



City of Smyrna

Georgia

Annual Financial Report

Fiscal Year Ending June 30, 2010

David A. Boyd, C.P.A., M.P.A.
Director of Finance

**CITY OF SMYRNA, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

TABLE OF CONTENTS

	<u>Page(s)</u>
<u>INTRODUCTORY SECTION</u>	
Organizational Chart	i
List of Principal Officials.....	ii
<u>FINANCIAL SECTION</u>	
Auditor's Opinion	1, 2
Management's Discussion and Analysis	3 - 10
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Balance Sheet - Proprietary Fund.....	16
Statement of Revenues, Expenses, and Changes in Fund Equity - Proprietary Fund.....	17
Statement of Cash Flows - Proprietary Fund	18
Statement of Fiduciary Net Assets	19
Statement of Changes in Fiduciary Net Assets	20
Notes to Financial Statements.....	21 - 44

**CITY OF SMYRNA, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Funding Progress	45
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Fund	46, 47
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:	
Nonmajor Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds	48, 49
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	50, 51
Special Revenue Funds:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - MCS Narcotics	52
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Hotel/Motel Premium Tax.....	53
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Downtown Development Revenue Bond	54
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Multiple Grant Fund	55
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Auto Rental Tax Fund	56
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Emergency E911 Telephone	57
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual HUD Community Development Block Grant	58

**CITY OF SMYRNA, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Tax Allocation District	59
Capital Project Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Capital Projects Fund	60
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual 1% Road Improvement Tax	61
Statement of Cash Flows – Component Unit- Smyrna Development Corporation	62
 <u>STATISTICAL SECTION</u>	
Statistical Section Contents	63
Net assets by Component- Last Eight Fiscal Years	64
Changes in Net Assets Last Eight Fiscal Years	65-66
Fund Balances of Governmental Funds Last Ten Fiscal Years	67
Changes in Fund Balances of Governmental Funds Last Ten Years.....	68
Tax Revenue by Source, Governmental Funds Last Ten Fiscal Years	69
Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years	70
Direct and Overlapping Property Tax Rates Last Ten Fiscal Years	71
Principal Property Taxpayers Current Year and Nine Years Ago.....	72

**CITY OF SMYRNA, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
Property Tax Levies and Collections Last Ten Fiscal Years	73
Ratios of Outstanding Debt by Type Last Ten Fiscal Years	74
Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years	75
Direct and Overlapping Governmental Activities Debt	76
Legal Debt Margin Information Last Ten Fiscal Years	77
Pledged-Revenue Coverage Last Ten Fiscal Years	78
Demographic and Economic Statistics Last Ten Fiscal Years	79
Principal Employers Current Year and Nine Years Ago.....	80
Full-time-Equivalent City Government Employees by Function/Program Last Ten Fiscal Years	81
Operating Indicators by Function Last Ten Fiscal Years	82
Capital Asset Statistics by Function Last Ten Fiscal Years	83

COMPLIANCE SECTION

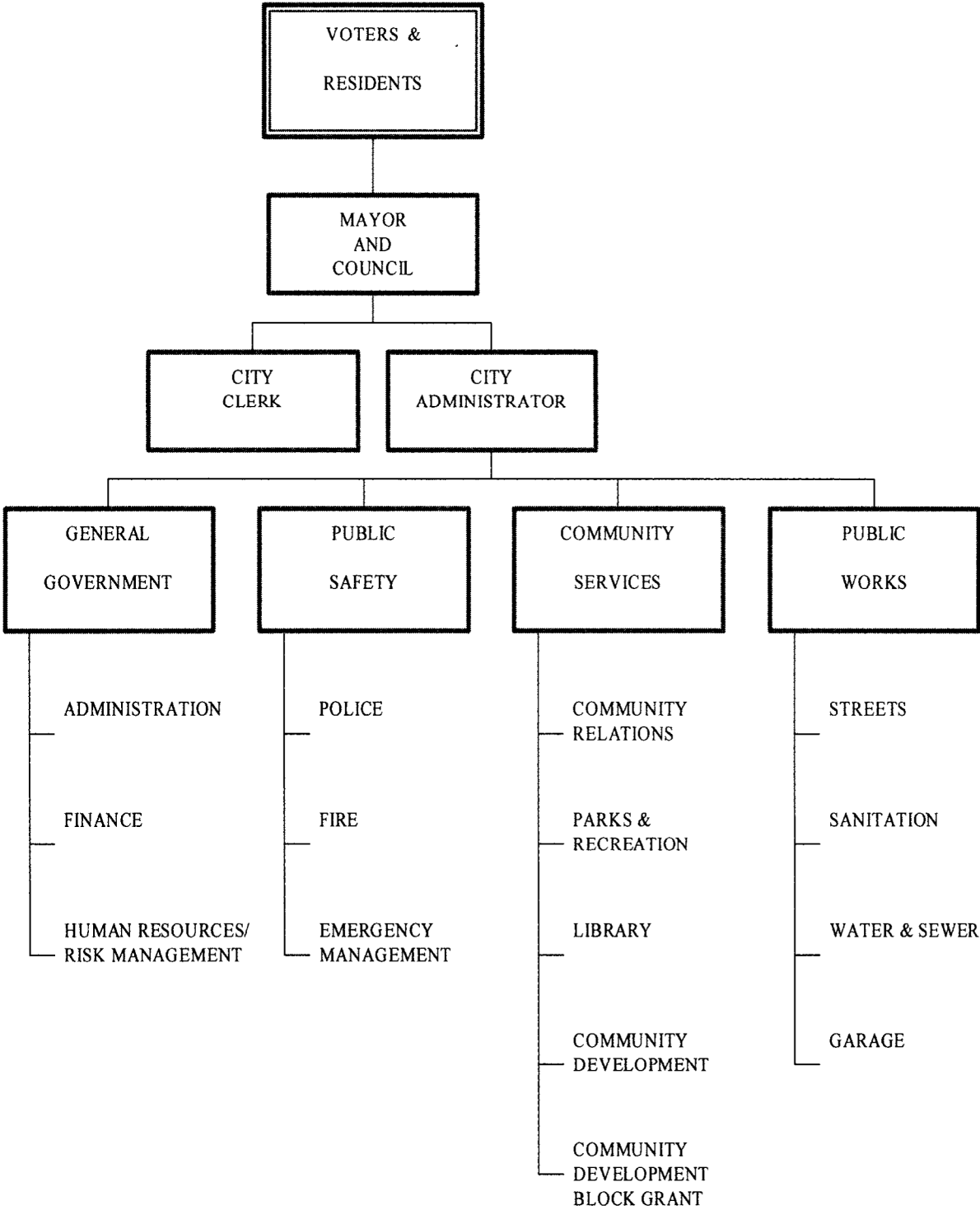
Independent Auditors' Report on Compliance and on Internal Controls Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	84, 85
Independent Auditor's Report on Car Rental Tax.....	86
Car Rental Tax Schedule of Revenue Received and Expenditures Incurred	87
Independent Auditor's Report on Hotel/Motel Tax	88

**CITY OF SMYRNA, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred	89
Independent Auditor's Report on 1 Percent Sales Tax.....	90
1 Percent Sales Tax Schedule of Projects Constructed with Special Tax Proceeds	91

ORGANIZATIONAL CHART
CITY OF SMYRNA, GEORGIA



Principal Officials

City of Smyrna, Georgia

Mayor & City Council



A. Max Bacon
Mayor



Wade S. Lnenicka
Ward 6
Mayor Pro-Tem



Melleny Pritchett
Ward 1



Ron Newcomb
Ward 2



Terri Anulewicz
Ward 3



Mike McNabb
Ward 4



Jimmy Smith
Ward 5



Charles Pete Wood
Ward 7

APPOINTED OFFICIALS

Susan Hiott
City Clerk

Eric Taylor
City Administrator

DEPARTMENT HEADS

Chris Addicks
Information Systems Manager

Stan Hook
Chief of Police

Jennifer Bennett
Community Relations Director

Jason Lanyon
Fire Chief /
Emergency Management Dir.

David Boyd
Director of Finance

Michael Seigler
Library Director

Steve Ciaccio
Director of Parks and Recreation

Scott Stokes
Public Works Director

Kay Bolick
Director of Human Resources /
Risk Management

Ken Suddreth
Director of Community Dev.

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Smyrna, Georgia, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Smyrna, Georgia, as of June 30, 2010, and the respective changes in financial position and the cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2010 on our consideration of the City of Smyrna, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3-10, the schedule of funding progress on page 45 and the budgetary comparison information for the General Fund on pages 46, 47, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Smyrna, Georgia's basic financial statements. The introductory section, combining and individual fund statements and schedules, statistical section, and compliance section are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them. The combining and individual fund statements and schedules and the compliance section have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Moore & Cubbedge, LLP
Marietta, Georgia

November 1, 2010

Management's Discussion and Analysis

As management of the City of Smyrna, Georgia, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with the information in the financial statements and the notes to the financial statements.

Financial Highlights

Key financial highlights for 2010 are as follows:

- ◆ The City's combined net assets increased \$8.16 million to \$121.96 million from \$113.8 million in 2009.
- ◆ Combined revenue increased \$.3 million to \$62.4 million from \$62.1 million in 2009, of which governmental activities totaled \$47.2 million and business-type activities totaled \$15.2 million.
- ◆ Overall expenses totaled \$54.3 million of which governmental activities totaled \$42.2 million and business-type activities totaled \$12.1 million.
- ◆ As of June 30, 2010, the City's governmental funds reported combined ending fund balances of \$17.97 million. Approximately 77.9% is available for use (unreserved fund balance).
- ◆ As of June 30, 2010, unreserved fund balance for the general fund was \$14.0 million, or 41% of total general fund expenditures.
- ◆ Total City's combined outstanding long-term liabilities decreased \$3.24 million in 2010.

Overview of the Financial Statements

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

Government-wide Financial Statements.

The government-wide financial statements include the primary government as well as a legally separate entity that has a significant financial and operational relationship with the City. This legally separate entity is a discretely presented component unit of the City. Additional information can be found in the notes to the financial statements.

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

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

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the

change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements include the primary government as well as a legally separate entity that has a significant and operational relationship with the city. This legally separate entity is a discretely presented component unit of the City. Additional information can be found in the notes to the financial statements.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains three governmental fund types: the General Fund, Special Revenue Funds, and the Capital Projects Funds. Four individual funds are considered major funds – the General Fund, the Parks and Recreation Fund, the 1% Road Improvement Tax (SPLOST) Fund and the Downtown Development Authority Fund. Data from the other Special Revenue Funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 13-15 of this report.

Proprietary Funds. Proprietary funds are used to account for activities that operate similar to those commercial enterprises found in the private sector. The City maintains its Water and Sewer Fund as an enterprise fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 16-18 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 21-44 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the budgetary comparison for the General Fund. Required supplementary information can be found on pages 45-47 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets (government and business-type activities) totaled \$121.96 million at June 30, 2010.

The largest portion of the City's net assets (81.8%) reflects its investment in capital assets such as land, buildings, equipment and infrastructure, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF SMYRNA'S Net Assets

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 18,958,237	\$ 15,321,819	\$ 789,728	\$ (769,705)	\$ 19,747,965	14,552,114
Capital assets	121,393,281	115,896,003	22,624,240	23,656,667	144,017,521	139,552,670
Restricted assets-noncurrent	3,609,093	9,031,928	4,764,304	4,054,015	8,373,397	13,085,943
Total assets	143,960,611	140,249,750	28,178,272	26,940,977	172,138,883	167,190,727
Long-term liabilities outstanding	38,460,242	40,681,604	3,123,157	4,144,561	41,583,399	44,826,165
Current liabilities	6,198,549	6,756,091	2,394,234	1,791,251	8,592,783	8,547,342
Total liabilities	44,658,791	47,437,695	5,517,391	5,935,812	50,176,182	53,373,507
Net assets:						
Invested in capital assets, net of						
related debt	81,282,475	75,593,976	18,479,678	18,388,326	99,762,153	93,982,302
Restricted	4,373,680	6,667,299	4,228,788	3,506,281	8,602,468	10,173,580
Unrestricted	13,645,665	10,550,780	(47,585)	(889,442)	13,598,080	9,661,338
Total net assets	99,301,820	92,812,055	22,660,881	21,005,165	121,962,701	113,817,220

An additional portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2010, the City is able to report positive balances in net assets for the governmental and business-type activities.

For fiscal year 2010, the City's net assets increased \$8.16 million.

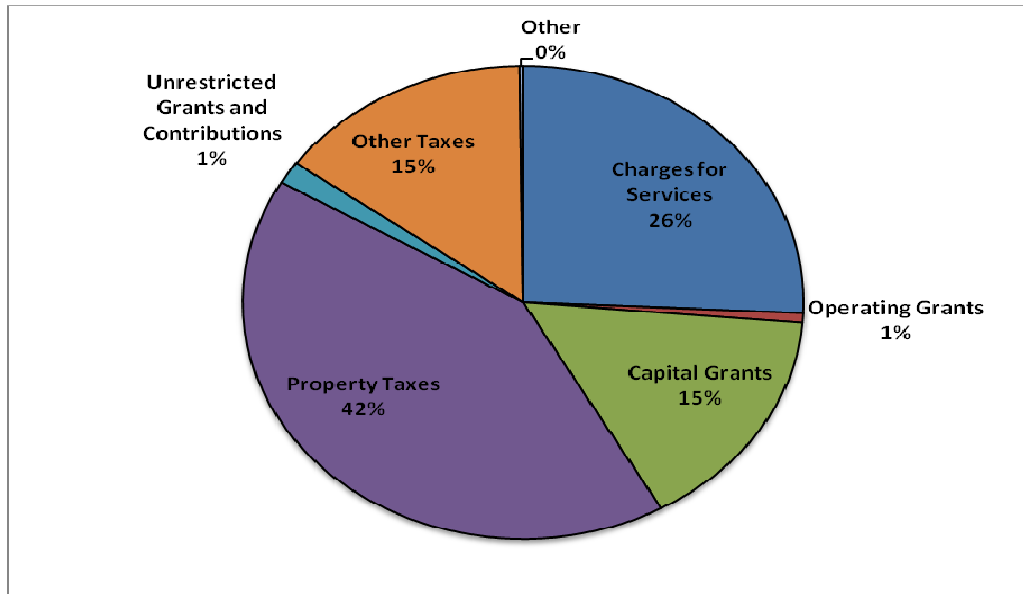
	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues						
Charges for services	\$ 12,144,864	\$ 12,236,905	\$ 15,210,052	\$ 14,196,848	\$ 27,354,916	\$ 26,433,753
Operating grants and contributions	314,589	171,752	-	-	314,589	171,752
Capital grants and contributions	7,302,908	7,671,445	-	-	7,302,908	7,671,445
General revenues:						
Property taxes	19,663,081	18,884,117	-	-	19,663,081	18,884,117
Other taxes	6,973,918	7,305,974	-	-	6,973,918	7,305,974
Grants and contributions not restricted to specific programs	734,538	1,505,426	-	-	734,538	1,505,426
Unrestricted investment earnings	31,959	57,599	11,904	31,173	43,863	88,772
Sale of capital assets	72,114	69,086	-	-	72,114	69,086
Total revenues	47,237,971	47,902,304	15,221,956	14,228,021	62,459,927	62,130,325
Expenses:						
General government	6,618,073	4,979,546	-	-	6,618,073	4,979,546
Judicial	555,925	574,258	-	-	555,925	574,258
Public Safety	16,331,914	17,452,477	-	-	16,331,914	17,452,477
Public works	10,577,151	11,167,574	-	-	10,577,151	11,167,574
Housing and development	871,326	1,047,730	-	-	871,326	1,047,730
Culture and recreation	5,249,173	5,316,392	-	-	5,249,173	5,316,392
Water and sewer	-	-	12,066,240	12,184,207	12,066,240	12,184,207
Interest & fiscal changes on long-term debt	2,044,644	2,039,188	-	-	2,044,644	2,039,188
Total expenses	42,248,206	42,577,165	12,066,240	12,184,207	54,314,446	54,761,372
Change in net assets before transfers	4,989,765	5,325,139	3,155,716	2,043,814	8,145,481	7,368,953
Transfers	1,500,000	1,320,000	(1,500,000)	(1,320,000)	-	-
Change in net assets	6,489,765	6,645,139	1,655,716	723,814	8,145,481	7,368,953
Net assets - beginning	92,812,055	86,166,916	21,005,165	20,281,351	113,817,220	106,448,267
Net assets - ending	\$ 99,301,820	\$ 92,812,055	\$ 22,660,881	\$ 21,005,165	\$ 121,962,701	\$ 113,817,220

Governmental Activities. Governmental activities increased the City's net assets by \$6.5 million.

Property tax revenue grew 4% mainly because funds previously received through state homestead exemption reimbursement were received through property taxation. Capital grants and contributions revenue declined 5%.

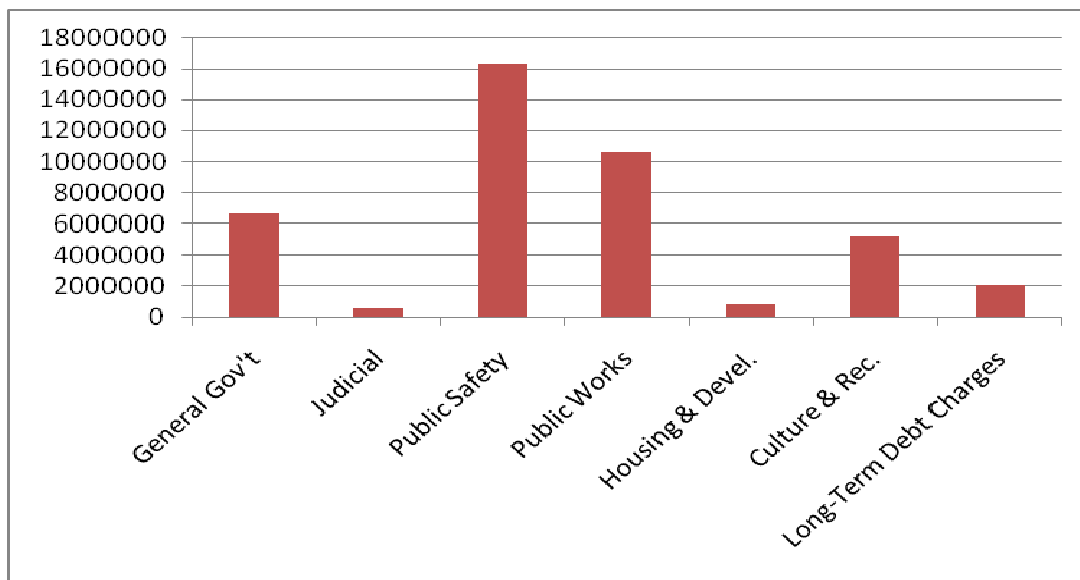
2010 Grants and contributions not restricted to specific programs: 52% reduction due to loss of state homestead exemption reimbursement. Funds received from Cobb County in lieu of tax rollbacks required by HB 489.

Revenues – Governmental Activities FY 2010



Governmental activity revenues are generated from a variety of sources including fees, grants, intergovernmental transfers and taxes. Taxes are the majority revenue source for the City at 57% of total revenue.

Expenses – Governmental Activities FY 2010



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

Public safety expense reflects the city's desire to invest in this important area. Public works expense includes SPLOST expenditures and culture and recreation expense reflects expenditure of the 2005 bond issue for park additions and improvements.

Business-Type Activities. Business type revenues exceeded expenses (including transfers out of \$1.5 million) resulting in an increase in net assets of \$1,655,716. Increased utility rates and elimination of drought restrictions contributed to the operating revenue increase in FY 2010. Rates are scheduled to increase as needed on an ongoing annual basis.

Financial Analysis of the Government's Funds

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

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

As of June 30, 2010, the City's governmental funds reported combined ending fund balances of \$17.97 million. Of this total, \$14.0 million or 77.9% constitutes *unreserved fund balance*, which is available for spending in the coming year. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to encumbrances, inventories, prepaid expenditures and capital projects (\$3.97 million).

Major Governmental Funds

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$13.2 million, and total fund balance was \$13.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 39.2% of total general fund expenditures and total fund balance represents 40.2% of that same amount.

In FY 2010 the fund balance of the General Fund increased by \$1,394,815.

The key factor to this increase is:

- ◆ Excess of revenues over expenditures increased \$2,726,800.

The Parks and Recreation Fund is used to account for financial resources used for the construction and enhancement of local recreational park areas. The fund balance decreased in FY 2010 as bond proceeds from the FY 2005 issue were spent on approved projects.

The 1% Road Improvement Tax (SPLOST) Fund is used to account for financial resources collected and used for construction and enhancement of the city's infrastructure. The fund balance decreased in FY 2010 as projects expenditures exceeded tax proceeds.

The Downtown Development Fund is used to account for the acquisition and construction of major capital facilities that are not financed by Proprietary Funds. These funds were used for the completion of the Downtown Redevelopment Projects.

Non-Major Governmental Funds.

The Special Revenue Funds are used to account for the City's collection and disbursement of specific revenues that are legally restricted to expenditures for specified purposes. Included in this classification are: Marietta, Cobb and Smyrna Narcotics Squad (MCS), Hotel/Motel Tax Fund, Downtown Development Revenue Bond Fund (debt service), Multiple Grant Fund, Auto Rental Tax, Emergency 911 Telephone Fund, Housing and Urban Development Grant Fund (CDBG) and Tax Allocation District (TAD) Fund.

Non-major governmental funds revenues and other financing sources totaled \$6.5 million for the fiscal year ended June 30, 2010. Non-major governmental funds expenditures and other financing uses totaled \$5.8 million. Fund balance for all non-major governmental funds was a surplus of \$1,574,454.

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

Unrestricted net assets for Water and Sewer at the end of the year are negative at (\$47,585). Total net assets increased \$1,655,716. As noted earlier, the City is raising utility rates as needed to keep the Water and Sewer Fund operating with a surplus and able to fund capital infrastructure reserves. It is expected the unrestricted net assets balance will improve in FY 2011 as a result of these increases.

General Fund Budgetary Highlights

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level within funds. The most significant budgeted fund is the General Fund. The original budget of \$37,607,523 was amended to \$37,807,923 in a series of budget amendments. These amendments were necessary to meet changing economic conditions.

Actual revenues were greater than the final budget and expenditures were less than the final budget. The City ended the year with a net increase in fund balance of \$1,394,815 on a budgetary basis.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2010 amounts to \$144.0 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the city, such as roads, bridges, sidewalks, drainage, curb and gutter and the water and sewer systems.

The net increase in the City's investment in capital assets for fiscal year 2010 was 3.2% from \$139.5 million to \$144.0 million, an increase of \$4.5 million. Additional information on the City's capital assets can be found in Note 7 of the notes to the financial statements of this report.

Long – term debt. As of June 30, 2010, the City of Smyrna had a net of \$44.3 million in outstanding long-term debt, which does not include interest expense. The City has no general obligation debt. Additional information on the City's long-term debt can be found in Note 8 of the notes to the financial statements of this report.

Economic Factors

The Mayor and Council, along with a dedicated staff of professionals, have continued to aggressively address the current and future needs of the City by focusing on sound financial management, the use of current resources for capital expenditures, and an extensive budgeting process.

The City's top priorities will continue to be the redevelopment of older neighborhoods and aging commercial areas, parks and transportation. There are three major financial issues for FY 2011 and beyond:

- Commercial redevelopment. There are two major redevelopment projects underway, although both are on hold until the economic climate improves. Once completed these projects will bring major commercial and residential development to downtown Smyrna.
- Continued redevelopment and expansion of the city park system through the \$22 million Parks and Recreation Bond. This project should be completed in FY 2011.
- Continued transportation improvements to roads, sidewalks and traffic issues using the Cobb County 1% Special Local Option Sales Tax (SPLOST) approved by voters in 2005.

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

Request for Information

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

CITY OF SMYRNA, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets:				
Cash	\$ 13,396,457	\$ 322,026	\$ 13,718,483	\$ 1,616,658
Receivables, net:				
Trade	696,579	1,652,649	2,349,228	7,112
Taxes	687,113	-	687,113	-
Other	33,525	-	33,525	20,397
Internal balances	1,192,118	(1,192,118)	-	-
Due from other governments	1,854,191	-	1,854,191	-
Inventories	326,365	-	326,365	-
Prepaid items	2,912	-	2,912	-
Restricted assets	3,609,093	4,764,304	8,373,397	975,993
Capital assets, non depreciated	23,176,970	-	23,176,970	1,217,701
Capital assets, depreciated, net	98,216,311	22,624,240	120,840,551	3,733,948
Net OPEB asset	462,207	-	462,207	-
Other assets, net	306,770	7,171	313,941	249,022
Total assets	143,960,611	28,178,272	172,138,883	7,820,831
Liabilities:				
Accounts payable and other current liabilities	2,887,931	860,998	3,748,929	66,317
Unearned revenue	45,098	-	45,098	-
Deposits payable	319,216	511,831	831,047	-
Noncurrent liabilities:				
Due within one year	2,946,304	1,021,405	3,967,709	-
Due in more than one year	38,460,242	3,123,157	41,583,399	8,195,000
Total liabilities	44,658,791	5,517,391	50,176,182	8,261,317
Net Assets:				
Invested in capital assets, net of related debt	81,282,475	18,479,678	99,762,153	(3,084,969)
Restricted for:				
Culture and recreation	590,156	-	590,156	-
Debt service	-	1,607,370	1,607,370	817,611
Completion of projects	3,513,089	2,621,418	6,134,507	-
Public safety	270,435	-	270,435	-
Unrestricted	13,645,665	(47,585)	13,598,080	1,826,872
Total net assets	\$ 99,301,820	\$ 22,660,881	\$ 121,962,701	\$ (440,486)

See Accompanying Notes to Financial Statements.

**CITY OF SMYRNA, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Change in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary Government								
Governmental activities:								
General government	\$ 6,618,073	\$ 1,835,642	\$ 695	\$ -	\$ (4,781,736)	\$ -	\$ (4,781,736)	
Judicial	555,925	2,722,636	-	-	2,166,711	-	2,166,711	
Public safety:								
Police	8,804,070	61,691	109,418	-	(8,632,961)	-	(8,632,961)	
Fire	6,249,243	-	204,476	-	(6,044,767)	-	(6,044,767)	
Emergency 911	1,278,601	1,035,464	-	-	(243,137)	-	(243,137)	
Public works	10,577,151	5,594,596	-	7,261,636	2,279,081	-	2,279,081	
Housing and development	871,326	249,013	-	-	(622,313)	-	(622,313)	
Culture and recreation	5,249,173	645,822	-	41,272	(4,562,079)	-	(4,562,079)	
Interest & fiscal charges on long-term debt	2,044,644	-	-	-	(2,044,644)	-	(2,044,644)	
Total governmental activities	42,248,206	12,144,864	314,589	7,302,908	(22,485,845)	-	(22,485,845)	
Business-type activities:								
Water and Sewer	12,066,240	15,210,052	-	-	-	3,143,812	3,143,812	
Total business-type activities	12,066,240	15,210,052	-	-	-	3,143,812	3,143,812	
Total Primary Government	\$54,314,446	\$27,354,916	\$ 314,589	\$ 7,302,908	\$ (22,485,845)	\$ 3,143,812	\$ (19,342,033)	
Component Unit	\$ 943,205	\$ 318,337	\$ -	\$ -				\$ (624,868)
General revenues:								
Property taxes					19,663,081	-	19,663,081	-
Hotel, motel tax					742,120	-	742,120	-
Insurance premium tax					2,273,112	-	2,273,112	-
Franchise taxes					3,209,116	-	3,209,116	-
Alcohol taxes					708,059	-	708,059	-
Miscellaneous taxes					41,511	-	41,511	-
Operating grants not restricted to a specific program					734,538	-	734,538	
Unrestricted investment earnings					31,959	11,904	43,863	2,682
Gain on sale of capital assets					72,114	-	72,114	658,029
Transfers								-
Total general revenues and transfers					1,500,000	(1,500,000)	-	
Change in net assets					28,975,610	(1,488,096)	27,487,514	660,711
Net assets - beginning					6,489,765	1,655,716	8,145,481	35,843
Net assets - ending					92,812,055	21,005,165	113,817,220	(476,329)
					\$ 99,301,820	\$22,660,881	\$121,962,701	\$ (440,486)

CITY OF SMYRNA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Parks and Recreation	1% Road Improvement Tax	Downtown Development Authority Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>						
Cash	\$ 13,396,457	\$ -	\$ -	\$ -	\$ -	\$ 13,396,457
Restricted cash	319,216	-	1,960,374	-	1,211,407	3,490,997
Receivables, net:						
Trade	696,579	-	-	-	-	696,579
Taxes	687,113	-	-	-	-	687,113
Other	33,525	-	-	-	-	33,525
Due from other funds	2,534,445	16,669	-	-	1,000,000	3,551,114
Due from other governments	-	-	1,824,256	-	29,935	1,854,191
Inventories	326,365	-	-	-	-	326,365
Restricted investments	-	118,094	-	-	2	118,096
Prepaid items	2,912	-	-	-	-	2,912
Total assets and other debits	<u>\$ 17,996,612</u>	<u>\$ 134,763</u>	<u>\$ 3,784,630</u>	<u>\$ -</u>	<u>\$ 2,241,344</u>	<u>\$ 24,157,349</u>
<u>Liabilities and fund balances</u>						
<u>Liabilities:</u>						
Accounts payable	\$ 1,266,649	\$ 22,095	\$ 271,541	\$ -	\$ -	\$ 1,560,285
Accrued liabilities	1,247,361	-	-	-	80,285	1,327,646
Deferred revenue	584,718	-	-	-	33,098	617,816
Due to other funds	1,000,000	-	-	805,489	553,507	2,358,996
Deposits payable	319,216	-	-	-	-	319,216
Total liabilities	<u>4,417,944</u>	<u>22,095</u>	<u>271,541</u>	<u>805,489</u>	<u>666,890</u>	<u>6,183,959</u>
<u>Fund balances:</u>						
<u>Reserved for:</u>						
Encumbrances	21,368	-	-	-	-	21,368
Inventories	326,365	-	-	-	-	326,365
Prepays	2,912	-	-	-	-	2,912
Capital projects	-	112,668	3,513,089	-	-	3,625,757
Unreserved-designated for projects	1,972,688	-	-	-	-	1,972,688
<u>Unreserved-undesignated, reported in:</u>						
General fund	11,255,335	-	-	-	-	11,255,335
Capital projects funds	-	-	-	(805,489)	1,000,000	194,511
Special revenue funds	-	-	-	-	574,454	574,454
Total fund balances	<u>13,578,668</u>	<u>112,668</u>	<u>3,513,089</u>	<u>(805,489)</u>	<u>1,574,454</u>	<u>17,973,390</u>
Total liabilities and fund balances	<u>\$ 17,996,612</u>	<u>\$ 134,763</u>	<u>\$ 3,784,630</u>	<u>\$ -</u>	<u>\$ 2,241,344</u>	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	121,393,281
Property tax revenue earned but unavailable is not reported in the funds.	572,718
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Unamortized bond costs	306,770
Net OPEB asset	462,207
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Unmatured bonds payable	(37,105,000)
Unamortized deferred charges	(822,378)
Capital leases payable	(2,230,535)
Accrued compensated absences	(1,248,633)
Net assets of governmental activities	<u>\$ 99,301,820</u>

CITY OF SMYRNA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Parks and Recreation	1% Road Improvement Tax	Downtown Development Authority Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 25,632,040	\$ -	\$ -	\$ -	\$ 822,726	\$ 26,454,766
Charges for services	6,675,879	-	-	-	1,035,464	7,711,343
Licenses and permits	1,756,512	-	-	-	-	1,756,512
Fines and forfeitures	2,417,397	-	-	-	-	2,417,397
Intergovernmental	939,014	-	7,254,363	-	150,660	8,344,037
Investment earnings	27,601	30	7,273	-	4,358	39,262
Miscellaneous revenue	364,840	-	-	-	-	364,840
Total revenues	<u>37,813,283</u>	<u>30</u>	<u>7,261,636</u>	<u>-</u>	<u>2,013,208</u>	<u>47,088,157</u>
Expenditures:						
Current:						
General government	9,895,079	-	-	-	-	9,895,079
Judicial	457,794	-	-	-	-	457,794
Public safety						
Police	7,012,591	-	-	-	258,779	7,271,370
Fire	5,019,096	-	-	-	-	5,019,096
Other	33,395	-	-	-	1,236,827	1,270,222
Public works	6,489,015	-	-	-	-	6,489,015
Culture and recreation	3,257,574	-	-	-	707,670	3,965,244
Housing and development	676,898	-	-	-	-	676,898
Capital Projects	-	1,788,990	9,293,919	-	-	11,082,909
Debt Service						
Principal, interest, and fees	936,788	-	-	-	3,233,533	4,170,321
Total expenditures	<u>33,778,230</u>	<u>1,788,990</u>	<u>9,293,919</u>	<u>-</u>	<u>5,436,809</u>	<u>50,297,948</u>
Excess (deficiency) of revenues over expenditures	4,035,053	(1,788,960)	(2,032,283)	-	(3,423,601)	(3,209,791)
Other financing sources (uses):						
Transfers in	1,745,197	-	-	50,000	4,488,155	6,283,352
Sale of capital assets	72,114	-	-	-	-	72,114
Transfers out	(4,457,549)	-	-	-	(325,803)	(4,783,352)
Total other financing sources (uses)	<u>(2,640,238)</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>4,162,352</u>	<u>1,572,114</u>
Net change in fund balance	<u>1,394,815</u>	<u>(1,788,960)</u>	<u>(2,032,283)</u>	<u>50,000</u>	<u>738,751</u>	<u>(1,637,677)</u>
Fund balance at beginning of year	<u>12,183,853</u>	<u>1,901,628</u>	<u>5,545,372</u>	<u>(855,489)</u>	<u>835,703</u>	<u>19,611,067</u>
Fund balance at end of year	<u>\$ 13,578,668</u>	<u>\$ 112,668</u>	<u>\$ 3,513,089</u>	<u>\$ (805,489)</u>	<u>\$ 1,574,454</u>	<u>\$ 17,973,390</u>

See Accompanying Notes to Financial Statements.

CITY OF SMYRNA, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

Net change in fund balances - total governmental funds		\$ (1,637,677)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation expense	(5,673,064)	
Capital outlays	<u>11,170,342</u>	5,497,278
The net effect of revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		181,176
OPEB contributions in excess of annual actuarial costs are recorded as expenses in the governmental funds		283,934
Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net assets.		2,125,677
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Accrued compensated absences	77,529	
Amortization of bond costs and deferred charges	<u>(38,152)</u>	<u>39,377</u>
Change in net assets of governmental activities		<u>\$ 6,489,765</u>

CITY OF SMYRNA, GEORGIA
BALANCE SHEET
PROPRIETARY FUND
JUNE 30, 2010

<u>ASSETS</u>	
	<u>Water and Sewer Enterprise Fund</u>
Current assets:	
Cash	\$ 322,026
Trade receivables, net	1,652,649
Total current assets	<u>1,974,675</u>
Noncurrent assets	
Restricted assets:	
Cash	4,764,304
Property, plant and equipment, net	22,624,240
Other assets, net	7,171
Total noncurrent assets	<u>27,395,715</u>
Total assets	<u><u>\$ 29,370,390</u></u>
<u>LIABILITIES AND FUND EQUITY</u>	
Current liabilities:	
Accounts payable	\$ 735,210
Accrued liabilities	125,788
Due to other funds	1,192,118
Deposits payable	511,831
Capital lease - current	241,405
Bonds payable - current	780,000
Total current liabilities	<u>3,586,352</u>
Long-term liabilities (net of current portion):	
Capital lease payable	2,833,157
Bonds payable	290,000
Total noncurrent liabilities	<u>3,123,157</u>
Total liabilities	<u>6,709,509</u>
Fund equity:	
Invested in capital assets, net of related debt	18,479,678
Restricted for debt service	1,607,370
Restricted for completion of projects	2,621,418
Unrestricted	(47,585)
Total fund equity	<u>22,660,881</u>
Total liabilities and fund equity	<u><u>\$ 29,370,390</u></u>

See Accompanying Notes to Financial Statements.

CITY OF SMYRNA, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Water and Sewer Enterprise Fund
Operating revenues:	
Charges for services	\$ 15,210,052
Total operating revenues	<u>15,210,052</u>
Operating expenses:	
Personal services and employee benefits	1,364,628
Repairs and maintenance	1,468,628
Supplies	7,410,143
Depreciation and amortization	<u>1,636,958</u>
Total operating expenses	<u>11,880,357</u>
Operating income	<u>3,329,695</u>
Nonoperating revenues (expenses):	
Interest income	11,904
Interest expense and fees	<u>(185,883)</u>
Total nonoperating revenues (expenses)	<u>(173,979)</u>
Income (loss) before transfers	<u>3,155,716</u>
Transfers out	<u>(1,500,000)</u>
Change in fund equity	1,655,716
Total fund equity, beginning	<u>21,005,165</u>
Total fund equity, ending	<u><u>\$ 22,660,881</u></u>

See Accompanying Notes to Financial Statements.

CITY OF SMYRNA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Water and Sewer Enterprise Fund
Cash flows from (to) operating activities:	
Cash received from customers	\$ 15,091,200
Cash payments to suppliers for goods and services	(9,953,179)
Cash payments for employee services and fringe benefits	(1,364,212)
Net cash from (to) operating activities	<u>3,773,809</u>
Cash flows from (to) noncapital financing activities:	
Transfers out	(1,500,000)
Net cash from (to) noncapital financing activities	<u>(1,500,000)</u>
Cash flows from (to) capital and related financing activities:	
Acquisition and construction of capital assets	(595,923)
Principal payments on revenue bonds	(745,000)
Principal payments on capital lease	(378,779)
Interest paid on revenue bonds and capital lease	(185,883)
Net cash from (to) capital and related financing activities	<u>(1,905,585)</u>
Cash flows from (to) investing activities:	
Interest earned on assets	11,904
Net cash from (to) investing activities	<u>11,904</u>
Net increase (decrease) in cash	380,128
Cash at beginning of year (including \$4,054,015 in restricted accounts)	4,706,202
Cash at end of year (including \$4,764,304 in restricted accounts)	<u>\$ 5,086,330</u>
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ 3,329,695
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation and amortization	1,636,958
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(118,852)
Increase (decrease) in accounts payable	735,210
Increase (decrease) in deposits payable	3,986
Increase (decrease) in due to other funds	(1,779,350)
Increase (decrease) in accrued liabilities	(33,838)
Net cash from operating activities	<u>\$ 3,773,809</u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	<u>\$ 185,883</u>

CITY OF SMYRNA, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2010

	<u>OPEB TRUST FUND</u>
Assets:	
Current assets:	
Investments	<u>\$ 331,382</u>
Total assets	<u>\$ 331,382</u>
Net assets:	
Net assets held in trust for other post employment benefits	<u>\$ 331,382</u>
Total net assets held in trust	<u><u>\$ 331,382</u></u>

See Accompanying Notes to Financial Statements.

CITY OF SMYRNA, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>OPEB TRUST FUND</u>
Additions	
Contributions:	
Employer	\$ 897,615
Employee	<u>117,809</u>
Total contributions	1,015,424
Investment earnings	<u>15,598</u>
Total additions	<u>1,031,022</u>
Deductions:	
Benefits and claims	<u>859,640</u>
Total deductions	<u>859,640</u>
Change in net assets	171,382
Net assets held in trust, beginning of year	<u>160,000</u>
Net assets held in trust, end of year	<u><u>\$ 331,382</u></u>

See Accompanying Notes to Financial Statements.

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The financial statements of the reporting entity include those of the City of Smyrna (the primary government) and its component units. The component units discussed below are included in the reporting entity because of the financial relationship with the City.

In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No. 14. "The Financial Reporting Entity", the financial statements of the component units have been included as either a blended component unit or a discretely presented component unit. The fiscal year end of the component units is June 30. The component units do not issue separate Component Unit Financial Statements. A brief description of the component units is as follows:

Downtown Smyrna Development Authority: The Downtown Smyrna Development Authority was created by the City of Smyrna, pursuant to the resolution of the Georgia General Assembly in October 1988. The Authority provides funding through capital lease agreements for the construction of governmental facilities. Currently the Authority is being used to provide funding sources to the City for the construction of governmental facilities. The Authority is not actively working to redevelop the downtown area.

The City Council appoints seven of the eight members of the Authority. The eighth position is filled by the Mayor who serves as the chairman. The Authority imposes a financial burden to the City. The Authority provides services almost entirely to the City. The Authority is presented as a blended component unit and presented as a Capital Projects Fund.

Smyrna Downtown Area Development Corporation: The Smyrna Downtown Area Development Corporation was created by the Smyrna Housing Authority in July 2008. The Corporation acquired an apartment project through the issuance of revenue anticipation notes. The Corporation entered into an Intergovernmental Service Agreement with the City whereby the City will provide sufficient working capital for the operation of the apartments and provide funds necessary to make debt service payments, if needed. The Corporation is to operate the apartments as directed by the Mayor. The Corporation is presented as a discretely presented component unit.

Related Organization: The Smyrna Housing Authority is a related organization which has not been included in the reporting entity. The Authority provides housing assistance to eligible families in the City. The Board consists of seven members appointed by the Mayor and City Council; however, the City does not have the ability to impose its will or have a financial

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

benefit or burden relationship. The debts of the Housing Authority are not secured by the City and deficits are not financed by the City. No budgetary or financial relationship exists between the City of Smyrna and the Smyrna Housing Authority.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The City's net assets are reported in three parts -invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

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

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

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

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

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

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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

The government reports the following major governmental funds:

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

Parks and Recreation Capital Projects Fund – The Parks and Recreation Fund accounts for money received from bond proceeds to be used on local recreational park areas.

1% Road Improvement Fund - The City's 1% Road Improvement Fund is used to account for financial resources to be used for the construction and expansion of roads and bridges, and the replacement of 800 MHz radios.

Downtown Development Authority Fund - The DDA fund provides funding through capital lease agreements for construction of governmental facilities.

The government reports the following major proprietary fund:

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

Additionally, the government reports the following fund types:

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

Capital Project Funds – Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Trust Funds – The Trust Fund accounts for the assets held by the City in a trustee capacity for individuals. The City's OPEB Trust Fund is utilized to account for the activity of the City's OPEB Plan.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water, sewer, sanitation and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Budgets and Budgetary Accounting

An operating budget is legally adopted each fiscal year for the General Fund, Special Revenue Funds, the 1% Road Improvement Fund, and the Capital Project Fund.

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP) except that the Parks and Recreation & DDA Capital Projects funds adopt project length budgets and encumbrances are treated as budgetary expenditures in the year of incurrence of the commitment to purchase. Certain intergovernmental revenue is not budgeted for in the Multiple Grant and MCS Narcotics Funds. Investment earnings are not budgeted for in the MCS Narcotics, Downtown Development Revenue Bond, Multiple Grant, HUD CDBG, and 1% Road Improvement Tax Funds. In the General Fund debt service expenditures are budgeted as general governmental expenditures.

The City generally follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed operating budget including proposed expenditures and the means of financing them is submitted to the City Council by the City Administrator.
2. A public hearing on the budget is held.
3. The budget is then revised and adopted or amended by the City Council at the first regular meeting following the hearing.
4. The level of control (the level at which expenditures may not legally exceed appropriations) for each of the above adopted budgets is at the department level. The City's department heads may make transfers of appropriations within a department with approval from the City Administrator and Finance Director. Transfers of

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

appropriations between departments require the approval of the Mayor and City Council. The total budget so adopted may be revised during the year only by formal action of the City Council in a regular meeting and no increase shall be made therein without provision also being made for financing the same. For a non-budgeted activity or item, or one which has a high likelihood of exceeding the budget appropriation, approval must come from the Mayor and City Council.

Unencumbered appropriations lapse at year end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue and Capital Projects Funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

E. Cash and Investments

For the purpose of the statement of cash flows, cash and cash equivalents include restricted and unrestricted amounts in demand accounts and all highly liquid investments with a maturity of three months or less when purchased.

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

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

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

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

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

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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

G. Inventories

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010 are recorded as prepaid items.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

GASB No. 34 requires the City to report and depreciate new infrastructure assets effective in the first year of implementing GASB No. 34. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The City implemented the retroactive infrastructure provisions in the fiscal year ending June 30, 2004 for all previous infrastructure assets.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated.

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

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

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

	Water and Sewer	Governmental Activities	Component Unit
Buildings and Improvements	40 years	80 years	28 years
Vehicles, machinery, furniture and equipment	4-10 years	5 years	-
Infrastructure and improvements	40 years	30 years	-

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

J. Compensated Absences

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

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

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

L. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) DEPOSITS AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City reduces its exposure to this risk by requiring deposits to be collateralized in accordance with State law. As of June 30, 2010, the primary government and its component unit were not exposed to custodial credit risk.

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Per the City's investment policy, the City manages its exposure to custodial risk by requiring full collateralization on two certain types of investments: certificates of deposits and repurchase agreements. As of June 30, 2010, none of the government's investments were exposed to custodial credit risk.

Investments of the City were comprised entirely of money market mutual funds and had a fair market value of \$118,094. The money market funds were rated AAAM and had investment maturities of less than one year.

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits direct investments in securities maturing more than five years from the date of purchase, unless matched by a specific cash flow.

(3) RECEIVABLES

Receivables at June 30, 2010 consist of the following:

	<u>Taxes and Fines</u>	<u>Utility Accounts</u>	<u>Other</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
General Fund	\$ 687,113	\$ 738,354	\$ 33,525	\$ (41,775)	\$ 1,417,217
Water and Sewer Fund	-	2,086,421	-	(433,772)	1,652,649
Total	<u>\$ 687,113</u>	<u>\$ 2,824,775</u>	<u>\$ 33,525</u>	<u>\$ (475,547)</u>	<u>\$ 3,069,866</u>

(4) DUE FROM OTHER GOVERNMENTS

	<u>Cobb County, GA</u>	<u>Cobb-Marietta Coliseum & Exhibit Hall Authority</u>	<u>Total</u>
1% Road Improvement	\$ 1,824,256	\$ -	\$ 1,824,256
Nonmajor Funds:			
HUD CDBG Fund	15,061	-	15,061
Hotel/Motel Premium Tax Fund	-	14,874	14,874
	<u>\$ 1,839,317</u>	<u>\$ 14,874</u>	<u>\$ 1,854,191</u>

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund loans receivable are considered "available spendable resources."

Such balances at June 30, 2010 include Due from (to) and are summarized as follows:

PAYABLE FROM	RECEIVABLE TO			Total
	General Fund	Parks and Recreation	Nonmajor Governmental Funds	
General Fund	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000
Downtown Development Authority Fund	805,489	-	-	805,489
Nonmajor Governmental Funds	536,838	16,669	-	553,507
Water and Sewer	1,192,118	-	-	1,192,118
Total	<u>\$ 2,534,445</u>	<u>\$ 16,669</u>	<u>\$ 1,000,000</u>	<u>\$ 3,551,114</u>

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

Interfund transfers for the current year were as follows:

TRANSFER IN TO	TRANSFER OUT FROM			Total
	General Fund	Nonmajor Governmental Funds	Water & Sewer Fund	
General Fund	\$ -	\$ 245,197	\$ 1,500,000	\$ 1,745,197
Downtown Development Authority	50,000	-	-	50,000
Parks and Recreation Fund	-	-	-	-
Nonmajor Governmental Funds	4,407,549	80,606	-	4,488,155
Total	<u>\$ 4,457,549</u>	<u>\$ 325,803</u>	<u>\$ 1,500,000</u>	<u>\$ 6,283,352</u>

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

(6) RESTRICTED ASSETS

In the governmental funds, customer deposits that will be refunded upon termination of service are restricted assets. Cash and investments that have accumulated in the special revenue funds, the 1% Road Improvement Tax Fund, and Parks and Recreation Fund are restricted to use per the fund description.

In the proprietary fund, certain resources set aside for bond repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

covenants. The "revenue bond construction" account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond debt service reserve" account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account. The "revenue bond replacement" account is used to report resources set aside to meet unexpensed contingencies or to fund asset renewals and replacements. Customer deposits that will be refunded upon termination of service are restricted assets.

The City's restricted assets at June 30, 2010, consist of the following:

Governmental Funds:	<u>Total</u>
General Fund:	
Customer deposits	<u>\$ 319,216</u>
Parks and Recreation Fund:	
Culture and recreation	<u>118,094</u>
1% Road Improvement:	
Completion of projects	<u>1,960,374</u>
Nonmajor governmental funds:	
E911 operations	333,536
Law enforcement	66,075
Tax allocation district	158,938
Unspent grant money	49,955
Housing and development	1,695
Downtown development revenue bond	2
Tourism	601,208
	<u>1,211,409</u>
Total governmental funds	<u><u>\$ 3,609,093</u></u>
Proprietary Funds	
Water and Sewer Enterprise Fund:	
Revenue bond debt service	\$ 1,631,055
Completion of projects	2,621,418
Customer deposits	511,831
	<u>511,831</u>
Total proprietary funds	<u><u>\$ 4,764,304</u></u>

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(7) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

Primary Government

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 21,500,688	\$ 1,676,282	\$ -	\$ 23,176,970
Construction in progress	1,036,133	-	(1,036,133)	-
Total capital assets not being depreciated	<u>22,536,821</u>	<u>1,676,282</u>	<u>(1,036,133)</u>	<u>23,176,970</u>
Capital assets, being depreciated:				
Infrastructure	111,821,111	5,254,203	-	117,075,314
Buildings and improvements	53,950,108	5,111,123	-	59,061,231
Motorized and heavy equipment	1,325,326	-	-	1,325,326
Office furniture and equipment	1,300,938	-	-	1,300,938
Computer equipment	2,333,053	-	-	2,333,053
Motor vehicles	9,845,593	108,545	(137,456)	9,816,682
Nonmotorized equipment	2,866,443	56,322	-	2,922,765
Total capital assets being depreciated	<u>183,442,572</u>	<u>10,530,193</u>	<u>(137,456)</u>	<u>193,835,309</u>
Less accumulated depreciation for:				
Infrastructure	(59,514,337)	(2,968,251)	-	(62,482,588)
Buildings and improvements	(16,284,315)	(1,634,309)	-	(17,918,624)
Motorized and heavy equipment	(1,322,016)	(102,735)	-	(1,424,751)
Office furniture and equipment	(1,246,282)	(9,660)	-	(1,255,942)
Computer equipment	(1,530,762)	(3,510)	-	(1,534,272)
Motor vehicles	(8,197,914)	(888,094)	137,456	(8,948,552)
Nonmotorized equipment	(1,987,764)	(66,505)	-	(2,054,269)
Total accumulated depreciation	<u>(90,083,390)</u>	<u>(5,673,064)</u>	<u>137,456</u>	<u>(95,618,998)</u>
Total capital assets being depreciated, net	<u>93,359,182</u>	<u>4,857,129</u>	<u>-</u>	<u>98,216,311</u>
Governmental activities capital assets, net	<u>\$ 115,896,003</u>	<u>\$ 6,533,411</u>	<u>\$ (1,036,133)</u>	<u>\$ 121,393,281</u>
Business-type activities:				
Capital assets, being depreciated:				
Infrastructure and improvements	\$ 29,329,414	\$ 595,924	\$ -	\$ 29,925,338
Buildings and improvements	84,329	-	-	84,329
Machinery and equipment	7,974,240	-	-	7,974,240
Motor vehicles	921,947	-	-	921,947
Computer equipment	82,882	-	-	82,882
Total capital assets being depreciated	<u>38,392,812</u>	<u>595,924</u>	<u>-</u>	<u>38,988,736</u>
Less accumulated depreciation for:				
Infrastructure and improvements	(11,033,992)	(866,500)	-	(11,900,492)
Buildings and improvements	(75,316)	(914)	-	(76,230)
Machinery and equipment	(2,876,193)	(699,204)	-	(3,575,397)
Motor vehicles	(667,762)	(57,233)	-	(724,995)
Computer equipment	(82,882)	(4,500)	-	(87,382)
Total accumulated depreciation	<u>(14,736,145)</u>	<u>(1,628,351)</u>	<u>-</u>	<u>(16,364,496)</u>
Total capital assets being depreciated, net	<u>23,656,667</u>	<u>(1,032,427)</u>	<u>-</u>	<u>22,624,240</u>
Business-type activities capital assets, net	<u>\$ 23,656,667</u>	<u>\$ (1,032,427)</u>	<u>\$ -</u>	<u>\$ 22,624,240</u>

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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

Governmental activities:

General government	\$ 757,346
Public safety	919,637
Public works, including depreciation of general infrastructure	3,130,541
Culture and recreation	<u>865,540</u>

Total depreciation expense - governmental activities	<u>\$ 5,673,064</u>
--	---------------------

Business-type activities:

Water and sewer	<u>\$ 1,628,351</u>
-----------------	---------------------

Component Unit

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,166,560	\$ -	\$ (339,539)	827,021
Construction in progress	<u>1,581,672</u>	<u>957,749</u>	<u>(2,148,741)</u>	<u>390,680</u>
Total capital assets not being depreciated	<u>2,748,232</u>	<u>957,749</u>	<u>(2,488,280)</u>	<u>1,217,701</u>
Capital assets, being depreciated:				
Buildings and improvements	<u>3,469,440</u>	<u>2,148,741</u>	<u>(1,745,160)</u>	<u>3,873,021</u>
Less accumulated depreciation for:				
Buildings and improvements	<u>(61,954)</u>	<u>(93,847)</u>	<u>16,728</u>	<u>(139,073)</u>
Total capital assets being depreciated, net	<u>3,407,486</u>	<u>2,054,894</u>	<u>(1,728,432)</u>	<u>3,733,948</u>
Capital assets, net	<u>\$ 6,155,718</u>	<u>\$ 3,012,643</u>	<u>\$ (4,216,712)</u>	<u>\$ 4,951,649</u>

(8) LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term liabilities for the year ended June 30, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 38,370,000	\$ -	\$ (1,265,000)	\$ 37,105,000	\$ 1,315,000
Deferred charges	<u>806,383</u>	<u>-</u>	<u>15,995</u>	<u>822,378</u>	<u>-</u>
	<u>39,176,383</u>	<u>-</u>	<u>(1,249,005)</u>	<u>37,927,378</u>	<u>1,315,000</u>
Capital leases	3,091,212	-	(860,677)	2,230,535	870,140
Compensated absences	<u>1,326,162</u>	<u>791,877</u>	<u>(869,406)</u>	<u>1,248,633</u>	<u>761,164</u>
Governmental activities long-term liabilities	<u>\$ 43,593,757</u>	<u>\$ 791,877</u>	<u>\$ (2,979,088)</u>	<u>\$ 41,406,546</u>	<u>\$ 2,946,304</u>
Business-type activities:					
Capital leases	\$ 3,453,341	\$ -	\$ (378,779)	\$ 3,074,562	241,405
Revenue bonds	<u>1,815,000</u>	<u>-</u>	<u>(745,000)</u>	<u>1,070,000</u>	<u>780,000</u>
Business-type activities long-term liabilities	<u>\$ 5,268,341</u>	<u>\$ -</u>	<u>\$ (1,123,779)</u>	<u>\$ 4,144,562</u>	<u>\$ 1,021,405</u>
Component Unit:					
Revenue anticipation notes	<u>\$ 8,195,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,195,000</u>	<u>\$ -</u>

Compensated absences are typically liquidated in the general fund.

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Operating Leases

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

Governmental Activities:

Revenue Bonds

Revenue bonds have been issued for governmental activities and are comprised of the following individual issues at June 30, 2010:

\$8,285,000 Series 1997 Downtown Smyrna Development Authority bonds, serviced through lease payments from the City, due in annual installments commencing February 1, 1998 of \$35,000 to \$1,700,000 through February 1, 2020; interest at 3.7 to 5.6 percent (\$7,305,000 outstanding). The bonds were issued to refund a portion of the Series 1994 bonds and to finance the cost of constructing, furnishing, and equipping a new fire station to be leased to the City.

\$2,875,000 Series 2001 Downtown Smyrna Development Authority bonds, serviced through lease payments from the City, due in annual installments commencing February 11, 2002 of \$85,000 to \$225,000 through February 2021; interest at 5.14 percent (\$2,055,000 outstanding). The bonds were issued to purchase property.

\$11,885,000 Series 2002 Downtown Smyrna Development Authority bonds, serviced through lease payments from the City, due in annual installments commencing February 1, 2003 of \$755,000 to \$1,160,000 through February 1, 2016; interest at 2.25 to 5.25 percent (\$6,190,000 outstanding). The bonds were issued to refund a portion of Series 1989 and 1993 bonds.

\$22,000,000 Series 2005 Downtown Smyrna Development Authority bonds, serviced through lease payments from the City, due in annual installments commencing on August 1, 2005 of \$220,000 to \$3,070,000 through February 1, 2028; interest at 3% to 5.25% (\$21,555,000 outstanding). The bonds were issued for acquiring, construction, and renovation of parks and recreation facilities.

On November 21, 2002, the City and the Smyrna Downtown Development Authority entered into an amended and restated intergovernmental contract. The contract obligates the City to make lease payments directly to the Authority for the purpose of paying the principal and interest on the outstanding balance of the Series 1997, 2001 and 2002 Revenue Bonds issued by the Authority. The contract will not expire until full payment of the bonds, however, the agreement will terminate absolutely on August 1, 2039. On April 1, 2005 the City and the Authority entered into an additional intergovernmental contract obligating the City to make lease payments directly to the Authority for the purpose of paying principal and interest on the Series 2005 Revenue bonds issued by the Authority. The contract will not expire until full payment of the bonds, however, the agreement will terminate absolutely on February 1, 2028. The contracts enable the City to lease from the Authority the facilities constructed by the Authority. The leases are a direct financing lease in accordance with generally accepted accounting principles. The Authority has no obligation for the debt beyond the resources provided by the City under the contract; therefore the obligation for the bonds are not reported on the financial statements of the Smyrna Downtown

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Development Authority. Each agreement provides that prior to expiration of the leases upon payment in full of the bonds outstanding, the City may purchase the project from the Authority for \$100.

The following is a schedule of the future payments on outstanding Governmental Activities revenue bonds as of June 30, 2010:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 1,315,000	\$ 1,952,402	\$ 3,267,402
2012	1,370,000	1,900,930	3,270,930
2013	1,425,000	1,845,283	3,270,283
2014	1,500,000	1,781,910	3,281,910
2015	1,575,000	1,630,392	3,205,392
2016-2020	9,215,000	6,921,995	16,136,995
2021-2025	11,940,000	4,232,457	16,172,457
2026-2028	8,765,000	935,813	9,700,813
Total	<u>\$ 37,105,000</u>	<u>\$ 21,201,182</u>	<u>\$ 58,306,182</u>

The amount of defeased debt outstanding but removed from the City's records totaled \$20,980,000 at June 30, 2010.

Capital Leases

The City leases certain equipment with costs totaling \$4,141,068 and accumulated depreciation totaling \$2,039,047. The equipment acquired under the leases represents the use of a portion of the City's share of the proceeds from GMA's issuance of Pool Bond Certificates of Participation, Series 1990 and 1998. The City also has a lease with Key Government Finance Inc. which bears interest at 4.45%. In 2008, the City entered into two leases with GMA for computer equipment and an emergency siren system. The interest rates for the leases are 3.83% and 3.06% respectively. In 2009, the City entered into two additional leases with GMA for a ladder truck and sanitation carts. The interest rates for the leases are 3.76% and 3.19% respectively. The leases qualify as capital leases.

The following is a schedule of the future payments on outstanding Governmental Activities capital leases as of June 30, 2010:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 870,140	\$ 61,257	\$ 931,397
2012	397,663	44,189	441,852
2013	371,803	33,283	405,086
2014	90,898	22,534	113,432
2015	94,316	19,116	113,432
2016-2019	405,715	44,788	450,503
Total	<u>\$ 2,230,535</u>	<u>\$ 225,167</u>	<u>\$ 2,455,702</u>

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Business-type Activities:

Capital Leases

On November 29, 2004, the City entered into a lease agreement to acquire meter reading equipment with a total cost of \$7,025,205 for use in the Water and Sewer Enterprise Fund. The original principal amount of the agreement was \$4,300,000 following a down payment of \$2,725,205. The terms of the lease call for principal and interest payments over 156 months, with an annual interest rate of 4.16% and an option to purchase at the end of the lease term for \$1. The lease qualifies as a capital lease. As of June 30, 2010, accumulated depreciation expense totaled \$3,512,603.

The following is a schedule of the future payments on outstanding Business-Type Activities capital leases as of June 30, 2010:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 241,405	\$ 121,852	\$ 363,257
2012	296,596	110,899	407,495
2013	357,550	97,569	455,119
2014	422,914	83,417	506,331
2015	498,573	62,780	561,353
2016-2018	1,257,524	21,199	1,278,723
Total	<u>\$ 3,074,562</u>	<u>\$ 497,716</u>	<u>\$ 3,572,278</u>

Revenue Bonds

\$6,645,000, Series 1999- Water and Sewerage Revenue bonds due in annual installments commencing July 1, 2000 of \$395,000 to \$290,000 through July 1, 2011; interest at 3.08 to 4.05 percent (\$1,070,000 outstanding). Bonds were issued to provide for additions, extensions, and improvements to the water and sewerage system of the City.

The following is a schedule of the future payments on outstanding Business-Type Activities revenue bonds as of June 30, 2010:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 780,000	\$ 30,210	\$ 810,210
2012	290,000	6,525	296,525
Total	<u>\$ 1,070,000</u>	<u>\$ 36,735</u>	<u>\$ 1,106,735</u>

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay the \$6.6 million in water and sewerage revenue bonds issued in 1999. Proceeds from the bonds provided financing for water and sewer infrastructure. The bonds are payable from water and sewer customer net revenues and are payable through 2012. For the current year, principal and interest paid and total net pledged revenues were \$808,574 and \$4,966,653 respectively.

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Component Unit:

During fiscal year 2009, the Smyrna Development Corporation issued \$8,195,000 of revenue anticipation notes. The notes were issued to purchase and renovate an apartment complex. The notes are due in annual installments commencing December 1, 2011 of \$160,000 to \$615,000 through December 1, 2030. Interest on the notes is 4.55%. The following is a schedule of the future payments as of June 30, 2010:

Year Ending June 30,	Principal	Interest	Total
2011	\$ -	\$ 372,873	\$ 372,873
2012	160,000	369,233	529,233
2013	275,000	359,336	634,336
2014	290,000	346,483	636,483
2015	300,000	300,000	600,000
2016-2020	1,725,000	1,441,781	3,166,781
2021-2025	2,150,000	1,002,593	3,152,593
2026-2030	2,680,000	455,683	3,135,683
2031	615,000	13,991	628,991
Total	<u>\$ 8,195,000</u>	<u>\$ 4,661,971</u>	<u>\$12,856,971</u>

(9) DESIGNATIONS

The City maintains designations in various funds for specific purposes. The nature and purpose of these designations is explained below.

Fund balance designated for:

General Fund:

Record Management	\$ 162,668
Parks and Recreation	215,546
Future projects	<u>1,594,474</u>
Total General Fund	<u>\$ 1,972,688</u>

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(10) PROPERTY TAXES

The City bills and collects its own real and personal property taxes. Ad valorem tax on motor vehicles and mobile homes is collected by the Cobb County Tax Commissioner and remitted to the City. City property tax revenues are recognized when levied to the extent that they result in current receivables.

Property taxes are levied in September of each year on the assessed valuation of property as of the preceding January 1. Taxes were levied on September 16, 2009. The billings are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending 60 days after the tax bill mailing. At that later date, generally mid-November, the bill becomes delinquent, subject to lien, and penalties and interest may be assessed by the City.

Assessed values are established by the Cobb County Tax Assessor's office and are currently calculated at 40% of the market value. The net assessed values of real and personal property (excluding public utility franchise motor vehicles, heavy duty equipment and mobile home taxes) at January 1, 2009 were \$1,979,308,210.

Based on the 2009 millage levy of 8.99, a property owner would pay \$8.99 per \$1,000 of assessed valuation. Current tax collections of \$17,389,985 for the fiscal year ended June 30, 2010 were 98 percent of the tax levy.

(11) EMPLOYEE RETIREMENT SYSTEM

The City contributes to the Georgia Municipal Employees Benefit System ("System"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the state of Georgia. The City's payroll for employees covered by the System's defined benefit plan was \$16,362,871 as of January 1, 2009. The Plan also provides death benefits for early retirees.

The benefit provisions and all other requirements are established by the System and the Adoption Agreement executed by the City.

All full-time City employees are eligible to participate in the System upon completion of one year of service; elected officials have no waiting period for eligibility. Benefits vest after completing seven years of service.

All full-time employees become eligible for the plan after one year of service; elected officials have no waiting period for eligibility. During the fiscal year ended June 30, 2003, all personnel were offered the option of acquiring an early retirement benefit at age 55 with thirty years of service completed. All new employees are automatically covered by the early retirement benefits. The plan was amended on April 1, 2010. Normal retirement age is now 65 with 10 years of credited service. A reduced benefit is payable at age 55 with 10 years of service. An early unreduced benefit is payable after 35 years of service or after achieving the Rule of 80 (minimum age plus years of service to equal 80).

Employee benefits are calculated as a percentage of the average basic earnings in the five consecutive years prior to retirement multiplied by the number of years of service.

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

The death and disability benefits are based on a percentage of final average earnings.

All employees are covered under the early retirement benefit and are required by the City to contribute 3.25% of their annual salary towards the additional cost of this benefit.

The City is required to contribute the remaining amounts necessary to fund the GMEBS pension plan, using the frozen initial liability actuarial cost method.

The January 1, 2009 valuation is used to determine the recommended contribution for the fiscal year 2010. During the plan year, total pension contributions were \$2,420,077 (\$2,087,902 from the City).

The net pension obligation was computed as part of an actuarial valuation performed as of January 1, 2010. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7.75% a year, (b) projected salary increases of 3.5% a year, (c) additional projected salary increases attributable to seniority or merit, and (d) no post retirement benefit increases.

Contributions are determined under the projected unit credit actuarial cost method and the asset valuation method (roll forward prior years actuarial value with contributions, disbursements, and expected return on investments, plus 10% of investment gains (losses) during 10 prior years).

The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

Employer contributions represented 16.6% of current year covered payroll and were in accordance with actuarial recommendations. The contribution requirement was \$2,420,077.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

	<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>		
	6/30/08	1,545,599	100%	--		
	6/30/09	1,640,944	100%	--		
	6/30/10	2,420,077	100%	--		

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b - a) / c)</u>
01/01/09	\$ 25,285,502	\$ 38,650,174	\$ 13,364,672	65.4%	\$ 16,362,871	81.7%

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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

The Georgia Municipal Employee Benefit System issues a publicly available financial report. That report may be obtained by writing to:

Georgia Municipal Association
Risk Management and Employee Benefit Service
201 Pryor Street, SW
Atlanta, Georgia 30303

(12) POST EMPLOYMENT HEALTH CARE PLAN

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

Plan Description - The City of Smyrna OPEB Plan is a single-employer defined benefit healthcare plan administered by the City of Smyrna. The City of Smyrna OPEB Trust is an irrevocable trust established pursuant to Section 115 of the Internal Revenue Code for the purpose of pre-funding other postemployment health benefits in accordance with GASB Statement 43 and GASB Statement 45. The trust was established June 1, 2009, by the City Council to pre-fund medical and prescription drug benefits for retirees and their eligible dependents who are eligible for such benefits under existing City policy. The City provides medical, prescription drug, dental, and life insurance benefits to retirees. Retirees' spouses are eligible for the same benefits as the retiree. Substantially all of the City's employees may become eligible for those benefits if they retire on or after the age of 65 with 10 years of service, or provided that the employee's age (minimum age of 55) plus completed years of service with the City at the time of the employee's retirement is equal to or greater than 80. As of April 2008, there were 68 retirees and 29 spouses eligible for the benefits and 328 active employees. The City has the authority to establish and amend benefit provisions.

Summary of significant accounting policies - The plan financial statements are prepared on the accrual basis of accounting. Contributions from the City are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefit payments and refunds are recognized when due and payable in accordance with the terms of the plan.

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

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

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Funding Policy - The contribution requirements are established and may be amended by the City. The required contribution was determined by an actuarial valuation. During the fiscal year 2010, the City contributed \$897,615 to the plan. The cost of benefits for retirees is paid by the City and by the retiree. The retirees' contribution is based on their enrollment in a City sponsored wellness program, as well as their smoker/nonsmoker status. Total retiree contributions to the plan during the fiscal year 2010 totaled \$117,809.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net Pension Obligation (Asset)	Annual Amount Contributed
6/30/09	\$ 613,710	129%	\$ (178,273)	\$ 791,983
6/30/10	613,681	146%	(462,207)	897,615

The following is the funding status of the Plan as of the most recent valuation date:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
07/01/09	\$ 160,000	\$ 5,273,546	\$ 5,113,546	3.0%	n/a	n/a

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

Annual OPEB Cost and Net OPEB Obligation (Asset) - The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a thirty year period. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation (asset):

Annual required contribution	\$ 619,952
Interest on net OPEB obligation	(14,262)
Adjustment to annual required contribution	7,991
Annual OPEB cost	613,681
Contributions made	(897,615)
(Increase) decrease in net OPEB obligation	(283,934)
Net OPEB asset, beginning of year	(178,273)
Net OPEB asset, end of year	<u><u>\$ (462,207)</u></u>

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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

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

Valuation date	7/1/2009
Actuarial cost method	Projected unit credit with benefits attributed From date of hire to date of decrement
Amortization method	Level percentage of pay, open
Remaining amortization period	30years
Asset valuation method	n/a
Actuarial assumptions:	
Discount rate	8%
Healthcare cost trend rate	9.1% initial 4.5% ultimate

The plan does not issue separate financial statements.

(13) DEFINED CONTRIBUTION PLAN

The City of Smyrna 457 Plan (the "Plan") is a single employer defined contribution plan established by the City of Smyrna and administered by The Hartford Insurance Company. All full time employees and regular part time employees are eligible and may contribute a portion of their compensation to this plan not to exceed annual IRS limitations. Employees participating in the Plan may begin contributions upon hire and are fully vested immediately. Employees are not required to contribute to the Plan. For eligible full time employees hired on or after April 1, 2010 who voluntarily elect to participate in the 457 Plan, the City contributes a discretionary amount as determined by the City Council and places it in a 401(a) Defined Contribution plan. Contribution amounts may be amended by the City Council. For the fiscal year ending June 30, 2010, the City's contributions were \$34,170 and employee contributions were \$292,805.

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

(14) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City participates in a public entity risk pool managed by the Georgia Interlocal Risk Management Agency (GIRMA) whereby the risk is pooled with other entities. Participation in this pool allows the City to share liability, crime, motor vehicle and property damage risks.

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

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

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

To select a person to serve as a Member representative.

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

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

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

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

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

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

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

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City became a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The liability of the fund to the employees of any employer is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in

accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

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

(15) JOINT VENTURE

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

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(16) COMMITMENTS AND CONTINGENCIES

Cobb County Water System

The City entered into an agreement with Cobb County, Georgia (the "County") in April 2005. The term of the agreement is 30 years. The agreement provides for the County to take and treat wastewater from the City and requires the purchase of the County's water in certain circumstances. The County is authorized to establish rates and charges. The City purchased water and wastewater treatment services totaling \$6,477,647 from the County during the fiscal year ended June 30, 2010.

(17) FUND BALANCE/NET ASSETS (DEFICIT)

Downtown Development Authority Fund	<u>\$ (805,489)</u>
Tax Allocation District	<u>\$ (286,226)</u>

Deficits in the Downtown Development Authority Fund will be funded by a transfer from the General Fund. The deficit in the Tax Allocation District Fund will be funded by future tax increment revenues.

(18) EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds had expenditures in excess of appropriations for the fiscal year ended June 30, 2010:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
1% Road Improvement Fund:			
Capital Projects	\$ 9,216,530	\$ 9,293,919	\$ (77,389)

These over expenditures were funded by current year unbudgeted revenues.

CITY OF SMYRNA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

A) PUBLIC EMPLOYEE RETIREMENT SYSTEM

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
01/01/07	\$26,682,924	\$32,376,135	82.4%	\$5,693,211	\$14,100,459	40.4%
01/01/08	29,502,118	35,406,436	83.3%	5,904,318	15,244,165	38.7%
01/01/09	25,285,502	38,650,174	65.4%	13,364,672	16,362,871	81.7%

B) POST EMPLOYMENT HEALTH CARE PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a / b)	Unfunded AAL (UAAL) (b - a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
07/01/08	\$ -	\$ 5,181,471	0%	\$ 5,181,471	n/a	n/a
07/01/09	160,000	5,273,546	3.0%	5,113,546	n/a	n/a

CITY OF SMYRNA, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES- BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 25,867,743	\$25,867,743	\$25,632,040	\$ (235,703)
Charges for services	6,342,427	6,342,427	6,675,879	333,452
Licenses and permits	2,018,625	2,018,625	1,756,512	(262,113)
Fines and forfeitures	2,097,281	2,097,281	2,417,397	320,116
Intergovernmental revenues	974,188	1,174,588	939,014	(235,574)
Investment income	20,000	20,000	27,601	7,601
Miscellaneous revenue	287,259	287,259	364,840	77,581
Total revenues	37,607,523	37,807,923	37,813,283	5,360
Expenditures:				
Current:				
General government				
Governing body	286,464	266,464	260,552	5,912
Chief executive	607,922	586,122	546,592	39,530
Financial administration	641,032	630,532	589,643	40,889
Data processing	519,192	523,692	523,658	34
Human resources	369,715	362,615	336,044	26,571
Buildings and plant	9,376,501	8,142,816	7,717,900	424,916
Judicial				
Recorders court	435,306	457,956	457,794	162
Public safety				
Police	7,403,377	7,412,177	7,410,128	2,049
Fire				
Fire administration	4,212,157	4,683,293	4,682,172	1,121
Fire prevention	297,956	299,256	268,623	30,633
Fire training	219,028	217,728	181,733	35,995
Emergency management	95,893	94,793	90,578	4,215
Public Works				
Highways and streets	2,099,046	2,194,846	2,189,254	5,592
Traffic engineering	218,854	218,054	217,899	155
Sanitary administration	4,134,359	3,837,759	3,662,614	175,145
Recyclable collections	339,601	324,901	231,726	93,175
Public education	166,412	164,212	155,839	8,373
Maintenance and shop	324,693	321,193	321,009	184
Culture and recreation				
Administration	1,217,918	1,201,118	1,193,864	7,254
Participant recreation	278,128	270,356	269,903	453
Recreation center	423,263	362,735	341,121	21,614
Park areas	873,989	798,989	783,423	15,566
Library administration	703,596	683,496	669,263	14,233
Housing and development				
Protective inspection administration	705,494	679,494	676,898	2,596
Total expenditures	35,949,896	34,734,597	33,778,230	956,367

Continued on next page.

CITY OF SMYRNA, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES- BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Excess (deficiency) of revenues over expenditures	1,657,627	3,073,326	4,035,053	961,727
Other financing sources (uses):				
Transfers in	1,796,883	1,796,883	1,745,197	(51,686)
Sale of capital assets	35,000	35,000	72,114	37,114
Transfers out	(3,489,510)	(4,905,209)	(4,457,549)	447,660
Total other financing sources (uses)	(1,657,627)	(3,073,326)	(2,640,238)	433,088
Net change in fund balance	\$ -	\$ -	1,394,815	\$ 1,394,815
Fund balance at beginning of year- GAAP basis			12,183,853	
Fund balance at end of year- GAAP basis			\$13,578,668	

Continued from previous page.

**CITY OF SMYRNA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010**

	Special Revenue Funds			
	MCS Narcotics	Hotel/Motel Premium Tax	Downtown Development Revenue Bond	Multiple Grant Fund
<u>ASSETS</u>				
Restricted cash	\$ 66,075	\$ 601,208	\$ -	\$ 49,955
Restricted investments	-	-	2	-
Due from other governments	-	14,874	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 66,075</u>	<u>\$ 616,082</u>	<u>\$ 2</u>	<u>\$ 49,955</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accrued liabilities	\$ -	\$ 25,725	\$ -	\$ 6,305
Deferred revenue	-	-	-	33,098
Due to other funds	510	201	-	5,024
Total liabilities	<u>510</u>	<u>25,926</u>	<u>-</u>	<u>44,427</u>
Fund balances:				
Unreserved-undesignated	<u>65,565</u>	<u>590,156</u>	<u>2</u>	<u>5,528</u>
Total fund balance (deficit)	<u>65,565</u>	<u>590,156</u>	<u>2</u>	<u>5,528</u>
Total liabilities and fund balance	<u>\$ 66,075</u>	<u>\$ 616,082</u>	<u>\$ 2</u>	<u>\$ 49,955</u>

CITY OF SMYRNA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

Auto Rental Tax	Emergency 911Telephone Fund	HUD CDBG	Tax Allocation District	Capital Projects Fund	Total Non-Major Governmental Funds
\$ -	\$ 333,536	\$ 1,695	\$ 158,938	\$ -	\$ 1,211,407
-	-	-	-	-	2
-	-	15,061	-	-	29,935
-	-	-	-	1,000,000	1,000,000
<u>\$ -</u>	<u>\$ 333,536</u>	<u>\$ 16,756</u>	<u>\$ 158,938</u>	<u>\$ 1,000,000</u>	<u>\$ 2,241,344</u>
\$ -	\$ 48,255	\$ -	\$ -	\$ -	\$ 80,285
-	-	-	-	-	33,098
-	85,939	16,669	445,164	-	553,507
-	134,194	16,669	445,164	-	666,890
-	199,342	87	(286,226)	1,000,000	1,574,454
-	199,342	87	(286,226)	1,000,000	1,574,454
<u>\$ -</u>	<u>\$ 333,536</u>	<u>\$ 16,756</u>	<u>\$ 158,938</u>	<u>\$ 1,000,000</u>	<u>\$ 2,241,344</u>

CITY OF SMYRNA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Special Revenue Funds			
	MCS Narcotics	Hotel / Motel Premium Tax	Downtown Development Revenue Bond	Multiple Grant Fund
Revenues:				
Taxes	\$ -	\$ 742,120	\$ -	\$ -
Charges for services	-	-	-	-
Intergovernmental	1,978	-	-	107,440
Investment earnings	190	1,543	2	440
Total revenues	<u>2,168</u>	<u>743,663</u>	<u>2</u>	<u>107,880</u>
Expenditures:				
Current:				
Public Safety:				
Police	150,899	-	-	107,880
Emergency 911	-	-	-	-
Culture and recreation	-	666,428	-	-
Debt service	-	-	3,233,533	-
Total expenditures	<u>150,899</u>	<u>666,428</u>	<u>3,233,533</u>	<u>107,880</u>
Excess (deficiency) of revenues over expenditures	<u>(148,731)</u>	<u>77,235</u>	<u>(3,233,531)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	-	80,606	3,233,531	-
Transfers out	-	(245,197)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(164,591)</u>	<u>3,233,531</u>	<u>-</u>
Net change in fund balance	<u>(148,731)</u>	<u>(87,356)</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at beginning of	<u>214,296</u>	<u>677,512</u>	<u>2</u>	<u>5,528</u>
Fund balance (deficit) at end of year	<u>\$ 65,565</u>	<u>\$ 590,156</u>	<u>\$ 2</u>	<u>\$ 5,528</u>

CITY OF SMYRNA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Auto Rental Tax	Emergency 911 Telephone Fund	HUD CDBG	Tax Allocation District	Capital Projects Fund	Total Non-Major Governmental Funds
\$ 80,606	\$ -	\$ -	\$ -	\$ -	\$ 822,726
-	1,035,464	-	-	-	1,035,464
-	-	41,242	-	-	150,660
-	2,096	87	-	-	4,358
80,606	1,037,560	41,329	-	-	2,013,208
-	-	-	-	-	258,779
-	1,236,827	-	-	-	1,236,827
-	-	41,242	-	-	707,670
-	-	-	-	-	3,233,533
-	1,236,827	41,242	-	-	5,436,809
80,606	(199,267)	87	-	-	(3,423,601)
-	174,018	-	-	1,000,000	4,488,155
(80,606)	-	-	-	-	(325,803)
(80,606)	174,018	-	-	1,000,000	4,162,352
-	(25,249)	87	-	1,000,000	738,751
-	224,591	-	(286,226)	-	835,703
\$ -	\$ 199,342	\$ 87	\$ (286,226)	\$ 1,000,000	\$ 1,574,454

CITY OF SMYRNA, GEORGIA
MCS NARCOTICS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Expenditures:			
Current:			
Police	<u>\$ 151,820</u>	<u>\$ 150,899</u>	<u>\$ 921</u>
Total Expenditures	<u>151,820</u>	<u>150,899</u>	<u>921</u>
Net change in fund balance	<u><u>\$ (151,820)</u></u>	<u>(150,899)</u>	<u><u>\$ 921</u></u>
Reconciliation to GAAP basis:			
Unbudgeted revenues:			
Intergovernmental		1,978	
Investment earnings		190	
Fund balance at beginning of year-GAAP basis		<u>214,296</u>	
Fund balance at end of year-GAAP basis		<u><u>\$ 65,565</u></u>	

CITY OF SMYRNA, GEORGIA
HOTEL/MOTEL PREMIUM TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:			
Taxes	\$ 871,136	\$ 742,120	\$ (129,016)
Investment earnings	4,800	1,543	(3,257)
Total Revenues	<u>875,936</u>	<u>743,663</u>	<u>(132,273)</u>
Expenditures:			
Current:			
Culture and recreation	<u>854,105</u>	<u>666,428</u>	<u>187,677</u>
Total Expenditures	<u>854,105</u>	<u>666,428</u>	<u>187,677</u>
Other financing sources (uses):			
Transfers in	73,872	80,606	6,734
Transfers out	<u>(312,313)</u>	<u>(245,197)</u>	<u>67,116</u>
Total other financing sources (uses)	<u>(238,441)</u>	<u>(164,591)</u>	<u>73,850</u>
Net change in fund balance	<u><u>\$(216,610)</u></u>	<u><u>(87,356)</u></u>	<u><u>\$ 129,254</u></u>
Fund balance at beginning of year-GAAP basis		<u>677,512</u>	
Fund balance at end of year-GAAP basis		<u><u>\$590,156</u></u>	

CITY OF SMYRNA, GEORGIA
DOWNTOWN DEVELOPMENT REVENUE BOND SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Expenditures:			
Debt service	\$ 3,239,800	\$3,233,533	\$ 6,267
Total Expenditures	3,239,800	3,233,533	6,267
Excess (deficiency) of revenues over expenditures	(3,239,800)	(3,233,533)	6,267
Other financing sources (uses):			
Transfers in	3,239,800	3,233,531	(6,269)
Total other financing sources (uses)	3,239,800	3,233,531	(6,269)
Net change in fund balance	<u>\$ -</u>	(2)	<u>\$ (2)</u>
Reconciliation to GAAP basis:			
Unbudgeted investment earnings		2	
Fund balance at beginning of year-GAAP basis		<u>2</u>	
Fund balance at end of year-GAAP basis		<u>\$ 2</u>	

CITY OF SMYRNA, GEORGIA
MULTIPLE GRANT FUND SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Expenditures:			
Current:			
Public Safety:			
Police	<u>\$ 149,814</u>	<u>\$ 107,880</u>	<u>\$ 41,934</u>
Total Expenditures	<u>149,814</u>	<u>107,880</u>	<u>41,934</u>
Net change in fund balance	<u><u>\$ (149,814)</u></u>	<u>(107,880)</u>	<u><u>\$ 41,934</u></u>
Reconciliation to GAAP basis:			
Unbudgeted revenues:			
Intergovernmental		107,440	
Investment earnings		440	
Fund balance at beginning of year-GAAP basis		<u>5,528</u>	
Fund balance at end of year-GAAP basis		<u><u>\$ 5,528</u></u>	

CITY OF SMYRNA, GEORGIA
AUTO RENTAL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:			
Taxes	<u>\$ 73,872</u>	<u>\$ 80,606</u>	<u>\$ 6,734</u>
Total Revenues	<u>73,872</u>	<u>80,606</u>	<u>6,734</u>
Other financing sources (uses):			
Transfers out	<u>(73,872)</u>	<u>(80,606)</u>	<u>(6,734)</u>
Total other financing sources (uses)	<u>(73,872)</u>	<u>(80,606)</u>	<u>(6,734)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance at beginning of year-GAAP basis		<u>-</u>	
Fund balance at end of year-GAAP basis		<u>\$ -</u>	

CITY OF SMYRNA, GEORGIA
EMERGENCY 911 TELEPHONE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:			
Charges for services	\$ 1,200,000	\$ 1,035,464	\$ (164,536)
Investment earnings	4,000	2,096	(1,904)
Total Revenues	<u>1,204,000</u>	<u>1,037,560</u>	<u>(166,440)</u>
Expenditures:			
Current:			
Emergency 911	<u>1,441,042</u>	<u>1,236,827</u>	<u>204,215</u>
Total Expenditures	<u>1,441,042</u>	<u>1,236,827</u>	<u>204,215</u>
Excess (deficiency) of revenues over expenditures	<u>(237,042)</u>	<u>(199,267)</u>	<u>37,775</u>
Other financing sources (uses):			
Transfers in	<u>237,042</u>	<u>174,018</u>	<u>(63,024)</u>
Total other financing sources (uses)	<u>237,042</u>	<u>174,018</u>	<u>(63,024)</u>
Net change in fund balance	<u>\$ -</u>	<u>(25,249)</u>	<u>\$ (25,249)</u>
Fund balance at beginning of year-GAAP basis		<u>224,591</u>	
Fund balance at end of year-GAAP basis		<u>\$ 199,342</u>	

CITY OF SMYRNA, GEORGIA
HUD COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$221,000	\$ 41,242	\$ (179,758)
Total Revenues	221,000	41,242	(179,758)
Expenditures:			
Current:			
Culture and recreation	221,000	41,242	179,758
Total Expenditures	221,000	41,242	179,758
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Reconciliation to GAAP basis:			
Unbudgeted investment earnings		87	
Fund balance (deficit) at beginning of year-GAAP basis		<u>-</u>	
Fund balance (deficit) at end of year-GAAP basis		<u>\$ 87</u>	

**CITY OF SMYRNA, GEORGIA
TAX ALLOCATION DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 34,127	\$ -	\$ (34,127)
Taxes	<u>18,100</u>	<u>-</u>	<u>(18,100)</u>
Total Revenues	<u>52,227</u>	<u>-</u>	<u>(52,227)</u>
Expenditures:			
Current:			
Housing and development	<u>91,729</u>	<u>-</u>	<u>91,729</u>
Total Expenditures	<u>91,729</u>	<u>-</u>	<u>91,729</u>
Excess (deficiency) of revenues over expenditures	<u>(39,502)</u>	<u>-</u>	<u>(39,502)</u>
Net change in fund balance	<u><u>\$ (39,502)</u></u>	<u>-</u>	<u><u>\$ 39,502</u></u>
Fund balance (deficit) at beginning of year-GAAP basis		<u>(286,226)</u>	
Fund balance (deficit) at end of year-GAAP basis		<u><u>\$(286,226)</u></u>	

CITY OF SMYRNA, GEORGIA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Other financing sources (uses):			
Transfers in	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Net change in fund balance	<u><u>\$ 1,000,000</u></u>	<u>1,000,000</u>	<u><u>\$ -</u></u>
Fund balance at beginning of year-GAAP basis		<u>-</u>	
Fund balance at end of year-GAAP basis		<u><u>\$ 1,000,000</u></u>	

CITY OF SMYRNA
1% ROAD IMPROVEMENT TAX CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	<u>\$ 7,446,530</u>	<u>\$ 7,254,363</u>	<u>\$ (192,167)</u>
Total Revenues	<u>7,446,530</u>	<u>7,254,363</u>	<u>(192,167)</u>
Expenditures:			
Current:			
Capital projects	<u>9,216,530</u>	<u>9,293,919</u>	<u>(77,389)</u>
Total Expenditures	<u>9,216,530</u>	<u>9,293,919</u>	<u>(77,389)</u>
Net change in fund balance	<u><u>\$(1,770,000)</u></u>	<u>(2,039,556)</u>	<u><u>\$ (269,556)</u></u>
Reconciliation to GAAP basis:			
Unbudgeted investment earnings		7,273	
Fund balance at beginning of year-GAAP basis		<u>5,545,372</u>	
Fund balance at end of year-GAAP basis		<u><u>\$3,513,089</u></u>	

CITY OF SMYRNA, GEORGIA
STATEMENT OF CASH FLOWS
COMPONENT UNIT-SMYRNA DEVELOPMENT CORPORATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Component Unit - Smyrna Development Corporation
Cash flows from (to) operating activities:	
Cash received from customers	\$ 294,197
Cash payments to suppliers for goods and services	(766,749)
Net cash from (to) operating activities	(472,552)
Cash flows from (to) capital and related financing activities:	
Acquisition and construction of capital assets	(957,749)
Proceeds from sale of capital assets	2,726,000
Interest paid on revenue anticipation notes	(372,872)
Net cash from (to) capital and related financing activities	1,395,379
Cash flows from (to) investing activities:	
Interest earned on assets	2,682
Net cash from (to) investing activities	2,682
Net increase (decrease) in cash	925,509
Cash at beginning of year (includes restricted cash totaling \$1,642,597)	1,667,142
Cash at end of year (includes restricted cash totaling \$975,993)	\$ 2,592,651
Reconciliation of operating income to net cash from operating activities:	
Operating income (loss)	\$ (251,996)
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation and amortization	105,994
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(6,163)
(Increase) decrease in other receivable	(17,977)
Increase (decrease) in due to primary government	(70,000)
Increase (decrease) in accounts payable	(232,410)
Net cash to operating activities	\$ (472,552)
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest was \$ 372,872.	

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	64-68
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	69-73
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	74-78
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	79-81
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	82-83
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual or annual financial reports for the relevant year.

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

	Fiscal Year						
	2004	2005*	2006	2007	2008	2009	2010
Governmental Activities							
Invested in capital assets, net of related debt	\$ 68,274,146	\$ 67,983,187	\$ 69,604,930	\$ 71,979,849	\$ 75,669,686	\$ 75,593,976	\$ 81,282,475
Restricted	1,069,728	712,543	1,281,985	2,091,749	4,815,539	6,667,299	4,373,680
Unrestricted	8,631,238	8,198,506	8,133,917	8,336,439	5,681,691	10,550,780	13,645,665
Total governmental activities net assets	<u>\$ 77,975,112</u>	<u>\$ 76,894,236</u>	<u>\$ 79,020,832</u>	<u>\$ 82,408,037</u>	<u>\$ 86,166,916</u>	<u>\$ 92,812,055</u>	<u>\$ 99,301,820</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 9,983,739	\$ 13,861,541	\$ 14,682,078	\$ 17,414,278	\$ 18,200,667	\$ 18,388,326	\$ 18,479,678
Restricted	4,347,912	2,396,565	1,490,748	2,115,917	3,386,157	3,506,281	4,228,788
Unrestricted	1,537,183	38,231	(121,682)	(988,888)	(1,305,473)	(889,442)	(47,585)
Total business-type activities net assets	<u>\$ 15,868,834</u>	<u>\$ 16,296,337</u>	<u>\$ 16,051,144</u>	<u>\$ 18,541,307</u>	<u>\$ 20,281,351</u>	<u>\$ 21,005,165</u>	<u>\$ 22,660,881</u>
Primary government							
Invested in capital assets, net of related debt	\$ 78,257,885	\$ 81,844,728	\$ 84,287,008	\$ 89,394,127	\$ 93,870,353	\$ 93,982,302	\$ 99,762,153
Restricted	5,417,640	3,109,108	2,772,733	4,207,666	8,201,696	10,173,580	8,602,468
Unrestricted	10,168,421	8,236,737	8,012,235	7,347,551	4,376,218	9,661,338	13,598,080
Total primary government net assets	<u>\$ 93,843,946</u>	<u>\$ 93,190,573</u>	<u>\$ 95,071,976</u>	<u>\$ 100,949,344</u>	<u>\$ 106,448,267</u>	<u>\$ 113,817,220</u>	<u>\$ 121,962,701</u>

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

*-As restated

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

	Fiscal Year						
	2004	2005*	2006	2007	2008	2009	2010
Expenses							
Governmental Activities:							
General government							
Judicial	\$ 4,727,112	\$ 5,200,451	\$ 6,101,807	\$ 5,294,279	\$ 5,903,609	\$ 4,979,546	\$ 6,618,073
Public Safety	605,288	720,967	533,912	591,093	590,922	574,258	555,925
Public works	13,932,542	14,241,622	14,719,398	16,766,728	17,667,184	17,452,477	16,331,914
Housing and development	10,160,371	10,596,718	10,370,411	12,590,787	11,579,574	11,167,574	10,577,151
Culture and recreation	770,838	891,318	957,813	1,218,863	1,129,385	1,047,730	871,326
Interest on long-term debt	3,834,675	4,373,583	4,996,967	6,001,248	7,299,235	5,316,392	5,249,173
	1,057,578	1,048,059	1,968,668	2,140,076	2,080,483	2,039,188	2,044,644
Total governmental activities expenses	35,088,404	37,072,718	39,648,976	44,603,074	46,250,392	42,577,165	42,248,206
Business-type activities:							
Water and Sewer	8,880,983	10,131,868	10,886,149	11,741,282	11,579,835	12,184,207	12,066,240
Total business-type activities expenses	8,880,983	10,131,868	10,886,149	11,741,282	11,579,835	12,184,207	12,066,240
Total primary government expenses	\$ 43,969,387	\$ 47,204,586	\$ 50,535,125	\$ 56,344,356	\$ 57,830,227	\$ 54,761,372	\$ 54,314,446
Program Revenues							
Governmental Activities:							
Charges for services							
Sanitation	\$ 4,647,148	\$ 5,130,342	\$ 5,417,943	\$ 5,501,152	\$ 5,517,203	\$ 5,973,325	\$ 5,592,877
License & Permits	1,825,774	1,936,494	1,945,013	1,993,553	1,952,951	1,826,310	1,756,512
Fines and Forfeitures	2,354,812	2,215,135	2,034,379	2,508,556	2,485,583	2,213,893	2,417,397
Rents & Royalties	104,368	145,252	1,612,000	1,852,821	1,680,979	1,732,707	955,949
Other activities	2,510,490	2,324,989	355,099	499,249	679,602	490,670	1,422,129
Operating grants and contributions	36,290	133,684	15,264	44,438	46,698	171,752	314,589
Capital grants and contributions	1,265,548	607,206	3,775,755	7,637,502	8,992,171	7,671,445	7,302,908
Total governmental activities program revenues	12,744,430	12,493,102	15,155,453	20,037,271	21,355,187	20,080,102	19,762,361
Business-type activities:							
Charges for services							
Water	3,686,064	4,272,176	4,547,956	4,631,803	4,274,878	4,378,221	4,193,412
Sewer	6,334,005	6,438,822	6,740,555	8,516,714	9,124,433	9,818,627	11,016,640
Capital grants and contributions		962,100	453,600	1,944,692	846,085		
Total business-type activities program revenues	10,020,069	11,673,098	11,742,111	15,093,209	14,245,396	14,196,848	15,210,052
Total primary government program revenues	\$ 22,764,499	\$ 24,166,200	\$ 26,897,564	\$ 35,130,480	\$ 35,600,583	\$ 34,276,950	\$ 34,972,413

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

	Fiscal Year				
	2004	2005*	2006	2007	2008
Net (Expense)/Revenue					
Governmental Activities	\$ (22,343,974)	\$ (24,579,616)	\$ (24,493,523)	\$ (24,565,803)	\$ (24,895,205)
Business-type activities	1,139,086	1,541,230	855,962	3,351,927	2,665,561
Total primary government net expense	\$ (21,204,888)	\$ (23,038,386)	\$ (23,637,561)	\$ (21,213,876)	\$ (22,229,644)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 15,348,338	\$ 15,919,079	\$ 16,624,127	\$ 17,443,721	\$ 18,351,230
Franchise taxes	2,375,225	2,766,775	2,604,368	3,424,371	3,341,633
Insurance Premium taxes	1,761,117	1,908,572	2,053,373	2,148,342	2,240,959
Other taxes	1,166,146	1,198,440	1,251,097	1,652,310	1,842,839
Investment earnings	121,061	489,252	1,294,339	607,371	321,987
Grants / Contributions	-	-	1,510,729	1,676,211	1,507,091
Miscellaneous	-	40,622	106,086	35,792	35,210
Transfers	1,176,000	1,176,000	1,176,000	964,890	1,013,135
Total governmental activities	21,947,887	23,498,740	26,620,119	27,953,008	28,654,084
Business-type activities					
Investment earnings	39,001	62,273	74,845	103,126	87,618
Miscellaneous	-	-	-	-	-
Transfers	(1,176,000)	(1,176,000)	(1,176,000)	(964,890)	(1,013,135)
Total business-type activities	(1,136,999)	(1,113,727)	(1,101,155)	(861,764)	(925,517)
Total primary government	\$ 20,810,888	\$ 22,385,013	\$ 25,518,964	\$ 27,091,244	\$ 27,728,567
Change in Net Assets					
Governmental activities	\$ (396,087)	\$ (1,080,876)	\$ 2,126,596	\$ 3,387,205	\$ 3,758,879
Business-type activities	2,087	427,503	(245,193)	2,490,163	1,740,044
Total primary government	\$ (394,000)	\$ (653,373)	\$ 1,881,403	\$ 5,877,368	\$ 5,498,923

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

*-As restated

Increase in capital grants and contributions for fiscal year 2006 and 2007 was due to the passing of a special local option sales tax (splost) for 1 % roads. Grants / Contributions for fiscal year 2006 and 2007 includes payments from The State of Georgia for the Homeowner Tax Relief Grant. This payment was shown in property taxes for prior years.

City of Smyrna, Georgia
Fund Balances of Governmental Funds
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$ 1,126,573	\$ 1,418,053	\$ 481,508	\$ 705,923	\$ 757,301	\$ 826,801	\$ 448,302	\$ 1,647,937	\$ 450,793	\$ 350,645
Unreserved	8,009,581	8,554,598	10,000,791	7,823,831	7,926,076	9,279,471	10,463,499	9,219,222	11,733,060	13,228,023
Total general fund	\$ 9,136,154	\$ 9,972,651	\$ 10,482,299	\$ 8,529,754	\$ 8,683,377	\$ 10,106,272	\$ 10,911,801	\$ 10,867,159	\$ 12,183,853	\$ 13,578,668
All Other Governmental Funds										
Reserved	\$ 339,521	\$ -	\$ -	\$ 331,831	\$ -	\$ 134,942	\$ -	\$ -	\$ -	\$ 3,625,757
Unreserved, reported in:										
Special revenue funds	1,725,943	163,020	290,494	660,827	379,832	285,758	246,643	429,186	835,703	574,454
Capital projects funds	(1,387,525)	(166,686)	(1,764,744)	-	23,951,212	20,339,218	19,323,695	12,592,114	6,591,511	194,511
Total all other governmental funds	\$ 677,939	\$ (3,666)	\$ (1,474,250)	\$ 992,658	\$ 24,331,044	\$ 20,759,918	\$ 19,570,338	\$ 13,021,300	\$ 7,427,214	\$ 4,394,722
Total fund balances, before restatements	\$ 9,814,093	\$ 9,968,985	\$ 9,008,049	\$ 9,522,412	\$ 33,014,421	\$ 30,866,190	\$ 30,482,139	\$ 23,888,459	\$ 19,611,067	\$ 17,973,390
Restatements*	-	(382,299)	262,465	-	665,054	-	-	-	-	-
Total fund balances, after restatements	\$ 9,814,093	\$ 9,586,686	\$ 9,270,514	\$ 9,522,412	\$ 33,679,475	\$ 30,866,190	\$ 30,482,139	\$ 23,888,459	\$ 19,611,067	\$ 17,973,390

Note: The increase in unreserved Capital Projects in fiscal year 2005 is due to bonds being issued for improving parks and recreation facilities.

*-Restatements to ending fund balance were made to 2002, and to 2003 and 2005 for the elimination of the self insurance fund, and for overstated liabilities, respectively.

City of Smyrna, Georgia
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	\$ 16,860,930	\$ 18,120,901	\$ 20,341,751	\$ 20,729,658	\$ 21,997,526	\$ 22,739,056	\$ 24,667,280	\$ 25,684,740	\$ 26,062,361	\$ 26,454,766
Charges for services	5,420,211	5,974,999	6,364,596	7,006,064	7,100,775	7,124,795	7,213,455	7,438,557	7,781,500	7,711,343
License and permits	1,868,636	1,790,145	1,792,688	1,915,871	2,009,500	1,945,013	1,993,553	1,952,948	1,826,310	1,756,512
Fines and forfeitures	2,057,077	1,650,803	1,744,404	2,354,812	2,215,135	2,034,379	2,508,556	2,485,581	2,213,892	2,417,397
Intergovernmental	1,398,185	1,472,508	345,895	1,301,838	585,750	4,116,311	8,009,931	8,979,935	9,426,763	8,344,037
Investment earnings	614,094	296,001	178,737	121,061	489,251	1,294,338	1,617,763	903,664	128,369	39,262
Miscellaneous revenue	248,756	183,067	95,664	165,845	191,942	185,634	589,767	414,232	447,845	364,840
Total revenues	28,467,889	29,488,424	30,863,735	33,595,149	34,589,879	39,439,526	46,600,305	47,859,657	47,887,040	47,088,157
Expenditures										
General government	3,335,358	2,357,666	3,410,482	3,737,180	4,550,036	5,552,516	4,740,730	6,004,339	10,174,936	9,895,079
Judicial	555,379	570,585	544,130	605,288	720,967	533,912	591,093	590,922	450,839	457,794
Police	6,887,863	7,324,095	7,525,541	8,223,032	8,435,641	8,951,135	8,786,483	9,537,406	7,279,317	7,162,825
Fire	4,404,183	4,350,078	4,495,809	4,910,145	4,927,545	5,000,370	5,841,593	6,029,972	4,605,698	4,962,774
Other	49,283	43,174	55,034	71,670	119,212	90,844	1,338,314	1,279,557	1,504,273	1,270,222
Public Works	6,381,266	7,448,948	6,884,118	7,321,490	7,791,605	7,569,714	8,561,402	8,659,834	7,202,162	6,489,015
Culture and recreation	2,661,187	3,152,530	3,024,425	2,566,998	3,672,534	3,753,947	6,839,738	4,585,437	3,638,185	3,965,244
Housing and development	521,890	1,617,828	796,874	1,553,118	920,178	1,085,282	1,153,735	1,157,726	826,438	676,898
Capital outlay	2,423,787	2,093,675	3,244,539	3,239,171	3,206,129	7,273,847	7,189,488	15,095,817	16,200,199	11,247,776
Debt service										
Interest	1,443,584	1,658,707	1,277,398	1,514,212	1,682,000	2,498,812	2,118,890	2,080,483	2,039,188	2,905,321
Principal	625,000	685,000	1,226,017	945,000	975,000	1,224,518	1,414,312	1,443,065	1,647,570	1,265,000
Total expenditures	29,288,780	31,302,286	32,484,367	34,687,304	37,000,847	43,534,897	48,575,778	56,464,558	55,568,805	50,297,948
Excess of revenues over (under) expenditures	(820,891)	(1,813,862)	(1,620,632)	(1,092,155)	(2,410,968)	(4,095,371)	(1,975,473)	(8,604,901)	(7,681,765)	(3,209,791)
Other Financing Sources (Uses)										
Transfers in	1,176,000	1,176,000	3,834,989	6,919,766	3,279,753	4,197,890	5,070,759	4,733,307	5,426,026	6,283,352
Transfers out	-	-	(2,658,988)	(5,743,766)	(2,103,753)	(3,021,890)	(4,105,869)	(3,720,172)	(4,106,026)	(4,783,352)
Refunding bonds issued	-	-	-	-	-	-	-	-	-	-
Bonds issued	-	-	-	-	22,000,000	-	-	-	-	-
Premium on bonds issued	-	-	-	-	2,431,355	-	-	-	-	-
Payment refund bond escrow agent	-	-	-	-	-	-	-	-	-	-
Capital leases	346,658	302,191	45,985	134,927	255,000	-	590,740	962,876	2,015,287	-
Sale of capital assets	-	490,563	82,474	33,126	40,622	106,086	35,792	35,210	69,086	72,114
Total other financing sources (uses)	1,522,658	1,968,754	1,304,460	1,344,053	25,902,977	1,282,086	1,591,422	2,011,221	3,404,373	1,572,114
Net change in fund balances	\$ 701,767	\$ 154,892	\$ (316,172)	\$ 251,898	\$ 23,492,009	\$ (2,813,285)	\$ (384,051)	\$ (6,593,680)	\$ (4,277,392)	\$ (1,637,677)
Debt service as a percentage of noncapital expenditures	7.70%	8.02%	8.56%	7.82%	7.86%	10.27%	8.54%	8.52%	9.36%	10.68%

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

Fiscal Year	Property Tax	Intangible Tax	Alcoholic Beverage		Franchise Tax	Premium Tax	Vehicle Ad		Other	Total
			Excise Tax				Valorem Tax			
2001	\$ 10,292,727	\$ 214,644	\$ 700,182	\$ 2,361,870	\$ 1,401,425	\$ 1,216,995	\$ 673,087	\$ 16,860,930		
2002	11,068,147	347,063	681,557	2,464,517	1,489,250	1,231,043	839,324	18,120,901		
2003	12,926,961	412,247	721,802	2,462,074	1,634,048	1,189,002	995,617	20,341,751		
2004	13,312,120	450,744	713,594	2,375,225	1,761,117	1,145,211	971,647	20,729,658		
2005	14,071,072	326,050	713,985	2,798,594	1,908,572	1,038,446	1,020,266	21,876,985		
2006	14,433,260	358,370	714,544	2,604,368	2,053,373	1,256,757	1,318,384	22,739,056		
2007	15,398,619	338,379	764,206	3,424,371	2,148,342	1,319,770	1,273,593	24,667,280		
2008	16,352,806	268,561	787,896	3,311,506	2,240,959	1,300,965	1,422,047	25,684,740		
2009	16,745,347	176,203	755,453	3,259,685	2,294,641	1,239,910	1,591,122	26,062,361		
2010	17,616,530	154,053	708,060	3,176,922	2,273,112	1,132,797	1,393,292	26,454,766		

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

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2001	\$ 525,013,988	\$ 485,227,092	\$ 1,885,444	\$ 18,793,290	\$ 993,333,234	10.45	\$ 2,483,333,085	40.00
2002	784,331,865	494,003,941	5,560,893	14,413,626	1,269,483,073	10.10	3,173,707,683	40.00
2003	819,242,628	532,456,681	14,259,003	20,330,840	1,345,627,472	9.85	3,364,068,680	40.00
2004	929,199,827	532,213,052	15,770,940	88,535,525	1,388,648,294	9.70	3,471,620,735	40.00
2005	1,037,138,488	513,992,311	15,690,335	122,660,982	1,444,160,152	9.65	3,610,400,380	40.00
2006	1,133,855,752	570,119,183	18,532,913	145,688,754	1,576,819,094	9.57	3,942,047,735	40.00
2007	1,283,593,263	611,053,176	18,382,035	173,873,140	1,739,155,334	9.17	4,347,888,335	40.00
2008	1,422,164,288	632,738,678	20,094,313	185,935,996	1,889,061,283	8.99	4,722,653,208	40.00
2009	1,464,153,464	675,484,781	21,984,449	180,887,128	1,980,735,566	8.99	4,951,838,915	40.00
2010	1,459,914,437	673,337,768	21,738,837	175,682,832	1,979,308,210	8.99	4,948,270,525	40.00

Source: Cobb County Board of Equalization and Assessment.

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

Homestead exemptions were increased in the year of 2003.

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

Fiscal Year	City of Smyrna	Overlapping Rates			Total Direct & Overlapping Rates
		Cobb County	Cobb County Board of Education	State of Georgia	
2001	10.45	7.07	20.05	0.25	37.82
2002	10.10	7.07	19.90	0.25	37.32
2003	9.85	7.07	19.90	0.25	37.07
2004	9.70	7.07	19.90	0.25	36.92
2005	9.65	7.07	19.90	0.25	36.87
2006	9.57	7.32	19.90	0.25	37.04
2007	9.17	7.04	19.90	0.25	36.36
2008	8.99	7.04	18.90	0.25	35.18
2009	8.99	7.04	18.90	0.25	35.18
2010	8.99	7.04	18.90	0.25	35.18

Source: Cobb County Board of Equalization and Assessment.

Note: Overlapping rates are those of local and county governments that apply to property owners within The City of Smyrna.

City of Smyrna, Georgia
Principal Property Taxpayers
Current Year and Nine Years Ago (Unaudited)

Taxpayer	2010		2001	
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Rank
Lake Park Properties LLC.	\$49,745,527	1	2.51	-
Valley-Summit LLC.	16,544,360	2	0.84	-
N/A Glen Park 77 LP.	15,819,800	3	0.80	-
GS Vinings LP.	15,522,032	4	0.78	-
DDRTC Heritage Pavilion LLC.	13,200,000	5	0.67	-
Hickory Lake LP.	9,554,160	6	0.48	-
Mission Galleria 34 LLC.	9,320,000	7	0.47	-
Wyndcliff Equity I LLC.	8,291,560	8	0.42	-
Anna Wright Properties LLC.	7,400,000	9	0.37	-
Keeneland Farms Apartments LLC.	6,900,000	10	0.35	-
Post Properties	-	-	55,372,816	1
Fourth Quarter Properties Inc.	-	-	10,447,489	2
Walton Park LP.	-	-	7,910,850	3
Monadnock Property Trust LLC.	-	-	6,142,000	4
Security Capital Atlantic Inc.	-	-	5,772,000	5
John Wieland Homes Inc.	-	-	5,692,809	6
Carramerica Realty Corp.	-	-	5,634,721	7
Windsor Lake Apartments LP.	-	-	5,491,200	8
Richards S P Company	-	-	5,468,330	9
TVO Cumberland Bridge Partners	-	-	5,184,000	10
Total	\$ 152,297,439		7.69%	\$ 113,116,215
				11.38%

Source: City of Smyrna Tax Department

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy			Amount	Percentage of Levy
		Amount	Percentage of Levy			
2001	\$10,257,368	\$ 10,176,178	99.21%	\$85,154	\$ 10,261,332	100.00%
2002	11,080,786	10,698,587	96.55	383,894	11,082,481	100.00
2003	12,979,905	12,757,765	98.29	221,963	12,979,728	100.00
2004	13,422,554	12,974,527	96.66	450,107	13,424,634	100.00
2005	14,196,979	13,883,044	97.79	326,923	14,209,967	100.00
2006	14,301,613	14,231,628	99.51	48,171	14,279,799	99.85
2007	15,176,709	14,873,272	98.00	57,405	14,930,677	98.38
2008	16,982,661	16,815,737	99.02	128,361	16,944,098	99.77
2009	17,806,813	17,411,857	97.78	133,375	17,545,232	98.53
2010	17,793,981	17,389,985	97.73	n/a	17,389,985	97.73

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

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income²	Per Capita²
	Revenue Bonds	Capital Leases	Water/Sewer Bonds	Capital Leases	Capital Leases	Capital Leases			
2001	\$21,365,000	\$1,539,653	\$6,093,431	-	-	-	\$28,998,084	2.46	\$707
2002	23,570,000	1,464,804	5,564,717	-	-	-	30,599,521	2.59	745
2003	22,825,000	1,059,772	5,110,000	-	-	-	28,994,772	2.25	656
2004	21,880,000	753,725	4,505,000	-	-	-	27,138,725	2.11	610
2005 ¹	42,905,000	716,774	4,505,000	4,300,000	4,300,000	4,300,000	52,426,774	4.07	1,177
2006	41,905,000	492,256	3,875,000	4,245,264	4,245,264	4,245,264	50,517,520	3.92	1,104
2007	40,765,000	808,684	3,215,000	4,033,370	4,033,370	4,033,370	48,822,054	3.71	1,025
2008	39,590,000	1,503,495	2,530,000	3,771,116	3,771,116	3,771,116	47,394,611	3.22	975
2009	38,370,000	3,091,212	1,815,000	3,453,341	3,453,341	3,453,341	46,729,553	2.64	936
2010	37,105,000	2,230,535	1,070,000	3,074,562	3,074,562	3,074,562	43,480,097	2.42	858

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

¹ \$22 million revenue bonds were issued in 2005.

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

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

Fiscal Year	Governmental Activities		Percentage of Actual Taxable Value of Property¹	Per Capita²
	Revenue Bonds	Capital Leases		
2000	\$21,365,000	\$1,539,653	0.82	\$559
2002	23,570,000	1,454,804	0.79	610
2003	22,825,000	1,059,772	0.71	541
2004	21,880,000	753,725	0.65	508
2005	42,905,000	716,774	1.21	978
2006	41,905,000	492,256	1.08	927
2007	40,765,000	808,684	0.96	873
2008	39,590,000	1,503,495	0.87	845
2009	38,370,000	3,091,212	0.84	833
2010	37,105,000	2,230,535	0.79	777

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

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

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

City of Smyrna, Georgia
Direct and Overlapping Governmental Activities Debt
As of June 30, 2010 (Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Cobb County General Obligation Debt	\$53,480,000	7.07%	\$3,781,036
Cobb County TAN's	113,500,000	7.07%	8,024,450
Other debt			
Cobb County Recreation Authority	2,125,000	7.07%	150,238
Cobb County Solid Waste Disposal	10,030,000	7.07%	709,121
Cobb County Administration Building	2,390,000	7.07%	168,973
Cobb-Marietta Coliseum and Exhibit Hall	50,920,000	7.07%	<u>3,600,044</u>
Subtotal, overlapping debt			16,433,862
City of Smyrna direct debt			<u>37,105,000</u>
Total direct and overlapping debt			<u><u>\$53,538,862</u></u>

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

Debt outstanding data provided by each governmental unit.

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

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

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 102,789,472	\$ 115,685,954	\$ 151,920,832	\$ 163,742,307	\$ 160,832,284	\$ 172,250,785	\$ 191,302,847	\$ 207,499,728	\$ 216,162,269	\$ 215,499,104
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$102,789,472	\$115,685,954	\$151,920,832	\$163,742,307	\$160,832,284	\$172,250,785	\$191,302,847	\$207,499,728	\$216,162,269	\$215,499,104

Total net debt applicable to the limit as a percentage of debt limit 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	\$1,979,308,210
Add back exempt real property	\$175,682,832
Total assessed value	<u>\$2,154,991,042</u>
Debt limit (10% of total assessed value)	215,499,104
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$215,499,104</u>

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

City of Smyrna, Georgia
Pledged-Revenue Coverage,
Last Ten Fiscal Years (Unaudited)

Water Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service Payments		Coverage
				Principal	Interest	
2001	\$ 9,455,500	\$ 6,906,990	\$ 2,548,510	\$ 540,000	\$ 287,565	3.08%
2002	9,445,486	6,748,668	2,696,818	560,000	253,799	3.31
2003	9,372,580	6,642,913	2,729,667	560,000	273,126	3.28
2004	10,020,069	7,852,259	2,167,810	605,000	220,590	2.63
2005	10,620,328	9,117,496	1,502,832	-	192,855	7.79
2006	11,288,511	9,679,514	1,608,997	630,000	179,940	1.99
2007	13,148,517	9,923,011	3,225,506	660,000	153,530	3.96
2008	13,399,311	9,588,565	3,810,746	685,000	125,079	4.70
2009	14,196,848	10,298,318	3,898,530	715,000	95,150	4.81
2010	15,210,052	10,243,399	4,966,653	745,000	63,574	6.14

Notes: Details regarding the government's outstanding debt can be found in the notes to the financial statements. Utility service charges excludes interest earned and tap fees. Operating expenses do not include depreciation and amortization expenses.

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

Fiscal Year	Population¹	Personal Income	Per Capita		Median Age¹	School Enrollment	Unemployment Rate³
			Personal Income²	Income²			
2000	40,999	\$ 1,178,803,248	\$	28,752	32	95,911	3.90%
2002	40,999	1,178,803,248		28,752	32	97,645	4.60%
2003	44,184	1,287,780,314		28,909	32	100,119	3.40%
2004	44,564	1,287,780,314		28,909	33	101,269	3.90%
2005	44,602	1,287,780,314		28,909	33	103,447	4.90%
2006	45,755	1,289,399,218		27,637	32	105,885	4.20%
2007	47,643	1,316,709,591		27,637	33	107,274	4.10%
2008	48,632	1,473,646,864		30,302	34	106,425	5.10%
2009	49,854	1,767,673,278		35,457	34	106,675	11.30%
2010	50,712	1,798,095,384		35,457	34	107,245	9.90%

Data sources

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

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

³Georgia Department of Labor

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

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

Employer	2010			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
UCB	575	1	1.74%	390	2	1.36%
IBM	566	2	1.71%	500	1	1.74%
United Distributors	550	3	1.66%	375	3	1.30%
Emory-Adventist Hospital at Smyrna	499	4	1.51%	-	-	-
Ridgeview Institute	440	5	1.33%	270	6	0.94%
S P Richards	423	6	1.28%	325	5	1.13%
City of Smyrna	384	7	1.16%	350	4	1.22%
Bake One	350	8	1.06%	-	-	-
Publix	210	9	0.63%	120	9	0.42%
Glock	209	10	0.63%			
Cobb County Schools				165	7	0.57%
The Facility Group				140	8	0.49%
Quintild Labs	-		-	125	10	0.43%
Total	4206		12.69%	2760		9.60%

Source: Community Development and from the businesses listed above.

For 2010, total city employment total of 33,132 (from latest Bur of Labor Statistics 2007 figures) used to calc percentages.

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

<u>Function/Program</u>	<u>Full-time-Equivalent Employees as of June 30,</u>									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government										
Governing Body	9	9	10	10	10	9	9	9	9	9
Chief Executive (Mgr. Or Admin.)	4	4	4	5	5	7	7	7	7	5
Data Processing / MIS	1	1	2	2	2	2	3	3	3	3
Recorder's Court	10	10	10	8	9	9	8	8	8	7
Financial Administration	9	8	9	9	9	9	9	9	8	7
General Govt. Bldgs. & Plant	-	-	12	12	12	12	13	13	10	6
Water Administration	10	11	11	11	8	8	8	8	8	7
Human Resources	4	4	4	4	4	4	4	4	4	4
Public Safety										
Police Administration	122	119	122	121	121	127	126	126	126	119
Fire Administration	63	63	63	63	63	63	63	66	66	66
Fire Prevention	4	4	4	4	4	4	5	5	5	4
Fire Training	3	3	3	3	3	3	3	3	3	3
E-911 Communications	16	16	17	18	17	17	17	18	18	18
Emergency Management	1	1	1	1	1	1	1	1	1	1
Community Services										
Public Information	1	1	2	2	2	2	2	2	2	2
Public Education	2	2	2	3	3	3	3	3	3	3
Culture/Recreation Administration	9	9	9	9	9	8	10	8	11	10
Participant Recreation	2	2	2	2	2	2	2	2	3	1
Recreation Center	2	2	3	3	3	3	3	3	3	4
Parks Areas	13	14	15	15	18	18	21	21	18	-
Library Administration	7	8	8	8	8	9	9	9	8	8
Protective Insp. Administration	9	11	11	12	12	12	13	14	14	11
Public Works										
Highways & Streets Admin.	42	42	28	28	28	28	28	28	28	29
Traffic Engineering	-	-	3	3	3	3	3	3	3	3
Sanitary Administration	28	28	28	28	28	31	31	31	31	21
Distribution (Water)	16	15	16	16	16	19	19	19	21	21
Recyclables Collection	-	-	-	-	-	-	7	7	7	5
Maintenance & Shop	5	5	7	7	7	8	8	8	8	7
Total	392	392	406	407	407	421	435	438	436	384

Source: City of Smyrna Budget Office.

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

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

Function	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Public Works:										
Street resurfacing (feet)	26,073	11,386	33,426	68,595	15,810	59,638	100,525	123,382	0	0
Potholes misc. repairs	184	136	140	140	130	52	51	26	77	32
Drainage Creek	17	27	26	22	23	11	15	3	15	19
Fire protection:										
Number of calls answered	4,060	4,043	4,464	4,772	4,802	4,800	4,800	4,722	4,862	4,784
Police protection:										
Number of citations written	15,855	18,058	22,450	25,951	25,310	20,199	21,532	21,732	22,000	19,646
Number of automobile accidents	3,063	2,970	2,994	3,043	3,033	3,098	2,865	2,314	1,817	1,865
Number of reported crimes	3,049	2,923	3,003	3,003	3,010	2,862	2,793	2,518	2,544	1,793
Water system:										
Water mains breaks	22	46	24	19	27	9	22	23	21	9
Install water meter	107	256	398	332	223	130	39	87	27	15
Sewerage system:										
Sewer backup	72	401	209	374	247	132	285	166	269	45
Sanitation										
Large items pick up	1,496	1,869	1,604	1,513	1,302	510	981	845	973	369
Recreation and culture:										
Community Center bookings	2,441	2,300	2,103	1,880	2,500	2,257	2,299	2,321	1,850	2,248
Visitors to the Center	242,000	240,000	220,000	203,000	300,000	238,667	250,224	254,750	250,000	272,000
Senior Aquatic Center classes	1,200	1,100	1,300	1,371	800	995	1,367	1,310	1,367	1,339
Library										
Attendance	205,426	216,308	248,982	249,834	256,244	130,293	253,330	267,558	268,746	271,050
Circulation	156,317	177,156	197,502	201,799	204,554	102,170	203,880	210,323	217,523	232,116

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

*- Information not readily available.

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

Function	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Public Works:										
Miles of streets	145	159	160	175	175	176	176	176	176	176
Number of traffic lights	52	52	52	52	52	53	60	60	693	693
Number of street lights:	2,700	2,700	2,700	2,700	2,700	2,700	3,972	3,972	3,972	3,972
Fire protection:										
Number of stations	4	4	4	4	4	4	4	4	4	4
Number of fire fighters and officers	70	70	70	70	70	68	73	76	76	72
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of police officers	92	95	93	93	95	95	97	94	94	94
Water system:										
Number of consumers	14,000	14,000	14,000	14,100	14,100	13,391	14,067	14,344	14,110	13,500
Average daily consumption in gallons	4,712,000	4,712,000	4,712,000	4,926,000	4,926,000	4,890,000	5,200,000	3,356,000	4,168,000	3,700,000
Miles of water mains	181	240	240	240	242	241	241	241	241	241
Sewerage system:										
Miles of sanitary sewers	194	240	240	130	131	138	138	138	138	138
Miles of storm sewers	*	*	*	*	*	80	80	80	80	80
Building permits issued	1,259	964	990	1,117	1,032	1,051	590	118	159	483
Recreation and culture:										
Number of parks	17	18	20	20	20	27	29	29	29	27
Park acreage	90	210	156	156	156	262	263	265	425	325
Number of libraries	1	1	1	1	1	1	1	1	1	1
Number of items	97,000	97,000	97,000	97,000	104,103	108,894	109,933	110,433	111,816	109,183

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

THIS PAGE INTENTIONALLY LEFT BLANK

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

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

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Smyrna, Georgia, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Smyrna, Georgia's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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*.

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



Moore & Cubbedge, LLP
Marietta, Georgia

November 1, 2010

INDEPENDENT AUDITOR'S REPORT ON CAR RENTAL TAX SCHEDULE OF REVENUE
RECEIVED AND EXPENDITURES INCURRED

City of Smyrna
Smyrna, Georgia

We have audited the accompanying Car Rental Tax Schedule of Revenue Received and Expenditures Incurred for the City of Smyrna, Georgia for the year ended June 30, 2010. This schedule is the responsibility of the City of Smyrna's management. Our responsibility is to express an opinion on the Car Rental Tax Schedule of Revenue Received and Expenditures Incurred 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 Car Rental Tax Schedule of Revenue Received and Expenditures Incurred is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Car Rental Tax Schedule of Revenue Received and Expenditures Incurred. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Car Rental Tax Schedule of Revenue Received and Expenditures Incurred. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Car Rental Tax Schedule of Revenue Received and Expenditures Incurred was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-13-93 using the modified accrual basis of accounting and is not intended to be a complete presentation of the City of Smyrna's revenues and expenses.

In our opinion, the Car Rental Tax Schedule of Revenue Received and Expenditures Incurred referred to above presents fairly, in all material respects, the revenues and expenditures for each project in the City of Smyrna's resolution or ordinance calling for the tax for the year ended June 30, 2010, in conformity with accounting principles generally accepted in the United States of America.



Moore & Cubbedge, LLP
Marietta, Georgia

November 1, 2010

CITY OF SMYRNA, GEORGIA
CAR RENTAL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Revenues</u>	<u>Expenditures *</u>	<u>Percentage Expended</u>
<u>\$ 80,606</u>	<u>\$ 80,606</u>	<u>100%</u>

* Funds were transferred to the Hotel/Motel Special Revenue fund and were expended in Hotel/Motel Fund

INDEPENDENT AUDITOR'S REPORT ON HOTEL/MOTEL TAX SCHEDULE OF REVENUE
RECEIVED AND EXPENDITURES INCURRED

City of Smyrna
Smyrna, Georgia

We have audited the accompanying Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred for the City of Smyrna, Georgia for the year ended June 30, 2010. This schedule is the responsibility of the City of Smyrna's management. Our responsibility is to express an opinion on the Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred 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 Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-13-51 using the modified accrual basis of accounting and is not intended to be a complete presentation of the City of Smyrna's revenues and expenses.

In our opinion, the Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred referred to above presents fairly, in all material respects, the revenues and expenditures for each project in the City of Smyrna's resolution or ordinance calling for the tax for the year ended June 30, 2010, in conformity with accounting principles generally accepted in the United States of America.



Moore & Cubbedge, LLP
Marietta, Georgia

November 1, 2010

CITY OF SMYRNA, GEORGIA
HOTEL/MOTEL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Revenues</u>	<u>Expenditures *</u>	<u>Percentage Expended</u>
<u>\$ 742,120</u>	<u>\$ 585,822</u>	<u>79%</u>

* Expended in Hotel/Motel Special Revenue Fund

INDEPENDENT AUDITOR'S REPORT ON 1 PERCENT SALES TAX SCHEDULE OF
PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS

City of Smyrna
Smyrna, Georgia

We have audited the accompanying 1 Percent Sales Tax Schedule of Projects Constructed with Special Sales Tax Proceeds for the City of Smyrna, Georgia for the year ended June 30, 2010. This schedule is the responsibility of the City of Smyrna's management. Our responsibility is to express an opinion on the 1 Percent Sales Tax Schedule of Projects Constructed with Special Sales Tax Proceeds 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 1 Percent Sales Tax Schedule of Projects Constructed with Special Sales Tax Proceeds is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 1 Percent Sales Tax Schedule of Projects Constructed with Special Sales Tax Proceeds. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the 1 Percent Sales Tax Schedule of Projects Constructed with Special Sales Tax Proceeds. We believe that our audit provides a reasonable basis for our opinion.

The accompanying 1 Percent Sales Tax Schedule of Projects Constructed with Special Sales Tax Proceeds was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 using the modified accrual basis of accounting and is not intended to be a complete presentation of the City of Smyrna's revenues and expenses.

In our opinion, the 1 Percent Sales Tax Schedule of Projects Constructed with Special Sales Tax Proceeds referred to above presents fairly, in all material respects, the original estimated cost, the revised estimated cost, and the current and prior year expenditures for each project in the City of Smyrna's resolution or ordinance calling for the tax for the year ended June 30, 2010, in conformity with accounting principles generally accepted in the United States of America.



Moore & Cubbedge, LLP
Marietta, Georgia

November 1, 2010

Michael R. Crace Jean K. Hawkins Richard H. Lewis Tammy A. Galvis Donald L. McGrath Jr. Retired: C. Frank Moore Edwin W. Cubbedge III

T 770.422.0500 F 770.421.6440 366 Powder Springs Street Marietta, Georgia 30064 www.moore-cubb.com

CITY OF SMYRNA, GEORGIA**1 PERCENT SALES TAX****SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Project	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
2006:					
Transportation Projects	\$ 43,400,391	\$ 16,145,108	\$ 9,149,985	\$ 25,295,093	58%
800 MHz Radios	850,067	796,794	-	796,794	94%
Total	\$ 44,250,458	\$ 16,941,902	\$ 9,149,985	\$ 26,091,887	