

**Comprehensive Annual
Financial Report
Fiscal Year Ending
June 30, 2015**

Prepared by the Finance Department

TOWN OF SMYRNA, TENNESSEE

Table of Contents

	<u>Page Number</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i-vi
Certificate of Achievement for Excellence in Financial Reporting.....	vii
Management Organization Chart	viii
Officials of the Town of Smyrna, Tennessee	ix
FINANCIAL SECTION	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-12
Basic Financial Statements:	
Government - Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of Balance Sheet to Statement of Net Position of Governmental Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund.....	19-22
Statement of Net Position - Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	25-26
Statement of Fiduciary Net Position - Pension Fund	27
Statement of Changes in Fiduciary Net Position - Pension Fund.....	28
Notes to Financial Statements	29-52
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in Net Pension Liability and Related Ratios Based on Participation of Town of Smyrna Pension Plan.....	53
Schedule of Contributions Based on Participation in Town of Smyrna Pension Plan	54
Schedule of Investment Returns for Town of Smyrna Pension Plan.....	54
Notes to Schedule Relating to the Actuarially Determined Contribution for the Town of Smyrna Pension Plan	55
COMBINING AND INDIVIDUAL NONMAJOR FUND STATEMENTS AND SCHEDULES	
Description of Nonmajor Governmental Funds	56
Combining Balance Sheet - Nonmajor Governmental Funds	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	58
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Nonmajor Governmental Funds:	
Drug Fund.....	59
State Street Aid Fund	60
Impact Fee Fund	61
Stormwater Fund	62

TOWN OF SMYRNA, TENNESSEE
Table of Contents, Continued

Page Number

COMBINING AND INDIVIDUAL NONMAJOR FUND STATEMENTS AND SCHEDULES (Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual Capital Projects Fund	63
Schedule of Cash Flows- Component Unit- Industrial Development Fund	64
Capital Assets Used in the Operation of the Governmental Funds: Schedule by Function and Activity.....	65
Schedule of Changes by Function and Activity	66
Schedule of Cash and Cash Equivalents - All Funds	67
Schedule of Changes in Property Taxes Receivable	68
Schedule of Debt Service Requirements - General Obligation Debt	69
Schedule of Debt Service Requirements - Enterprise Fund Debt	70
Schedule of Expenditures of Federal Awards	71
Schedule of Federal and State Financial Assistance	72
Schedule of Utility Data	73

STATISTICAL SECTION

Financial Trends Information-Net Position by Component, Last Ten Fiscal Years	75
Financial Trends Information-Change in Net Position, Last Ten Fiscal Years	76
Financial Trends Information-Fund Balances, Governmental, Last Ten Fiscal Years	77
Financial Trends Information-Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years.....	78
Revenue Capacity Information-Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years	79
Revenue Capacity Information-Direct and Overlapping Property Tax Rates Last Ten Fiscal Years	80
Revenue Capacity Information-Principal Property Tax Payers, Current and Nine Years Ago	81
Revenue Capacity Information-Property Tax levies and Collections, Last Ten Fiscal Years	82
Debt Capacity Information- Ratios of Outstanding Debt by Type, Last Ten Fiscal Years	83
Debt Capacity Information- Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years	84
Debt Capacity Information- Direct and Overlapping Governmental Activities Debt.....	85
Debt Capacity Information- Legal Debt Margin Information, Last Ten Fiscal Years	86
Debt Capacity Information- Pledged- Revenue Coverage, Last Ten Fiscal Years	87
Demographic and Economic Information- Demographic and Economic Statistics, Last Ten Calendar Years.....	88
Demographic and Economic Information- Principal Employers, Current Year and Nine Years Ago	89

TOWN OF SMYRNA, TENNESSEE

Table of Contents, Continued

	<u>Page Number</u>
STATISTICAL SECTION (Continued)	
Operating Information- Full-time Equivalent Town Government Employees by Function/Program, Last Ten Fiscal Years.....	90
Operating Information- Operating Indicators by Function, Program, Last Ten Fiscal Years	91
Operating Information- Capital Assets Statistics by Function/Program, Last Ten Fiscal Years	92-93
AWWA Reporting Worksheet- Unaudited.....	94-95
 OTHER REPORTS	
Independent Auditor’s Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	96-97
Schedule of Findings and Questioned Costs	98

INTRODUCTORY SECTION

Town Council
Marc Adkins, Vice-Mayor
H. G. Cole
Paul Johns
Tim Morrell
Lori North
Rick Wise



Mayor
Mary Esther Reed

Town Manager
Harry Gill

October 29, 2015

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, 2015 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 36.7% in the previous ten years. The Town is in close proximity to the southeastern boundary of Metropolitan Nashville-Davidson County and is joined by the City of Murfreesboro on the south. The City of LaVergne is immediately to the northwest of the Town. The incorporated area of the Town covers approximately 29 square miles and serves an estimated population of 45,274.

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

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

The annual budget serves as the foundation for the Town's financial planning and control. The Town maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Town's governing body. The legal level of budgetary control is at the department level. Any revision to the total expenditures of any department or transfers between departments must be approved by the Town Council. Additional information concerning the Town's budgetary process can be found on page 48 of this report.

Local Economy

The Town currently enjoys a favorable economic environment and local indicators point to continued stability. The Town enjoys a diversified base of employment from area industries and also serves as a bedroom community to Nashville. The largest single employer is Nissan North America, Inc., a leading manufacturer of vehicles in America. Nissan is also one of Tennessee's largest employers which employs more than 8,000 people with an annual payroll in excess of \$290 million.

The Town continues to see commercial growth within its boundaries. This growth is in both expansion of existing companies and new businesses choosing to locate in Smyrna. Nissan North America-Smyrna recently announced the company will invest \$160 million to build a new supplier park at their Smyrna vehicle assembly plant. The project will support more than 1,000 newly created supplier jobs. This investment represents another long-term commitment to the success of Nissan's plant. Topre America, an automotive supplier, announced the company will invest \$53 million to build a new manufacturing facility in Smyrna, expanding on their current operations based inside the Smyrna Nissan plant. This expansion will allow the manufacturer to increase production efficiency and create 100 new jobs. The Tennessee College of Applied Technology Nissan Training Center is under construction. The new \$35 million training center

will provide programs aimed at preparing workers for jobs in advanced manufacturing such as robotics and manufacturing maintenance.

Taylor Farms has completed Phase 1 of its expansion and Phase 2 is under construction that will result in a \$5.9 million investment and the creation of 170 new jobs. New businesses that have opened or in the process of opening include Candlewood Hotel, Dairy Queen, Fresenius Medical Center, First Watch, Pie Five Pizza Company, Burger King, Family Dental Care, Taco Bell and Grace Point Pediatrics. Businesses currently under construction are Town Place Suites, Smyrna Rutherford County Airport Authority hangar expansion, Modern Dentistry, XPro Products, Legacy Liquors and Convenience Store. Businesses that have been approved by the Planning Commission include Hilton Home2Suites, Huntington Industrial Partners, O'Reilly Auto Parts, Loden Vision Center, Ulta Beauty, CVS Pharmacy, Sunoco/A Plus and Speedway Convenience Stores. This growth provides jobs and revenues to the Town.

The local economy has historically remained healthier than the national economy, with the average unemployment rate below the national average. During the past ten years, the unemployment rate for Smyrna has averaged about 5.31%, while the national unemployment rate for the same time period has averaged about 5.80%. The local unemployment rate is expected to remain below the national rate.

Long-term Financial Planning

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

Relevant Financial Policies

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

Major Initiatives

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

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

all members of the organization, being innovative, financially responsible, and embracing a mentoring mindset.

The Town of Smyrna has recently completed several renovations to the “Depot District”, which is the heart of downtown Smyrna. This includes adding additional sidewalks and benches to the area, as well as renovations to the Depot to add restrooms. This is a continuation of a project begun several years ago which added a roundabout at the Washington Street and Front Street intersection, crosswalks, and parking to the area. This has led to increased activity in the area, including “Depot Days,” “Simply Smyrna Celebration,” and a farmer’s market. It has also led to private investment, with several renovation projects by owners of some of the buildings downtown.

The Town of Smyrna is about to undertake a project to improve the form and function of Lowry Street. The proposal is to rehabilitate and add sidewalks, landscaping, and crosswalks. The project will be developed in several phases, and Phase I is the downtown core of Smyrna. This area is located in a locally designated historic district which also includes area on the southwestern side of the railroad centered around Front Street and the Smyrna Train Depot. The Town desires to continue to bring business to what we have labeled the “Depot District” by making it a more attractive and vibrant area. Phase I of this project will include Lowry Street from Sam Davis Road to Jackson Street, which is approximately .25 of a mile. This portion of the project will include removal of the center turn lane from Washington Street to Sam Hager Drive. It will also include installing landscaping and any necessary stormwater infrastructure in place of the removed center turn lane asphalt. The project will also include replacement and/or addition of sidewalks, crosswalks, and reducing vehicular access in strategic locations to increase safety for pedestrian and bicycle traffic.

The Town had an energy audit of its facilities for the purpose of identifying outdated, inefficient, or deteriorated systems and technology. As a result of the findings of the audit and subsequent evaluation, the Town decided to pursue this project. These upgrades will provide the Town with the latest technology and generates a direct reduction in both electric bills and in lamp/ballast maintenance expenses. This project is expected to conservatively generate annual savings of approximately \$200,000. The project was completed this year and it is estimated to have an eight year return on investment.

The Town installed an 800 trunk radio communication system. The primary purpose of the system is efficiency. The system uses modern technology to improve the problem of channel congestion and management. It uses digital computer control and techniques to expand the number of users that can be accommodated by a single radio system providing higher capacity and improved flexibility. Flexibility is achieved as the same radio model can be used for different types of system users (Police, Public Works, Utilities, Parks, etc.). Management has access to reports on usage levels, channel crowding, dispatch activity and unit status.

Public Works is committed to improving the traffic flow in the Town. Several projects are underway to accomplish this. 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. A necessary step prior to the interchange approval involves TDOT studying the Sam Ridley and Lee Victory exits on I-24 to improve traffic flow. TDOT is estimating the study be completed late 2015. The Florence Road widening to three lanes from Enon Springs East to Wade Herrod has been bid and will commence in early 2016. Other improvements of traffic flows that will begin in 2015 are the widening of Stonecrest at Sam Ridley and intersection improvements of Weakley Lane at Swan Drive. A Signal Timing and Optimization Study and Intelligent Traffic System study is underway for traffic improvements at major intersections throughout the Town.

The Town of Smyrna completed a major expansion at our Water Treatment Plant in 2012. This expansion increased the treatment capacity from 15 million gallons per day (MGD) to 18.3 (MGD) along with several upgrades to the treatment process including state of the art membrane filtration, water softening and hyper-chlorite generation.

The Town has placed into service a Wastewater Effluent Reuse System. This "green" initiative provides non-potable water for irrigation and other purposes to commercial and industrial uses. We are currently expanding the re-use system and have developed a preliminary master plan for future expansions. This project also reduces the amount of effluent returned to the Hart's Brach tributary which assists the Wastewater Treatment Plant operations while reduced potable water demands on the treatment of potable water at our Water Treatment Plant. The town has started the design phase of the Waste Water Treatment Plant expansion. The capacity will go from 5.85 to 9 million gallons a day. We are currently looking at potential alternate discharge locations, which would require hydraulic and nutrient modeling for the J. Percy Priest reservoir. The Town is working with the State of Tennessee on a project consisting of the relocation and upsizing of water, sewer and gas lines in conjunction with the TDOT road widening project from Nissan Drive along SR 266 (Jefferson Pike) to the interchange at Interstate 840. These infrastructure improvements provides for the opportunity for economic growth and job creation. The Town is also partnering with a private development group to extend sanitary sewer service out Almadale Road approximately 4.5 miles to Independent Hill Road.

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, 2014. The Town of Smyrna has received a Certificate of Achievement for the last twenty seven consecutive years (fiscal years ended 1988-2014). In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efforts of the members of the Finance Department office staff, Kay Charles, Tammie Mitchell, Beth Morris, Sierra Nolen and Donna Getner, and the cooperation of each of the Town's departments. Specific appreciation is expressed to Finance Manager, Ed Hamblin and Financial Analysts, Danita Hunt and Jeff Milstead, on their preparation and thoroughness throughout the audit process. Credit also must be given to the Mayor and Town Council and Town Manager, Mr. Harry Gill, for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Smyrna's finances.

Respectfully submitted,

Handwritten signature of Harry Gill in blue ink.

Harry Gill
Town Manager

Handwritten signature of Rex S. Gaither in blue ink.

Rex S. Gaither
Finance Director



Government Finance Officers Association

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

Presented to

**Town of Smyrna
Tennessee**

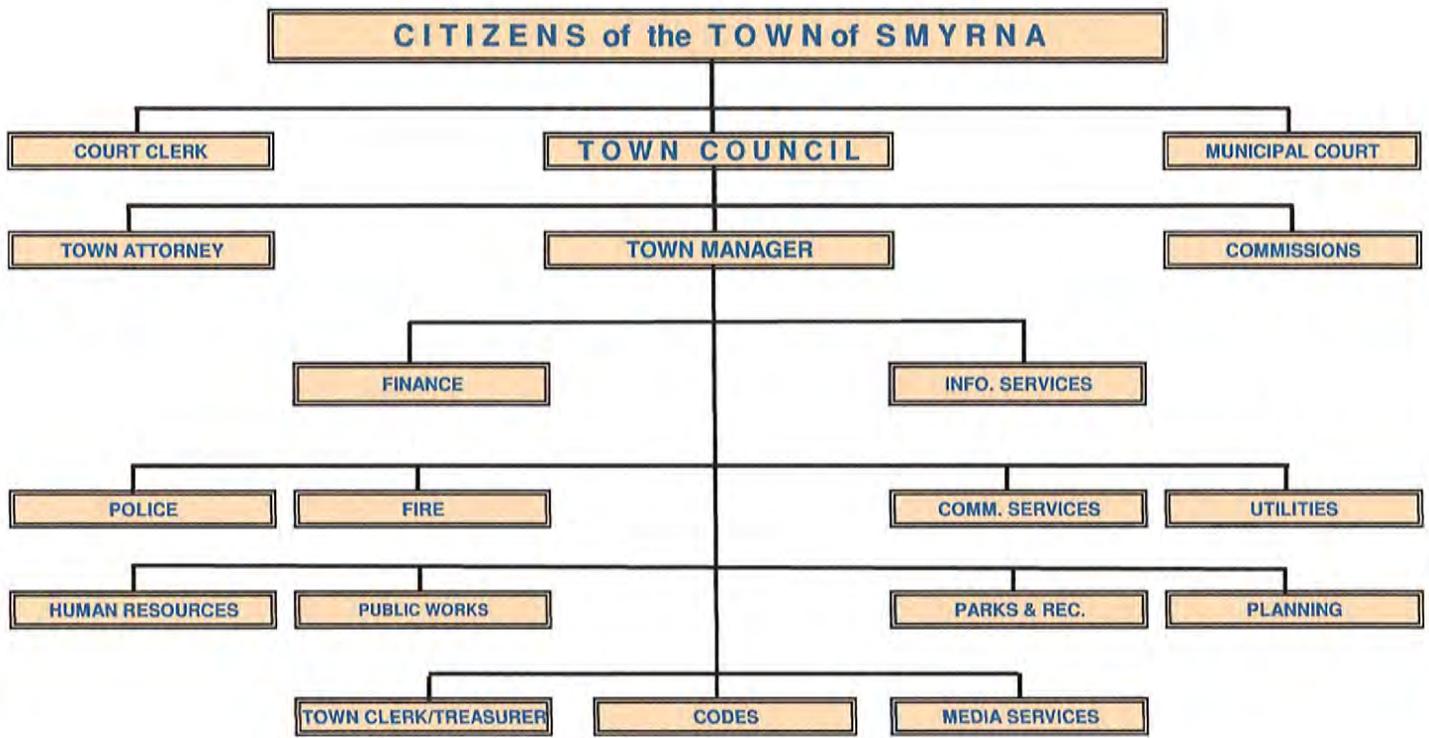
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

ORGANIZATIONAL CHART

July 2014



TOWN OF SMYRNA, TENNESSEE

Town Officials

ELECTED OFFICIALS:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mary Esther Reed	Mayor	November 2018
Marc Adkins	Vice Mayor, Councilmember	November 2018
H. G. Cole	Councilmember	November 2018
Paul Johns	Councilmember	November 2016
Tim Morrell	Councilmember	November 2016
Lori North	Councilmember	November 2018
Rick Wise	Councilmember	November 2016

APPOINTED OFFICIALS:

		<u>Date of Appointment</u>
Harry Gill*	Town Manager	November 2013
Jeff Peach	Town Attorney	June 2013
Kevin Arnold	Chief of Police	December 2006
Jeff Craig	Director of Human Resources	September 2007
Bill Culbertson	Fire Chief	January 1993
Rex S. Gaither**	Director of Finance	November 2010
David King	Director of Public Works	February 2006
Hal Loflin	Director of Community Services	June 1993
Mike Moss	Director of Parks and Recreation	June 2004
Michael Strange	Director of Utilities	March 2014
Dianne Waldron	Town Clerk	May 1981

*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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Smyrna, Tennessee (the Town), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Smyrna, Tennessee as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 17 to the financial statements, in 2015, the Town adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27*. The statement is effective for fiscal years beginning after June 15, 2014. Our opinion is not modified with respect to these matters.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, pages 3 through 12, and required supplementary information on pages 53-55, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

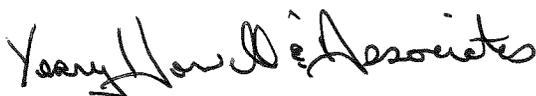
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Smyrna’s basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, and statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund statements and schedules, are fairly stated in all material respects in relation to the financial statements as a whole.

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

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2015 on our consideration of the Town’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Smyrna’s internal control over financial reporting and compliance.



October 13, 2015

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, 2015. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Town. Please consider the information presented here in conjunction with our Letter of Transmittal (page i) and the Town's financial statements (beginning on page 13).

Financial Highlights

- The assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$240,240,534 (net position). Of this amount, \$50,694,014 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$15,364,686.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$33,953,788, an increase of \$5,931,173 in comparison with the prior year. Approximately 67% of this total amount, \$20,465,884, 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 \$20,465,884, or 72.29% of total general fund expenditures. This demonstrates the Town's fiscal discipline and places the Town in a financial position to meet unexpected emergencies, uncertainties at the State level or a general slowdown in the economy.
- The Town of Smyrna's total bonded debt, notes and lease obligations decreased by \$1,680,456 during the current fiscal year. This was a result of the issuance of \$9,065,000 in new debt and the payment of current debt owed.

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, highways and streets, stormwater, recreation and community development. The business-type activities of the Town include the Water and Sewer Fund and the Natural Gas Fund.

The government-wide financial statements can be found on pages 13-14 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

The combining and individual fund statements and schedules can be found on pages 57-64 of this report.

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-52 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Smyrna, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$240,240,534 at the close of the most recent fiscal year.

Net Position - Primary Government June 30

	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 52,358,755	\$ 46,144,383	\$ 31,452,975	\$ 21,941,025	\$ 83,811,730	\$ 68,085,408
Capital Assets	100,795,313	98,570,971	140,662,375	143,360,218	241,457,688	241,931,189
Deferred Outflows of Resources	391,128	-	86,912	-	478,040	-
Total Assets and Deferred Outflow of Resources	153,545,196	144,715,354	172,202,262	165,301,243	325,747,458	310,016,597
Long-term Liabilities Outstanding	18,318,731	19,749,767	40,016,667	46,752,869	58,335,398	66,502,636
Deferred Inflows of Resources	12,290,366	12,131,552	-	-	12,290,366	12,131,552
Other Liabilities	6,957,460	2,795,480	7,923,700	2,904,042	14,881,160	5,699,522
Total Liabilities and Deferred Inflows of Resources	37,566,557	34,676,799	47,940,367	49,656,911	85,506,924	84,333,710
Net Positions:						
Net Investment in Capital Assets	80,981,915	80,785,740	97,507,712	97,024,340	178,489,627	177,810,080
Restricted	11,056,893	9,175,275	-	-	11,056,893	9,175,275
Unrestricted	23,939,831	20,077,540	26,754,183	18,619,992	50,694,014	38,697,532
Total Net Position	\$ 115,978,639	\$ 110,038,555	\$ 124,261,895	\$ 115,644,332	\$ 240,240,534	\$ 225,682,887

By far the largest portion of the Town of Smyrna's net position 74.29% reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town of Smyrna uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Smyrna's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Town's net position 4.60 % represents resources that are subject to external restrictions on how they may be used. These include net assets restricted for capital projects \$5,831,376, highways and streets \$341,729, stormwater \$2,965,303, debt service \$1,779,574 and law enforcement \$138,911. The remaining balance of unrestricted net assets \$50,694,014 may be used to meet the government's ongoing obligations to citizens and creditors.

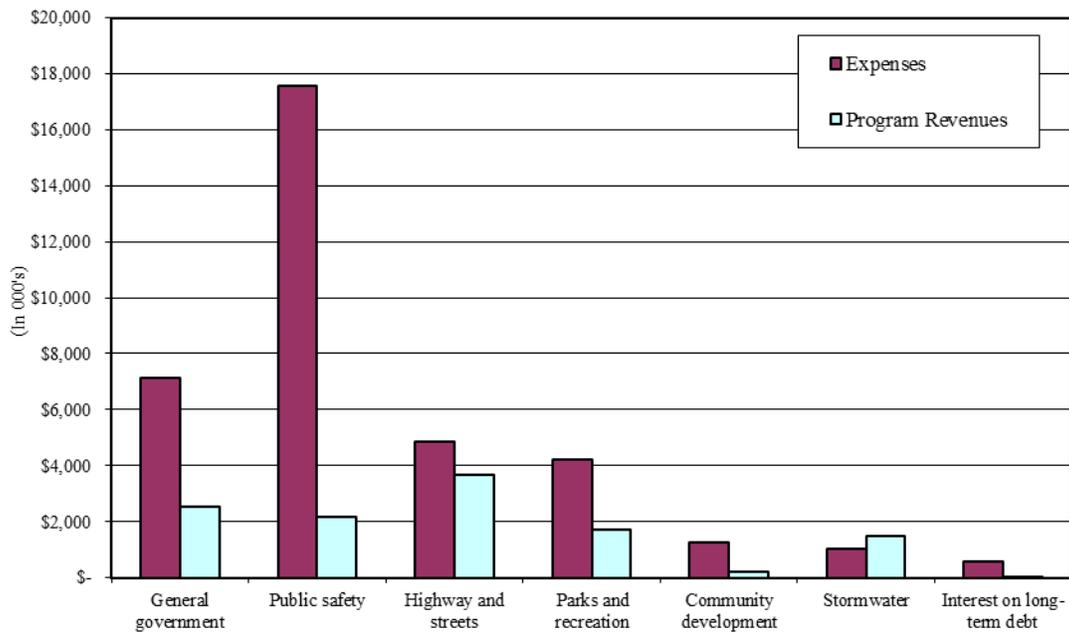
At the end of the current fiscal year, the Town of Smyrna is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Governmental activities. Governmental activities increased the Town of Smyrna's net position by \$6,444,080. The town's revenues were \$2,293,177 less than last year. Revenue showed growth in unrestricted investment earnings 12.52%, other taxes 5.93%, charges for services 4.51%, property and in lieu of taxes 1.59% and sales tax 3.69%. Revenues decreased in capital grants and contributions 51.15%, other revenues 46.13% and operating grants and contributions 19.77%. The town's expenses were \$1,100,540 more than last year. Departmental expenses decreased in parks and recreation 8.27%, community development 10.65% and interest on long-term debt 19.00%. Departmental expenses increased in public safety 7.69%, highways and streets 3.94%, general government 3.08% and storm water 11.29%.

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

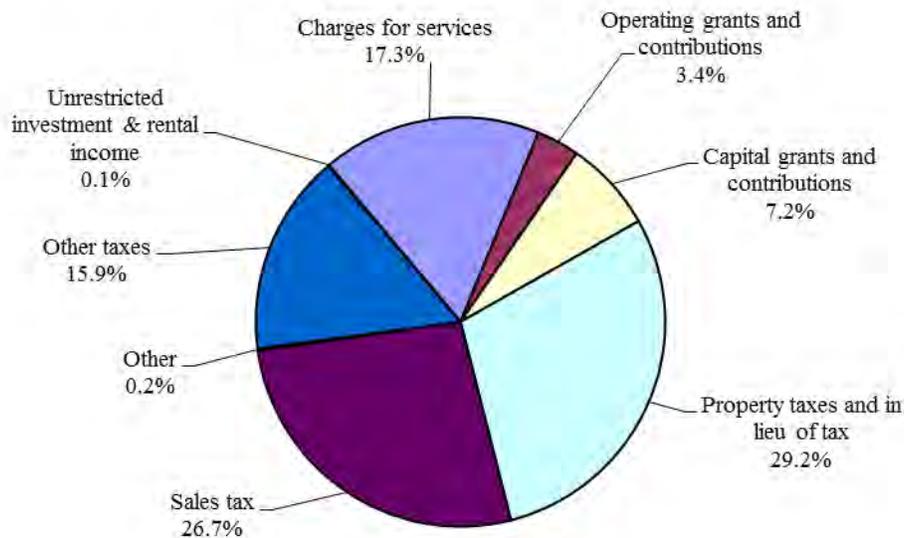
	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Revenues:						
Charges for services	\$ 7,330,716	\$ 7,014,282	\$ 32,165,863	\$ 33,432,956	\$ 39,496,579	\$ 40,447,238
Operating grants and contributions	1,431,094	1,783,789	-	-	1,431,094	1,783,789
Capital grants and contributions	3,052,287	6,248,860	3,529,331	4,618,920	6,581,618	10,867,780
General revenues:						
Property taxes and in lieu of tax	12,377,938	12,183,830	-	-	12,377,938	12,183,830
Sales tax	11,293,389	10,891,630	-	-	11,293,389	10,891,630
Other taxes	6,730,068	6,353,541	-	-	6,730,068	6,353,541
Gain on sale of capital assets	17,626	-	-	-	17,626	-
Unrestricted investment earnings	30,003	26,664	28,854	27,036	58,857	53,700
Special Item	-	-	2,131,398	-	2,131,398	-
Other	62,706	116,408	25,104	3,617	87,810	120,025
Total Revenues	42,325,827	44,619,004	37,880,550	38,082,529	80,206,377	82,701,533
Expenses:						
General government	7,141,569	6,928,238	-	-	7,141,569	6,928,238
Public safety	17,557,667	16,303,227	-	-	17,557,667	16,303,227
Highway and streets	4,864,139	4,679,915	-	-	4,864,139	4,679,915
Parks and recreation	4,206,565	4,585,924	-	-	4,206,565	4,585,924
Community development	1,233,382	1,380,340	-	-	1,233,382	1,380,340
Stormwater	1,033,845	928,982	-	-	1,033,845	928,982
Interest on long-term debt	554,043	684,044	-	-	554,043	684,044
Water and Sewer	-	-	14,979,525	15,235,532	14,979,525	15,235,532
Natural Gas	-	-	13,270,956	16,865,335	13,270,956	16,865,335
Total expenses	36,591,210	35,490,670	28,250,481	32,100,867	64,841,691	67,591,537
Increase in net position before transfers	5,734,617	9,128,334	9,630,069	5,981,662	15,364,686	15,109,996
Transfers	709,463	715,547	(709,463)	(715,547)	-	-
Increase in net position	6,444,080	9,843,881	8,920,606	5,266,115	15,364,686	15,109,996
Net position - beginning	110,038,555	100,194,674	115,644,332	110,378,217	225,682,887	210,572,891
Restatement	(503,996)	-	(303,043)	-	(807,039)	-
Net position, beginning, as restated	109,534,559	-	115,341,289	-	224,875,848	-
Net position - ending	\$ 115,978,639	\$ 110,038,555	\$ 124,261,895	\$ 115,644,332	\$ 240,240,534	\$ 225,682,887

Expenses and Program Revenues – Governmental Activities



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

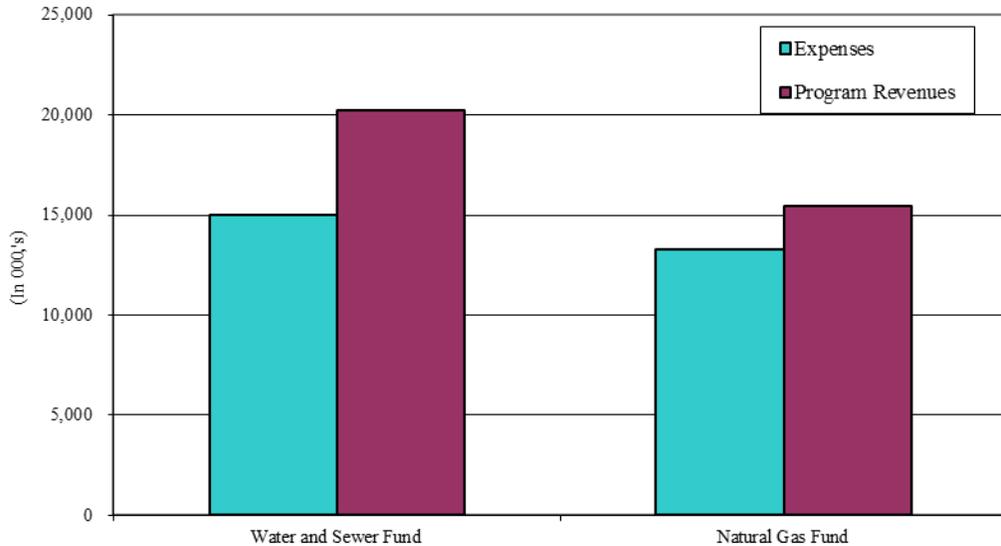
Revenue by Source – Governmental Activities



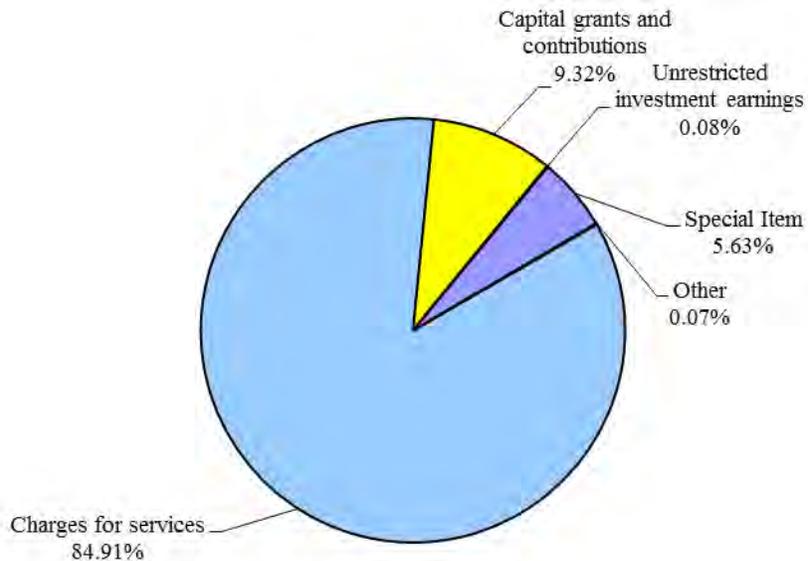
Business-type activities. Business-type activities increased the Town of Smyrna’s net position by \$8,920,606. Key elements of this increase are as follows:

- The business-type activities total revenue decreased by \$201,979. Water & Sewer revenues were down in Charges for services and Capital grants & contributions which were offset by the settlement of a lawsuit reported as a Special item in the amount of \$2,131,398. Natural Gas revenues were down due to a moderate winter.
- The business-type activities total expenses decreased by \$3,850,386. Cost of Natural Gas was significantly down due to a moderate winter.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$33,953,788, an increase of \$5,931,173 in comparison with the prior year. Approximately 61% of this total amount \$20,465,884 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved, committed, assigned or nonspendable to indicate that it is not available for new spending. This amounted to \$13,487,904 including prepaid items and inventory of \$93,698.

The general fund is the chief operating fund of the Town of Smyrna. The general fund balance increased by \$3,449,120 during the current fiscal year. At the end of the current fiscal year, unassigned fund balance of the general fund was \$20,465,884, while total fund balance was \$22,957,530. 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 72.29 % of total general fund expenditures, while total fund balance represents 81.09 % of that same amount.

The capital projects fund has a total fund balance of \$412,646. There was a net decrease in fund balance of \$7,374 during the current year.

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 \$11,328,858 and those for the Natural Gas Fund amounted to \$14,223,003. The change in unrestricted net position for the funds was an increase of \$3,864,054 and of \$4,067,463, 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 \$22,604 increase in appropriations between the original and final amended general fund expenditure budget and can be summarized with the following increase:

- \$12,604 amendment to fund testing and grounding improvements for the Judicial Center.
- \$7,500 amendment to fund increases in credit card charge fees for traffic court.
- \$1,500 amendment for maintenance at the Mapleview Cemetery.
- \$1,000 amendment to non-profits for a donation to the Rutherford County Emergency Management Agency.

These amendments were funded from an increase in local option sales tax of \$13,604, traffic court revenues of \$7,500 and cemetery revenues of \$1,500.

There was a \$1,283,500 increase in appropriations between the original and final amended general fund budget in Other Financing Uses for a transfer to the Capital Projects Fund and can be summarized as follows:

- \$1,129,500 amendment to fund an Energy Efficiency Program for Town facilities.
- \$154,000 amendment to fund the Police Department 911 computer assisted dispatch program.

These amendments were funded from unassigned fund balance for \$1,129,500 and grant revenue in the amount of \$154,000.

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

Capital Asset and Debt Administration

Capital assets. The Town of Smyrna's investment in capital assets for its governmental and business type activities as of June 30, 2015 amounts to \$241,457,687 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water, sewer and gas system, construction in progress, machinery and equipment, park facilities, roads, highways and bridges. The total decrease in the Town of Smyrna's investment in capital assets for the current fiscal year was 0.2 percent, a 2.25 percent increase for governmental activities and a 1.89 percent decrease for business-type activities.

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

- Energy Efficiency Programs were completed in nine (9) governmental and two (2) enterprise departments, which amounted to \$1,574,996 for the fiscal year.
- Phase 2 of the OSSI operating system for the police department was completed, which amounted to \$302,541 for the fiscal year.
- Six police vehicles were purchased, resulting in an increase of \$143,750 in equipment for the fiscal year.
- Renovations at the Todd Lane Park were completed, amounting to \$196,891 for the fiscal year.
- The Trunked Radio System for the police, fire and public works departments was completed, amounting to \$2,199,752 for the fiscal year.
- Design phase for the widening of Florence Road was started, which amounted to \$236,327 for the fiscal year.
- Storm water drainage improvements were completed, which amounted to \$270,527 for the fiscal year.
- Design of the Jefferson Pike water and sewer line replacement and extension continued, which amounted to \$90,104 for the fiscal year.
- Design of the Jefferson Pike natural gas line replacement continued, which amounted to \$42,327 for the fiscal year.
- A push camera and accessories was purchased for the Water and Sewer department, which amounted to \$88,629 for the fiscal year.
- There were developer donations of water and sewer improvements for \$1,398,630 and general government activities street infrastructure in the amount of \$2,052,961.

Capital Assets
(net of accumulated depreciation)
June 30

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Land	\$ 5,532,688	\$ 5,532,688	\$ 1,681,903	\$ 1,681,903	\$ 7,214,591	\$ 7,214,591
Water rights	-	-	2,350,000	2,350,000	2,350,000	2,350,000
Buildings and system	11,260,032	11,764,564	135,473,784	139,022,083	146,733,816	150,786,647
Improvements other than buildings	8,311,159	8,408,231	-	-	8,311,159	8,408,231
Machinery and equipment	7,768,020	4,871,269	791,128	133,938	8,559,148	5,005,207
Infrastructure	63,494,373	64,714,521	-	-	63,494,373	64,714,521
Construction in progress	4,429,041	3,279,698	365,559	172,294	4,794,600	3,451,992
Total Assets, net	\$ 100,795,313	\$ 98,570,971	\$ 140,662,374	\$ 143,360,218	\$ 241,457,687	\$ 241,931,189

Additional information on the Town's capital assets can be found in Note 3 on page 36-37 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 outlay obligations outstanding of \$61,857,125. Of this amount, \$19,584,036 is debt backed by the full faith and credit of the government; \$42,273,089 is debt secured by specified revenue sources, but backed by the taxing authority of the Town (i.e., revenue and tax bonds and revolving loans).

Outstanding Debt
General Obligation, Revenue Bonds, Loans and Notes
June 30

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 18,969,270	\$ 16,707,537	\$ -	\$ -	\$ 18,969,270	\$ 16,707,537
Capital lease	-	21,392	-	-	-	21,392
Capital outlay note	614,766	1,025,859	-	-	614,766	1,025,859
Revenue and tax bonds	-	-	39,060,730	42,407,463	39,060,730	42,407,463
Revolving loan	-	-	3,212,359	3,375,330	3,212,359	3,375,330
Total	\$ 19,584,036	\$ 17,754,788	\$ 42,273,089	\$ 45,782,793	\$ 61,857,125	\$ 63,537,581

The Town of Smyrna's total bonded debt decreased by \$1,680,456 (2.65%) during the current fiscal year. This was a result of the issuance of \$9,065,000 in new debt and the payment of current debt owed. This includes a debt refunding of \$4,975,000 which reduced debt service by \$280,000 over the next seven years.

The Town of Smyrna maintained an "AA+" rating from Standard and Poor's and an "Aa2" 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 Governmental Activities tax supported debt is currently at 1.85% of assessed property value.

Additional information on the Town of Smyrna's long-term debt can be found in Note 7 on pages 39-41 of this report.

Special item. The Town settled a lawsuit related to amounts charged the Town for natural gas purchases. The settlement, net of current year legal fees, was \$2,131,398 which was reported as a special item in the government-wide business activities and the Natural Gas Fund.

Restatement. The Town implemented GASB 68 related to reporting pension obligations. The implementation resulted in a restatement of the beginning of the year net position. July 1, 2014, the net position was decreased by \$807,039 which represented the net pension obligation at the beginning of the year. The net pension obligation at June 30, 2015 was \$800,668 for governmental activities and \$481,451 for business-type activities for a total net pension obligation of \$1,282,125. The restatement resulted in a decrease in the Proprietary Funds net position of \$303,043.

Economic Factors and Next Year's Budgets and Rates

- Management believes unemployment in the area will continue to decrease due to the creation of local jobs.
- Property tax and in lieu of collections were 1.6% more than in the previous year.
- Local sales tax collections were 3.69% more than in the previous year. This is due to the continued development of commercial businesses.
- State shared taxes were 6% more than in the previous year.
- The economic recovery from the downturn seems to be on a slow but steady path upward.
- A deficit of \$1,729,203 is projected for the General Fund in the 2016 fiscal year. This is due to the one time expenditures of capital projects to be paid without debt.

These factors were considered in preparing the Town of Smyrna's budget for the 2016 fiscal year.

Requests for Information

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

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

TOWN OF SMYRNA, TENNESSEE

Statement of Net Position

June 30, 2015

	Primary Government			Component Units	
	Governmental	Business-type	Total	Industrial	Charity
	Activities	Activities		Development	Assistance
			Fund	Fund	
Assets					
Cash and cash equivalents	\$34,759,029	19,640,300	54,399,329	71,188	17,152
Receivables (net of allowance for uncollectibles)					
Property taxes	9,497,101	-	9,497,101	-	-
Other taxes	3,167,351	-	3,167,351	-	-
Due from other governments	3,704,700	2,866	3,707,566	-	-
Accounts receivable	548,942	2,735,539	3,284,481	-	143
Legal settlement receivable	-	5,920,000	5,920,000	-	-
Inventories, at cost	93,329	674,375	767,704	-	-
Internal balances	(1,202,322)	1,202,322	-	-	-
Restricted assets:					
Cash and equivalents - customer and developer deposits	-	945,345	945,345	-	-
Note receivable	1,765,000	332,228	2,097,228	-	-
Prepaid items	11,859	-	11,859	-	-
Other assets	13,766	-	13,766	-	-
Non-depreciable capital assets	9,961,729	4,397,462	14,359,191	-	-
Depreciable capital assets (net of accumulated depreciation)	90,833,584	136,264,913	227,098,497	2,495,237	-
Total Assets	153,154,068	172,115,350	325,269,418	2,566,425	17,295
Deferred Outflows of Resources					
Net difference between projected and actual earnings - pensions	144,519	86,912	231,431	-	-
Deferred charge on refunding	246,609	-	246,609	-	-
Total deferred outflows of resources	391,128	86,912	478,040	-	-
Liabilities					
Accounts payable	1,591,013	2,674,172	4,265,185	-	-
Accrued liabilities	640,031	498,911	1,138,942	-	-
Interest payable	125,200	185,818	311,018	13,672	-
Contracts payable	236,733	-	236,733	-	-
Unearned revenue	21,380	-	21,380	-	-
Liabilities payable from restricted assets	-	945,346	945,346	-	-
Long-term liabilities due within one year	4,343,103	3,619,453	7,962,556	120,000	-
Long-term liabilities due in more than one year	18,318,731	40,016,667	58,335,398	3,425,000	-
Total Liabilities	25,276,191	47,940,367	73,216,558	3,558,672	-
Deferred Inflows of Resources					
Unlevied property, in-lieu and income taxes	12,290,366	-	12,290,366	-	-
Total deferred inflows of resources	12,290,366	-	12,290,366	-	-
Net Position					
Net investment in capital assets	80,981,915	97,507,712	178,489,627	(1,049,763)	-
Restricted					
Street maintenance	341,729	-	341,729	-	-
Law enforcement	138,911	-	138,911	-	-
Stormwater	2,965,303	-	2,965,303	-	-
Debt service	1,779,574	-	1,779,574	-	-
Capital projects	5,831,376	-	5,831,376	-	-
Unrestricted	23,939,831	26,754,183	50,694,014	57,516	17,295
Total Net Position	\$115,978,639	124,261,895	240,240,534	(992,247)	17,295

See accompanying notes to financial statements

TOWN OF SMYRNA, TENNESSEE
Statement of Activities
For the Year Ended June 30, 2015

Functions / Programs:	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Industrial Development Fund	Charity Assistance Fund
					Governmental Activities	Business-type Activities		
Primary Government:								
Governmental Activities:								
General government	\$7,141,569	2,492,133	24,621	-	(4,624,815)	-	(4,624,815)	-
Public safety:								
Police	9,538,680	1,705,372	81,688	184,270	(7,567,350)	-	(7,567,350)	-
Fire	8,018,987	-	37,200	146,792	(7,834,995)	-	(7,834,995)	-
Highways and streets	4,864,139	-	1,287,585	2,402,838	(1,173,716)	-	(1,173,716)	-
Recreation	4,206,565	1,409,063	-	318,387	(2,479,115)	-	(2,479,115)	-
Community Development	1,233,382	187,474	-	-	(1,045,908)	-	(1,045,908)	-
Stormwater	1,033,845	1,505,420	-	-	471,575	-	471,575	-
Interest expense on long-term debt	554,043	31,254	-	-	(522,789)	-	(522,789)	-
Total Government Activities	<u>36,591,210</u>	<u>7,330,716</u>	<u>1,431,094</u>	<u>3,052,287</u>	<u>(24,777,113)</u>	<u>-</u>	<u>(24,777,113)</u>	<u>-</u>
Business-type Activities								
Water and Sewer	14,979,525	16,794,549	-	3,438,308	-	5,253,332	5,253,332	-
Natural Gas	13,270,956	15,371,314	-	91,023	-	2,191,381	2,191,381	-
Total Business-type Activities	<u>28,250,481</u>	<u>32,165,863</u>	<u>-</u>	<u>3,529,331</u>	<u>-</u>	<u>7,444,713</u>	<u>7,444,713</u>	<u>-</u>
Total Primary Government	<u>\$64,841,691</u>	<u>39,496,579</u>	<u>1,431,094</u>	<u>6,581,618</u>	<u>(24,777,113)</u>	<u>7,444,713</u>	<u>(17,332,400)</u>	<u>-</u>
Component Unit:								
Industrial Development Fund	293,523	234,000	-	-	-	-	(59,523)	-
Charity Assistance Fund	37,500	-	36,712	-	-	-	-	(788)
Total Component Units	<u>\$331,023</u>	<u>234,000</u>	<u>36,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(59,523)</u>	<u>(788)</u>
General Revenues:								
Property taxes and in lieu of tax					\$12,377,938	-	12,377,938	-
Sales taxes					11,293,389	-	11,293,389	-
Business tax					1,226,807	-	1,226,807	-
Wholesale beer tax					1,127,095	-	1,127,095	-
Hotel / Motel Tax					446,025	-	446,025	-
Cable TV Franchise Tax					575,281	-	575,281	-
Unrestricted other locally assessed taxes					26,260	-	26,260	-
State shared unrestricted taxes:								
State shared income tax					141,565	-	141,565	-
State shared beer tax					19,118	-	19,118	-
State shared sales tax					3,027,429	-	3,027,429	-
State shared mixed drink tax					110,678	-	110,678	-
Other unrestricted other state shared taxes					29,810	-	29,810	-
Unrestricted investment earnings					30,003	28,854	58,857	9
Gain on sale of capital asset					17,626	-	17,626	-
Other					62,706	25,104	87,810	-
Special item					-	2,131,398	2,131,398	-
Transfers					709,463	(709,463)	-	-
Total general revenues, transfers and special item					<u>31,221,193</u>	<u>1,475,893</u>	<u>32,697,086</u>	<u>9</u>
Change in net position					<u>6,444,080</u>	<u>8,920,606</u>	<u>15,364,686</u>	<u>(59,514)</u>
Net position - beginning of year, as previously reported					110,038,555	115,644,332	225,682,887	(932,733)
Restatement					(503,996)	(303,043)	(807,039)	-
Net position - beginning of year, as restated					<u>109,534,559</u>	<u>115,341,289</u>	<u>224,875,848</u>	<u>(932,733)</u>
Net position - end of year					<u>\$115,978,639</u>	<u>124,261,895</u>	<u>240,240,534</u>	<u>(992,247)</u>

See accompanying notes to financial statements

TOWN OF SMYRNA, TENNESSEE

**Balance Sheet
Governmental Funds**

June 30, 2015

<u>Assets</u>	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Cash	\$21,440,381	851,732	8,647,687	30,939,800
Receivables (net of allowance for uncollectibles)				
Property taxes	9,555,230	-	-	9,555,230
Other taxes	3,167,351	-	-	3,167,351
Due from other governments	3,344,759	146,348	213,593	3,704,700
Accounts receivable	296,584	-	178,850	475,434
Due from other funds	-	21,120	14,624	35,744
Inventory of supplies	81,839	-	-	81,839
Note receivable	-	-	1,765,000	1,765,000
Prepaid items	11,859	-	-	11,859
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$37,898,003</u>	<u>1,019,200</u>	<u>10,819,754</u>	<u>49,736,957</u>
<u>Liabilities</u>				
Accounts payable	\$358,957	355,197	121,431	835,585
Accrued costs	624,950	-	15,081	640,031
Due to other funds	21,120	14,624	-	35,744
Contracts payable	-	236,733	-	236,733
Unearned revenue	21,380	-	-	21,380
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>1,026,407</u>	<u>606,554</u>	<u>136,512</u>	<u>1,769,473</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenues	13,914,066	-	99,630	14,013,696
Fund Balance:				
Nonspendable:				
Inventory	81,839	-	-	81,839
Prepays	11,859	-	-	11,859
Restricted for:				
Street maintenance	-	-	242,099	242,099
Law enforcement	-	-	138,911	138,911
Stormwater	-	-	3,014,284	3,014,284
General capital projects	9,986	412,646	-	422,632
Roads capital projects	-	-	4,038,759	4,038,759
Parks capital projects	-	-	765,712	765,712
Fire protection capital projects	-	-	604,273	604,273
Debt service	-	-	1,779,574	1,779,574
Committed for cemetery maintenance	658,759	-	-	658,759
Assigned - subsequent year expenditures	1,729,203	-	-	1,729,203
Unassigned	20,465,884	-	-	20,465,884
Total Fund Balances	<u>22,957,530</u>	<u>412,646</u>	<u>10,583,612</u>	<u>33,953,788</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$37,898,003</u>	<u>1,019,200</u>	<u>10,819,754</u>	<u>49,736,957</u>

See accompanying notes to financial statements.

TOWN OF SMYRNA, TENNESSEE

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

June 30, 2015

Amounts reported for fund balance - total governmental funds	\$33,953,788
 Amounts reported for governmental activities in the statement of net position 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.	100,795,313
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	1,448,985
Property taxes receivable	216,216
Internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	1,946,477
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.	(125,200)
Prepaid insurance related to bond issues are amortized over the life of the bonds in the statement of activities.	13,766
Deferred charges on refundings are reported in the governmental funds when the refunding debt is issued, but is deferred and amortized over the remaining of the debt in the government-wide statements.	246,609
Net differences between projected and actual earnings related to pensions is deferred and amortized as a component of pension expense	144,519
Bond premiums are amortized as a component of interest in the statement of activities.	(239,238)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not recorded in the funds.	
Governmental bonds and notes payable	(19,584,036)
Compensated absences	(2,037,892)
Net pension obligation	(800,668)
<hr/>	<hr/>
Net position of governmental activities	<u><u>\$115,978,639</u></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, 2015

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>				
Taxes	\$24,093,513	-	-	24,093,513
Payment in lieu of taxes	3,023,817	-	-	3,023,817
Licenses and permits	896,402	-	763,184	1,659,586
Intergovernmental	3,843,729	58,746	1,068,495	4,970,970
Fines and forfeits	1,569,412	-	135,960	1,705,372
Uses of money and property	3,209,697	155	1,544,988	4,754,840
Miscellaneous	80,331	-	-	80,331
Total Revenues	36,716,901	58,901	3,512,627	40,288,429
<u>Expenditures</u>				
Current:				
General government	6,294,124	120,166	32,432	6,446,722
Public safety:				
Police	9,004,504	2,448	64,636	9,071,588
Fire	7,794,858	22,155	-	7,817,013
Highways and streets	436,292	52,532	958,444	1,447,268
Recreation	3,560,464	30,228	-	3,590,692
Community development	1,205,986	3,439	-	1,209,425
Stormwater	-	2,906	875,513	878,419
Debt service	-	-	2,817,619	2,817,619
Capital outlay	15,000	5,801,770	15,670	5,832,440
Total Expenditures	28,311,228	6,035,644	4,764,314	39,111,186
Excess (deficiency) revenues over expenditures	8,405,673	(5,976,743)	(1,251,687)	1,177,243
<u>Other Financing Sources (Uses)</u>				
Issuance of debt	-	3,785,000	5,280,000	9,065,000
Premium on issuance of debt	-	227,035	-	227,035
Refunding bonds payment to escrow agent	-	-	(5,247,568)	(5,247,568)
Transfers in	782,502	3,722,334	4,565,939	9,070,775
Transfers out	(5,739,055)	(1,765,000)	(857,257)	(8,361,312)
Total Other Financing Source (Uses)	(4,956,553)	5,969,369	3,741,114	4,753,930
Net change in fund balance	3,449,120	(7,374)	2,489,427	5,931,173
Fund balance, beginning of year	19,508,410	420,020	8,094,185	28,022,615
Fund balance, end of year	\$22,957,530	412,646	10,583,612	33,953,788

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, 2015

Net change in fund balances-total governmental funds:	\$5,931,173
 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	5,832,440
Depreciation expense	(5,661,059)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	(12,719)
Local option sales tax	(43,584)
State shared taxes	36,634
Contributed capital assets	2,052,961
 The issuance of long-term debt provides current financial resources to governmental funds. While the repayment of the principal of long-term debt consumes the current financial resources of governmental funds, neither transaction, however, has any effect on net assets. Also governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities.	
Debt repayment	7,235,752
Debt issuance	(9,065,000)
Deferred charge on refunding	272,568
Amortization of prepaid insurance related to bond issue	(1,967)
Amortization of debt related premium	18,239
Debt issuance premiums and discounts	(227,035)
Amortization of deferred charge on refunding	(25,959)
 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	10,544
 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	(73,356)
 Pension expenditures in the governmental funds represent amounts paid to currently fund the pension plan; however pension expense in the statement of activities is a comprehensive measurement consisting of elements having both immediate recognition and amortization of deferred amounts which can increase (decrease) pension cost.	
	(152,153)
 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)	
	316,601
Change in net position of governmental activities	\$6,444,080

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Real estate taxes	\$8,970,000	8,970,000	9,366,840	396,840
Business tax	1,295,000	1,295,000	1,215,039	(79,961)
Wholesale beer tax	1,132,000	1,132,000	1,127,095	(4,905)
Local option sales tax	10,845,000	10,858,604	11,336,973	478,369
Hotel / motel tax	666,000	666,000	446,025	(219,975)
Cable TV / gas franchise tax	489,200	489,200	575,281	86,081
Other	26,400	26,400	26,260	(140)
Total Taxes	23,423,600	23,437,204	24,093,513	656,309
Payments in lieu of taxes	3,104,760	3,104,760	3,023,817	(80,943)
Licenses and Permits	720,750	720,750	896,402	175,652
Intergovernmental Revenues:				
State income tax	100,000	100,000	141,565	41,565
State beer tax	19,000	19,000	19,118	118
State sales tax	2,831,600	2,831,600	3,009,791	178,191
State mixed drink tax	97,600	97,600	110,587	12,987
State petroleum special tax	81,800	81,800	81,567	(233)
Federal and state grants	7,500	7,500	38,990	31,490
State street maintenance contracts	80,000	80,000	150,631	70,631
State fire supplement	42,000	42,000	37,200	(4,800)
State police supplement	40,200	40,200	40,200	-
Other state and county shared taxes	26,630	210,900	214,080	3,180
Total Intergovernmental Revenues	3,326,330	3,510,600	3,843,729	333,129
Fines and forfeits	1,324,200	1,331,700	1,569,412	237,712
Uses of Property and Money:				
Penalties	40,020	40,020	34,035	(5,985)
Interest earned	10,000	10,000	17,429	7,429
Rent	116,000	116,000	117,969	1,969
Traffic school fees	133,000	133,000	154,009	21,009
Administrative support charges	1,195,318	1,195,318	1,195,318	-
Cemetery revenue	74,500	76,000	94,400	18,400
Recreation fees and community center fees	1,453,500	1,453,500	1,409,063	(44,437)
Food sales	190,000	190,000	187,474	(2,526)
Total Uses of Property and Money	3,212,338	3,213,838	3,209,697	(4,141)
Other	119,100	119,100	80,331	(38,769)
Total Revenues	35,231,078	35,437,952	36,716,901	1,278,949
Expenditures:				
General Government:				
Current:				
Legislative Board:				
Salaries	36,000	36,000	35,100	900
Benefits and payroll taxes	63,700	63,700	59,144	4,556
Insurance	25,500	25,500	25,500	-
Other	29,914	29,914	6,580	23,334
Total Legislative Board	155,114	155,114	126,324	28,790

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, 2015

	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	\$749,770	749,770	737,129	12,641
Benefits and payroll taxes	305,263	305,263	281,586	23,677
Contractual services	79,540	79,540	56,740	22,800
Supplies	36,223	36,223	15,541	20,682
Other	23,182	39,085	38,701	384
Total Town and General Sessions Court	<u>1,193,978</u>	<u>1,209,881</u>	<u>1,129,697</u>	<u>80,184</u>
Vehicle Maintenance:				
Salaries	197,270	197,270	194,039	3,231
Benefits and payroll taxes	116,724	116,724	85,877	30,847
Supplies	36,750	36,750	45,225	(8,475)
Other	27,980	27,980	30,188	(2,208)
Total Vehicle Maintenance	<u>378,724</u>	<u>378,724</u>	<u>355,329</u>	<u>23,395</u>
Codes, Engineering and Planning:				
Salaries	620,870	620,870	649,941	(29,071)
Benefits and payroll taxes	296,577	296,577	280,925	15,652
Contractual services	26,000	26,000	3,960	22,040
Insurance	3,159	3,159	3,159	-
Telephone and utilities	1,650	1,650	2,177	(527)
Supplies	23,975	23,975	16,865	7,110
Repairs and maintenance	2,500	2,500	314	2,186
Professional services	45,500	45,500	37,081	8,419
Other	32,700	32,700	16,382	16,318
Total Codes, Engineering and Planning	<u>1,052,931</u>	<u>1,052,931</u>	<u>1,010,804</u>	<u>42,127</u>
Building and Grounds:				
Salaries	292,680	292,680	293,698	(1,018)
Benefits and payroll taxes	191,197	191,197	174,319	16,878
Repairs and maintenance	98,478	98,478	79,580	18,898
Supplies	22,000	22,000	22,137	(137)
Insurance	5,026	5,026	5,026	-
Cemetery	20,350	21,850	21,387	463
Other	2,500	2,500	1,450	1,050
Total Building Maintenance	<u>632,231</u>	<u>633,731</u>	<u>597,597</u>	<u>36,134</u>
Finance and Administration:				
Salaries	1,683,930	1,683,930	1,629,956	53,974
Benefits and payroll taxes	776,125	776,125	683,903	92,222
Memberships and testing	45,981	45,981	32,258	13,723
Telephone and utilities	138,337	138,337	153,123	(14,786)
Professional services	152,000	152,000	53,183	98,817
Contractual services	600,874	600,874	380,696	220,178
Repairs and maintenance	5,750	5,750	1,992	3,758
Supplies	59,410	59,410	50,755	8,655
Insurance	17,964	17,964	16,714	1,250
Outside services	50,760	50,760	28,535	22,225
Other	57,524	57,524	43,258	14,266
Total Finance and Administration	<u>3,588,655</u>	<u>3,588,655</u>	<u>3,074,373</u>	<u>514,282</u>
Total Current	<u>7,001,633</u>	<u>7,019,036</u>	<u>6,294,124</u>	<u>724,912</u>
Capital Outlay	-	-	-	-
Total General Government	<u>7,001,633</u>	<u>7,019,036</u>	<u>6,294,124</u>	<u>724,912</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures, Continued:				
Public Safety:				
Police Department:				
Current:				
Salaries	5,739,750	5,739,750	5,690,941	48,809
Benefits and payroll taxes	2,967,859	2,967,859	2,603,309	364,550
Outside services	156,301	156,301	110,070	46,231
Memberships and testing	14,307	14,307	23,879	(9,572)
Telephone	54,234	54,234	45,134	9,100
Repairs and maintenance	65,117	69,318	74,250	(4,932)
Travel	29,392	29,392	26,562	2,830
Supplies	380,327	380,327	316,230	64,097
Insurance	105,673	105,673	105,673	-
Other	9,000	9,000	8,456	544
Total Current	<u>9,521,960</u>	<u>9,526,161</u>	<u>9,004,504</u>	<u>521,657</u>
Capital Outlay	-	-	15,000	(15,000)
Total Police Department	<u>9,521,960</u>	<u>9,526,161</u>	<u>9,019,504</u>	<u>506,657</u>
Fire Department:				
Current:				
Salaries	4,849,750	4,849,750	4,974,667	(124,917)
Benefits and payroll taxes	2,527,663	2,527,663	2,257,470	270,193
Memberships and testing	2,385	2,385	4,118	(1,733)
Telephone and utilities	129,530	129,530	112,620	16,910
Repairs and maintenance	155,015	155,015	125,980	29,035
Supplies	260,298	260,298	165,856	94,442
Insurance	61,954	61,954	61,954	-
Outside services	209,675	209,675	77,588	132,087
Other	9,775	9,775	14,605	(4,830)
Total Current	<u>8,206,045</u>	<u>8,206,045</u>	<u>7,794,858</u>	<u>411,187</u>
Capital Outlay	-	-	-	-
Total Fire Department	<u>8,206,045</u>	<u>8,206,045</u>	<u>7,794,858</u>	<u>411,187</u>
Total Public Safety	<u>17,728,005</u>	<u>17,732,206</u>	<u>16,814,362</u>	<u>917,844</u>
Highways and Streets:				
Current:				
Salaries	215,150	215,150	178,033	37,117
Benefits and payroll taxes	136,605	136,605	97,104	39,501
Telephone and utilities	3,000	3,000	1,977	1,023
Repairs and maintenance	93,300	93,300	76,882	16,418
Supplies	83,800	83,800	44,046	39,754
Insurance	18,592	18,592	18,592	-
Outside services	30,650	30,650	19,147	11,503
Other	20,240	20,240	511	19,729
Total Current	<u>601,337</u>	<u>601,337</u>	<u>436,292</u>	<u>165,045</u>
Capital Outlay	-	-	-	-
Total Highways and Streets	<u>601,337</u>	<u>601,337</u>	<u>436,292</u>	<u>165,045</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures, Continued:				
Recreation:				
Current:				
Salaries	1,681,040	1,681,040	1,568,534	112,506
Benefits and payroll taxes	877,331	877,331	761,841	115,490
Memberships and testing	10,100	10,100	7,047	3,053
Telephone and utilities	303,073	303,073	234,208	68,865
Repairs and maintenance	167,437	167,437	181,095	(13,658)
Outside services	183,477	183,477	188,985	(5,508)
Food purchases	105,500	105,500	120,410	(14,910)
Recreation programs	35,765	35,765	35,383	382
Advertising and promotion	1,750	1,750	470	1,280
Supplies	222,445	222,445	194,821	27,624
Insurance	27,767	27,767	27,767	-
Rent	216,588	216,588	213,429	3,159
Other	24,995	24,995	26,474	(1,479)
Total Current	<u>3,857,268</u>	<u>3,857,268</u>	<u>3,560,464</u>	<u>296,804</u>
Capital Outlay	-	-	-	-
Total Recreation	<u>3,857,268</u>	<u>3,857,268</u>	<u>3,560,464</u>	<u>296,804</u>
Community Development:				
Current:				
Salaries	335,980	335,980	293,835	42,145
Benefits and payroll taxes	155,060	155,060	133,015	22,045
Telephone and utilities	77,744	77,744	56,170	21,574
Repairs and maintenance	12,000	12,000	15,211	(3,211)
Outside services	16,000	16,000	7,078	8,922
Advertising and promotion	3,960	3,960	839	3,121
Food purchases	147,500	147,500	129,762	17,738
Supplies	51,870	51,870	64,194	(12,324)
Insurance	1,057	1,057	1,057	-
Contributions to non-profits	498,540	499,540	499,347	193
Other	7,375	7,375	5,478	1,897
Total Current	<u>1,307,086</u>	<u>1,308,086</u>	<u>1,205,986</u>	<u>102,100</u>
Capital Outlay	-	-	-	-
Total Community Development	<u>1,307,086</u>	<u>1,308,086</u>	<u>1,205,986</u>	<u>102,100</u>
Total Expenditures	<u>30,495,329</u>	<u>30,517,933</u>	<u>28,311,228</u>	<u>2,206,705</u>
Excess Revenues Over Expenditures	<u>4,735,749</u>	<u>4,920,019</u>	<u>8,405,673</u>	<u>3,485,654</u>
Other Financing Sources (Uses):				
Transfer to Capital Projects Fund	(4,438,846)	(5,722,346)	(2,938,116)	2,784,230
Transfer to Debt Service Fund	(2,949,612)	(2,949,612)	(2,800,939)	148,673
Transfer from Stormwater Fund	73,039	73,039	73,039	-
Transfer from Gas Fund	133,514	133,514	133,514	-
Transfer from Water and Sewer Fund	575,949	575,949	575,949	-
Total Other Financing Sources (Uses)	<u>(6,605,956)</u>	<u>(7,889,456)</u>	<u>(4,956,553)</u>	<u>2,932,903</u>
Net change in fund balance	(1,870,207)	(2,969,437)	3,449,120	6,418,557
Fund Balance, beginning of year	19,508,410	19,508,410	19,508,410	-
Fund Balance, end of year	<u>\$17,638,203</u>	<u>16,538,973</u>	<u>22,957,530</u>	<u>6,418,557</u>

See accompanying notes to financial statements.

TOWN OF SMYRNA, TENNESSEE

Statement of Net Position

Proprietary Funds

June 30, 2015

	Business-type Activities Enterprise Funds		Total	Internal Service Fund
	Water and Sewer Fund	Natural Gas Fund		
<u>Assets</u>				
Current Assets:				
Cash and cash equivalents	\$9,866,285	9,774,015	19,640,300	3,819,229
Receivables:				
Utility customers, net of allowance for estimated uncollectible	2,199,775	535,764	2,735,539	-
Legal settlement and insurance receivable	-	5,920,000	5,920,000	73,508
Grant receivable	2,866	-	2,866	-
Note receivable, current portion	37,498	-	37,498	-
Total Accounts Receivable	2,240,139	6,455,764	8,695,903	73,508
Due from other funds	-	-	-	-
Inventory, at cost	471,533	202,842	674,375	11,490
Total Current Assets	12,577,957	16,432,621	29,010,578	3,904,227
Noncurrent Assets:				
Restricted Assets:				
Cash - customer deposits and construction bonds	172,765	772,580	945,345	-
Total Noncurrent Restricted Assets	172,765	772,580	945,345	-
Property, Plant and Equipment	202,206,026	25,495,091	227,701,117	-
Less accumulated depreciation	(71,629,917)	(15,408,825)	(87,038,742)	-
Total Property, Plant and Equipment, Net	130,576,109	10,086,266	140,662,375	-
Other Assets:				
Note receivable, net of current portion	294,730	-	294,730	-
Total Other Assets	294,730	-	294,730	-
Total Noncurrent Assets	131,043,604	10,858,846	141,902,450	-
Total Assets	143,621,561	27,291,467	170,913,028	3,904,227
<u>Deferred Outflows of Resources</u>				
Net difference between projected and actual earnings - pension	56,425	30,487	86,912	-
<u>Liabilities</u>				
Liabilities:				
Current Liabilities (payable from current assets):				
Accounts payable	\$738,863	1,935,308	2,674,171	755,428
Accrued expenses	362,984	135,927	498,911	-
Interest payable	185,819	-	185,819	-
Due to other funds	-	-	-	-
Current maturities of long-term debt	3,619,453	-	3,619,453	-
Total Current Liabilities (payable from current assets)	4,907,119	2,071,235	6,978,354	755,428
Current Liabilities (payable from restricted assets):				
Construction bonds	126,099	-	126,099	-
Customer deposits and project assistance	46,667	772,580	819,247	-
Total Current Liabilities (payable from restricted assets)	172,766	772,580	945,346	-
Total Current Liabilities	5,079,885	2,843,815	7,923,700	755,428
Noncurrent Liabilities:				
Long-term debt, net of current maturities	39,847,796	168,871	40,016,667	-
Total Liabilities	44,927,681	3,012,686	47,940,367	755,428
<u>Net Position</u>				
Net investment in capital assets	87,421,447	10,086,265	97,507,712	-
Unrestricted	11,328,858	14,223,003	25,551,861	3,148,799
Total Net Position	\$98,750,305	24,309,268	123,059,573	3,148,799
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	1,424,257	(221,935)	1,202,322	
Net position of business-type activities	\$100,174,562	24,087,333	124,261,895	

See accompanying notes to financial statements.

TOWN OF SMYRNA, TENNESSEE

Statement of Revenues, Expenses and
Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2015

	Business-type Activities Enterprise Funds		Total	Internal Service Fund
	Water and Sewer Fund	Natural Gas Fund		
Operating Revenues:				
Services	\$16,549,920	15,176,658	31,726,578	8,460,945
Other	6,400	51,126	57,526	-
Forfeited discounts	238,229	143,530	381,759	-
Total Operating Revenues	<u>16,794,549</u>	<u>15,371,314</u>	<u>32,165,863</u>	<u>8,460,945</u>
Operating Expenses:				
Gas / water purchases	19,658	10,622,379	10,642,037	-
Salaries	1,910,911	610,617	2,521,528	-
Benefits and payroll taxes	1,161,376	438,956	1,600,332	5,680,017
Property claims	-	-	-	1,156,593
Travel	1,811	796	2,607	-
Outside services	873,870	46,623	920,493	-
Telephone and utilities	1,747,966	44,707	1,792,673	-
Maintenance and repair	339,695	102,060	441,755	-
Operating supplies	1,179,586	112,823	1,292,409	-
Insurance	154,885	74,968	229,853	1,109,928
Professional services	16,489	15,260	31,749	-
Depreciation and amortization	5,448,736	712,106	6,160,842	-
Administrative support services	710,516	484,802	1,195,318	-
Other	42,076	104,005	146,081	-
Total Operating Expenses	<u>13,607,575</u>	<u>13,370,102</u>	<u>26,977,677</u>	<u>7,946,538</u>
Operating Income (loss)	<u>3,186,974</u>	<u>2,001,212</u>	<u>5,188,186</u>	<u>514,407</u>
Non-Operating Revenues (Expenses):				
Interest income	20,680	7,412	28,092	4,867
Gain (loss) on sale of capital assets	23,000	2,104	25,104	-
Interest expenses	(1,474,716)	-	(1,474,716)	-
Total Non-Operating Revenues (Expenses)	<u>(1,431,036)</u>	<u>9,516</u>	<u>(1,421,520)</u>	<u>4,867</u>
Net Income (loss) Before Contributions and Transfers	<u>1,755,938</u>	<u>2,010,728</u>	<u>3,766,666</u>	<u>519,274</u>
Contributions and Special items:				
Capital contributions - tap fees	2,039,678	91,023	2,130,701	-
Contributions from developers - non cash	1,398,630	-	1,398,630	-
Special item - lawsuit settlement	-	2,131,398	2,131,398	-
Transfers out - in lieu tax payments	<u>(575,949)</u>	<u>(133,514)</u>	<u>(709,463)</u>	<u>-</u>
Change in Net Position	<u>4,618,297</u>	<u>4,099,635</u>	<u>8,717,932</u>	<u>519,274</u>
Net Position, Beginning of Year, as previously reported	94,328,764	20,315,920	114,644,684	2,629,525
Restatement	<u>(196,756)</u>	<u>(106,287)</u>	<u>(303,043)</u>	<u>-</u>
Net Position, Beginning of Year, as restated	<u>94,132,008</u>	<u>20,209,633</u>	<u>114,341,641</u>	<u>2,629,525</u>
Net Position, End of Year	<u>\$98,750,305</u>	<u>24,309,268</u>	<u>123,059,573</u>	<u>3,148,799</u>
Change in Net Position shown above	4,618,297	4,099,635	8,717,932	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>103,307</u>	<u>99,367</u>	<u>202,674</u>	
Change in net position of business-type activities	<u>\$4,721,604</u>	<u>4,199,002</u>	<u>8,920,606</u>	

See accompanying notes to financial statements.

TOWN OF SMYRNA, TENNESSEE

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2015

	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	\$16,943,816	15,609,182	32,552,998	-
Cash paid to employees for services	(1,903,227)	(604,566)	(2,507,793)	-
Cash paid to suppliers for goods and services	(5,455,363)	(11,357,654)	(16,813,017)	-
Payments for interfund administrative support services	(710,516)	(484,802)	(1,195,318)	-
Cash received on interfund receivable	1,797	-	1,797	-
Cash paid on interfund payable	-	(4,498)	(4,498)	-
Cash received on customer deposits	3,095	-	3,095	-
Cash paid on customer deposits	-	(6,842)	(6,842)	-
Premiums and insurance reimbursements received	-	-	-	8,468,804
Claims, insurance and administrative expenses paid	-	-	-	(7,827,773)
Net Cash Provided (Used) by Operating Activities	8,879,602	3,150,820	12,030,422	641,031
Cash Flows from Capital and Related Financing Activities:				
Purchase of property, plant, and equipment	(1,426,378)	(637,991)	(2,064,369)	-
Cash received from capital contributions	2,039,678	91,023	2,130,701	-
Cash from sale of capital asset	23,000	2,104	25,104	-
Cash received on note receivable	36,756	-	36,756	-
Cash received (paid) on construction bonds	51,577	-	51,577	-
Interest paid on debt	(1,576,956)	-	(1,576,956)	-
Payments on long-term debt	(3,509,704)	-	(3,509,704)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,362,027)	(544,864)	(4,906,891)	-
Cash Flows from Non-Capital Financing Activities:				
Transfers	(575,949)	(133,514)	(709,463)	-
Special item				
Cash paid for legal expenses related to lawsuit settlement	-	(2,748,042)	(2,748,042)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(575,949)	(2,881,556)	(3,457,505)	-
Cash Flows from Investing Activities:				
Interest received on investments	20,680	7,412	28,092	4,867
Net Cash Provided (Used) by Investing Activities	20,680	7,412	28,092	4,867
Net Increase (Decrease) in Cash	3,962,306	(268,188)	3,694,118	645,898
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	6,076,744	10,814,783	16,891,527	3,173,331
Cash and Cash Equivalents and Restricted Cash, End of Year	\$10,039,050	10,546,595	20,585,645	3,819,229

Continued on next page

TOWN OF SMYRNA, TENNESSEE

Statement of Cash Flows

Proprietary Funds, Continued

For the Year Ended June 30, 2015

	Business-type Activities Enterprise Funds		Total	Internal Service Fund
	Water and Sewer Fund	Natural Gas Fund		
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations</u>				
Operating income (loss)	\$3,186,974	2,001,212	5,188,186	514,407
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	5,448,736	712,106	6,160,842	-
Change in deferred outflows of resources related to pension plan	(56,425)	(30,487)	(86,912)	-
Change in net pension liability (Increase) decrease in:	115,831	62,584	178,415	-
Accounts receivable	149,267	237,868	387,135	7,859
Inventory	(72,088)	(44,260)	(116,348)	(2,775)
Due from other funds	1,797	-	1,797	-
Increase (Decrease) in:				
Accounts payable	97,147	220,376	317,523	121,540
Accrued expenses	5,268	2,761	8,029	-
Due from other funds	-	(4,498)	(4,498)	-
Customer deposits	3,095	(6,842)	(3,747)	-
Net Cash Provided (used) for Operating Activities	<u>\$8,879,602</u>	<u>3,150,820</u>	<u>12,030,422</u>	<u>641,031</u>

Supplemental Schedule of Non-Cash Capital Financing Activities

Contributed water and sewer lines	\$1,398,630
Amortization of bond premiums	(88,502)

See accompanying notes to financial statements.

TOWN OF SMYRNA, TENNESSEE

Statement of Fiduciary Net Position

Pension Fund

June 30, 2015

Assets

Cash	\$235,061
Investments, at fair value:	
Certificates of deposit	186,257
Mutual funds	1,973,696
Municipal obligations	54,042
Corporate obligations	2,817,396
Interest receivable	31,066
	<hr/>
Total Assets	<u>\$5,297,518</u>

Liabilities

\$ -

Net Position

Held in Trust for Pension Benefits	<u>5,297,518</u>
Total Net Position Held in Trust for Pension Benefits	<u>\$5,297,518</u>

See accompanying notes to financial statements

TOWN OF SMYRNA, TENNESSEE
Statement of Changes in Fiduciary Net Position
Pension Fund
For the Year Ended June 30, 2015

<u>Additions</u>	
Contributions - employer	\$182,266
Investment earnings	
Interest, dividends and other investment income (loss)	210,417
Net increase (decrease) in fair value of investments	(134,147)
Net investment earnings (loss)	<u>76,270</u>
 Total additions	 <u>258,536</u>
<u>Deductions</u>	
Pension benefits	<u>366,522</u>
 Total deductions	 <u>366,522</u>
 Change in net position	 (107,986)
 Net position held in trust for pension benefits, beginning of year	 <u>5,405,504</u>
 Net position held in trust for pension benefits, end of year	 <u><u>\$5,297,518</u></u>

See accompanying notes to financial statements

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

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

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

Reporting Entity

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

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

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

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

Related Organizations

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period, except for property taxes which are collected within 60 days of year end. Sales taxes and other shared revenues through intermediary collecting governments are considered measurable and available if received within 30 days of year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

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

The Town reports the following major proprietary funds:

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

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

Additionally, the Town reports the following fund types:

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

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

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

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 of 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 10.

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.

Inventory and Prepaid Items

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

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 18.1 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 did not capitalize any construction period interest.

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

The estimated useful lives are as follows:

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

Other Assets

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

Claims Payable

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

Unearned Revenue

Unearned revenue consist of rent and event charges.

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.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Town of Smyrna Pension Plan

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.

Compensated Absences

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

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has two items which qualify for reporting in this category. Deferred charges on refunding are reported in the government-wide financial statement of net position on the governmental activities statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows are reported in the government-wide financial statements and fund financial statement in proprietary funds related to pensions and the difference in projected and actual investment returns which will be amortized over four years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The *unavailable revenue* reported in the governmental funds balance sheet represents amounts that are deferred and recognized as an inflow of resources in the periods that the amounts become available. The available revenue reported in the statement of net position consists primarily of assessed and unlevied property taxes and in lieu of taxes, as well as income taxes, and arises from imposed non-exchange revenues (property taxes and in lieu taxes) which are assessed prior to the end of the year but levied the subsequent year.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classification

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

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

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

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

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

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

By action of the Council, the Town has set a policy to maintain General Fund unassigned reserves equal to a minimum of 30% of General Fund operating revenue which equates to \$11,015,070. 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. Property taxes are secured by a statutory lien effective as of the original assessment date of January 1, and as such an enforceable legal claim to the subsequent fiscal year levy exists at year end. 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 \$.884 per \$100 of assessed valuation for both tax years 2015 and 2014. Payments may be made during the period from October 1 through February 28. Current tax collections of \$9,220,131 for the fiscal year ended June 30, 2015 were approximately 98.5 percent of the tax levy. Delinquent taxes past due for fourteen months are turned over to the county clerk for collection.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide financial statements report property taxes receivable of \$9,497,101 which is net of an allowance for doubtful collections of \$58,129. Of this receivable amount, \$320,647 represents prior year property taxes, \$9,234,583 represents the estimated net realizable 2015 property taxes, assessed but which will not be levied until the subsequent fiscal year, and which are included in deferred inflow of resources. The receivable reported in the governmental funds balance sheet is \$9,555,230 with an offsetting deferred inflow of resources for amounts not available at June 30, 2015. Other taxes receivable reported in the statements of \$3,167,351 is for beer and motel taxes of \$182,351 and \$2,985,000 for estimated net realizable 2015 in lieu of tax assessed but will not be levied until the subsequent fiscal year.

2) DEPOSITS AND INVESTMENTS

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, 2015 there were no amounts exposed to custodial credit risk.

Investments

At June 30, 2015, 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			
Investment Pool	\$ 68,616	N/A	N/A
Liquid investments			
(Cash equivalents)	<u>(68,616)</u>		
	<u>\$ -</u>		
Fiduciary Fund-Pension Fund:			
Corporate Obligations	\$ 2,817,396	992	BBB-AA+
Municipal Obligations	54,042	1,567	AA
Mutual Funds Equity	1,973,696	N/A	N/A
Certificate of Deposits	<u>186,257</u>	1,196	N/A
	<u>\$ 5,031,391</u>		

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

2) DEPOSITS AND INVESTMENTS

Investment Policy – Town of Smyrna Pension Plan:

The assets of the Plan are invested by a local bank under the terms of a trust agreement, which provides for the bank to have discretion of investments that are monitored and reviewed by the trustees of the plan. The following is a summary of the asset allocation as of June 30, 2015.

<u>Asset Allocation</u>	<u>Target Allocation</u>
Equity	37.3%
Fixed income	57.7%
Cash and receivables	<u>5.0%</u>
Total	<u>100.0%</u>

The long-term expected rate of return on pension plan investments is 7%.

Rate of Return:

For the year ended June 30, 2015, the annual money-weighted rate of return based on monthly cash flows on pension plan investments, net of pension plan investment expense, was 1.96%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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, 2015, the Town had two investments in an organization that represents 5 percent or more of total investments.

Goldman Sachs Group	\$	692,143
General Electric Cap Corp		287,086

3) CAPITAL ASSETS

Governmental Activities

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

	<u>Balance</u> <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclasses</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Capital assets not being depreciated:</u>					
Land	\$ 5,532,688	-	-	-	5,532,688
Construction in progress	3,279,698	1,152,006	-	(2,663)	4,429,041
<u>Capital assets being depreciated:</u>					
Buildings	\$ 24,981,963	-	-	-	24,981,963
Improvements other than buildings	16,006,727	472,634	-	-	16,479,361
Equipment	19,328,939	4,207,800	(179,493)	-	23,357,246
Infrastructure	108,785,788	<u>2,052,961</u>	-	<u>2,663</u>	<u>110,841,412</u>
Total	\$ <u>177,915,803</u>	<u>7,885,401</u>	<u>(179,493)</u>	<u>-----</u>	<u>185,621,711</u>

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

3) CAPITAL ASSETS

Governmental Activities , Continued

	Balance <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclasses</u>	Balance <u>June 30, 2015</u>
<u>Accumulated Depreciation</u>					
Buildings	\$ 13,217,399	504,532	-	-	13,721,931
Improvements	7,598,496	569,706	-	-	8,168,202
Equipment	14,457,670	1,311,049	(179,493)	-	15,589,226
Infrastructure	<u>44,071,267</u>	<u>3,275,772</u>	-	-	<u>47,347,039</u>
Total accumulated depreciation	<u>79,344,832</u>	<u>5,661,059</u>	<u>(179,493)</u>	-	<u>84,826,398</u>
Governmental activities capital assets-net	\$ <u>98,570,971</u>				<u>100,795,313</u>

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

General Government	\$ 476,098
Public Safety:	
Police	375,243
Fire	514,063
Highways and streets	3,429,885
Stormwater	66,127
Recreation	760,887
Community development	<u>38,756</u>
Total	\$ <u>5,661,059</u>

Current year donated infrastructure from developers was \$2,052,961.

Business-Type Activities:

Capital assets of the Enterprise Funds consisted of the following at June 30, 2015:

	Balance <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclasses</u>	Balance <u>June 30, 2015</u>	Water and <u>Sewer Fund</u>	<u>Gas Fund</u>	Component <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	172,294	193,265	-	-	365,559	305,837	59,722	-
<u>Capital assets being depreciated</u>								
Utility plant and buildings	212,300,649	2,501,000	-	-	214,801,649	193,225,179	21,576,470	3,855,320
Machinery and equipment	7,760,708	768,734	(27,437)	-	8,502,005	4,853,716	3,648,290	-
<u>Less accumulated depreciation</u>								
Utility plant and buildings	(73,278,566)	(6,049,298)	-	-	(79,327,864)	(67,334,995)	(11,992,897)	(1,360,083)
Machinery and equipment	<u>(7,626,770)</u>	<u>(111,544)</u>	<u>27,437</u>	-	<u>(7,710,877)</u>	<u>(4,294,922)</u>	<u>(3,415,928)</u>	-
Total	\$ <u>143,360,218</u>	<u>(2,697,843)</u>	-	-	<u>140,662,375</u>	<u>130,576,109</u>	<u>10,086,266</u>	<u>2,495,237</u>
Current year depreciation						\$ <u>5,448,736</u>	<u>712,106</u>	<u>128,511</u>

Current year donated infrastructure is \$1,398,630.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

4) RECEIVABLES

A summary of receivables at June 30, 2015, is as follows:

	General Fund	Capital Projects Fund	Water and Sewer Fund	Natural Gas Fund	Nonmajor Funds	Internal Service Fund	Total
Property taxes	\$ 9,555,230	-	-	-	-	-	9,555,230
Other taxes & in lieu taxes	3,167,351	-	-	-	-	-	3,167,351
Customer	296,584	-	2,643,697	576,274	221,892	73,508	3,811,955
Other governments	3,344,759	146,348	2,866	-	213,593	-	3,707,566
Settlement receivable	-	-	-	5,920,000	-	-	5,920,000
Less allowance	<u>(58,129)</u>	-	<u>(443,922)</u>	<u>(40,510)</u>	<u>(43,042)</u>	-	<u>(585,603)</u>
	\$ <u>16,305,795</u>	<u>146,348</u>	<u>2,202,641</u>	<u>6,455,764</u>	<u>392,443</u>	<u>73,508</u>	<u>25,576,499</u>

The Enterprise Fund includes a note receivable from the Airport Authority, a joint venture of the Town, in the amount of \$332,228, related to a construction project. The note is repayable in monthly installments of \$3,650 including interest at 2% through September 2023.

The Debt Service Fund (non major governmental fund) also includes a note from the Airport Authority for \$1,765,000 related to airport improvements. The note is repayable in semi-annual installments that mirror the 2014 general obligation bond issue. (See Note 7)

5) DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred inflows of resources on the governmental funds balance sheet consists of amounts that are unavailable to liquidate liabilities of the current period which include property taxes, in lieu of property taxes and state shared revenues. At June 30, 2015, the components of deferred outflows and inflows on the government wide statement of net position consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Deferred outflows of resources:</u>		
Deferred charge on refunding	\$ 246,609	-
Net difference in projected and actual earnings-pension	<u>144,519</u>	<u>86,912</u>
	<u>391,128</u>	<u>86,912</u>
 <u>Deferred inflows of resources:</u>		
Property taxes:		
2015 assessed and unlevied	\$ 9,234,583	-
2015 in lieu assessed and unlevied	2,985,000	-
Estimated 2015 Hall Income tax	<u>70,783</u>	-
	<u>\$12,290,366</u>	<u> -</u>

Deferred inflows of resources in the fund statements of \$14,013,696 consist of unlevied property taxes and in lieu taxes of \$12,219,583, delinquent property taxes of \$274,345 and unavailable state and county shared taxes of \$1,519,768.

6) RESTRICTED ASSETS

A summary of restricted assets at June 30, 2015, is as follows:

	<u>Enterprise Funds</u>		
	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
Cash	\$ <u>172,765</u>	<u>772,580</u>	<u>945,345</u>

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

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

7) 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, 2015:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Payable</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
General obligation bonds	\$16,707,537	9,065,000	6,803,267	18,969,270	2,132,010
Capital lease	21,392	-	21,392	-	-
Capital notes	1,025,859	-	411,093	614,766	411,093
Pension obligation	503,996*	492,703	196,011	800,668	-
Compensated absences	<u>1,964,536</u>	<u>1,793,400</u>	<u>1,720,044</u>	<u>2,037,892</u>	<u>1,800,000</u>
Total	20,223,320	<u>11,351,103</u>	<u>9,151,807</u>	22,422,596	<u>4,343,103</u>
Bond premium/ discounts	<u>30,443</u>	<u>227,034</u>	<u>18,239</u>	<u>239,238</u>	
	<u>\$20,253,763</u>			<u>22,661,834</u>	
Business-type Activities:					
Revenue and tax bonds	\$42,407,463	-	3,346,732	39,060,730	3,452,990
State revolving loan	3,375,330	-	162,972	3,212,359	166,463
Pension obligation	<u>303,043*</u>	<u>296,252</u>	<u>117,838</u>	<u>481,457</u>	-
	46,085,836	<u>296,252</u>	<u>3,627,542</u>	42,754,546	<u>3,619,453</u>
Bond premiums	<u>970,076</u>	-	<u>88,502</u>	881,574	
	<u>\$47,055,912</u>			<u>43,636,120</u>	

*As restated.

Bonds, notes and loans payable at June 30, 2015 are comprised of the following:

Governmental Activities

2006 General Obligation Bonds (\$9,500,000) due in annual installments through April 2017 at interest rates from 3.625% to 3.65%.	\$ 1,740,000
2008 General Obligation Bonds (\$5,346,967) due in annual installments through June 2024 at interest rates from 3% to 3.9%.	3,609,270
2009 General Obligation Bonds (\$3,050,000) due in annual installments through June 2024 at interest rates from 2% to 3.75%.	2,050,000
Capital Outlay note due in annual installments of \$207,420 at an interest rate of 1.83%.	207,420
Capital Outlay note due in annual installments of \$203,693 at an interest rate of 1.33%.	407,346
2014 General Obligation Refunding Bonds (\$3,000,000) due in annual installments through August 2020 at 1.5% interest.	2,530,000

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

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

Governmental Activities, continued

2014 General Obligation Refunding Bonds (\$5,280,000) due in annual installments through April 2022 at 1.69% interest.	5,255,000
2014A General Obligation Bonds (\$2,020,000) due in annual installments through June 2024 at 3% to 4% interest.	2,020,000
2014B General Obligation Bonds (\$1,765,000) due in annual installments through April 2034 at 1.1% to 4.125% interest.	<u>1,765,000</u>
Total Governmental Activities	\$ <u>19,584,036</u>

Business-type Activities/Revenue and Tax Bonds:

2008 General Obligation Bonds (\$4,638,032) due in annual installments through April 2024 at interest rates from 3.25% to 4.5%.	\$ 3,130,730
2009 Revenue and Tax Refunding Bonds (\$8,205,000) due in annual installments through June 2024 at interest rates from 3% to 3.9%.	5,430,000
2009 Water and Sewer Revenue and Tax Bonds (\$17,970,000) due in annual installments through June 2024 at interest rates from 2% to 4%.	15,220,000
2009 State Revolving Loan Program (\$5,790,000 with \$2,300,000 forgiven) due in 240 installments at an interest rate of 2.14%.	2,910,259
2010 State Revolving Loan Program (\$600,000 with \$120,000 forgiven) due in 240 installments at an interest rate of 1.94%.	302,100
2011 Water and Sewer Revenue and Tax Bonds (\$18,000,000) due in annual installments through June 2026 at interest rates from 2% to 4%.	14,150,000
2015 Water and Sewer Revenue and Tax Refunding Bonds (\$1,500,000) due in annual installments through May 2018 at 1.1% interest.	<u>1,130,000</u>
Total Business-type Activities	\$ <u>42,273,089</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>3,545,000</u>
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TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

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

The annual requirements to amortize all bonds and notes outstanding as of June 30, 2015, including interest payments are as follows:

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Governmental Interest</u>	<u>Water and Sewer Interest</u>	<u>Total Interest</u>	<u>Primary Government Total</u>	<u>Component Unit</u>
2016	\$ 2,543,103	3,619,453	545,108	1,497,818	2,042,926	8,205,482	281,765
2017	2,496,748	3,746,947	477,426	1,372,982	1,850,408	8,094,103	277,055
2018	2,348,785	3,864,881	408,494	1,259,036	1,667,530	7,881,196	277,093
2019	2,399,850	3,947,541	355,686	1,148,836	1,504,522	7,851,913	276,832
2020	2,471,270	4,114,920	300,928	999,981	1,300,909	7,887,099	281,160
2021-2025	6,319,280	20,001,599	687,252	2,571,265	3,258,517	29,579,396	1,384,169
2026-2030	515,000	2,673,917	161,020	155,017	316,037	3,504,954	1,466,139
2031-2034	<u>490,000</u>	<u>303,831</u>	<u>51,418</u>	<u>4,634</u>	<u>56,052</u>	<u>849,883</u>	<u>1,165,003</u>
Totals	<u>\$19,584,036</u>	<u>42,273,089</u>	<u>2,987,332</u>	<u>9,009,569</u>	<u>11,996,901</u>	<u>73,854,026</u>	<u>5,409,216</u>

Advance Refundings

During 2015, the Town issued general obligation refunding bonds, series 2014 (new debt) in the principal amount of \$5,280,000. Proceeds of the issue were deposited to an irrevocable escrow account with a third party trustee to effect an in substance defeasance of \$4,975,000 in existing series 2006 general obligation bonds (old debt). The refunding reduced debt service by \$280,068 and a net present value benefit of \$264,459. Both the old and new debt are scheduled to mature in 2022. The advance refunding resulted in a defeasance loss of \$272,568 that is being amortized over the life of the old debt.

The Town's refunding issues that have underlying refunded debt outstanding at June 30, 2015, consisted of the following:

<u>Defeased Debt</u>	
<u>Description of Issues Refunded</u>	<u>Balance 6/30/2015</u>
General Obligation Bonds 2006	\$ 4,975,000

Other

The 2014B general obligation bonds were issued as part of a joint project with Rutherford County. The proceeds of the bonds were loaned to the Rutherford County Airport Authority, a joint venture of the Town and Rutherford County, to make improvements to the local airport. The repayment terms by the Airport Authority mirror the payment terms on the Town bonds. The receivable for the Airport Authority note is accounted for in the Debt Service Fund, a nonmajor governmental fund.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

8) PENSION PLAN AND DEFERRED COMPENSATION PLAN

Plan Description and Benefits

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. 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.

Plan Eligibility

Each full-time employee hired on or before July 1, 1999 is eligible to become a participant in the plan on the July 1 following the date he completes one year of service. All full-time employees as of July 1, 1999 who elected to participate in the Town of Smyrna Retirement Savings Plan will not receive additional benefits under this plan.

Employees hired after July 1, 1999 are not eligible to participate in this plan.

Plan Benefit and Vesting Service

Service credited for vesting and benefit purposes means the number of plan years since his date of employment in which the participant has earned 1,000 hours of service, subject to certain break in service rules.

Compensation

For plan purposes, compensation means the total cash compensation, including overtime, bonuses, commissions, paid to a participant by the employer during the plan year.

Normal Retirement

The normal retirement date of a participant is the first day of the calendar month coincident with or next following the earlier of (1) the date of the participant's 65th birthday and the fifth anniversary of the participant's date of participation, and (2) the later of the participant's 55th birthday and 30 years of service.

The participant's normal retirement benefit, 1/12th of which is payable for 120 months guaranteed and for life thereafter is computed by multiplying 1.5% of annual earnings by the years of benefit service at normal retirement.

Earnings used for the benefit calculation are the greater of a) the compensation for the full plan year preceding retirement, b) the compensation for the plan year of retirement, or c) the average of compensation for the two consecutive plan years which produce the highest average.

Early Retirement

A participant may retire early on the first day of the month coincident with or next following attainment of age 55 and completion of 15 years of service.

The deferred benefit, commencing at the normal retirement date, is computed in the same manner as for normal retirement above, based on the participant's annual compensation and years of benefit service at termination.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

8) PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

Early Retirement (Continued)

Upon request to the retirement committee, the participant's benefit may commence at any time after termination of employment. If the benefit is to commence before the normal retirement date, the deferred benefit is actuarially reduced for each year that commencement of benefit payments precedes the normal retirement date.

Death Before Retirement

In the event of the death of a participant, a survivorship benefit shall be payable to the participant's spouse, or, if there is no spouse, to the designated beneficiary.

The automatic form of survivorship benefit shall be an immediate 100% qualified joint and survivor annuity payable to the spouse, which is payable on the first day of the calendar month following the participant's death and for life thereafter. The monthly benefit shall be determined assuming that the deceased participant had retired and elected immediate payment of his benefits in the form of a 100% qualified joint survivor benefit immediately prior to his death. If the participant and his spouse elect, benefits may be paid in another form or to another designated beneficiary. If there is no spouse, benefits shall be paid in lump sum to the designated beneficiary.

Termination of Employment After 5 Years of Vesting Service

If a participant terminates his employment after completion of five years of vesting service, he is entitled to a deferred vested retirement benefit commencing on his normal retirement date.

Other Termination of Employment

Subject to the applicable plan conditions, a participant may select an actuarially equivalent optional method of benefit payment, in lieu of the prescribed ten year certain and life income. The purpose of the optional method is to permit the guarantee of a continued life income to a surviving beneficiary after the death of a participant (for example, 50% of the participant's actuarially reduced retirement income from the plan). However, if no option is elected and the participant is married at the date his benefit commences, the monthly benefit will automatically be paid in the form of a 50% joint and survivor annuity.

Contributions

The policy as set by the Town of Smyrna Pension Trustees is to contribute actuarially determined amounts to finance the plan benefits; participating employees do not contribute towards the cost of the plan. Administration costs are paid by the Town. There were no amounts payable by the Town to the plan at year end.

Summary of Participants

1. Inactive Plan Participants:	
a) Retirees and beneficiaries currently receiving benefits	26
b) Terminated employees entitled to deferred benefits	<u>15</u>
c) Total	<u>41</u>
2. Active Plan Participants:	
a) Vested (Fully and partially)	14
b) Nonvested	<u>0</u>
c) Total	<u>14</u>

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

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

Net Pension Liability (Asset)

The Town's net pension liability (asset) was measured as of June 30, 2015 and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial valuation	Entry age normal
Inflation	2.50 percent
Salary increases	4 percent annual increase to age 85
Rate of retirement	Participants are assumed to retire 100% at age 65
Cost-of-living adjustment	None
Mortality rate	1980 Group Annuity Mortality Table
Asset valuation method	Market value
Amortization method	Level dollar amortization of unfunded liabilities. Investment gains or losses are amortized over 5 years. Experience gains or losses are amortized over the average working lifetime of all participants which for the current year period is one year. Plan amendments are recognized immediately. Changes in actuarial assumptions are amortized over the average working lifetime of all participants. For determining the actuarially determined contribution: Amortization or unfunded supplemental liability over 25 years as of July 1, 2014.

Rate of Return

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	9.3%
International equity	9.8%
Corporate bond	4.3%
Government bonds (FHLB)	4.3%
CD's	3.5%
Money Market	3.5%

The long-term expected rate of return on pension plan investments was established by the Town as 7% per annum, compounded annually.

Discount rate – 7.00% per annum, compounded annually.

Paragraph 43 of the Statement No. 67 provides for an alternative method to be used other than the projection of the pension plan's fiduciary net position based on projected contributions, benefit payments and investment earnings. The Town of Smyrna's funding policy is to contribute the amounts calculated under the actuarial cost method used to calculate the annual required contribution. Effective July 1, 1999, the cost method is the

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

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

Rate of Return, Continued

Projected Unit Credit method with a 25 year level dollar amortization of the unfunded liability. Prior to July 1, 1999, the Town of Smyrna's contribution policy was to amortize the unfunded AAL over 25 years (level dollar basis). The liability as a percent of actuarial assets values as of July 1, 2014 was 92.09%. Based on Actuarial theory if the actuarial assumptions are met, the plan's fiduciary net position will remain positive.

Changes in assumptions from prior actuarial valuation was the assumed salary scale changed from 4.5% to 4% annual increase and the valuation method was changed from projected unit credit to entry age normal method as required by Statement 67.

Determination of Net Pension Liability

The components of the net pension liability at June 30, 2015 were as follows:

Total Pension Liability (7.00%)	\$ 6,579,643
Plan Fiduciary Net Position	<u>(5,297,518)</u>
Net Pension Liability	<u>\$ 1,282,125</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	80.51%

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following represents the net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 1,905,799	\$1,282,125	\$771,598

Schedule of Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/14	\$ <u>6,212,543*</u>	<u>5,405,504</u>	<u>807,039</u>
Changes for the Year:			
Service cost	\$ 86,040*	-	86,040
Interest	428,073	-	428,073
Benefit changes	-	-	-
Difference between expected and actual experience	274,843	-	274,843
Changes of assumption	(55,334)	-	(55,334)
Contributions- Town	-	182,266	(182,266)
Contributions- members	-	-	-
Net investment of income	-	76,270	(76,270)
Refunds of contributions	-	-	-
Benefits paid	(366,522)	(366,522)	-
Administrative expenses	-	-	-
Other changes	-	-	-
Net changes	<u>367,100</u>	<u>(107,986)</u>	<u>475,086</u>
Balances at 6/30/15	\$ <u>6,579,643</u>	<u>5,297,518</u>	<u>1,282,125</u>

*The total pension liability and service cost at June 30, 2014 were determined based on the Projected Credit Unit Method.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

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

Pension Expense and Deferred Outflows/Inflows of Resources

	Fiscal Year Ending June 30, <u>2015</u>
Service cost	\$ 86,040
Interest	428,073
Benefit changes	-
Contributions- members	-
Expected investment return	(365,557)
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	274,843
Recognition of investment gains or losses	57,857
Recognition of assumption changes	(55,334)
Plan administrative expenses	-
Pension Expense	<u>\$ 425,922</u>

For the year ended June 30, 2015, the recognized pension expense is \$425,922. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	-	-
Net difference between expected and actual earnings	\$ 231,431	-
Changes of assumptions	-	-
Contributions made subsequent to measurement date	-	-
	<u>\$ 231,431</u>	<u>-</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2016	\$57,857
2017	57,857
2018	57,857
2019	57,860
2020	-
Thereafter	-

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

June 30, 2015

8) 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 1,000 hours. The Town has no fiduciary responsibility. The Plan was established to hold assets transferred by participants who elected out of the Town of Smyrna Pension Plan and basic and matching contributions made by the Town. The Town contributes 3% of eligible employee pay for a basic contribution and match 50% of the employee 457 Plan contributions up to 6% of employee pay. Vesting of amount in the plan occurs at 20% per year until fully vested after five years. Any forfeited benefits by employees are used to reduce future contributions by the Town. During the fiscal year the Town contributed \$854,188 and the employees contributed \$860,150. 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.

9) 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 has been in litigation with the supplier of natural gas regarding the amount the Town has been billed for gas over several years. The Town settled the lawsuit and was awarded \$5.92 million. The Town incurred \$3,788,602 in legal fees this year in relation to this litigation. These amounts are included as special items in the Gas Fund and Business-type Activities 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 2015, the Town paid \$144,493 in rent to the Airport Authority. The Town also leases a park from the Smyrna/Rutherford County Airport Authority under an agreement expiring May 2, 2020 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 2015, the Town paid \$12,718 in rent to the Airport Authority.

The Town has entered into two operating leases for golf course equipment, with monthly payments of \$2,378 and \$2,362 through September 2015 and August 2015 respectively. The equipment can be purchased at fair market value at end of lease. Total lease expense for 2015 was \$55,902.

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 2015, the Town paid \$25,443.

Gas Service Contract

The Town has a contract with a local industry to provide natural gas service on a firm basis. The contract provides that the Town will guarantee natural gas service to the industry up to 160,000 mcf per month on a "best efforts" basis and deliver the gas at a minimum pressure of 25 pounds per square inch. The industry will be billed all costs incurred plus a mark-up of \$0.31 per mcf. The industry can hedge a portion of their required supply. The Town has entered into an agreement with EDF North America for a financial hedge, with the industry's approval, to allow this practice to continue. The industry will be responsible for all associated costs with the hedge.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

9) COMMITMENTS AND CONTINGENCIES, (Continued)

Contracts

At June 30, 2015, the Town has entered into three construction contracts totaling approximately \$2,000,000. These contracts were approximately 45% complete at year end.

Contingencies

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

The Town is in negotiations with the Federal Emergency Management Agency relating to grant reimbursements for flood damage in 2010. Any disallowed claims, including amounts already collected, could become a liability to the applicable fund.

10) JOINT VENTURES WITH RUTHERFORD COUNTY

In 1991, the Metropolitan Nashville Airport Authority transferred the assets of the airport to the Smyrna/Rutherford County Airport Authority. The Smyrna/Rutherford County Airport Authority is operated through a joint operations agreement between Rutherford County and the Town of Smyrna. The agreement provides that the county and Town will share in any funding shortfalls 60% and 40% respectively. At June 30, 2015, the Authority had net position of \$31,305,157. Net operating losses for the 2015 and 2014 fiscal years were \$457,906 and \$286,468 respectively. During the year, the Town of Smyrna paid a total of \$157,211 in rent for use of Authority property for recreational purposes. Separate financial statements for this joint venture are available at Town of Smyrna Town Hall from the Town Manager. The Town does not have an explicit claim to net resources. In the past five years of operation, it has not been necessary for the Town to provide supplemental funding. The Town originally loaned the Authority \$497,784 in 1999 and increased the loan amount by \$285,879 in fiscal year 2007. This loan is being repaid in monthly installments of \$3,650 for approximately sixteen years. Interest accrues at 2% and the balance is \$332,228. During 2015, the Town also loaned the Airport Authority \$1,765,000 for improvements. The loan is being repaid under the same terms as the Town’s bond issue and the balance is \$1,765,000.

11) INTERFUND TRANSACTIONS

Interfund receivables and payables are attributable to obligations between funds. The actual cash transfer had not been made at June 30, 2015. The composition of interfund balances at June 30, 2015 were as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
Capital Projects Fund	\$21,120	General Fund	\$21,120
Capital Projects Impact Fee Fund	50	Capital Projects Fund	<u>14,624</u>
Debt Service Fund	<u>14,574</u>		<u>\$35,744</u>
	<u>\$35,744</u>		

The interfund amounts are a result of temporary interfund financing at year end. Subsequent to year end, the Town liquidated the interfund amounts.

Internal balances in the Government-wide financial statements also include \$1,202,322 related to the consolidation of the internal service fund.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

11) INTERFUND TRANSACTIONS, (Continued)

Interfund transfers for the year ended June 30, 2015 are attributable to the budgeted allocation of resources from one fund to another and consist of the following:

	<u>Transfer In:</u>			
	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Nonmajor Governmental</u>	<u>Totals</u>
Transfer Out:				
Capital Projects Fund	\$ -	-	1,765,000	1,765,000
Gas Fund	133,514	-	-	133,514
Water and Sewer Fund	575,949	-	-	575,949
General Fund	-	2,938,116	2,800,939	5,739,055
Nonmajor Governmental Funds	<u>73,039</u>	<u>-</u>	<u>784,218</u>	<u>857,257</u>
Totals	\$ <u>782,502</u>	<u>2,938,116</u>	<u>5,350,157</u>	<u>9,070,775</u>

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

12) RELATED PARTY TRANSACTIONS

The Town has extended loans to the Airport Authority, which is a related organization, but does not meet the criteria for component units. During the year, repayments were made on the loans in the amount of \$60,480, including interest.

13) MAJOR CUSTOMER

The Town supplies water, sewer and natural gas services to a large manufacturing company. During the fiscal year ended June 30, 2015, services to this company accounted for the following percentages of total revenues of the stormwater, water, sewer and natural gas fund customer revenues.

Gas Fund	42.4%
Water and Sewer Fund	12.9%
Stormwater Fund	7.0%

14) 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 estimates of the amounts needed to pay prior and current-year claims and to establish an amount for catastrophic losses.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

14) RISK MANAGEMENT, (Continued)

Worker's Compensation Insurance Plan

The Town is self insured for its worker's compensation claims up to a limit of \$500,000 per claim. The Town obtained commercial insurance for claims beyond the noted limit.

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 is self-insured to a maximum of \$250,000 per claim for workers' compensation. The Town obtained commercial insurance for claims beyond the above noted amounts.

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>
2012-2013	\$ 429,685	5,709,371	(5,684,925)	454,131
2013-2014	454,131	6,253,435	(6,073,678)	633,888*
2014-2015	633,888	6,836,610	(6,715,070)	755,428*

*The balance includes amounts for medical, workers' comp, property and liability claims.

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.

15) FUND DEFICIT

A component unit, Industrial Development Fund, ended the fiscal year with a net position deficit of \$992,247. The Industrial Development Board has a lease agreement with the Smyrna Housing Authority, a related organization, that requires annual rental payments in the amount of the required debt service payments. These future required rents are structured and expected to fund the deficit by reducing the debt annually and improving the net position. The amounts are as follows:

2016	\$ 281,765
2017	277,055
2018	277,093
2019	276,832
2020	281,160
thereafter	<u>4,015,311</u>
	\$ <u>5,409,216</u>

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

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 following budgets were amended:

	<u>Expenditures</u>	<u>Transfers Out</u>
General Fund	\$ 22,604	1,293,500
Capital Projects Fund	395,530	

The Capital Projects Funds increased appropriations were primarily related to general government projects and the transfer increases related to transfers to the Capital Projects Fund to fund these projects.

17) GASB STATEMENTS ISSUED AND RESTATEMENT

Certain Town employees participate in the Smyrna Pension Plan, refer to Note 8 for further details. Effective July 1, 2014, the Town adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement 68 *Accounting and Financial Reporting for Pensions- an Amendment of GASB Statement No. 27*. As a result of the adoption of GASB 68, a cumulative adjustment was made to government-wide net position at July 1, 2014 in the amount of (\$807,039). The cumulative adjustment represents the net pension liability of governmental activities of (\$503,996) and business-type activities of (\$303,043). Proprietary Fund net position was also reduced by \$303,043 (\$196,756 Water and Sewer Fund and \$106,287 Gas Fund) The effect of the change on operations in 2014-15 was an increase of \$243,658 for government-wide activities (\$152,153 governmental and \$91,505 business type). The effect on the Water and Sewer fund was \$59,406 and the effect on the Gas Fund was \$32,099. Information was not available to determine the effect on operations of the previous year.

TOWN OF SMYRNA, TENNESSEE

Notes to Financial Statements

June 30, 2015

18) **SUBSEQUENT EVENTS**

Subsequent to year end, the Town was notified that the waste water treatment plant upgrade and expansion project is within the funding zone for next fiscal year priority ranking list. The funding would be \$1,500,000 state revolving loan which would be eligible for 15% principal forgiveness. The remaining \$26,000,000 in project costs are eligible for regular state revolving loan funds, if available. Terms would be 1.4% to 1.6% interest over 20 to 30 years.

Also subsequent to year end, the Town passed a resolution authorizing Smyrna's Housing Authority to seek alternative financing to pay off the bonds in the Industrial Development Fund, a component unit of the Town, and purchase the property securing the bonds. The property is operated under the terms of a facilities lease agreement.

19) **SPECIAL ITEM**

The Town has been in litigation with the supplier of natural gas regarding the amount the Town has been billed over several years. The Town settled the lawsuit for \$5.92 million. The Town incurred \$3,788,602 expenses this year relative to the litigation. These amounts are included as special items in the business-type activities and the Gas Fund financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF SMYRNA, TENNESSEE

**Schedule of Changes in Town of Smyrna's Net Pension Liability
(Asset) and Related Ratios Based on Participation in the
Town of Smyrna Pension Plan
Fiscal Year Ending June 30,**

	2015
Total pension liability	
Service cost	\$ 86,040
Interest	428,073
Changes in benefit terms	-
Differences between actual & expected experience	274,843
Change of assumptions	(55,334)
Benefit payments, including refunds of employee contributions	(366,522)
Net change in total pension liability	367,100
Total pension liability- beginning	6,212,543
Total pension liability- ending (a)	\$ 6,579,643
 Plan fiduciary net position	
Contributions - employer	\$ 182,266
Contributions - employee	-
Net investment income	76,270
Benefit payments, including refunds of employee contributions	(366,522)
Administrative expense	-
Net change in plan fiduciary net position	(107,986)
Plan fiduciary net position- beginning	5,405,504
Plan fiduciary net position- ending (b)	\$ 5,297,518
 Net Pension Liability (asset) ending (a) - (b)	\$ 1,282,125
 Plan fiduciary net position as a percentage of total pension liability	80.50%
 Covered employee payroll	\$ 922,561
 Net pension liability (asset) as a percentage of covered employee payroll	139.0%

Notes to schedule

At June 30, 2015 the Salary scale increase was changed from 4.5% to 4%.

At June 30, 2015, the cost method changed from Projected Unit Credit to Entry Age Normal.

This is a 10 year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

TOWN OF SMYRNA, TENNESSEE

**Schedule of Contributions
Based on Participation in the
Town of Smyrna Pension Plan
Fiscal Year ending June 30,**

	<u>2015</u>
Actuarially determined contribution	\$ 182,266
Contributions in relation to actuarilly determined contribution	<u>182,266</u>
Contribution deficiency (excess)	<u><u>-</u></u>
Covered-employee payroll	\$ 922,561
Contributions as a percentage covered-employee payroll	19.8%

This is a 10 year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**TOWN OF SMYRNA, TENNESSEE
Schedule of Investment Returns in the
Town of Smyrna Pension Plan
Last Fiscal Year ending June 30,**

	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	1.96%

This is a 10 year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**TOWN OF SMYRNA, TENNESSEE
NOTES TO SCHEDULE RELATING TO
THE ACTUARIALLY DETERMINED CONTRIBUTION
FOR THE YEAR ENDED JUNE 30, 2015**

Valuation date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2014 actuarial valuation.

Methods and assumptions used to determine the contribution rates:

Actuarial cost method	Entry Age normal
Amortization method	Level dollar, closed (open 25 years)
Remaining amortization period	25 years
Asset valuation	5-year smoothed method where the difference between the expected return and actual return is recognized over 5 years
Inflation	2.5 percent
Salary increases	4% annual increase to age 85
Investment Rate of Return	7 percent, net of investment expense, including inflation
Retirement age	Participants assumed to retire 100% at age 65
Rate of retirement	100% at age 65
Mortality	1980 Group Annuity Mortality tables
Cost of living	None
Withdrawal rates:	See table below per 1,000 employees

Estimated Experience in Years (Select and Ultimate Years)

<u>Age</u>	<u>1</u>	<u>5</u>	<u>10</u>	<u>15</u>
20	171.0	52.8	52.8	52.8
25	171.2	43.2	43.2	43.2
30	169.2	35.6	35.6	35.6
35	164.7	29.9	29.9	29.9
40	158.5	25.7	25.7	25.7
45	149.8	22.2	22.2	22.2
50	138.5	19.2	19.2	19.2
55	125.3	17.3	17.3	17.3
60	109.7	15.7	15.7	15.7
65	0.0	0.0	0.0	0.0

**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, 2015

	Special Revenue			Capital	Debt	Total
	Drug	State	Stormwater	Projects		
<u>Assets:</u>	Fund	Street	Fund	Impact	Service	Nonmajor
		Aid Fund		Fee	Fund	Governmental
				Fund		Funds
Cash in bank	\$142,695	180,925	2,887,171	5,436,896	-	8,647,687
Due from other funds	-	-	-	50	14,574	14,624
Due from other governments	-	193,398	-	20,195	-	213,593
Receivables	-	-	178,850	-	-	178,850
Note receivable	-	-	-	-	1,765,000	1,765,000
Total Assets	\$142,695	374,323	3,066,021	5,457,141	1,779,574	10,819,754
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>						
Liabilities:						
Accounts payable	\$3,784	32,594	36,656	48,397	-	121,431
Accrued liabilities	-	-	15,081	-	-	15,081
Total Liabilities	3,784	32,594	51,737	48,397	-	136,512
<u>Deferred Inflows of Resources:</u>						
Unavailable revenues	-	99,630	-	-	-	99,630
Fund balance:						
Restricted for law enforcement	138,911	-	-	-	-	138,911
Restricted for highways and streets	-	242,099	-	-	-	242,099
Restricted for stormwater	-	-	3,014,284	-	-	3,014,284
Restricted for debt service	-	-	-	-	1,779,574	1,779,574
Restricted for capital projects	-	-	-	5,408,744	-	5,408,744
Total Fund Balance	138,911	242,099	3,014,284	5,408,744	1,779,574	10,583,612
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$142,695	374,323	3,066,021	5,457,141	1,779,574	10,819,754

TOWN OF SMYRNA, TENNESSEE

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2015

	Special Revenue			Capital Projects	Debt Service Fund	Total Nonmajor Governmental Funds
	Drug Fund	State Street Aid Fund	Stormwater Fund	Impact Fee Fund		
Revenues:						
Intergovernmental:						
Grants	\$ -	-	-	20,245	-	20,245
Gasoline tax inspection fees	-	1,048,250	-	-	-	1,048,250
Total Intergovernmental	-	1,048,250	-	20,245	-	1,068,495
Licenses and permits	-	-	-	763,184	-	763,184
Fines, forfeitures and seizures	135,960	-	-	-	-	135,960
Uses of Money and Property:						
Interest	-	318	-	7,996	31,254	39,568
Stormwater fees, rental, and sales	-	-	1,505,420	-	-	1,505,420
Total Uses of Money and Property	-	318	1,505,420	7,996	31,254	1,544,988
Total Revenues	135,960	1,048,568	1,505,420	791,425	31,254	3,512,627
Expenditures:						
General government	-	-	-	-	32,432	32,432
Drug enforcement	64,636	-	-	-	-	64,636
Stormwater	-	-	875,513	-	-	875,513
Highways and streets	-	958,444	-	-	-	958,444
Total Current	64,636	958,444	875,513	-	32,432	1,931,025
Debt service	-	-	-	-	2,817,619	2,817,619
Capital outlay	15,670	-	-	-	-	15,670
Total Expenditures	80,306	958,444	875,513	-	2,850,051	4,764,314
Excess (deficiency) of revenues over expenditures	55,654	90,124	629,907	791,425	(2,818,797)	(1,251,687)
Other Financing Sources (Uses):						
Issuance of refunding debt	-	-	-	-	5,280,000	5,280,000
Refunding debt payment to escrow agent	-	-	-	-	(5,247,568)	(5,247,568)
Transfer from General Fund	-	-	-	-	2,800,939	2,800,939
Transfer from Capital Projects Fund	-	-	-	-	1,765,000	1,765,000
Transfer to General Fund	-	-	(73,039)	-	-	(73,039)
Transfer to Capital Projects Fund	-	(15,364)	(293,087)	(475,767)	-	(784,218)
Total Other Financing Sources (Uses)	-	(15,364)	(366,126)	(475,767)	4,598,371	3,741,114
Net change in fund balance	55,654	74,760	263,781	315,658	1,779,574	2,489,427
Fund balance, beginning of year	83,257	167,339	2,750,503	5,093,086	-	8,094,185
Fund balance, end of year	\$138,911	242,099	3,014,284	5,408,744	1,779,574	10,583,612

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Fines, forfeitures and seizures	\$101,969	101,969	135,960	33,991
Total Revenue	101,969	101,969	135,960	33,991
Expenditures:				
Current:				
Miscellaneous:				
Drug enforcement				
Investigations	60,000	60,000	22,000	38,000
Training	2,500	2,500	2,125	375
Travel	10,000	10,000	9,530	470
Confiscation, storage & operations	11,925	11,925	14,961	(3,036)
Drug K-9 expense	10,000	10,000	9,840	160
Supplies and repairs	3,500	3,500	6,180	(2,680)
Total Current	97,925	97,925	64,636	33,289
Capital outlay		4,000	15,670	(11,670)
Total Expenditures	97,925	101,925	80,306	21,619
Excess (deficiency) of revenues over expenditures	4,044	44	55,654	55,610
Net change in fund balance	4,044	44	55,654	55,610
Fund balance, beginning of year	83,257	83,257	83,257	-
Fund balance, end of year	\$87,301	83,301	138,911	55,610

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental:				
State gasoline and motor fuel tax	\$1,050,000	1,050,000	1,048,250 *	(1,750)
Uses of Money and Property:				
Interest	-	-	318	318
Total Revenues	1,050,000	1,050,000	1,048,568	(1,432)
Expenditures:				
Current:				
Street maintenance - repairs	532,000	532,000	527,152	4,848
Lighting	405,000	405,000	393,058	11,942
Signals	37,500	37,500	38,234	(734)
Total Current	974,500	974,500	958,444	16,056
Total Expenditures	974,500	974,500	958,444	16,056
Excess (deficiency) of revenues over expenditures	75,500	75,500	90,124	14,624
Other Financing Sources (Uses):				
Transfers out	(28,250)	(30,000)	(15,364)	14,636
Net change in fund balance	47,250	45,500	74,760	29,260
Fund balance, beginning of year	167,339	167,339	167,339	-
Fund balance, end of year	\$214,589	212,839	242,099	29,260
			Gas 1989 Tax	\$115,337
			Gas 3 Cent Tax	\$214,067
			Gasoline-Motor Fuel City Tax	718,846
			\$1,048,250 *	

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, 2015

	Budgeted Amounts		Actual	Variance with
Revenues:	Original	Final	Amounts	Final Budget Positive (Negative)
Intergovernmental:				
Grants	\$ -	-	20,245	20,245
Licenses and permits	656,400	656,400	763,184	106,784
Uses of Money and Property:				
Interest	7,000	7,000	7,996	996
Total Revenue	663,400	663,400	791,425	128,025
Expenditures:	-	-	-	-
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	663,400	663,400	791,425	128,025
Other Financing Sources (Uses):				
Transfers to Capital Project Fund	(3,025,000)	(3,025,000)	(475,767)	2,549,233
Total Other Financing Sources (Uses)	(3,025,000)	(3,025,000)	(475,767)	2,549,233
Net change in fund balance	(2,361,600)	(2,361,600)	315,658	2,677,258
Fund balance, beginning of year	5,093,086	5,093,086	5,093,086	-
Fund balance, end of year	\$2,731,486	2,731,486	5,408,744	2,677,258

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, 2015

	Budgeted Amounts		Actual	Variance with
Revenues:	Original	Final	Amounts	Final Budget Positive (Negative)
Uses of Money and Property:				
Fees	\$1,462,000	1,462,000	1,505,420	43,420
Total Revenue	1,462,000	1,462,000	1,505,420	43,420
Expenditures:				
Stormwater:				
Salaries	436,400	436,400	422,784	13,616
Benefits and payroll taxes	287,675	287,675	240,275	47,400
Memberships and registrations	5,200	5,200	4,856	344
Telephone	2,000	2,000	901	1,099
Supplies	11,250	11,250	19,872	(8,622)
Contract services	88,825	88,825	84,901	3,924
Professional services	99,250	99,250	94,376	4,874
Other	20,767	20,767	7,548	13,219
Total Expenditures	951,367	951,367	875,513	75,854
Excess (deficiency) of revenues over expenditures	510,633	510,633	629,907	119,274
Other Financing Sources (Uses):				
Transfers to General Fund	(73,039)	(73,039)	(73,039)	-
Transfers to Capital Project Fund	(617,253)	(617,253)	(293,087)	324,166
Total Other Financing Sources (Uses)	(690,292)	(690,292)	(366,126)	324,166
Net change in fund balance	(179,659)	(179,659)	263,781	443,440
Fund balance, beginning of year	2,750,503	2,750,503	2,750,503	-
Fund balance, end of year	\$2,570,844	2,570,844	3,014,284	443,440

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental :				
Grants - state and federal	\$1,450,000	1,575,000	58,746	(1,516,254)
Total Intergovernmental	<u>1,450,000</u>	<u>1,575,000</u>	<u>58,746</u>	<u>(1,516,254)</u>
Interest	-	31,680	155	(31,525)
Total Revenue	<u>1,450,000</u>	<u>1,606,680</u>	<u>58,901</u>	<u>(1,547,779)</u>
Expenditures:				
Recreation and Culture:				
Current				
Supplies & repairs	38,947	38,947	30,228	8,719
Capital outlay	2,700,000	2,700,000	796,289	1,903,711
Community Development:				
Current				
Supplies	4,225	4,225	3,439	786
Capital outlay	70,000	70,000	68,859	1,141
Highways and Streets:				
Current				
Supplies & repairs	75,265	75,265	52,532	22,733
Capital outlay	3,500,000	3,500,000	1,124,894	2,375,106
Public Safety:				
Current				
Supplies - fire	34,547	34,547	22,155	12,392
Supplies - police	11,346	11,346	2,448	8,898
Capital outlay - fire	975,000	975,000	960,544	14,456
Capital outlay - police	1,706,000	1,860,000	1,851,518	8,482
Stormwater				
Current				
Supplies & repairs	17,253	17,253	2,906	14,347
Capital outlay	600,000	600,000	290,181	309,819
General Government:				
Current				
Supplies & repairs	183,924	425,454	120,166	305,288
Capital outlay	750,000	750,000	709,485	40,515
Total Expenditures	<u>10,666,507</u>	<u>11,062,037</u>	<u>6,035,644</u>	<u>5,026,393</u>
Excess (deficiency) of revenues over expenditures	<u>(9,216,507)</u>	<u>(9,455,357)</u>	<u>(5,976,743)</u>	<u>3,478,614</u>
Other Financing Sources:				
Issuance of debt	1,065,831	4,015,331	3,785,000	(230,331)
Premiums on issuance of debt	-	-	227,035	227,035
Transfer to Debt Service Fund	-	(1,735,150)	(1,765,000)	(29,850)
Transfers from State Street Aid Fund	30,000	30,000	15,364	(14,636)
Transfers from Impact Fee Fund	3,025,000	3,025,000	475,767	(2,549,233)
Transfers from Stormwater Fund	617,253	617,253	293,087	(324,166)
Transfers from General Fund	4,478,423	3,502,923	2,938,116	(564,807)
Total Other Financing Sources	<u>9,216,507</u>	<u>9,455,357</u>	<u>5,969,369</u>	<u>(3,485,988)</u>
Net change in fund balance	-	-	(7,374)	(7,374)
Fund balance, beginning of year	<u>420,020</u>	<u>420,020</u>	<u>420,020</u>	<u>-</u>
Fund balance, end of year	<u>\$420,020</u>	<u>420,020</u>	<u>412,646</u>	<u>(7,374)</u>

TOWN OF SMYRNA, TENNESSEE

Schedule of Cash Flow

Proprietary Fund Type - Component Unit

Industrial Development Fund

For the Year Ended June 30, 2015

Cash Flows from Operating Activities:	
Cash received from customers	\$234,000
Net Cash Provided (Used) by Operating Activities	<u>234,000</u>
Cash Flows from Capital and Related Financing Activities:	
Interest paid on debt	(165,200)
Payments on long-term debt	<u>(60,000)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(225,200)</u>
Cash Flows from Investing Activities:	
Interest received on investments	<u>8</u>
Net Cash Provided (Used) by Investing Activities	<u>8</u>
Net Increase (Decrease) in Cash	8,808
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	<u>62,380</u>
Cash and Cash Equivalents and Restricted Cash, End of Year	<u><u>\$71,188</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations</u>	
Operating income (loss)	\$105,489
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	<u>128,511</u>
Net Cash Provided (used) for Operating Activities	<u><u>\$234,000</u></u>

TOWN OF SMYRNA, TENNESSEE

Capital Assets Used in the Operation of Governmental Funds

Schedule By Function and Activity

June 30, 2015

Function and Activity	Land	Buildings & Improvements	Improvements Other Than Buildings	Equipment	Infrastructure	Construction In Progress	Total
General government	\$1,568,588	5,704,039	813,530	4,139,985	169,920	635,045	13,031,107
Public safety:							
Police	216,060	3,624,245	-	5,424,678	-	918,745	10,183,728
Fire	155,690	5,069,090	158,212	6,460,222	-	140,884	11,984,098
Highways and streets	1,431,685	177,628	2,049,143	2,902,200	109,206,933	1,239,649	117,007,238
Stormwater	-	-	387,579	749,546	285,369	38,162	1,460,656
Recreation	2,160,665	6,784,096	13,070,897	3,400,734	1,179,190	1,456,556	28,052,138
Community development	-	3,622,865	-	279,881	-	-	3,902,746
Total governmental capital assets	<u>\$5,532,688</u>	<u>24,981,963</u>	<u>16,479,361</u>	<u>23,357,246</u>	<u>110,841,412</u>	<u>4,429,041</u>	<u>185,621,711</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, 2015

Function and Activity	Balance July 1, 2014	Additions	Reclasses & Deletions	Balance June 30, 2015
General government	\$12,322,204	709,485	(11,000)	13,020,689
Public safety:				
Police	8,411,646	1,882,188	(110,107)	10,183,727
Fire	11,023,554	960,544	-	11,984,098
Highways and streets	113,880,302	3,177,855	(40,500)	117,017,657
Stormwater	1,170,475	290,181	-	1,460,656
Recreation	27,273,734	796,289	(17,886)	28,052,137
Community development	3,833,888	68,859	-	3,902,747
Total governmental capital assets	<u>\$177,915,803</u>	<u>7,885,401</u>	<u>(179,493)</u>	<u>185,621,711</u>

TOWN OF SMYRNA, TENNESSEE

Schedule of Cash and Cash Equivalents

All Funds

June 30, 2015

Major Governmental Funds

<u>Type of Investment or Account</u>	<u>Interest Rate</u>	<u>Amount</u>
<u>General Fund:</u>		
Demand deposits and savings	Various	\$21,371,438
Local Government Investment Pool	Various	64,722
Change funds	-	4,221
Total General Fund		<u>21,440,381</u>
<u>Capital Projects Fund:</u>		
Demand deposits and savings	-	851,732
Total Capital Projects Fund		<u>851,732</u>

Nonmajor Governmental Funds

<u>Drug Fund:</u>		
Cash	-	100
Demand deposit	-	142,595
Total Drug Fund		<u>142,695</u>
<u>State Street Aid Fund:</u>		
Local Government Investment Pool	Various	1,081
Demand deposits and savings	Various	179,844
Total State Street Aid Fund		<u>180,925</u>
<u>Impact Fee Fund:</u>		
Demand deposits and savings	Various	5,436,896
Total Impact Fee Fund		<u>5,436,896</u>
<u>Stormwater Fund:</u>		
Demand deposits and savings	-	2,887,171
Total Stormwater Fund		<u>2,887,171</u>

Proprietary Funds:

<u>Water and Sewer Fund:</u>		
Demand deposits and savings	Various	10,036,668
Local Government Investment Pool	Various	1,782
Change funds	-	600
Total Water and Sewer Fund		<u>10,039,050</u>
<u>Natural Gas Fund:</u>		
Local Government Investment Pool	Various	1,031
Demand deposits and savings	Various	10,545,564
Total Natural Gas Fund		<u>10,546,595</u>
<u>Internal Service Fund:</u>		
Demand deposits and savings	Various	3,819,229
Total Internal Service Fund		<u>3,819,229</u>
Total Primary Government		<u>\$55,344,674</u>

Component Units:

<u>Industrial Development Fund:</u>		
Demand deposits and savings	-	\$71,188
Total Industrial Development Fund		<u>\$71,188</u>
<u>Charity Assistance Fund:</u>		
Demand deposits and savings	-	\$17,152
Total Industrial Development Fund		<u>\$17,152</u>

TOWN OF SMYRNA, TENNESSEE

Schedule of Changes in Property Taxes Receivable

General Fund

For the Year Ended June 30, 2015

<u>Fiscal Year</u>	<u>Balance June 30, 2014</u>	<u>Adjustments/ Assessments</u>	<u>Collections</u>	<u>Balance June 30, 2015</u>
2014 - 2015	\$ -	9,359,182	9,220,131	139,051
2013 - 2014	171,149	4,155	135,780	39,524
2012 - 2013	54,206	(1,264)	17,707	35,235
2011 - 2012	38,964	47	3,672	35,339
2010 - 2011	17,748	-	2,751	14,997
2009 - 2010	18,993	-	1,263	17,730
2008 - 2009	14,832	-	625	14,207
2007 - 2008	13,978	-	460	13,518
2006 - 2007	9,080	-	163	8,917
2005 - 2006	2,238	-	109	2,129
2004 - 2005	6,183	(6,183)	-	-
	-			
	<u>\$347,371</u>	<u>9,355,937</u>	<u>9,382,661</u>	<u>320,647</u>
2015 - 2016**				<u>9,234,583</u>
Property taxes receivable per Governmental Funds Financial Statements				<u>9,555,230</u>
Allowance for uncollectibles				<u>(58,129)</u>
Property taxes receivable per Government Wide Financial Statements				<u>\$9,497,101</u>

Fiscal year 2012-2013 and prior have been turned over to the County Clerk and Master for collection.

** Unlevied taxes receivable (Anticipated current year levy)

TOWN OF SMYRNA, TENNESSEE

**Schedule of Maturities of Bond and Other Indebtedness
and Interest Requirements**

General Obligation

June 30, 2015

Year Ending June 30,	2006 General Obligation Bonds	2008 General Obligation Bonds	2009 General Obligation Bonds	2014 General Obligation Bonds	2012 & 2013 Capital Outlay Notes	2014A General Obligation Bonds	2014B General Obligation Bonds	2014 Ref. General Obligation Bonds	Principal Requirements	Interest Requirements	Total
2016	\$855,000	332,010	200,000	480,000	411,093	200,000	-	65,000	2,543,103	545,108	3,088,211
2017	885,000	348,075	210,000	510,000	203,673	200,000	75,000	65,000	2,496,748	477,426	2,974,174
2018	-	358,785	210,000	500,000	-	210,000	80,000	990,000	2,348,785	408,494	2,757,279
2019	-	374,850	220,000	510,000	-	210,000	80,000	1,005,000	2,399,850	355,686	2,755,536
2020	-	396,270	220,000	530,000	-	220,000	80,000	1,025,000	2,471,270	300,928	2,772,198
2021	-	417,690	230,000	-	-	230,000	85,000	1,040,000	2,002,690	241,508	2,244,198
2022	-	439,110	250,000	-	-	240,000	85,000	1,065,000	2,079,110	187,044	2,266,154
2023	-	460,530	250,000	-	-	250,000	90,000	-	1,050,530	129,138	1,179,668
2024	-	481,950	260,000	-	-	260,000	90,000	-	1,091,950	87,050	1,179,000
2025	-	-	-	-	-	-	95,000	-	95,000	42,512	137,512
2026	-	-	-	-	-	-	95,000	-	95,000	39,307	134,307
2027	-	-	-	-	-	-	100,000	-	100,000	36,100	136,100
2028	-	-	-	-	-	-	105,000	-	105,000	32,475	137,475
2029	-	-	-	-	-	-	105,000	-	105,000	28,669	133,669
2030	-	-	-	-	-	-	110,000	-	110,000	24,469	134,469
2031	-	-	-	-	-	-	115,000	-	115,000	20,069	135,069
2032	-	-	-	-	-	-	120,000	-	120,000	15,468	135,468
2033	-	-	-	-	-	-	125,000	-	125,000	10,519	135,519
2034	-	-	-	-	-	-	130,000	-	130,000	5,362	135,362
	<u>\$1,740,000</u>	<u>3,609,270</u>	<u>2,050,000</u>	<u>2,530,000</u>	<u>614,766</u>	<u>2,020,000</u>	<u>1,765,000</u>	<u>5,255,000</u>	<u>19,584,036</u>	<u>2,987,332</u>	<u>22,571,368</u>

TOWN OF SMYRNA, TENNESSEE

Schedule of Maturities of Indebtedness and Interest Requirements

Enterprise Fund

June 30, 2015

Year Ending June 30,	Water and Sewer Fund					Revolving Loan	Revolving Loan	Interest Requirements	Total
	Bond Issues								
	2008	2009	2009	2011	2014				
2016	\$287,990	525,000	1,240,000	1,030,000	370,000	15,072	151,391	1,497,818	5,117,271
2017	301,925	525,000	1,300,000	1,070,000	380,000	15,360	154,662	1,372,982	5,119,929
2018	311,216	550,000	1,350,000	1,100,000	380,000	15,660	158,005	1,259,036	5,123,917
2019	325,150	575,000	1,720,000	1,150,000	-	15,972	161,419	1,148,836	5,096,377
2020	343,730	600,000	1,790,000	1,200,000	-	16,284	164,908	999,981	5,114,903
2021	362,310	600,000	1,850,000	1,250,000	-	16,596	168,472	851,861	5,099,239
2022	380,890	630,000	1,920,000	1,350,000	-	16,932	172,112	696,919	5,166,853
2023	399,470	700,000	1,990,000	1,400,000	-	17,256	175,832	522,701	5,205,259
2024	418,049	725,000	2,060,000	1,450,000	-	17,592	179,632	344,189	5,194,462
2025	-	-	-	1,550,000	-	17,940	183,515	155,595	1,907,050
2026	-	-	-	1,600,000	-	18,288	187,481	91,218	1,896,987
2027	-	-	-	-	-	18,648	191,532	22,807	232,987
2028	-	-	-	-	-	19,020	195,671	18,296	232,987
2029	-	-	-	-	-	19,392	199,901	13,694	232,987
2030	-	-	-	-	-	19,764	204,220	9,002	232,986
2031	-	-	-	-	-	20,148	208,633	4,206	232,987
2032	-	-	-	-	-	20,556	52,873	428	73,857
2033	-	-	-	-	-	1,620	-	-	1,620
	<u>\$3,130,730</u>	<u>5,430,000</u>	<u>15,220,000</u>	<u>14,150,000</u>	<u>1,130,000</u>	<u>302,100</u>	<u>2,910,259</u>	<u>9,009,569</u>	<u>51,282,658</u>

TOWN OF SMYRNA, TENNESSEE

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2015

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

<u>CFDA Number</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Expenditures</u>
14.239	Home Program	US Department of Housing and Urban Dev	\$24,621
16.607	Bullet Proof Vests Grant	US Department of Justice	4,444
16.611	Organized Crime Grant	US Department of Justice	20,657
16.922	Equitable Sharing Grant	US Department of Justice	6,570
20.205	Greenways Grant	Federal Highway Adminidtration	31,628
20.607	Network Coordinator Gran	TN Department of Transportation	9,816
			<u>\$97,736</u>

This schedule was prepared using the accrual basis of accounting.

At June 30, 2015, 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, 2015

Federal Grants as Identified in the Catalog of Federal Domestic Assistance:				(Accrued) or Deferred Revenue at July 1, 2014	Program Income & Grant Receipts	Adjustments	Expenditures	(Accrued) or Deferred Revenue at June 30, 2015
CFDA Number	State Grant Number	Program Name	Grantor Agency					
97.036	N/A	* Public Assistance Grant	Federal Emergency Management Agency	(\$79,052)	-	-	-	(79,052)
14.239	HM-12-21 & HM-11-39	HOME Grant	Tennessee Housing Agency	(20,625)	45,246	-	24,621	-
16.607	N/A	Bulletproof Vest Grant	U.S. Department of Justice	(2,329)	2,329	-	4,444	(4,444)
16.611	GK-13-2049	Organized Crime Grant	U.S. Department of Justice	(629)	21,286	-	20,657	-
16.922	N/A	Equitable Sharing Grant	U.S. Department of Justice	-	2,481	4,089	6,570	-
20.205	HPP-9315 (6) & (9) HPP-7500	Greenways Grant	Federal Highway Administration	(26,480)	36,021	-	31,628	(22,087)
20.205	ER-STP-9900 (27)	** Emergency Relief Program	TN Department of Transportation	(382,577)	-	11,933	-	(370,644)
20.607	154AL-15-111 154AL-14-101	Network Coordinator Grant	TN Department of Transportation	(10,395)	16,701	-	9,816	(3,510)
Total Federal Assistance				<u>(\$522,087)</u>	<u>124,064</u>	<u>16,022</u>	<u>97,736</u>	<u>(479,737)</u>
State Grants:								
		Public Assistance Grant	Tennessee Emergency Management Agency	(\$19,996)	-	-	-	(19,996)
	PIN 117458.00	State Industrial Access Progra	TN Department of Transportation	(124,262)	-	-	-	(124,262)
Total State Assistance				<u>(\$144,258)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(144,258)</u>

This schedule was prepared using the accrual basis of accounting.

* The Town is in negotiations with the Federal Emergency Agency regarding disputed claims from the 2010 flood.

** Adjustments relate to changes in prior year grant expenditures or grant receipts.

TOWN OF SMYRNA, TENNESSEE

Schedule of Utility Data

June 30, 2015

<u>Services</u>	<u>Number of Customers</u>
Water	13,720
Sewer	14,021
Natural Gas	10,048
Fire Hydrants	1,500
 <u>Rates</u>	
Water (in Town)	
First 2,000 gallons	\$10.66
2,001 - 5,000 gallons	3.32/1,000 gallons
5,001 - 10,000 gallons	3.77/1,000 gallons
thereafter	4.23/1,000 gallons
Water (outside Town)	
First 2,000 gallons	\$13.06
2,001 - 5,000 gallons	4.90/1,000 gallons
5,001 - 10,000 gallons	5.41/1,000 gallons
thereafter	6.22/1,000 gallons
Wholesale	
First 2,000 gallons	\$11.17
2,001 - 5,000 gallons	3.42/1,000 gallons
5,001 - 10,000 gallons	3.98/1,000 gallons
thereafter	4.39/1,000 gallons
Irrigation Meter	
First 10,000 gallons	\$20.50 Minimum Bill
10,001 - 25,000 gallons	\$4.23
25,001 - 50,000 gallons	4.90/1,000 gallons
thereafter	5.41/1,000 gallons
	6.22/1,000 gallons
Sewer (in Town)	
First 2,000 gallons	\$15.04
thereafter	4.02/1,000 gallons
Sewer (outside Town)	
First 2,000 gallons	\$22.45
thereafter	5.36/1,000 gallons
Repurified Water	
First 2,000 gallons	\$15.45
(April - October)	2.27/1,000 gallons
(November - March)	1.24/1,000 gallons
Natural Gas	
Residential and Small Commercial	\$3.50 demand charge
Excess at current market rate	\$2.00 - Plus MV at time of purchase

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 the Town'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.

TOWN OF SMYRNA, TENNESSEE

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

Schedule 1

(Prepared using the accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Governmental Activities:</u>										
Net investment in capital assets	\$68,025,896	67,127,060	81,028,922	80,698,915	78,000,723	77,232,023	77,980,535	76,999,847	80,785,740	80,981,915
Restricted for:										
Cemetery maintenance	-	-	-	-	-	453,875	510,430	558,342	600,822	-
Capital projects	6,330,006	8,289,938	3,920,073	3,254,231	5,712,407	4,504,069	4,311,274	4,530,099	5,513,106	5,831,376
Highway and streets maintenance	592,621	369,905	458,202	277,135	162,467	156,300	177,509	190,200	259,832	341,729
Stormwater	-	-	-	240,696	749,539	1,310,636	1,771,032	2,296,550	2,718,258	2,965,303
Debt service	-	-	-	-	-	-	-	-	-	1,779,574
Law enforcement	100,417	89,515	10,154	50,190	50,900	40,712	71,091	53,571	83,257	138,911
Unassigned	13,533,314	14,941,843	12,901,333	14,827,610	14,393,586	13,006,648	13,613,831	15,566,065	20,077,540	23,939,831
Total Governmental Activities Net Position	\$88,582,254	90,818,261	98,318,684	99,348,777	99,069,622	96,704,263	98,435,702	100,194,674	110,038,555	115,978,638
<u>Business-Type Activities</u>										
Net investment in capital assets	\$74,793,196	83,143,805	88,240,098	90,640,122	92,392,866	94,513,896	97,067,481	96,772,588	97,024,340	97,507,712
Other projects										
Unassigned	22,356,383	18,220,129	17,806,928	14,945,067	15,471,631	13,555,568	10,151,659	13,605,629	18,619,992	26,754,183
Total Business-type Activities Net Position	\$97,149,579	101,363,934	106,047,026	105,585,189	107,864,497	108,069,464	107,219,140	110,378,217	115,644,332	124,261,895
<u>Primary Government</u>										
Net investment in capital assets	142,819,092	150,270,865	169,269,020	171,339,037	170,393,589	171,745,919	175,048,016	173,772,435	177,810,080	178,489,627
Restricted for:										
Cemetery maintenance	-	-	-	-	-	453,875	510,430	558,342	600,822	-
Capital projects	6,330,006	8,289,938	3,920,073	3,254,231	5,712,407	4,504,069	4,311,274	4,530,099	5,513,106	5,831,376
Highway and streets maintenance	592,621	369,905	458,202	277,135	162,467	156,300	177,509	190,200	259,832	341,729
Stormwater	-	-	-	240,696	749,539	1,310,636	1,771,032	2,296,550	2,718,258	2,965,303
Debt service	-	-	-	-	-	-	-	-	-	1,779,574
Law enforcement	100,417	89,515	10,154	50,190	50,900	40,712	71,091	53,571	83,257	138,911
Unassigned	35,889,697	33,161,972	30,708,261	29,772,677	29,865,217	26,562,216	23,765,490	29,171,694	38,697,532	50,694,014
Total Primary Government Net Position	\$185,731,833	192,182,195	204,365,710	204,933,966	206,934,119	204,773,727	205,654,842	210,572,891	225,682,887	240,240,534

TOWN OF SMYRNA, TENNESSEE
Financial Trends Information -
Changes in Net Position - Last Ten Fiscal Years

Schedule 2
(Prepared using the accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental Activities:										
General government	\$5,061,806	6,768,869	6,657,254	7,400,713	7,239,734	8,275,614	7,321,245	7,372,627	6,928,238	7,141,569
Public safety:										
Police	7,077,628	7,654,928	8,542,244	9,258,680	9,147,791	9,568,842	9,318,385	8,847,423	8,445,483	9,538,680
Fire	4,612,143	5,420,422	6,514,220	7,701,989	8,361,813	8,379,595	8,249,674	8,073,938	7,857,744	8,018,987
Highways and streets	4,098,322	5,064,368	4,277,621	4,737,861	4,863,802	4,801,834	4,517,730	4,879,112	4,679,915	4,864,139
Recreation	4,023,565	4,124,288	4,202,662	4,490,983	4,747,459	4,650,655	4,540,006	4,336,852	4,585,924	4,206,565
Community development	1,259,350	1,385,545	1,380,316	1,464,050	1,319,116	1,331,653	1,362,977	1,271,570	1,380,340	1,233,382
Stormwater	-	-	508,715	502,108	542,203	593,683	677,236	772,488	928,982	1,033,845
Interest expense on long-term debt	290,279	556,204	669,262	701,726	805,659	820,094	775,834	740,988	684,044	554,043
Total Governmental Activities Expenses	26,423,093	30,974,624	32,752,294	36,258,110	37,027,577	38,421,970	36,763,087	36,294,998	35,490,670	36,591,210
Business-Type Activities:										
Water and Sewer	9,390,817	10,556,573	11,573,972	13,198,485	12,902,379	13,312,416	13,426,393	13,499,799	15,235,532	14,979,525
Natural Gas	29,037,668	21,449,470	24,453,363	17,043,684	15,005,690	13,663,394	13,005,327	12,620,752	16,865,335	13,270,956
Total Business-type Activities Expenses	38,428,485	32,006,043	36,027,335	30,242,169	27,908,069	26,975,811	26,431,720	26,120,551	32,100,867	28,250,481
Total Primary Government Expenses	\$64,851,578	62,980,667	68,779,629	66,500,279	64,935,646	65,397,781	63,194,807	62,415,549	67,591,537	64,841,691
Program Revenues:										
Governmental Activities:										
Charges for services:										
General government	2,016,897	2,818,417	2,855,749	2,813,332	2,391,810	2,334,212	2,441,772	2,466,490	2,408,583	2,492,133
Public safety:										
Police	1,226,683	1,280,633	1,393,064	1,741,817	1,788,134	1,686,516	1,730,954	1,676,133	1,415,946	1,705,372
Highways and streets	-	-	-	-	-	-	-	-	-	-
Recreation	1,419,746	1,368,034	1,350,495	1,336,957	1,220,047	1,395,252	1,511,587	1,499,155	1,525,046	1,409,063
Community development	383,774	426,705	494,004	415,078	407,418	183,142	188,995	168,638	172,812	187,474
Stormwater	-	-	22,358	1,201,498	1,382,106	1,431,163	1,462,760	1,481,119	1,491,895	1,505,420
Debt service	-	-	-	-	-	-	-	-	-	31,254
Operating grants and contributions	1,009,732	1,021,278	1,048,308	1,126,471	1,335,960	1,283,978	1,534,671	2,039,015	1,783,789	1,431,094
Capital grants and contributions	2,796,879	3,939,901	9,198,553	4,146,351	3,190,854	1,779,839	3,276,378	1,880,582	6,248,860	3,052,287
Total Governmental Activities Program Revenues	8,853,711	10,854,968	16,362,531	12,781,504	11,716,329	10,094,102	12,147,117	11,211,132	15,046,931	11,814,097
Business-Type Activities:										
Charges for services:										
Water and Sewer	9,900,995	10,891,300	10,667,269	11,507,794	11,713,484	13,089,220	14,237,225	15,718,937	15,917,871	16,794,549
Natural Gas	30,046,208	21,994,277	20,960,243	17,646,478	15,492,084	12,413,680	9,648,504	12,790,335	17,515,085	15,371,314
Capital grants and contributions:										
Water and Sewer	2,641,724	2,749,231	4,973,605	911,091	3,278,145	2,064,306	2,139,912	1,943,293	4,563,075	3,438,308
Natural Gas	147,802	141,767	137,406	73,513	77,890	26,777	57,011	45,331	55,845	91,023
Total Business-type Activities Program Revenues	42,736,729	35,776,575	36,738,523	30,138,876	30,561,603	27,593,983	26,082,652	30,497,896	38,051,876	35,695,194
Total Primary Government Program Revenues	\$51,590,440	46,631,543	53,101,054	42,920,380	42,277,932	37,688,085	38,229,769	41,709,028	53,098,807	47,509,291
Net (Expense)/Revenue										
Governmental Activities	(17,569,382)	(20,119,657)	(16,389,763)	(23,476,606)	(25,311,249)	(28,327,868)	(24,615,970)	(25,083,866)	(20,443,739)	(24,777,113)
Business-Type Activities	4,308,244	3,770,532	4,711,188	(103,293)	2,653,534	618,172	(349,068)	4,377,345	5,951,009	7,444,713
Total Primary Government Net Expense	(\$13,261,138)	(16,349,125)	(11,678,575)	(23,579,899)	(22,657,715)	(27,709,696)	(24,965,038)	(20,706,521)	(14,492,730)	(17,332,400)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property and in lieu of taxes	6,196,997	8,689,991	9,195,425	9,503,939	10,105,333	10,049,065	10,100,115	10,047,891	12,183,830	12,377,938
Sales	6,167,905	6,478,662	8,187,025	8,648,135	8,555,022	8,967,292	9,278,787	10,116,499	10,891,630	11,293,389
Business	203,263	225,500	222,870	343,648	438,371	728,197	951,603	1,155,289	1,142,163	1,226,807
Wholesale beer	898,585	941,030	1,006,374	1,046,230	1,013,015	1,036,175	1,090,307	1,138,256	1,140,276	1,127,095
Hotel / motel tax	-	-	-	-	259,802	259,613	304,430	424,920	412,285	446,025
Cable TV Franchise tax	-	-	-	-	419,303	440,851	474,154	544,562	516,136	575,281
Other locally assessed taxes	476,060	558,644	649,946	651,942	33,623	26,621	25,626	27,481	26,565	26,260
State shared income taxes	73,315	227,850	92,374	87,762	46,784	60,874	57,141	75,934	106,200	141,565
State shared beer taxes	16,471	17,781	18,118	19,859	18,867	19,862	19,622	19,763	18,915	19,118
State shared sales taxes	2,210,226	2,380,658	2,381,871	2,509,843	2,424,132	2,533,912	2,711,648	2,763,240	2,855,975	3,027,429
State shared mixed drink tax	-	123,658	139,446	159,292	174,081	173,260	93,635	95,056	107,223	110,678
Other state shared taxes	271,794	262,171	235,848	233,303	266,905	241,384	23,041	24,936	27,803	29,810
Unrestricted investment earnings and rental income	1,035,367	1,562,488	1,058,635	316,030	439,556	441,617	437,803	225,037	26,664	30,003
Other	133,587	338,896	128,311	406,690	227,172	343,927	76,185	97,612	116,408	80,332
Total Governmental Activities	18,108,924	22,355,664	23,890,186	24,506,699	25,032,093	25,962,509	26,347,409	27,464,733	30,287,620	31,221,193
Business-Type Activities:										
Investments earnings	587,785	992,158	659,593	211,977	232,405	225,070	202,056	94,510	27,036	28,854
Other	1,333	-	(113,745)	9,505	3,496	1,583	-	18,775	3,617	25,104
Special items	-	-	-	-	-	-	-	-	-	2,131,398
Transfers	(425,354)	(548,335)	(573,944)	(580,026)	(610,127)	(639,859)	(703,312)	(708,257)	(715,547)	(709,463)
Total Business-type Activities	163,764	443,823	(28,096)	(358,544)	(374,226)	(413,206)	(501,256)	(594,972)	(684,894)	1,475,893
Total Primary Government	\$18,272,688	22,799,487	23,862,090	24,148,155	24,657,867	25,549,303	25,846,153	26,869,761	29,602,726	32,697,086
Change in Net Position										
Governmental activities	539,542	2,236,007	7,500,423	1,030,093	(279,156)	(2,365,359)	1,731,439	2,380,867	9,843,881	6,444,080
Business-type activities	4,472,008	4,214,355	4,683,092	(461,837)	2,279,308	204,967	(850,324)	3,782,373	5,266,115	8,920,606
Total Primary Government	\$5,011,550	6,450,362	12,183,515	568,256	2,000,152	(2,160,392)	881,115	6,163,240	15,109,996	15,364,686

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Funds:										
General Fund										
Reserved	\$ -	-	-	-	-	432,408	378,481	322,641	257,970	205,283
Unreserved and undesignated	-	-	-	-	-	14,724,536	14,666,346	16,053,343	15,186,843	13,420,207
Nonspendable	93,698	96,843	89,785	77,458	69,667	-	-	-	-	-
Restricted	9,986	600,822	558,342	510,430	453,875	-	-	-	-	-
Committed	658,759	-	-	-	-	-	-	-	-	-
Assigned	1,729,203	-	-	2,441,742	2,625,725	-	-	-	-	-
Unassigned	20,465,884	18,810,745	15,266,713	10,689,761	10,530,089	-	-	-	-	-
Total General Fund	<u>\$22,957,530</u>	<u>19,508,410</u>	<u>15,914,840</u>	<u>13,719,391</u>	<u>13,679,356</u>	<u>15,156,944</u>	<u>15,044,827</u>	<u>16,375,984</u>	<u>15,444,813</u>	<u>13,625,490</u>
All Other Governmental Funds										
Reserved	\$ -	-	-	-	-	213,750	230,980	228,549	245,288	261,991
Unreserved reported in:										
Capital Projects Fund	-	-	-	-	-	1,606,318	(200,979)	(2,988,927)	3,383,891	2,221,906
Debt Service Fund	1,779,574	-	-	-	-	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-	4,397,196	3,642,680	3,258,076	4,982,376	4,650,340
Nonspendable	-	-	-	160,497	170,456	-	-	-	-	-
Restricted in capital projects funds	5,821,390	5,513,106	4,950,119	4,771,376	5,673,986	-	-	-	-	-
Restricted in special revenue funds	3,395,294	3,001,099	2,470,032	1,963,694	1,418,039	-	-	-	-	-
Total all other governmental funds	<u>10,996,258</u>	<u>8,514,205</u>	<u>7,420,151</u>	<u>6,895,567</u>	<u>7,262,481</u>	<u>6,217,264</u>	<u>3,672,681</u>	<u>497,698</u>	<u>8,611,555</u>	<u>7,134,237</u>
Total Governmental Funds	<u>\$33,953,788</u>	<u>28,022,615</u>	<u>23,334,991</u>	<u>20,614,958</u>	<u>20,941,837</u>	<u>21,374,208</u>	<u>18,717,508</u>	<u>16,873,682</u>	<u>24,056,368</u>	<u>20,759,727</u>

* 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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Taxes and in lieu tax	\$27,117,330	26,300,119	23,419,317	22,364,500	21,300,902	20,638,744	20,118,749	19,080,244	16,820,307	13,910,099
Licenses and permits	1,659,586	1,727,518	1,535,238	1,762,861	1,089,550	1,364,206	3,410,039	2,803,239	3,314,920	2,803,006
Intergovernmental	4,970,970	4,999,448	5,128,803	4,437,303	4,563,135	4,286,974	4,149,290	3,891,156	4,016,468	3,989,844
Fines and fees	1,705,372	1,415,946	1,676,133	1,730,954	1,686,516	1,788,134	1,741,817	1,393,064	1,280,633	1,226,683
Uses of property and money	4,754,840	4,743,143	5,123,552	5,345,419	5,226,554	5,173,416	5,298,204	4,473,629	4,711,142	3,943,962
Other	80,331	116,408	185,752	86,745	358,819	403,673	485,317	145,277	413,199	133,587
Total revenues	40,288,429	39,302,582	37,068,795	35,727,782	34,225,476	33,655,147	35,203,416	31,786,609	30,556,669	26,007,181
Expenditures:										
General government	6,446,722	6,227,212	6,435,101	6,899,647	7,891,085	6,634,723	6,637,331	6,068,365	6,321,154	4,934,043
Public safety:										
Police	9,071,588	8,243,876	8,816,765	9,189,523	8,928,822	8,660,082	8,672,144	8,384,167	7,677,020	6,763,995
Fire	7,817,013	7,581,436	8,055,281	8,365,447	8,137,924	7,956,413	7,409,271	6,248,333	5,157,456	4,399,921
Highways and streets	1,447,268	1,517,290	1,807,075	1,540,682	1,673,430	1,785,964	1,916,911	1,402,244	1,836,298	1,413,161
Recreation	3,590,692	3,952,785	3,858,186	4,002,391	3,857,577	3,895,507	3,920,973	3,547,469	3,500,179	3,486,899
Community development	1,209,425	1,316,737	1,238,062	1,269,548	1,260,465	1,219,667	1,267,118	1,249,006	1,279,540	1,105,349
Stormwater	878,419	780,823	778,633	551,954	562,305	484,945	519,628	469,609	-	-
Debt service										
Principal	2,260,752	2,516,161	1,722,674	824,751	804,609	907,356	872,992	840,516	809,929	720,506
Interest	556,867	717,609	752,761	1,631,730	1,630,980	1,224,646	755,074	774,448	470,374	243,825
Capital outlay	5,832,440	2,509,919	2,308,049	3,188,797	961,581	1,912,646	7,315,141	10,559,082	10,256,413	3,362,990
Total expenditures	39,111,186	35,363,848	35,772,587	37,464,470	35,708,778	34,681,949	39,286,583	39,543,239	37,308,363	26,430,689
Excess of revenues over (under) expenditures	1,177,243	3,938,734	1,296,208	(1,736,688)	(1,483,302)	(1,026,802)	(4,083,167)	(7,756,630)	(6,751,694)	(423,508)
Other Financing Sources & Uses:										
Bond, notes and leases	9,065,000	3,000,000	611,019	649,109	257,086	3,050,000	5,346,967	-	9,500,000	5,041,823
Premium on issuance of bonds	227,035	-	-	-	-	-	-	-	-	-
Bond refundings	(5,247,568)	(2,970,000)	-	-	-	-	-	-	-	-
Transfers	709,463	715,547	708,257	703,312	639,859	610,127	580,026	573,944	548,335	425,354
Other	-	3,343	19,849	57,388	153,986	23,375	-	-	-	-
Total other financing sources (uses)	4,753,930	748,890	1,339,125	1,409,809	1,050,931	3,683,502	5,926,993	573,944	10,048,335	5,467,177
Net Change in Fund Balance	\$5,931,173	4,687,624	2,635,333	(326,879)	(432,371)	2,656,700	1,843,826	(7,182,686)	3,296,641	5,043,669
Debt Service as percentage of noncapital Expenditures	8.5%	9.8%	7.4%	7.2%	7.0%	6.5%	5.1%	5.6%	4.7%	4.2%

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 & Agricultural	Total		
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	38,041,473	867,018,800	347,930,463	1,740,775,920	2,993,766,656	891,549,651	0.86
2011	41,959,829	1,097,280,630	288,939,523	1,832,036,300	3,260,216,282	1,001,850,963	0.7595
2012	44,495,525	1,088,270,062	293,561,172	1,862,606,900	3,288,933,659	1,007,791,748	0.7595
2013	43,234,516	1,072,157,800	291,926,378	1,879,183,300	3,286,501,994	1,003,903,157	0.7595
2014	42,436,776	1,070,401,532	299,588,940	1,971,391,420	3,383,818,668	1,011,844,405	0.9095
2015	46,675,058	1,040,319,600	342,923,826	2,057,112,600	3,487,031,084	1,058,010,712	0.884

Property is assessed as follows:

- Industrial and Commercial:
 - Real 40%
 - Personal 30%

- Public Utility 55%
- Farm and Residential 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	Overlapping Rates	Total
	Town*	County**	
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	2.4650	3.2245
2012	0.7595	2.4650	3.2245
2013	0.7595	2.4652	3.2247
2014	0.9095	2.5652	3.4747
2015	0.8840	2.4867	3.3707

* 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	2015			2006		
	Taxable Assessed Value	Rank	Percent of Total Assessed Value	Taxable Assessed Value	Rank	Percent of Total Assessed Value
Nissan North America, Inc	\$27,828,228	1	2.63%	\$40,482,502	1	6.46%
HCA Health Services	21,452,720	2	2.03%	19,838,691	3	3.16%
Prologis L.P.	17,734,200	3	1.68%	21,634,840	2	3.45%
MAA BRIK	13,064,040	4	1.23%	-	-	-
Stoneridge Farms at Smyrna	12,962,000	5	1.23%	-	-	-
Vi Jon, Inc.	9,978,588	6	0.94%	-	-	-
Capref Smyrna LLC	9,871,960	7	0.93%	-	-	-
Taylor Farms Tennessee	8,615,089	8	0.81%	-	-	-
Middle Tennessee Electric	8,365,275	9	0.79%	5,471,996	6	0.87%
Exeter 2100 Midway LLC	6,467,480	10	0.61%	-	-	-
Tower Automotive	-	-	-	8,807,238	4	1.40%
Cumberland Swan	-	-	-	6,831,307	5	1.09%
BellSouth Telecommunications	-	-	-	4,684,510	7	0.75%
Louisiana Pacific, Inc.	-	-	-	4,294,284	8	0.68%
LW Apartments LLC	-	-	-	4,289,820	9	0.68%
Premier Communications, LLC	-	-	-	4,182,920	10	0.67%
Totals	<u>\$136,339,580</u>		<u>12.89%</u>	<u>\$120,518,108</u>		<u>19.24%</u>
Total Assessed Value	<u>\$1,058,010,712</u>			<u>\$627,007,536</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
2006	\$4,326,352	4,236,758	97.929%	87,465	4,324,223	99.951%	2,129	0.049%
2007	6,499,432	6,275,145	96.549%	215,370	6,490,515	99.863%	8,917	0.137%
2008	6,944,753	6,757,556	97.304%	173,679	6,931,235	99.805%	13,518	0.195%
2009	7,224,521	7,001,251	96.910%	209,063	7,210,314	99.803%	14,207	0.197%
2010	7,709,645	7,405,700	96.058%	286,215	7,691,915	99.770%	17,730	0.230%
2011	7,639,156	7,341,727	96.107%	282,432	7,624,159	99.804%	14,997	0.196%
2012	7,677,878	7,379,042	96.108%	263,497	7,642,539	99.540%	35,339	0.460%
2013	7,658,530	7,408,799	96.739%	214,496	7,623,295	99.540%	35,235	0.460%
2014	9,202,940	9,031,791	98.140%	131,625	9,163,416	99.571%	39,524	0.429%
2015	9,359,182	9,220,131	98.514%	-	9,220,131	98.514%	139,051	1.486%
							<u>\$320,647</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 & Notes	Obligations & Capital Leases	Water and Sewer Bonds	Water and Sewer Revolving Loan			
2006	33,123	\$9,305,253	-	\$24,700,717	-	\$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	-	52,229,036	3,721,532	77,727,198	8.01%	1,944
2012	39,974	20,739,991	51,043	49,003,603	3,689,912	73,484,549	7.58%	1,838
2013	41,705	19,671,270	582,847	46,710,806	3,534,881	70,499,804	6.96%	1,690
2014	42,813	17,763,839	21,392	43,377,539	3,375,330	64,538,100	6.47%	1,507
2015	45,274	** 19,584,036	-	39,060,730	3,212,359	61,857,125	5.47%	1,366

Notes:

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

Personal income information is on Schedule 14.

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

** Census

See schedule 14 for personal income information.

Bond obligations include bond premiums.

TOWN OF SMYRNA, TENNESSEE

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

Schedule 10

Fiscal Year	Population *	Estimated Actual Value	General Obligation Bonds	Obligations & Capital Leases	Total	Ratio of General Obligation Debt to Actual Value	Net General Obligation Debt Per Capita
2006	33,123	\$2,097,340,113	9,305,253	-	9,305,253	0.44%	281
2007	33,123	2,512,883,570	17,995,324	-	17,995,324	0.72%	543
2008	38,073 **	2,686,722,874	17,054,808	-	17,054,808	0.63%	448
2009	38,073	2,835,563,060	21,428,783	-	21,428,783	0.76%	563
2010	38,073	2,973,349,579	23,153,677	-	23,153,677	0.78%	608
2011	39,974 **	3,265,422,111	21,776,630	31,086	21,807,716	0.67%	546
2012	39,974	3,304,790,464	20,739,991	51,043	20,791,034	0.63%	520
2013	41,705	4,095,442,300	19,671,270	582,847	20,254,117	0.49%	486
2014	42,813	3,383,818,668	17,763,839	21,392	17,785,231	0.53%	415
2015	45,274 **	3,487,031,084	19,584,036	-	19,584,036	0.56%	433

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	\$19,584,036	100.00%	\$19,584,036
Rutherford County	327,507,431	16.87% *	55,250,518
Total	<u><u>\$347,091,467</u></u>		<u><u>\$74,834,554</u></u>

* Based upon Assessed Value of Property in:
 County \$6,271,549,702
 Town \$1,058,010,712

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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Assessed Value	\$1,058,010,712	1,011,844,405	1,003,903,157	1,007,791,748	1,001,850,963	891,549,651	840,060,581	804,659,573	755,747,907	627,007,536
General Obligation Debt	\$19,584,036	17,785,231	20,254,117	20,791,034	21,807,716	23,153,677	21,428,783	17,054,808	17,995,324	9,305,253
Debt as % of Assessed Value	1.85%	1.76%	2.02%	2.06%	2.18%	2.60%	2.55%	2.12%	2.38%	1.48%

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	
2006	\$10,193,575	6,074,635	4,118,940	2,228,066	736,367	2,964,433	1.39
2007	11,483,155	6,793,170	4,689,985	2,286,071	915,263	3,201,334	1.47
2008	11,003,668	7,736,556	3,267,112	2,405,484	973,227	3,378,711	0.97
2009	11,596,452	9,052,996	2,543,456	2,492,008	778,956 ***	3,270,964	0.78
2010	12,004,608	8,585,008	3,419,600	2,812,894	664,523 ***	3,477,417	0.98
2011	13,125,398	9,104,140	4,021,258	2,938,287	1,234,930 ****	4,173,217	0.96
2012	14,263,815	8,848,065	5,415,750	3,329,948	1,925,107 ****	5,255,055	1.03
2013	15,753,215	7,827,113	7,926,102	3,506,407	1,685,519 ****	5,191,926	1.53
2014	15,944,968	8,227,176	7,717,792	3,274,765	1,601,372	4,876,137	1.58
2015	16,838,229	8,158,839	8,679,390	3,509,705	1,474,716	4,984,421	1.74

* Includes nonoperating revenues

** Net of depreciation and amortization

*** Does not include refunding amounts of \$8,350,000 for 2009 and \$1,470,000 for 2014.

**** 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***
2006	33,123 *	\$660,406,374	19,938 ***	31.7	10,084	3.3%
2007	33,123	660,406,374	19,938 ***	31.7	10,305	3.3%
2008	38,073 *	759,099,474	19,938 ***	31.7	10,606	6.4%
2009	38,073	759,099,474	19,938 ***	31.7	10,415	11.1%
2010	38,073	759,099,474	19,938 ***	31.7	10,512	9.7%
2011	39,974 *	969,889,162	24,263 ***	33.0	9,921	9.2%
2012	39,974	969,889,162	24,263 ***	32.5	10,781	7.4%
2013	41,705	1,012,305,465	24,273 ***	32.8	13,326	6.9%
2014	42,813	997,071,957	23,289 ***	33.2	13,895	4.4%
2015	45,274 *	1,062,276,156	24,812 ***	33.0	13,597	4.2%

* 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	2015			2006		
	Employees	Rank	Percentage	Employees	Rank	Percentage
Nissan North America	8,000	1	56.48%	6,700	1	57.85%
Asurion	1,250	2	8.83%	1,200	2	10.36%
Square D/Schneider Electric	900	3	6.35%	386	6	3.33%
TriStar StoneCrest Medical Center	900	4	6.35%	735	4	6.35%
Taylor Farms Tennessee	770	5	5.44%	350	8	3.02%
Vi-Jon (Cumberland Swan)	728	6	5.14%	-	-	-
WWL Vehicle Service Americas	480	7	3.39%	298	9	2.57%
VA Midsouth CPAC	456	8	3.22%	-	-	-
Federal Mogul	330	9	2.33%	350	7	3.02%
Franke Foodservice Systems	350	10	2.47%	-	-	-
MI Windows and Doors	-	-	-	550	-	4.75%
Cumberland Swan	-	-	-	793	5	6.85%
Estes Express	-	-	-	220	3	1.90%
	-	-	-		10	0.00%
	<u>14,164</u>		<u>100.00%</u>	<u>11,582</u>		<u>100.00%</u>

Source: Rutherford County Chamber of Commerce

Percentage reflects the percentage of each employer to the top ten employers for that year.

Total Town employment is not available.

TOWN OF SMYRNA, TENNESSEE

Operating Information

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

Schedule 16

Function	Full-time Equivalent Employees as of June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General government:										
Administration	6	6	6	6	7	7	6	7	5	5
Finance	14.8	14.6	13.6	13.6	12.6	16.4	17.4	17.4	14.6	14.6
Personnel	3	3	3	3	3	3	3	3	3	3
Planning and Codes	8	8	8	8	11	11.8	11.8	11.8	11	10
IT Services	5	5	5	3.8	4.8	4.8	4.8	4.8	3.8	3.8
Courts	13	13.6	14.6	13.8	16.4	17.2	16.4	13.4	14.2	13.8
Building and Grounds	6	6	6	6	10	11	12.8	13.6	12.8	13.6
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	81	78	66	76	80	80	81	79	74	70
Civilians	21	21.8	20.8	20.8	25.8	26.6	27.8	25.6	26.8	24.8
Fire										
Firefighters	87	82	84	94	97	98	91	81	70	60
Civilians	2	2	2	2	2	2	2	2	2	2
Highways and streets	12.6	13.6	12.8	16.6	17.6	18.6	19.6	18.6	21.8	20.8
Stormwater	9	8	8	5	5	5	4	4	N/A	N/A
Recreation										
Parks	33.1	39.6	38.3	37.2	40.7	41.2	40.5	39	36.1	35.5
Golf Course	19.8	17.7	17.6	16.8	20.4	18.1	22.2	22.2	20.9	22.5
Community Development	16.2	9.6	10.4	11.2	12.2	12.2	13.0	12.8	10.2	11.2
Water and Sewer	41	42	40	43	61	63	62	60	49	47
Natural Gas	18	18	17.8	18	21	21	21	19	18	16
Totals	402.1	394.1	379.5	400.4	453.1	462.5	461.9	439.8	398.8	379.2

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities:										
General Government:										
Court										
Warrants/summons issued	4,014	5,277	4,492	3,470	4,159	4,240	5,128	4,766	4,595	3,169
Warrants served	3,029	4,746	4,396	2,635	1,651	1,315	1,346	1,207	1,827	1,260
Misdemeanor citations	738	602	539	486	690	750	790	680	750	444
General sessions cases	5,988	4,806	12,095	12,532	12,826	13,263	15,328	13,036	12,305	8,489
Traffic court cases	11,106	7,809	10,652	10,978	10,870	11,661	11,750	10,548	7,703	8,777
Planning and Codes										
Building permits issued	792	837	747	733	726	894	1,000	1,015	1,230	1,074
Site plans reviewed	32	22	20	23	26	45	60	61	55	48
Zoning/annexation requests	15	10	23	11	11	35	35	49	41	41
Administration										
Population served per employe	98	104	110	104	97	96	97	88	94	84
Finance										
Checks processed	4,379	5,442	5,075	4,457	6,694	8,037	8,000	7,804	8,140	8,210
Amount purchased on competitive bid (millions)	\$6.05	\$3.93	\$3.67	\$3.58	\$3.80	\$5.10	\$3.00	\$2.80	\$4.00	\$2.60
Treasury										
Total number of utility paym	105,273	112,802	163,063	160,429	137,119	159,547	158,007	155,905	146,500	146,000
Total number of other payme	78,549	18,247	18,908	10,489	10,407	11,514	12,709	12,777	13,500	11,920
Human Resources										
Personnel turnover rate	17.00%	17.00%	18.90%	26.70%	12.00%	11.00%	11.00%	15.00%	14.00%	7.00%
New hires	72	75	43	48	63	98	120	113	100	89
Vehicle Maintenance										
Number of vehicles maintain	190	218	203	230	214	219	218	218	200	192
Pieces of equipment maintair	174	112	109	109	125	125	127	125	114	97
Public Safety:										
Police										
Average response in minutes	7:16	7:31	7:18	6:57	7:13	6:50	6:47	7:03	6:23	6:25
Police calls per 1,000 populat	637	618	3,090	2,376	724	681	743	767	720	700
Fire										
Average response in minutes	6:15	7:21	6:09	5:32	5:45	5:54	5:44	5:23	5:23	5:15
Dispatch calls for service	1,916	1,905	1,647	1,808	1,869	1,810	1,825	1,900	1,807	1,729
Culture and Recreation										
Parks and Recreation										
Number of park users	1,323,369	1,353,913	1,050,000	978,263	1,150,000	969,845	1,162,400	1,107,067	984,008	550,000
Number of league participan	7,498	7,000	7,500	7,569	7,200	7,624	7,700	7,590	7,220	6,597
Town Centre										
Number of functions	283	314	340	365	411	507	677	544	578	605
Golf Course										
Total rounds	32,533	29,979	30,817	30,346	31,583	29,237	31,580	39,000	36,224	37,584
Business-type Activities:										
Water Treatment Plant										
Gallons treated (millions)	3,309	2,936	2,905	2,598	3,398	3,120	3,124	3,302	3,259	3,210
Customers	13,720	13,579	13,855	13,641	13,344	13,323	13,249	13,219	12,777	10,144
Waste Water Treatment Plant										
Gallons treated (millions)	2,105	2,041	2,210	2,088	2,092	1,763	2,000	1,665	1,659	2,100
Customers	14,021	13,718	13,819	12,740	12,601	12,594	12,530	12,271	11,863	9,293
Natural Gas										
Customers	10,048	9,915	9,790	9,627	9,608	9,591	9,502	9,500	9,242	7,278

Sources: Town of Smyrna Departments

N/A : Statistic not available

The number of water and sewer customers decreased in 2014 due to the removal of duplicate accounts discovered during a change in billing software.

TOWN OF SMYRNA, TENNESSEE

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

Schedule 18

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities:										
General Government:										
Planning and Codes										
Vehicles	5	5	5	5	6	8	7	8	9	8
Engineering										
Vehicles	-	-	-	-	-	-	-	1	1	1
Building and Grounds Maintenan:										
Traffic signals	50	50	49	45	46	46	45	43	39	39
Shop	1	1	1	1	1	1	1	1	1	1
Vehicles	8	8	8	8	12	12	12	14	12	14
Administration										
Town Hall	1	1	1	1	1	1	1	1	1	1
Vehicles	1	1	2	2	2	2	2	2	1	1
Information Services										
Vehicles	1	2	2	2	2	2	3	3	3	3
Stormwater										
Vehicles	3	2	2	2	2	3	3	1	-	-
Public Safety:										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	77	78	77	81	81	89	83	86	87	78
Fire										
Stations	6	6	6	6	6	6	6	6	5	5
Vehicles	23	24	25	24	22	22	21	19	20	19
Highways and streets										
Streets (miles)	242	174	160.4	133.2	106.23	106.23	103.87	102.27	95.37	93.38
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	20	20	22	25	22	19	19	20	18	20
Cultural and Recreation										
Parks and Recreation										
Acres	822	822	821	815	815	788	788	788	788	708
Parks	12	12	12	12	12	12	12	12	12	11
Picnic areas (shelters)	18	19	17	17	17	17	17	17	17	17
Tennis courts	8	8	8	8	8	8	8	8	6	6
Racquetball courts	0	2	2	2	2	2	2	2	2	2
Practice areas	8	8	8	8	8	8	8	9	9	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	8	8	9	9	9	9	9	9	9	9
Shop	1	1	1	1	1	1	1	1	1	1
Pools	1	1	2	2	2	2	2	2	2	2
Splashpad	1	1	1	1	1	1	1	1	1	1
Workout facility	0	1	1	1	1	1	1	1	1	1
Trails and greenways (miles)	12	12	14	14	14	14	14	14	14	14
Discgolf course	1	1	1	1	1	1	1	1	1	1
Community center building	1	1	1	1	1	1	1	1	1	1
Assembly hall	1	1	1	1	1	1	1	1	1	1
Train Depot	1	1	-	-	-	-	-	-	-	-
Vehicles	14	14	15	15	14	14	12	17	14	11
Baby pool	1	-	-	-	-	-	-	-	-	-

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Town Centre										
Banquet facility	1	1	1	1	1	1	1	1	1	1
Golf Course										
Acres	211	211	211	211	211	211	211	211	211	211
Clubhouse	1	1	1	1	1	1	1	1	1	1
Maintenance facility	1	1	1	1	1	1	1	1	1	1
Regulation course	1	1	1	1	1	1	1	1	1	1
Executive course	1	1	1	1	1	1	1	1	1	1
Vehicles	1	1	1	1	1	2	1	1	1	1
Business-type Activities:										
Water Treatment Plant										
Plant	1	1	1	1	1	1	1	1	1	1
Storage tanks	7	7	7	5	5	5	5	5	5	5
Hydrants	1,500	1,477	1,473	1,457	1,448	1,439	1,433	1,419	1,355	1,355
Shop	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Vehicles	8	8	16	10	21	21	20	20	17	15
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	9	9	18	8	20	20	22	22	19	18
Natural Gas										
Miles of main	267.83	306.82	306	305	304	279	279	278	275	213
Shop	1	1	1	1	1	1	1	1	1	1
Vehicles	10	10	10	8	10	15	13	13	13	13

Sources: Town of Smyrna Departments



AWWA Free Water Audit Software:
Reporting Worksheet

WAS v5.0
American Water Works Association
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Click to access definition
 Click to add a comment

Water Audit Report for: **Town of Smyrna Water System (0000639)**
Reporting Year: **2015** **7/2014 - 6/2015**

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

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

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

WATER SUPPLIED

----- Enter grading in column 'E' and 'J' ----->

Volume from own sources:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="10"/>	<input type="text" value="2,649.550"/>	MG/Yr
Water imported:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="9"/>	<input type="text" value="191.000"/>	MG/Yr
Water exported:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="9"/>	<input type="text" value="28.400"/>	MG/Yr

Master Meter and Supply Error Adjustments

	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="9"/>	<input type="text" value="0.00%"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>	MG/Yr
	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="9"/>	<input type="text" value="0.00%"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="text"/>	MG/Yr
	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="9"/>	<input type="text" value="0.00%"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="text"/>	MG/Yr

Enter negative % or value for under-registration
Enter positive % or value for over-registration

WATER SUPPLIED: **2,812.149** MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="9"/>	<input type="text" value="2,493.500"/>	MG/Yr
Billed unmetered:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="10"/>	<input type="text" value="0.000"/>	MG/Yr
Unbilled metered:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="10"/>	<input type="text" value="0.000"/>	MG/Yr
Unbilled unmetered:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="9"/>	<input type="text" value="35.152"/>	MG/Yr

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

AUTHORIZED CONSUMPTION: **2,528.652** MG/Yr

Click here: for help using option buttons below

Pcnt: Value:

Use buttons to select percentage of water supplied OR value

Pcnt: Value:

MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

283.497 MG/Yr

Apparent Losses

Unauthorized consumption: **7.030** MG/Yr

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

Customer metering inaccuracies:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="9"/>	<input type="text" value="34.892"/>	MG/Yr
Systematic data handling errors:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="9"/>	<input type="text" value="3.100"/>	MG/Yr

Apparent Losses: **45.022** MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: **238.475** MG/Yr

WATER LOSSES: **283.497** MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: **318.649** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="10"/>	<input type="text" value="242.0"/>	miles
Number of active AND inactive service connections:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="10"/>	<input type="text" value="14,051"/>	
Service connection density:	<input type="button" value="?"/>	<input type="button" value="?"/>	<input type="text" value="9"/>	<input type="text" value="58"/>	conn./mile main

Are customer meters typically located at the curbside or property line? (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line: **Average length of customer service line has been set to zero and a data grading score of 10 has been applied**

Average operating pressure: psi

COST DATA

Total annual cost of operating water system:	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="10"/>	<input type="text" value="\$9,200,015"/>	\$/Year
Customer retail unit cost (applied to Apparent Losses):	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="9"/>	<input type="text" value="\$3.69"/>	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	<input type="button" value="+"/>	<input type="button" value="?"/>	<input type="text" value="9"/>	<input type="text" value="\$2,780.25"/>	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 92 out of 100 *****

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

PRIORITY AREAS FOR ATTENTION:

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

1: Unauthorized consumption

2: Billed metered

3: Customer metering inaccuracies

AWWA Free Water Audit Software:
System Attributes and Performance Indicators

WAS v5.0

American Water Works Association.
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Water Audit Report for: **Town of Smyrna Water System (0000639)**
Reporting Year: **2015** | **7/2014 - 6/2015**

***** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 92 out of 100 *****

System Attributes:

Apparent Losses:	<input type="text" value="45.022"/>	MG/Yr
+ Real Losses:	<input type="text" value="238.475"/>	MG/Yr
= Water Losses:	<input type="text" value="283.497"/>	MG/Yr

Unavoidable Annual Real Losses (UARL): MG/Yr

Annual cost of Apparent Losses:

Annual cost of Real Losses:

Valued at **Variable Production Cost**
Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial: { Non-revenue water as percent by volume of Water Supplied:
Non-revenue water as percent by cost of operating system: Real Losses valued at Variable Production Cost

Operational Efficiency: { Apparent Losses per service connection per day: gallons/connection/day
Real Losses per service connection per day: gallons/connection/day
Real Losses per length of main per day*:
Real Losses per service connection per day per psi pressure: gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): million gallons/year

Infrastructure Leakage Index (ILI) [CARL/UARL]:

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

OTHER REPORTS

YEARY, HOWELL & ASSOCIATES

Certified Public Accountants

501 EAST IRIS DRIVE
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY
GREGORY V. HOWELL

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

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

Honorable Mayor and Town Council
Town of Smyrna
Smyrna, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Smyrna, Tennessee's, (the Town) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 13, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

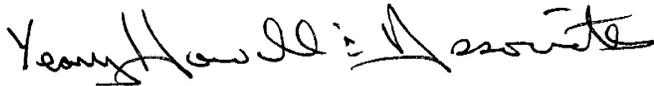
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

We noted certain other matters that were reported to management in a separate letter dated October 13, 2015.

Honorable Mayor and Town Council
Town of Smyrna
Smyrna, Tennessee

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Yenny Howard". The signature is written in a cursive style with a large initial "Y" and a distinct "H".

October 13, 2015

TOWN OF SMYRNA, TENNESSEE

Schedule of Findings and Questioned Costs

June 30, 2015

- I. Findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

Prior Year

None.

Current Year

None.