephone and utilities	73,200	73,200	87,242	(14,042)
Repairs and maintenance	12,500	12,500	12,478	22
Outside services	21,150	21,150	20,053	1,097
Advertising and promotion	250	250	13	237
Food purchases	172,000	172,000	169,010	2,990
Supplies	31,800	31,800	36,159	(4,359)
Insurance	1,226	1,226	1,226	-
Contributions to non-profits	447,345	447,345	447,345	-
Other	4,485	4,485	7,002	(2,517)
Total Current	<u>1,250,806</u>	<u>1,250,806</u>	<u>1,230,554</u>	<u>20,252</u>
Capital Outlay	-	-	-	-
Total Community Development	<u>1,250,806</u>	<u>1,250,806</u>	<u>1,230,554</u>	<u>20,252</u>
Total Expenditures	<u>30,583,827</u>	<u>30,609,827</u>	<u>28,299,392</u>	<u>2,310,435</u>
Excess Revenues Over Expenditures	<u>635,078</u>	<u>635,078</u>	<u>4,347,174</u>	<u>3,712,096</u>
Other Financing Sources (Uses):				
Insurance proceeds	40,000	40,000	19,849	(20,151)
Transfer to Capital Projects Fund	(1,547,856)	(1,547,856)	(924,817)	623,039
Transfer to Debt Service Fund	(2,354,115)	(2,354,115)	(2,116,607)	237,508
Transfer from Stormwater Fund	76,893	76,893	76,893	-
Transfer from Gas Fund	171,197	171,197	171,197	-
Transfer from Water and Sewer Fund	537,060	537,060	537,060	-
Total Other Financing Sources (Uses)	<u>(3,076,821)</u>	<u>(3,076,821)</u>	<u>(2,236,425)</u>	<u>840,396</u>
Net change in fund balance	(2,441,743)	(2,441,743)	2,110,749	4,552,492
Fund Balance, beginning of year, as restated	13,804,091	13,804,091	13,804,091	-
Fund Balance, end of year	<u>\$11,362,348</u>	<u>11,362,348</u>	<u>15,914,840</u>	<u>4,552,492</u>

See accompanying notes to financial statements.

**TOWN OF SMYRNA, TENNESSEE**

**Statement of Net Position**

**Proprietary Funds**

**June 30, 2013**

	Business-type Activities - Enterprise Funds		Total	Internal Service Fund
	Water and Sewer Fund	Natural Gas Fund		
<b><u>Assets</u></b>				
Current Assets:				
Cash and cash equivalents	\$1,470,610	9,025,222	10,495,832	2,481,744
Receivables:				
Utility customers, net of allowance for estimated uncollectible	2,032,045	657,249	2,689,294	-
Grant receivable	2,866	-	2,866	-
Note receivable, current portion	29,473	-	29,473	-
Total Accounts Receivable	2,064,384	657,249	2,721,633	142,751
Due from other funds	10,815	7,960	18,775	-
Inventory, at cost	502,904	174,256	677,160	10,625
Total Current Assets	4,048,713	9,864,687	13,913,400	2,635,120
Noncurrent Assets:				
Restricted Assets:				
Cash - bond proceeds	840,028	-	840,028	-
Cash - customer deposits and construction bonds	211,566	808,940	1,020,506	-
Special assessments and other receivable	350	-	350	-
Total Noncurrent Restricted Assets	1,051,944	808,940	1,860,884	-
Property, Plant and Equipment	196,662,669	24,569,603	221,232,272	-
Less accumulated depreciation	(60,828,729)	(13,945,444)	(74,774,173)	-
Total Property, Plant and Equipment, Net	135,833,940	10,624,159	146,458,099	-
Other Assets:				
Note receivable, net of current portion	372,666	-	372,666	-
Total Other Assets	372,666	-	372,666	-
Total Noncurrent Assets	137,258,550	11,433,099	148,691,649	-
Total Assets	\$141,307,263	21,297,786	162,605,049	2,635,120
<b><u>Liabilities</u></b>				
Liabilities:				
Current Liabilities (payable from current assets):				
Accounts payable	\$398,350	571,076	969,426	454,131
Accrued expenses	343,647	114,763	458,410	-
Interest payable	215,681	-	215,681	-
Current maturities of long-term debt	2,564,315	-	2,564,315	-
Total Current Liabilities (payable from current assets)	3,521,993	685,839	4,207,832	454,131
Current Liabilities (payable from restricted assets):				
Construction bonds	172,922	-	172,922	-
Contacts payable	279,852	-	279,852	-
Customer deposits and project assistance	46,394	808,940	855,334	-
Total Current Liabilities (payable from restricted assets)	499,168	808,940	1,308,108	-
Total Current Liabilities	4,021,161	1,494,779	5,515,940	454,131
Noncurrent Liabilities:				
Long-term debt, net of current maturities	47,681,372	-	47,681,372	-
Total Liabilities	51,702,533	1,494,779	53,197,312	454,131
<b><u>Net Position</u></b>				
Net investment in capital assets	86,148,429	10,624,159	96,772,588	-
Unrestricted	3,456,301	9,178,848	12,635,149	2,180,989
Total Net Position	\$89,604,730	19,803,007	109,407,737	2,180,989
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	1,350,270	(379,790)	970,480	
Net position of business-type activities	\$90,955,000	19,423,217	110,378,217	

See accompanying notes to financial statements.

**TOWN OF SMYRNA, TENNESSEE**

**Statement of Revenues, Expenses and  
Changes in Net Position**

**Proprietary Funds**

**For the Year Ended June 30, 2013**

	Business-type Activities - Enterprise Funds			Internal Service Fund
	Water and Sewer Fund	Natural Gas Fund	Total	Fund
Operating Revenues:				
Services	\$15,452,496	12,698,317	28,150,813	7,664,775
Other	79,520	4,524	84,044	-
Forfeited discounts	186,921	87,494	274,415	-
Total Operating Revenues	15,718,937	12,790,335	28,509,272	7,664,775
Operating Expenses:				
Gas / water purchases	16,435	9,372,842	9,389,277	-
Salaries	1,879,037	720,881	2,599,918	-
Benefits and payroll taxes	1,147,355	397,171	1,544,526	4,701,459
Property claims	-	-	-	1,007,912
Travel	-	5,893	5,893	-
Outside services	581,827	49,787	631,614	-
Telephone and utilities	1,741,144	34,993	1,776,137	-
Maintenance and repair	292,904	66,101	359,005	-
Operating supplies	1,150,649	134,881	1,285,530	-
Insurance	156,320	78,134	234,454	989,205
Professional services	40,793	254,258	295,051	-
Depreciation and amortization	4,550,510	836,052	5,386,562	-
Administrative support services	779,596	607,521	1,387,117	-
Other	41,053	110,286	151,339	-
Total Operating Expenses	12,377,623	12,668,800	25,046,423	6,698,576
Operating Income (loss)	3,341,314	121,535	3,462,849	966,199
Non-Operating Revenues (Expenses):				
Interest income	23,463	68,439	91,902	15,875
Gain (loss) on sale of capital assets	10,815	7,960	18,775	-
Interest expenses	(1,478,527)	-	(1,478,527)	-
Total Non-Operating Revenues (Expenses)	(1,444,249)	76,399	(1,367,850)	15,875
Net Income (loss) Before Contributions and Transfers	1,897,065	197,934	2,094,999	982,074
Contributions:				
Capital contributions - tap fees	1,392,593	45,331	1,437,924	-
Contributions from developers - non cash	550,700	-	550,700	-
Transfers out - in lieu tax payments	(537,060)	(171,197)	(708,257)	-
Change in Net Position	3,303,298	72,068	3,375,366	982,074
Net Position, Beginning of Year,	86,924,728	19,730,939	106,655,667	1,198,915
Restatement - change in accounting principles	(623,296)	-	(623,296)	-
Net Position, Beginning of Year, As Restated	86,301,432	19,730,939	106,032,371	1,198,915
Net Position, End of Year	\$89,604,730	19,803,007	109,407,737	2,180,989
Change in Net Position shown above	3,303,298	72,068	3,375,366	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	358,270	48,738	407,007	
Change in net position of business-type activities	\$3,661,568	120,806	3,782,373	

See accompanying notes to financial statements.

**TOWN OF SMYRNA, TENNESSEE**

**Statement of Cash Flows**

**Proprietary Funds**

**For the Year Ended June 30, 2013**

	Business-type Activities - Enterprise Funds			Internal Service Fund
	Water and Sewer Fund	Natural Gas Fund	Total	
Cash Flows from Operating Activities:				
Cash received from customers	\$15,463,120	13,126,162	28,589,282	-
Cash paid to employees for services	(1,942,604)	(762,321)	(2,704,925)	-
Cash paid to suppliers for goods and services	(5,172,669)	(10,321,341)	(15,494,010)	-
Payments for interfund administrative support services	(779,596)	(607,521)	(1,387,117)	-
Cash received on interfund receivable	-	1,054,245	1,054,245	-
Cash paid on interfund payable	(1,681,281)	-	(1,681,281)	-
Cash received on customer deposits	36,312	119,297	155,609	-
Cash paid on customer deposits	(32,774)	(131,556)	(164,330)	-
Premiums and insurance reimbursements received	-	-	-	7,862,751
Claims, insurance and administrative expenses paid	-	-	-	(6,670,499)
Net Cash Provided (Used) by Operating Activities	5,890,508	2,476,965	8,367,473	1,192,252
Cash Flows from Capital and Related Financing Activities:				
Purchase of property, plant, and equipment	(1,867,879)	(273,687)	(2,141,566)	-
Cash received from capital contributions	1,393,293	45,331	1,438,624	-
Cash received on note receivable	27,761	-	27,761	-
Cash received (paid) on construction bonds	59,345	-	59,345	-
Cash received from loan proceeds forgiven	86,104	-	86,104	-
Interest paid on debt	(1,784,848)	-	(1,784,848)	-
Proceeds from revolving loan	344,428	-	344,428	-
Payments on long-term debt	(3,506,407)	-	(3,506,407)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(5,248,203)	(228,356)	(5,476,559)	-
Cash Flows from Non-Capital Financing Activities:				
Transfers	(537,060)	(171,197)	(708,257)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(537,060)	(171,197)	(708,257)	-
Cash Flows from Investing Activities:				
Interest received on investments	23,463	68,439	91,902	15,875
Net Cash Provided (Used) by Investing Activities	23,463	68,439	91,902	15,875
Net Increase (Decrease) in Cash	128,708	2,145,851	2,274,559	1,208,127
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	2,393,496	7,688,311	10,081,807	1,273,617
Cash and Cash Equivalents and Restricted Cash, End of Year	\$2,522,204	9,834,162	12,356,366	2,481,744

Continued on next page

**TOWN OF SMYRNA, TENNESSEE**

**Statement of Cash Flows**

**Proprietary Funds, Continued**

**For the Year Ended June 30, 2013**

	Business-type Activities - Enterprise Funds		Total	Internal Service Fund
	Water and Sewer Fund	Natural Gas Fund		
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations</u>				
Operating income (loss)	\$3,341,314	121,535	3,462,849	966,199
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	4,550,510	836,052	5,386,562	-
(Increase) decrease in:				
Accounts receivable	(255,817)	335,827	80,010	197,976
Inventory	154,837	(12,745)	142,092	3,631
Due from other funds	-	1,054,245	1,054,245	-
Increase (Decrease) in:				
Accounts payable	(182,962)	193,181	10,219	24,446
Accrued expenses	(39,631)	(38,871)	(78,502)	-
Due from other funds	(1,681,281)	-	(1,681,281)	-
Customer deposits	3,538	(12,259)	(8,721)	-
Net Cash Provided (used) for Operating Activities	<u>\$5,890,508</u>	<u>2,476,965</u>	<u>8,367,473</u>	<u>1,192,252</u>

Supplemental Schedule of Non-Cash Capital Financing Activities

Contributed water and sewer lines	\$550,700	
Capital assets acquired with contract payable	65,445	
Liquidated contract payable for capital asset		(39,556)
Capitalized interest	206,992	
Amortization of bond premiums	(88,502)	

See accompanying notes to financial statements.

**TOWN OF SMYRNA, TENNESSEE**

**Statement of Fiduciary Net Position**

**Pension Fund**

**June 30, 2013**

Assets

Investments, at fair value:

Money market funds	\$239,642
Mutual funds	1,638,570
Corporate bonds	3,172,029
Interest receivable	33,310

Total Assets

\$5,083,551

Liabilities

\$0

Net Position

Held in Trust for Pension Benefits

Total Net Position Held in Trust for Pension Benefits

\$5,083,551

See accompanying notes to financial statements

**TOWN OF SMYRNA, TENNESSEE**

**Statement of Changes in Fiduciary Net Position**

**Pension Fund**

**For the Year Ended June 30, 2013**

Additions

Contributions - employer	\$201,810
Investment earnings	
Interest, dividends and other investment income (loss)	271,981
Net increase (decrease) in fair value of investments	<u>33,973</u>
Net investment earnings (loss)	<u>305,954</u>
Total additions	<u>507,764</u>

Deductions

Pension benefits	<u>280,939</u>
Total deductions	<u>280,939</u>

Change in net assets 226,825

Net position held in trust for pension benefits beginning of year 4,856,726

Net position held in trust for pension benefits end of year \$5,083,551

See accompanying notes to financial statements

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2013

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Entity

The Town provides the following services as authorized by its charter: public safety (police and fire departments), highways and streets, cultural and recreation, public improvements, planning and zoning, utilities (water, sewer and natural gas), and general administrative services. The Town also administers a pension plan and insurance internal service fund for the benefit of its employees.

The financial statements of the Town of Smyrna have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

#### Reporting Entity

The accompanying financial statements present the government and its component units. Component units are entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations. Each discretely presented component unit is presented in a separate column in the government-wide financial statements to emphasize it is legally separate from the government. The following is a description of the discretely presented component unit.

The Industrial Development Board was created to finance, acquire, own, lease and or dispose of properties to increase employment opportunities, housing availability and to promote industry and trade in the Town. The Board is appointed by the Town Council. The Board has issued bonds to construct housing units which are leased to the Housing Authority. The bonds are revenue and tax bonds backed by the Town. The project was completed in fiscal year 2005 and rents began in fiscal 2006.

The Smyrna Charity Assistance Fund (a 501(c)3 entity) was created to accept funding from private donations. The purpose of the fund is to provide financial aid to selected non-profit charitable organizations that provide year round services benefitting the general welfare of the residents of the Town. The Town shall have discretion to allocate funds from the general fund budget to this component unit for the next three years subsequent to fiscal year 2013, subject to maximum amounts. The Board consists of the Mayor or their appointee and five members appointed by the Town Council.

Separate financial statements are not issued for the component units. The component units are each a single fund component unit.

#### Related Organizations

The Town appoints the board of directors of Smyrna Housing Authority; however, the Town's accountability does not extend beyond making the appointments, and the related organization has not been included as part of the reporting entity.

#### Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. 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.

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements (Continued)

June 30, 2013

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Government-wide and Fund Financial Statements (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (i) charges to customers or applicants (including fines and fees) who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) 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 is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### 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 fund 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 30 days of the end of the current fiscal period, except for property taxes which are collected within 60 days of year end. Sales taxes and other shared revenues through intermediary collecting governments are considered measurable and available if received within 30 days of year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, state shared revenues, 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 using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

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

The Capital Projects Fund is used to account for the financial resources to be used for the acquisition or construction of major government capital assets, improvements or repairs.

The Town reports the following major proprietary funds:

The Water & Sewer Fund accounts for the water and waste water services provided to customers of the system.

The Natural Gas Fund accounts for the provision of natural gas service to customers of the system.

Additionally, the Town reports the following fund types:

Internal service fund, to account for costs associated with the employees' health insurance plan as well as property and liability insurance for Town assets.

Pension trust fund to account for the activities of the pension plans maintained for employees of the Town, which accumulates resources for pension payments to qualified employees.

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements (Continued)

June 30, 2013

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu taxes and other charges between the government's utilities 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 (i) charges to customers or applicants (including fines and fees) for goods, services, or privileges provided, (ii) operating grants and contributions, and (iii) capital grants and contributions. General revenues include all taxes and internally dedicated resources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the various utility funds and medical benefit fund are charges to customers for sales and services. Operating expenses for enterprise funds and the internal service fund 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 non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

#### Joint Venture

The Town appoints 2 of 5 members of the Smyrna/Rutherford County Airport Authority with the other members being appointed by Rutherford County and City of LaVergne. The Town has no equity interest in the joint venture; however, the Town is responsible to appropriate funds to supplement short-falls in operation. Required disclosures regarding this joint venture are included in Note 9.

#### Cash, Cash Equivalents and Investments

The Town of Smyrna is authorized to invest in U.S. Treasury Bills, mutual funds and certificates of deposit in local banks as well as participate in the Local Government Investment Pool administered by the State of Tennessee. The pool contains investments in certificates of deposits, U.S. Treasury securities and Repurchase Agreements, backed by the U.S. Treasury Securities. The investment pool is administered by the Treasurer of the State of Tennessee. Town policy dictates that collateral meet certain requirements, such as, be deposited in an institution which participates in the State Collateral Pool or be deposited in an escrow account in another institution for the benefit of the Town of Smyrna and must be a minimum of 105% of the value of the deposits placed in the institutions less the amount protected by federal deposit insurance. The state collateral pool is administered by the Treasurer of the State of Tennessee. Members of the pool may be required by agreement to pay an assessment to cover any deficiency.

An agent of the Town manages the investments of the Pension Fund and is authorized to make such purchases as is deemed in the best interest of the Town. All investments are stated at fair value.

Cash and cash equivalents consist of cash, savings accounts and short-term certificates of deposit with an original maturity of three months or less. Due to liquidity, the Town considers the funds deposited in the local government investment pool as a cash equivalent for financial statement and cash flow purposes. The fair value of the position in the investment pool is the same as the value of the pool shares.

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements (Continued)

June 30, 2013

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Inventory and Prepaid Items

Inventory of proprietary funds, principally materials, supplies and replacement parts, is valued using the first-in, first-out method (FIFO). Any inventories of governmental funds have been valued at cost also using the first-in, first-out method (FIFO). Inventory of governmental funds are accounted for on the consumption basis. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and are accounted for using the consumption basis.

#### Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

All trade receivables and property tax receivables, are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 11.7 percent of outstanding undeferred receivable.

#### Capital Assets

Capital assets, which include property, permanent water rights, plant, equipment, and infrastructure assets consisting of certain improvements other than buildings, including roads, bridges, streets and sidewalks, and drainage systems are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$4,000 and an estimated useful life in excess of three years. Infrastructure capital assets are defined as assets with an individual cost of more than \$50,000 and an estimated life in excess of three years. 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 value on the date donated.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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. During the year, the Town capitalized \$206,992 in construction period interest.

Depreciation has been provided over estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Infrastructure (roads, bridges)	15-40 years
Buildings	25-50 years
Distribution systems	10-50 years
Equipment	3-10 years
Furniture and fixtures	3-10 years

#### Other Assets

Other assets in the government wide financial statements include prepaid insurance related to bond issues.

#### Claims Payable

Medical, workers compensation, property and liability insurance claims payable are classified as accounts payable and are recorded in accordance with GASB Statement Number 10.

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements (Continued)

June 30, 2013

### 1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### Appropriations

Appropriations to other funds are accounted for as inter-fund transfers in the governmental fund statements, and are eliminated in the government-wide statements. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as revenues in the fund being reimbursed and expenses in the fund reimbursing.

#### Compensated Absences

The Town adopted a paid time off (PTO) policy on 10/12/2004 for its regular full-time employees. All full-time employees accrue from 144 to 224 hours of PTO per year, based on years of service, to a maximum of 480 hours. Upon implementation of this policy, excess existing vacation and sick time over 360 hours was moved to a separate sick leave bank to be used by the employee for any approved Family and Medical Leave Act event. No amount of this sick leave bank shall be paid upon employee termination and all sick leave credit is lost except in the case of retirement for participants in the Town of Smyrna Pension Plan, at which time every twenty workdays of accrued sick leave credit counts as one month time in service towards retirement. All PTO pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee terminations or retirements. Governmental compensated absences are typically liquidated by the General and Stormwater Funds.

#### 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 deferred and amortized over the life of the bonds using the straight-line method. These are included as a component of debt. Loss on refunding, if applicable, is reported as deferred outflows of resources and amortized over the shorter period of the old or new debt.

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 issuance are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as current period costs in the year of issuance in all financial statements.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items which arise, under the accrual and modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, unavailable revenue, is reported in the governmental activities statement of net position and the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, state shared revenue and in lieu taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements (Continued)

June 30, 2013

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Equity Classification

In the government-wide financial statements, equity is shown as net position and classified into three components:

*Net investment in capital assets* – Capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position* – Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (2) law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the Town's practice to use restricted resources first and then unrestricted resources as they are needed.

*Unrestricted net position* – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

In accordance with Governmental Accounting Standard Board (GASB) Statement 54, fund balance is reported in the fund financial statements under the following categories. *Nonspendable fund balance* represents amounts that are required to be maintained intact, such as inventories and prepaid items and non-current portion of notes receivable. *Restricted fund balance* is that portion of fund balance that can be spent only for the specific purposes stipulated by external resource or through enabling legislation. *Committed fund balance* includes amounts constrained to specific purposes as determined by formal action of the Town using its highest level of decision-making authority, an ordinance by the Town Council. Conversely, to rescind or modify a fund balance commitment, action by the Town Council is also required. *Assigned fund balance* amounts are intended to be used by the Town for specific purposes but do not meet the criteria to be restricted or committed. Intent may be stipulated by the Council by resolution. Appropriations of fund balance to eliminate projected budgetary deficits in the subsequent year's budget are presented as assignments of fund balance. *Unassigned fund balance* is the residual classification of the General Fund.

It is the Town's policy to first use the restricted fund balance when an expenditure is incurred for purposes for which both restricted and unrestricted funds are available. The Town's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

By action of the Council, the Town has set a policy to maintain General Fund unassigned reserves equal to a minimum of 30% of General Fund operating revenue which equates to \$9,793,970. The policy may be modified by majority vote of the Council and the reserve is included in unassigned fund balance.

#### Property Tax

The Town's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the Town's legal boundaries. All Town taxes on real estate are declared to be a lien on such realty from January 1 of the year assessments are made. Since the taxes are not available until the next fiscal year, these taxes are deferred. Assessed values are established by the State of Tennessee at the following rates of assessed market value:

Industrial and Commercial Property		Public Utility Property	55%
- Real	40%	Farm and Residential Property	25%
- Personal	30%		

Taxes were levied at a rate of \$.9095 and \$.7595 per \$100 of assessed valuation for tax years 2013 and 2012 respectively. Payments may be made during the period from October 1 through February 28. Current tax collections of \$7,408,799 for the fiscal year ended June 30, 2013 were approximately 96.7 percent of the tax levy. Delinquent taxes past due for fourteen months are turned over to the county clerk for collection.

**TOWN OF SMYRNA, TENNESSEE**

Notes to Financial Statements (Continued)

June 30, 2013

**2) DEPOSITS AND INVESTMENTS (Continued)**

The government-wide financial statements report property taxes receivable of \$9,229,873 which is net of an allowance for doubtful collections of \$56,000. Of this receivable amount, \$479,873 represents prior year property taxes, \$8,806,000 represents the estimated net realizable 2013 property taxes and which are included in deferred inflow of activities since they are not available until the next fiscal year. The receivable reported in the governmental funds balance sheet is \$9,285,873 with an offsetting deferred inflow of resources for amounts not available at June 30, 2013. Other taxes receivable reported in the statements of \$3,277,039 is for beer and motel taxes of \$240,039 and \$3,037,000 for estimated net realizable 2013 in lieu of tax.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned or the Town will not be able to recover collateral securities in the possession of an outside party. The Town's policy requires deposits to be 105 percent secured by collateral, less the amount of Federal Deposit Insurance Corporation insurance (FDIC) or deposited in an institution which participates in the State Collateral Pool. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service. Collateral agreements must be approved prior to deposit of funds as provided by law. The Town approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of Town staff.

At June 30, 2013 there were no amounts exposed to custodial credit risk.

Investments

At June 30, 2013, the Town's reporting entity had the following investments:

Types of Investments:	<u>Fair Value/ Carrying Amount</u>	<u>Weighted Average Days to Maturity</u>	<u>Average Credit Quality/ Ratings</u>
<b>Primary Government:</b>			
Local Government	\$ 69,574	N/A	N/A
Investment Pool			
Liquid investments			
(Cash equivalents)	<u>(69,574)</u>		
	<u>          -</u>		
<b>Fiduciary Fund-Pension Fund:</b>			
Corporate Obligation	\$ 3,172,029		BBB-AA+
Money Market Fund	239,642	N/A	N/A
Mutual Funds Equity	<u>1,638,570</u>	N/A	N/A
	<u>\$ 5,050,241</u>		

**Interest Rate Risk:**

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk:**

The Town's general investment policy is to apply the prudent-person rule: investments are made as a prudent person should be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and in general, avoid speculative investments.

**TOWN OF SMYRNA, TENNESSEE**

Notes to Financial Statements (Continued)

June 30, 2013

**2) DEPOSITS AND INVESTMENTS (Continued)**

Concentration of Credit Risk:

The Town policy is to limit investments in the pension plan to a maximum of 40% equity classified investments. As of June 30, 2013, the Town had one investment in an organization that represents 5 percent or more of total investments.

Pimco Real Return Fund	
Class I #122	\$ <u>426,737</u>

**3) CAPITAL ASSETS**

Governmental Activities

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

	Balance <u>July 1, 2012</u>	Increases	Decreases	Reclasses	Balance <u>June 30, 2013</u>
<u>Capital assets not being depreciated:</u>					
Land	\$ 5,532,688	-	-	-	5,532,688
Construction in progress	3,111,463	1,114,402	-	(1,744,800)	2,481,065
<u>Capital assets being depreciated:</u>					
Buildings	23,170,448	-	-	1,744,800	24,915,248
Improvements other than buildings	15,757,653	153,292	-	-	15,910,945
Equipment	17,780,270	1,040,354	195,059	-	18,625,565
Infrastructure	<u>102,002,887</u>	<u>885,157</u>	<u>-</u>	<u>-</u>	<u>102,888,044</u>
Total	<u>\$167,355,409</u>	<u>3,193,205</u>	<u>195,059</u>	<u>-</u>	<u>170,353,555</u>
<u>Accumulated Depreciation</u>					
Buildings	\$ 12,240,751	473,228	-	-	12,713,979
Improvements	6,457,775	571,121	-	-	7,028,896
Equipment	12,597,667	1,110,190	194,847	-	13,513,010
Infrastructure	<u>37,868,252</u>	<u>3,057,303</u>	<u>-</u>	<u>-</u>	<u>40,925,555</u>
Total accumulated depreciation	<u>69,164,445</u>	<u>5,211,842</u>	<u>194,847</u>	<u>-</u>	<u>74,181,440</u>
Governmental activities capital assets-net	<u>\$ 98,190,964</u>				<u>96,172,115</u>

Depreciation expense, including depreciation on assets acquired through capital leases, was charged to functions/programs of the primary government as follows:

General Government	\$ 439,274
Public Safety:	
Police	348,579
Fire	444,089
Highways and streets	3,215,102
Stormwater	41,824
Recreation	692,215
Community development	<u>30,759</u>
Total	<u>\$ 5,211,842</u>

Current year donated infrastructure was \$885,157.

**TOWN OF SMYRNA, TENNESSEE**

Notes to Financial Statements (Continued)

June 30, 2013

**3) CAPITAL ASSETS (Continued)**

Business-Type Activities:

Capital assets of the Enterprise Funds consisted of the following at June 30, 2013:

	Balance				Balance	Water and	Component	
	July 1, 2012	Increases	Decreases	Reclasses	June 30, 2013	Sewer Fund	Gas Fund	Unit
<u>Capital assets not being depreciated</u>								
Land and land rights	\$ 1,681,903	-	-	-	1,681,903	1,471,294	210,609-	-
Water rights	2,350,000	-	-	-	2,350,000	2,350,000	-	-
Construction in progress	40,803,727	1,395,129	-	(41,686,259)	512,597	506,462	6,135	-
<u>Capital assets being depreciated</u>								
Utility plant and buildings	165,719,233	1,496,487	-	41,686,259	208,901,979	188,004,680	20,897,299	3,855,320
Machinery and equipment	7,828,207	33,532	(75,945)	-	7,785,794	4,330,233	3,455,561	-
<u>Less accumulated depreciation</u>								
Utility plant and buildings	(62,225,797)	(5,086,296)	-	-	(67,312,093)	(56,682,660)	(10,629,433)	(1,103,061)
Machinery and equipment	(7,237,760)	(300,266)	75,945	-	(7,462,081)	(4,146,069)	(3,316,012)	-
Total	\$ <u>148,919,513</u>	<u>(2,461,414)</u>	<u>          </u>	<u>          </u>	<u>146,458,099</u>	<u>135,833,940</u>	<u>10,624,159</u>	<u>2,752,259</u>
Current year depreciation						\$ <u>4,550,510</u>	<u>836,052</u>	<u>128,511</u>

**4) RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES**

A summary of receivables at June 30, 2013 is as follows:

	General	Capital	Water and	Natural	Nonmajor	Internal	Total
	Fund	Projects	Sewer Fund	Gas Fund	Funds	Service	Fund
Property taxes	\$ 9,285,873	-	-	-	-	-	9,285,873
Other taxes & in lieu taxes	3,277,039	-	-	-	-	-	3,277,039
Customer	223,403	-	2,244,973	830,002	203,762	142,751	3,644,891
Other governments	2,629,476	125,312	2,866	-	187,069	-	2,944,723
Less allowance	-	-	(212,928)	(172,753)	(16,070)	-	(401,751)
	\$ <u>15,415,791</u>	<u>125,312</u>	<u>2,034,911</u>	<u>657,249</u>	<u>374,761</u>	<u>142,751</u>	<u>18,750,775</u>

The financial statements also include a note receivable and an amount for capital outlay note proceeds in transit. The Enterprise Fund includes a note receivable from the Airport Authority, a joint venture of the Town, in the amount of \$402,139, related to a construction project. The note is repayable in monthly installments of \$4,400 including interest at 6% through September 2023. The Capital Projects Fund includes a receivable for note proceeds in transit at June 30, 2013 in the amount of \$611,019.

Deferred inflows of resources in the governmental activities consists of amounts that are unavailable to liquidate liabilities of the current period. At June 30, 2013 the components of deferred inflows of resources were as follows:

	Government-wide	Fund
	Statements	Statements
Unlevied property taxes (unavailable)	\$ 8,806,000	8,806,000
Delinquent property taxes (unavailable)	-	401,774
Unlevied in lieu of taxes (unavailable)	3,037,000	3,037,000
State and county shared taxes (unavailable)	<u>38,011</u>	<u>1,360,370</u>
	\$ <u>11,881,011</u>	<u>13,605,144</u>

Unearned revenue consists of rent and community center revenue.

**TOWN OF SMYRNA, TENNESSEE**

Notes to Financial Statements (Continued)

June 30, 2013

**5) RESTRICTED ASSETS**

A summary of restricted assets at June 30, 2013 is as follows:

	<u>Enterprise Funds</u>			
	<u>Capital Projects Fund</u>	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
Cash	\$ -	1,051,594	808,940	1,860,534
Special assessments and other receivable	-	350	-	350
Capital outlay note proceeds receivable	<u>611,019</u>	<u>-</u>	<u>-</u>	<u>611,019</u>
Total	\$ <u>611,019</u>	<u>1,051,944</u>	<u>808,940</u>	<u>2,471,903</u>

Cash is restricted for construction bonds, customer deposits and amounts for construction projects to be paid from note and bond proceeds. Special assessments receivable are restricted for sewer extensions and capital outlay note proceeds receivable relate to note proceeds in transit at year end and are restricted for capital projects.

**6) LONG-TERM DEBT AND OTHER OBLIGATIONS PAYABLE**

The government issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities for general government purposes. Service of this debt is paid from the General Fund and State Street Aid Fund (nonmajor fund) by transfer to the Debt Service Fund (nonmajor fund).

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. These bonds relate to the Water and Sewer Enterprise Fund. Should water and sewer revenues be insufficient to pay the debt service, the debt is payable from the taxing authority of the Town.

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

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2013</u>	<u>Payable Within One Year</u>
Governmental Activities:					
General obligation debt	\$20,739,991	611,019	1,714,959	19,636,051	1,932,655
Capital lease	51,043	-	7,715	43,328	21,701
Obligation to county school system	539,519*	-	-	539,519	107,904
Compensated absences	<u>1,817,975</u>	<u>1,581,135</u>	<u>1,608,987</u>	<u>1,790,123</u>	<u>1,610,000</u>
Total	23,148,528	<u>2,192,154</u>	<u>3,331,661</u>	22,009,021	<u>3,672,260</u>
Bond premium	<u>39,994</u>	<u>-</u>	<u>4,775</u>	<u>35,219</u>	<u>-</u>
	<u>\$23,188,522*</u>			<u>22,044,240</u>	
Business-type Activities:					
Revenue and tax bonds	\$49,003,603	-	3,351,375	45,652,228	2,404,765
State revolving loan	<u>3,689,912</u>	<u>-</u>	<u>155,032</u>	<u>3,534,880</u>	<u>159,550</u>
	52,693,515	<u>-</u>	<u>3,506,407</u>	49,187,108	<u>2,564,315</u>
Bond premiums	<u>1,147,080</u>	<u>-</u>	<u>88,501</u>	<u>1,058,579</u>	<u>-</u>
	<u>\$53,840,595</u>			<u>50,245,687</u>	

\*As restated.

**TOWN OF SMYRNA, TENNESSEE**

Notes to Financial Statements (Continued)

June 30, 2013

**6) LONG-TERM DEBT AND OTHER OBLIGATIONS PAYABLE (Continued)**

Long-term debt payable at June 30, 2013 is comprised of the following:

Governmental Activities

2005 General Obligation Bonds (\$5,000,000) due in annual installments through April 2020 at interest rates from 3.65% to 4.25%.	\$ 3,400,000
2006 General Obligation Bonds (\$9,500,000) due in annual installments through June 2022 at interest rates from 3.65% to 3.875%.	8,325,000
2008 General Obligation Bonds (\$5,346,967) due in annual installments through June 2024 at interest rates from 3% to 3.9%.	4,227,772
2009 General Obligation Bonds (\$3,050,000) due in annual installments through June 2024 at interest rates from 2% to 3.75%.	2,450,000
Capital Outlay note due in annual installments of \$207,420 at an interest rate of 1.83%.	622,260
Capital Outlay note due in annual installments of \$203,693 at an interest rate of 1.33%.	611,019
Obligation to county school system due in annual installments of \$107,904.	<u>539,519</u>
Total Governmental Activities	\$ <u>20,175,570</u>

Business-type Activities/Revenue and Tax Bonds:

2001 Water and Sewer Revenue and Tax Refunding Bonds (\$4,120,000) due in annual installments through August 2014 at varying rates of interest levels of interest.	\$ 105,000
2003A Water and Sewer Revenue and Refunding Bonds (\$4,750,000) due in annual installments through May 2018 at interest rates from 2% to 3.7%.	1,830,000
2008 General Obligation Bonds (\$4,638,032) due in annual installments through April 2024 at interest rates from 3.25% to 4.5%.	3,667,228
2009 Revenue and Tax Refunding Bonds (\$8,205,000) due in annual installments through June 2024 at interest rates from 3% to 3.9%.	6,430,000
2009 Water and Sewer Revenue and Tax Bonds (\$17,970,000) due in annual installments through June 2024 at interest rates from 2% to 4%.	17,470,000
2009 State Revolving Loan Program (\$5,790,000 with \$2,300,000 forgiven) due in 240 installments at an interest rate of 2.14%.	3,203,500
2010 State Revolving Loan Program (\$600,000 with \$120,000 forgiven) due in 240 installments at an interest rate of 1.94%.	331,380
2011 Water and Sewer Revenue and Tax Bonds (\$18,000,000) due in annual installments through June 2026 at interest rates from 2% to 4%.	<u>16,150,000</u>
Total Business-type Activities	\$ <u>49,187,108</u>

Component Unit

2003 Industrial Development Lease and Tax Bonds (\$4,100,000) due in annual installments through December 2034 at 1.9% to 4.1% interest rate.	\$ <u>3,665,000</u>
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**TOWN OF SMYRNA, TENNESSEE**

Notes to Financial Statements (Continued)

June 30, 2013

**6) LONG-TERM DEBT AND OTHER OBLIGATIONS PAYABLE (Continued)**

The annual requirements to amortize all bonds and notes outstanding as of June 30, 2013 including interest payments are as follows:

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Interest</u>	<u>Primary Government Total</u>	<u>Component Unit</u>
2014	\$ 2,040,559	3,420,047	2,412,525	7,873,131	227,450
2015	2,292,264	3,500,544	2,259,843	8,052,651	225,200
2016	2,366,007	3,620,408	2,104,782	8,091,197	281,765
2017	2,254,652	3,753,026	1,898,447	7,906,125	277,055
2018	2,096,688	3,881,079	1,701,919	7,679,686	277,093
2019-2023	8,383,450	21,495,172	5,248,770	35,127,392	1,379,552
2024-2028	741,950	8,868,554	668,253	10,278,757	1,443,433
2029-2033	-	648,278	28,476	676,754	1,468,651
2034	-	-	-	-	281,669
Totals	\$ <u>20,175,570</u>	<u>49,187,108</u>	<u>16,323,015</u>	<u>85,685,693</u>	<u>5,861,868</u>

During a prior year, the Town received approval for \$6,350,000 State Revolving Loan funds. The funds were allocated as \$3,930,000 in loan proceeds and \$2,420,000 loan proceeds to be forgiven. The funds included \$2,875,000 in American Recovery Reinvestment Act funds. The funds were utilized for improvements in the Water and Sewer Fund. As of June 30, 2013, all of the funds had been drawn except for \$128,781 in state revolving loan funds.

Refundings

The amount of defeased bonds outstanding from prior years' refundings is \$125,000.

Capital Lease

The Town entered into a lease for the purchase of certain recreation equipment. The lease requires repayment terms and has been accounted for as a financing transaction. The Town will have title to the assets by satisfying the minimum lease payments. The assets acquired through the capital lease are as follows:

	<u>Governmental Activities</u>
Fitness equipment	\$ 82,334
Less accumulated depreciation	<u>(16,399)</u>
	\$ <u>65,935</u>

The future minimum lease obligations and net present value of those payments are as follows:

2014	\$ 25,094
2015	<u>23,250</u>
Total payments	\$ 48,344
Less amount representing interest	<u>5,016</u>
Present value of leased improvements	\$ <u>43,328</u>

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements (Continued)

June 30, 2013

### 7) PENSION PLAN AND DEFERRED COMPENSATION PLAN

Effective October 24, 1970, the Town established The Town of Smyrna Pension Plan, a single employer defined benefit pension plan, to provide benefits for employees of the Town. The Plan is administered by the Town of Smyrna Pension Plan Trustees who serve at the pleasure of the Mayor and Town Council. The Plan does not issue a stand-alone financial report nor is it included in the report of another entity. The assets of the Plan are invested at a local bank in accordance with the terms of the trust agreement. Effective June 30, 1999, the Town began the Retirement Choice Program which allowed participants of The Town of Smyrna Pension Plan to transfer accrued benefits in the Plan to a new Retirement Savings Plan. Many employees elected to transfer benefits and participate in the new plan. Employees hired after July 1, 1999, are not eligible to participate in the pension plan.

#### Benefits

The Town of Smyrna Pension Trustees establish the benefits of the plan and have the authority to amend such benefits with approval of the Town Council. The normal participant retirement is the earlier of (1) the later of the 65<sup>th</sup> birthday or the fifth year of participation and (2) the later of the 55<sup>th</sup> birthday or 30 years of service. The plan provides benefits, 1/12th of which are payable monthly over 120 months guaranteed, and for life thereafter computed as 1.5% of annual earnings multiplied by years of benefit service at normal retirement. The Plan also provides for certain benefits at early retirement and death before retirement. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

#### Significant Accounting Policies

The pension plan fund financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are due. Plan investments are reported at fair value, based on last reported sales price. Policies require accrual basis of accounting for contributions, benefits, and refunds. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

#### Plan Membership Data

1.	Inactive Plan Participants:	
a.)	Retirees and Beneficiaries Currently Receiving Benefits	19
b.)	Terminated Employees Entitled to Deferred Benefits	<u>14</u>
c.)	Total	<u>33</u>
2.	Active Plan Participants:	
a.)	Vested (Fully and Partially)	24
b.)	Non-vested	<u>-</u>
c.)	Total	<u>24</u>

#### Contributions

The Town's funding policy as set by the Town of Smyrna Pension Trustees, is to contribute the amounts calculated under the actuarial cost method used to calculate the annual required contribution. The trustees serve at the pleasure of the Mayor and Town Council. Plan members are not required to contribute. The Town is required to contribute an amount necessary to finance the coverage of the employees through annual contributions at actuarially determined rates. Administrative costs are paid by the Town. Effective July 1, 1999, the cost method is the Projected Unit Credit Method with a 25 year level dollar amortization of the unfunded liability.

**TOWN OF SMYRNA, TENNESSEE**

Notes to Financial Statements (Continued)

June 30, 2013

**7) PENSION PLAN AND DEFERRED COMPENSATION PLAN, (Continued)**

Schedule of funding progress:

<b>Actuarial Valuation</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)-see Note 1</b>	<b>Unfunded AAL (UAAL)</b>	<b>Annual Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a % of Covered Payroll</b>
<u>Date</u>	<u>(a)</u>	<u>(b)</u>	<u>(b-a)</u>	<u>(a/b)</u>	<u>(c)</u>	<u>((b-a)/c)</u>
07/1/03	\$ 2,247,052	2,740,790	493,738	82.0%	1,577,756	31.29%
07/1/04	2,429,582	2,914,452	484,870	83.4%	1,476,370	32.84%
07/1/05	2,610,627	3,248,282	637,655	80.4%	1,460,894	43.65%
07/1/06	2,833,204	3,564,593	731,389	79.5%	1,526,635	47.9%
07/1/07	3,228,503	4,322,319	1,093,816	74.7%	1,666,728	65.63%
07/1/08	3,392,426	4,756,552	1,364,126	71.3%	1,686,800	80.87%
07/1/09	3,343,395	4,829,602	1,486,207	69.2%	1,744,532	85.19%
07/1/10	3,893,765	5,104,613	1,210,848	76.3%	1,779,776	68.03%
07/1/11	4,573,984	5,392,849	818,865	84.8%	1,691,394	48.41%
07/1/12	4,856,725	5,814,050	957,325	83.5%	1,418,477	67.49%

**Notes:**

1. The actuarial cost method was changed to the Projected Unit Credit method effective July 1, 1999. This method calculates an Actuarial Accrued Liability (AAL). Prior to July 1, 1999, the plan used the Frozen Entry Age actuarial cost method, which does not independently calculate the (AAL). The amounts for AAL for years 1987-1998 are the unfunded Frozen AAL plus the Actuarial Value of Assets on the actuarial valuation date.
2. The Town's funding policy is to contribute to the amounts calculated under the actuarial cost method used to calculate the annual required contribution. Effective July 1, 1999, the cost method is the Projected Unit Credit method with a 25-year level dollar amortization of the unfunded liability. Prior to July 1, 1999, the Town's contribution policy was to amortize the unfunded AAL over 25 years (level dollar basis).
3. Actuarial assumptions have been modified periodically to reflect actual plan experience and expectations regarding future events. The most recent assumption revision was effective July 1, 2010 and changed the salary scale assumption. The most recent rate of investment return assumption revision was effective July 2012.
4. The last plan amendment was effective July 1, 2002, and it had no impact on the liabilities of the plan.

**Schedule of Employer Contributions**

<u>Fiscal Year End</u>	<u>Required Contribution</u>	<u>Annual Percentage Contributed</u>
2004	\$ 165,000	100.00%
2005	158,012	100.00%
2006	181,599	100.00%
2007	194,816	100.00%
2008	262,931	100.00%
2009	303,353	100.00%
2010	293,237	100.00%
2011	270,800	100.00%
2012	226,738	100.00%
2013	201,810	100.00%

All actuarially determined required contributions for fiscal years beginning after June 15, 1996 have been paid to the pension trust. Therefore, the pension liability (asset) at transition is zero.

**TOWN OF SMYRNA, TENNESSEE**

Notes to Financial Statements (Continued)

June 30, 2013

**7) PENSION PLAN AND DEFERRED COMPENSATION PLAN, (Continued)**

<u>Summary of Actuarial Assumptions</u>	(Sample Values per 1,000 Lives)			
	AGE			
	<u>20</u>	<u>35</u>	<u>50</u>	<u>60</u>
<u>Mortality Rates</u>				
1983 Group Annuity Mortality Table				
Male	.38	.86	3.91	9.16
Female	.19	.48	1.65	4.24
<u>Withdrawal Rates</u>				
Estimated Experience (1 <sup>st</sup> Year Select)	171.00	164.70	138.50	109.70
Estimated Experience (2 <sup>nd</sup> Year Select)	70.40	68.70	61.50	53.00
Estimated Experience (Ultimate)	52.80	29.90	19.20	15.70

Disability Rates/Disabled Mortality/Recovery Rates  
None Assumed.

Salary Scale

5% annual increase to age 85. Prior to July 1, 2005.  
From July 1, 2005 to July 1, 2007, 4.5% annual increase to age 85  
From July 1, 2007 to July 1, 2009, 6% annual increase to age 85  
Effective July 1, 2009, 5% annual increase to age 85  
Beginning July 1, 2010, 4.5% annual increase to age 85.

Rate of Retirement

Participants are assumed to retire: 100% at age 85.

Rate of Investment Return

Prior to July 1, 2005, 8% per annum. 7.5% per annum July 1, 2005 – June 30, 2011. 7.25% per annum beginning July 1, 2012.

Actuarial Valuation Method

Projected Unit Credit, with amortization of unfunded supplemental liability over 25 years on a closed basis.  
Prior to July 1, 1999, Frozen Entry Age, with funding of frozen supplemental liability over 25 years.

Asset Valuation Method

Market Value effective July 1, 1999. Prior years were mean of book and market values within 20% of market value.

Deferred Compensation Plan

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Town has no fiduciary responsibility under the provisions of the Plan. The Plan specifically provides that all assets under the Plan and all income attributable to those assets are solely the property of the employee.

Also, the Town established the Retirement Savings Plan which is in accordance with Internal Revenue Service Code Section 401A. The Plan is available to all Town employees with six months service with 1,000 hours. The Town has no fiduciary responsibility. The Plan was established to hold assets transferred by participants who elected out of the Town of Smyrna Pension Plan and basic and matching contributions made by the Town. The Town contributes 3% of eligible employee pay for a basic contribution and match 50% of the employee 457 Plan contributions up to 6% of employee pay. Vesting of amount in the plan occurs at 20% per year until fully vested after five years. Any forfeited benefits by employees are used to reduce future contributions by the Town. During the fiscal year the Town contributed \$832,675 and the employees contributed \$758,081. Investments in both plans are managed by the Plan's trustee under a selection of mutual funds. The choice of the investment is made by the participants.

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements (Continued)

June 30, 2013

### 8) COMMITMENTS AND CONTINGENCIES

#### Litigation

There were several pending lawsuits in which the Town was involved, as well as certain unasserted claims and assessments. The Town contests all the claims and intends to vigorously defend itself. The Town attorney is unable, at this time, to determine the probable outcome of such litigation, however, Town officials do not believe the eventual outcome will materially affect the financial condition of the Town.

The Town is also in litigation with the supplier of natural gas regarding the amount the Town has been billed for gas over several years. The Town incurred approximately \$244,700 in legal fees this year in relation to this litigation which has been reported as a current year expense in the Gas Fund financial statements. The amount and likelihood of a possible award cannot be determined and no provision has been made in the financial statements.

#### Commitments

##### Golf Course and Park Leases:

The Town leases a golf course from the Smyrna/Rutherford County Airport Authority, a joint venture, under an agreement amended May 2001. The lease is through July 1, 2025, and is adjusted annually in July with the CPI. During 2013, the Town paid \$144,493 in rent to the Airport Authority.

The Town also leases a park from the Smyrna/Rutherford County Airport Authority under an agreement expiring May 2, 2014 with an option for an additional five year term. The lease is subject to review at the end of each five year term to reflect changes in the fair market rental value of the property. During 2013, the Town paid \$12,164 in rent to the Airport Authority.

The Town has entered into two operating leases for golf course equipment, with annual payments of \$24,975 and \$24,595 through September 2013 and June 2014 respectively. The equipment can be purchased at fair market value at end of lease. Total lease expense for 2013 was \$49,570.

The Town has a commitment with the Army Corps of Engineers to reimburse the Corps for water storage operation and maintenance costs. These costs will be based on 1.313% of the Corps' actual costs. In 2013 the Town paid \$28,099.

#### Contracts

At June 30, 2013, the Town has construction contracts in process which totaled approximately \$890,258. These projects were approximately 29% complete at year end. The projects are related to infrastructure and are funded in the capital projects fund.

#### Contingencies

In a prior fiscal year, the Town received a Department of Housing and Urban Development Home Investment Partnership Grant Note. The funds, in the amount of \$403,973, were passed through to a sub-recipient. This grant note is forgivable as long as the Town continues to meet the terms of the grant note through June 2032. Amounts received from Grantor agencies are subject to audit and adjustment by Grantor agencies. Any disallowed claims, including amounts already collected, could become a liability to the applicable fund.

During the year, the Town became aware of TCA 57-4-306 requiring the split of the liquor tax with the local school system. The Town has recorded a liability for all prior year obligations. Future state legislation could limit this obligation and reduce the liability.

**TOWN OF SMYRNA, TENNESSEE**

Notes to Financial Statements (Continued)

June 30, 2013

**9) JOINT VENTURES WITH RUTHERFORD COUNTY**

In 1991, the Metropolitan Nashville Airport Authority transferred the assets of the airport to the Smyrna/Rutherford County Airport Authority. The Smyrna/Rutherford County Airport Authority is operated through a joint operations agreement between Rutherford County and the Town of Smyrna. The agreement provides that the county and Town will share in any funding shortfalls 60% and 40% respectively. At June 30, 2013, the Authority had net position of \$27,833,197. Net operating losses for the 2013 and 2012 fiscal years were \$276,308 and \$489,064 respectively. During the year, the Town of Smyrna paid a total of \$156,657 in rent for use of Authority property for recreational purposes. Separate financial statements for this joint venture are available at Town of Smyrna Town Hall from the Town Manager. The Town does not have an explicit claim to net resources. In the past five years of operation, it has not been necessary for the Town to provide supplemental funding. The Town originally loaned the Authority \$497,784 in 1999 and increased the loan amount by \$285,879 in fiscal year 2007. The loan is being repaid in monthly installments of \$4,400 for approximately seventeen years. Interest accrues at 6% and the balance is \$402,139.

**10) INTERFUND TRANSACTIONS**

Interfund receivables and payables are attributable to obligations between funds. The actual cash transfer had not been made at June 30, 2013. The composition of interfund balances at June 30, 2013 were as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
General Fund	\$ 33,490	Capital Projects Fund	\$ 28,109
Water & Sewer Fund	10,815	Impact Fee Fund	5,381
Gas Fund	<u>7,960</u>	General Fund	<u>18,775</u>
	<u>\$ 52,265</u>		<u>\$ 52,265</u>

In the Capital Projects Fund, the interfund amounts relate to reimbursements for expenditures which were authorized by budgeted transfers and the cash was not transferred until subsequent to year end. The interfund amounts in the utility fund relates to joint cash deposits into the General Fund that has not been transferred to the utilities until subsequent to year end.

Subsequent to year end, the Town liquidated the interfund amounts.

Internal balances in the Government-wide financial statements also include \$970,480 related to the consolidation of the internal service fund which is added with the \$18,775 interfund obligation for a balance of \$989,255.

Interfund transfers for the year ended June 30, 2013 are attributable to the budgeted allocation of resources from one fund to another and consist of the following:

	Transfer In:			<u>Totals</u>
	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Nonmajor Governmental</u>	
Transfer Out:				
Gas Fund	\$ 171,197	-	-	171,197
Water and Sewer Fund	537,060	-	-	537,060
General Fund		924,817	2,116,607	3,041,424
Nonmajor Governmental Funds	<u>76,893</u>	<u>926,646</u>	<u>358,828</u>	<u>1,362,367</u>
Totals	<u>\$ 785,150</u>	<u>1,851,463</u>	<u>2,475,435</u>	<u>5,112,048</u>

The transfers from the proprietary funds to the General Fund relate to in lieu of tax payments.

**TOWN OF SMYRNA, TENNESSEE**

Notes to Financial Statements (Continued)

June 30, 2013

**11) RELATED PARTY TRANSACTIONS**

In prior years, the Town has extended loans to the Housing Authority and Airport Authority, which are related organizations, but do not meet the criteria for component units. During the year, repayments were made on these loans in the amounts of \$170,476 and \$27,761, plus interest respectively. The Housing Authority loan was paid in full during 2013.

**12) MAJOR CUSTOMER**

The Town supplies water, sewer and natural gas services to a large manufacturing company. During the fiscal year ended June 30, 2013, services to this company accounted for the following percentages of total revenues of the water, sewer and natural gas fund customer revenues.

Gas Fund	39.1%
Water and Sewer Fund	15.8%
Stormwater Fund	7.0%

**13) RISK MANAGEMENT**

The Town has chosen to establish the Self Insurance Fund (internal service fund) for risks associated with the employees' health insurance plan, workers compensation insurance coverage and liability risks. The fund is accounted for as an internal service fund where assets are set aside for claim settlements.

Employee Health Insurance Plan

The Town retains the risk of loss to a limit of \$50,000 per employee, and \$1,000,000 aggregate annual cap. The Town has obtained a stop/loss commercial insurance policy to cover claims beyond this liability. All full-time employees of the government are eligible to participate. A premium charge is allocated to each fund that accounts for full-time employees. This charge is based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish an amount for catastrophic losses.

Worker's Compensation Insurance Plan

The Town is self insured for its worker's compensation claims up to a limit of \$200,000 per claim. The Town obtained commercial insurance for claims beyond the noted limit. The maximum liability the Town can incur is \$850,000 for all worker's compensation and liability claims during the policy year.

Liability and Property Insurance Plan

The Town is self insured to a limit of \$100,000 per claim for liability claims and \$50,000 per claim for property and crime claims. The Town obtained commercial insurance for claims beyond the above noted amounts. The maximum liability the Town can incur is \$850,000 for all worker's compensation and liability claims during the policy year.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The process used to compute claims liabilities does not necessarily result in an exact amount but it is the best estimate based on credible information. For the government-wide financial statements the activity and assets and liabilities of the fund have been allocated to the participating funds.

**TOWN OF SMYRNA, TENNESSEE**

Notes to Financial Statements (Continued)

June 30, 2013

**13) RISK MANAGEMENT, (Continued)**

Changes in the balance of claims liabilities during the past three fiscal years are as follows:

	<u>Beginning-of- Fiscal-Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance of Fiscal Year-End</u>
2010-2011	\$ 862,131	7,509,525	(7,293,136)	1,078,520
2011-2012	1,078,520	6,260,840	(6,909,675)	429,685
2012-2013	429,685	5,709,371	(5,684,925)	454,131*

\*Medical and workers compensation claims: \$263,502; Liability claims: \$190,629.

The Town continues to carry commercial insurance for all other risks of loss, such as employee honesty and surety bonds. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years, except in the previous year the Town experienced flood damage to infrastructure which were not covered by insurance.

**14) FUND DEFICIT**

A component unit, Industrial Development Fund, ended the fiscal year with a net position deficit of \$870,968. Future rents are expected to fund the deficit by reducing the debt annually and improving the net position. The Industrial Development Board has a lease agreement with the Smyrna Housing Authority, a related organization. The Authority makes rental payments in the amount of required debt service payments. The amounts are as follows:

2014	\$ 227,450
2015	225,200
2016	281,765
2017	277,055
2018	277,093
thereafter	<u>4,573,305</u>
	<u>\$ 5,861,868</u>

**15) BUDGET COMPLIANCE AND ACCOUNTABILITY**

The Town of Smyrna is required by State statute to adopt an annual budget. The Town legally adopts budgets for all governmental funds except the Debt Service Fund, because effective budgetary control is achieved through transfers from other funds. These budgets are prepared on the basis that current available funds must be sufficient to meet current expenditures. Expenditures may not legally exceed appropriations authorized by the Town Council. The Town's budgetary basis is consistent with generally accepted accounting principles. The legal level of budgetary control is at the department level. Any changes to departmental total budgets must be approved by the council.

**TOWN OF SMYRNA, TENNESSEE**

Notes to Financial Statements (Continued)

June 30, 2013

**15) BUDGET COMPLIANCE AND ACCOUNTABILITY, (Continued)**

The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to May 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating departmental budget establishes the budgetary level of control for the proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Town Hall to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an ordinance. In no event shall the total appropriations for any fund included in the budget exceed the estimated revenues and unappropriated fund balance.
4. The Town Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any department or fund must be approved by the Town Council.
5. Formal budgetary integration is employed as a management control device during the year for all governmental fund types, except the Debt Service Fund, a nonmajor governmental fund.
6. Budgets are adopted on a basis generally consistent with generally accepted accounting principles (GAAP). These budget appropriations lapse at year end.

During the fiscal year, the following expenditures budgets were increased:

General Fund	\$ 26,000	
Drug Fund	20,000	(Non-major fund)
Capital projects fund	225,000	

The Capital Projects Funds increased appropriations were primarily related to a pass through grant.

**16) CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENTS OF PRIOR PERIOD NET POSITION**

For 2013, the Town has adopted GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, and Net Position, and has early adopted GASB Statement No. 65, Items Previously Reported as Assets and Liabilities.

GASB 63 and GASB 65 establish accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Furthermore, these Statements provide guidance for deferred outflows of resources and deferred inflows of resources and their applicability to consumption or acquisition of net position, previously referred to as net assets, by the Town.

As of July 1, 2012, the beginning net position of the governmental activities, business activities and the proprietary funds were restated for bond issuance costs incurred prior to 2013. Under GASB 65 these costs would have been expensed as incurred.

**TOWN OF SMYRNA, TENNESSEE**

Notes to Financial Statements (Continued)

June 30, 2013

**16) CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENTS OF PRIOR PERIOD NET POSITION, (Continued)**

Also during 2013, the Town determined that amounts related to held court bonds, for general sessions court, were overstated. The correction resulted in a reduction in these liabilities in the amount of \$84,700.

During 2012, many Tennessee local governments became aware of Tennessee Code Annotated 57-4-306 which required the split of the liquor tax with the local county school system. The Town has remitted the required amounts for fiscal years 2012 and 2013 and along with other Tennessee local governments determined a liability for prior years. The estimated liability for the Town is \$539,519 and is expected to be paid over 5 years. The obligation is included in the Town's general long-term debt in the government wide financial statements.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Water and Sewer Fund</u>	<u>General Fund</u>	<u>Industrial Development Board</u>
Net position, beginning of year as previously reported	\$98,435,702	107,219,140	86,924,728	13,719,391	(732,136)
Debt issuance costs - change in accounting principle	(167,076)	(623,296)	(623,296)	-	(94,378)
Court liability - correction of error	84,700	-	-	84,700	-
Liability to County school system- correction of error	<u>(539,519)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of year, as restated	<u>\$97,813,807</u>	<u>106,595,844</u>	<u>86,301,432</u>	<u>13,804,091</u>	<u>(826,514)</u>

The correction of errors relates to years prior to June 30, 2012. The change in accounting principle increased the current year change in net position by \$78,291.

The Town also implemented GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*, incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in non-governmental pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This statement was effective for periods beginning after December 15, 2011. The adoption of GASB 62 had no impact on the Town's financial statements.

**17) GASB STATEMENTS ISSUED BUT NOT YET IMPLEMENTED**

GASB Statement 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Government Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pensions. The requirements of statements are effective for the fiscal year beginning July 1, 2014.

**COMBINING AND INDIVIDUAL NONMAJOR FUND  
STATEMENTS AND SCHEDULES**

## **NONMAJOR GOVERNMENTAL FUNDS**

State Street Aid Fund - This fund accounts for all revenue and expenditures from the Town's share of state gasoline taxes. Tennessee state law requires these receipts be kept in a separate fund and used for the construction and maintenance of town streets and certain related street expenditures.

Drug Fund - This fund accounts for funds received directly from the enforcement of laws associated with illegal drug activity. Under state law, the funds are to be used only for law enforcement related expenditures.

Impact Fee Fund - This fund is used to account for the collection of fees restricted for certain capital improvements.

Stormwater Fund – This fund is used to account for the collection of fees restricted for improvements related to stormwater drainage and related projects.

Debt Service Fund - This fund is used to account for the disbursement of funds for governmental debt service requirements.

**TOWN OF SMYRNA, TENNESSEE**

**Combining Balance Sheet**

**Nonmajor Governmental Funds**

**June 30, 2013**

	Special Revenue			Capital Projects	Debt Service Fund	Total Nonmajor Governmental Funds
	Drug Fund	State Street Aid Fund	Stormwater Fund	Impact Fee Fund		
<u>Assets:</u>						
Cash in bank	\$53,851	50,936	2,161,180	4,667,206	-	6,933,173
Due from other governments	-	187,069	-	-	-	187,069
Receivables	-	-	187,692	-	-	187,692
 Total Assets	<u>\$53,851</u>	<u>238,005</u>	<u>2,348,872</u>	<u>4,667,206</u>	<u>-</u>	<u>7,307,934</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>						
<u>Liabilities:</u>						
Accounts payable	\$280	47,805	14,005	131,726	-	193,816
Accrued liabilities	-	-	12,194	-	-	12,194
Due to other funds	-	-	-	5,381	-	5,381
 Total Liabilities	<u>280</u>	<u>47,805</u>	<u>26,199</u>	<u>137,107</u>	<u>-</u>	<u>211,391</u>
<u>Deferred Inflows of Resources:</u>						
Unavailable revenues	-	96,412	-	-	-	96,412
 <u>Fund balance:</u>						
Restricted for law enforcement	53,571	-	-	-	-	53,571
Restricted for highways and streets	-	93,788	-	-	-	93,788
Restricted for stormwater	-	-	2,322,673	-	-	2,322,673
Restricted for capital projects	-	-	-	4,530,099	-	4,530,099
 Total Fund Balance	<u>53,571</u>	<u>93,788</u>	<u>2,322,673</u>	<u>4,530,099</u>	<u>-</u>	<u>7,000,131</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$53,851</u>	<u>238,005</u>	<u>2,348,872</u>	<u>4,667,206</u>	<u>-</u>	<u>7,307,934</u>

TOWN OF SMYRNA, TENNESSEE

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2013

	Special Revenue			Capital Projects	Debt Service	Total Nonmajor Governmental Funds
	Drug Fund	State Street Aid Fund	Stormwater Fund	Impact Fee Fund	Fund	
Revenues:						
Intergovernmental:						
Gasoline tax inspection fees	\$ -	1,028,136	-	-	-	1,028,136
Total Intergovernmental	-	1,028,136	-	-	-	1,028,136
Licenses and permits	-	-	-	831,617	-	831,617
Fines, forfeitures and seizures	112,564	-	-	-	-	112,564
Uses of Money and Property:						
Interest	-	1	-	38,399	-	38,400
Stormwater fees, rental, and sales	-	-	1,481,119	-	-	1,481,119
Total Uses of Money and Property	-	1	1,481,119	38,399	-	1,519,519
Total Revenues	112,564	1,028,137	1,481,119	870,016	-	3,491,836
Expenditures:						
Drug enforcement	130,084	-	-	-	-	130,084
Stormwater	-	-	776,349	-	-	776,349
Highways and streets	-	635,371	-	-	-	635,371
Total Current	130,084	635,371	776,349	-	-	1,541,804
Debt service	-	-	-	-	2,475,435	2,475,435
Capital outlay	-	-	-	-	-	-
Total Expenditures	130,084	635,371	776,349	-	2,475,435	4,017,239
Excess (deficiency) of revenues over expenditures	(17,520)	392,766	704,770	870,016	(2,475,435)	(525,403)
Other Financing Sources (Uses):						
Transfer to Debt Service Fund	-	(358,828)	-	-	-	(358,828)
Transfer from General Fund	-	-	-	-	2,116,607	2,116,607
Transfer from State Street Aid Fund	-	-	-	-	358,828	358,828
Transfer to General Fund	-	-	(76,893)	-	-	(76,893)
Transfer to Capital Projects Fund	-	(23,223)	(114,734)	(788,689)	-	(926,646)
Total Other Financing Sources (Uses)	-	(382,051)	(191,627)	(788,689)	2,475,435	1,113,068
Net change in fund balance	(17,520)	10,715	513,143	81,327	-	587,665
Fund balance, beginning of year	71,091	83,073	1,809,530	4,448,772	-	6,412,466
Fund balance, end of year	\$53,571	93,788	2,322,673	4,530,099	-	7,000,131

**TOWN OF SMYRNA, TENNESSEE**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget (GAAP Basis) and Actual**

**Drug Fund**

**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Fines, forfeitures and seizures	\$98,912	118,912	112,564	(6,348)
Total Revenue	98,912	118,912	112,564	(6,348)
Expenditures:				
Current:				
Miscellaneous:				
Drug enforcement	100,600	120,600	130,084	(9,484)
Total Current	100,600	120,600	130,084	(9,484)
Capital outlay	10,450	10,450	-	10,450
Total Expenditures	111,050	131,050	130,084	966
Excess (deficiency) of revenues over expenditures	(12,138)	(12,138)	(17,520)	(5,382)
Net change in fund balance	(12,138)	(12,138)	(17,520)	(5,382)
Fund balance, beginning of year	71,091	71,091	71,091	-
Fund balance, end of year	\$58,953	58,953	53,571	(5,382)

**TOWN OF SMYRNA, TENNESSEE**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget (GAAP Basis) and Actual**

**State Street Aid Fund**

**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental:				
State gasoline and motor fuel tax	\$1,051,000	1,051,000	1,026,886 *	(24,114)
Uses of Money and Property:				
Interest	10	10	1	(9)
Total Revenues	1,051,010	1,051,010	1,026,887	(24,123)
Expenditures:				
Current:				
Street maintenance - repairs	199,000	199,000	186,095	12,905
Lighting	420,000	420,000	406,300	13,700
Signals	40,000	40,000	41,726	(1,726)
Total Current	659,000	659,000	634,121	24,879
Capital outlay	-	-	-	-
Total Expenditures	659,000	659,000	634,121	24,879
Excess (deficiency) of revenues over expenditures	392,010	392,010	392,766	756
Other Financing Sources (Uses):				
Transfers out	(391,974)	(391,974)	(382,051)	9,923
Net change in fund balance	36	36	10,715	10,679
Fund balance, beginning of year	83,073	83,073	83,073	-
Fund balance, end of year	\$83,109	83,109	93,788	10,679
			Gas 1989 Tax	\$113,377
			Gas 3 Cent Tax	210,434
			Gasoline-Motor Fuel City Tax	703,075
				\$1,026,886 *

**TOWN OF SMYRNA, TENNESSEE**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget (GAAP Basis) and Actual**

**Impact Fee Fund**

**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$986,400	986,400	831,617	(154,783)
Uses of Money and Property:				
Interest	<u>69,600</u>	<u>69,600</u>	<u>38,399</u>	<u>(31,201)</u>
Total Revenue	<u>1,056,000</u>	<u>1,056,000</u>	<u>870,016</u>	<u>(185,984)</u>
Expenditures:	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	1,056,000	1,056,000	870,016	(185,984)
Other Financing Sources (Uses):				
Transfers to Capital Project Fund	<u>(2,366,000)</u>	<u>(2,366,000)</u>	<u>(788,689)</u>	<u>1,577,311</u>
Total Other Financing Sources (Uses)	<u>(2,366,000)</u>	<u>(2,366,000)</u>	<u>(788,689)</u>	<u>1,577,311</u>
Net change in fund balance	(1,310,000)	(1,310,000)	81,327	1,391,327
Fund balance, beginning of year	<u>4,448,772</u>	<u>4,448,772</u>	<u>4,448,772</u>	<u>-</u>
Fund balance, end of year	<u><u>\$3,138,772</u></u>	<u><u>3,138,772</u></u>	<u><u>4,530,099</u></u>	<u><u>1,391,327</u></u>

**TOWN OF SMYRNA, TENNESSEE**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget (GAAP Basis) and Actual**

**Stormwater Fund**

**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with
Revenues:	Original	Final	Amounts	Final Budget Positive (Negative)
Uses of Money and Property:				
Fees	\$1,451,200	1,451,200	1,481,119	29,919
Total Revenue	1,451,200	1,451,200	1,481,119	29,919
Expenditures:				
Stormwater:				
Salaries	412,820	412,820	392,003	20,817
Benefits and payroll taxes	216,375	216,375	190,457	25,918
Memberships and registrations	4,450	4,450	3,812	638
Telephone	1,100	1,100	561	539
Supplies	9,800	9,800	5,683	4,117
Professional services	174,850	174,850	173,102	1,748
Other	18,776	18,776	10,731	8,045
Total Expenditures	838,171	838,171	776,349	61,822
Excess (deficiency) of revenues over expenditures	613,029	613,029	704,770	91,741
Other Financing Sources (Uses):				
Transfers to General Fund	(76,893)	(76,893)	(76,893)	-
Transfers to Capital Project Fund	(457,900)	(457,900)	(114,734)	343,166
Total Other Financing Sources (Uses)	(534,793)	(534,793)	(191,627)	343,166
Net change in fund balance	78,236	78,236	513,143	434,907
Fund balance, beginning of year	1,809,530	1,809,530	1,809,530	-
Fund balance, end of year	\$1,887,766	1,887,766	2,322,673	434,907

## **FINANCIAL SCHEDULES**

Financial Schedules are used to demonstrate finance-related legal and contractual compliance, provide details of data summarized in the financial statements, and present other information deemed useful.

**TOWN OF SMYRNA, TENNESSEE**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget (GAAP Basis) and Actual**  
**Capital Projects Fund**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental :				
Grants - state and federal	\$1,120,000	1,345,000	779,404	(565,596)
Appropriation from county	-	-	100,000	100,000
Total Intergovernmental	<u>1,120,000</u>	<u>1,345,000</u>	<u>879,404</u>	<u>(465,596)</u>
Uses of Money and Property:				
Interest	<u>23,500</u>	<u>23,500</u>	<u>2,461</u>	<u>(21,039)</u>
Other				
Called bonds	-	-	48,528	48,528
Total Revenue	<u>1,143,500</u>	<u>1,368,500</u>	<u>930,393</u>	<u>(438,107)</u>
Expenditures:				
Recreation and Culture:				
Current				
Supplies & repairs	60,000	60,000	51,504	8,496
Capital outlay	2,057,109	2,057,109	712,271	1,344,838
Community Development:				
Current				
Supplies	8,000	8,000	7,508	492
Capital outlay	7,150	7,150	6,641	509
Highways and Streets:				
Current				
Supplies & repairs	700,000	700,000	664,690	35,310
Capital outlay	1,396,995	1,396,995	303,763	1,093,232
Public Safety:				
Current				
Supplies - fire	90,000	90,000	80,705	9,295
Supplies - police	70,000	70,000	61,856	8,144
Capital outlay - fire	630,310	630,310	495,508	134,802
Capital outlay - police	2,140,964	2,140,964	163,803	1,977,161
Stormwater				
Current				
Supplies & repairs	3,000	3,000	2,284	716
Capital outlay	454,900	454,900	112,450	342,450
General Government:				
Current				
Supplies & repairs	300,000	300,000	279,360	20,640
Capital outlay	662,185	887,185	513,613	373,572
Total Expenditures	<u>8,580,613</u>	<u>8,805,613</u>	<u>3,455,956</u>	<u>5,349,657</u>
Excess (deficiency) of revenues over expenditures	<u>(7,437,113)</u>	<u>(7,437,113)</u>	<u>(2,525,563)</u>	<u>4,911,550</u>
Other Financing Sources:				
Capital outlay note issuance	3,061,857	3,061,857	611,019	(2,450,838)
Transfers from State Street Aid Fund	27,000	27,000	23,223	(3,777)
Transfers from Impact Fee Fund	2,366,000	2,366,000	788,689	(1,577,311)
Transfers from Stormwater Fund	457,900	457,900	114,734	(343,166)
Transfers from General Fund	1,547,856	1,547,856	924,817	(623,039)
Total Other Financing Sources	<u>7,460,613</u>	<u>7,460,613</u>	<u>2,462,482</u>	<u>(4,998,131)</u>
Net change in fund balance	<u>23,500</u>	<u>23,500</u>	<u>(63,081)</u>	<u>(86,581)</u>
Fund balance, beginning of year	<u>483,101</u>	<u>483,101</u>	<u>483,101</u>	<u>-</u>
Fund balance, end of year	<u>\$506,601</u>	<u>506,601</u>	<u>420,020</u>	<u>(86,581)</u>

**TOWN OF SMYRNA, TENNESSEE**

**Schedule of Cash Flow**

**Proprietary Fund Type - Component Unit**

**Industrial Development Fund**

**For the Year Ended June 30, 2013**

Cash Flows from Operating Activities:	
Cash received from customers	\$253,500
Net Cash Provided (Used) by Operating Activities	<u>253,500</u>
Cash Flows from Capital and Related Financing Activities:	
Interest paid on debt	(169,625)
Payments on long-term debt	<u>(60,000)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(229,625)</u>
Cash Flows from Investing Activities:	
Interest received on investments	<u>7</u>
Net Cash Provided (Used) by Investing Activities	<u>7</u>
Net Increase (Decrease) in Cash	23,882
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	<u>31,939</u>
Cash and Cash Equivalents and Restricted Cash, End of Year	<u><u>\$55,821</u></u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations</u></b>	
Operating income (loss)	\$124,989
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	<u>128,511</u>
Net Cash Provided (used) for Operating Activities	<u><u>\$253,500</u></u>

**TOWN OF SMYRNA, TENNESSEE**

**Capital Assets Used in the Operation of Governmental Funds**

**Schedule By Function and Activity**

**June 30, 2013**

Function and Activity	<u>Land</u>	<u>Buildings &amp; Improvements</u>	<u>Improvements Other Than Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Total</u>
General government	\$1,568,588	5,704,039	813,530	3,337,503	169,920	135,509	11,729,089
Public safety:							
Police	216,060	3,624,245	-	4,005,643	-	-	7,845,948
Fire	155,690	5,002,375	132,844	5,595,223	-	4,977	10,891,109
Highways and streets	1,431,685	177,628	1,892,677	2,341,991	101,253,565	1,002,787	108,100,333
Stormwater	-	-	387,579	262,746	285,369	28,372	964,066
Recreation	2,160,665	6,784,096	12,684,315	2,921,374	1,179,190	1,309,420	27,039,060
Community development	-	3,622,865	-	161,085	-	-	3,783,950
Total governmental capital assets	<u>\$5,532,688</u>	<u>24,915,248</u>	<u>15,910,945</u>	<u>18,625,565</u>	<u>102,888,044</u>	<u>2,481,065</u>	<u>170,353,555</u>

**TOWN OF SMYRNA, TENNESSEE**

**Capital Assets Used in the Operation of Governmental Funds**

**Schedule of Changes in Capital Assets By Function and Activity**

**For the Year Ended June 30, 2013**

Function and Activity	Balance July 1, 2012	Additions	Reclasses & Deletions	Balance June 30, 2013
General government	\$11,254,284	513,612	(38,805)	11,729,091
Public safety:				
Police	7,786,597	163,803	(104,452)	7,845,948
Fire	10,395,600	495,509	-	10,891,109
Highways and streets	106,911,412	1,188,921	-	108,100,333
Stormwater	851,619	112,447	-	964,066
Recreation	26,378,591	712,271	(51,802)	27,039,060
Community development	3,777,306	6,642	-	3,783,948
Total governmental capital assets	<u>\$167,355,409</u>	<u>3,193,205</u>	<u>(195,059)</u>	<u>170,353,555</u>

**TOWN OF SMYRNA, TENNESSEE**

**Schedule of Cash and Cash Equivalents**

**All Funds**

**June 30, 2013**

Major Governmental Funds

<u>Type of Investment or Account</u>	<u>Interest Rate</u>	<u>Amount</u>
<b>General Fund:</b>		
Demand deposits and savings	Various	\$15,092,454
Local Government Investment Pool	Various	65,687
Change funds	-	4,508
Total General Fund		<u>15,162,649</u>

<b>Capital Projects Fund</b>		
Demand deposits and savings	-	-
Total Capital Projects Fund		<u>-</u>

Nonmajor Governmental Funds

<b>Drug Fund:</b>		
Cash	-	100
Demand deposit	-	53,751
Total Drug Fund		<u>53,851</u>

<b>State Street Aid Fund:</b>		
Local Government Investment Pool	Various	1,079
Demand deposits and savings	Various	49,857
Total State Street Aid Fund		<u>50,936</u>

<b>Impact Fee Fund</b>		
Demand deposits and savings	Various	4,667,206
Total Impact Fee Fund		<u>4,667,206</u>

<b>Stormwater Fund</b>		
Demand deposits and savings	-	2,161,180
Total Stormwater Fund		<u>2,161,180</u>

Proprietary Funds

<b>Water and Sewer Fund:</b>		
Demand deposits and savings	Various	2,519,825
Local Government Investment Pool	Various	1,779
Change funds	-	600
Total Water and Sewer Fund		<u>2,522,204</u>

<b>Natural Gas Fund:</b>		
Local Government Investment Pool	Various	1,029
Demand deposits and savings	Various	9,833,133
Total Natural Gas Fund		<u>9,834,162</u>

<b>Internal Service Fund</b>		
Demand deposits and savings	Various	2,481,744
Total Internal Service Fund		<u>2,481,744</u>

\$36,933,932

Component Units:

<b>Industrial Development Fund</b>		
Demand deposits and savings	-	\$55,821
Total Industrial Development Fund		<u>\$55,821</u>

<b>Charity Assistance Fund</b>		
Demand deposits and savings	-	\$4,251
Total Industrial Development Fund		<u>\$4,251</u>

**TOWN OF SMYRNA, TENNESSEE**

**Schedule of Changes in Property Taxes Receivable**

**General Fund**

**For the Year Ended June 30, 2013**

<u>Fiscal Year</u>	<u>Balance June 30, 2012</u>	<u>Adjustments/ Assessments</u>	<u>Collections</u>	<u>Balance June 30, 2013</u>
2012 - 2013	\$ -	7,658,530	7,408,799	249,731
2011 - 2012	298,836	-	183,053	115,783
2010 - 2011	97,455	-	64,839	32,616
2009 - 2010	36,733	-	12,334	24,399
2008 - 2009	19,846	-	3,137	16,709
2007 - 2008	15,833	-	878	14,955
2006 - 2007	10,247	-	580	9,667
2005 - 2006	2,428	-	37	2,391
2004 - 2005	6,337	-	-	6,337
2003 - 2004	7,285	-	-	7,285
2002 - 2003	6,272	(6,272)	-	-
	-			
	<u>\$501,272</u>	<u>7,652,258</u>	<u>7,673,657</u>	479,873
2013 - 2014**				<u>8,806,000</u>
Property taxes receivable per Governmental Funds Financial Statements				<u>9,285,873</u>
Allowance for uncollectibles				<u>(56,000)</u>
Property taxes receivable per Government Wide Financial Statements				<u>\$9,229,873</u>

Fiscal year 2010-2011 and prior have been turned over to the County Clerk and Master for collection.

\*\* Unlevied taxes receivable (Anticipated current year levy)

TOWN OF SMYRNA, TENNESSEE

Schedule of Maturities of Bond and Other Indebtedness  
and Interest Requirements

General Obligation

June 30, 2013

Year Ending June 30,	2013 Obligation to County School System	2005 General Obligation Bonds	2006 General Obligation Bonds	2008 General Obligation Bonds	2009 General Obligation Bonds	2012 & 2013 Capital Outlay Notes	Interest Requirements	Total
2014	\$107,904	\$430,000	790,000	305,235	200,000	207,420	706,043	2,746,602
2015	107,904	440,000	820,000	313,267	200,000	411,093	646,608	2,938,872
2016	107,904	460,000	855,000	332,010	200,000	411,093	576,285	2,942,292
2017	107,904	500,000	885,000	348,075	210,000	203,673	503,615	2,758,267
2018	107,903	500,000	920,000	358,785	210,000	-	430,652	2,527,340
2019	-	520,000	955,000	374,850	220,000	-	356,115	2,425,965
2020	-	550,000	995,000	396,270	220,000	-	277,864	2,439,134
2021	-	-	1,030,000	417,690	230,000	-	195,371	1,873,061
2022	-	-	1,075,000	439,110	250,000	-	130,239	1,894,349
2023	-	-	-	460,530	250,000	-	60,826	771,356
2024	-	-	-	481,950	260,000	-	31,437	773,387
	<u>\$539,519</u>	<u>3,400,000</u>	<u>8,325,000</u>	<u>4,227,772</u>	<u>2,450,000</u>	<u>1,233,279</u>	<u>3,915,055</u>	<u>24,090,625</u>

TOWN OF SMYRNA, TENNESSEE

Schedule of Maturities of Indebtedness and Interest Requirements

Enterprise Fund

June 30, 2013

Year Ending June 30,	Water and Sewer Fund						Revolving Loan	Revolving Loan	Interest Requirements	Total
	Bond Issue									
	2001	2003A	2008	2009	2009	2011				
2014	\$50,000	340,000	264,765	500,000	1,100,000	1,000,000	20,228	145,054	1,706,482	5,126,529
2015	55,000	355,000	271,732	500,000	1,150,000	1,000,000	20,624	148,188	1,613,235	5,113,779
2016	-	365,000	287,990	525,000	1,240,000	1,030,000	21,027	151,391	1,528,497	5,148,905
2017	-	380,000	301,925	525,000	1,300,000	1,070,000	21,439	154,662	1,394,832	5,147,858
2018	-	390,000	311,216	550,000	1,350,000	1,100,000	21,858	158,005	1,271,267	5,152,346
2019	-	-	325,150	575,000	1,720,000	1,150,000	22,286	161,419	1,150,701	5,104,556
2020	-	-	343,730	600,000	1,790,000	1,200,000	22,722	164,908	1,001,722	5,123,082
2021	-	-	362,310	600,000	1,850,000	1,250,000	23,167	168,472	853,469	5,107,418
2022	-	-	380,890	630,000	1,920,000	1,350,000	23,621	172,112	698,410	5,175,033
2023	-	-	399,470	700,000	1,990,000	1,400,000	24,083	175,832	524,053	5,213,438
2024	-	-	418,050	725,000	2,060,000	1,450,000	24,554	179,632	345,406	5,202,642
2025	-	-	-	-	-	1,550,000	25,035	183,515	156,679	1,915,229
2026	-	-	-	-	-	1,600,000	25,525	187,481	92,160	1,905,166
2027	-	-	-	-	-	-	26,025	191,532	23,610	241,167
2028	-	-	-	-	-	-	26,534	195,671	18,961	241,166
2029	-	-	-	-	-	-	27,053	199,901	14,212	241,166
2030	-	-	-	-	-	-	27,583	204,220	9,363	241,166
2031	-	-	-	-	-	-	28,123	208,633	4,411	241,167
2032	-	-	-	-	-	-	28,674	52,872	490	82,036
	<u>105,000</u>	<u>1,830,000</u>	<u>3,667,228</u>	<u>6,430,000</u>	<u>17,470,000</u>	<u>16,150,000</u>	460,161	3,203,500	12,407,960	<u>61,723,849</u>
								(128,781)		
								<u>331,380</u>		

**TOWN OF SMYRNA, TENNESSEE**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2013**

Federal Grants as Identified in the  
Catalog of Federal Domestic Assistance:

CFDA Number	Program Name	Grantor Agency	Expenditures
14.239	Home Program	US Department of Housing and Urban Dev	\$222,250
16.607	Bullet Proof Vests Grant	US Department of Justice	\$3,405
20.205	Greenways Grant	Federal Highway Adminidtration	15,280
20.614	COMET Grant	Federal Highway Adminidtration	6,918
20.600/20.607	Network Coordinator Grant	TN Department of Transportation	9,473
			<u>\$257,326</u>

This schedule was prepared using the accrual basis of accounting.

At June 30, 2013, there was a Department of Housing and Urban Development Home Investment Partnership Grant Note outstanding. (CFDA #14.239). The funds, in the amount of \$403,973 were passed to a subrecipient and the grant note is forgivable as long as the Town continues to meet the terms of the grant note through August 2019 for \$195,000 and through June 2032 for the remainder.

**TOWN OF SMYRNA, TENNESSEE**  
**Schedule of Federal and State Financial Assistance**  
**For the Year Ended June 30, 2013**

Federal Grants as Identified in the  
Catalog of Federal Domestic Assistance:

CFDA Number	State Grant Number	Program Name	Grantor Agency	(Accrued) or Deferred Revenue at July 1, 2012	Program Income & Grant Receipts	Adjustments	Expenditures	(Accrued) or Deferred Revenue at June 30, 2013
66.458	N/A	State Revolving Loan Program Capitalization Grants for Clean Water Principal Forgiveness Loan	TN Department of Environment & Conservation Environmental Protection Agency	(\$71,262) (285,047)	71,262 285,047	- -	-	- -
97.036	N/A	Public Assistance Grant	Federal Emergency Management Agency	(93,483)	-	14,431	-	(79,052)
14.239	HM-11-39	Homes Grant	US Department of Housing and Urban Dev	(51,748)	273,998	-	222,250	-
16.607	N/A	Bulletproof Vest Grant	U.S. Department of Justice	-	-	-	3,405	(3,405)
20.205	HPP-7500 HPP-9315	Greenways Grant	Federal Highway Administration	(7,840)	20,991	-	15,280	(2,129)
20.614	DTNH22-10-H-00328	COMET Grant	Federal Highway Administration	(137)	6,500	-	6,918	(555)
20.600/20.607	154AL-09-113 PT-10-45	Network Coordinator Grant	TN Department of Transportation	-	6,698	-	9,473	(2,775)
Total Federal Assistance				<u>(\$509,517)</u>	<u>664,496</u>	<u>14,431</u>	<u>257,326</u>	<u>(87,916)</u>

State Grants:

		State Revolving Loan Program Principal Forgiveness	TN Department of Environment & Conservation	(\$59,380) (14,842)	59,380 14,842	- -	-	- -
		Public Assistance Grant	Tennessee Emergency Management Agency	(20,798)	-	802	-	(19,996)
	PIN 117458.00	State Industrial Access Program	TN Department of Transportation	-	518,209	-	540,397	(22,188)
Total State Assistance				<u>(\$95,020)</u>	<u>592,431</u>	<u>802</u>	<u>540,397</u>	<u>(42,184)</u>

This schedule was prepared using the accrual basis of accounting.

During 2013 the Town settled with the Federal Emergency Agency regarding disputed claims which resulted in an adjustment to the receivable from this agency.

**TOWN OF SMYRNA, TENNESSEE**

**Schedule of Utility Data**

**June 30, 2013**

<u>Services</u>	<u>Number of Customers</u>
Water	13,855
Sewer	13,819
Natural Gas	9,790
Fire Hydrants	1,473
 <u>Rates</u>	
Water (in Town)	
First 2,000 gallons	\$10.45
2,001 - 5,000 gallons	3.25/1,000 gallons
5,001 - 10,000 gallons	3.70/1,000 gallons
thereafter	4.15/1,000 gallons
Water (outside Town)	
First 2,000 gallons	\$12.80
2,001 - 5,000 gallons	4.80/1,000 gallons
5,001 - 10,000 gallons	5.30/1,000 gallons
thereafter	6.10/1,000 gallons
Sewer (in Town)	
First 2,000 gallons	\$14.60
thereafter	3.90/1,000 gallons
Sewer (outside Town)	
First 2,000 gallons	\$21.80
thereafter	5.20/1,000 gallons
Natural Gas	
Residential and Small Commercial	\$3.50 demand charge
Excess at current market rate	

**TOWN OF SMYRNA, TENNESSEE**

**STATISTICAL SECTION**

This part of the Town of Smyrna's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

	Schedule #
Contents	
Financial Trends	
These Schedules contain trend information to help readers understand how theTown's financial performance and well - being have changed over time.	1-4
Revenue Capacity	
These Schedules contain information to help readers assess the Town's most significant local revenue source-its property tax.	5-8
Debt Capacity	
These Schedules present information to help readers assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	9-13
Demographic and Economic Information	
These Schedules offer demographic and economic indicators to help readers understand the environment within which the Town's financial activities take place.	14-15
Operating Information	
These Schedules contain service and infrastructure data to help readers understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	16-18

Except where noted, the information in these Schedules is derived from the Town of Smyrna's comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement 34 in 2003.

**TOWN OF SMYRNA, TENNESSEE**

**Financial Trends Information -  
Net Position by Components - Last Ten Years**

**Schedule 1**

(Prepared using the accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities:</b>										
Net investment in capital assets	\$66,457,757	72,761,202	68,025,896	67,127,060	81,028,922	80,698,915	78,000,723	77,232,023	77,980,535	76,999,847
Restricted for:										
Cemetery maintenance	-	-	-	-	-	-	-	453,875	510,430	558,342
Capital projects	1,934,110	-	6,330,006	8,289,938	3,920,073	3,254,231	5,712,407	4,504,069	4,311,274	4,530,099
Highway and streets maintenance	285,100	418,214	592,621	369,905	458,202	277,135	162,467	156,300	177,509	190,200
Stormwater	-	-	-	-	-	240,696	749,539	1,310,636	1,771,032	2,296,550
Law enforcement	76,994	70,032	100,417	89,515	10,154	50,190	50,900	40,712	71,091	53,571
Unassigned	13,247,022	15,261,124	13,533,314	14,941,843	12,901,333	14,827,610	14,393,586	13,006,648	13,613,831	15,566,065
<b>Total Governmental Activities Net Position</b>	<b>\$82,000,983</b>	<b>88,510,572</b>	<b>88,582,254</b>	<b>90,818,261</b>	<b>98,318,684</b>	<b>99,348,777</b>	<b>99,069,622</b>	<b>96,704,263</b>	<b>98,435,702</b>	<b>100,194,674</b>
<b>Business-Type Activities</b>										
Net investment in capital assets	\$75,618,383	77,883,216	74,793,196	83,143,805	88,240,098	90,640,122	92,392,866	94,513,896	97,067,481	96,772,588
Other projects										
Unassigned	14,042,747	14,794,356	22,356,383	18,220,129	17,806,928	14,945,067	15,471,631	13,555,568	10,151,659	13,605,629
<b>Total Business-type Activities Net Position</b>	<b>\$89,661,130</b>	<b>92,677,572</b>	<b>97,149,579</b>	<b>101,363,934</b>	<b>106,047,026</b>	<b>105,585,189</b>	<b>107,864,497</b>	<b>108,069,464</b>	<b>107,219,140</b>	<b>110,378,217</b>
<b>Primary Government</b>										
Net investment in capital assets	\$142,076,140	150,644,418	142,819,092	150,270,865	169,269,020	171,339,037	170,393,589	171,745,919	175,048,016	173,772,435
Restricted for:										
Cemetery maintenance	-	-	-	-	-	-	-	453,875	510,430	558,342
Capital projects	1,934,110	-	6,330,006	8,289,938	3,920,073	3,254,231	5,712,407	4,504,069	4,311,274	4,530,099
Highway and streets maintenance	285,100	418,214	592,621	369,905	458,202	277,135	162,467	156,300	177,509	190,200
Stormwater	-	-	-	-	-	240,696	749,539	1,310,636	1,771,032	2,296,550
Law enforcement	76,994	70,032	100,417	89,515	10,154	80,190	50,900	40,712	71,091	53,571
Unassigned	27,289,769	30,055,480	35,889,697	33,161,972	30,708,261	29,773,677	29,865,217	26,562,216	23,765,490	29,171,694
<b>Total Primary Government Net Position</b>	<b>\$171,662,113</b>	<b>181,188,144</b>	<b>185,731,833</b>	<b>192,182,195</b>	<b>204,365,710</b>	<b>204,964,966</b>	<b>206,934,119</b>	<b>204,773,727</b>	<b>205,654,842</b>	<b>210,572,891</b>

TOWN OF SMYRNA, TENNESSEE

Financial Trends Information -  
Changes in Net Position - Last Ten Fiscal Years

Schedule 2  
(Prepared using the accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses:</b>										
Governmental Activities:										
General government	\$4,987,480	5,563,874	5,061,806	6,768,869	6,657,254	7,400,713	7,239,734	8,275,614	7,321,245	7,372,627
Public safety:										
Police	5,538,323	6,641,013	7,077,628	7,654,928	8,542,244	9,258,680	9,147,791	9,568,842	9,318,385	8,847,423
Fire	3,114,436	4,027,527	4,612,143	5,420,422	6,514,220	7,701,989	8,361,813	8,379,595	8,249,674	8,073,938
Highways and streets	3,759,038	4,095,570	4,098,322	5,064,368	4,277,621	4,737,861	4,863,802	4,801,834	4,517,730	4,879,112
Recreation	3,309,396	3,657,874	4,023,565	4,124,288	4,202,662	4,490,983	4,747,459	4,650,655	4,540,006	4,336,852
Community development	1,238,659	1,271,640	1,259,350	1,385,545	1,380,316	1,464,050	1,319,116	1,331,653	1,362,977	1,271,570
Stormwater	-	-	-	-	508,715	502,108	542,203	593,683	677,236	772,488
Interest expense on long-term debt	69,359	115,232	290,279	556,204	669,262	701,726	805,659	820,094	775,834	740,988
<b>Total Governmental Activities Expenses</b>	<b>22,016,691</b>	<b>25,372,730</b>	<b>26,423,093</b>	<b>30,974,624</b>	<b>32,752,294</b>	<b>36,258,110</b>	<b>37,027,577</b>	<b>38,421,970</b>	<b>36,763,087</b>	<b>36,294,998</b>
Business-Type Activities:										
Water and Sewer	7,621,206	8,356,911	9,390,817	10,556,573	11,573,972	13,198,485	12,902,379	13,312,416	13,426,393	13,499,799
Natural Gas	16,975,520	19,591,008	29,037,668	21,449,470	24,453,363	17,043,684	15,005,690	13,663,394	13,005,327	12,620,752
<b>Total Business-type Activities Expenses</b>	<b>24,596,726</b>	<b>27,947,919</b>	<b>38,428,485</b>	<b>32,006,043</b>	<b>36,027,335</b>	<b>30,242,169</b>	<b>27,908,069</b>	<b>26,975,811</b>	<b>26,431,720</b>	<b>26,120,551</b>
<b>Total Primary Government Expenses</b>	<b>\$46,613,417</b>	<b>53,320,649</b>	<b>64,851,578</b>	<b>62,980,667</b>	<b>68,779,629</b>	<b>66,500,279</b>	<b>64,935,646</b>	<b>65,397,781</b>	<b>63,194,807</b>	<b>62,415,549</b>
<b>Program Revenues:</b>										
Governmental Activities:										
Charges for services:										
General government	\$1,531,575	1,974,949	2,016,897	2,818,417	2,855,749	2,813,332	2,391,810	2,334,212	2,441,772	2,466,490
Public safety:										
Police	913,443	992,196	1,226,683	1,280,633	1,393,064	1,741,817	1,788,134	1,686,516	1,730,954	1,676,133
Highways and streets	311,118	352,236	-	-	-	-	-	-	-	-
Recreation	1,607,559	1,521,377	1,419,746	1,368,034	1,350,495	1,336,957	1,220,047	1,395,252	1,511,587	1,499,155
Community development	339,944	332,359	383,774	426,705	494,004	415,078	407,418	183,142	188,995	168,638
Stormwater	-	-	-	-	22,358	1,201,498	1,382,106	1,431,163	1,462,760	1,481,119
Operating grants and contributions	923,309	949,548	1,009,732	1,021,278	1,048,308	1,126,471	1,335,960	1,283,978	1,534,671	2,039,015
Capital grants and contributions	3,773,314	9,783,930	2,796,879	3,939,901	9,198,553	4,146,351	3,190,854	1,779,839	3,276,378	1,880,582
<b>Total Governmental Activities Program Revenues</b>	<b>9,400,262</b>	<b>15,906,595</b>	<b>8,853,711</b>	<b>10,854,968</b>	<b>16,362,531</b>	<b>12,781,504</b>	<b>11,716,329</b>	<b>10,094,102</b>	<b>12,147,117</b>	<b>11,211,132</b>
Business-Type Activities:										
Charges for services:										
Water and Sewer	7,683,878	8,123,010	9,900,995	10,891,300	10,667,269	11,507,794	11,713,484	13,089,220	14,237,225	15,718,937
Natural Gas	17,308,151	19,959,549	30,046,208	21,994,277	20,960,243	17,646,478	15,492,084	12,413,680	9,648,504	12,790,335
Capital grants and contributions:										
Water and Sewer	2,233,066	2,833,215	2,641,724	2,749,231	4,973,605	911,091	3,278,145	2,064,306	2,139,912	1,943,293
Natural Gas	432,284	233,849	147,802	141,767	137,406	73,513	77,890	26,777	57,011	45,331
<b>Total Business-type Activities Program Revenues</b>	<b>27,657,379</b>	<b>31,149,623</b>	<b>42,736,729</b>	<b>35,776,575</b>	<b>36,738,523</b>	<b>30,138,876</b>	<b>30,561,603</b>	<b>27,593,983</b>	<b>26,082,652</b>	<b>30,497,896</b>
<b>Total Primary Government Program Revenues</b>	<b>\$37,057,641</b>	<b>47,056,218</b>	<b>51,590,440</b>	<b>46,631,543</b>	<b>53,101,054</b>	<b>42,920,380</b>	<b>42,277,932</b>	<b>37,688,085</b>	<b>38,229,769</b>	<b>41,709,028</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(\$12,616,429)	(9,466,135)	(17,569,382)	(20,119,657)	(16,389,763)	(23,476,606)	(25,311,249)	(28,327,868)	(24,615,970)	(25,083,866)
Business-Type Activities	3,060,653	3,201,704	4,308,244	3,770,532	4,711,188	(103,293)	2,653,534	618,172	(349,068)	4,377,345
<b>Total Primary Government Net Expense</b>	<b>(\$9,555,776)</b>	<b>(6,264,431)</b>	<b>(13,261,138)</b>	<b>(16,349,125)</b>	<b>(11,678,575)</b>	<b>(23,579,899)</b>	<b>(22,657,715)</b>	<b>(27,709,696)</b>	<b>(24,965,038)</b>	<b>(20,706,521)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes										
Property and in lieu of taxes	\$5,391,616	5,751,277	6,196,997	8,689,991	9,195,425	9,503,939	10,105,333	10,049,065	10,100,115	10,047,891
Sales	5,160,808	5,552,537	6,167,905	6,478,662	8,187,025	8,648,135	8,555,022	8,967,292	9,278,787	10,116,499
Business	444,297	200,085	203,263	225,500	222,870	343,648	438,371	728,197	951,603	1,155,289
Wholesale beer	863,381	890,405	898,585	941,030	1,006,374	1,046,230	1,013,015	1,036,175	1,090,307	1,138,256
Hotel / motel tax	-	-	-	-	-	-	259,802	259,613	304,430	424,920
Cable TV Franchise tax	-	-	-	-	-	-	419,303	440,851	474,154	544,562
Other locally assessed taxes	336,344	409,234	476,060	558,644	649,946	651,942	33,623	26,621	25,626	27,481
State shared income taxes	26,473	43,994	73,315	227,850	92,374	87,762	46,784	60,874	57,141	75,934
State shared beer taxes	14,779	14,701	16,471	17,781	18,118	19,859	18,867	19,862	19,622	19,763
State shared sales taxes	1,762,612	1,811,652	2,210,226	2,380,658	2,381,871	2,509,843	2,424,132	2,533,912	2,711,648	2,763,240
State shared mixed drink tax	-	-	-	123,658	139,446	159,292	174,081	173,260	93,635	95,056
Other state shared taxes	111,041	259,032	271,794	262,171	235,848	233,303	266,905	241,384	23,041	24,936
Unrestricted investment earnings and rental income	313,557	494,020	1,035,367	1,562,488	1,058,635	316,030	439,556	441,617	437,803	225,037
Other	480,864	35,937	133,587	338,896	128,311	406,690	227,172	343,927	76,185	97,612
Transfers	462,446	512,850	425,354	548,335	573,943	580,026	610,127	639,859	703,312	708,257
<b>Total Governmental Activities</b>	<b>15,368,218</b>	<b>15,975,724</b>	<b>18,108,924</b>	<b>22,355,664</b>	<b>23,890,186</b>	<b>24,506,699</b>	<b>25,032,093</b>	<b>25,962,509</b>	<b>26,347,409</b>	<b>27,464,733</b>
Business-Type Activities:										
Investments earnings	147,684	211,476	587,785	992,158	659,593	211,977	232,405	225,070	202,056	94,510
Other	-	-	1,333	-	(113,745)	9,505	3,496	1,583	-	18,775
Transfers	(462,446)	(512,850)	(425,354)	(548,335)	(573,944)	(580,026)	(610,127)	(639,859)	(703,312)	(708,257)
<b>Total Business-type Activities</b>	<b>(314,762)</b>	<b>(301,374)</b>	<b>163,764</b>	<b>443,823</b>	<b>(28,096)</b>	<b>(358,544)</b>	<b>(374,226)</b>	<b>(413,206)</b>	<b>(501,256)</b>	<b>(594,972)</b>
<b>Total Primary Government</b>	<b>\$15,053,456</b>	<b>15,674,350</b>	<b>18,272,688</b>	<b>22,799,487</b>	<b>23,862,090</b>	<b>24,148,155</b>	<b>24,657,867</b>	<b>25,549,303</b>	<b>25,846,153</b>	<b>26,869,761</b>
<b>Change in Net Position</b>										
Governmental activities	\$2,751,789	6,509,589	539,542	2,236,007	7,500,423	1,030,093	(279,156)	(2,365,359)	1,731,439	2,380,867
Business-type activities	2,745,891	2,900,330	4,472,008	4,214,355	4,683,092	(461,837)	2,279,308	204,967	(850,324)	3,782,373
<b>Total Primary Government</b>	<b>\$5,497,680</b>	<b>9,409,919</b>	<b>5,011,550</b>	<b>6,450,362</b>	<b>12,183,515</b>	<b>568,256</b>	<b>2,000,152</b>	<b>(2,160,392)</b>	<b>881,115</b>	<b>6,163,240</b>

**TOWN OF SMYRNA, TENNESSEE**

**Financial Trends Information -  
Fund Balances of Governmental Funds - Last Ten Fiscal Years**

**Schedule 3**

(Prepared using the modified accrual basis of accounting)-unaudited

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental Funds:</b>										
General Fund										
Reserved	\$ -	-	-	432,408	378,481	322,641	257,970	205,283	170,518	119,751
Unreserved and undesignated	-	-	-	14,724,536	14,666,346	16,053,343	15,186,843	13,420,207	12,897,312	12,355,871
Nonspendable	89,785	77,458	69,667	-	-	-	-	-	-	-
Restricted	558,342	510,430	453,875	-	-	-	-	-	-	-
Assigned	-	2,441,742	2,625,725	-	-	-	-	-	-	-
Unassigned	15,266,713	10,689,761	10,530,089	-	-	-	-	-	-	-
Total General Fund	<u>\$15,914,840</u>	<u>13,719,391</u>	<u>13,679,356</u>	<u>15,156,944</u>	<u>15,044,827</u>	<u>16,375,984</u>	<u>15,444,813</u>	<u>13,625,490</u>	<u>13,067,830</u>	<u>12,475,622</u>
All Other Governmental Funds										
Reserved	\$ -	-	-	213,750	230,980	228,549	245,288	261,991	261,280	281,475
Unreserved reported in:										
Capital Projects Fund	-	-	-	1,606,318	(200,979)	(2,988,927)	3,383,891	2,221,906	(318,467)	29,163
Special Revenue Funds	-	-	-	4,397,196	3,642,680	3,258,076	4,982,376	4,650,340	3,173,276	2,244,514
Nonspendable	-	160,497	170,456	-	-	-	-	-	-	-
Restricted in capital projects funds	4,950,119	4,771,376	5,673,986	-	-	-	-	-	-	-
Restricted in special revenue funds	2,470,032	1,963,694	1,418,039	-	-	-	-	-	-	-
Total all other governmental funds	<u>7,420,151</u>	<u>6,895,567</u>	<u>7,262,481</u>	<u>6,217,264</u>	<u>3,672,681</u>	<u>497,698</u>	<u>8,611,555</u>	<u>7,134,237</u>	<u>3,116,089</u>	<u>2,555,152</u>
Total Governmental Funds	<u>\$23,334,991</u>	<u>20,614,958</u>	<u>20,941,837</u>	<u>21,374,208</u>	<u>18,717,508</u>	<u>16,873,682</u>	<u>24,056,368</u>	<u>20,759,727</u>	<u>16,183,919</u>	<u>15,030,774</u>

\* In 2011 the classifications of fund balance have been changed to reflect the implementation of GASB 54.

**TOWN OF SMYRNA, TENNESSEE**

**Financial Trend Information -  
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years**

**Schedule 4**

(Prepared using the modified accrual basis of accounting)-unaudited

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues:</b>										
Taxes and in lieu tax	\$23,419,317	22,364,500	21,300,902	20,638,744	20,118,749	19,080,244	16,820,307	13,910,099	12,734,876	12,243,011
Licenses and permits	1,535,238	1,762,861	1,089,550	1,364,206	3,410,039	2,803,239	3,314,920	2,803,006	3,074,314	3,135,469
Intergovernmental	5,128,803	4,437,303	4,563,135	4,286,974	4,149,290	3,891,156	4,016,468	3,989,844	5,115,717	3,174,732
Fines and fees	1,676,133	1,730,954	1,686,516	1,788,134	1,741,817	1,393,064	1,280,633	1,226,683	992,196	913,443
Uses of property and money	5,123,552	5,345,419	5,226,554	5,173,416	5,298,204	4,473,629	4,711,142	3,943,962	3,776,444	3,321,456
Other	185,752	86,745	358,819	403,673	485,317	145,277	413,199	133,587	323,007	480,863
Total revenues	<u>37,068,795</u>	<u>35,727,782</u>	<u>34,225,476</u>	<u>33,655,147</u>	<u>35,203,416</u>	<u>31,786,609</u>	<u>30,556,669</u>	<u>26,007,181</u>	<u>26,016,554</u>	<u>23,268,974</u>
<b>Expenditures:</b>										
General government	6,435,101	6,899,647	7,891,085	6,634,723	6,637,331	6,068,365	6,321,154	4,934,043	4,718,156	4,682,638
Public safety:										
Police	8,816,765	9,189,523	8,928,822	8,660,082	8,672,144	8,384,167	7,677,020	6,763,995	6,145,710	5,232,237
Fire	8,055,281	8,365,447	8,137,924	7,956,413	7,409,271	6,248,333	5,157,456	4,399,921	3,447,738	2,860,358
Highways and streets	1,807,075	1,540,682	1,673,430	1,785,964	1,916,911	1,402,244	1,836,298	1,413,161	1,508,199	1,583,914
Recreation	3,858,186	4,002,391	3,857,577	3,895,507	3,920,973	3,547,469	3,500,179	3,486,899	2,974,770	2,798,202
Community development	1,238,062	1,269,548	1,260,465	1,219,667	1,267,118	1,249,006	1,279,540	1,105,349	1,049,620	1,098,857
Stormwater	778,633	551,954	562,305	484,945	519,628	469,609	-	-	-	-
Debt service:										
Principal	1,722,674	824,751	804,609	907,356	872,992	840,516	809,929	720,506	747,178	759,359
Interest	752,761	1,631,730	1,630,980	1,224,646	755,074	774,448	470,374	243,825	117,938	73,974
Capital outlay	2,308,049	3,188,797	961,581	1,912,646	7,315,141	10,559,082	10,256,413	3,362,990	6,006,736	4,207,553
Total expenditures	<u>35,772,587</u>	<u>37,464,470</u>	<u>35,708,778</u>	<u>34,681,949</u>	<u>39,286,583</u>	<u>39,543,239</u>	<u>37,308,363</u>	<u>26,430,689</u>	<u>26,716,045</u>	<u>23,297,092</u>
Excess of revenues over (under) expenditures	<u>1,296,208</u>	<u>(1,736,688)</u>	<u>(1,483,302)</u>	<u>(1,026,802)</u>	<u>(4,083,167)</u>	<u>(7,756,630)</u>	<u>(6,751,694)</u>	<u>(423,508)</u>	<u>(699,491)</u>	<u>(28,118)</u>
<b>Other Financing Sources &amp; Uses:</b>										
Bond, notes and leases	611,019	649,109	257,086	3,050,000	5,346,967	-	9,500,000	5,041,823	1,339,786	847,913
Transfers	708,257	703,312	639,859	610,127	580,026	573,944	548,335	425,354	512,850	462,446
Other	19,849	57,388	153,986	23,375	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,339,125</u>	<u>1,409,809</u>	<u>1,050,931</u>	<u>3,683,502</u>	<u>5,926,993</u>	<u>573,944</u>	<u>10,048,335</u>	<u>5,467,177</u>	<u>1,852,636</u>	<u>1,310,359</u>
Net Change in Fund Balance	<u>\$2,635,333</u>	<u>(326,879)</u>	<u>(432,371)</u>	<u>2,656,700</u>	<u>1,843,826</u>	<u>(7,182,686)</u>	<u>3,296,641</u>	<u>5,043,669</u>	<u>1,153,145</u>	<u>1,282,241</u>
Debt Service as percentage of noncapital Expenditures	<u>7.4%</u>	<u>7.2%</u>	<u>7.0%</u>	<u>6.5%</u>	<u>5.1%</u>	<u>5.6%</u>	<u>4.7%</u>	<u>4.2%</u>	<u>4.2%</u>	<u>4.4%</u>

**TOWN OF SMYRNA, TENNESSEE**

**Revenue Capacity Information  
Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Years**

**Schedule 5**

Fiscal Year	Appraised Value					Assessed Value	Total Direct Tax Rate*
	Public Utilities	Commercial & Industrial	Personal Property	Residential Exempt & Farm	Total		
2004	\$35,798,946	444,615,300	180,293,767	1,059,594,596	1,720,302,609	516,522,319	0.69
2005	35,272,427	495,829,170	216,748,190	1,133,941,844	1,881,791,631	566,241,421	0.69
2006	32,385,067	526,775,900	334,222,346	1,203,956,800	2,097,340,113	627,007,536	0.69
2007	35,350,524	651,861,100	341,849,659	1,483,822,287	2,512,883,570	755,747,907	0.86
2008	38,059,682	707,858,931	339,647,711	1,601,156,550	2,686,722,874	804,659,573	0.86
2009	37,328,547	786,822,299	320,262,614	1,691,149,600	2,835,563,060	840,060,581	0.86
2010	38,041,438	891,304,600	325,239,441	1,718,764,100	2,973,349,579	896,470,349	0.86
2011	41,959,823	1,156,691,900	294,023,088	2,553,539,000	4,046,213,811	1,005,813,825	0.7595
2012	43,075,270	1,170,791,100	301,190,294	2,581,162,300	4,096,218,964	1,010,912,179	0.7595
2013	43,675,300	1,159,568,100	297,333,600	2,594,865,300	4,095,442,300	1,004,122,761	0.7595

Property is assessed as follows:

Industrial and Commercial:

Real \*\*

Personal \*\*

Public Utility \*\*

Farm and Resi\*\*

\* Per \$100 of assessed valuation

Note - Property of the Town is reappraised frequently. For this reason appraised value is considered equal to actual value.

Property was reappraised in 2007 and 2011

**TOWN OF SMYRNA, TENNESSEE**

**Revenue Capacity Information  
Direct and Overlapping Property Tax Rates, Last Ten Years**

**Schedule 6**

Fiscal Year	Direct Rate Town*	Overlapping Rates	
		County**	Total
2004	\$0.69	2.80	3.49
2005	0.69	2.80	3.49
2006	0.69	2.80	3.49
2007	0.86	2.44	3.30
2008	0.86	2.44	3.30
2009	0.86	2.56	3.42
2010	0.86	2.735	3.595
2011	0.7595	2.465	3.225
2012	0.7595	2.465	3.225
2013	0.7595	2.570	3.330

\* Source - County Tax Assessor

There are no components of the Town direct tax rate.

\*\* Levied on County property within the Town

\*\*\* Per \$100 of Assessed Valuation

**TOWN OF SMYRNA, TENNESSEE**

**Revenue Capacity Information  
Principal Property Taxpayers, Current Year and Nine Years Ago**

**Schedule 7**

<u>Taxpayer</u>	2013			2004		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>
HCA Health Services	\$24,542,875	1	2.44%	-	-	-
Nissan North America, Inc	22,548,182	2	2.25%	\$25,370,478	1	4.91%
CH Realty V/NIP LLC	20,547,960	3	2.05%	-	-	-
Southpark Nashville LLC	15,002,600	4	1.49%	19,113,880	2	3.70%
MAA BRIK	11,433,480	5	1.14%	-	-	-
Stoneridge Farms at Smyrna	11,200,000	6	1.12%	-	-	-
Vi Jon, Inc.	10,189,720	7	1.01%	-	-	-
Sam Ridley LLC	8,713,840	8	0.87%	-	-	-
Middle Tennessee Electric	8,669,805	9	0.86%	5,624,623	4	1.09%
LW Apartments LLC	5,954,495	10	0.59%	4,725,700	6	0.91%
Cumberland Swan	-	-	-	8,449,638	3	1.64%
BellSouth Telecommunications	-	-	-	4,828,920	5	0.93%
CSX Transportation	-	-	-	3,980,503	7	0.77%
Swanson Development	-	-	-	3,978,240	8	0.77%
Lowes Home Center	-	-	-	3,823,080	9	0.74%
Imperial Garden Apt	-	-	-	3,793,880	10	0.73%
<b>Totals</b>	<u>\$138,802,957</u>		<u>13.82%</u>	<u>\$83,688,942</u>		<u>16.20%</u>
<b>Total Assessed Value</b>	<u>\$1,004,122,761</u>			<u>\$516,522,319</u>		

Source- Town tax rolls

TOWN OF SMYRNA, TENNESSEE

Revenue Capacity Information  
Property Tax Levies and Collections, Last Ten Fiscal Years

Schedule 8

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent Collected	Delinquent Tax Collections	Total Collections	Total Collected as Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Levy
2004	\$3,564,004	3,475,537	97.518%	81,182	3,556,719	99.796%	7,285	0.204%
2005	3,908,439	3,821,158	97.767%	80,944	3,902,102	99.838%	6,337	0.162%
2006	4,326,352	4,236,758	97.929%	87,203	4,323,961	99.945%	2,391	0.055%
2007	6,499,432	6,275,145	96.549%	214,620	6,489,765	99.851%	9,667	0.149%
2008	6,944,753	6,757,556	97.304%	172,242	6,929,798	99.785%	14,955	0.215%
2009	7,224,521	7,001,251	96.910%	206,561	7,207,812	99.769%	16,709	0.231%
2010	7,709,645	7,405,700	96.058%	279,546	7,685,246	99.684%	24,399	0.316%
2011	7,639,156	7,341,727	96.107%	264,813	7,606,540	99.573%	32,616	0.427%
2012	7,677,878	7,379,042	96.108%	183,053	7,562,095	98.492%	115,783	1.508%
2013	7,658,530	7,408,799	96.739%	-	7,408,799	96.739%	249,731	3.261%
							<u>\$479,873</u>	

Taxes are assessed as of January 1 and due on October 1 each year.  
Taxes become delinquent on February 28 of the following year.

TOWN OF SMYRNA, TENNESSEE

Debt Capacity Information

Ratios of Outstanding Debt by Type, Last Ten Fiscal Years

Schedule 9

Fiscal Year	Population	Governmental Activities		Business-type Activities		Total Primary Government	Percent of Personal Income	Debt Per Capita
		General Obligation Bonds	Obligations & Capital Leases	Water and Sewer Bonds	Water and Sewer Revolving Loan			
2004	29,983	\$4,297,229	135,922	18,655,985	-	23,089,136	3.86%	770
2005	33,123 **	4,985,187	40,572	26,928,813	-	31,954,572	4.84%	965
2006	33,123	9,305,253	-	24,700,747	-	34,006,000	5.15%	1,027
2007	33,123	17,995,324	-	22,414,676	-	40,410,000	6.12%	1,220
2008	38,073 **	17,054,808	-	20,009,192	-	37,064,000	4.88%	973
2009	38,073	21,428,783	-	22,010,216	-	43,438,999	5.72%	1,141
2010	38,073	23,153,677	-	37,167,323	1,229,597	61,550,597	8.11%	1,617
2011	39,974 **	21,776,630	31,086	52,229,036	3,721,532	77,758,284	8.02%	1,945
2012	39,974	20,739,991	51,043	49,003,603	3,689,912	73,484,549	7.58%	1,838
2013	41,705	19,671,270	582,847	46,710,806	3,534,881	70,499,804	6.96%	1,690

Notes:

Details of the Town's debt can be found in the Note 6 in the current financial statements.

Personal income information is on Schedule 14

\* Based on Town Planning Department estimates except in years when census taken.

\*\* Census

See schedule 14 for personal income information.

Bond obligations include bond premiums

**TOWN OF SMYRNA, TENNESSEE**

**Debt Capacity Information  
Ratios of General Obligation Debt Outstanding, Last Ten Fiscal Years**

**Schedule 10**

Fiscal Year	Population *	Estimated Actual Value	General Obligation Bonds	Obligations & Capital Leases	Total	Ratio of General Obligation Debt to Actual Value	Net General Obligation Debt Per Capita
2004	29,983	\$1,720,302,609	4,297,229	135,922	4,433,151	0.26%	148
2005	33,123 **	1,881,791,631	4,985,187	40,572	5,025,759	0.27%	152
2006	33,123	2,097,340,113	9,305,253	-	9,305,253	0.44%	281
2007	33,123	2,512,883,570	17,995,324	-	17,995,324	0.72%	543
2008	38,073 **	2,686,722,874	17,054,808	-	17,054,808	0.63%	448
2009	38,073	2,835,563,060	21,428,783	-	21,428,783	0.76%	563
2010	38,073	2,973,349,579	23,153,677	-	23,153,677	0.78%	608
2011	39,974 **	3,265,422,111	21,776,630	31,086	21,807,716	0.67%	546
2012	39,974	3,304,790,464	20,739,991	51,043	20,791,034	0.63%	520
2013	41,705	4,095,442,300	19,671,270	582,847	20,254,117	0.49%	486

Note:

The above general obligation debt includes capital outlay notes since they are required to be paid from the tax base of the Town.

\* Based on Town Planning Department estimates except in years when census taken.

\*\* Census

The General Obligation Bonds do not include a portion of the 2008 issue to be paid from Water and Sewer operations and included in business-type activity long-term debt.

**TOWN OF SMYRNA, TENNESSEE**

**Debt Capacity Information  
Direct and Overlapping Governmental Activities Debt**

**Schedule 11**

<u>Jurisdiction</u>	<u>General Obligation Debt Outstanding</u>	<u>Percentage Applicable to Town*</u>	<u>Amount Applicable to Town*</u>
Town of Smyrna	\$20,254,117	100.00%	\$20,254,117
Rutherford County	322,166,431	17.10% *	53,196,552
Total	<u>\$342,420,548</u>		<u>\$73,450,669</u>

\* Based upon Assessed Value of Property in:

County	\$5,873,608,407
Town	1,004,122,761

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

**TOWN OF SMYRNA, TENNESSEE**

**Debt Capacity Information  
Debt Margin Information, Last Ten Fiscal Years**

**Schedule 12**

Fiscal Year	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Assessed Value	\$1,004,122,761	1,010,912,179	1,005,813,825	896,470,349	840,060,581	804,659,573	755,747,907	627,007,536	566,241,421	516,522,319
General Obligation Debt	\$20,254,117	20,791,034	21,807,716	23,153,677	21,428,783	17,054,808	17,995,324	9,305,253	5,025,759	4,433,151
Debt as % of Assessed Value	2.02%	2.06%	2.17%	2.58%	2.55%	2.12%	2.38%	1.48%	0.89%	0.86%

Note - The Town has no legal debt limit.

**TOWN OF SMYRNA, TENNESSEE**

**Debt Capacity Information  
Pledged - Revenue Coverage, Last Ten Years**

**Schedule 13  
Water and Sewer Enterprise Fund**

Year	Gross Revenues*	Direct** Operating Expense	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$7,761,370	4,924,372	2,836,998	1,713,390	539,096	2,252,486	1.26
2005	8,209,877	5,472,468	2,737,409	1,727,172	554,788	2,281,960	1.20
2006	10,193,575	6,074,635	4,118,940	2,228,066	736,367	2,964,433	1.39
2007	11,483,155	6,793,170	4,689,985	2,286,071	915,263	3,201,334	1.47
2008	11,003,668	7,736,556	3,267,112	2,405,484	973,227	3,378,711	0.97
2009	11,596,452	9,052,996	2,543,456	2,492,008	778,956 ***	3,270,964	0.78
2010	12,004,608	8,585,008	3,419,600	2,812,894	664,523 ***	3,477,417	0.98
2011	13,125,398	9,104,140	4,021,258	2,938,287	1,234,930 ****	4,173,217	0.96
2012	14,263,815	8,848,065	5,415,750	3,329,948	1,925,107 ****	5,255,055	1.03
2013	15,753,215	7,827,113	7,926,102	3,506,407	1,685,519 ****	5,191,926	1.53

\* Includes nonoperating revenues

\*\* Net of depreciation and amortization

\*\*\* Does not include refunding amounts of \$3,950,000 for 2002, \$2,160,000 for 2003, and \$8,350,000 for 2009.

\*\*\*\* Includes capitalized interest

**TOWN OF SMYRNA, TENNESSEE**  
**Demographic and Economic Information**  
**Demographic and Economic Statistics, Last Ten Years**

**Schedule 14**

Year	Population	Personal Income	Per Capita Income	Median Age*	School Enrollment**	Unemployment Rate***
2004	29,983	\$597,801,054	19,938 ***	31.7	9,417	3.8%
2005	33,123 *	660,406,374	19,938 ***	31.7	8,512	4.0%
2006	33,123	660,406,374	19,938 ***	31.7	10,084	3.3%
2007	33,123	660,406,374	19,938 ***	31.7	10,305	3.3%
2008	38,073 *	759,099,474	19,938 ***	31.7	10,606	6.4%
2009	38,073	759,099,474	19,938 ***	31.7	10,415	11.1%
2010	38,073	759,099,474	19,938 ***	31.7	10,512	9.7%
2011	39,974 *	969,889,162	24,263 ***	33.0	9,921	9.2%
2012	39,974	969,889,162	24,263 ***	32.5	10,781	7.4%
2013	41,705	1,012,305,465	24,273 ***	32.8	13,326	6.9%

\* Census

\*\* Rutherford County Board of Education

\*\*\* Rutherford County Chamber of Commerce and Town, County and State Planning Offices.

Personal income is a calculation of per capita income and population.

**TOWN OF SMYRNA, TENNESSEE**

**Demographic and Economic Information  
Principal Employers, Current Year and Nine Years Ago**

**Schedule 15**

Employer	2013			2004		
	Employees	Rank	Percentage	Employees	Rank	Percentage
Nissan North America	7,000	1	54.66%	7,000	1	68.33%
Asurion	1,250	2	9.76%	-	-	-
Taylor Farms Tennessee	1,000	3	7.81%	300	7	2.93%
Square D/Schneider Electric	900	4	7.03%	450	4	4.39%
Vi-Jon (Cumberland Swan)	833	5	6.50%	817	2	7.98%
VA Midouth CPAC	456	6	3.56%	-	-	-
WWL Vehicle Service Americas	398	7	3.11%	-	-	-
Federal Mogul	350	8	2.73%	-	-	-
StoneCrest Medical Center	320	9	2.50%	382	5	3.73%
Franke Foodservice Systems	300	10	2.34%	-	-	-
Betterbilt Aluminum	-	-	-	515	3	5.03%
Tridon	-	-	-	350	6	3.42%
MSM Industries	-	-	-	150	8	1.46%
Autrans Corp	-	-	-	145	9	1.42%
Louisville Ladder Group	-	-	-	135	10	1.32%
	<u>12,807</u>		<u>100.00%</u>	<u>10,244</u>		<u>100.00%</u>

Source: Rutherford County Chamber of Commerce  
 Percentage reflects the percentage of each employer to the top ten employers for that year.  
 Total Town employment is not available.

**TOWN OF SMYRNA, TENNESSEE**

**Operating Information  
Full-time Equivalent Town Government Employees by Function, Last Ten Fiscal Years**

**Schedule 16**

Function	Full-time Equivalent Employees as of June 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General government:										
Administration	6	6	7	7	6	7	5	5	5	5
Finance	13.6	13.6	12.6	16.4	17.4	17.4	14.6	14.6	14.6	13.8
Personnel	3	3	3	3	3	3	3	3	2	3
Planning and Codes	8	8	11	11.8	11.8	11.8	11	10	11	10
IT Services	4.0	3.8	4.8	4.8	4.8	4.8	3.8	3.8	3.8	3.8
Courts	14.6	13.8	16.4	17.2	16.4	13.4	14.2	13.8	13.6	12.8
Building and Grounds	6.0	6.0	10.0	11.0	12.8	13.6	12.8	13.6	14.6	13.4
Legislative	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Public Safety:										
Police										
Officers	66	76	80	80	81	79	74	70	68	59
Civilians	20.8	20.8	25.8	26.6	27.8	25.6	26.8	24.8	24.8	23.8
Fire										
Firefighters	84	94	97	98	91	81	70	60	58	55
Civilians	2	2	2	2	2	2	2	2	2	2
Highways and streets	12.8	16.6	17.6	18.6	19.6	18.6	21.8	20.8	20.5	19
Stormwater	8	5	5	5	4	4	N/A	N/A	N/A	N/A
Recreation										
Parks	38.3	37.2	40.7	41.2	40.5	39	36.1	35.5	28.9	25.8
Golf Course	17.6	16.8	20.4	18.1	22.2	22.2	20.9	22.5	16.5	14.4
Community Development	10.4	11.2	12.2	12.2	13.0	12.8	10.2	11.2	9.4	7.6
Water and Sewer	40	43	61	63	62	60	49	47	46	44
Natural Gas	17.8	18	21	21	21	19	18	16	16	15
Totals	378.5	400.4	453.1	462.5	461.9	439.8	398.8	379.2	360.3	333

Source: Town Departments

N/A - Not Applicable

**TOWN OF SMYRNA, TENNESSEE**

**Operating Information  
Operating Indicators by Function/Program, Last Ten Fiscal Years**

**Schedule 17**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental Activities:</b>										
<b>General Government:</b>										
<b>Court</b>										
Warrants/summons issued	4,492	3,470	4,159	4,240	5,128	4,766	4,595	3,169	2,187	N/A
Warrants served	4,396	2,635	1,651	1,315	1,346	1,207	1,827	1,260	868	N/A
Misdemeanor citations	539	486	690	750	790	680	750	444	263	N/A
General sessions cases	12,095	12,532	12,826	13,263	15,328	13,036	12,305	8,489	8,068	6,748
Traffic court cases	10,652	10,978	10,870	11,661	11,750	10,548	7,703	8,777	6,525	6,204
<b>Planning and Codes</b>										
Building permits issued	747	733	726	894	1,000	1,015	1,230	1,074	1,079	1,230
Site plans reviewed	20	23	26	45	60	61	55	48	62	52
Zoning/annexation requests	23	11	11	35	35	49	41	41	59	38
<b>Administration</b>										
Population served per employee	110	104	97	96	97	88	94	84	80	N/A
<b>Finance</b>										
Checks processed	5,075	4,457	6,694	8,037	8,000	7,804	8,140	8,210	8,204	8,756
Amount purchased on competitive bid (millions)	\$3.67	\$3.58	\$3.80	\$5.10	\$3.00	\$2.80	\$4.00	\$2.60	\$3.40	\$2.30
<b>Treasury</b>										
Total number of utility payments	163,063	160,429	137,119	159,547	158,007	155,905	146,500	146,000	145,000	138,160
Total number of other payments	18,908	10,489	10,407	11,514	12,709	12,777	13,500	11,920	11,800	11,252
<b>Human Resources</b>										
Personnel turnover rate	18.90%	26.70%	12.00%	11.00%	11.00%	15.00%	14.00%	7.00%	3.80%	6.00%
New hires	43	48	63	98	120	113	100	89	90	81
<b>Vehicle Maintenance</b>										
Number of vehicles maintained	203	230	214	219	218	218	200	192	171	164
Pieces of equipment maintained	109	109	125	125	127	125	114	97	102	96
<b>Public Safety:</b>										
<b>Police</b>										
Average response in minutes	7:18	6:57	7:13	6:50	6:47	7:03	6:23	6:25	6:29	6:30
Police calls per 1,000 population	3,090	2,376	724	681	743	767	720	700	715	719
<b>Fire</b>										
Average response in minutes	6:09	5:32	5:45	5:54	5:44	5:23	5:23	5:15	5:18	5:30
Dispatch calls for service	1,647	1,808	1,869	1,810	1,825	1,900	1,807	1,729	1,729	1,697
<b>Culture and Recreation</b>										
<b>Parks and Recreation</b>										
Number of park users	1,050,000	978,263	1,150,000	969,845	1,162,400	1,107,067	984,008	550,000	500,000	477,000
Number of league participants	7,500	7,569	7,200	7,624	7,700	7,590	7,220	6,597	6,354	5,775
<b>Town Centre</b>										
Number of functions	340	365	411	507	677	544	578	605	553	516
<b>Golf Course</b>										
Total rounds	30,817	30,346	31,583	29,237	31,580	39,000	36,224	37,584	39,146	41,864
<b>Business-type Activities:</b>										
<b>Water Treatment Plant</b>										
Gallons treated (millions)	2,905	2,598	3,398	3,120	3,124	3,302	3,259	3,210	2,820	2,669
Customers	13,855	13,641	13,344	13,323	13,249	13,219	12,777	10,144	9,713	9,334
<b>Waste Water Treatment Plant</b>										
Gallons treated (millions)	2,210	2,088	2,092	1,763	2,000	1,665	1,659	2,100	1,920	1,440
Customers	13,819	12,740	12,601	12,594	12,530	12,271	11,863	9,293	8,899	8,545
<b>Natural Gas</b>										
Customers	9,790	9,627	9,608	9,591	9,502	9,500	9,242	7,278	7,078	6,720

Sources: Town of Smyrna Departments  
N/A : Statistic not available

**TOWN OF SMYRNA, TENNESSEE**

**Operating Information  
Capital Assets Statistics by Function/Program, Last Ten Fiscal Years**

**Schedule 18**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities:										
General Government:										
Planning and Codes										
Vehicles	5	5	6	8	7	8	9	8	7	7
Engineering										
Vehicles	-	-	-	-	-	1	1	1	1	-
Building and Grounds Maintenance										
Traffic signals	49	45	46	46	45	43	39	39	39	34
Shop	1	1	1	1	1	1	1	1	1	1
Vehicles	1	8	12	12	12	14	12	14	14	14
Administration										
Town Hall	1	1	1	1	1	1	1	1	1	1
Vehicles	2	2	2	2	2	2	2	1	1	1
Information Services										
Vehicles	2	2	2	2	3	3	3	3	3	3
Stormwater										
Vehicles	2	2	2	3	3	1	-	-	-	-
Public Safety:										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	77	81	81	89	83	86	87	78	77	68
Fire										
Stations	6	6	6	6	6	6	5	5	5	5
Vehicles	25	24	22	22	21	19	20	19	21	21
Highways and streets										
Streets (miles)	327	327	106.23	106.23	103.87	102.27	95.37	93.38	92.85	91.80
Salt storage bin	1	1	1	1	1	1	1	1	1	1
Shop	1	1	1	1	1	1	1	1	1	1
Vehicles	22	25	22	19	19	20	18	20	17	14
Cultural and Recreation										
Parks and Recreation										
Acres	821	815	815	788	788	788	788	708	662	662
Parks	12	12	12	12	12	12	12	11	10	10
Picnic areas (shelters)	17	17	17	17	17	17	17	17	16	16
Tennis courts	8	8	8	8	8	8	6	6	6	6
Racquetball courts	2	2	2	2	2	2	2	2	2	2
Practice areas	8	8	8	8	8	9	9	9	8	8
Soccer fields	10	10	10	10	10	10	10	10	10	10
Softball fields	6	6	6	6	6	6	6	6	6	6
Football fields	2	2	2	2	2	2	2	2	2	2
Baseball fields	5	5	5	5	5	5	5	5	5	5
Playgrounds	9	9	9	9	9	9	9	9	9	9
Shop	1	1	1	1	1	1	1	1	1	1
Pools	2	2	2	2	2	2	2	2	2	2
Splashpad	1	1	1	1	1	1	1	1	-	-
Workout facility	1	1	1	1	1	1	1	1	1	1
Trails and greenways (miles)	14	14	14	14	14	14	14	14	13	7
Discgolf course	1	1	1	1	1	1	1	1	1	1
Community center building	1	1	1	1	1	1	1	1	1	-
Meeting hall	1	1	1	1	1	1	1	1	1	1
Vehicles	15	15	14	14	12	17	14	11	11	11

continued on next page

**TOWN OF SMYRNA, TENNESSEE**

**Operating Information  
Capital Assets Statistics by Function/Program, Last Ten Fiscal Years**

**Schedule 18, continued**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Town Centre										
Banquet facility	1	1	1	1	1	1	1	1	1	1
Golf Course										
Acres	244	244	244	244	244	244	244	244	244	244
Clubhouse	1	1	1	1	1	1	1	1	1	1
Maintenance facility	1	1	1	1	1	1	1	1	1	1
Regulation course	1	1	1	1	1	1	1	1	1	1
Executive course	1	1	1	1	1	1	1	1	1	1
Vehicles	1	1	1	2	1	1	1	1	1	1
Business-type Activities:										
Water Treatment Plant										
Plant	1	1	1	1	1	1	1	1	1	1
Storage tanks	7	5	5	5	5	5	5	5	5	5
Hydrants	1,473	1,457	1,448	1,439	1,433	1,419	1,355	1,355	1,307	1,235
Shop	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Vehicles	16	10	21	21	20	20	17	15	12	10
Waste Water Treatment Plant										
Plant	1	1	1	1	1	1	1	1	1	1
Shop	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Vehicles	18	18	20	20	22	22	19	18	15	14
Natural Gas										
Miles of main	306	305	304	279	279	278	275	213	211	208
Shop	1	1	1	1	1	1	1	1	1	1
Vehicles	10	8	10	15	13	13	13	13	12	11

Sources: Town of Smyrna Departments

**AWWA WLCC Free Water Audit Software: Reporting Worksheet**

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WAS v4.2

[Back to Instructions](#)

Water Audit Report for: **Town of Smyrna**  
 Reporting Year: **2013** **7/2012 - 6/2013**

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

**All volumes to be entered as: MILLION GALLONS (US) PER YEAR**

**WATER SUPPLIED**

<< Enter grading in column 'E'

Volume from own sources:	<input type="text" value="10"/>	<input type="text" value="2,866.200"/>	Million gallons (US)/yr (MG/Yr)
Master meter error adjustment (enter positive value):	<input type="text" value=""/>	<input type="text" value="0.000"/>	MG/Yr
Water imported:	<input type="text" value="9"/>	<input type="text" value="22.600"/>	MG/Yr
Water exported:	<input type="text" value="9"/>	<input type="text" value="208.300"/>	MG/Yr
<b>WATER SUPPLIED:</b>		<b><input type="text" value="2,680.500"/></b>	MG/Yr

**AUTHORIZED CONSUMPTION**

Billed metered:	<input type="text" value="9"/>	<input type="text" value="2,254.400"/>	MG/Yr
Billed unmetered:	<input type="text" value="9"/>	<input type="text" value="0.000"/>	MG/Yr
Unbilled metered:	<input type="text" value="9"/>	<input type="text" value="0.000"/>	MG/Yr
Unbilled unmetered:	<input type="text" value=""/>	<input type="text" value="33.506"/>	MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

**AUTHORIZED CONSUMPTION:**  MG/Yr

Click here:   
for help using option buttons below

Pcnt:  Value:

Use buttons to select percentage of water supplied OR value

**WATER LOSSES (Water Supplied - Authorized Consumption)**  MG/Yr

**Apparent Losses**

Unauthorized consumption:  MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:	<input type="text" value="9"/>	<input type="text" value="89.860"/>	MG/Yr
Systematic data handling errors:	<input type="text" value="9"/>	<input type="text" value="37.900"/>	MG/Yr

Apparent Losses:

Pcnt:  Value:

Choose this option to enter a percentage of billed metered consumption. This is NOT a default value

**Real Losses (Current Annual Real Losses or CARL)**

Real Losses = Water Losses - Apparent Losses:  MG/Yr

**WATER LOSSES:**  MG/Yr

**NON-REVENUE WATER**

**NON-REVENUE WATER:**  MG/Yr

= Total Water Loss + Unbilled Metered + Unbilled Unmetered

**SYSTEM DATA**

Length of mains:	<input type="text" value="9"/>	<input type="text" value="240.0"/>	miles
Number of active AND inactive service connections:	<input type="text" value="9"/>	<input type="text" value="13,855"/>	
Connection density:		<input type="text" value="58"/>	conn./mile main
Average length of customer service line:	<input type="text" value="10"/>	<input type="text" value="30.0"/>	ft (pipe length between curbstop and customer meter or property boundary)
Average operating pressure:	<input type="text" value="9"/>	<input type="text" value="65.0"/>	psi

**COST DATA**

Total annual cost of operating water system:	<input type="text" value="9"/>	<input type="text" value="\$8,571,422"/>	\$/Year
Customer retail unit cost (applied to Apparent Losses):	<input type="text" value="9"/>	<input type="text" value="\$2.57"/>	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	<input type="text" value="9"/>	<input type="text" value="\$260.60"/>	\$/Million gallons

**PERFORMANCE INDICATORS**

**Financial Indicators**

Non-revenue water as percent by volume of Water Supplied:	<input type="text" value="15.9%"/>
Non-revenue water as percent by cost of operating system:	<input type="text" value="4.9%"/>
Annual cost of Apparent Losses:	<input type="text" value="\$345,565"/>
Annual cost of Real Losses:	<input type="text" value="\$67,269"/>

**Operational Efficiency Indicators**

Apparent Losses per service connection per day:	<input type="text" value="26.59"/>	gallons/connection/day
Real Losses per service connection per day*:	<input type="text" value="51.04"/>	gallons/connection/day
Real Losses per length of main per day*:	<input type="text" value="N/A"/>	
Real Losses per service connection per day per psi pressure:	<input type="text" value="0.79"/>	gallons/connection/day/psi
<input type="text" value="?"/> Unavoidable Annual Real Losses (UARL):	<input type="text" value="94.12"/>	million gallons/year
From Above, Real Losses = Current Annual Real Losses (CARL):	<input type="text" value="258.13"/>	million gallons/year
<input type="text" value="?"/> Infrastructure Leakage Index (ILI) [CARL/UARL]:	<input type="text" value="2.74"/>	

\* only the most applicable of these two indicators will be calculated

**WATER AUDIT DATA VALIDITY SCORE:**

**\*\*\* YOUR SCORE IS: 90 out of 100 \*\*\***

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

**PRIORITY AREAS FOR ATTENTION:**

Based on the information provided, audit accuracy can be improved by addressing the following components:

**1: Unauthorized consumption**

**2: Water imported**

**3: Water exported**

[For more information, click here to see the Grading Matrix worksheet](#)

## **OTHER REPORTS**

# YEARY, HOWELL & ASSOCIATES

*Certified Public Accountants*

501 EAST IRIS DRIVE  
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY  
GREGORY V. HOWELL

(615) 385-1008  
FAX (615) 385-1208

## **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**

Honorable Mayor and Town Council  
Town of Smyrna  
Smyrna, Tennessee

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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Smyrna, Tennessee's, (the Town) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 1, 2013.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered, the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of Town'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 Town'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*.

We noted certain other matters that were reported to management in a separate letter dated November 1, 2013.

Honorable Mayor and Town Council  
Town of Smyrna  
Smyrna, Tennessee

**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.

*Yeamy Howell & Associates*

November 1, 2013

**TOWN OF SMYRNA, TENNESSEE**

Schedule of Findings and Questioned Costs

June 30, 2013

Current Year Findings

None

Prior Year Findings

12-01 During our review of court related procedures it was noted that formal reconciliation procedures are not performed related to court liability accounts such as bonds held and amounts due other governments for shared costs and fees.

Status: Resolved.

12-02 At June 30, 2013 an interfund obligation existed between the Water and Sewer Fund and the Gas Fund which was not authorized in accordance with Tennessee Code Annotated Title 9 Chapter 21.

Status: Resolved.