



**Comprehensive Annual
Financial Report
Fiscal Year Ending
June 30, 2012**

Prepared by the Finance Department

TOWN OF SMYRNA, TENNESSEE

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INTRODUCTORY SECTION

Town Council

Marc Adkins

H. G. Cole

Paul Johns

Lance Lee

Tim Morrell

Mary Esther Reed, Vice-Mayor

**Mayor**

Tony Dover

Town Manager

Mark O'Neal

Finance Department
Rex S. Gaither, Finance Director

November 30, 2012

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, 2012 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 33.32% 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 a population of 39,974.

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 28.

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 with approximately 6,350 employees.

The Town continues to see commercial growth within its boundaries. This growth provides jobs and sales tax revenue, which have allowed the Town to achieve a more balanced tax structure and become less dependent on the property tax to fund municipal services. In the midst of troubled economic times the Town has seen promising indicators such as a steady increase in the amount of tax revenue, mainly the state shared tax revenue and the local sales tax revenue. These revenues for fiscal year 2012 were higher than they have been in the previous year, indicating a positive trend. Current collections are at a level of 5.23% over fiscal year 2012.

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 5.94%, while the national unemployment rate

for the same time period has averaged about 6.56%. 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, as well as investing idle cash.

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, two 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 has 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. The Town will begin initial construction on entrances and roads in 2013.

The Town's largest employer, Nissan North America, recently won Electric Vehicle of the Year at the 2011 Green-Fleet Awards competition in the United Kingdom for the new 100% electric, zero-emission, Nissan Leaf. Production of the Nissan Leaf in Smyrna is scheduled to start in late

2012. Nissan is continuing to work on the adjacent plant to manufacture the lithium-ion batteries that power the Leaf. These new additions are expected to provide an additional 1,300 jobs. At full capacity, the Smyrna plant will be capable of producing 200,000 batteries and 150,000 electric vehicles annually. In addition to the Leaf production, the Smyrna plant is also set to make the new Infiniti JX luxury crossover and the next-generation Nissan Rogue. Nissan North America-Smyrna is also under way with a \$200 million expansion of the paint shop facility.

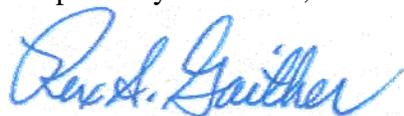
Awards and Acknowledgements

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, 2011. The Town of Smyrna has received a Certificate of Achievement for the last twenty four consecutive years (fiscal years ended 1988-2011). 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 Nancy Zeller, 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 and Town Manager Mark O'Neal for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Smyrna's finances.

Respectfully submitted,



Rex S. Gaither
Finance Director

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



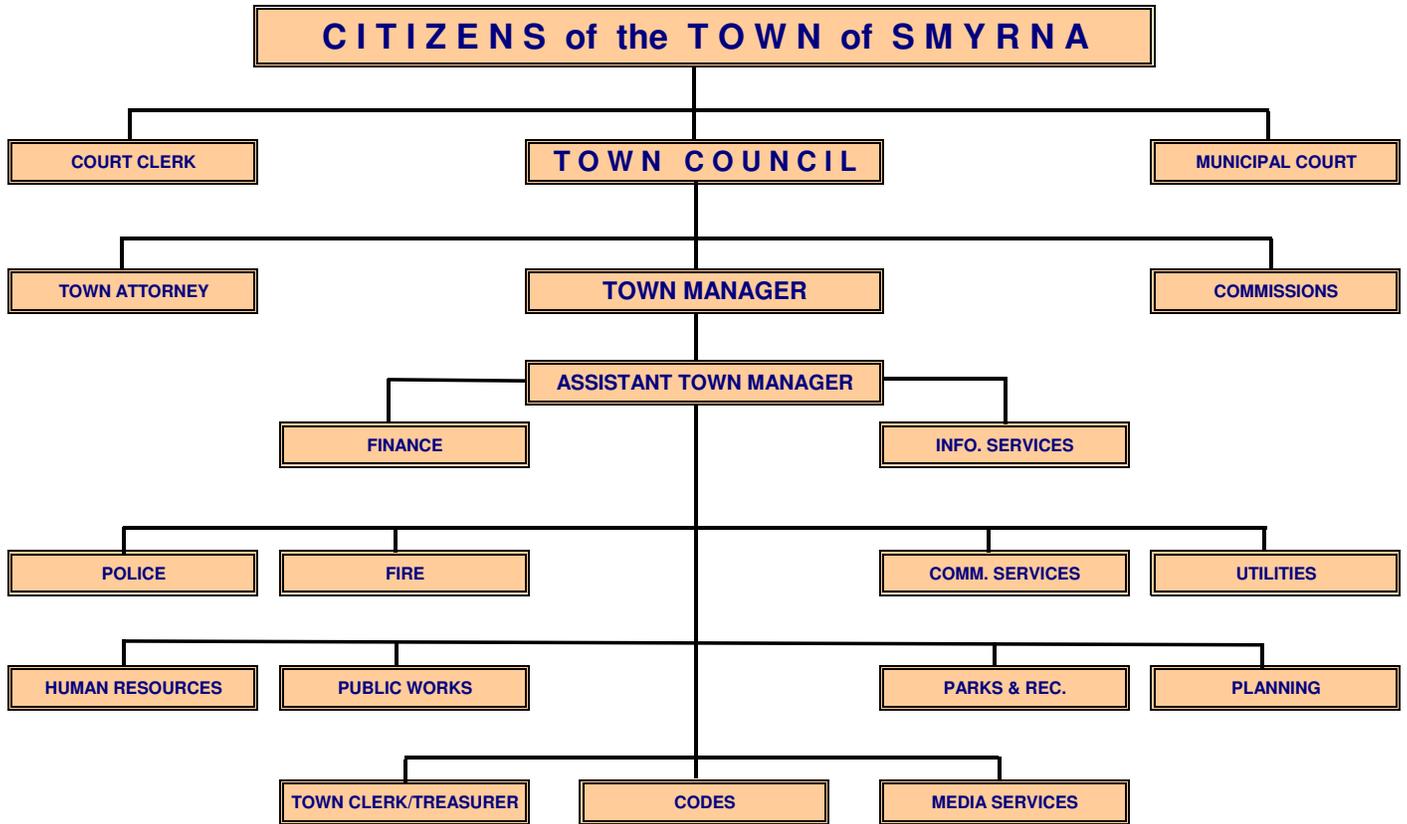
Linda C. Davison

President

Jeffrey R. Enos

Executive Director

ORGANIZATIONAL CHART



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 2012
H. G. Cole	Councilman	December 2014
Tim Morrell	Councilman	December 2012
Paul Johns	Councilman	December 2012
Lance Lee	Councilman	December 2014
Marc Adkins	Councilman	December 2014

APPOINTED OFFICIALS:

		<u>Date of Appointment</u>
Mark O'Neal*	Town Manager	September 2002
Jack Reinhard	Director of Utilities	September 2007
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 unit, 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, 2012, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town of Smyrna's management. Our responsibility is to express opinions on these financial statements based on our audit.

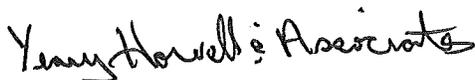
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 unit, each major fund, and the aggregate remaining fund information of the Town of Smyrna, Tennessee at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2012, on our consideration of the Town of Smyrna's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pages 2 through 11, 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.

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 financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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.



November 29, 2012

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, 2012. 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 12).

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$205,654,842 (net assets). Of this amount, \$23,765,490 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$881,115.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$20,614,958, a decrease of \$326,879 in comparison with the prior year. Approximately 51.85% of this total amount, \$10,689,761, 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 \$10,689,761, or 35.45% of total general fund expenditures. This demonstrates the Town's fiscal discipline and places the Town in a strong 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 \$4,273,735 during the current fiscal year. This was a result of the issuance of \$722,004 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 assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 12-13 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The 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 14-17 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 18-21 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 47-54 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 22-25 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 26-27 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 28-46 of this report.

Government-wide Financial Analysis

As noted earlier, net assets 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 by \$205,654,842 at the close of the most recent fiscal year.

Net Assets - Primary Government June 30

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 36,002,355	\$ 36,549,657	\$ 15,094,444	\$ 32,818,256	\$ 51,096,799	\$ 69,367,913
Capital Assets	98,190,964	97,914,591	148,919,513	139,755,384	247,110,477	237,669,975
Total Assets	134,193,319	134,464,248	164,013,957	172,573,640	298,207,276	307,037,888
Long-term Liabilities Outstanding	22,649,003	23,698,146	53,840,595	57,186,152	76,489,598	80,884,298
Other Liabilities	13,108,614	14,061,839	2,954,222	7,318,024	16,062,836	21,379,863
Total Liabilities	35,757,617	37,759,985	56,794,817	64,504,176	92,552,434	102,264,161
Net Assets:						
Invested in Capital Assets, net of related debt	77,980,535	77,232,023	97,067,481	94,513,896	175,048,016	171,745,919
Restricted	6,841,336	6,465,592	-	-	6,841,336	6,465,592
Unrestricted	13,613,831	13,006,648	10,151,659	13,555,568	23,765,490	26,562,216
Total Net Assets	\$ 98,435,702	\$ 96,704,263	\$ 107,219,140	\$ 108,069,464	\$ 205,654,842	\$ 204,773,727

By far the largest portion of the Town of Smyrna's net assets (85.12 %) 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 assets (3.33 %) represents resources that are subject to external restrictions on how they may be used. These include net assets restricted for capital projects (\$4,311,274), cemetery (\$510,430) highways and streets (\$177,509), stormwater (\$1,771,032) and law enforcement (\$71,091). The remaining balance of unrestricted net assets (\$23,765,490) may be used to meet the government's ongoing obligations to citizens and creditors.

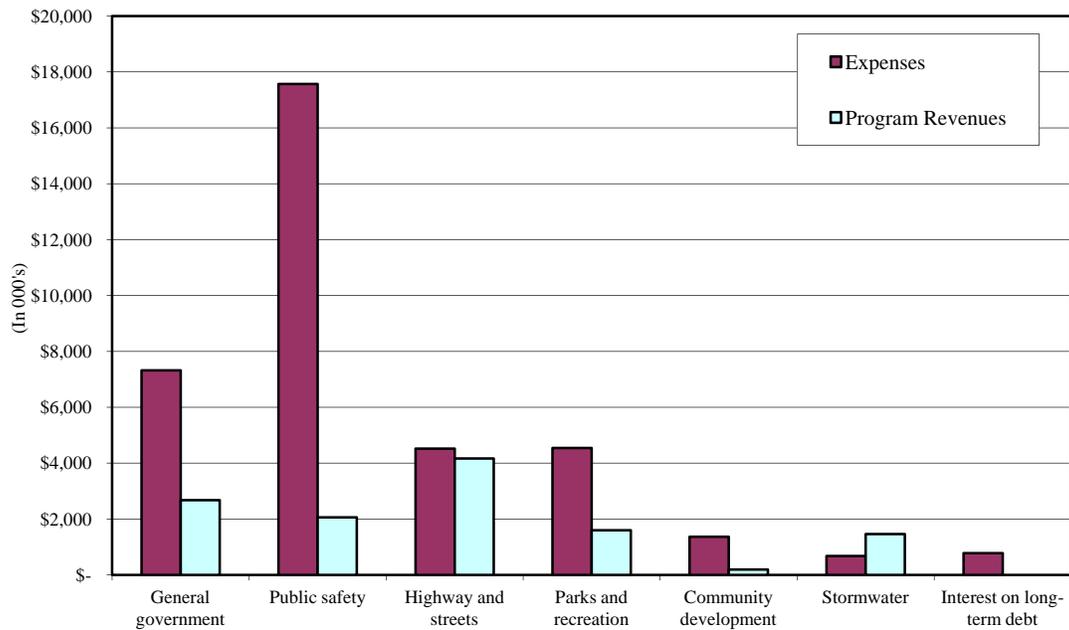
At the end of the current fiscal year, the Town of Smyrna is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Governmental activities. Governmental activities increased the Town of Smyrna's net assets by \$1,731,439. The town's revenues were \$2,374,462 greater than last year. Revenue showed growth in taxes (5.27%), payments in lieu of tax (2.78%), licenses and permits (24.80%) and fines and forfeits (1.20%). The town's expenses were \$1,658,883 less than last year. Departmental expenses decreased in general government (11.53%), public safety (2.12%) and highways and streets (5.92%).

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

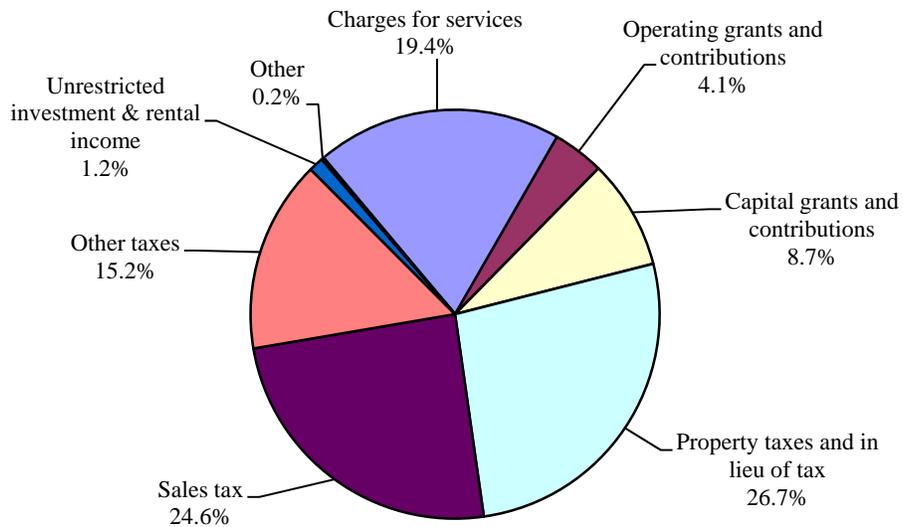
	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Revenues:						
Charges for services	\$ 7,336,068	\$ 7,030,285	\$ 23,885,729	\$ 25,502,900	\$ 31,221,797	\$ 32,533,185
Operating grants and contributions	1,534,671	1,283,978	-	-	1,534,671	1,283,978
Capital grants and contributions	3,276,378	1,779,839	2,196,923	2,091,083	5,473,301	3,870,922
General revenues:	-	-	-	-	-	-
Property taxes and in lieu of tax	10,100,115	10,049,065	-	-	10,100,115	10,049,065
Sales tax	9,278,787	8,967,292	-	-	9,278,787	8,967,292
Other taxes	5,751,207	5,520,749	-	-	5,751,207	5,520,749
Gain on sale of capital assets	-	-	-	-	-	-
Unrestricted investment earnings	437,803	441,617	202,056	225,070	639,859	666,687
Other	76,185	343,927	-	1,583	76,185	345,510
Total Revenues	37,791,214	35,416,752	26,284,708	27,820,636	64,075,922	63,237,388
Expenses:						
General government	7,321,245	8,275,614	-	-	7,321,245	8,275,614
Public safety	17,568,059	17,948,437	-	-	17,568,059	17,948,437
Highway and streets	4,517,730	4,801,834	-	-	4,517,730	4,801,834
Parks and recreation	4,540,006	4,650,655	-	-	4,540,006	4,650,655
Community development	1,362,977	1,331,653	-	-	1,362,977	1,331,653
Stormwater	677,236	593,683	-	-	677,236	593,683
Interest on long-term debt	775,834	820,094	-	-	775,834	820,094
Water and Sewer	-	-	13,426,393	13,312,416	13,426,393	13,312,416
Natural Gas	-	-	13,005,327	13,663,394	13,005,327	13,663,394
Total expenses	36,763,087	38,421,970	26,431,720	26,975,810	63,194,807	65,397,780
Increase in net assets before transfers	1,028,127	(3,005,218)	(147,012)	844,826	881,115	(2,160,392)
Transfers	703,312	639,859	(703,312)	(639,859)	-	-
Increase in net assets	1,731,439	(2,365,359)	(850,324)	204,967	881,115	(2,160,392)
Net assets - beginning	96,704,263	99,069,622	108,069,464	107,864,497	204,773,727	206,934,119
Net assets - ending	\$ 98,435,702	\$ 96,704,263	\$ 107,219,140	\$ 108,069,464	\$ 205,654,842	\$ 204,773,727

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.

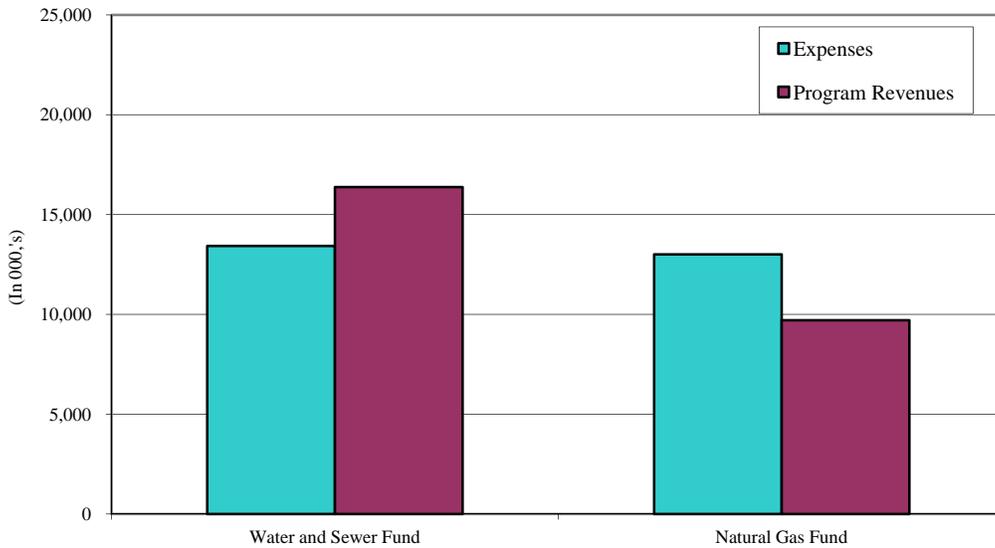
Revenue by Source – Governmental Activities



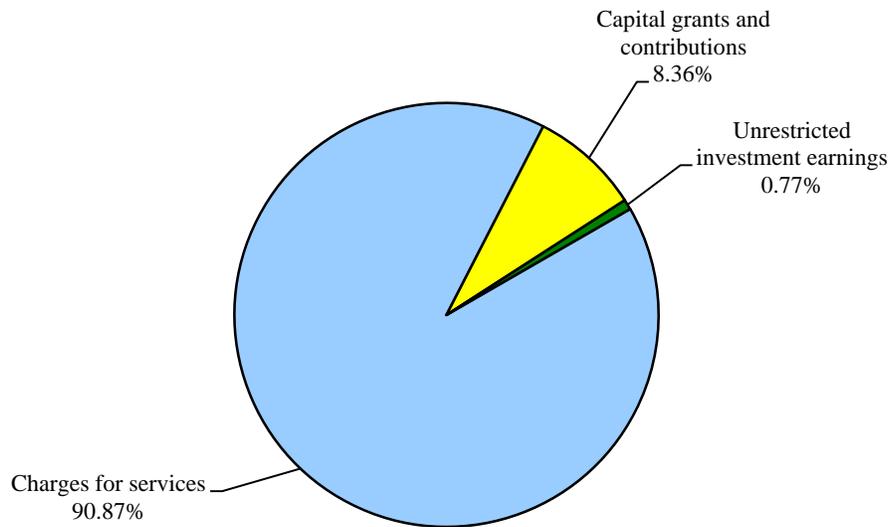
Business-type activities. Business-type activities decreased the Town of Smyrna’s net assets by \$850,324. Key elements of this decrease are as follows:

- The decrease in net assets is a result of professional services increasing in the Gas Fund. This is primarily a result of legal fees related to the lawsuit against the supplier of natural gas. Footnote eight, page 42, mentions the litigation.

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, unreserved 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 \$20,614,958, a decrease of \$326,879 in comparison with the prior year. Approximately 52% of this total amount \$10,689,761 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 notes receivable \$160,497, restrictions \$7,245,500, assignments \$2,441,742, and prepaid items and inventory \$77,458.

The general fund is the chief operating fund of the Town of Smyrna. The general fund balance increased by \$40,035 during the current fiscal year. At the end of the current fiscal year, unassigned fund balance of the general fund was \$10,689,761, while total fund balance was \$13,719,391. 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 35 percent of total general fund expenditures, while total fund balance represents 45 percent of that same amount.

The capital projects fund has a total fund balance of \$483,101, of which \$160,497 is reserved for the noncurrent portion of notes receivable. The net decrease in fund balance during the current year in the capital projects fund was \$1,227,033. The key factor in this decrease was funds 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 \$1,043,771 and those for the Natural Gas Fund amounted to \$8,544,415. The change in unrestricted net assets for the funds was a decrease of \$796,719 and of \$2,601,923, 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 \$220,000 net increase in appropriations between the original and final amended general fund expenditure budget and can be summarized with the following increase:

- \$15,000 supplemental amendment to fund telephone services and travel for the legislative departments.
- \$205,000 supplemental amendment to fund over-time salaries for the police department.

These supplemental amendments were funded from an increase in local option sales tax revenue.

Additional information about the budget process can be found in Note 16, on page 46 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, 2012 amounts to \$247,110,477 (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 increase in the Town of Smyrna's investment in capital assets for the current fiscal year was 3.97 percent (a 0.28 percent increase for governmental activities and a 6.56 percent increase for business-type activities).

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

- The construction phase continued on the water plant expansion during the fiscal year; which amounted to \$9,216,695 for the fiscal year.
- Side walk rehabilitation was completed; which amounted to \$83,878 for the year.
- Purchased 9 police patrol vehicles. This purchase resulted in an increase in equipment of \$215,654.
- Purchased 40 electric golf carts. This purchase resulted in an increase in equipment of \$59,800 for this project.
- An automatic meter reading program continued during the fiscal year in the water & sewer and natural gas departments. This project amounted to \$252,237 as of the close of the fiscal year.
- Sewer rehabilitation work continued during the fiscal year; which amounted to \$718,619 for this project for the fiscal year.
- Construction completed on Weakley Lane Phase I improvements; which amounted to \$167,002 for this project for the fiscal year.
- Construction continued on the Town Centre expansion and improvements; which amounted to \$855,925 for this project for the fiscal year.
- Construction continued on the water reuse project; which amounted to \$901,266 for the fiscal year.
- Construction continued on Cedar Stone Park; which amounted to \$318,920 for this project.
- Stormwater drainage improvements were completed; which amounted to \$173,617 for the year.
- Rebuild of Gilsville and Enon Springs natural gas regulator stations; which amounted to \$81,604 for the year.
- There were developer donations of water and sewer improvements and general government activities' infrastructure in the amount of \$3,606,372.

Capital Assets (net of accumulated depreciation) June 30

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 5,532,688	\$ 5,557,804	\$ 1,681,903	\$ 1,681,903	\$ 7,214,591	\$ 7,239,707
Water rights	-	-	2,350,000	2,350,000	2,350,000	2,350,000
Buildings and system	10,929,697	10,952,260	103,493,436	103,360,462	114,423,133	114,312,722
Improvements other than buildings	9,299,878	9,613,086	-	-	9,299,878	9,613,086
Machinery and equipment	5,182,603	4,792,416	590,447	905,117	5,773,050	5,697,533
Infrastructure	64,134,635	64,434,963	-	-	64,134,635	64,434,963
Construction in progress	3,111,463	2,564,062	40,803,727	31,457,902	43,915,190	34,021,964
Total Assets, net	\$ 98,190,964	\$ 97,914,591	\$ 148,919,513	\$ 139,755,384	\$ 247,110,477	\$ 237,669,975

Additional information on the Town's capital assets can be found in Note 3 on page 35 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Smyrna had total bonded debt, revolving loan and capital lease obligations outstanding of \$73,484,549. Of this amount, \$20,791,034 is debt backed by the full faith and credit of the government; \$52,693,515 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			
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 20,739,991	\$ 21,776,630	\$ -	\$ -	\$ 20,739,991	\$ 21,776,630
Capital lease	51,043	31,086	-	-	51,043	31,086
Revenue and tax bonds	-	-	49,003,603	52,229,036	49,003,603	52,229,036
Revolving loan	-	-	<u>3,689,912</u>	<u>3,721,532</u>	<u>3,689,912</u>	<u>3,721,532</u>
Total	<u>\$ 20,791,034</u>	<u>\$ 21,807,716</u>	<u>\$ 52,693,515</u>	<u>\$ 55,950,568</u>	<u>\$ 73,484,549</u>	<u>\$ 77,758,284</u>

The Town of Smyrna’s total bonded debt decreased by \$4,273,735 (5.5%) during the current fiscal year. This was a result of the issuance of \$722,004 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 7.27% of assessed property value.

Additional information on the Town of Smyrna’s long-term debt can be found in Note 6 on pages 37-39 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.
- The economic recovery from the downturn seems to be on a slow but steady path.
- The economic slowdown has caused the town to reduce its operating costs. During the months of May and June 2012, the town reduced its workforce.

General Government	20 employees	\$998,256
Water and Sewer Fund	15 employees	\$775,505
Gas Fund	3 employees	\$150,327

These factors were considered in preparing the Town of Smyrna’s budget for the 2013 fiscal year.

At June 30, the unassigned fund balance in the general fund was \$10,689,761, which does not include \$2,441,742 of fund balance which has been appropriated in the 2013 budget.

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

TOWN OF SMYRNA, TENNESSEE

Statement of Net Assets

June 30, 2012

Assets	Primary Government		Total	Component Unit
	Governmental Activities	Business Activities		Industrial Development Fund
Cash and cash equivalents	\$20,330,283	6,870,224	27,200,507	31,939
Receivables (net of allowance for uncollectibles)				
Property taxes	8,139,272	-	8,139,272	-
Other taxes	2,604,567	-	2,604,567	-
Due from other governments	2,781,033	2,866	2,783,899	-
ARRA and revolving loan funds	-	430,532	430,532	-
Accounts receivable	808,456	2,769,304	3,577,760	-
Inventories, at cost	81,403	819,252	900,655	-
Internal balances	63,563	(63,563)	-	-
Restricted assets:				
Cash and equivalents - customer and developer deposits	-	969,057	969,057	-
Cash-bond proceeds	204,008	2,242,526	2,446,534	-
Other	-	1,050	1,050	-
Capital outlay note proceeds receivable	622,260	-	622,260	-
Note receivable	170,456	429,900	600,356	-
Prepaid items	10,311	-	10,311	-
Other assets	186,743	623,296	810,039	94,378
Non-depreciable capital assets	8,644,151	44,835,630	53,479,781	-
Depreciable capital assets (net of accumulated depreciation)	89,546,813	104,083,883	193,630,696	2,880,770
Total Assets	\$134,193,319	164,013,957	298,207,276	3,007,087
Liabilities				
Accounts payable	\$1,502,801	959,208	2,462,009	-
Accrued liabilities	1,034,882	536,911	1,571,793	-
Interest payable	171,533	226,508	398,041	14,223
Contracts payable	-	39,556	39,556	-
Deferred revenue	10,156,638	-	10,156,638	-
Unearned revenue	37,091	-	37,091	-
Contracts payable from restricted assets	205,669	214,407	420,076	-
Liabilities payable from restricted assets	-	977,632	977,632	-
Long-term liabilities due within one year	3,614,827	3,513,199	7,128,026	60,000
Long-term liabilities due in more than one year	19,034,176	50,327,396	69,361,572	3,665,000
Total Liabilities	35,757,617	56,794,817	92,552,434	3,739,223
Net Assets				
Investments in capital assets, net of related debt	77,980,535	97,067,481	175,048,016	(844,230)
Restricted for:				
Cemetery maintenance	510,430	-	510,430	-
Street maintenance	177,509	-	177,509	-
Law enforcement	71,091	-	71,091	-
Stormwater	1,771,032	-	1,771,032	-
Capital projects	4,311,274	-	4,311,274	-
Unrestricted	13,613,831	10,151,659	23,765,490	112,094
Total Net Assets	\$98,435,702	107,219,140	205,654,842	(732,136)

See accompanying notes to financial statements

TOWN OF SMYRNA, TENNESSEE
Statement of Activities
For the Year Ended June 30, 2012

Functions / Programs:	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		Total	Component Unit Industrial Development Fund
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities		
Primary Government:								
Governmental Activities:								
General government	\$7,321,245	2,441,772	229,917	-	(4,649,556)	-	(4,649,556)	-
Public safety:								
Police	9,318,385	1,730,954	49,778	-	(7,537,653)	-	(7,537,653)	-
Fire	8,249,674	-	44,400	232,934	(7,972,340)	-	(7,972,340)	-
Highways and streets	4,517,730	-	1,210,576	2,955,642	(351,512)	-	(351,512)	-
Recreation	4,540,006	1,511,587	-	87,802	(2,940,617)	-	(2,940,617)	-
Community Development	1,362,977	188,995	-	-	(1,173,982)	-	(1,173,982)	-
Stormwater	677,236	1,462,760	-	-	785,524	-	785,524	-
Interest expense on long-term debt	775,834	-	-	-	(775,834)	-	(775,834)	-
Total Government Activities	<u>36,763,087</u>	<u>7,336,068</u>	<u>1,534,671</u>	<u>3,276,378</u>	<u>(24,615,970)</u>	<u>-</u>	<u>(24,615,970)</u>	<u>-</u>
Business-type Activities								
Water and Sewer	13,426,393	14,237,225	-	2,139,912	-	2,950,744	2,950,744	-
Natural Gas	13,005,327	9,648,504	-	57,011	-	(3,299,812)	(3,299,812)	-
Total Business-type Activities	<u>26,431,720</u>	<u>23,885,729</u>	<u>-</u>	<u>2,196,923</u>	<u>-</u>	<u>(349,068)</u>	<u>(349,068)</u>	<u>-</u>
Total Primary Government	<u>\$63,194,807</u>	<u>31,221,797</u>	<u>1,534,671</u>	<u>5,473,301</u>	<u>(24,615,970)</u>	<u>(349,068)</u>	<u>(24,965,038)</u>	<u>-</u>
Component Unit								
Industrial Development Fund	<u>\$304,451</u>	<u>213,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(91,451)</u>
General Revenues:								
Property taxes and in lieu of tax					\$10,100,115	-	10,100,115	-
Sales taxes					9,278,787	-	9,278,787	-
Business tax					951,603	-	951,603	-
Wholesale beer tax					1,090,307	-	1,090,307	-
Hotel / Motel Tax					304,430	-	304,430	-
Cable TV Franchise Tax					474,154	-	474,154	-
Unrestricted other locally assessed taxes					25,626	-	25,626	-
State shared income tax					57,141	-	57,141	-
State shared beer tax					19,622	-	19,622	-
State shared sales tax					2,711,648	-	2,711,648	-
State shared mixed drink tax					93,635	-	93,635	-
Unrestricted other state shared taxes					23,041	-	23,041	-
Unrestricted investment earnings					437,803	202,056	639,859	6
Other					76,185	-	76,185	-
Transfers					703,312	(703,312)	-	-
Total general revenues and transfers					<u>26,347,409</u>	<u>(501,256)</u>	<u>25,846,153</u>	<u>6</u>
Change in net assets					1,731,439	(850,324)	881,115	(91,445)
Net assets - beginning of year					<u>96,704,263</u>	<u>108,069,464</u>	<u>204,773,727</u>	<u>(640,691)</u>
Net assets - end of year					<u>\$98,435,702</u>	<u>107,219,140</u>	<u>205,654,842</u>	<u>(732,136)</u>

See accompanying notes to financial statements

TOWN OF SMYRNA, TENNESSEE

**Balance Sheet
Governmental Funds**

June 30, 2012

<u>Assets</u>	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Cash	\$12,729,863	-	6,326,803	19,056,666
Cash - bond proceeds	-	204,008	-	204,008
Receivables (net of allowance for uncollectibles)				
Property taxes	8,192,272	-	-	8,192,272
Other taxes	2,604,567	-	-	2,604,567
Due from other governments	2,536,010	59,740	185,283	2,781,033
Accounts receivable	209,353	-	258,376	467,729
Due from other funds	677,156	73,941	-	751,097
Inventory of supplies	67,147	-	-	67,147
Capital outlay note proceeds receivable	-	622,260	-	622,260
Note receivable	-	170,456	-	170,456
Prepaid items	10,311	-	-	10,311
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$27,026,679</u>	<u>1,130,405</u>	<u>6,770,462</u>	<u>34,927,546</u>
 <u>Liabilities and Fund Balances</u>				
Accounts payable	\$502,268	392,288	178,560	1,073,116
Accrued costs	1,024,749	-	10,133	1,034,882
Due to other funds	-	49,194	74,867	124,061
Contracts payable	-	205,669	-	205,669
Deferred/unearned revenue	11,780,271	153	94,436	11,874,860
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>13,307,288</u>	<u>647,304</u>	<u>357,996</u>	<u>14,312,588</u>
 Fund Balance:				
Nonspendable:				
Inventory	67,147	-	-	67,147
Prepays	10,311	-	-	10,311
Notes receivable	-	160,497	-	160,497
Restricted for:				
Cemetery maintenance	510,430	-	-	510,430
Street maintenance	-	-	83,073	83,073
Law enforcement	-	-	71,091	71,091
Stormwater	-	-	1,809,530	1,809,530
General capital projects	-	322,604	-	322,604
Roads capital projects	-	-	3,840,079	3,840,079
Parks capital projects	-	-	479,704	479,704
Fire protection capital projects	-	-	128,989	128,989
Assigned to:				
Subsequent year's budget	2,441,742	-	-	2,441,742
Unassigned	10,689,761	-	-	10,689,761
Total Fund Balances	<u>13,719,391</u>	<u>483,101</u>	<u>6,412,466</u>	<u>20,614,958</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$27,026,679</u>	<u>1,130,405</u>	<u>6,770,462</u>	<u>34,927,546</u>

See accompanying notes to financial statements.

TOWN OF SMYRNA, TENNESSEE

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

June 30, 2012

Amounts reported for fund balance - total governmental funds	\$20,614,958
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported in the funds.	98,190,964
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	1,276,913
Property taxes receivable	351,218
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 assets.	635,442
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.	(171,533)
Bond issue costs are amortized over the life of the bonds in the statement of activities.	186,743
Bond premiums are amortized as a component of interest in the statement of activities.	(39,994)
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	(20,739,991)
Compensated absences	(1,817,975)
Capital leases	(51,043)
Net assets of governmental activities	<u>\$98,435,702</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, 2012

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$19,923,966	-	-	19,923,966
Payment in lieu of taxes	2,440,534	-	-	2,440,534
Licenses and permits	678,411	-	1,084,450	1,762,861
Intergovernmental	3,166,157	239,338	1,031,808	4,437,303
Fines and forfeits	1,606,181	-	124,773	1,730,954
Uses of money and property	3,790,561	21,663	1,533,195	5,345,419
Miscellaneous	86,745	-	-	86,745
Total Revenues	31,692,555	261,001	3,774,226	35,727,782
Expenditures				
Current:				
General government	6,630,175	269,472	-	6,899,647
Public safety:				
Police	9,043,653	51,473	94,397	9,189,523
Fire	8,346,602	18,845	-	8,365,447
Highways and streets	878,058	15,338	647,286	1,540,682
Recreation	3,993,159	9,232	-	4,002,391
Community development	1,265,685	3,863	-	1,269,548
Stormwater	-	2,655	549,299	551,954
Debt service	-	-	2,456,481	2,456,481
Capital outlay	-	3,188,797	-	3,188,797
Total Expenditures	30,157,332	3,559,675	3,747,463	37,464,470
Excess (deficiency) revenues over expenditures	1,535,223	(3,298,674)	26,763	(1,736,688)
Other Financing Sources (Uses)				
General obligation note issuance	-	622,260	-	622,260
Capital lease issuance	-	26,849	-	26,849
Insurance proceeds	57,388	-	-	57,388
Transfers in	775,967	1,422,532	2,456,481	4,654,980
Transfers out	(2,328,543)	-	(1,623,125)	(3,951,668)
Total Other Financing Source (Uses)	(1,495,188)	2,071,641	833,356	1,409,809
Net change in fund balance	40,035	(1,227,033)	860,119	(326,879)
Fund balance, beginning of year	13,679,356	1,710,134	5,552,347	20,941,837
Fund balance, end of year	\$13,719,391	483,101	6,412,466	20,614,958

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, 2012

Net change in fund balances-total governmental funds: (\$326,879)

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

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	3,188,797
Depreciation expense	(5,065,124)
Basis of capital assets disposed of	(19,827)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(87,288)
Local option sales tax	(56,615)
State shared taxes	26,281
Contributed capital assets	2,172,527

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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt repayment	1,665,791
Debt issuance	(622,260)
Debt issuance - capital lease	(26,849)
Amortization of debt related costs	(18,981)
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	10,081
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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	27,686
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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)

859,324

Change in net assets of governmental activities

\$1,731,439

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Real estate taxes	\$7,620,000	7,620,000	7,746,869	126,869
Business tax	675,000	675,000	947,178	272,178
Wholesale beer tax	1,027,000	1,027,000	1,090,307	63,307
Local option sales tax	8,876,746	9,096,746	9,335,402	238,656
Hotel / Motel tax	250,000	250,000	304,430	54,430
Cable TV franchise tax	420,000	420,000	474,154	54,154
Other	30,000	30,000	25,626	(4,374)
Total Taxes	<u>18,898,746</u>	<u>19,118,746</u>	<u>19,923,966</u>	<u>805,220</u>
Payments in lieu of taxes	<u>2,375,000</u>	<u>2,375,000</u>	<u>2,440,534</u>	<u>65,534</u>
Licenses and Permits	<u>573,145</u>	<u>573,145</u>	<u>678,411</u>	<u>105,266</u>
Intergovernmental Revenues:				
State of Tennessee income tax	50,000	50,000	57,141	7,141
State of Tennessee beer tax	20,000	20,000	19,622	(378)
State of Tennessee sales tax	2,575,000	2,575,000	2,697,270	122,270
State mixed drink tax	175,000	175,000	90,984	(84,016)
Maintenance of state roads	81,500	81,500	82,057	557
Federal and state grants	13,000	13,000	15,358	2,358
State street maintenance contracts	111,000	111,000	91,884	(19,116)
State fire supplement	46,000	46,000	44,400	(1,600)
State police supplement	45,000	45,000	44,400	(600)
Other state and county shared taxes	38,000	38,000	23,041	(14,959)
Total Intergovernmental Revenues	<u>3,154,500</u>	<u>3,154,500</u>	<u>3,166,157</u>	<u>11,657</u>
Fines and forfeits	<u>1,388,500</u>	<u>1,388,500</u>	<u>1,606,181</u>	<u>217,681</u>
Uses of Property and Money:				
Penalties	23,250	23,250	62,452	39,202
Interest earned	312,000	312,000	326,618	14,618
Rent	110,000	110,000	116,054	6,054
Traffic school fees	100,000	100,000	165,951	65,951
Administrative support charges	1,343,204	1,343,204	1,343,204	-
Cemetery revenue	73,000	73,000	75,700	2,700
Recreation fees and community center fees	1,426,150	1,426,150	1,511,587	85,437
Food sales	187,000	187,000	188,995	1,995
Total Uses of Property and Money	<u>3,574,604</u>	<u>3,574,604</u>	<u>3,790,561</u>	<u>215,957</u>
Other	<u>88,100</u>	<u>88,100</u>	<u>86,745</u>	<u>(1,355)</u>
Total Revenues	<u>30,052,595</u>	<u>30,272,595</u>	<u>31,692,555</u>	<u>1,419,960</u>
Expenditures:				
General Government:				
Current:				
Legislative Board:				
Salaries	36,000	36,000	36,065	(65)
Benefits and payroll taxes	51,580	51,580	52,109	(529)
Insurance	25,381	25,381	25,381	-
Other	2,000	17,000	15,338	1,662
Total Legislative Board	<u>114,961</u>	<u>129,961</u>	<u>128,893</u>	<u>1,068</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, 2012

	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	\$795,570	795,570	803,047	(7,477)
Benefits and payroll taxes	299,790	299,790	290,110	9,680
Contractual services	81,145	81,145	57,253	23,892
Other	46,951	46,951	44,283	2,668
Total Town and General Sessions Court	<u>1,223,456</u>	<u>1,223,456</u>	<u>1,194,693</u>	<u>28,763</u>
Vehicle Maintenance:				
Salaries	202,620	202,620	186,484	16,136
Benefits and payroll taxes	103,650	103,650	74,757	28,893
Supplies	28,850	28,850	35,019	(6,169)
Other	26,610	26,610	26,260	350
Total Town Garage	<u>361,730</u>	<u>361,730</u>	<u>322,520</u>	<u>39,210</u>
Codes, Engineering and Planning:				
Salaries	794,690	794,690	782,384	12,306
Benefits and payroll taxes	319,250	319,250	306,855	12,395
Contractual services	1,900	1,900	4,158	(2,258)
Insurance	7,926	7,926	4,921	3,005
Telephone and utilities	2,825	2,825	2,074	751
Supplies	23,425	23,425	20,518	2,907
Repairs and maintenance	1,000	1,000	650	350
Professional services	45,500	45,500	45,124	376
Other	16,250	16,250	10,432	5,818
Total Codes, Engineering and Planning	<u>1,212,766</u>	<u>1,212,766</u>	<u>1,177,116</u>	<u>35,650</u>
Building and Grounds:				
Salaries	452,790	452,790	418,017	34,773
Benefits and payroll taxes	289,500	289,500	237,200	52,300
Repairs and maintenance	52,200	52,200	48,829	3,371
Supplies	29,200	29,200	34,091	(4,891)
Insurance	9,635	9,635	10,597	(962)
Cemetery	18,400	18,400	16,352	2,048
Other	1,600	1,600	361	1,239
Total Building Maintenance	<u>853,325</u>	<u>853,325</u>	<u>765,447</u>	<u>87,878</u>
Finance and Administration:				
Salaries	1,727,320	1,727,320	1,624,676	102,644
Benefits and payroll taxes	710,605	710,605	630,624	79,981
Memberships and testing	39,625	39,625	32,345	7,280
Telephone and utilities	159,860	159,860	180,538	(20,678)
Professional services	139,013	139,013	247,600	(108,587)
Contractual services	46,000	46,000	33,364	12,636
Repairs and maintenance	5,200	5,200	959	4,241
Supplies	68,750	68,750	41,317	27,433
Insurance	19,656	19,656	19,576	2,080
Outside services	252,965	252,965	193,585	59,380
Other	82,400	82,400	38,922	43,478
Total Finance and Administration	<u>3,251,394</u>	<u>3,251,394</u>	<u>3,041,506</u>	<u>209,888</u>
Total Current	<u>7,017,632</u>	<u>7,032,632</u>	<u>6,630,175</u>	<u>402,457</u>
Capital Outlay	-	-	-	-
Total General Government	<u>7,017,632</u>	<u>7,032,632</u>	<u>6,630,175</u>	<u>402,457</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures, Continued:				
Public Safety:				
Police Department:				
Current:				
Salaries	\$5,553,380	5,758,380	5,874,042	(115,662)
Benefits and payroll taxes	2,552,780	2,552,780	2,450,854	101,926
Outside services	114,972	114,972	85,238	29,734
Memberships and testing	15,931	15,931	20,257	(4,326)
Telephone	45,444	45,444	28,621	16,823
Repairs and maintenance	56,713	56,713	74,639	(17,926)
Travel	1,000	1,000	5,204	(4,204)
Supplies	372,028	372,028	383,731	(11,703)
Insurance	115,177	115,177	117,656	(2,479)
Other	15,500	15,500	3,411	12,089
Total Current	<u>8,842,925</u>	<u>9,047,925</u>	<u>9,043,653</u>	<u>4,272</u>
Capital Outlay	-	-	-	-
Total Police Department	<u>8,842,925</u>	<u>9,047,925</u>	<u>9,043,653</u>	<u>4,272</u>
Fire Department:				
Current:				
Salaries	5,410,370	5,410,370	5,432,529	(22,159)
Benefits and payroll taxes	2,499,552	2,499,552	2,310,501	189,051
Memberships and testing	2,610	2,610	5,305	(2,695)
Telephone and utilities	131,393	131,393	120,221	11,172
Repairs and maintenance	123,500	123,500	122,401	1,099
Supplies	222,538	222,538	190,907	31,631
Insurance	48,940	48,940	49,270	(330)
Outside services	136,194	136,194	110,526	25,668
Other	4,800	4,800	4,942	(142)
Total Current	<u>8,579,897</u>	<u>8,579,897</u>	<u>8,346,602</u>	<u>233,295</u>
Capital Outlay	-	-	-	-
Total Fire Department	<u>8,579,897</u>	<u>8,579,897</u>	<u>8,346,602</u>	<u>233,295</u>
Total Public Safety	<u>17,422,822</u>	<u>17,627,822</u>	<u>17,390,255</u>	<u>237,567</u>
Highways and Streets:				
Current:				
Salaries	417,140	417,140	414,173	2,967
Benefits and payroll taxes	243,560	243,560	256,527	(12,967)
Telephone and utilities	5,500	5,500	2,667	2,833
Repairs and maintenance	89,800	89,800	84,782	5,018
Supplies	76,500	76,500	75,547	953
Insurance	15,196	15,196	15,131	65
Outside services	20,650	20,650	17,253	3,397
Other	20,170	20,170	11,978	8,192
Total Current	<u>888,516</u>	<u>888,516</u>	<u>878,058</u>	<u>10,458</u>
Capital Outlay	-	-	-	-
Total Highways and Streets	<u>888,516</u>	<u>888,516</u>	<u>878,058</u>	<u>10,458</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures, Continued:				
Recreation:				
Current:				
Salaries	\$1,901,540	1,901,540	1,836,350	65,190
Benefits and payroll taxes	815,374	815,374	750,347	65,027
Memberships and testing	12,155	12,155	10,397	1,758
Telephone and utilities	329,190	329,190	325,954	3,236
Repairs and maintenance	169,866	169,866	208,109	(38,243)
Outside services	218,572	218,572	211,748	6,824
Food purchases	113,800	113,800	118,281	(4,481)
Recreation programs	36,095	36,095	38,963	(2,868)
Advertising and promotion	2,850	2,850	2,311	539
Supplies	204,923	204,923	230,872	(25,949)
Insurance	32,125	32,125	32,145	(20)
Rent	208,053	208,053	206,122	1,931
Other	20,600	20,600	21,560	(960)
Total Current	<u>4,065,143</u>	<u>4,065,143</u>	<u>3,993,159</u>	<u>71,984</u>
Capital Outlay	-	-	-	-
Total Recreation	<u>4,065,143</u>	<u>4,065,143</u>	<u>3,993,159</u>	<u>71,984</u>
Community Development:				
Current:				
Salaries	352,830	352,830	329,720	23,110
Benefits and payroll taxes	176,850	176,850	141,064	35,786
Telephone and utilities	73,500	73,500	79,115	(5,615)
Repairs and maintenance	13,700	13,700	13,894	(194)
Outside services	8,000	8,000	20,820	(12,820)
Advertising and promotion	1,000	1,000	450	550
Food purchases	172,500	172,500	171,556	944
Supplies	34,000	34,000	36,970	(2,970)
Insurance	1,226	1,226	1,226	-
Contributions to non-profits	464,845	464,845	464,845	-
Other	4,960	4,960	6,025	(1,065)
Total Current	<u>1,303,411</u>	<u>1,303,411</u>	<u>1,265,685</u>	<u>37,726</u>
Capital Outlay	-	-	-	-
Total Community Development	<u>1,303,411</u>	<u>1,303,411</u>	<u>1,265,685</u>	<u>37,726</u>
Total Expenditures	<u>30,697,524</u>	<u>30,917,524</u>	<u>30,157,332</u>	<u>760,192</u>
Excess Revenues Over Expenditures	<u>(644,929)</u>	<u>(644,929)</u>	<u>1,535,223</u>	<u>2,180,152</u>
Other Financing Sources (Uses):				
Insurance proceeds	15,000	15,000	57,388	42,388
Transfer to Capital Projects Fund	(221,903)	(298,903)	(216,044)	82,859
Transfer to Debt Service Fund	(2,546,656)	(2,546,656)	(2,112,499)	434,157
Transfer from Stormwater Fund	72,655	72,655	72,655	-
Transfer from Gas Fund	183,917	183,917	194,556	10,639
Transfer from Water and Sewer Fund	455,942	455,942	508,756	52,814
Total Other Financing Sources (Uses)	<u>(2,041,045)</u>	<u>(2,118,045)</u>	<u>(1,495,188)</u>	<u>622,857</u>
Net change in fund balance	(2,685,974)	(2,762,974)	40,035	2,803,009
Fund Balance, beginning of year	13,679,356	13,679,356	13,679,356	-
Fund Balance, end of year	<u>\$10,993,382</u>	<u>10,916,382</u>	<u>13,719,391</u>	<u>2,803,009</u>

See accompanying notes to financial statements.

TOWN OF SMYRNA, TENNESSEE

Statement of Net Assets

Proprietary Funds

June 30, 2012

	Business-type Activities - Enterprise Funds		Total	Internal Service Fund
	Water and Sewer Fund	Natural Gas Fund		
Assets				
Current Assets:				
Cash and cash equivalents	\$3,112	6,867,112	6,870,224	1,273,617
Receivables:				
Utility customers, net of allowance for estimated uncollectible	1,776,228	993,076	2,769,304	-
Insurance reimbursements receivable	-	-	-	340,727
Grant receivable	2,866	-	2,866	-
Revolving loan funds	344,428	-	344,428	-
Loan forgiveness funds receivable	86,104	-	86,104	-
Note receivable, current portion	27,761	-	27,761	-
Total Accounts Receivable	2,237,387	993,076	3,230,463	340,727
Due from other funds	-	1,054,245	1,054,245	-
Inventory, at cost	657,741	161,511	819,252	14,256
Total Current Assets	2,898,240	9,075,944	11,974,184	1,628,600
Noncurrent Assets:				
Restricted Assets:				
Cash - bond proceeds	2,242,526	-	2,242,526	-
Cash - customer deposits and construction bonds	147,858	821,199	969,057	-
Special assessments and other receivable	1,050	-	1,050	-
Total Noncurrent Restricted Assets	2,391,434	821,199	3,212,633	-
Property, Plant and Equipment	194,019,914	24,363,156	218,383,070	-
Less accumulated depreciation	(56,326,481)	(13,137,076)	(69,463,557)	-
Total Property, Plant and Equipment, Net	137,693,433	11,226,080	148,919,513	-
Other Assets:				
Note receivable, net of current portion	402,139	-	402,139	-
Bond issuance cost-net of amortization	623,296	-	623,296	-
Total Other Assets	1,025,435	-	1,025,435	-
Total Noncurrent Assets	141,110,302	12,047,279	153,157,581	-
Total Assets	\$144,008,542	21,123,223	165,131,765	1,628,600
Liabilities				
Liabilities:				
Current Liabilities (payable from current assets):				
Accounts payable	\$581,312	377,895	959,207	-
Accrued expenses	383,278	153,634	536,912	-
Contracts payable	-	39,556	39,556	429,685
Interest payable	226,508	-	226,508	-
Due to other funds	1,681,281	-	1,681,281	-
Current maturities of long-term debt	3,513,199	-	3,513,199	-
Total Current Liabilities (payable from current assets)	6,385,578	571,085	6,956,663	429,685
Current Liabilities (payable from restricted assets):				
Construction bonds	113,577	-	113,577	-
Contacts payable	214,407	-	214,407	-
Customer deposits and project assistance	42,856	821,199	864,055	-
Total Current Liabilities (payable from restricted assets)	370,840	821,199	1,192,039	-
Total Current Liabilities	6,756,418	1,392,284	8,148,702	429,685
Noncurrent Liabilities:				
Long-term debt, net of current maturities	50,327,396	-	50,327,396	-
Total Liabilities	57,083,814	1,392,284	58,476,098	429,685
Net Assets				
Invested in capital assets, net of related debt	85,880,957	11,186,524	97,067,481	-
Unrestricted	1,043,771	8,544,415	9,588,186	1,198,915
Total Net Assets	\$86,924,728	19,730,939	106,655,667	1,198,915
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	992,000	(428,528)	563,473	-
Net assets of business-type activities	\$87,916,728	19,302,411	107,219,140	-

See accompanying notes to financial statements.

TOWN OF SMYRNA, TENNESSEE

Statement of Revenues, Expenses and
Changes in Net Assets

Proprietary Funds

For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds		Total	Internal Service Fund
	Water and Sewer Fund	Natural Gas Fund		
Operating Revenues:				
Services	\$13,992,441	9,574,985	23,567,426	8,239,769
Other	40,306	1,190	41,496	-
Forfeited discounts	204,478	72,329	276,807	-
Total Operating Revenues	<u>14,237,225</u>	<u>9,648,504</u>	<u>23,885,729</u>	<u>8,239,769</u>
Operating Expenses:				
Gas/ water purchases	15,080	8,459,843	8,474,923	-
Salaries	2,566,199	889,328	3,455,527	-
Benefits and payroll taxes	1,367,929	455,707	1,823,636	5,103,658
Property claims	-	-	-	1,157,182
Travel	-	2,422	2,422	-
Outside services	694,312	35,357	729,669	-
Telephone and utilities	1,645,434	26,119	1,671,553	-
Maintenance and repair	382,127	72,236	454,363	-
Operating supplies	1,149,235	119,962	1,269,197	-
Insurance	156,320	78,134	234,454	1,148,526
Professional services	12,079	1,079,658	1,091,737	-
Depreciation and amortization	3,763,142	862,819	4,625,961	-
Administrative support services	816,685	526,519	1,343,204	-
Other	42,665	113,214	155,879	-
Total Operating Expenses	<u>12,611,207</u>	<u>12,721,318</u>	<u>25,332,525</u>	<u>7,409,366</u>
Operating Income (loss)	<u>1,626,018</u>	<u>(3,072,814)</u>	<u>(1,446,796)</u>	<u>830,403</u>
Non-Operating Revenues (Expenses):				
Interest income	26,590	170,900	197,490	23,654
Gain (loss) on sale of capital assets	-	-	-	-
Interest expenses	(1,089,362)	-	(1,089,362)	-
Total Non-Operating Revenues (Expenses)	<u>(1,062,772)</u>	<u>170,900</u>	<u>(891,872)</u>	<u>23,654</u>
Net Income (loss) Before Contributions and Transfers	563,246	(2,901,914)	(2,338,668)	854,057
Contributions:				
Capital contributions - tap fees	666,662	57,011	723,673	-
ARRA loan forgiveness	39,405	-	39,405	-
Contributions from developers - non cash	1,433,845	-	1,433,845	-
Transfers out	(508,756)	(194,556)	(703,312)	-
Change in Net Assets	<u>2,194,402</u>	<u>(3,039,459)</u>	<u>(845,057)</u>	<u>854,057</u>
Net Assets, Beginning of Year,	<u>84,730,326</u>	<u>22,770,398</u>	<u>107,500,724</u>	<u>344,858</u>
Net Assets, End of Year	<u>\$86,924,728</u>	<u>19,730,939</u>	<u>106,655,667</u>	<u>1,198,915</u>
Change in Net Assets shown above	2,194,402	(3,039,459)	(845,057)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>277,592</u>	<u>(282,859)</u>	<u>(5,267)</u>	
Change in net assets of business-type activities	<u>\$2,471,994</u>	<u>(3,322,318)</u>	<u>(850,324)</u>	

See accompanying notes to financial statements.

TOWN OF SMYRNA, TENNESSEE

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds		Total	Internal Service Fund
	Water and Sewer Fund	Natural Gas Fund		
Cash Flows from Operating Activities:				
Cash received from customers	\$13,336,905	10,445,022	23,781,927	-
Cash paid to employees for services	(2,686,422)	(941,278)	(3,627,700)	-
Cash paid to suppliers for goods and services	(5,848,384)	(10,532,757)	(16,381,141)	1,056
Payments for interfund administrative support services	(816,685)	(526,519)	(1,343,204)	-
Cash received (paid) on interfund payable and receivable	581,281	(1,054,245)	(472,964)	-
Cash received (paid) on customer deposits	38,181	111,851	150,032	-
Premiums and insurance reimbursements received	-	-	-	8,207,653
Claims, insurance and administrative expenses paid	-	-	-	(8,058,201)
Net Cash Provided (Used) by Operating Activities	<u>4,604,876</u>	<u>(2,497,926)</u>	<u>2,106,950</u>	<u>150,508</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase of property, plant, and equipment	(13,359,426)	(425,283)	(13,784,709)	-
Cash received from capital contributions	668,062	57,011	725,073	-
Cash received on note receivable	26,149	-	26,149	-
Cash received (paid) on construction bonds	70,428	-	70,428	-
Cash received from capital grants and loan proceeds forgiven	418,135	-	418,135	-
Interest paid on debt	(1,925,694)	-	(1,925,694)	-
Proceeds from revolving loan	627,201	-	627,201	-
Payments on long-term debt	(3,329,949)	-	(3,329,949)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(16,805,094)</u>	<u>(368,272)</u>	<u>(17,173,366)</u>	<u>-</u>
Cash Flows from Non-Capital Financing Activities:				
Transfers	<u>(508,756)</u>	<u>(194,556)</u>	<u>(703,312)</u>	<u>-</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(508,756)</u>	<u>(194,556)</u>	<u>(703,312)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Interest received on investments	<u>139,028</u>	<u>170,900</u>	<u>309,928</u>	<u>23,654</u>
Net Cash Provided (Used) by Investing Activities	<u>139,028</u>	<u>170,900</u>	<u>309,928</u>	<u>23,654</u>
Net Increase (Decrease) in Cash	(12,569,946)	(2,889,854)	(15,459,800)	174,162
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	<u>14,963,442</u>	<u>10,578,165</u>	<u>25,541,607</u>	<u>1,099,455</u>
Cash and Cash Equivalents and Restricted Cash, End of Year	<u>\$2,393,496</u>	<u>7,688,311</u>	<u>10,081,807</u>	<u>1,273,617</u>

Continued on next page

TOWN OF SMYRNA, TENNESSEE

Statement of Cash Flows

Proprietary Funds, Continued

For the Year Ended June 30, 2012

	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)	\$1,626,018	(3,072,814)	(1,446,796)	830,403
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	3,763,142	862,819	4,625,961	-
(Increase) decrease in:				
Accounts receivable	1,132,326	796,518	1,928,844	(32,116)
Inventory	(221,114)	4,084	(217,030)	1,056
Due from other funds	-	(1,054,245)	(1,054,245)	-
Increase (Decrease) in:				
Accounts payable	(152,889)	(89,852)	(242,741)	(648,835)
Accrued expenses	(129,423)	(56,287)	(185,710)	-
Deferred revenue	(2,032,646)	-	(2,032,646)	-
Due from other funds	581,281	-	581,281	-
Customer deposits	38,181	111,851	150,032	-
Net Cash Provided (used) for Operating Activities	<u>\$4,604,876</u>	<u>(2,497,926)</u>	<u>2,106,950</u>	<u>150,508</u>

Supplemental Schedule of Non-Cash Capital Financing Activities

In fiscal 2012, the Town accepted \$1,433,845 in contributed water and sewer lines from developers.

In fiscal 2012, the Town acquired capital assets with contracts payable in the amount of \$39,556 in the Gas fund and liquidated contracts payable related to capital assets in the amount of \$2,132,865 in the Water and Sewer Fund. Also, construction period interest in the amount of \$605,535 (net of interest income of \$112,438) was capitalized and (\$88,503) charged to interest expense related to amortization of bond premiums and discounts.

See accompanying notes to financial statements.

TOWN OF SMYRNA, TENNESSEE

Statement of Fiduciary Net Assets

Pension Fund

June 30, 2012

Assets

Investments, at fair value:

Money market funds	\$160,006
Mutual funds	1,149,738
U S government securities	333,869
Corporate bonds	3,276,535
Interest receivable	36,578

Total Assets \$4,956,726

Liabilities

Due to brokers \$100,000

Net Assets

Held in Trust for Pension Benefits
Total Net Assets Held in Trust for Pension Benefits \$4,856,726

See accompanying notes to financial statements

TOWN OF SMYRNA, TENNESSEE
Statement of Changes in Fiduciary Net Assets
Pension Fund
For the Year Ended June 30, 2012

<u>Additions</u>	
Contributions - employer	\$226,738
Investment earnings	
Interest, dividends and other investment income (loss)	172,215
Net increase (decrease) in fair value of investments	34,899
Net investment earnings (loss)	<u>207,114</u>
Total additions	<u>433,852</u>
<u>Deductions</u>	
Pension benefits	<u>151,109</u>
Total deductions	<u>151,109</u>
Change in net assets	282,743
Net assets held in trust for pension benefits beginning of year	<u>4,573,983</u>
Net assets held in trust for pension benefits end of year	<u><u>\$4,856,726</u></u>

See accompanying notes to financial statements

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2012

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. Separate financial statements are not issued for the component unit. The component unit is 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 assets and the statement of changes in net assets) 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.

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.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2012

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow private-sector guidance.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2012

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, 2012

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.

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 10.5 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 \$605,535 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 debt issue costs.

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, 2012

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 assets.

Bond and note premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable loss on refundings. Bond issue costs are reported net of amortization in other assets and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

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, or Town official designated by the Council. 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.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2012

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. In the initial GASB 54 Implementation year, beginning fund balances for all special revenue, debt service and capital projects funds will be classified as restricted and the beginning fund balance of the General Fund will be classified as unassigned.

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 \$9,507,767. 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 \$.7595 and \$.7595 per \$100 of assessed valuation for tax years 2012 and 2011 respectively. Payments may be made during the period from October 1 through February 28. Current tax collections of \$7,379,042 for the fiscal year ended June 30, 2012 were approximately 96 percent of the tax levy. Delinquent taxes past due for fourteen months are turned over to the county clerk for collection.

The government-wide financial statements report property taxes receivable of \$8,139,272 which is net of an allowance for doubtful collections of \$53,000. Of this receivable amount, \$501,272 represents prior year property taxes, \$7,691,000 represents the estimated net realizable 2012 property taxes and which are included in deferred revenue since they are not available until the next fiscal year. The receivable reported in the governmental funds balance sheet is \$8,192,272 with an offsetting deferred revenue for amounts not available at June 30, 2012. Other taxes receivable reported in the statements of \$2,604,567 is for beer and motel taxes of \$167,567 and \$2,437,000 for estimated net realizable 2012 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, 2012 there were no amounts exposed to custodial credit risk.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2012

2) DEPOSITS AND INVESTMENTS (Continued)

Investments

At June 30, 2012, 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>
Primary Government:			
Local Government	68,404	N/A	N/A
Investment Pool			
Liquid investments			
(Cash equivalents)	<u>(68,404)</u>		
	<u> -</u>		
Fiduciary Fund-Pension Fund:			
Government Securities:			
Federal Home Loan Bank	\$ 214,226	1,921	AA+
Federal Farm Credit Bank	119,643	2,237	AA+
Corporate Obligation	3,276,535	1,166	BBB-AA+
Money Market Fund	160,006	N/A	N/A
Mutual Funds Equity	<u>1,149,738</u>	N/A	N/A
	<u>\$ 4,920,148</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.

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, 2012, 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>467,887</u>

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2012

3) CAPITAL ASSETS

Governmental Activities

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance <u>July 1, 2011</u>	<u>Increases</u>	Reclasses & <u>Decreases</u>	Balance <u>June 30, 2012</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 5,557,805		(25,117)	5,532,688
Construction in progress	2,564,059	1,415,740	(868,336)	3,111,463
<u>Capital assets being depreciated:</u>				
Buildings	22,755,509	76,800	338,139	23,170,448
Improvements other than buildings	15,511,087	401,856	(155,290)	15,757,653
Equipment	16,523,392	1,129,064	127,814	17,780,270
Infrastructure	<u>99,277,434</u>	<u>2,337,864</u>	<u>387,589</u>	<u>102,002,887</u>
Total	<u>162,189,286</u>	<u>5,361,324</u>	<u>(195,201)</u>	<u>167,355,409</u>
<u>Accumulated Depreciation</u>				
Buildings	\$ 11,803,249	437,502	-	12,240,751
Improvements	5,898,001	559,774	-	6,457,775
Equipment	11,730,975	1,042,066	(175,374)	12,597,667
Infrastructure	<u>34,842,470</u>	<u>3,025,782</u>	<u>-</u>	<u>37,868,252</u>
Total accumulated depreciation	<u>64,274,695</u>	<u>5,065,124</u>	<u>(175,374)</u>	<u>69,164,445</u>
Governmental activities capital assets-net	\$ <u>97,914,591</u>			<u>98,190,964</u>

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

General Government	\$ 412,656
Public Safety:	
Police	346,192
Fire	392,636
Highways and streets	3,196,521
Stormwater	28,811
Recreation	663,516
Community development	<u>24,792</u>
Total	\$ <u>5,065,124</u>

Current year additions include improvements donated from developers of \$2,172,527.

Business-Type Activities:

Capital assets of the Enterprise Funds consisted of the following at June 30, 2012:

	Balance <u>July 1, 2011</u>	Reclasses & <u>Increases</u>	Balance <u>Decreases</u>	Water and <u>June 30, 2012</u>	<u>Sewer Fund</u>	Component <u>Gas Fund</u>	<u>Unit</u>
<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	31,457,902	10,917,556	(1,571,731)	40,803,727	40,803,727	-	
<u>Capital assets being depreciated</u>							
Utility plant and buildings	161,408,788	2,754,570	1,555,875	165,719,233	145,016,398	20,702,835	3,855,320
Machinery and equipment	7,753,697	58,654	15,856	7,828,207	4,378,495	3,449,712	
<u>Less accumulated depreciation</u>							
Utility plant and buildings	(58,048,326)	(4,177,471)	-	(62,225,797)	(52,288,796)	(9,937,001)	(974,550)
Machinery and equipment	<u>(6,848,580)</u>	<u>(389,180)</u>	<u>-</u>	<u>(7,237,760)</u>	<u>(4,037,685)</u>	<u>(3,200,075)</u>	<u>-</u>
Total	<u>139,755,384</u>	<u>9,164,129</u>	<u>-</u>	<u>148,919,513</u>	<u>137,693,433</u>	<u>11,226,080</u>	<u>2,880,770</u>
Current year depreciation					<u>3,703,832</u>	<u>862,819</u>	<u>128,511</u>

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2012

4) RECEIVABLES AND DEFERRED REVENUE

A summary of receivables at June 30, 2012 is as follows:

	General Fund	Capital Projects Fund	Water and Sewer Fund	Natural Gas Fund	Nonmajor Funds	Internal Service Fund	Total
Property taxes	\$ 8,192,272	-	-	-	-	-	8,192,272
Other taxes & in lieu taxes	2,604,567	-	-	-	-	-	2,604,567
Customer	209,353	-	1,935,245	1,099,088	272,325	340,727	3,856,738
Other governments	2,536,010	59,740	433,398	-	185,283	-	3,214,431
Less allowance	<u>(53,000)</u>	<u>-</u>	<u>(159,017)</u>	<u>(106,012)</u>	<u>(13,949)</u>	<u>-</u>	<u>(331,978)</u>
	<u>\$ 13,489,202</u>	<u>59,740</u>	<u>2,209,626</u>	<u>993,076</u>	<u>443,659</u>	<u>340,727</u>	<u>17,536,030</u>

The financial statements also include two notes receivable and an amount for capital outlay note proceeds in transit. The Capital Projects Fund includes a note receivable from the Housing Authority in the amount of \$170,456. The note accrues interest at 4.5% and is repayable in monthly installments of \$1,452 through June 2025. The non-current portion of the note is included in nonspendable fund balance in the governmental funds financial statements. The Enterprise Fund includes a note receivable from the Airport Authority, a joint venture of the Town, in the amount of \$429,900, 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 also includes a receivable for note proceeds in transit at June 30, 2012 in the amount of \$622,260.

Deferred and unearned revenue in the governmental activities consists of amounts that are either unearned or unavailable to liquidate liabilities of the current period. At June 30, 2012 the components of deferred revenue were as follows:

	Government-wide Statements	Fund Statements
Unlevied property taxes (unavailable)	\$ 7,691,000	7,691,000
Delinquent property taxes (unavailable)	-	404,218
Unlevied in lieu of taxes (unavailable)	2,437,000	2,437,000
State and county shared taxes (unavailable)	28,638	1,305,551
Other (unearned)	<u>37,091</u>	<u>37,091</u>
	<u>\$ 10,193,729</u>	<u>11,874,860</u>

5) RESTRICTED ASSETS

A summary of restricted assets at June 30, 2012 is as follows:

	<u>Enterprise Funds</u>			
	Capital Projects Fund	Water and Sewer Fund	Natural Gas Fund	Total
Cash	\$ 204,008	2,390,384	821,199	3,415,591
Special assessments and other receivable	-	1,050	-	1,050
Capital outlay note proceeds receivable	<u>622,260</u>	<u>-</u>	<u>-</u>	<u>622,260</u>
Total	<u>\$ 826,268</u>	<u>2,391,434</u>	<u>821,199</u>	<u>4,038,901</u>

Cash is restricted for construction bonds, customer deposits and amounts for construction projects to be paid from 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.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2012

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, 2012:

	Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2012</u>	Payable Within <u>One Year</u>
Governmental Activities:					
General obligation debt	\$21,776,630	622,260	1,658,899	20,739,991	1,922,379
Capital lease	31,086	26,849	6,892	51,043	7,448
Compensated absences	<u>1,845,661</u>	<u>1,785,676</u>	<u>1,813,362</u>	<u>1,817,975</u>	<u>1,685,000</u>
Total	23,653,377	<u>2,434,785</u>	<u>3,479,153</u>	22,609,009	<u>3,614,827</u>
Bond premium	44,769			39,994	
	<u>\$23,698,146</u>			<u>22,649,003</u>	
Business-type Activities:					
Revenue and tax bonds	\$52,229,036	-	3,225,433	49,003,603	3,351,375
State revolving loan	<u>3,721,532</u>	<u>72,895</u>	<u>104,515</u>	<u>3,689,912</u>	<u>161,824</u>
	55,950,568	<u>72,895</u>	<u>3,329,948</u>	52,693,515	<u>3,513,199</u>
Bond premiums	<u>1,235,584</u>			<u>1,147,080</u>	
	<u>\$57,186,152</u>			<u>53,840,595</u>	

Long-term debt payable at June 30, 2012 is comprised of the following:

Governmental Activities

1998 Issue Public Building Authority Loan (\$3,615,625) due in increasing annual installments through May 2013 at varying levels of interest based on weekly remarketing prices through the bond index. There is no cap on the interest rate.	\$ 445,100
2005 General Obligation Bonds (\$5,000,000) due in annual installments through April 2020 at interest rates from 3.65% to 4.25%.	3,800,000
2006 General Obligation Bonds (\$9,500,000) due in annual installments through June 2022 at interest rates from 3.65% to 3.875%.	8,625,000
2008 General Obligation Bonds (\$5,346,967) due in annual installments through June 2024 at interest rates from 3% to 3.9%.	4,522,297
2009 General Obligation Bonds (\$3,050,000) due in annual installments through June 2024 at interest rates from 2% to 3.75%.	2,650,000
Capital Outlay note due in annual installments of \$75,334 at an interest rate of 2.17%.	75,334
Capital Outlay note due in annual installments of \$207,420 at an interest rate of 1.83%.	<u>622,260</u>
Total Governmental Activities	\$ <u>20,739,991</u>

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2012

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

Revenue and Tax Bonds:

1998 Issue Public Building Authority Loan (\$8,594,375) due in increasing annual installments through May 2013 at varying levels of interest, based on weekly remarketing prices through the bond index. There is no cap on the interest rate.	\$ 1,060,900
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.	160,000
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%.	2,160,000
2008 General Obligation Bonds (\$4,638,032) due in annual installments through April 2024 at interest rates from 3.25% to 4.5%.	3,922,703
2009 Revenue and Tax Refunding Bonds (\$8,205,000) due in annual installments through June 2024 at interest rates from 3% to 3.9%.	6,880,000
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%.	17,720,000
2009 State Revolving Loan Program (\$5,790,000 with \$2,300,000 forgiven) due in 240 installments at an interest rate of 2.14%.	3,345,486
2010 State Revolving Loan Program (\$600,000 with \$120,000 forgiven) due in 240 installments at an interest rate of 1.94%.	344,426
2011 Water and Sewer Revenue an Tax Bonds (\$18,000,000) due in annual installments through June 2026 at interest rates from 2% to 4%.	<u>17,100,000</u>
Total Business-type Activities	\$ <u>52,693,515</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>3,725,000</u>
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The annual requirements to amortize all bonds and notes outstanding as of June 30, 2012 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>
2013	\$ 1,922,379	3,513,199	2,595,110	8,030,688	229,625
2014	1,932,655	3,420,047	2,408,730	7,761,432	227,450
2015	1,980,687	3,500,544	2,247,921	7,729,152	225,200
2016	1,847,010	3,620,408	2,095,431	7,562,849	281,765
2017	1,943,075	3,753,026	1,895,738	7,591,839	277,055
2018-2022	9,661,705	20,686,866	6,426,636	36,775,207	1,384,235
2023-2027	1,452,480	13,335,734	1,173,345	15,961,559	1,422,074
2028-2032	-	863,691	47,437	911,128	1,467,411
2033-2034	-	-	-	-	<u>576,676</u>
Totals	<u>\$ 20,739,991</u>	<u>52,693,515</u>	<u>18,890,348</u>	<u>92,323,854</u>	<u>6,091,491</u>

During the prior year the Town received approval for \$6,350,000 State Revolving Loan funds. The funds are allocated as \$3,930,000 in loan proceeds and \$2,420,000 loan proceeds to be forgiven. The funds include \$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, 2012, all of the funds had been drawn except for \$135,574 in state revolving loan funds.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2012

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

Refundings

The amount of defeased bonds outstanding from prior years' refundings is \$180,000.

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:

	Governmental
	<u>Activities</u>
Fitness equipment	\$ 82,334
Less accumulated depreciation	<u>8,251</u>
	\$ <u>74,083</u>

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

2013	\$ 12,544
2014	25,094
2015	<u>23,250</u>
Total payments	\$ 60,888
Less amount representing interest	<u>9,845</u>
Present value of leased improvements	\$ <u>51,043</u>

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 65th birthday or the fifth year of participation and (2) the later of the 55th 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.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2012

7) PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

Plan Membership Data

1.	Inactive Plan Participants:		
	a.)	Retirees and Beneficiaries Currently Receiving Benefits	16
	b.)	Terminated Employees Entitled to Deferred Benefits	<u>10</u>
	c.)	Total	<u>26</u>
2.	Active Plan Participants:		
	a.)	Vested (Fully and Partially)	32
	b.)	Non-vested	-
	c.)	Total	<u>32</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.

Schedule of funding progress:

Actuarial Valuation	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)-see Note 1	Unfunded AAL (UAAL)	Annual Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
<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>
07/1/02	2,103,375	2,532,468	429,093	83.1%	1,567,639	27.39%
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%

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) (closed 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 was effective July 2005.
4. The last plan amendment was effective July 1, 2002, and it had no impact on the liabilities of the plan.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2012

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

Schedule of Employer Contributions

<u>Fiscal Year End</u>	<u>Required Contribution</u>	<u>Annual Percentage Contributed</u>
2003	\$ 158,715	100.00%
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%

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.

Summary of Actuarial Assumptions

(Sample Values per 1,000 Lives)

	<u>AGE</u>			
	<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 st Year Select)	171.00	164.70	138.50	109.70
Estimated Experience (2 nd 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.
From July 1, 2007 to July 1, 2009, 6% annual increase.
Effective July 1, 2009, 5% annual increase.
Beginning July 1, 2010, 4.5% annual increase.

Rate of Retirement

Participants are assumed to retire: 20% at 55, 20% at 60, 30% at 62, and 30% at 65.

Rate of Investment Return

Prior to July 1, 2005, 8% per annum. 7.5% per annum effective July 1, 2005.

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

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.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2012

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

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 1000 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 \$966,635 and the employees contributed \$885,564. 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.

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 has incurred approximately \$1,000,000 in legal fees 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 2012, the Town paid \$144,492 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 2012, the Town paid \$12,060 in rent to the Airport Authority.

The Town has entered into two operating leases for golf course equipment, with annual payments of \$6,244 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 2012 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 2012 the Town paid \$21,796.

Contracts

At June 30, 2012, the Town has construction contracts in process which totaled approximately \$37,762,390. These projects were approximately 92% complete at year end. The major project is a utility project and is being funded by a bond issue, state revolving loan funds and grants.

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, principally Federal and State governments. Any disallowed claims, including amounts already collected, could become a liability to the applicable fund. The Town is currently in dispute with the Federal Emergency Management Agency regarding disaster relief funds. The Town has recorded amounts expected to be received however the ultimate outcome is not determinable.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2012

8) COMMITMENTS AND CONTINGENCIES, Continued

During the year management became aware of a state law which appears to require the distribution of a percentage of state-shared revenue to another governmental entity. The Town's management maintains there should be no retroactive liability and will aggressively defend this position. The potential liability could be up to approximately \$540,000. The amount of liability, if any, is not currently determinable and therefore no provision has been made in these financial statements.

9) JOINT VENTURES WITH RUTHERFORD COUNTY

The Town previously participated in the Local Government Insurance Cooperative (LOGIC), a public entity risk pool that operated as a common risk management and workers' compensation insurance program for approximately one hundred governmental entities. LOGIC was self-sustaining through member premiums and also obtained specific excess and aggregate excess coverage through a commercial insurance company. The Town has learned the commercial insurance company is in bankruptcy, and the Town will be assessed by LOGIC to help cover claims incurred during the Town's participation. All known assessments have been accrued. The Town does not believe, based on current information, any potential future assessments would be material to the Town's financial statements.

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, 2012, the Authority had net assets of \$27,890,665. Net operating losses for the 2012 and 2011 fiscal years were \$488,779 and \$1,465,557 respectively. During the year, the Town of Smyrna paid a total of \$156,552 in rent for use of Authority property for recreational purposes. Separate financial statements for this joint venture are available at Town of Smyrna City 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 \$429,900.

10) INTERFUND TRANSACTIONS

Interfund receivables and payables are attributable to obligations between funds. The actual cash transfer had not been made at June 30, 2012. The composition of interfund balances at June 30, 2012 were as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
Gas Fund	\$ 1,054,245	Water and Sewer Fund	\$ 627,036
General Fund	677,156	Capital Projects Fund	49,194
Capital Projects Fund	73,941	Impact Fee Fund	74,867
		Water and Sewer Fund	1,054,245

The interfund amount due from the Water and Sewer Fund to the General Fund in the amount of \$627,036 relates to the Water and Sewer Fund's cash deficit in the checking account shared with the General Fund. This amount was liquidated in July 2012 with the issuance of an interfund tax and revenue anticipation note authorized pursuant to Title 9, Chapter 21, Parts 4 and 8, Tennessee Code Annotated. The interfund amount due from the Water and Sewer Fund to the Gas Fund in the amount of \$1,054,025 was the result of an adjustment to the allocation of accounts receivable between the funds at year end and was liquidated in November 2012. The remaining interfund amounts relate to reimbursements for expenditures which were authorized by budgeted transfers and the cash was not transferred until subsequent to year end.

Also, subsequent to year end, the Town liquidated the other interfund amounts.

Internal balances in the Government-wide financial statements also include \$563,473 related to the consolidation of the internal service fund which is netted with the \$627,036 interfund obligation for a balance of \$63,563.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2012

10) INTERFUND TRANSACTIONS, Continued

Interfund transfers for the year ended June 30, 2012 are attributable to the budgeted allocation of resources from one fund to another and consist of the following:

	Transfer In:			Totals
	General Fund	Capital Project Fund	Nonmajor Governmental	
Transfer Out:				
Gas Fund	\$ 194,556	-	-	194,556
Water and Sewer Fund	508,756	-	-	508,756
General Fund	-	216,044	2,112,499	2,328,543
Nonmajor Governmental Funds	<u>72,655</u>	<u>1,206,488</u>	<u>343,982</u>	<u>1,623,125</u>
Totals	\$ <u>775,967</u>	<u>1,422,532</u>	<u>2,456,481</u>	<u>4,654,980</u>

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

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 \$9,521 and \$26,149, plus interest respectively.

12) MAJOR CUSTOMER

The Town supplies water, sewer and natural gas services to a large manufacturing company. During the fiscal year ended June 30, 2012, services to this company accounted for the following percentages of total revenues of the water, sewer and natural gas fund customer revenues.

Gas Fund	28.7%
Water and Sewer Fund	14.6%

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.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2012

13) RISK MANAGEMENT, Continued

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.

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>
2009-2010	\$ 913,460	6,859,249	(6,910,578)	862,131
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*

*Medical and workers compensation claims: \$276,243; Liability claims: \$153,442.

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) SUBSEQUENT EVENTS

Subsequent to year end, the Town received approval from the Comptroller of the Treasury and issued an interfund tax and revenue anticipation note in the amount of \$896,203 from the General Fund to the Water and Sewer Fund. The rate of interest is 2% and is for the term of one year (See Note 10). The note will replace the due from and the due to in these funds.

15) FUND DEFICIT

The component unit, Industrial Development Fund, ended the fiscal year with a net asset deficit of \$732,136. Future rents are expected to fund the deficit. The Industrial Development Board has a lease agreement with Smyrna Housing Authority, a related organization, through the Town, which provides for rentals in the amount of required debt service payments. The amounts are as follows:

2013	\$ 229,625
2014	227,450
2015	225,200
2016	281,765
2017	277,055
thereafter	<u>4,850,396</u>
	<u>\$ 6,091,491</u>

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2012

16) **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.

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 General Fund expenditures budget was increased by \$220,000 and the Capital Projects Funds expenditure budget was increased by \$970,800. Nonmajor governmental fund expenditures budgets were increased by \$26,500. The Capital Projects Fund increased appropriations were primarily related to fire department capital items.

**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, 2012

<u>Assets</u>	<u>Special Revenue</u>			<u>Capital</u>	<u>Debt</u>	<u>Total</u>
	<u>Drug</u>	<u>State</u>	<u>Stormwater</u>	<u>Projects</u>		
	<u>Fund</u>	<u>Street</u>	<u>Fund</u>	<u>Impact</u>	<u>Service</u>	<u>Nonmajor</u>
		<u>Aid Fund</u>		<u>Fee</u>	<u>Fund</u>	<u>Governmental</u>
				<u>Fund</u>		<u>Funds</u>
Cash in bank	\$73,168	37,250	1,578,571	4,637,814	-	6,326,803
Due from other governments	1,301	183,982	-	-	-	185,283
Receivables	-	-	258,376	-	-	258,376
Total Assets	\$74,469	221,232	1,836,947	4,637,814	-	6,770,462
<u>Liabilities and Fund Balance</u>						
Liabilities:						
Accounts payable	\$3,378	43,723	17,284	114,175	-	178,560
Accrued liabilities	-	-	10,133	-	-	10,133
Due to other funds	-	-	-	74,867	-	74,867
Deferred revenue	-	94,436	-	-	-	94,436
Total Liabilities	3,378	138,159	27,417	189,042	-	357,996
Fund balance:						
Restricted for law enforcement	71,091	-	-	-	-	71,091
Restricted for highways and streets	-	83,073	-	-	-	83,073
Restricted for stormwater	-	-	1,809,530	-	-	1,809,530
Restricted for capital projects	-	-	-	4,448,772	-	4,448,772
Total Fund Balance	71,091	83,073	1,809,530	4,448,772	-	6,412,466
Total Liabilities and Fund Balance	\$74,469	221,232	1,836,947	4,637,814	-	6,770,462

TOWN OF SMYRNA, TENNESSEE

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2012

	Special Revenue			Capital Projects	Debt Service Fund	Total Nonmajor Governmental Funds
	Drug Fund	State Street Aid Fund	Stormwater Fund	Impact Fee Fund		
Revenues:						
Intergovernmental:						
Gasoline tax. inspection fees	\$ -	1,031,808	-	-	-	1,031,808
Total Intergovernmental	-	1,031,808	-	-	-	1,031,808
Licenses and permits	-	-	-	1,084,450	-	1,084,450
Fines, forfeitures and seizures	124,773	-	-	-	-	124,773
Uses of Money and Property:						
Interest	3	1	-	70,431	-	70,435
Stormwater fees, rental, and sales	-	-	1,462,760	-	-	1,462,760
Total Uses of Money and Property	3	1	1,462,760	70,431	-	1,533,195
Total Revenues	124,776	1,031,809	1,462,760	1,154,881	-	3,774,226
Expenditures:						
Current:						
Drug enforcement	94,397	-	-	-	-	94,397
Stormwater	-	-	549,299	-	-	549,299
Highways and streets	-	647,286	-	-	-	647,286
Total Current	94,397	647,286	549,299	-	-	1,290,982
Debt service	-	-	-	-	2,456,481	2,456,481
Capital outlay	-	-	-	-	-	-
Total Expenditures	94,397	647,286	549,299	-	2,456,481	3,747,463
Excess (deficiency) of revenues over expenditures	30,379	384,523	913,461	1,154,881	(2,456,481)	26,763
Other Financing Sources (Uses):						
Transfer to Debt Service Fund	-	(343,982)	-	-	-	(343,982)
Transfer from General Fund	-	-	-	-	2,112,499	2,112,499
Transfer from State Street Aid Fund	-	-	-	-	343,982	343,982
Transfer to General Fund	-	-	(72,655)	-	-	(72,655)
Transfer to Capital Projects Fund	-	(24,159)	(341,912)	(840,417)	-	(1,206,488)
Total Other Financing Sources (Uses)	-	(368,141)	(414,567)	(840,417)	2,456,481	833,356
Net change in fund balance	30,379	16,382	498,894	314,464	-	860,119
Fund balance, beginning of year	40,712	66,691	1,310,636	4,134,308	-	5,552,347
Fund balance, end of year	\$71,091	83,073	1,809,530	4,448,772	-	6,412,466

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines forfeitures and seizures	\$100,400	100,400	124,773	24,373
Interest	-	-	3	3
Total Revenue	<u>100,400</u>	<u>100,400</u>	<u>124,776</u>	<u>24,376</u>
Expenditures:				
Current:				
Miscellaneous:				
Drug enforcement	100,400	109,900	94,397	15,503
Total Current	<u>100,400</u>	<u>109,900</u>	<u>94,397</u>	<u>15,503</u>
Capital outlay	-	-	-	-
Total Expenditures	<u>100,400</u>	<u>109,900</u>	<u>94,397</u>	<u>15,503</u>
Excess (deficiency) of revenues over expenditures	-	(9,500)	30,379	39,879
Net change in fund balance	-	(9,500)	30,379	39,879
Fund balance, beginning of year	40,712	40,712	40,712	-
Fund balance, end of year	<u>\$40,712</u>	<u>31,212</u>	<u>71,091</u>	<u>39,879</u>

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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental:				
State gasoline and motor fuel tax and fees	\$1,000,000	1,017,000	1,031,808 *	14,808
Uses of Money and Property:				
Interest	5	5	1	(4)
Total Revenues	1,000,005	1,017,005	1,031,809	14,804
Expenditures:				
Current:				
Street maintenance - repairs	232,789	232,789	205,266	27,523
Lighting	361,000	378,000	402,964	(24,964)
Signals	37,500	37,500	39,056	(1,556)
Total Current	631,289	648,289	647,286	1,003
Capital outlay	-	-	-	-
Total Expenditures	631,289	648,289	647,286	1,003
Excess (deficiency) of revenues over expenditures	368,716	368,716	384,523	15,807
Other Financing Sources (Uses):				
Transfers out	(368,716)	(368,716)	(368,141)	575
Net change in fund balance	-	-	16,382	16,382
Fund balance, beginning of year	66,691	66,691	66,691	-
Fund balance, end of year	\$66,691	66,691	83,073	16,382

* 1989 tax	\$113,798
Three cent tax	211,214
Gas & motor fuel tax	706,796
	\$1,031,808

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$1,125,000	1,125,000	1,084,450	(40,550)
Uses of Money and Property:				
Interest	<u>75,000</u>	<u>75,000</u>	<u>70,431</u>	<u>(4,569)</u>
Total Revenue	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,154,881</u>	<u>(45,119)</u>
Expenditures:	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	1,200,000	1,200,000	1,154,881	(45,119)
Other Financing Sources (Uses):				
Transfers to Capital Project Fund	<u>(1,234,630)</u>	<u>(1,680,430)</u>	<u>(840,417)</u>	<u>840,013</u>
Total Other Financing Sources (Uses)	<u>(1,234,630)</u>	<u>(1,680,430)</u>	<u>(840,417)</u>	<u>840,013</u>
Net change in fund balance	(34,630)	(480,430)	314,464	794,894
Fund balance, beginning of year	<u>4,134,308</u>	<u>4,134,308</u>	<u>4,134,308</u>	<u>-</u>
Fund balance, end of year	<u><u>\$4,099,678</u></u>	<u><u>3,653,878</u></u>	<u><u>4,448,772</u></u>	<u><u>794,894</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Uses of Money and Property:				
Fees	\$1,408,000	1,408,000	1,462,760	54,760
Total Revenue	<u>1,408,000</u>	<u>1,408,000</u>	<u>1,462,760</u>	<u>54,760</u>
Expenditures:				
Stormwater:				
Salaries	270,210	270,210	256,417	13,793
Benefits and payroll taxes	138,960	138,960	111,811	27,149
Memberships and registrations	4,175	4,175	3,620	555
Telephone	1,100	1,100	853	247
Supplies	9,350	9,350	4,646	4,704
Professional services	174,905	174,905	163,577	11,328
Other	15,776	15,776	8,375	7,401
Total Expenditures	<u>614,476</u>	<u>614,476</u>	<u>549,299</u>	<u>65,177</u>
Excess (deficiency) of revenues over expenditures	793,524	793,524	913,461	119,937
Other Financing Sources (Uses):				
Transfers to General Fund	(72,655)	(72,655)	(72,655)	-
Transfers to Capital Project Fund	(500,840)	(500,840)	(341,912)	158,928
Total Other Financing Sources (Uses)	<u>(573,495)</u>	<u>(573,495)</u>	<u>(414,567)</u>	<u>158,928</u>
Net change in fund balance	<u>220,029</u>	<u>220,029</u>	<u>498,894</u>	<u>278,865</u>
Fund balance, beginning of year	<u>1,310,636</u>	<u>1,310,636</u>	<u>1,310,636</u>	<u>-</u>
Fund balance, end of year	<u>\$1,530,665</u>	<u>1,530,665</u>	<u>1,809,530</u>	<u>278,865</u>

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental :				
Grants - state and federal	\$1,080,000	1,528,000	239,338	(1,288,662)
Uses of Money and Property:				
Interest	210,900	210,900	21,663	(189,237)
Total Revenue	<u>1,290,900</u>	<u>1,738,900</u>	<u>261,001</u>	<u>(1,477,899)</u>
Expenditures:				
Recreation and Culture:				
Current				
Supplies & repairs	50,000	50,000	9,232	40,768
Capital outlay	2,949,213	2,949,213	1,110,755	1,838,458
Community Development:				
Current				
Supplies	5,000	5,000	3,863	1,137
Capital outlay	373,900	373,900	319,782	54,118
Highways and Streets:				
Current				
Supplies	20,000	20,000	15,338	4,662
Capital outlay	1,195,520	1,195,520	440,377	755,143
Public Safety:				
Current				
Supplies - fire	25,000	25,000	18,845	6,155
Supplies - police	55,000	55,000	51,473	3,527
Capital outlay - fire	100,265	623,065	609,514	13,551
Capital outlay - police	236,398	236,398	232,626	3,772
Stormwater				
Current				
Supplies & repairs	11,000	11,000	2,655	8,345
Capital outlay	489,840	489,840	339,257	150,583
General Government:				
Current				
Supplies & repairs	300,000	300,000	269,472	30,528
Capital outlay	373,625	821,625	136,486	685,139
Total Expenditures	<u>6,184,761</u>	<u>7,155,561</u>	<u>3,559,675</u>	<u>3,595,886</u>
Excess (deficiency) of revenues over expenditures	<u>(4,893,861)</u>	<u>(5,416,661)</u>	<u>(3,298,674)</u>	<u>2,117,987</u>
Other Financing Sources:				
Capital outlay note issuance	2,988,888	2,988,888	622,260	(2,366,628)
Capital lease	30,000	30,000	26,849	(3,151)
Transfers from State Street Aid Fund	30,000	30,000	24,159	(5,841)
Transfers from Impact Fee Fund	1,234,660	1,680,460	840,417	(840,043)
Transfers from Stormwater Fund	500,840	500,840	341,912	(158,928)
Transfers from General Fund	321,203	398,203	216,044	(182,159)
Total Other Financing Sources	<u>5,105,591</u>	<u>5,628,391</u>	<u>2,071,641</u>	<u>(3,556,750)</u>
Net change in fund balance	<u>211,730</u>	<u>211,730</u>	<u>(1,227,033)</u>	<u>(1,438,763)</u>
Fund balance, beginning of year	<u>1,710,134</u>	<u>1,710,134</u>	<u>1,710,134</u>	<u>-</u>
Fund balance, end of year	<u>\$1,921,864</u>	<u>1,921,864</u>	<u>483,101</u>	<u>(1,438,763)</u>

TOWN OF SMYRNA, TENNESSEE

Schedule of Cash Flow

Proprietary Fund Type - Component Unit

Industrial Development Fund

For the Year Ended June 30, 2012

Cash Flows from Operating Activities:	
Cash received from customers	\$213,000
Net Cash Provided (Used) by Operating Activities	<u>213,000</u>
Cash Flows from Capital and Related Financing Activities:	
Interest paid on debt	(171,724)
Payments on long-term debt	<u>(60,000)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(231,724)</u>
Cash Flows from Investing Activities:	
Interest received on investments	<u>6</u>
Net Cash Provided (Used) by Investing Activities	<u>6</u>
Net Increase (Decrease) in Cash	(18,718)
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	<u>50,657</u>
Cash and Cash Equivalents and Restricted Cash, End of Year	<u><u>\$31,939</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations</u>	
Operating income (loss)	\$80,099
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	<u>132,901</u>
Net Cash Provided (used) for Operating Activities	<u><u>\$213,000</u></u>

TOWN OF SMYRNA, TENNESSEE

Capital Assets Used in the Operation of Governmental Funds

Schedule By Function and Activity

June 30, 2012

Function and Activity	<u>Land</u>	<u>Buildings & 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	5,575,456	772,180	3,121,497	169,920	46,643	11,254,284
Public safety:							
Police	216,060	3,624,245	-	3,946,292	-	-	7,786,597
Fire	155,690	5,002,374	132,844	5,104,692	-	-	10,395,600
Highways and streets	1,431,685	177,628	1,869,344	2,341,991	100,368,408	722,356	106,911,412
Stormwater	-	-	298,970	242,157	285,369	25,123	851,619
Recreation	2,160,665	5,167,881	12,684,315	2,869,199	1,179,190	2,317,341	26,378,591
Community development	-	3,622,864	-	154,442	-	-	3,777,306
Total governmental capital assets	<u>\$5,532,688</u>	<u>23,170,448</u>	<u>15,757,653</u>	<u>17,780,270</u>	<u>102,002,887</u>	<u>3,111,463</u>	<u>167,355,409</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, 2012

Function and Activity	Balance July 1, 2011	Additions	Reclasses & Deletions	Balance June 30, 2012
General government	\$11,117,798	136,486		11,254,284
Public safety:				
Police	7,733,886	232,626	(179,915)	7,786,597
Fire	9,786,086	609,514	-	10,395,600
Highways and streets	104,298,508	2,612,904	-	106,911,412
Stormwater	512,362	339,257	-	851,619
Recreation	25,283,122	1,110,755	(15,286)	26,378,591
Community development	3,457,524	319,782	-	3,777,306
Total governmental capital assets	<u>\$162,189,286</u>	<u>5,361,324</u>	<u>(195,201)</u>	<u>167,355,409</u>

TOWN OF SMYRNA, TENNESSEE

Schedule of Cash and Cash Equivalents

All Funds

June 30, 2012

Major Governmental Funds

<u>Type of Investment or Account</u>	<u>Interest Rate</u>	<u>Amount</u>
General Fund:		
Demand deposits and savings	Various	\$12,660,833
Local Government Investment Pool	Various	64,522
Change funds	-	4,508
Total General Fund		<u>12,729,863</u>
Capital Projects Fund		
Demand deposits and savings	-	204,008
Total Capital Projects Fund		<u>204,008</u>

Nonmajor Governmental Funds

Drug Fund:		
Cash	-	100
Demand deposit	-	73,068
Total Drug Fund		<u>73,168</u>
State Street Aid Fund:		
Local Government Investment Pool	Various	1,077
Demand deposits and savings	Various	36,173
Total State Street Aid Fund		<u>37,250</u>
Impact Fee Fund		
Demand deposits and savings	Various	4,637,814
Total Impact Fee Fund		<u>4,637,814</u>
Stormwater Fund		
Demand deposits and savings	-	1,578,571
Total Stormwater Fund		<u>1,578,571</u>

Proprietary Funds

Water and Sewer Fund:		
Demand deposits and savings	Various	2,391,119
Local Government Investment Pool	Various	1,777
Change funds	-	600
Total Water and Sewer Fund		<u>2,393,496</u>
Natural Gas Fund:		
Local Government Investment Pool	Various	1,028
Demand deposits and savings	Various	7,687,283
Total Natural Gas Fund		<u>7,688,311</u>
Internal Service Fund		
Demand deposits and savings	Various	1,273,617
Total Internal Service Fund		<u>1,273,617</u>
Total Primary Government		<u>\$30,616,098</u>

Component Unit:

Industrial Development Fund		
Demand deposits and savings	-	\$31,939
Total Industrial Development Fund		<u>\$31,939</u>

TOWN OF SMYRNA, TENNESSEE

Schedule of Changes in Property Taxes Receivable

General Fund

For the Year Ended June 30, 2012

<u>Fiscal Year</u>	<u>Balance June 30, 2011</u>	<u>Adjustments/ Assessments</u>	<u>Collections</u>	<u>Balance June 30, 2012</u>
2011 - 2012	\$ -	7,677,878	7,379,042	298,836
2010 - 2011	297,429	-	199,974	97,455
2009 - 2010	158,438	-	121,705	36,733
2008 - 2009	39,773	-	19,927	19,846
2007 - 2008	16,744	-	911	15,833
2006 - 2007	10,551	-	304	10,247
2005 - 2006	2,544	-	116	2,428
2004 - 2005	6,455	-	118	6,337
2003 - 2004	7,404	-	119	7,285
2002 - 2003	6,393	-	121	6,272
2001 - 2002	9,035	(9,035)	-	-
	-			
	<u>\$554,766</u>	<u>7,668,843</u>	<u>7,722,337</u>	501,272
2012 - 2013**				<u>7,691,000</u>
Property taxes receivable per Governmental Funds Financial Statements				8,192,272
Allowance for uncollectibles				(53,000)
Property taxes receivable per Government Wide Financial Statements				<u>\$8,139,272</u>

Fiscal year 2009-2010 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 Indebtedness
and Interest Requirements**

General Obligation

June 30, 2012

Year Ending June 30,	1998 Public Building Authority Loan	2005 General Obligation Bonds	2006 General Obligation Bonds	2008 General Obligation Bonds	2009 General Obligation Bonds	2009 & 2012 Capital Outlay Notes	Interest Requirements	Total
2013	\$445,100	400,000	300,000	294,525	200,000	282,754	771,311	2,693,690
2014	-	430,000	790,000	305,235	200,000	207,420	702,248	2,634,903
2015	-	440,000	820,000	313,267	200,000	207,420	634,686	2,615,373
2016	-	460,000	855,000	332,010	200,000	-	566,934	2,413,944
2017	-	500,000	885,000	348,075	210,000	-	500,906	2,443,981
2018	-	500,000	920,000	358,785	210,000	-	430,652	2,419,437
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>\$445,100</u>	<u>3,800,000</u>	<u>8,625,000</u>	<u>4,522,297</u>	<u>2,650,000</u>	<u>697,594</u>	<u>4,658,589</u>	<u>25,398,580</u>

TOWN OF SMYRNA, TENNESSEE

Schedule of Maturities of Indebtedness and Interest Requirements

Enterprise Fund

June 30, 2012

Year Ending June 30,	Water and Sewer Fund						Revolving Loan	Revolving Loan	Interest Requirements	Total	
	1998	2001	2003A	Bond Issue							
			2008	2009	2009	2011					
2013	\$1,060,900	55,000	330,000	255,475	450,000	250,000	950,000	19,839	141,985	1,823,799	5,336,998
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	2,600,000	23,167	168,472	853,469	6,457,418
2022	-	-	-	380,890	630,000	1,920,000	-	23,621	172,112	698,410	3,825,033
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	52,873	490	82,037
	<u>\$1,060,900</u>	<u>160,000</u>	<u>2,160,000</u>	<u>3,922,703</u>	<u>6,880,000</u>	<u>17,720,000</u>	<u>17,100,000</u>	480,000	<u>3,345,486</u>	<u>14,231,759</u>	<u>67,060,848</u>
									(135,574)		
									<u>344,426</u>		

TOWN OF SMYRNA, TENNESSEE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

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

CFDA Number	Program Name	Grantor Agency	Expenditures
16.579	Edward Byrne Memorial Grant	U.S. Department of Justice	\$388
66.458	* State Revolving Loan Program Capitalization Grants for Clean Water	TN Department of Environment & Conservation Environmental Protection Agency	
	Loan (ARRA)		9,272
	Principal Forgiveness (ARRA)		37,091
	Loan		38,634
	Principal Forgiveness		1,916
	Loan		14,283
81.128	Energy Efficiency & Conservation Grant (ARRA)	US Department of Energy	5,646
14.239	Home Program	US Department of Housing and Urban Dev	208,973
20.205	Greenways Grant	Federal Highway Adminidtration	19,401
20.614	COMET Grant	Federal Highway Adminidtration	5,627
20.600/20.607	Network Coordinator Grant	TN Department of Transportation	14,721
			<u>\$355,952</u>

This schedule was prepared using the accrual basis of accounting.

* Major Program
(ARRA) - American Recovery and Reinvestment Act Funds

At June 30, 2012, 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, 2012

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, 2011	Program Income & Grant Receipts	Adjustments	Expenditures	(Accrued) or Deferred Revenue at June 30, 2012
16.579	2007-DJ-BX-1001 2009-DJ-BX-1321 2010-DJ-BX-0037	Edward Byrne Memorial Grant	U.S. Department of Justice	(\$11,158)	11,546	-	388	-
66.458	N/A	State Revolving Loan Program Capitalization Grants for Clean Water Loan - (ARRA) Principal Forgiveness - (ARRA) Loan Principal Forgiveness Loan	TN Department of Environment & Conservation Environmental Protection Agency	(95,261) (381,044) (396,906) (69,346) (270,764)	104,533 418,135 435,540 -	- - - - -	9,272 37,091 38,634 1,916 14,283	- - - (71,262) (285,047)
81.128	N/A	Energy Efficiency & Conservation Grant (ARRA)	U.S. Department of Energy	5,586	60	-	5,646	-
97.036	N/A	Public Assistance Grant	Federal Emergency Management Agency	(280,552)	187,069	-	-	(93,483)
14.239	HM-11-39	Homes Grant	US Department of Housing and Urban Dev	-	157,225	-	208,973	(51,748)
16.607	N/A	Bulletproof Vest Grant	U.S. Department of Justice	(5,881)	5,881	-	-	-
20.205	HPP-7500 HPP-9315	Greenways Grant	Federal Highway Administration	(13,842)	25,403	-	19,401	(7,840)
20.614	DTNH22-10-H-00328	COMET Grant	Federal Highway Administration	-	5,490	-	5,627	(137)
20.600/20.607	154AL-09-113 PT-10-45	Network Coordinator Grant	TN Department of Transportation	-	14,721	-	14,721	-
Total Federal Assistance				<u>(\$1,519,168)</u>	<u>1,365,603</u>	<u>-</u>	<u>355,952</u>	<u>(509,517)</u>
State Grants:								
		State Revolving Loan Program	TN Department of Environment & Conservation	(\$79,400)	87,128	-	7,728	-
		State Revolving Loan Program Principal Forgiveness		(56,404) (14,444)	- -	- -	2,976 398	(59,380) (14,842)
		Public Assistance Grant	Tennessee Emergency Management Agency	(20,798)	-	-	-	(20,798)
	Z-10222-292	Riparian Tree Planting Grant	TN Wildlife Resources Agency	(1,000)	1,000	-	-	-
Total State Assistance				<u>(\$172,046)</u>	<u>88,128</u>	<u>-</u>	<u>11,102</u>	<u>(95,020)</u>

This schedule was prepared using the accrual basis of accounting.

TOWN OF SMYRNA, TENNESSEE

Schedule of Utility Data

June 30, 2012

<u>Services</u>	<u>Number of Customers</u>
Water	13,641
Sewer	12,740
Natural Gas	9,627
Fire Hydrants	1,457
 <u>Rates</u>	
Water (in Town)	
First 2,000 gallons	\$8.85
2,001 - 5,000 gallons	2.75/1,000 gallons
5,001 - 10,000 gallons	3.15/1,000 gallons
thereafter	3.50/1,000 gallons
Water (outside Town)	
First 2,000 gallons	\$10.85
2,001 - 5,000 gallons	4.05/1,000 gallons
5,001 - 10,000 gallons	4.50/1,000 gallons
thereafter	5.15/1,000 gallons
Sewer (in Town)	
First 2,000 gallons	\$12.35
thereafter	3.30/1,000 gallons
Sewer (outside Town)	
First 2,000 gallons	\$18.45
thereafter	4.40/1,000 gallons
Natural Gas	
Residential and Small Commercial	\$3.50 demand charge
Excess at current market rate	

Town of Smyrna
Schedule of Unaccounted for Water
June 30, 2012

(All amounts in gallons)

A	Water Treated and Purchased:		
B	Water Pumped (Potable)	2,597,906,000	
C	Water Purchased	188,199,000	
D	Total Water Treated and Purchased		2,786,105,000
E	Accounted for Water:		
F	Water Sold	2,173,347,616	
G	Metered for Consumption (in house usage)	42,941,200	
H	Fire Department(s) Usage	1,458,270	
I	Flushing	82,483,931	
J	Tank Cleaning/Filling	4,285,000	
K	Street Cleaning	0	
L	Bulk Sales	978,000	
M	Water Bill Adjustments	13,156,117	
N	Total Accounted for Water (Sum lines F-M)		2,318,650,134
O	Unaccounted for Water (Line D -N)		467,454,866
P	Percent Unaccounted for Water		16.78%
	(Line O divided by Line D times 100)		

Q Other (explain)

See Below

Explain Other:

All amounts included in this schedule are supported by documentation on file at the water system. If no support is on file for a line item or if the line item is not applicable, a "0" is shown.

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 Assets by Components - Last Ten Years

Schedule 1

(Prepared using the accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities:										
Investments in capital assets, net of related debt	\$64,865,890	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
Restricted for:										
Cemetery maintenance	-	-	-	-	-	-	-	-	453,875	510,430
Capital projects	1,130,031	1,934,110	-	6,330,006	8,289,938	3,920,073	3,254,231	5,712,407	4,504,069	4,311,274
Highway and streets maintenance	121,185	285,100	418,214	592,621	369,905	458,202	277,135	162,467	156,300	177,509
Stormwater	-	-	-	-	-	-	240,696	749,539	1,310,636	1,771,032
Law enforcement	26,487	76,994	70,032	100,417	89,515	10,154	50,190	50,900	40,712	71,091
Unassigned	13,105,602	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
Total Governmental Activities Net Assets	\$79,249,195	82,000,983	88,510,572	88,582,254	90,818,261	98,318,684	99,348,777	99,069,622	96,704,263	98,435,702
Business-Type Activities										
Investments in capital assets, net of related debt	\$75,266,398	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
Other projects										
Unassigned	11,648,841	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
Total Business-type Activities Net Assets	\$86,915,239	89,661,130	92,677,572	97,149,579	101,363,934	106,047,026	105,585,189	107,864,497	108,069,464	107,219,140
Primary Government										
Investments in capital assets, net of related debt	\$140,132,288	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
Restricted for:										
Cemetery maintenance	-	-	-	-	-	-	-	-	453,875	510,430
Capital projects	1,130,031	1,934,110	-	6,330,006	8,289,938	3,920,073	3,254,231	5,712,407	4,504,069	4,311,274
Highway and streets maintenance	121,185	285,100	418,214	592,621	369,905	458,202	277,135	162,467	156,300	177,509
Stormwater	-	-	-	-	-	-	240,696	749,539	1,310,636	1,771,032
Law enforcement	26,487	76,994	70,032	100,417	89,515	10,154	80,190	50,900	40,712	71,091
Unassigned	24,754,443	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
Total Primary Government Net Assets	\$166,164,434	171,662,113	181,188,144	185,731,833	192,182,195	204,365,710	204,964,966	206,934,119	204,773,727	205,654,842

TOWN OF SMYRNA, TENNESSEE

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

Schedule 2
(Prepared using the accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:										
Governmental Activities:										
General government	\$4,320,424	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
Public safety:										
Police	5,380,181	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
Fire	2,851,204	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
Highways and streets	3,589,552	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
Recreation	3,140,252	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
Community development	1,086,288	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
Stormwater	-	-	-	-	-	508,715	502,108	542,203	593,683	677,236
Interest expense on long-term debt	100,383	69,359	115,232	290,279	556,204	669,262	701,726	805,659	820,094	775,834
Total Governmental Activities Expenses	20,468,284	22,016,691	25,372,730	26,423,093	30,974,624	32,752,294	36,258,110	37,027,577	38,421,970	36,763,087
Business-Type Activities:										
Water and Sewer	7,542,168	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
Natural Gas	15,078,383	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
Total Business-type Activities Expenses	22,620,551	24,596,726	27,947,919	38,428,485	32,006,043	36,027,335	30,242,169	27,908,069	26,975,811	26,431,720
Total Primary Government Expenses	\$43,088,835	46,613,417	53,320,649	64,851,578	62,980,667	68,779,629	66,500,279	64,935,646	65,397,781	63,194,807
Program Revenues:										
Governmental Activities:										
Charges for services										
General government	\$1,418,154	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
Public safety:										
Police	860,286	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
Fire	-	-	-	-	-	-	-	-	-	-
Highways and streets	117,704	311,118	352,236	-	-	-	-	-	-	-
Recreation	1,561,705	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
Community development	353,439	339,944	332,359	383,774	426,705	494,004	415,078	407,418	183,142	188,995
Stormwater	-	-	-	-	-	22,358	1,201,498	1,382,106	1,431,163	1,462,760
Operating grants and contributions	905,469	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
Capital grants and contributions	5,044,641	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
Total Governmental Activities Program Revenues	10,261,398	9,400,262	15,906,595	8,853,711	10,854,968	16,362,531	12,781,504	11,716,329	10,094,102	12,147,117
Business-Type Activities:										
Charges for services:										
Water and Sewer	7,058,410	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
Natural Gas	14,919,694	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
Capital grants and contributions:										
Water and Sewer	5,489,477	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
Natural Gas	238,852	432,284	233,849	147,802	141,767	137,406	73,513	77,890	26,777	57,011
Total Business-type Activities Program Revenues	27,706,433	27,657,379	31,149,623	42,736,729	35,776,575	36,738,523	30,138,876	30,561,603	27,593,983	26,082,652
Total Primary Government Program Revenues	\$37,967,831	37,057,641	47,056,218	51,590,440	46,631,543	53,101,054	42,920,380	42,277,932	37,688,085	38,229,769
Net (Expense)/Revenue										
Governmental Activities	(\$10,206,886)	(12,616,429)	(9,466,135)	(17,569,381)	(20,119,657)	(16,389,763)	(23,476,606)	(25,311,249)	(28,327,868)	(24,615,970)
Business-Type Activities	5,085,882	3,060,653	3,201,704	4,308,243	3,770,532	4,711,188	(103,293)	2,653,534	618,172	(349,068)
Total Primary Government Net Expense	(\$5,121,004)	(9,555,776)	(6,264,431)	(13,261,138)	(16,349,125)	(11,678,575)	(23,579,899)	(22,657,715)	(27,709,696)	(24,965,038)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes										
Property and in lieu of taxes	\$5,795,745	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
Sales	4,671,656	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
Business	404,960	444,297	200,085	203,263	225,500	222,870	343,648	438,371	728,197	951,603
Wholesale beer	794,350	863,381	890,405	898,585	941,030	1,006,374	1,046,230	1,013,015	1,036,175	1,090,307
Hotel / motel tax	-	-	-	-	-	-	-	259,802	259,613	304,430
Cable TV Franchise tax	-	-	-	-	-	-	-	419,303	440,851	474,154
Other locally assessed taxes	303,752	336,344	409,234	476,060	558,644	649,946	651,942	33,623	26,621	25,626
State shared income taxes	35,588	26,473	43,994	73,315	227,850	92,374	87,762	46,784	60,874	57,141
State shared beer taxes	13,287	14,779	14,701	16,471	17,781	18,118	19,859	18,867	19,862	19,622
State shared sales taxes	1,538,310	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
State shared mixed drink tax	-	-	-	-	123,658	139,446	159,292	174,081	173,260	93,635
Other state shared taxes	135,526	111,041	259,032	271,794	262,171	235,848	233,303	266,905	241,384	23,041
Unrestricted investment earnings and rental income	411,219	313,557	494,020	1,035,367	1,562,488	1,058,635	316,030	439,556	441,617	437,803
Other	136,889	480,864	35,937	133,587	338,896	128,311	406,690	227,172	343,927	76,185
Transfers	-	462,446	512,850	425,354	548,335	573,943	580,026	610,127	639,859	703,312
Total Governmental Activities	14,241,282	15,368,218	15,975,724	18,108,924	22,355,664	23,890,186	24,506,699	25,032,093	25,962,509	26,347,409
Business-Type Activities:										
Investments earnings	226,202	147,684	211,476	587,785	992,158	659,593	211,977	232,405	225,070	202,056
Other	-	-	-	1,333	-	(113,745)	9,505	3,496	1,583	-
Transfers	-	(462,446)	(512,850)	(425,354)	(548,335)	(573,944)	(580,026)	(610,127)	(639,859)	(703,312)
Total Business-type Activities	226,202	(314,762)	(301,374)	163,764	443,823	(28,096)	(358,544)	(374,226)	(413,206)	(501,256)
Total Primary Government	\$14,467,484	15,053,456	15,674,350	18,272,688	22,799,487	23,862,090	24,148,155	24,657,867	25,549,303	25,846,153
Change in Net Assets										
Governmental activities	\$4,034,396	2,751,789	6,509,589	539,543	2,236,007	7,500,423	1,030,093	(279,156)	(2,365,359)	1,731,439
Business-type activities	5,312,084	2,745,891	2,900,330	4,472,007	4,214,355	4,683,092	(461,837)	2,279,308	204,967	(850,324)
Total Primary Government	\$9,346,480	5,497,680	9,409,919	5,011,550	6,450,362	12,183,515	568,256	2,000,152	(2,160,392)	881,115

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Funds:										
General Fund										
Reserved	\$ -	-	432,408	378,481	322,641	257,970	205,283	170,518	119,751	92,013
Unreserved and undesignated	-	-	14,724,536	14,666,346	16,053,343	15,186,843	13,420,207	12,897,312	12,355,871	11,835,363
Nonspendable	77,458	69,667	-	-	-	-	-	-	-	-
Restricted	510,430	453,875	-	-	-	-	-	-	-	-
Assigned	2,441,742	2,625,725	-	-	-	-	-	-	-	-
Unassigned	10,689,761	10,530,089	-	-	-	-	-	-	-	-
Total General Fund	<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>	<u>11,927,376</u>
All Other Governmental Funds										
Reserved	\$ -	-	213,750	230,980	228,549	245,288	261,991	261,280	281,475	290,677
Unreserved reported in:										
Capital Projects Fund	-	-	1,606,318	(200,979)	(2,988,927)	3,383,891	2,221,906	(318,467)	29,163	25,670
Special Revenue Funds	-	-	4,397,196	3,642,680	3,258,076	4,982,376	4,650,340	3,173,276	2,244,514	1,504,810
Nonspendable	160,497	170,456	-	-	-	-	-	-	-	-
Restricted in capital projects funds	4,771,376	5,673,986	-	-	-	-	-	-	-	-
Restricted in special revenue funds	1,963,694	1,418,039	-	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>1,821,157</u>
Total Governmental Funds	<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>	<u>13,748,533</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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Taxes and in lieu tax	\$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	11,792,608
Licenses and permits	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	1,664,282
Intergovernmental	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	2,711,954
Fines and fees	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	860,286
Uses of property and money	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	3,187,693
Other	86,745	358,819	403,673	485,317	145,277	413,199	133,587	323,007	480,863	136,889
Total revenues	<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>	<u>20,353,712</u>
Expenditures:										
General government	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	3,915,340
Public safety:										
Police	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	5,040,574
Fire	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	2,499,482
Highways and streets	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	1,473,545
Recreation	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	2,587,413
Community development	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	965,906
Stormwater	551,954	562,305	484,945	519,628	469,609	-	-	-	-	-
Debt service										
Principal	824,751	804,609	907,356	872,992	840,516	809,929	720,506	747,178	759,359	761,581
Interest	1,631,730	1,630,980	1,224,646	755,074	774,448	470,374	243,825	117,938	73,974	95,817
Capital outlay	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	3,432,316
Total expenditures	<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>	<u>20,771,974</u>
Excess of revenues over (under) expenditures	<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>	<u>(418,262)</u>
Other Financing Sources & Uses:										
Bond, notes and leases	649,109	257,086	3,050,000	5,346,967	-	9,500,000	5,041,823	1,339,786	847,913	418,319
Transfers	703,312	639,859	610,127	580,026	573,944	548,335	425,354	512,850	462,446	-
Other	57,388	153,986	23,375	-	-	-	-	-	-	-
Total other financing sources (uses)	<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>	<u>418,319</u>
Net Change in Fund Balance	<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>	<u>57</u>
Debt Service as percentage of noncapital Expenditures	<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>	<u>4.9%</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 & Farm	Total		
2003	\$35,621,506	444,615,300	180,300,353	937,144,452	1,597,681,611	485,814,167	0.72
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	1,096,750,700	294,023,088	1,832,688,500	3,265,422,111	1,005,813,825	0.7595
2012	43,075,270	1,095,275,900	301,190,294	1,865,249,000	3,304,790,464	1,010,912,179	0.7595

Property is assessed as follows:

Industrial and Commercial:

Real 40%

Personal 30%

Public Utility 55%

Farm and Resi 25%

* 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 City*	Overlapping Rates	Total
		County**	
2003	\$0.72	2.51	3.23
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

* 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

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percent of Total Assessed Value	Taxable Assessed Value	Rank	Percent of Total Assessed Value
Southpark Nashville LLC	\$35,797,560	1	3.54%	\$19,113,880	1	3.93%
HCA Health Services	24,489,635	2	2.42%	-	-	-
Nissan North America, Inc	18,897,559	3	1.87%	16,330,287	2	3.36%
MAA BRIK	11,459,840	4	1.13%	-	-	-
Stoneridge Farms at Smyrna	11,200,000	5	1.11%	-	-	-
Vi Jon, Inc.	9,632,716	6	0.95%	-	-	-
Sam Ridley LLC	8,973,160	7	0.89%	-	-	-
Middle Tennessee Electric	8,694,053	8	0.86%	5,316,314	4	1.09%
Wireless Customers Solutions	6,816,831	9	0.67%	-	-	-
LW Apartments LLC	5,954,495	10	0.59%	4,289,820	6	0.88%
Cumberland Swan	-	-	-	8,555,438	3	1.76%
BellSouth Telecommunications	-	-	-	4,880,487	5	1.00%
Nissan Manufacturing	-	-	-	4,147,680	7	0.85%
Swanson Development	-	-	-	3,978,240	8	0.82%
CSX Transportation	-	-	-	3,894,761	9	0.80%
Imperial Garden Apt	-	-	-	3,793,880	10	0.78%
Totals	<u>\$141,915,849</u>		<u>14.04%</u>	<u>\$74,300,787</u>		<u>15.29%</u>
Total Assessed Value	<u>\$1,010,912,179</u>			<u>\$485,814,167</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
2003	\$3,497,862	3,362,439	96.128%	129,151	3,491,590	99.821%	6,272	0.179%
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%	87,166	4,323,924	99.944%	2,428	0.056%
2007	6,499,432	6,275,145	96.549%	214,040	6,489,185	99.842%	10,247	0.158%
2008	6,944,753	6,757,556	97.304%	171,364	6,928,920	99.772%	15,833	0.228%
2009	7,224,521	7,001,251	96.910%	203,424	7,204,675	99.725%	19,846	0.275%
2010	7,709,645	7,405,700	96.058%	267,212	7,672,912	99.524%	36,733	0.476%
2011	7,639,156	7,341,727	96.107%	199,974	7,541,701	98.724%	97,455	1.276%
2012	7,677,878	7,379,042	96.108%	-	7,379,042	96.108%	298,836	3.892%
							<u>\$501,272</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	Capital Leases	Water and Sewer Bonds	Water and Sewer Revolving Loan			
2003	29,983 **	\$4,073,926	270,671	15,619,375	-	19,963,972	3.34%	666
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

Notes:

Details of the City'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.

TOWN OF SMYRNA, TENNESSEE

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

Schedule 10

<u>Fiscal Year</u>	<u>Population *</u>	<u>Estimated Actual Value</u>	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Total</u>	<u>Ratio of General Obligation Debt to Actual Value</u>	<u>Net General Obligation Debt Per Capita</u>
2003	29,983 **	\$1,597,681,611	4,073,926	270,671	4,344,597	0.27%	145
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

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	\$20,739,991	100.00%	\$20,739,991
Rutherford County	323,580,000	16.58% *	53,196,552
 	<hr/>		<hr/>
Total	<u>\$344,319,991</u>		<u>\$73,936,543</u>

* Based upon Assessed Value of Property in:

County	\$6,097,873,015
Town	1,010,912,179

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>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>	<u>2003</u>
Assessed Value	\$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	485,814,167
General Obligation Debt	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	4,344,597
Debt as % of Assessed Value	2.06%	2.17%	2.58%	2.55%	2.12%	2.38%	1.48%	0.89%	0.86%	0.89%

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	
2003	\$6,896,044	4,544,207	2,351,837	1,336,015 ***	453,290	1,789,305	1.31
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

* 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***
2003	29,983 *	597,801,054	19,938 *	31.7	9,231	4.5%
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%

* 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	2012			2003		
	Employees	Rank	Percentage	Employees	Rank	Percentage
Nissan North America	6,350	1	56.16%	6,300	1	63.73%
Asurion	1,050	2	9.29%	-	-	-
Square D/Schneider Electric	900	3	7.96%	500	4	5.06%
Vi-Jon (Cumberland Swan)	738	4	6.53%	1,000	2	10.12%
Taylor Farms Tennessee	650	5	5.75%	185	8	1.87%
Smyrna VA Call Center	456	6	4.03%	-	-	-
StoneCrest Medical Center	320	7	2.83%	-	-	-
Franke Foodservice Systems	300	8	2.65%	-	-	-
Federal Mogul	292	9	2.58%	-	-	-
WWL Vehicle Service Americas	250	10	2.21%	-	-	-
Caradon / Betterbilt				700	3	7.08%
Tridon				400	5	4.05%
Menlo/Word Distribution				300	6	3.03%
Graybar Electric				250	7	2.53%
Logisco				150	9	1.52%
Davidson Manufacturing				100	10	1.01%
	11,306		100.00%	9,885		100.00%

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government:										
Administration	6	7	7	6	7	5	5	5	5	5
Finance	13.6	12.6	16.4	17.4	17.4	14.6	14.6	14.6	13.8	12.6
Personnel	3	3	3	3	3	3	3	2	3	3
Planning and Codes	8	11	11.8	11.8	11.8	11	10	11	10	12
IT Services	3.8	4.8	4.8	4.8	4.8	3.8	3.8	3.8	3.8	3.0
Courts	13.8	16.4	17.2	16.4	13.4	14.2	13.8	13.6	12.8	11.0
Building and Grounds	6.0	10.0	11.0	12.8	13.6	12.8	13.6	14.6	13.4	15.4
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	76	80	80	81	79	74	70	68	59	58
Civilians	20.8	25.8	26.6	27.8	25.6	26.8	24.8	24.8	23.8	30.6
Fire										
Firefighters	94	97	98	91	81	70	60	58	55	48
Civilians	2	2	2	2	2	2	2	2	2	2
Highways and streets	16.6	17.6	18.6	19.6	18.6	21.8	20.8	20.5	19	20.8
Stormwater	5	5	5	4	4	N/A	N/A	N/A	N/A	N/A
Recreation										
Parks	37.2	40.7	41.2	40.5	39	36.1	35.5	28.9	25.8	25.5
Golf Course	16.8	20.4	18.1	22.2	22.2	20.9	22.5	16.5	14.4	14.4
Community Development	11.2	12.2	12.2	13.0	12.8	10.2	11.2	9.4	7.6	9.2
Water and Sewer	43	61	63	62	60	49	47	46	44	43
Natural Gas	18	21	21	21	19	18	16	16	15	15
Totals	400.4	453.1	462.5	461.9	439.8	398.8	379.2	360.3	333.0	334.1

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:										
General Government:										
Court										
Warrants/summons issued	3,470	4,159	4,240	5,128	4,766	4,595	3,169	2,187	N/A	N/A
Warrants served	2,635	1,651	1,315	1,346	1,207	1,827	1,260	868	N/A	N/A
Misdemeanor citations	486	690	750	790	680	2	444	263	N/A	N/A
General sessions cases	12,532	12,826	13,263	15,328	13,036	12,305	8,489	8,068	6,748	N/A
Traffic court cases	10,978	10,870	11,661	11,750	10,548	7,703	8,777	6,525	6,204	N/A
Planning and Codes										
Building permits issued	733	726	894	1,000	1,015	1,230	1,074	1,079	1,230	1,057
Site plans reviewed	23	26	45	60	61	55	48	62	52	57
Zoning/annexation requests	11	11	35	35	49	41	41	59	38	38
Administration										
Population served per employee	104	97	96	97	88	94	84	80	N/A	N/A
Finance										
Checks processed	4,457	6,694	8,037	8,000	7,804	8,140	8,210	8,204	8,756	8,695
Amount purchased on competitive bid (millions)	\$3.58	\$3.80	\$5.10	\$3.00	\$2.80	\$4.00	\$2.60	\$3.40	\$2.30	\$2.20
Treasury										
Total number of utility payments	160,429	137,119	159,547	158,007	155,905	146,500	146,000	145,000	138,160	N/A
Total number of other payments	10,489	10,407	11,514	12,709	12,777	13,500	11,920	11,800	11,252	N/A
Human Resources										
Personnel turnover rate	26.70%	12.00%	11.00%	11.00%	15.00%	14.00%	7.00%	3.80%	6.00%	N/A
New hires	48	63	98	120	113	100	89	90	81	N/A
Vehicle Maintenance										
Number of vehicles maintained	230	214	219	218	218	200	192	171	164	N/A
Pieces of equipment maintained	109	125	125	127	125	114	97	102	96	N/A
Public Safety:										
Police										
Average response in minutes	6:57	7:13	6:50	6:47	7:03	6:23	6:25	6:29	6:30	6:30
Police calls per 1,000 population	2,376	724	681	743	767	720	700	715	719	740
Fire										
Average response in minutes	5:32	5:45	5:54	5:44	5:23	5:23	5:15	5:18	5:30	5:42
Dispatch calls for service	1,808	1,869	1,810	1,825	1,900	1,807	1,729	1,729	1,697	1,671
Culture and Recreation										
Parks and Recreation										
Number of park users	978,263	1,150,000	969,845	1,162,400	1,107,067	984,008	550,000	500,000	477,000	412,000
Number of league participants	7,569	7,200	7,624	7,700	7,590	7,220	6,597	6,354	5,775	N/A
Town Centre										
Number of functions	365	411	507	677	544	578	605	553	516	612
Golf Course										
Total rounds	30,346	31,583	29,237	31,580	39,000	36,224	37,584	39,146	41,864	34,137
Business-type Activities:										
Water Treatment Plant										
Gallons treated (millions)	2,598	3,398	3,120	3,124	3,302	3,259	3,210	2,820	2,669	2,856
Customers	13,641	13,344	13,323	13,249	13,219	12,777	10,144	9,713	9,334	9,532
Waste Water Treatment Plant										
Gallons treated (millions)	2,088	2,092	1,763	2,000	1,665	1,659	2,100	1,920	1,440	1,431
Customers	12,740	12,601	12,594	12,530	12,271	11,863	9,293	8,899	8,545	8,681
Natural Gas										
Customers	9,627	9,608	9,591	9,502	9,500	9,242	7,278	7,078	6,720	6,633

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:										
General Government:										
Planning and Codes										
Vehicles	5	6	8	7	8	9	8	7	7	7
Engineering										
Vehicles	-	-	-	-	1	1	1	1	-	-
Building and Grounds Maintenance										
Traffic signals	45	46	46	45	43	39	39	39	34	29
Shop	1	1	1	1	1	1	1	1	1	1
Vehicles	8	12	12	12	14	12	14	14	14	11
Administration										
Town Hall	1	1	1	1	1	1	1	1	1	1
Vehicles	2	2	2	2	2	2	1	1	1	1
Information Services										
Vehicles	2	2	2	3	3	3	3	3	3	3
Stormwater										
Vehicles	2	2	3	3	1	-	-	-	-	-
Public Safety:										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	81	81	89	83	86	87	78	77	68	63
Fire										
Stations	6	6	6	6	6	5	5	5	5	5
Vehicles	24	22	22	21	19	20	19	21	21	21
Highways and streets										
Streets (miles)	109.34	106.23	106.23	103.87	102.27	95.37	93.38	92.85	91.80	90.72
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	25	22	19	19	20	18	20	17	14	11
Cultural and Recreation										
Parks and Recreation										
Acres	815	815	788	788	788	788	708	662	662	662
Parks	12	12	12	12	12	12	11	10	10	9
Picnic areas (shelters)	17	17	17	17	17	17	17	16	16	15
Tennis courts	8	8	8	8	8	6	6	6	6	6
Racquetball courts	2	2	2	2	2	2	2	2	2	2
Practice areas	8	8	8	8	9	9	9	8	8	9
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	7
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	-	-	-
Workout facility	1	1	1	1	1	1	1	1	1	1
Trails and greenways (miles)	14	14	14	14	14	14	14	13	7	6
Discgolf course	1	1	1	1	1	1	1	1	1	1
Community center building	1	1	1	1	1	1	1	1	-	-
Meeting hall	1	1	1	1	1	1	1	1	1	1
Vehicles	15	14	14	12	17	14	11	11	11	8

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
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	2	1	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	5	5	5	5	5	5	5	5	5	5
Hydrants	1,457	1,448	1,439	1,433	1,419	1,355	1,355	1,307	1,235	1,174
Shop	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Vehicles	10	21	21	20	20	17	15	12	10	9
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	8	20	20	22	22	19	18	15	14	13
Natural Gas										
Miles of main	305	304	279	279	278	275	213	211	208	203
Shop	1	1	1	1	1	1	1	1	1	1
Vehicles	8	10	15	13	13	13	13	12	11	10

Sources: Town of Smyrna Departments

OTHER REPORTS

YEARY, HOWELL & ASSOCIATES

Certified Public Accountants

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NASHVILLE, TN 37204-3109

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GREGORY V. HOWELL

(615) 385-1008
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**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, Tennessee

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of Smyrna as of and for the year ended June 30, 2012, which collectively comprise the Town of Smyrna's basic financial statements and have issued a report thereon dated November 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Town of Smyrna is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Smyrna's internal control over financial reporting as a basis for designing our auditing procedures 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 of Smyrna's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Smyrna's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However we identified certain deficiencies in internal control over financial reporting described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting (12-01). *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 of those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Smyrna's financial statements are free of 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 the 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 12-02.

The Town of Smyrna's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Smyrna's response, and accordingly we express no opinion on it.

This report is intended solely for the information and use of management, Board of Aldermen and, State Comptroller's Office, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yeary Howell & Associates

November 29, 2012

TOWN OF SMYRNA, TENNESSEE

Schedule of Findings and Questioned Costs

June 30, 2012

Prior Year Findings

- 11-01 During our testing of the calculation of the gas rate charged to customers for February and March 2012, it was noted that the rate calculation did not include the fuel and transportation component. This resulted in an under-calculation of the gas cost by approximately \$110,000 for February and \$129,000 for March. The rate for the June billing was adjusted to recoup these under billings.

Status: Resolved.

Current 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.

Recommendation: We recommend the court related liability general ledger accounts be reconciled with detail records.

Response: The court system is currently undertaking a major project to update all the customer accounts in their software program. It is the goal of the court to be able to produce a detailed report of liabilities. The court is presently reconciling debit and credit transactions on a monthly basis.

- 12-02 At June 30, 2012 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.

Response: The interfund obligation was the result of a year end adjustment to correct the allocation of customer accounts receivable between funds. In November 2012, the Water and Sewer Fund repaid the obligation.