



City of Smyrna

Georgia

Comprehensive Annual
Financial Report

Fiscal Year Ending June 30, 2019

City of Smyrna, Georgia

Comprehensive Annual Financial Report

Fiscal Year Ending June 30, 2019

Prepared by:
Department of Finance
2800 King Street / P. O. Box 1226
Smyrna, Georgia 30081

**CITY OF SMYRNA, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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INTRODUCTORY SECTION



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

November 8, 2019

Honorable Max Bacon, Mayor
Members of City Council
and the Citizens of the City of Smyrna, GA

The Comprehensive Annual Financial Report of the City of Smyrna, Georgia for the fiscal year ended June 30, 2019, is hereby submitted as mandated by State statute. The statute requires that the City of Smyrna, Georgia issue a report on its financial position and activity on an annual basis, and this report is to be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the City of Smyrna, Georgia. All disclosures necessary to enable the reader to gain an understanding of the City financial activities have been included.

Nichols, Cauley & Associates, LLC, a firm of certified public accountants, audited the City of Smyrna's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2019 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Smyrna's financial statements for the fiscal year ended June 30, 2019 are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first financial section component of this report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A section.

Reporting Entity

The financial reporting entity (City of Smyrna) includes all the funds of the primary government, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and included as part of the primary government. The Downtown Smyrna Development Authority is included as a blended component units.

The City provides a full range of services to its estimated 56,706 citizens. Some of the services which are available to those residents include police and fire protection; court systems; library services; the construction and maintenance of highways, streets and infrastructure; fleet maintenance; buildings and grounds maintenance; tax collection; planning and zoning; building permitting and inspections; recreational activities and cultural events; and inherent administrative support services. The City also provides water and sewer services, which are shown as an Enterprise Fund in this report.

Government Structure, Local Economic Condition and Outlook

Smyrna was incorporated in 1872 as a municipality by the State of Georgia. Its land area encompasses approximately 15 square miles. Smyrna is located 10 miles northwest of Atlanta, Georgia and is part of the metropolitan Atlanta area. Known also as the "Jonquil City", it derives this name from the thousands of jonquils, which flourish in gardens and along the streets in early spring.

The governing body of the City is the Mayor and Council, which appoints a City Administrator to serve as the chief administrative officer. The Mayor and Council are empowered to levy taxes, establish fees and utility rates, adopt a budget, appoint committees and take other actions within the jurisdiction consistent with their function as a policy-making body. The City Administrator is responsible for the daily operations of the City government in accordance with the policies of the Mayor and Council.

The economic outlook for the City remains stable as a result of both cost cutting initiatives begun by management at the beginning of the economic downturn which have continued as the City has experienced growth and conservative spending. This proactive approach positioned the City to be able to maintain a strong financial position. The City has seen a lot of new development within and around the City of the last several years. This growth led to property values having an increase in the last several years. With continued development within the City, we are optimistic values will continue to increase in the future. The net assessment of property in the City increased 9.32 percent from \$2,292,779,420 to \$2,506,580,648. The unemployment rate was slightly lower than the state average. At June 30, 2019 the rate was 3.2 percent compared to the State average of 3.7 percent.

The City of Smyrna continues to benefit economically by being an integral part of one of the top growth areas in the United States. The Metropolitan Atlanta region represents one of the nation's primary transportation and distribution centers as well as being a major financial and consumer

services leader. Georgia's geographically central location for domestic distribution, excellent surface transportation system, telecommunications infrastructure and proximity to major consumer markets make the State an excellent base for air cargo operations.

Accounting and Budgetary Controls

Management of the City of Smyrna is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance for the proper recording of financial transactions.

The City maintains budgetary controls to ensure compliance with the legal provision of the annual appropriations budget approved by the Mayor and Council. Statutes of the State of Georgia require the City to operate under an annual balanced budget adopted by resolution. The City Administrator is responsible for preparing the annual budget, which is then submitted to the Mayor and Council for discussion and adoption.

The applicable State statutes require that the City not exceed its budget at the department level. The legal level of City budget control (the level at which expenditures may not exceed appropriations) for each legally adopted annual operating budget is at the department level. Administrative budgetary control is maintained internally at an object of expenditure level within the department or function. The City Administrator can authorize the transfer of appropriations among accounts within their department's budget. The Mayor and Council must approve all other transfers or supplemental appropriations. The City's budget procedures are more fully explained in the accompanying Notes to the Financial Statements.

The City maintains an encumbrance accounting system as another means of accomplishing budgetary control. Encumbered amounts at year-end are reported within restricted, committed, or assigned fund balances of governmental funds and carried forward into the ensuing year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Long-term Financial Planning and Policies

As part of its strategic plan, the Mayor and Council continue to set aside monies for future occurrences. This includes committing funds for future retirement obligations, capital projects

and vehicle replacement. All of these committed funds ensuring the City's strong financial position.

The Mayor and Council have adopted a minimum fund balance policy. This policy requires 25% of the subsequent year's expenditures to be maintained as unassigned fund balance. The City exceeded this minimum for the current year.

Awards and Acknowledgements

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Smyrna for its comprehensive annual financial report for the year ended June 30, 2018. This was the sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the various City departments and officials, and in particular, the staff of the Finance Department. Our sincere appreciation is extended to each individual for the contributions made in the preparation of this report.

We would also like to thank the Mayor and members of Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner and through whose efforts we have made substantial progress in responding to the extraordinary demands placed upon our community. We believe that the accomplishments that have been identified in this transmittal letter and the accompanying MD&A section clearly indicate that the Mayor and Council has effectively and efficiently planned and managed the resources that were entrusted to them by the Citizens of the City.

Respectfully submitted,



Kristin Robinson
finance Director



Government Finance Officers Association

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

Presented to

**City of Smyrna
Georgia**

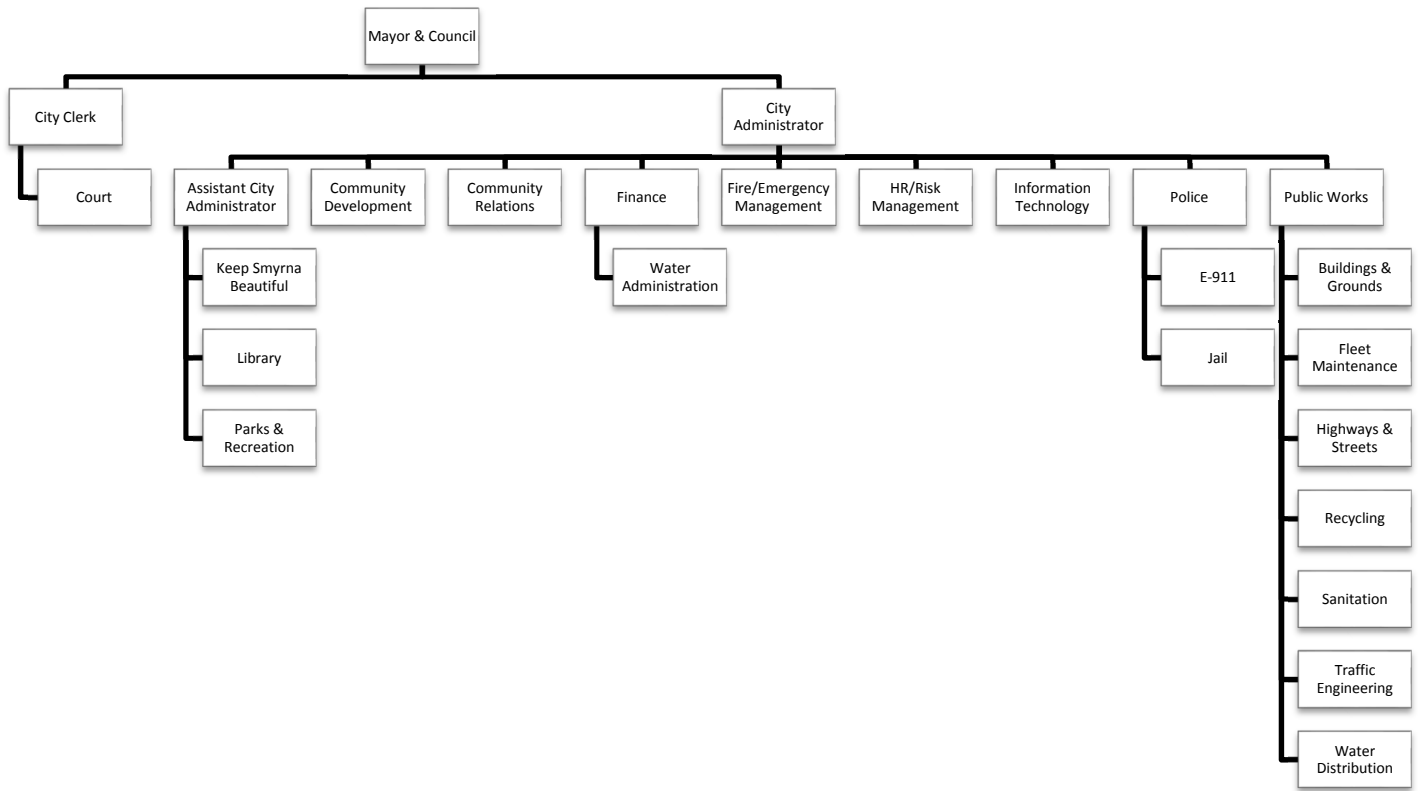
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

Organizational Chart City of Smyrna, Georgia



Principal Officials City of Smyrna, Georgia

Mayor & City Council



A. Max Bacon
Mayor

Derek Norton
Ward 1

Andrea Blustein
Ward 2

Maryline Blackburn
Ward 3

Charles Welch
Ward 4

Susan Wilkinson
Ward 5

Tim Gould
Ward 6

Ron Fennel
Ward 7

Appointed Officials

Terri Graham
City Clerk / Court Services

Tammi Saddler Jones
City Administrator

Department Heads

Scott Andrews
Assistant City Administrator

Roy Acree
Fire Chief/ Emergency Mgt. Director

Janet Liberman
Director of KSB

Jennifer Bennett
Community Relations Director

Mary Moore
Library Director

Kay Bolick
Director of Human Resources

Richard Garland
Director of Parks and Recreation

Kristin Robinson
Director of Finance

David Lee
Chief of Police

Frank Martin
Public Works Director

Ken Suddreth
Director of Community Development

FINANCIAL SECTION



NICHOLS, CAULEY & ASSOCIATES, LLC

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kennesaw@nicholscauley.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Smyrna, Georgia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Atlanta | Calhoun | Canton | Dalton | Dublin

Kennesaw | Rome | Warner Robins

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Smyrna, Georgia, as of June, 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of Changes in the City's Net Pension Liability and Related Ratios, the Schedule of Pension Contributions, Schedule of Changes in the City's Net OPEB Liability and Related Ratios, the Schedule of OPEB Contributions, and the Schedule of OPEB Plan Investment Returns on pages 11-20 and 59-65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Smyrna, Georgia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, statistical section, and compliance section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Car Rental Tax Schedule of Revenue Received and Expenditures Incurred, the Hotel/Motel Tax Schedule of Revenue Received and Expenditures

Incurred, and the 1 Percent Sales Tax Schedule of Projects Constructed with Special Sales Tax Proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia 48-13-93, 48-13-51, and 48-8-121, respectively, and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019, on our consideration of the City of Smyrna, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Smyrna, Georgia's internal control over financial reporting and compliance.

Richards, Cauley + Associates, LLC

Kennesaw, Georgia
November 8, 2019

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, 2019. 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 2019 are as follows:

- ◆ The City's combined net position increased \$18.6 million to \$204.5 million from \$185.9 million in 2018.
- ◆ Combined revenue increased \$5.1 million to \$87.1 million in 2019, of which governmental activities totaled \$66.8 million and business-type activities totaled \$20.3 million.
- ◆ Overall expenses totaled \$68.5 million of which governmental activities totaled \$54.7 million and business-type activities totaled \$13.8 million.
- ◆ As of June 30, 2019, the City's governmental funds reported combined ending fund balances of \$39.4 million. Approximately 46.3% is available for use (unassigned fund balance).
- ◆ As of June 30, 2019, unassigned fund balance for the general fund was \$18.1 million, or 42.3% of total general fund expenditures.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements can be found on pages 21 and 22 of this report.

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

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

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

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

The basic governmental fund financial statements can be found on pages 23-26 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 27-29 of this report.

Fiduciary Funds Fiduciary Funds account for the assets held by the City in a trustee capacity for individuals. The City's OPEB Trust Fund is utilized to account for the activity of the City's OPEB Plan and is not reflected in the government-wide financial statements because the resources are not available to support the City's operations or programs.

The fiduciary fund financial statements can be found on pages 30 and 31.

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 32-59 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 60-66 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position (government and business-type activities) totaled \$204.5 million at June 30, 2019.

The largest portion of the City's net position (84.7%) reflects its investment in capital assets such as land, buildings, equipment and infrastructure, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 30,372,218	\$ 30,401,964	\$ 18,767,982	\$ 16,296,846	\$ 49,140,200	\$ 46,698,810
Capital assets	187,265,734	177,914,395	30,659,180	28,175,299	217,924,914	206,089,694
Restricted assets - non current	13,329,207	11,327,293	592,794	576,392	13,922,001	11,903,685
Total assets	<u>230,967,159</u>	<u>219,643,652</u>	<u>50,019,956</u>	<u>45,048,537</u>	<u>280,987,115</u>	<u>264,692,189</u>
Deferred outflows of resources:	<u>8,153,721</u>	<u>6,790,109</u>	<u>424,729</u>	<u>349,650</u>	<u>8,578,450</u>	<u>7,139,759</u>
Liabilities:						
Current liabilities	4,250,664	4,333,552	1,815,614	1,729,304	6,066,278	6,062,856
Long-term liabilities outstanding	73,289,043	74,579,983	1,363,920	1,327,932	74,652,963	75,907,915
Total liabilities	<u>77,539,707</u>	<u>78,913,535</u>	<u>3,179,534</u>	<u>3,057,236</u>	<u>80,719,241</u>	<u>81,970,771</u>
Deferred inflows of resources:	<u>4,158,944</u>	<u>3,788,914</u>	<u>195,048</u>	<u>170,821</u>	<u>4,353,992</u>	<u>3,959,735</u>
Net position:						
Net investment in capital assets	142,531,485	137,078,774	30,651,277	28,167,396	173,182,762	165,246,170
Restricted	12,882,157	9,882,604	-	-	12,882,157	9,882,604
Unrestricted	<u>2,008,587</u>	<u>(3,230,066)</u>	<u>16,418,826</u>	<u>14,002,734</u>	<u>18,427,413</u>	<u>10,772,668</u>
Total net position	<u>\$ 157,422,229</u>	<u>\$ 143,731,312</u>	<u>\$ 47,070,103</u>	<u>\$ 42,170,130</u>	<u>\$ 204,492,332</u>	<u>\$ 185,901,442</u>

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

As of June 30, 2019, the City is able to report positive balances in net position for the governmental and business-type activities.

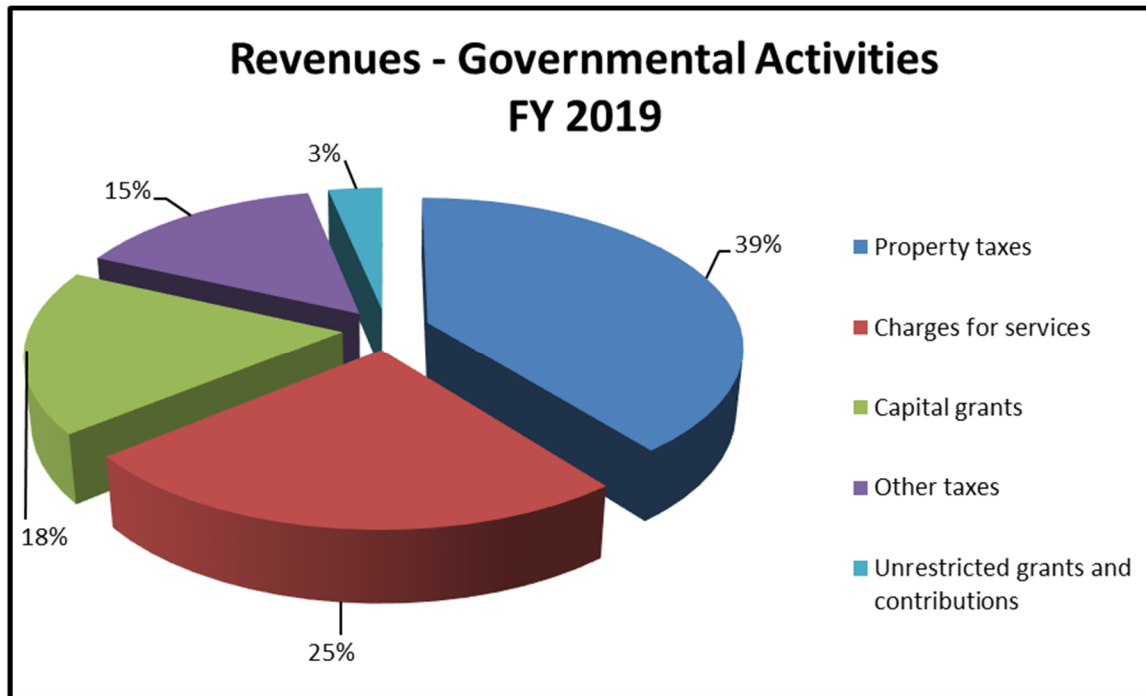
For fiscal year 2019, the City's net position increased \$18.6 million.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 16,357,830	\$ 15,497,880	\$ 20,261,852	\$ 19,637,548	\$ 36,619,682	\$ 35,135,428
Operating grants and contributions	214,872	59,591	-	-	214,872	59,591
Capital grants and contributions	11,826,077	11,336,173	-	-	11,826,077	11,336,173
General revenues:						
Property taxes	26,147,383	23,839,967	-	-	26,147,383	23,839,967
Other	9,857,209	9,721,528	-	-	9,857,209	9,721,528
Grants and contributions not restricted to specific programs	2,161,393	1,788,925	-	-	2,161,393	1,788,925
Unrestricted investment earnings	62,793	53,885	28,573	23,420	91,366	77,305
Gain on sale of capital assets	142,039	-	-	-	142,039	-
Total revenues	<u>66,769,596</u>	<u>62,297,949</u>	<u>20,290,425</u>	<u>19,660,968</u>	<u>87,060,021</u>	<u>81,958,917</u>
Expenses:						
General government	8,890,126	7,147,663	-	-	8,890,126	7,147,663
Judicial	523,023	494,401	-	-	523,023	494,401
Public safety	23,603,235	20,153,820	-	-	23,603,235	20,153,820
Public works	11,395,749	11,302,495	-	-	11,395,749	11,302,495
Housing and development	2,642,933	2,108,079	-	-	2,642,933	2,108,079
Culture and recreation	6,042,281	6,011,943	-	-	6,042,281	6,011,943
Water and sewer	-	-	13,794,544	13,949,353	13,794,544	13,949,353
Interest & fiscal charges	1,577,240	1,731,915	-	-	1,577,240	1,731,915
Total expenses	<u>54,674,587</u>	<u>48,950,316</u>	<u>13,794,544</u>	<u>13,949,353</u>	<u>68,469,131</u>	<u>62,899,669</u>
Change in net position before transfers and special item	12,095,009	13,347,633	6,495,881	5,711,615	18,590,890	19,059,248
Transfers	1,595,908	1,741,127	(1,595,908)	(1,741,127)	-	-
Change in net position	13,690,917	15,088,760	4,899,973	3,970,488	18,590,890	19,059,248
Net position- beginning, before restatement	143,731,312	140,688,807	42,170,130	38,831,401	185,901,442	179,520,208
Restatement	-	(12,046,255)	-	(631,759)	-	(12,678,014)
Net position- beginning, after restatement	<u>143,731,312</u>	<u>128,642,552</u>	<u>42,170,130</u>	<u>38,199,642</u>	<u>185,901,442</u>	<u>166,842,194</u>
Net position - ending	<u>\$ 157,422,229</u>	<u>\$ 143,731,312</u>	<u>\$ 47,070,103</u>	<u>\$ 42,170,130</u>	<u>\$ 204,492,332</u>	<u>\$ 185,901,442</u>

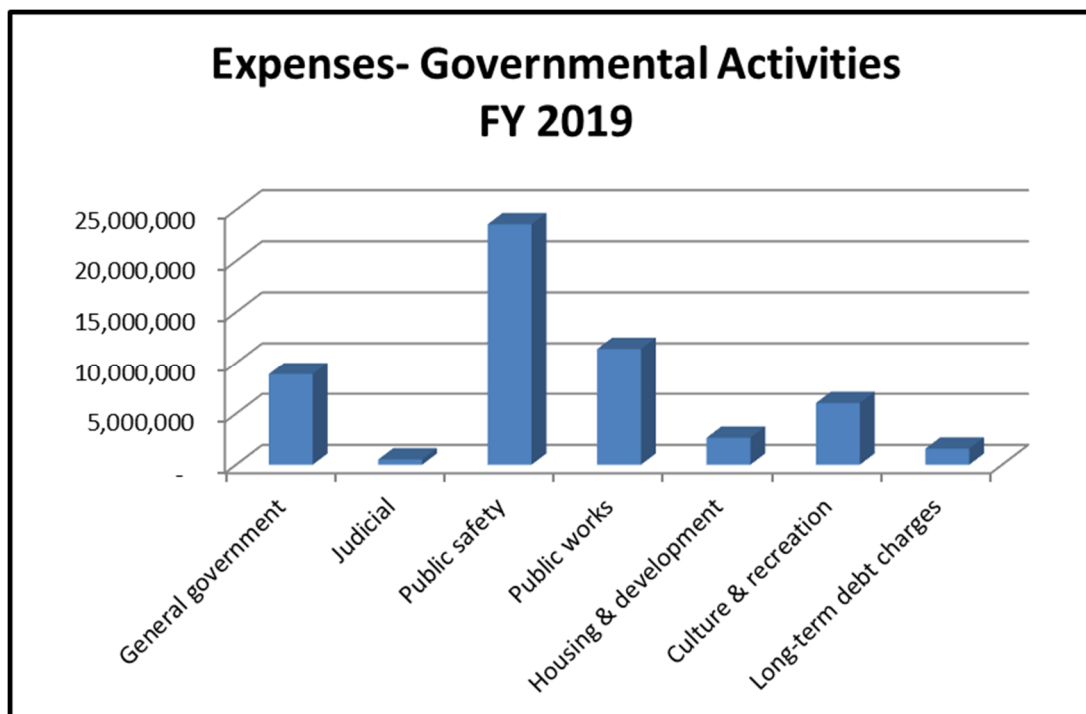
The effect of implementing GASB 75 to previously reported changes in net position has not been determined.

Governmental Activities. Governmental activities increased the City's net position by \$13.7 million. Increases in property values and continued development within the City provided increased tax revenue which was a large contributor to this increase. In addition, the City was able to reduce expenses from amounts originally anticipated.

Property tax revenue increased 9.7% as the result of increased property taxes and growth in the digest. Revenue for charges for services increased 5.6%, and other general revenues rose 1.4%.



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 54.3% of total revenue.



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

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

Business-Type Activities. Business type revenues exceeded expenses (including transfers out of \$1.6 million) resulting in an increase in net position of \$4.9 million. Increased utility rates and the management of capital projects contributed to the operating revenue increase in FY 2019. Rates are scheduled to increase as needed on an ongoing annual basis as the City faces increases in wholesale purchase rates.

Financial Analysis of the Government's Funds

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

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

As of June 30, 2019, the City's governmental funds reported combined ending fund balances of \$39.4 million. Of this total, \$18.1 million or 45.9% constitutes *unassigned fund balance*, which is available for spending in the coming year. The remainder of fund balance is *Nonspendable, Restricted, Committed, or Assigned* to indicate that it is not available for new spending because it is not in spendable form (\$475,865), restricted (\$15,080,538), committed (\$5,904,589), or assigned (\$341,218) for a particular purpose.

Major Governmental Funds

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, Unassigned Fund Balance of the General Fund was \$18.1 million, and total fund balance was \$22.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both the Unassigned Fund Balance and total Fund Balance to total fund expenditures. Unassigned Fund Balance represents 42.3% of total general fund expenditures and total fund balance represents 53.3% of that same amount.

In FY 2019, the total fund balance of the General Fund decreased \$0.8 million.

The key factors to this decrease were:

- ◆ The City authorized use of fund balance for the replacement of the roof on the Community Center (\$1.2 million), replacement of HVAC at several locations (\$0.3 million), the purchase of land (\$0.3 million), the purchase of new camera equipment for the Police Department (\$0.4 million), and new PD vehicles (\$0.1 million).

- ◆ The City also had higher than anticipated expenditures related to medical and prescription costs for City employees.

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 increased \$2.5 million from \$7.6 million to \$10.1 million. This increase is mostly due to the timing of the City's projects and accumulating funds for large expenditures in future years.

Non-Major Governmental Funds

The Special Revenue Funds are used to account for the City's collection and disbursement of specific revenues that are legally restricted to expenditures for specified purposes. Included in this classification are: Confiscated Assets, Hotel/Motel Tax Premium Tax, Multiple Grant, Auto Rental Tax, Emergency 911 Telephone, Housing and Urban Development (HUD) Grant (CDBG), and the Tax Allocation District.

The Capital Project Funds are used to account for financial resources that are *restricted* or *committed* to be used for the acquisition or construction of major capital facilities. Included in this classification are: Capital Fund, Downtown Smyrna Development Authority, Parks and Recreation, Capital Projects, and Bio Diesel.

Non-major governmental funds revenues and other financing sources totaled \$16.3 million for the fiscal year ended June 30, 2019. Non-major governmental funds expenditures and other financing uses totaled \$15.9 million. The net change in fund balance for all non-major governmental funds was an increase of \$0.4 million.

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

The *Unrestricted* Net Position for Water and Sewer is \$16.4 million. Total net position increased \$4.9 million. The *Restricted* Cash Balance totals \$0.6 million as of June 30, 2019.

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 \$52,000,193 was amended to \$54,897,125 in a series of budget amendments. These amendments were necessary to meet changing economic conditions. Tax revenue exceeded the budgeted amount as a result of a higher than anticipated increase in the digest and collection rate. Charges for services revenue increased due to increased prisoner housing due to an intergovernmental agreement with another municipality to house their inmates. General government had to increase budgeted expenditures mainly due to higher than anticipated medical plan costs. Some of the increase medical costs were offset by positive budget variances from personnel vacancies and other reductions in planned expenditures government-wide.

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, 2019 amounts to \$217.9 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 2019 was 5.7% from \$206.1 million to \$217.9 million, an increase of \$11.8 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 obligations. As of June 30, 2019, the City of Smyrna had a net of \$47.4 million in outstanding long-term obligations, which does not include interest expense. The City has no general obligation debt. Additional information on the City's long-term obligations 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 recreation, public safety and transportation. There are two major financial issues for FY 2019 and beyond:

- Commercial redevelopment. Consistent with previous years, the City continues to see both public and private projects City-wide that are in various stages of redevelopment. In addition, the City continues to see interest in future projects in Smyrna. The City anticipates these projects will have a positive economic impact on Smyrna and its surrounding areas. Once completed these projects will bring major commercial and residential development to downtown Smyrna and surrounding areas. Significant investments continue to be made on the borders of Smyrna and we anticipate the "halo effect" of these developments will continue over the next several years.
- Continued transportation improvements to roads, sidewalks and traffic issues using the Cobb County 1% Special Local Option Sales Tax (SPLOST) approved by voters in 2011, and again in 2016. Significant land acquisition was made on a key project during both FY 2018 and FY 2019. The City anticipates construction to begin near the end of FY 2020 and to continue for the next few years. This project should greatly improve one of Cobb County and Smyrna's key corridors. In addition to this project, the City has been funding, and will continue to fund, other road resurfacing and sidewalk project throughout the City to enhance the mobility of our citizens.

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

FY 2017 the City's Community Development department completed an updated to the City's Comprehensive Plan and several other studies related to future development of Smyrna. During FY 2018 the City began to receive requests and review plans for these potential developments. This trend continued into FY 2019 and we anticipate it will continue in FY 2020. There is a lot of interest in Smyrna, and our staff and elected officials are working hard to make sure the growth and redevelopment in Smyrna continues over the next several years.

Request for Information

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

CITY OF SMYRNA, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
Assets:			
Cash	\$ 25,455,664	\$ 16,148,060	\$ 41,603,724
Receivables, net:			
Trade	1,171,120	2,613,739	3,784,859
Taxes	317,108	-	317,108
Other	150,416	-	150,416
Due from other governments	2,349,006	-	2,349,006
Inventories	340,684	-	340,684
Prepaid items	135,181	6,183	141,364
Restricted assets	13,329,207	592,794	13,922,001
Fair value of interest rate swap agreement	453,039	-	453,039
Capital assets, non depreciated	55,938,951	690,786	56,629,737
Capital assets, depreciated, net	131,326,783	29,968,394	161,295,177
Total assets	230,967,159	50,019,956	280,987,115
Deferred outflows of resources:			
Related to pensions	5,098,068	268,319	5,366,387
Related to OPEB	2,971,793	156,410	3,128,203
Unamortized deferred loss	83,860	-	83,860
Total deferred outflows of resources	8,153,721	424,729	8,578,450
Liabilities:			
Accounts payable and other current liabilities	3,019,183	1,222,820	4,242,003
Unearned revenue	75,819	-	75,819
Deposits payable	520,550	592,794	1,113,344
Accrued interest payable	635,112	-	635,112
Noncurrent liabilities:			
Due within one year:			
Long-term obligations	3,875,318	-	3,875,318
Due in more than one year:			
Net pension liability	12,527,683	659,352	13,187,035
Net OPEB liability	13,386,801	704,568	14,091,369
Long-term obligations	43,499,241	-	43,499,241
Total liabilities	77,539,707	3,179,534	80,719,241
Deferred inflows of resources:			
Related to pensions	2,727,806	143,569	2,871,375
Related to OPEB	978,099	51,479	1,029,578
Accumulated fair value of hedge transaction	453,039	-	453,039
Total deferred outflows of resources	4,158,944	195,048	4,353,992
Net position:			
Net investment in capital assets	142,531,485	30,651,277	173,182,762
Restricted for:			
Healthcare	70,859	-	70,859
Culture and recreation	1,154,884	-	1,154,884
Housing and development	1,125,066	-	1,125,066
Completion of projects	10,125,945	-	10,125,945
Public safety	405,403	-	405,403
Unrestricted	2,008,587	16,418,826	18,427,413
Total net position	\$ 157,422,229	\$ 47,070,103	\$ 204,492,332

See Accompanying Notes to Financial Statements.

CITY OF SMYRNA, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Change in Net Position		
		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	\$ 8,890,126	\$ 2,486,194	\$ 8,500	\$ -	\$ (6,395,432)	\$ -	\$ (6,395,432)
Judicial	523,023	2,128,280	-	-	1,605,257	-	1,605,257
Public safety:							
Police	13,581,815	155,778	181,199	837,633	(12,407,205)	-	(12,407,205)
Fire	8,115,199	67,749	-	-	(8,047,450)	-	(8,047,450)
Emergency 911	1,906,221	1,797,741	-	71,651	(36,829)	-	(36,829)
Public works	11,395,749	7,278,630	-	9,641,002	5,523,883	-	5,523,883
Culture and recreation	6,042,281	1,638,838	25,173	1,275,791	(3,102,479)	-	(3,102,479)
Housing and development	2,642,933	804,620	-	-	(1,838,313)	-	(1,838,313)
Interest & fiscal charges on long-term debt	1,577,240	-	-	-	(1,577,240)	-	(1,577,240)
Total governmental activities	54,674,587	16,357,830	214,872	11,826,077	(26,275,808)	-	(26,275,808)
Business-type activities:							
Water and Sewer	13,794,544	20,261,852	-	-	-	6,467,308	6,467,308
Total business-type activities	13,794,544	20,261,852	-	-	-	6,467,308	6,467,308
Total Primary Government	\$ 68,469,131	\$ 36,619,682	\$ 214,872	\$ 11,826,077	\$ (26,275,808)	\$ 6,467,308	\$ (19,808,500)
General revenues:							
Property taxes					26,147,383	-	26,147,383
Hotel, motel tax					1,520,026	-	1,520,026
Insurance premium tax					3,669,901	-	3,669,901
Franchise taxes					3,602,131	-	3,602,131
Alcohol taxes					916,806	-	916,806
Miscellaneous taxes					129,929	-	129,929
Insurance reimbursement					18,416	-	18,416
Operating grants not restricted to a specific program					2,161,393	-	2,161,393
Unrestricted investment earnings					62,793	28,573	91,366
Gain on sale of capital assets					142,039	-	142,039
Transfers					1,595,908	(1,595,908)	-
Total general revenues and transfers					39,966,725	(1,567,335)	38,399,390
Change in net position					13,690,917	4,899,973	18,590,890
Net position - beginning					143,731,312	42,170,130	185,901,442
Net position - ending					\$ 157,422,229	\$ 47,070,103	\$ 204,492,332

CITY OF SMYRNA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	1% Road Improvement Tax Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets:				
Cash	\$ 22,819,255	\$ -	\$ 2,636,409	\$ 25,455,664
Receivables, net:				
Trade	1,171,120	-	-	1,171,120
Taxes	228,859	88,249	-	317,108
Other	9,004	-	141,412	150,416
Due from other governments	423,197	1,838,970	86,839	2,349,006
Inventories	340,684	-	-	340,684
Prepaid items	131,471	-	3,710	135,181
Restricted cash	1,076,950	8,273,418	2,252,610	11,602,978
Restricted investments	-	-	1,726,229	1,726,229
Total assets	<u>\$ 26,200,540</u>	<u>\$ 10,200,637</u>	<u>\$ 6,847,209</u>	<u>\$ 43,248,386</u>
Liabilities, deferred inflows of resources and fund balances:				
Liabilities				
Accounts payable	\$ 1,821,493	\$ 4,693	\$ 250,528	\$ 2,076,714
Accrued liabilities	789,018	-	51,477	840,495
Retainage payable	-	69,999	31,975	101,974
Unearned revenue	66,611	-	9,208	75,819
Customer deposits	520,550	-	-	520,550
Total liabilities	<u>3,197,672</u>	<u>74,692</u>	<u>343,188</u>	<u>3,615,552</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	199,014	-	-	199,014
Total deferred inflows of resources	<u>199,014</u>	<u>-</u>	<u>-</u>	<u>199,014</u>
Fund Balances:				
Nonspendable:				
Prepays	131,471	-	3,710	135,181
Inventories	340,684	-	-	340,684
Restricted for:				
Healthcare	70,859	-	-	70,859
Capital projects	-	10,125,945	1,726,226	11,852,171
Public safety	87,708	-	313,985	401,693
Culture and recreation	166,825	-	988,059	1,154,884
Housing and development	231,008	-	894,058	1,125,066
Committed for:				
Healthcare	500,000	-	-	500,000
Retirement plans	307,379	-	-	307,379
Capital projects	1,200,000	-	2,577,983	3,777,983
Debt service	1,319,227	-	-	1,319,227
Assigned for:				
General government	14,246	-	-	14,246
Public safety	25,755	-	-	25,755
Culture and recreation	301,217	-	-	301,217
Unassigned	18,107,475	-	-	18,107,475
Total fund balances	<u>22,803,854</u>	<u>10,125,945</u>	<u>6,504,021</u>	<u>39,433,820</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,200,540</u>	<u>\$ 10,200,637</u>	<u>\$ 6,847,209</u>	<u>\$ 43,248,386</u>

See Accompanying Notes to Financial Statements.

CITY OF SMYRNA, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

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

Total fund balances - governmental funds	\$ 39,433,820
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	187,265,734
The cumulative inflow from effective hedge transactions are deferred and reported as deferred inflows in the statement of net position	(453,039)
Other long-term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported or reported as unavailable in the funds:	
Property taxes	199,014
Deferred outflows related to OPEB	2,971,793
Deferred outflows related to pension	5,098,068
Fair value of interest rate swap agreement	453,039
Unamortized deferred loss on refunding	83,860
Long-term liabilities and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds:	
Unmatured bonds payable	(43,380,000)
Unamortized debt premium	(864,516)
Unamortized debt discount	87,299
Accrued interest payable	(635,112)
Intergovernmental agreement payable	(441,845)
Certificates of participation	(1,756,000)
Accrued compensated absences	(1,019,497)
Deferred inflows of resources related to pension	(2,727,806)
Deferred inflows of resources related to OPEB	(978,099)
Net OPEB liability	(13,386,801)
Net pension liability	(12,527,683)
Net position of governmental activities	<u><u>\$ 157,422,229</u></u>

CITY OF SMYRNA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	1% Road Improvement Tax Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 33,833,639	\$ 507,947	\$ 1,652,052	\$ 35,993,638
Charges for services	9,700,611	28,200	1,797,741	11,526,552
Licenses and permits	2,806,610	-	-	2,806,610
Fines and forfeitures	1,296,472	-	-	1,296,472
Intergovernmental	1,554,938	11,351,986	1,250,091	14,157,015
Investment earnings	3,405	11,654	59,388	74,447
Miscellaneous revenue	780,113	-	-	780,113
Total revenues	<u>49,975,788</u>	<u>11,899,787</u>	<u>4,759,272</u>	<u>66,634,847</u>
Expenditures:				
Current:				
General government	15,238,337	-	-	15,238,337
Judicial	379,874	-	-	379,874
Public safety				
Police	8,569,007	-	71,836	8,640,843
Fire	5,723,667	-	-	5,723,667
Emergency 911	-		1,923,078	1,923,078
Other	5,772	-	-	5,772
Public works	7,580,175	-	-	7,580,175
Culture and recreation	4,157,292	-	1,452,195	5,609,487
Housing and development	989,550	-	1,251,846	2,241,396
Capital outlay	-	9,874,066	5,448,617	15,322,683
Debt service				
Principal, interest, and fees	115,185	530,067	4,045,658	4,690,910
Total expenditures	<u>42,758,859</u>	<u>10,404,133</u>	<u>14,193,230</u>	<u>67,356,222</u>
Excess (deficiency) of revenues over expenditures	<u>7,216,929</u>	<u>1,495,654</u>	<u>(9,433,958)</u>	<u>(721,375)</u>
Other financing sources (uses):				
Transfers in	2,004,354	1,058,011	10,464,863	13,527,228
Insurance reimbursements	20,103	-	18,416	38,519
Sale of capital assets	142,039	-	-	142,039
Issuance of debt	-	-	1,058,011	1,058,011
Transfers out	(10,207,280)	-	(1,724,040)	(11,931,320)
Total other financing sources (uses)	<u>(8,040,784)</u>	<u>1,058,011</u>	<u>9,817,250</u>	<u>2,834,477</u>
Net change in fund balance	<u>(823,855)</u>	<u>2,553,665</u>	<u>383,292</u>	<u>2,113,102</u>
Fund balance at beginning of year	<u>23,627,709</u>	<u>7,572,280</u>	<u>6,120,729</u>	<u>37,320,718</u>
Fund balance at end of year	<u>\$ 22,803,854</u>	<u>\$ 10,125,945</u>	<u>\$ 6,504,021</u>	<u>\$ 39,433,820</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, 2019

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

Net change in fund balances - total governmental funds	\$ 2,113,102
--------------------------------------------------------	--------------

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	(5,951,120)	
Capital outlays	15,302,459	9,351,339

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.	(132)
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This issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	(1,058,011)
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------

Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.	3,034,070
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Net pension liability	51,272	
Net OPEB liability	(735,044)	
Deferred outflows of resources related to pensions	476,703	
Deferred inflows of resources related to pensions	(181,857)	
Deferred outflows related to OPEB	949,804	
Deferred inflows of resources related to OPEB	(278,451)	
Accrued compensated absences	(111,478)	
Accrued interest expense	32,364	
Amortization of deferred loss, debt premium, and debt discount	47,236	250,549

Change in net position of governmental activities	\$ 13,690,917
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CITY OF SMYRNA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2019

	<u>Water and Sewer Enterprise Fund</u>
Assets:	
Current assets:	
Cash	\$ 16,148,060
Trade receivables, net	2,613,739
Prepaid expenses	6,183
Total current assets	<u>18,767,982</u>
Noncurrent assets	
Restricted assets:	
Cash	592,794
Property, plant and equipment, net	30,659,180
Total noncurrent assets	<u>31,251,974</u>
Total assets	<u>50,019,956</u>
Deferred outflows of resources:	
Related to pensions	268,319
Related to OPEB	156,410
Total deferred outflows of resources	<u>424,729</u>
Liabilities:	
Current liabilities:	
Accounts payable	1,144,197
Accrued liabilities	78,623
Customer deposits	592,794
Total current liabilities	<u>1,815,614</u>
Long-term liabilities (net of current portion):	
Net pension liability	659,352
Net OPEB liability	704,568
Total noncurrent liabilities	<u>1,363,920</u>
Total liabilities	<u>3,179,534</u>
Deferred inflows of resources:	
Related to pensions	143,569
Related to OPEB	51,479
Total deferred inflows of resources	<u>195,048</u>
Net position:	
Net investment in capital assets	30,651,277
Unrestricted	16,418,826
Total net position	<u>\$ 47,070,103</u>

See Accompanying Notes to Financial Statements.

CITY OF SMYRNA, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Water and Sewer Enterprise Fund
Operating revenues:	
Charges for services	\$ 20,255,115
Other revenues	6,737
	<hr/>
Total operating revenues	20,261,852
	<hr/>
Operating expenses:	
Personal services and employee benefits	1,630,961
Other operating expenses	10,952,565
Depreciation	1,212,252
	<hr/>
Total operating expenses	13,795,778
	<hr/>
Operating income	6,466,074
	<hr/>
Nonoperating revenues (expenses):	
Interest income	28,573
Gain on disposal of capital assets	1,234
	<hr/>
Total nonoperating revenues (expenses)	29,807
	<hr/>
Income (loss) before transfers and capital contributions	6,495,881
	<hr/>
Transfers:	
Transfers in	13,992
Transfers out	(1,609,900)
	<hr/>
Total transfers	(1,595,908)
	<hr/>
Change in net position	4,899,973
	<hr/>
Net position, beginning of year	42,170,130
	<hr/>
Net position, end of year	\$ 47,070,103
	<hr/> <hr/>

See Accompanying Notes to Financial Statements.

CITY OF SMYRNA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Water and Sewer Enterprise Fund
Cash flows from (to) operating activities:	
Cash received from customers	\$ 19,841,937
Cash payments to suppliers for goods and services	(10,879,644)
Cash payments for employee services and fringe benefits	(1,648,179)
Net cash from (to) operating activities	<u>7,314,114</u>
Cash flows from (to) noncapital financing activities:	
Transfers in	13,992
Transfers out	(1,609,900)
Net cash from (to) noncapital financing activities	<u>(1,595,908)</u>
Cash flows from (to) capital and related financing activities:	
Acquisition and construction of capital assets	(3,696,133)
Proceeds from sale of assets	1,234
Net cash from (to) capital and related financing activities	<u>(3,694,899)</u>
Cash flows from (to) investing activities:	
Interest earned on assets	28,573
Net cash from (to) investing activities	<u>28,573</u>
Net increase (decrease) in cash	2,051,880
Cash at beginning of year (including \$576,392 in restricted accounts)	14,688,974
Cash at end of year (including \$592,794 in restricted accounts)	<u><u>\$ 16,740,854</u></u>
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ 6,466,074
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	1,212,252
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(436,317)
(Increase) decrease in prepaid expenses	659
(Increase) decrease in deferred outflows of resources	(75,079)
Increase (decrease) in accounts payable	72,262
Increase (decrease) in customer deposits	16,402
Increase (decrease) in net OPEB liability	38,686
Increase (decrease) in net pension liability	(2,698)
Increase (decrease) in accrued liabilities	(2,354)
Increase (decrease) in deferred inflows of resources	24,227
Net cash from operating activities	<u><u>\$ 7,314,114</u></u>

See Accompanying Notes to Financial Statements.

CITY OF SMYRNA, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2019

	<u>OPEB TRUST FUND</u>
Assets:	
Current assets:	
Investments - money market mutual funds	<u>\$ 3,126,141</u>
Total assets	<u>3,126,141</u>
Net position:	
Restricted for other post employment benefits	<u>3,126,141</u>
Total net position	<u><u>\$ 3,126,141</u></u>

CITY OF SMYRNA, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>OPEB TRUST FUND</u>
Additions:	
Contributions:	
Employer	<u>\$ 1,183,912</u>
Total contributions	1,183,912
Net appreciation (depreciation) in fair value of assets	<u>143,949</u>
Total additions	<u>1,327,861</u>
Deductions:	
Benefits and claims	<u>923,912</u>
Total deductions	<u>923,912</u>
Change in net position	403,949
Net position held in trust, beginning of year	<u>2,722,192</u>
Net position held in trust, end of year	<u><u>\$ 3,126,141</u></u>

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

B. Government-Wide and Fund Financial Statements

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

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

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

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

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

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

The government reports the following major governmental funds:

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

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

The government reports the following major proprietary fund:

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

Additionally, the government reports the following fund types:

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

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

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

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

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

D. Budgets and Budgetary Accounting

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

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP) except that the Capital Projects Funds adopt project length budgets and encumbrances are treated as budgetary expenditures in the year of incurrence of the commitment to purchase. In the General Fund, debt service expenditures are budgeted as general governmental expenditures and the expenditure of donations and special fees are budgeted together rather than in the function the donation or fee relates to.

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.

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

3. The budget is then revised and adopted or amended by the City Council at the first regular meeting following the hearing.
4. The level of control (the level at which expenditures may not legally exceed appropriations) for each of the above adopted budgets is at the department level. The City's department heads may make transfers of appropriations within a department with approval from the City Administrator and Finance Director. Transfers of appropriations between departments require the approval of the Mayor and City Council. The total budget so adopted may be revised during the year only by formal action of the City Council in a regular meeting and no increase shall be made therein without provision also being made for financing the same. For a non-budgeted activity or item, or one which has a high likelihood of exceeding the budget appropriation, approval must come from the Mayor and City Council.

Unencumbered appropriations lapse at year end.

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

E. Cash and Investments

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

Investments are stated at fair value. Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of 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).

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

G. Inventories

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

H. Prepaid Items

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

I. Capital Assets

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

In the case of the initial capitalization of general infrastructure assets (e.g., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at acquisition 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:

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

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

J. Compensated Absences

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

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

K. Long-Term Obligations

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

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

L. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four items that qualify for reporting in this category. They are the accumulated fair value of the City's hedge transaction reported in the government-wide statement of net position, the unavailable taxes revenue reported in the governmental funds balance sheet, and the deferred inflows related to pensions and OPEB reported in the government-wide statement of net position and in the proprietary funds statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

M. Nature and Purpose of Classifications of Fund Equity

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation are

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance are classified as committed fund balances. Amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by City management based on Council direction. Council has designated the Finance Director the authority to make necessary assignments of the fund balance. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

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

N. Use of Estimates

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

(2) DEPOSITS AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City reduces its exposure to this risk by requiring deposits to be collateralized in accordance with State law. As of June 30, 2019, the City was not exposed to custodial credit risk.

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Per the City's investment policy, the City manages its exposure to custodial risk by requiring full collateralization on two certain types of investments: certificates of deposits and repurchase agreements. As of June 30, 2019, none of the government's investments were exposed to custodial credit risk.

Investments of the City are comprised of money market mutual funds in the City's OPEB Trust fund and guaranteed investment contracts in the City's non-major governmental funds. As of June 30, 2019, money market mutual funds had a fair market value of \$3,126,141 and were not rated. The money market funds had investment maturities of less than one year. The guaranteed investment contract had a fair value of \$1,726,226 as of June 30, 2019. The contract was unrated and has a maturity date of June 1, 2028.

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

In fiscal year 2016, the City adopted GASB Statement No. 72 (GASB 72), *Fair Value Measurement and Application*. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the exchange price that would be received for an asset (exit price) in the principal or most advantageous market for an asset in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets that the City has the ability to access.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset in active markets, as well as inputs that are observable for the asset (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the asset which are typically based on the City's own assumptions, as there is little, if any, related market activity.

The guaranteed investment contract and the money market funds are classified in Level 1 of the fair value hierarchy and are valued using prices quoted in active markets for those securities.

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, 2019 consist of the following:

	Trade	Taxes	Other	Allowance for Uncollectibles	Net Receivables
General Fund	\$ 1,250,109	\$ 456,032	\$ 9,004	\$ (306,162)	\$ 1,408,983
1% Road Improvement Tax Fund	-	88,249	-	-	88,249
Non-major Governmental Funds	-	-	141,412	-	141,412
Water and Sewer Fund	2,835,484	-	-	(221,745)	2,613,739
Total	<u>\$ 4,085,593</u>	<u>\$ 544,281</u>	<u>\$ 150,416</u>	<u>\$ (527,907)</u>	<u>\$ 4,252,383</u>

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(4) DUE FROM OTHER GOVERNMENTS

	Cobb County, GA
General Fund	\$ 423,197
1% Road Improvement Tax Fund	1,838,970
Non-major Funds:	
HUD CDBG Fund	86,839
	<u>\$ 2,349,006</u>

(5) INTERFUND TRANSFERS

Interfund transfers for the current year were as follows:

Transfer In To	Transfer Out From			Total
	General Fund	Non-major Governmental Funds	Water and Sewer Fund	
General Fund	\$ -	\$ 514,454	\$ 1,489,900	\$ 2,004,354
1% Road Improvement Tax Fund	-	1,058,011	-	1,058,011
Non-major Governmental Funds	10,193,288	151,575	120,000	10,464,863
Water and Sewer Fund	13,992	-	-	13,992
Total	<u>\$ 10,207,280</u>	<u>\$ 1,724,040</u>	<u>\$ 1,609,900</u>	<u>\$ 13,541,220</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.

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(6) RESTRICTED ASSETS

The City's restricted assets at June 30, 2019, consist of the following:

Governmental Funds:	<u>Total</u>
General Fund:	
Customer deposits	\$ 520,550
Healthcare	70,859
Public safety	87,708
Culture and recreation	166,825
Housing and development	231,008
	<u>1,076,950</u>
1% Road Improvement Tax:	
Completion of projects	<u>8,273,418</u>
Non-major governmental funds:	
Law enforcement	218,087
Tourism	1,069,270
Unspent grant money	39,695
E911 operations	25,187
Tax allocation district	167,377
Completion of projects	1,732,539
Housing and development	726,681
Culture and recreation	3
	<u>3,978,839</u>
Total governmental funds	<u><u>\$ 13,329,207</u></u>
Proprietary Funds	
Water and Sewer Enterprise Fund:	
Customer deposits	<u>\$ 592,794</u>
Total proprietary funds	<u><u>\$ 592,794</u></u>

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(7) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 25,224,286	\$ 312,457	\$ -	\$ 25,536,743
Construction in progress	31,776,823	8,472,020	(9,846,635)	30,402,208
Total capital assets not being depreciated	57,001,109	8,784,477	(9,846,635)	55,938,951
Capital assets, being depreciated:				
Infrastructure	160,914,165	11,901,058	-	172,815,223
Buildings and improvements	70,719,498	778,386	-	71,497,884
Motorized and heavy equipment	1,099,538	365,770	-	1,465,308
Office furniture and equipment	1,172,817	-	-	1,172,817
Computer equipment	3,364,973	662,298	-	4,027,271
Motor vehicles	10,701,940	2,161,985	(321,155)	12,542,770
Nonmotorized equipment	3,332,994	495,120	-	3,828,114
Total capital assets being depreciated	251,305,925	16,364,617	(321,155)	267,349,387
Less accumulated depreciation for:				
Infrastructure	(100,431,198)	(2,985,472)	-	(103,416,670)
Buildings and improvements	(14,790,123)	(935,362)	-	(15,725,485)
Motorized and heavy equipment	(875,247)	(74,787)	-	(950,034)
Office furniture and equipment	(1,150,412)	(9,609)	-	(1,160,021)
Computer equipment	(2,099,167)	(452,236)	-	(2,551,403)
Motor vehicles	(8,582,535)	(1,171,772)	321,155	(9,433,152)
Nonmotorized equipment	(2,463,957)	(321,882)	-	(2,785,839)
Total accumulated depreciation	(130,392,639)	(5,951,120)	321,155	(136,022,604)
Total capital assets being depreciated, net	120,913,286	10,413,497	-	131,326,783
Governmental activities capital assets, net	\$ 177,914,395	\$ 19,197,974	\$ (9,846,635)	\$ 187,265,734
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 86,960	\$ 603,826	\$ -	\$ 690,786
Total capital assets not being depreciated	86,960	603,826	-	690,786
Capital assets, being depreciated:				
Infrastructure and improvements	44,117,691	2,202,784	-	46,320,475
Buildings and improvements	-	111,050	-	111,050
Machinery and equipment	9,449,570	51,261	(1,950)	9,498,881
Computer equipment	16,244	-	-	16,244
Motor vehicles	665,305	727,212	(215,162)	1,177,355
Total capital assets being depreciated	54,248,810	3,092,307	(217,112)	57,124,005
Less accumulated depreciation for:				
Infrastructure and improvements	(17,829,776)	(988,630)	-	(18,818,406)
Buildings and improvements	-	(694)	-	(694)
Machinery and equipment	(7,769,616)	(60,553)	1,950	(7,828,219)
Computer equipment	(16,244)	-	-	(16,244)
Motor vehicles	(544,835)	(162,375)	215,162	(492,048)
Total accumulated depreciation	(26,160,471)	(1,212,252)	217,112	(27,155,611)
Total capital assets being depreciated, net	28,088,339	1,880,055	-	29,968,394
Business-type activities capital assets, net	\$ 28,175,299	\$ 2,483,881	\$ -	\$ 30,659,180

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

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Governmental activities:

General government	\$ 661,794
Public safety	1,230,059
Public works, including depreciation of general infrastructure	3,373,526
Culture and recreation	685,741
Total depreciation expense - governmental activities	<u>\$ 5,951,120</u>

Business-type activities:

Water and sewer	<u>\$ 1,212,252</u>
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(8) LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Debt:					
Revenue bonds	\$ 44,956,989	\$ 1,058,011	\$ (2,635,000)	\$ 43,380,000	\$ 2,770,000
Premium	984,347	-	(119,831)	864,516	-
Discount	(96,999)	-	9,700	(87,299)	-
Capital leases	109,320	-	(109,320)	-	-
Intergovernmental agreement	731,595	-	(289,750)	441,845	294,728
Certificates of participation	1,756,000	-	-	1,756,000	-
Total Debt	48,441,252	1,058,011	(3,144,201)	46,355,062	3,064,728
Compensated absences	908,019	959,439	(847,961)	1,019,497	810,590
Total Governmental activities	<u>\$ 49,349,271</u>	<u>\$ 2,017,450</u>	<u>\$ (3,992,162)</u>	<u>\$ 47,374,559</u>	<u>\$ 3,875,318</u>

For Governmental Activities compensated absences are typically liquidated in the General Fund.

Operating Leases

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

CITY OF SMYRNA, GEORGIA
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Governmental Activities:

Revenue Bonds (Direct Borrowing/Placements)

Revenue bonds have been issued for governmental activities and are comprised of the following individual issues at June 30, 2019:

\$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 3.70 to 5.60 percent (\$1,430,000 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 (\$635,000 outstanding). The bonds were issued to purchase property.

\$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 3.00% to 5.25% (\$20,685,000 outstanding). The bonds were issued for acquiring, construction, and renovation of parks and recreation facilities.

\$2,480,000 Series 2016A Downtown Smyrna Development Authority Economic Refunding Revenue bonds, serviced through lease payments from the City, due in annual installments commencing on August 1, 2016 of \$35,000 to \$720,000 through February 1, 2022; interest at 1.49% (\$1,470,000 outstanding). The bonds were issued to refund the Series 2014A Downtown Smyrna Development Authority bonds. The advance refunding reduced total debt service payments over the remaining years by \$13,175. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$43,143.

\$3,855,000 Series 2016B Downtown Smyrna Development Authority Economic Refunding Revenue bonds, serviced through lease payments from the City, due in annual installments commencing on August 1, 2005 of \$10,000 to \$770,000 through February 1, 2027; interest at 1.86% (\$3,835,000 outstanding). The bonds were issued to refund the Series 2014B Downtown Smyrna Development Authority bonds. The advance refunding reduced total debt service payments over the remaining years by \$344,210. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$357,056.

\$6,125,000 Series 2016 Downtown Smyrna Development Authority Revenue bonds, serviced through lease payments from the City, principal is payable on March 1, 2021; interest at 1.55% is payable semiannually (\$6,125,000 outstanding). The bonds were issued to finance the cost of acquiring right of way.

\$9,200,000 Series 2017 Downtown Smyrna Development Authority Revenue bonds, serviced through lease payments from the City, principal of \$1,475,000 and \$7,725,000 is payable on March 1, 2021 and 2022, respectively; interest at 1.55% is payable semiannually (\$9,200,000 outstanding). The bonds were issued to finance the cost of acquiring right of way.

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The City and the Smyrna Downtown Development Authority have entered into intergovernmental contracts which obligate 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, 2005, 2016A, 2016B, 2016, and 2017 Revenue Bonds issued by the Authority. The contracts will not expire until full payment of the bonds. The contracts enable the City to lease from the Authority the facilities constructed by the Authority. The leases are a direct financing lease in accordance with generally accepted accounting principles. The Authority has no obligation for the debt beyond the resources provided by the City under the contract; therefore the obligation for the bonds is not reported on the financial statements of the Smyrna Downtown Development Authority.

Year Ending June 30,	Principal	Interest	Total
2020	\$ 2,770,000	\$ 1,519,126	\$ 4,289,126
2021	10,485,000	1,401,069	11,886,069
2022	10,715,000	1,159,063	11,874,063
2023	3,115,000	913,088	4,028,088
2024	3,255,000	774,467	4,029,467
2025-2028	13,040,000	1,583,231	14,623,231
Total	<u>\$ 43,380,000</u>	<u>\$ 7,350,044</u>	<u>\$ 50,730,044</u>

The amount of defeased debt outstanding but removed from the City's records totaled \$1,415,000 at June 30, 2019.

Intergovernmental Contract (Direct Borrowing/Placements)

During 2016, the City entered into an intergovernmental agreement with Cobb County for lease payments on portable and mobile radios through the levy of a one percent Special Purpose Local Option Sales Tax (SPLOST). The one percent SPLOST is collected by Cobb County and the City's payments on the radio equipment are retained by the County. The agreement is for a term of 5 years requiring a monthly payment of \$25,000 beginning January 1, 2016.

Year Ending June 30,	Principal	Interest	Total
2020	\$ 294,728	\$ 5,272	\$ 300,000
2021	147,117	2,883	150,000
Total	<u>\$ 441,845</u>	<u>\$ 8,155</u>	<u>\$ 450,000</u>

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Certificates of Participation (Direct Borrowing/Placements)

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

Year Ending June 30,	Principal	Interest	Total
2020	\$ -	\$ 83,410	\$ 83,410
2021	-	83,410	83,410
2022	-	83,410	83,410
2023	-	83,410	83,410
2024	-	83,410	83,410
2025-2028	1,756,000	333,640	2,089,640
Total	<u>\$ 1,756,000</u>	<u>\$ 750,690</u>	<u>\$ 2,506,690</u>

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

In the unlikely event that the swap counterparty becomes insolvent, or fails to make payments as specified in the swap agreement, the City would be exposed to credit risk in the amount of the swap's fair value. To minimize this risk, the City executed this agreement with counterparties of appropriate credit strength. At June 30, 2019, the market value of this agreement is \$453,039, an increase of \$104,001 from the market value at the end of the previous fiscal year. The market value of the hedge was determined using settlement prices at the end of the day on June 30, 2019 based on the derivative contract. This market value is reported as an asset in the statement of net position. This derivative is an effective hedge and qualifies for hedge

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

accounting. Therefore, the inflow from the hedge (any change in fair value from inception until fiscal year end) is deferred and reported as deferred inflows of resources in the statement of net position.

Legal Debt Margin

The City is subject to a debt limit that is 10% of its total assessed taxable property valuation. At June 30, 2019 that amount was \$275,227,678. As of June 30, 2019 the total outstanding debt applicable to the limit was \$0.

(9) PROPERTY TAXES

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

Property taxes are levied in September of each year on the assessed valuation of property as of the preceding January 1. Taxes were levied on September 15, 2018. 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, 2019 were \$2,506,580,648.

Based on the 2018 millage levy of 8.99, a property owner would pay \$8.99 per \$1,000 of assessed valuation. Current tax collections of \$22,496,121 for the fiscal year ended June 30, 2019 were 99.51% of the tax levy.

(10) EMPLOYEE RETIREMENT SYSTEM

General Information about the Pension Plan

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

All full-time City employees are eligible to participate in the plan. There is 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). Benefits vest after completing seven years of service. Employee benefits are calculated as a percentage of the average basic earnings in the five consecutive years prior to retirement.

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multiplied by the number of years of service. The death and disability benefits are based on a percentage of final average earnings.

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	225
Inactive employees entitled to but not yet receiving benefits	74
Active employees	390
Elected officials	11
Total	<u>700</u>

All employees are covered under the early retirement benefit and are required by the City to contribute 3.25% of their annual salary towards the additional cost of this benefit. City's Contributions are determined under the projected unit credit actuarial cost method. The GMEBS Board of Trustees has adopted an actuarial funding policy for determination of annual contributions. For the year ended June 30, 2019, the actuarially determined rate was 12.00% of annual pay. The January 1, 2018 valuation is used to determine the recommended contribution for the fiscal year 2019. During the plan year, total pension contributions were \$2,173,074 from the City.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25% - 8.25% including inflation
Investment rate of return	7.50%
Post-retirement benefit increases	Not applicable

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates. The mortality and actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 to June 30, 2014.

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

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45.00%	6.40%
International equity	20.00%	7.40%
Global fixed income	5.00%	3.03%
Domestic fixed income	20.00%	1.75%
Real estate	10.00%	5.10%
Total	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at 9/30/2017	\$ 63,420,535	\$ 50,179,530	\$ 13,241,005
Changes for the year:			
Service cost	972,158	-	972,158
Interest	4,657,925	-	4,657,925
Differences between expected and actual experience	1,925,234	-	1,925,234
Contributions - employer	-	2,070,684	(2,070,684)
Contributions - employee	-	787,313	(787,313)
Net investment income	-	4,872,030	(4,872,030)
Benefit payments, including refunds of employee contributions	(4,574,055)	(4,574,055)	-
Administrative expense	-	(120,740)	120,740
Other	-	-	-
Net changes	<u>2,981,262</u>	<u>3,035,232</u>	<u>(53,970)</u>
Balances at 9/30/2018	<u>\$ 66,401,797</u>	<u>\$ 53,214,762</u>	<u>\$ 13,187,035</u>

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
Net pension liability	\$ 20,250,716	\$ 13,187,035	\$ 7,253,913

Pension Plan Fiduciary Net Position

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

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

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

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

For the year ended June 30, 2019, the City recognized pension expense of \$1,807,621. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,089,431	\$ -
Changes of assumptions	647,151	-
Net difference between projected and actual earnings on pension plan investments	-	(2,871,375)
Employer contributions to the pension plan subsequent to the measurement date of the net pension liability	1,629,805	-
Total	<u>\$ 5,366,387</u>	<u>\$ (2,871,375)</u>

\$1,629,805 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2020	\$ 923,205
2021	(65,552)
2022	(142,003)
2023	149,557
2024	-
Thereafter	-

(11) POST EMPLOYMENT HEALTH CARE PLAN

Plan Description

The City of Smyrna OPEB Plan is a single-employer defined benefit healthcare plan administered by the City of Smyrna. The OPEB Plan is administered through an equivalent trust agreement. The 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. Contributions and earnings to the trust are irrevocable, dedicated to providing OPEB to plan members in accordance with benefit terms, and are legally protected from creditors of the City and from the City. 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 Council has the authority to establish and amend the benefit terms. The City provides medical, prescription drug, dental, and life insurance benefits to retirees. Retirees' spouses are eligible for the same benefits as the retiree. Substantially all of the City's employees may become eligible for those benefits if they retire on or after the age of 65 with 10 years of service, or provided that the employee's age (minimum age of 55) plus completed years of service with the City at the time of the employee's retirement is equal to or greater than 80. As of January 1, 2017, there were 94 inactive plan members or beneficiaries receiving benefit payments, 0 inactive plan members entitled to but not yet receiving benefits, and 386 active plan members.

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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 net position.

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

Funding Policy

The contribution requirements are established and may be amended by the City. The required contribution was determined by an actuarial valuation. During the fiscal year 2019, the City contributed \$1,183,912 to the plan. For the year ended June 30, 2019, the City's contribution was 6.28% of covered payroll. The cost of benefits for retirees is paid by the City and by the retiree. Currently, retirees contribute between 11.00% and 36.00% of the cost of premiums. The retirees' contribution is based on their enrollment in a City sponsored wellness program, as well as their smoker/nonsmoker status. Total retiree contributions to the plan during the fiscal year 2019 totaled \$208,390.

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 11.20%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The net OPEB liability reported by the City at June 30, 2019 is based on the measurement date of June 30, 2018 and determined by an actuarial valuation as of January 1, 2019. Updated procedures were used to roll forward the total OPEB liability to the plan's fiscal year end, June 30, 2019 for disclosure purposes. The components of the net OPEB liability as of the Plan's fiscal year end, June 30, 2019 are as follows:

Total OPEB Liability	\$ 14,218,983
Plan Fiduciary Net Position	<u>3,126,141</u>
Net OPEB Liability	<u><u>\$ 11,092,842</u></u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	22.0%

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Changes in the Net OPEB Liability

The components of the net OPEB liability of the City as of the following measurement dates, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/2017	\$15,630,546	\$ 2,312,907	\$ 13,317,639
Changes for the year:			
Service cost	465,098	-	465,098
Interest	770,227	-	770,227
Change in benefit terms	-	-	-
Differences between expected and actual experience	(564,222)	-	(564,222)
Change in assumptions	1,201,076	-	1,201,076
Contributions - employer	-	949,164	(949,164)
Contributions - employee	-	-	-
Net investment income	-	149,285	(149,285)
Benefit payments, including refunds of employee contributions	(689,164)	(689,164)	-
Net changes	1,183,015	409,285	773,730
Balances at 6/30/2018	<u>\$16,813,561</u>	<u>\$ 2,722,192</u>	<u>\$ 14,091,369</u>

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/2018	\$16,813,561	\$ 2,722,192	\$ 14,091,369
Changes for the year:			
Service cost	550,405	-	550,405
Interest	679,073	-	679,073
Change in benefit terms	(41,766)	-	(41,766)
Differences between expected and actual experience	1,465,162	-	1,465,162
Change in assumptions	(4,558,288)	-	(4,558,288)
Contributions - employer	-	949,164	(949,164)
Contributions - employee	-	-	-
Net investment income	-	143,949	(143,949)
Benefit payments, including refunds of employee contributions	(689,164)	(689,164)	-
Administrative expense	-	-	-
Other	-	-	-
Net changes	<u>(2,594,578)</u>	<u>403,949</u>	<u>(2,998,527)</u>
Balances at 6/30/2019	<u>\$14,218,983</u>	<u>\$ 3,126,141</u>	<u>\$ 11,092,842</u>

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The total OPEB liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.25%
Salary increases	3.50% to 8.50%, including inflation
Discount rate	3.99% for June 30, 2018, 7.50% for June 30, 2019
Healthcare cost trend rates	Medical: 7.00% trended down to 4.50% by 2022 Drug: 7.00% trended down to 4.50% by 2022
Healthy mortality rates	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to June 30, 2014.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 and 2019 are summarized in the following table:

Asset Class	2018		2019	
	Target Allocation	Long Term Expected Real Rate of Return	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	45.00%	6.71%	62.83%	6.41%
International equity	20.00%	7.71%	*	6.96%
Emerging markets equities	5.00%	3.36%	*	9.86%
Domestic fixed income	20.00%	2.11%	34.81%	1.96%
Cash and short-term	10.00%	5.21%	2.36%	1.16%
	<u>100.00%</u>		<u>100.00%</u>	

* A breakdown between domestic equities and international equities was not available.

The discount rate used to measure the total OPEB liability was 3.99% for the June 30, 2018 measurement date. The remaining projected benefit payments were discounted at the 20-year, general obligation, municipal bond rate of 3.87%. The total present value of the two discounted streams of benefit payment is the total OPEB liability. A single effective discount rate that determined the same total was developed. The discount rate of 3.99% is a blend of the 3.87% bond rate and the 7.50% long-term expected return on plan assets. The discount rate used to measure the total OPEB liability was 7.50% for the June 30, 2019 measurement date. The remaining projected benefit payments were discounted at the 20-year, general obligation, municipal bond rate of 3.50%. The total present value of the two discounted streams of benefit payment is the total OPEB liability. A single effective discount rate that determined the same total was developed. It is determined that the long-term expected rate of return on OPEB plan investments along with the yearly City Contributions were enough to fully fund the plan. Therefore, 7.50% was used as the discount rate. The projection of cash flows used to determine the discount rate assumed that City contributions will

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to the periods of projected benefit payments that were covered by the City contributions.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current discount rate:

For the measurement date June 30, 2018:

1% Decrease (2.99%)	Current Discount Rate (3.99%)	1% Increase (4.99%)
\$ 15,605,578	\$ 14,091,369	\$ 12,704,000

For the measurement date June 30, 2019:

1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
\$ 12,417,658	\$ 11,092,842	\$ 9,951,122

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

For the measurement date June 30, 2018:

6.00% grading to 3.50%	7.00% grading to 4.50%	8.00% grading to 5.50%
\$ 15,541,587	\$ 14,091,369	\$ 12,854,812

For the measurement date June 30, 2019:

6.00% grading to 3.50%	7.00% grading to 4.50%	8.00% grading to 5.50%
\$ 10,470,960	\$ 11,092,842	\$ 11,798,883

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of \$1,250,954. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (1,017,180)
Change in assumptions	1,944,291	-
Net difference between project and actual earnings on OPEB plan investments	-	(12,398)
Employer contributions to the OPEB plan subsequent to the measurement date of the net OPEB liability	1,183,912	-
	<u>\$ 3,128,203</u>	<u>\$ (1,029,578)</u>

\$1,183,912 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Year Ended June 30,

2020	\$ 198,847
2021	198,847
2022	198,847
2023	212,029
2024	106,143
Thereafter	-

The plan does not issue separate financial statements.

(12) DEFINED CONTRIBUTION PLAN

The City contributes to the City of Smyrna 401(a) Plan, a defined contribution pension plan, for all employees hired after April 1, 2010. Mass Mutual is the administrator for the City's plan. Benefit terms, including contribution requirements, for the plan are established and may be amended by the City Council. The City of Smyrna matches 50.00% of an employee's voluntary contributions to the City's 457(b) plan, up to 4.00% of their income in the 401(a) plan. Employees are eligible to participate immediately upon employment. Employees are permitted to make contributions to the 457(b) plan up to \$18,000 or 100% of salary, whichever is less. Participants become fully vested after 5 years of service. For the year ended June 30, 2019, the City contributed \$85,690 to the 401(a) plan.

(13) 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

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

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

To select a person to serve as a Member representative.

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

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

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

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

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

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

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

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

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

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

(14) JOINT VENTURE

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

(15) 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 \$9,678,087 from the County during the fiscal year ended June 30, 2019.

Encumbrances

Encumbrances outstanding at year end totaled \$1,196,362 (\$357,541 in the General Fund, \$726,663 in the 1% Road Improvement Fund, and \$112,158 in the non-major funds).

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

	2015	2016	2017	2018	2019
Total pension liability					
Service cost	\$ 933,885	\$ 875,072	\$ 878,764	\$ 964,817	\$ 972,158
Interest	4,075,477	4,112,198	4,315,482	4,523,856	4,657,925
Differences between expected and actual experience	(182,608)	2,157,281	1,798,490	663,986	1,925,234
Changes of assumptions	(326,563)	-	-	1,078,584	-
Changes of benefit terms	53,852	-	-	-	-
Benefit payments, including refunds of employee contributions	(3,359,424)	(4,801,033)	(4,242,011)	(4,366,083)	(4,574,055)
Net change in total pension liability	<u>1,194,619</u>	<u>2,343,518</u>	<u>2,750,725</u>	<u>2,865,160</u>	<u>2,981,262</u>
Total pension liability - beginning	<u>54,266,513</u>	<u>55,461,132</u>	<u>57,804,650</u>	<u>60,555,375</u>	<u>63,420,535</u>
Total pension liability - ending (a)	<u><u>\$55,461,132</u></u>	<u><u>\$57,804,650</u></u>	<u><u>\$60,555,375</u></u>	<u><u>\$63,420,535</u></u>	<u><u>\$66,401,797</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 2,155,027	\$ 3,499,154	\$ 1,599,088	\$ 1,997,898	\$ 2,070,684
Contributions - employee	632,129	705,776	743,536	740,826	787,313
Net investment income	4,410,989	502,934	4,642,702	6,642,488	4,872,030
Benefit payments including refunds of employee contributions	(3,359,424)	(4,801,033)	(4,242,011)	(4,366,083)	(4,574,055)
Administrative expense	(53,811)	(69,270)	(66,209)	(127,313)	(120,740)
Net change in plan fiduciary net position	<u>3,784,910</u>	<u>(162,439)</u>	<u>2,677,106</u>	<u>4,887,816</u>	<u>3,035,232</u>
Plan fiduciary net position - beginning	<u>38,992,137</u>	<u>42,777,047</u>	<u>42,614,608</u>	<u>45,291,714</u>	<u>50,179,530</u>
Plan fiduciary net position - ending (b)	<u><u>\$42,777,047</u></u>	<u><u>\$42,614,608</u></u>	<u><u>\$45,291,714</u></u>	<u><u>\$50,179,530</u></u>	<u><u>\$53,214,762</u></u>
Net pension liability - ending (a) - (b)	<u><u>\$12,684,085</u></u>	<u><u>\$15,190,042</u></u>	<u><u>\$15,263,661</u></u>	<u><u>\$13,241,005</u></u>	<u><u>\$13,187,035</u></u>
Plan fiduciary net position as a percentage of the total pension liability	77.13%	73.72%	74.79%	79.12%	80.14%
Covered payroll	\$16,751,826	\$16,942,753	\$17,565,791	\$18,184,267	\$18,861,638
Net pension liability as a percentage of covered payroll	75.72%	89.66%	86.89%	72.82%	69.91%

Note: The schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

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

	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 1,966,855	\$ 1,734,147	\$ 1,790,463	\$ 2,038,041	\$ 2,173,074
Contributions in relation to the actuarially determined contribution	1,972,737	1,734,272	1,790,463	2,038,041	2,173,074
Contribution deficiency (excess)	<u>\$ (5,882)</u>	<u>\$ (125)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 18,460,213	\$ 19,141,675	\$ 19,443,143	\$ 20,032,942	\$ 21,232,918
Contributions as a percentage of covered payroll	10.69%	9.06%	9.21%	10.17%	10.23%

Notes to Schedule:

The information presented was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest valuation follow:

Valuation Date: January 1, 2019

Methods and assumptions to determine contribution rates:

Actuarial cost method Projected unit credit

Amortization method Closed level dollar for remaining unfunded liability

Remaining amortization period Varies for the bases, with a net effective amortization period of 10 years.

Asset valuation method Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Inflation 2.75%

Salary increases 3.25% - 8.25% including inflation

Investment rate of return 7.50%

Retirement age Class 1 (Old Plan) = Rule of 85 with a minimum age of 60
Class 2 (Old Plan) = 65+5
Officials (Old Plan) = 65
Class 3, 6 (New Plan) = 65+5 or Rule of 80 with a minimum age of 55
Officials (New Plan) = 65 or Rule of 80 with a minimum age of 55
Class 4, 5, 7 = 65+10, 35 years with the city, or Rule of 80 with a minimum age of 55

Mortality RP-2000 Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

Note: The schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

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

	2017	2018	2019
Total OPEB liability			
Service cost	\$ 478,095	\$ 465,098	\$ 550,405
Interest	668,317	770,227	679,073
Changes of benefit terms	(844,938)	-	(41,766)
Differences between expected and actual experience	(820,492)	(564,222)	1,465,162
Changes of assumptions	1,415,095	1,201,076	(4,558,288)
Benefit payments	(439,363)	(689,164)	(689,164)
Net change in total OPEB liability	456,714	1,183,015	(2,594,578)
Total OPEB liability - beginning	15,173,832	15,630,546	16,813,561
Total OPEB liability - ending (a)	<u>\$ 15,630,546</u>	<u>\$ 16,813,561</u>	<u>\$ 14,218,983</u>
 Plan fiduciary net position			
Contributions - employer	\$ 699,363	\$ 949,164	\$ 949,164
Net investment income	213,607	149,285	143,949
Benefit payments	(439,363)	(689,164)	(689,164)
Administrative expense	-	-	-
Net change in plan fiduciary net position	473,607	409,285	403,949
 Plan fiduciary net position - beginning	1,839,300	2,312,907	2,722,192
Plan fiduciary net position - ending (b)	<u>\$ 2,312,907</u>	<u>\$ 2,722,192</u>	<u>\$ 3,126,141</u>
 Net OPEB liability - ending (a) - (b)	<u>\$ 13,317,639</u>	<u>\$ 14,091,369</u>	<u>\$ 11,092,842</u>
 Plan fiduciary net position as a percentage of			
the total OPEB liability	14.80%	16.19%	21.99%
Covered payroll	\$ 17,280,347	\$ 17,280,347	\$ 18,861,638
Net OPEB liability as a percentage			
of covered payroll	77.07%	81.55%	58.81%

Note: The schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF SMYRNA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 451,794	\$ 466,133	\$ 481,283
Contributions in relation to the actuarially determined contribution	<u>699,363</u>	<u>949,164</u>	<u>1,183,912</u>
Contribution deficiency (excess)	<u>\$ (247,569)</u>	<u>\$ (483,031)</u>	<u>\$ (702,629)</u>
Covered payroll	\$17,280,347	\$17,280,347	\$18,861,638
Contributions as a percentage of covered payroll	4.05%	5.49%	6.28%

Notes to Schedule:

Valuation Date:

Prospectively actuarially determined contribution rates are determined 18 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	25 year closed, level dollar; 22 years remain as of January 1, 2017
Asset valuation method	Market
Inflation	3.25%
Healthcare cost trend rates	7.00% trended down to 4.50% by 2022
Salary increases	3.50% to 8.50%, including inflation
Investment rate of return	7.50%
Retirement age	Actuarial assumptions used for fiscal year 2017 were based on results of an actuarial experience study for the period of January 1, 2010 to June 30, 2014.
Mortality	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

Note: The schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF SMYRNA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB PLAN INVESTMENT RETURNS

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	10.85%	6.11%	11.20%

Note: The schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF SMYRNA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 33,042,850	\$ 33,167,850	\$ 33,833,639	\$ 665,789
Charges for services	9,108,980	9,128,980	9,700,611	571,631
Licenses and permits	2,682,900	2,682,900	2,806,610	123,710
Fines and forfeitures	1,475,900	1,475,900	1,296,472	(179,428)
Intergovernmental revenues	1,500,000	1,500,000	1,554,938	54,938
Investment income	2,000	2,000	3,405	1,405
Miscellaneous revenue	505,000	570,000	780,113	210,113
Total revenues	48,317,630	48,527,630	49,975,788	1,448,158
Expenditures:				
Current:				
General government				
Governing body	386,185	405,051	349,173	55,878
Chief executive	750,319	792,951	774,995	17,956
Financial administration	586,094	593,687	513,310	80,377
Data processing	1,117,484	1,140,918	1,110,785	30,133
Human resources	582,884	622,323	483,519	138,804
Buildings and plant	12,327,422	12,148,400	12,087,865	60,535
Judicial				
Recorders court	392,074	403,254	379,874	23,380
Public safety				
Police	8,108,921	8,642,243	8,517,590	124,653
Fire				
Fire administration	4,991,828	5,074,122	5,001,656	72,466
Fire prevention	388,392	398,271	398,271	-
Fire training	245,321	249,116	247,918	1,198
Emergency management	8,554	8,554	5,772	2,782
Public Works				
Highways and streets	2,417,309	2,433,397	2,148,482	284,915
Traffic engineering	477,289	481,249	335,789	145,460
Sanitary administration	4,042,177	4,307,587	4,122,820	184,767
Recyclable collections	443,544	447,663	387,474	60,189
Public education	273,000	280,223	258,862	21,361
Maintenance and shop	354,904	359,016	326,748	32,268
Culture and recreation				
Administration	1,052,891	1,074,203	1,039,255	34,948
Participant recreation	588,359	593,902	547,240	46,662
Recreation center	305,361	306,111	248,655	57,456
Park areas	251,470	257,020	202,538	54,482
Library administration	780,842	832,547	820,580	11,967
Park maintenance	1,053,986	1,133,369	965,253	168,116
Smyrna History Museum	357,524	358,278	135,832	222,446
Housing and development				
Protective inspection administration	1,223,480	1,236,821	989,550	247,271
Donations and special fees	225,000	362,587	359,053	3,534
Total expenditures	43,732,614	44,942,863	42,758,859	2,184,004

Continued on next page.

CITY OF SMYRNA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Excess (deficiency) of revenues over expenditures	<u>4,585,016</u>	<u>3,584,767</u>	<u>7,216,929</u>	<u>3,632,162</u>
Other financing sources (uses):				
Transfers in	2,337,563	2,368,212	2,004,354	(363,858)
Insurance reimbursements	70,000	70,000	20,103	(49,897)
Sale of capital assets	25,000	25,000	142,039	117,039
Transfers out	<u>(8,267,579)</u>	<u>(9,954,262)</u>	<u>(10,207,280)</u>	<u>(253,018)</u>
Total other financing sources (uses)	<u>(5,835,016)</u>	<u>(7,491,050)</u>	<u>(8,040,784)</u>	<u>(549,734)</u>
Net change in fund balance	<u>\$ (1,250,000)</u>	<u>\$ (3,906,283)</u>	<u>(823,855)</u>	<u>\$ 3,082,428</u>
Fund balance at beginning of year- GAAP basis			<u>23,627,709</u>	
Fund balance at end of year- GAAP basis			<u>\$ 22,803,854</u>	

CITY OF SMYRNA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds					
	Confiscated Assets	Hotel/Motel Premium Tax	Multiple Grant	Auto Rental Tax	Emergency 911 Telephone	HUD CDBG
Assets:						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	141,412	-
Due from other governments	-	-	-	-	-	86,839
Prepaid items	-	-	-	-	3,710	-
Restricted cash	218,087	1,069,270	3,045	-	25,187	36,650
Restricted investments	-	-	-	-	-	-
Total assets	<u>\$ 218,087</u>	<u>\$ 1,069,270</u>	<u>\$ 3,045</u>	<u>\$ -</u>	<u>\$ 170,309</u>	<u>\$ 123,489</u>
Liabilities:						
Accounts payable	\$ -	\$ 198,733	\$ 38	\$ -	\$ 25,306	\$ -
Accrued liabilities	-	5,970	-	-	45,507	-
Retainage payable	-	-	-	-	-	-
Unearned revenue	-	-	2,895	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>204,703</u>	<u>2,933</u>	<u>-</u>	<u>70,813</u>	<u>-</u>
Fund balances:						
Nonspendable:						
Prepays	-	-	-	-	3,710	-
Restricted for:						
Capital projects	-	-	-	-	-	-
Public safety	218,087	-	112	-	95,786	-
Culture and recreation	-	864,567	-	-	-	123,489
Housing and development	-	-	-	-	-	-
Committed for capital projects	-	-	-	-	-	-
Total fund balance (deficit)	<u>218,087</u>	<u>864,567</u>	<u>112</u>	<u>-</u>	<u>99,496</u>	<u>123,489</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 218,087</u>	<u>\$ 1,069,270</u>	<u>\$ 3,045</u>	<u>\$ -</u>	<u>\$ 170,309</u>	<u>\$ 123,489</u>

CITY OF SMYRNA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Tax Allocation District	Capital Projects Funds					Total Non-Major Governmental Funds
	Capital	Downtown Smyrna Development Authority	Parks and Recreation	Capital Projects	Bio Diesel	
\$ -	\$ -	\$ -	\$ -	\$ 2,636,409	\$ -	\$ 2,636,409
-	-	-	-	-	-	141,412
-	-	-	-	-	-	86,839
-	-	-	-	-	-	3,710
167,377	-	726,681	-	-	6,313	2,252,610
-	1,726,226	-	3	-	-	1,726,229
<u>\$ 167,377</u>	<u>\$ 1,726,226</u>	<u>\$ 726,681</u>	<u>\$ 3</u>	<u>\$ 2,636,409</u>	<u>\$ 6,313</u>	<u>\$ 6,847,209</u>
\$ -	\$ -	\$ -	\$ -	\$ 26,451	\$ -	\$ 250,528
-	-	-	-	-	-	51,477
-	-	-	-	31,975	-	31,975
-	-	-	-	-	6,313	9,208
-	-	-	-	-	-	-
-	-	-	-	58,426	6,313	343,188
-	-	-	-	-	-	3,710
-	1,726,226	-	-	-	-	1,726,226
-	-	-	-	-	-	313,985
-	-	-	3	-	-	988,059
167,377	-	726,681	-	-	-	894,058
-	-	-	-	2,577,983	-	2,577,983
<u>167,377</u>	<u>1,726,226</u>	<u>726,681</u>	<u>3</u>	<u>2,577,983</u>	<u>-</u>	<u>6,504,021</u>
<u>\$ 167,377</u>	<u>\$ 1,726,226</u>	<u>\$ 726,681</u>	<u>\$ 3</u>	<u>\$ 2,636,409</u>	<u>\$ 6,313</u>	<u>\$ 6,847,209</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, 2019

	Special Revenue Funds					
	Confiscated Assets	Hotel / Motel Premium Tax	Multiple Grant	Auto Rental Tax	Emergency 911 Telephone	HUD CDBG
Revenues:						
Taxes	\$ -	\$ 1,520,066	\$ -	\$ 131,986	\$ -	\$ -
Charges for services	-	-	-	-	1,797,741	-
Intergovernmental	170,769	-	10,430	-	71,651	390,786
Investment earnings	-	-	-	-	3,412	-
Total revenues	<u>170,769</u>	<u>1,520,066</u>	<u>10,430</u>	<u>131,986</u>	<u>1,872,804</u>	<u>390,786</u>
Expenditures:						
Current:						
Public safety:						
Police	61,691	-	10,145	-	-	-
Emergency 911	-	-	-	-	1,923,078	-
Culture and recreation	-	1,063,309	-	-	-	388,886
Housing and development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Principal, interest, and fees	-	-	-	-	-	-
Total expenditures	<u>61,691</u>	<u>1,063,309</u>	<u>10,145</u>	<u>-</u>	<u>1,923,078</u>	<u>388,886</u>
Excess (deficiency) of revenues over expenditures	<u>109,078</u>	<u>456,757</u>	<u>285</u>	<u>131,986</u>	<u>(50,274)</u>	<u>1,900</u>
Other financing sources (uses):						
Transfers in	-	131,986	-	-	57,979	-
Insurance reimbursements	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-
Transfers out	-	(514,454)	-	(131,986)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(382,468)</u>	<u>-</u>	<u>(131,986)</u>	<u>57,979</u>	<u>-</u>
Net change in fund balance	109,078	74,289	285	-	7,705	1,900
Fund balance (deficit) at beginning of year	109,009	790,278	(173)	-	91,791	121,589
Fund balance (deficit) at end of year	\$ 218,087	\$ 864,567	\$ 112	\$ -	\$ 99,496	\$ 123,489

CITY OF SMYRNA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Tax Allocation District	Capital Projects Funds					Total Non-Major Governmental Funds
	Capital	Downtown Smyrna Development Authority	Parks and Recreation	Capital Projects	Bio Diesel	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,652,052
-	-	-	-	-	-	1,797,741
606,455	-	-	-	-	-	1,250,091
-	55,976	-	-	-	-	59,388
606,455	55,976	-	-	-	-	4,759,272
-	-	-	-	-	-	71,836
-	-	-	-	-	-	1,923,078
-	-	-	-	-	-	1,452,195
1,251,846	-	-	-	-	-	1,251,846
-	-	-	-	5,448,617	-	5,448,617
-	-	4,034,935	-	10,723	-	4,045,658
1,251,846	-	4,034,935	-	5,459,340	-	14,193,230
(645,391)	55,976	(4,034,935)	-	(5,459,340)	-	(9,433,958)
1,090,556	-	4,054,204	-	5,130,138	-	10,464,863
-	-	-	-	18,416	-	18,416
-	-	1,058,011	-	-	-	1,058,011
-	(19,589)	(1,058,011)	-	-	-	(1,724,040)
1,090,556	(19,589)	4,054,204	-	5,148,554	-	9,817,250
445,165	36,387	19,269	-	(310,786)	-	383,292
(277,788)	1,689,839	707,412	3	2,888,769	-	6,120,729
\$ 167,377	\$ 1,726,226	\$ 726,681	\$ 3	\$ 2,577,983	\$ -	\$ 6,504,021

CITY OF SMYRNA, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues			
Intergovernmental	<u>\$ 111,100</u>	<u>\$ 170,769</u>	<u>\$ 59,669</u>
Total Revenues	<u>111,100</u>	<u>170,769</u>	<u>59,669</u>
Expenditures:			
Current:			
Police	<u>127,771</u>	<u>61,691</u>	<u>66,080</u>
Total Expenditures	<u>127,771</u>	<u>61,691</u>	<u>66,080</u>
Net change in fund balance	<u><u>\$ (16,671)</u></u>	109,078	<u><u>\$ 125,749</u></u>
Fund balance at beginning of year-GAAP basis		<u>109,009</u>	
Fund balance at end of year-GAAP basis		<u><u>\$ 218,087</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, 2019

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 1,656,431	\$ 1,520,066	\$ (136,365)
Total Revenues	<u>1,656,431</u>	<u>1,520,066</u>	<u>(136,365)</u>
Expenditures:			
Current:			
Culture and recreation	<u>1,116,475</u>	<u>1,063,309</u>	<u>53,166</u>
Total Expenditures	<u>1,116,475</u>	<u>1,063,309</u>	<u>53,166</u>
Excess (deficiency) of revenues over expenditures	<u>539,956</u>	<u>456,757</u>	<u>(83,199)</u>
Other financing sources (uses):			
Transfers in	135,000	131,986	(3,014)
Transfers out	<u>(608,279)</u>	<u>(514,454)</u>	<u>93,825</u>
Total other financing sources (uses)	<u>(473,279)</u>	<u>(382,468)</u>	<u>90,811</u>
Net change in fund balance	<u><u>\$ 66,677</u></u>	74,289	<u><u>\$ 7,612</u></u>
Fund balance at beginning of year-GAAP basis		<u>790,278</u>	
Fund balance at end of year-GAAP basis		<u><u>\$ 864,567</u></u>	

CITY OF SMYRNA, GEORGIA
MULTIPLE GRANT FUND SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 10,400	\$ 10,430	\$ 30
Total Revenues	10,400	10,430	30
Expenditures:			
Current:			
Public Safety:			
Police	10,400	10,145	255
Total Expenditures	10,400	10,145	255
Net change in fund balance	<u>\$ -</u>	285	<u>\$ 285</u>
Fund balance at beginning of year-GAAP basis		<u>(173)</u>	
Fund balance at end of year-GAAP basis		<u>\$ 112</u>	

CITY OF SMYRNA, GEORGIA
AUTO RENTAL TAX FUND SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:			
Taxes	\$ 135,000	\$ 131,986	\$ (3,014)
Total Revenues	<u>135,000</u>	<u>131,986</u>	<u>(3,014)</u>
Other financing sources (uses):			
Transfers out	<u>(135,000)</u>	<u>(131,986)</u>	<u>3,014</u>
Total other financing sources (uses)	<u>(135,000)</u>	<u>(131,986)</u>	<u>3,014</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, 2019

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Charges for services	\$ 1,788,100	\$ 1,797,741	\$ 9,641
Intergovernmental	80,000	71,651	(8,349)
Investment earnings	2,000	3,412	1,412
Total Revenues	<u>1,870,100</u>	<u>1,872,804</u>	<u>2,704</u>
Expenditures:			
Current:			
Public Safety:			
Emergency 911	<u>1,928,846</u>	<u>1,923,078</u>	<u>5,768</u>
Total Expenditures	<u>1,928,846</u>	<u>1,923,078</u>	<u>5,768</u>
Excess (deficiency) of revenues over expenditures	<u>(58,746)</u>	<u>(50,274)</u>	<u>8,472</u>
Other financing sources (uses):			
Transfers in	<u>57,979</u>	<u>57,979</u>	<u>-</u>
Total other financing sources (uses)	<u>57,979</u>	<u>57,979</u>	<u>-</u>
Net change in fund balance	<u><u>\$ (767)</u></u>	<u>7,705</u>	<u><u>\$ 8,472</u></u>
Fund balance at beginning of year-GAAP basis		<u>91,791</u>	
Fund balance at end of year-GAAP basis		<u><u>\$ 99,496</u></u>	

CITY OF SMYRNA, GEORGIA
HUD COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 385,000	\$ 390,786	\$ 5,786
Total Revenues	385,000	390,786	5,786
Expenditures:			
Current:			
Culture and recreation	390,838	388,886	1,952
Total Expenditures	390,838	388,886	1,952
Net change in fund balance	<u>\$ (5,838)</u>	1,900	<u>\$ 7,738</u>
Fund balance at beginning of year-GAAP basis		<u>121,589</u>	
Fund balance at end of year-GAAP basis		<u>\$ 123,489</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, 2019

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 606,455	\$ 606,455	\$ -
Total Revenues	606,455	606,455	-
Expenditures:			
Current:			
Housing and development	1,251,846	1,251,846	-
Total Expenditures	1,251,846	1,251,846	-
Excess (deficiency) of revenues over expenditures	(645,391)	(645,391)	-
Other financing sources (uses):			
Transfers in	645,391	1,090,556	445,165
Total other financing sources (uses)	645,391	1,090,556	445,165
Net change in fund balance	\$ -	445,165	\$ 445,165
Fund balance (deficit) at beginning of year-GAAP basis		(277,788)	
Fund balance (deficit) at end of year-GAAP basis		\$ 167,377	

STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	Fiscal Year									
	2010	2011*	2012	2013	2014*	2015	2016	2017*	2018	2019
Governmental Activities										
Net investment in capital assets	\$ 81,282,475	\$ 81,927,292	\$ 87,502,055	\$ 93,417,083	\$ 98,670,865	\$ 111,254,960	\$ 121,837,996	\$ 131,962,362	\$ 137,078,774	\$ 142,531,485
Restricted	4,373,680	7,837,807	8,887,820	12,052,601	13,945,013	11,406,509	7,630,174	5,078,037	9,882,604	12,882,157
Unrestricted	13,645,665	13,202,792	11,190,332	12,223,410	(834,171)	(3,197,366)	165,038	(8,397,847)	(3,230,066)	2,008,587
Total governmental activities net position	<u>\$ 99,301,820</u>	<u>\$ 102,967,891</u>	<u>\$ 107,580,207</u>	<u>\$ 117,693,094</u>	<u>\$ 111,781,707</u>	<u>\$ 119,464,103</u>	<u>\$ 129,633,208</u>	<u>\$ 128,642,552</u>	<u>\$ 143,731,312</u>	<u>\$ 157,422,229</u>
Business-type activities										
Net investment in capital assets	\$ 18,479,678	\$ 17,880,048	\$ 17,657,460	\$ 17,486,264	\$ 20,017,889	\$ 22,088,286	\$ 23,727,778	\$ 26,338,734	\$ 28,167,396	\$ 30,651,277
Restricted	4,228,788	5,887,601	-	-	-	-	-	-	-	-
Unrestricted	(47,585)	(75,714)	7,982,492	10,138,106	10,588,857	10,891,703	11,913,784	11,860,908	14,002,734	16,418,826
Total business-type activities net position	<u>\$ 22,660,881</u>	<u>\$ 23,691,935</u>	<u>\$ 25,639,952</u>	<u>\$ 27,624,370</u>	<u>\$ 30,606,746</u>	<u>\$ 32,979,989</u>	<u>\$ 35,641,562</u>	<u>\$ 38,199,642</u>	<u>\$ 42,170,130</u>	<u>\$ 47,070,103</u>
Primary government										
Net investment in capital assets	\$ 99,762,153	\$ 99,807,340	\$ 105,159,515	\$ 110,903,347	\$ 118,688,754	\$ 133,343,246	\$ 145,565,774	\$ 158,301,096	\$ 165,246,170	\$ 173,182,762
Restricted	8,602,468	13,725,408	8,887,820	12,052,601	13,945,013	11,406,509	7,630,174	5,078,037	9,882,604	12,882,157
Unrestricted	13,598,080	13,127,078	19,172,824	22,361,516	9,754,686	7,694,337	12,078,822	3,463,061	10,772,668	18,427,413
Total primary government net position	<u>\$ 121,962,701</u>	<u>\$ 126,659,826</u>	<u>\$ 133,220,159</u>	<u>\$ 145,317,464</u>	<u>\$ 142,388,453</u>	<u>\$ 152,444,092</u>	<u>\$ 165,274,770</u>	<u>\$ 166,842,194</u>	<u>\$ 185,901,442</u>	<u>\$ 204,492,332</u>

* - As Restated

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

	Fiscal Year									
	2010	2011*	2012	2013	2014**	2015	2016	2017	2018	2019
Expenses										
Governmental Activities:										
General government	\$ 6,618,073	\$ 6,585,526	\$ 6,658,936	\$ 5,597,496	\$ 6,779,626	\$ 6,698,341	\$ 5,420,066	\$ 6,705,299	\$ 7,147,663	\$ 8,890,126
Judicial	555,925	548,959	539,351	533,504	505,821	440,520	455,612	458,628	494,401	523,023
Public Safety	16,331,914	17,029,989	16,422,991	17,729,276	17,103,469	16,411,663	20,736,794	21,163,120	20,153,820	23,603,235
Public works	10,577,151	10,476,228	12,700,351	10,658,449	14,464,681	13,822,512	12,129,044	11,602,017	11,302,495	11,395,749
Housing and development	871,326	1,656,854	4,296,015	1,131,446	1,232,458	1,692,161	2,514,369	1,670,823	2,108,079	2,642,933
Culture and recreation	5,249,173	4,492,687	4,319,312	4,425,185	4,490,477	3,355,658	4,745,312	5,696,721	6,011,943	6,042,281
Interest on long-term debt	2,044,644	2,117,616	2,910,268	2,865,013	2,712,343	2,466,637	2,035,725	1,933,342	1,731,915	1,577,240
Total governmental activities expenses	42,248,206	42,907,859	47,847,224	42,940,369	47,288,875	44,887,492	48,036,922	49,229,950	48,950,316	54,674,587
Business-type activities:										
Water and Sewer	12,066,240	14,137,739	13,481,393	14,398,939	13,908,854	14,701,631	15,449,744	15,770,400	13,949,353	13,794,544
Total business-type activities expenses	12,066,240	14,137,739	13,481,393	14,398,939	13,908,854	14,701,631	15,449,744	15,770,400	13,949,353	13,794,544
Total primary government expenses	<u>\$ 54,314,446</u>	<u>\$ 57,045,598</u>	<u>\$ 61,328,617</u>	<u>\$ 57,339,308</u>	<u>\$ 61,197,729</u>	<u>\$ 59,589,123</u>	<u>\$ 63,486,666</u>	<u>\$ 65,000,350</u>	<u>\$ 62,899,669</u>	<u>\$ 68,469,131</u>
Program Revenues										
Governmental Activities:										
Charges for services	\$ 12,144,864	\$ 12,421,617	\$ 13,185,068	\$ 13,505,267	\$ 14,612,425	\$ 14,160,254	\$ 14,357,939	\$ 14,690,479	\$ 15,497,880	\$ 16,357,830
Operating grants and contributions	314,589	532,759	319,253	408,012	336,975	147,404	223,914	95,674	59,591	214,872
Capital grants and contributions	7,302,908	7,213,565	11,589,669	11,244,681	10,780,772	10,544,682	10,935,026	10,625,600	11,336,173	11,826,077
Total governmental activities program revenues	19,762,361	20,167,941	25,093,990	25,157,960	25,730,172	24,852,340	25,516,879	25,411,753	26,893,644	28,398,779
Business-type activities:										
Charges for services	15,210,052	16,751,785	17,012,801	17,972,656	18,277,070	18,551,309	19,054,100	19,909,711	19,637,548	20,261,852
Capital grants and contributions	-	-	-	-	692,562	156,789	731,107	713,373	-	-
Total business-type activities program revenues	15,210,052	16,751,785	17,012,801	17,972,656	18,969,632	18,708,098	19,785,207	20,623,084	19,637,548	20,261,852
Total primary government program revenues	<u>\$ 34,972,413</u>	<u>\$ 36,919,726</u>	<u>\$ 42,106,791</u>	<u>\$ 43,130,616</u>	<u>\$ 44,699,804</u>	<u>\$ 43,560,438</u>	<u>\$ 45,302,086</u>	<u>\$ 46,034,837</u>	<u>\$ 46,531,192</u>	<u>\$ 48,660,631</u>

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

	<u>2010</u>	<u>2011*</u>	<u>2012</u>	<u>2013</u>	<u>2014**</u>	<u>2015</u>	<u>2016</u>	<u>2017***</u>	<u>2018</u>	<u>2019</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (22,485,845)	\$ (22,739,918)	\$ (22,753,234)	\$ (17,782,409)	\$ (21,558,704)	\$ (20,035,152)	\$ (22,520,043)	\$ (23,818,197)	\$ (22,056,672)	\$ (26,275,808)
Business-type activities	3,143,812	2,614,046	3,531,408	3,573,717	5,060,778	4,006,467	4,335,463	4,852,684	5,688,195	6,467,308
Total primary government net expense	<u>\$ (19,342,033)</u>	<u>\$ (20,125,872)</u>	<u>\$ (19,221,826)</u>	<u>\$ (14,208,692)</u>	<u>\$ (16,497,926)</u>	<u>\$ (16,028,685)</u>	<u>\$ (18,184,580)</u>	<u>\$ (18,965,513)</u>	<u>\$ (16,368,477)</u>	<u>\$ (19,808,500)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 19,663,081	\$ 18,051,649	\$ 17,342,141	\$ 17,774,261	\$ 18,573,387	\$ 19,324,509	\$ 20,777,333	\$ 22,206,304	\$ 23,839,967	\$ 26,147,383
Franchise taxes	3,209,116	3,412,969	3,606,573	3,472,230	3,437,475	3,756,118	3,837,622	3,699,086	3,707,348	3,602,131
Insurance Premium taxes	2,273,112	2,207,050	2,404,825	2,554,327	2,644,762	2,764,966	2,953,912	3,199,661	3,414,299	3,669,901
Other taxes	1,491,690	1,540,649	1,653,074	1,713,519	1,912,156	2,003,296	2,340,043	2,404,706	2,599,881	2,566,761
Investment earnings	31,959	35,637	13,018	10,164	34,615	29,854	34,737	43,674	53,885	62,793
Grants / Contributions	734,538	727,139	731,251	734,532	733,822	1,401,222	1,472,471	1,629,238	1,788,925	2,161,393
Miscellaneous	72,114	74,464	27,602	45,136	-	346,475	-	-	-	160,455
Special Item	-	-	-	-	-	(3,542,116)	(418,097)	-	-	-
Transfers	1,500,000	1,591,127	1,587,066	1,591,127	1,591,127	1,633,224	1,691,127	1,691,127	1,741,127	1,595,908
Total governmental activities	<u>28,975,610</u>	<u>27,640,684</u>	<u>27,365,550</u>	<u>27,895,296</u>	<u>28,927,344</u>	<u>27,717,548</u>	<u>32,689,148</u>	<u>34,873,796</u>	<u>37,145,432</u>	<u>39,966,725</u>
Business-type activities										
Investment earnings	11,904	8,135	3,675	1,828	-	-	17,237	28,282	23,420	28,573
Transfers	(1,500,000)	(1,591,127)	(1,587,066)	(1,591,127)	(1,591,127)	(1,633,224)	(1,691,127)	(1,691,127)	(1,741,127)	(1,595,908)
Total business-type activities	<u>(1,488,096)</u>	<u>(1,582,992)</u>	<u>(1,583,391)</u>	<u>(1,589,299)</u>	<u>(1,591,127)</u>	<u>(1,633,224)</u>	<u>(1,673,890)</u>	<u>(1,662,845)</u>	<u>(1,717,707)</u>	<u>(1,567,335)</u>
Total primary government	<u>\$ 27,487,514</u>	<u>\$ 26,057,692</u>	<u>\$ 25,782,159</u>	<u>\$ 26,305,997</u>	<u>\$ 27,336,217</u>	<u>\$ 26,084,324</u>	<u>\$ 31,015,258</u>	<u>\$ 33,210,951</u>	<u>\$ 35,427,725</u>	<u>\$ 38,399,390</u>
Change in Net Position										
Governmental activities	\$ 6,489,765	\$ 4,900,766	\$ 4,612,316	\$ 10,112,887	\$ 7,368,641	\$ 7,682,396	\$ 10,169,105	\$ 11,055,599	\$ 15,088,760	\$ 13,690,917
Business-type activities	1,655,716	1,031,054	1,948,017	1,984,418	3,469,651	2,373,243	2,661,573	3,189,839	3,970,488	4,899,973
Total primary government	<u>\$ 8,145,481</u>	<u>\$ 5,931,820</u>	<u>\$ 6,560,333</u>	<u>\$ 12,097,305</u>	<u>\$ 10,838,292</u>	<u>\$ 10,055,639</u>	<u>\$ 12,830,678</u>	<u>\$ 14,245,438</u>	<u>\$ 19,059,248</u>	<u>\$ 18,590,890</u>

*-As restated

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

***-.The effect of implementing GASB 75 to previously reported changes in net position has not been determined.

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 350,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	13,228,023	-	-	-	-	-	-	-	-	-
Nonspendable	-	375,205	414,079	405,203	434,129	523,731	553,613	564,738	509,084	472,155
Restricted	-	213,361	179,755	380,855	374,848	360,286	412,376	450,701	490,242	556,400
Committed	-	500,000	2,091,641	2,929,605	5,254,605	5,254,605	3,811,985	3,601,607	4,922,125	3,326,606
Assigned	-	331,594	316,583	53,692	77,857	83,955	74,678	145,361	283,732	341,218
Unassigned	-	13,119,479	10,310,623	10,836,607	11,483,674	9,522,518	12,555,085	15,358,875	17,422,526	18,107,475
Total general fund	<u>\$ 13,578,668</u>	<u>\$ 14,539,639</u>	<u>\$ 13,312,681</u>	<u>\$ 14,605,962</u>	<u>\$ 17,625,113</u>	<u>\$ 15,745,095</u>	<u>\$ 17,407,737</u>	<u>\$ 20,121,282</u>	<u>\$ 23,627,709</u>	<u>\$ 22,803,854</u>
All Other Governmental Funds										
Reserved	\$ 3,625,757	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	574,454	-	-	-	-	-	-	-	-	-
Capital projects funds	194,511	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	125	-	4,502	4,633	4,705	4,105	3,710
Restricted	-	22,716,437	22,854,118	26,426,028	27,030,274	15,416,554	12,652,368	8,090,735	11,078,096	14,048,273
Committed	-	1,556,145	1,481,978	1,087,100	1,075,758	1,439,482	1,681,805	1,983,740	2,888,769	2,577,983
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(1,018,750)	(961,771)	(257,083)	(352,262)	(173,063)	(277,789)	(286,531)	(277,961)	-
Total all other governmental funds	<u>\$ 4,394,722</u>	<u>\$ 23,253,832</u>	<u>\$ 23,374,325</u>	<u>\$ 27,256,170</u>	<u>\$ 27,753,770</u>	<u>\$ 16,687,475</u>	<u>\$ 14,061,017</u>	<u>\$ 9,792,649</u>	<u>\$ 13,693,009</u>	<u>\$ 16,629,966</u>
Total fund balances, before restatements	\$ 17,973,390	\$ 37,793,471	\$ 36,687,006	\$ 41,862,132	\$ 45,378,883	\$ 32,432,570	\$ 31,468,754	\$ 29,913,931	\$ 37,320,718	\$ 39,433,820
Restatements*	-	1,541,714	-	-	(1,316,355)	-	-	-	-	-
Total fund balances, after restatements	<u>\$ 17,973,390</u>	<u>\$ 39,335,185</u>	<u>\$ 36,687,006</u>	<u>\$ 41,862,132</u>	<u>\$ 44,062,528</u>	<u>\$ 32,432,570</u>	<u>\$ 31,468,754</u>	<u>\$ 29,913,931</u>	<u>\$ 37,320,718</u>	<u>\$ 39,433,820</u>

Note: The City implemented GASB 54 in FY 2011, thus the fund balance classifications were changed in reporting for 2011 and subsequent years. Restatements to ending fund balances were made to 2014 for certain grant revenues and pension expenses.

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

	2010	2011	2012	2013	2014*	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 26,454,766	\$ 25,311,443	\$ 25,026,699	\$ 25,506,375	\$ 26,851,993	\$ 27,872,063	\$ 29,893,228	\$ 31,539,223	\$ 33,529,213	\$ 35,993,638
Charges for services	7,711,343	6,940,732	8,469,136	8,985,356	9,197,860	9,331,961	9,473,654	9,968,431	10,330,845	11,526,552
Licenses and permits	1,756,512	1,950,950	2,058,368	2,144,746	2,255,371	2,746,850	2,774,834	2,695,743	3,117,354	2,806,610
Fines and forfeitures	2,417,397	2,160,447	2,446,988	2,049,274	2,202,192	1,471,777	1,521,404	1,429,196	1,370,060	1,296,472
Intergovernmental	8,344,037	8,266,465	11,431,693	13,497,000	10,771,205	12,050,188	12,133,063	12,120,859	13,139,357	14,157,015
Investment earnings	39,262	43,538	48,071	71,138	34,615	36,188	43,275	55,815	61,054	74,447
Miscellaneous revenue	364,840	631,682	252,647	429,435	557,299	587,944	581,968	638,101	941,495	780,113
Total revenues	47,088,157	46,342,370	49,733,602	52,683,324	51,870,535	54,096,971	56,421,426	58,447,368	62,489,378	66,634,847
Expenditures										
General government	9,895,079	10,617,279	10,347,913	10,553,172	10,626,214	13,131,328	12,351,227	12,570,656	12,866,800	15,238,337
Judicial	457,794	435,885	423,770	423,743	421,235	362,096	352,985	350,487	373,519	379,874
Police	7,162,825	7,266,077	7,091,115	7,224,031	7,366,926	7,499,571	7,909,361	7,650,123	7,670,258	8,640,843
Fire	4,962,774	4,726,467	4,694,075	4,842,779	4,726,331	4,901,741	5,144,043	5,392,278	5,527,444	5,723,667
Other	1,270,222	1,362,463	1,292,325	1,326,874	1,353,386	1,377,112	2,193,963	1,428,553	1,593,824	1,928,850
Public Works	6,489,015	6,285,578	6,211,615	6,256,667	6,405,215	6,664,217	6,905,763	7,039,235	7,468,843	7,580,175
Culture and recreation	3,965,244	3,301,886	3,290,744	3,633,412	3,697,554	3,614,943	3,910,015	4,276,324	5,392,770	5,609,487
Housing and development	676,898	1,433,664	4,022,881	863,042	1,022,618	1,479,400	1,274,294	1,590,673	1,765,332	2,241,396
Capital outlay	11,247,776	4,101,959	12,049,199	9,458,623	9,635,041	15,003,860	17,101,927	22,502,348	14,750,324	15,322,683
Debt service										
Principal	2,125,677	2,176,799	1,846,015	1,718,408	2,010,913	10,364,316	3,915,369	5,282,099	4,480,217	3,046,055
Interest	2,044,644	2,429,823	2,726,797	2,843,710	2,724,345	2,673,106	2,146,821	2,165,890	1,799,384	1,644,855
Total expenditures	50,297,948	44,137,880	53,996,449	49,144,461	49,989,778	67,071,690	63,205,768	70,248,666	63,688,715	67,356,222
Excess of revenues over (under) expenditures	(3,209,791)	2,204,490	(4,262,847)	3,538,863	1,880,757	(12,974,719)	(6,784,342)	(11,801,298)	(1,199,337)	(721,375)
Other Financing Sources (Uses)										
Transfers in	6,283,352	2,920,043	7,165,571	8,455,657	7,712,069	14,181,852	10,098,597	18,701,446	17,637,460	13,527,228
Transfers out	(4,783,352)	(1,328,916)	(5,578,505)	(6,864,530)	(6,120,942)	(12,495,723)	(8,407,470)	(17,010,319)	(15,896,333)	(11,931,320)
Bonds issued	-	-	-	-	-	3,179,928	2,634,990	-	6,716,844	1,058,011
Premium on bonds issued	-	15,950,000	-	-	-	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	-	-	-	14,548,687	-	-
Payment refund bond escrow agent	-	-	-	-	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	(6,175,000)	-	-
Capital leases	-	-	-	-	-	-	-	-	-	-
Intergovernmental agreement proceeds	-	-	-	-	-	-	1,130,545	-	-	-
Insurance recoveries	-	-	0	-	-	92,442	60,932	120,497	144,522	38,519
Sale of capital assets	72,114	74,464	27,602	45,136	44,866	346,475	302,932	61,164	3,631	142,039
Total other financing sources (uses)	1,572,114	17,615,591	1,614,668	1,636,263	1,635,993	5,304,974	5,820,526	10,246,475	8,606,124	2,834,477
Special Item:										
Loss on sale of land held for sale	-	-	-	-	-	(3,960,213)	-	-	-	-
Net change in fund balances	\$ (1,637,677)	\$ 19,820,081	\$ (2,648,179)	\$ 5,175,126	\$ 3,516,750	\$ (11,629,958)	\$ (963,816)	\$ (1,554,823)	\$ 7,406,787	\$ 2,113,102
Debt service as a percentage of noncapital expenditures	10.66%	11.56%	10.78%	11.62%	10.82%	25.73%	13.12%	15.17%	12.73%	9.01%

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

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Intangible Tax</u>	<u>Alcoholic Beverage Excise Tax</u>	<u>Franchise Tax</u>	<u>Premium Tax</u>	<u>Vehicle Ad Valorem Tax</u>	<u>Other</u>	<u>Total</u>
2010	17,616,530	154,053	708,060	3,176,922	2,273,112	1,132,797	1,393,292	26,454,766
2011	16,373,632	149,070	637,194	3,380,408	2,207,050	1,149,634	1,414,455	25,311,443
2012	15,466,134	147,063	742,176	3,578,078	2,404,825	1,217,708	1,470,715	25,026,699
2013	15,156,347	249,876	771,469	3,443,843	2,554,327	1,767,323	1,563,190	25,506,375
2014	15,457,022	225,909	760,690	3,437,475	2,644,762	2,983,045	1,343,090	26,851,993
2015	16,023,129	253,749	795,545	3,729,229	2,764,966	2,750,806	1,554,639	27,872,063
2016	17,549,587	276,893	834,312	3,810,635	2,953,912	2,655,645	1,812,244	29,893,228
2017	19,253,773	578,272	876,159	3,671,847	3,199,661	2,050,445	1,909,066	31,539,223
2018	20,791,711	577,926	912,393	3,707,348	3,414,299	2,142,600	1,982,936	33,529,213
2019	22,928,402	542,596	916,806	3,602,130	3,669,901	2,303,345	2,030,458	35,993,638

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

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Direct Tax Rate</u>	<u>Actual Taxable Value</u>	<u>Value as a Percentage of Actual Value</u>
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
2011	1,297,068,850	661,030,383	21,228,785	119,484,864	1,859,843,154	8.99	4,649,607,885	40.00
2012	1,238,208,764	602,459,556	19,277,894	119,505,314	1,740,440,900	8.99	4,351,102,250	40.00
2013	1,137,110,379	608,860,653	19,884,205	79,512,618	1,686,342,619	8.99	4,215,856,548	40.00
2014	1,126,000,517	599,205,711	19,831,907	141,380,471	1,603,657,664	8.99	4,009,144,160	40.00
2015	1,202,265,817	616,109,155	18,700,840	138,971,560	1,698,104,252	8.99	4,245,260,630	40.00
2016	1,317,665,997	691,747,506	18,780,608	121,736,809	1,906,457,302	8.99	4,766,143,256	40.00
2017	1,501,431,278	739,428,599	19,538,554	145,637,540	2,114,760,892	8.99	5,286,902,230	40.00
2018	1,650,149,758	800,214,906	21,664,185	179,249,429	2,292,779,420	8.99	5,731,948,550	40.00
2019	1,820,174,285	910,020,412	22,082,086	245,696,135	2,506,580,648	8.99	6,266,451,620	40.00

Source: Cobb County Board of Equalization and Assessment.

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

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

Fiscal Year	City of Smyrna		Cobb County			Overlapping Rates Cobb County Board of Education			State of Georgia		Total Direct & Overlapping Rates
	Operating Millage	Total City Millage	General Millage	Bond Millage	Total County Millage	General Millage	School Bond	Total School Millage	General Millage	Total School Millage	
2010	8.99	8.99	6.82	0.22	7.04	18.90	-	18.90	0.25	0.25	35.18
2011	8.99	8.99	6.82	0.22	7.04	18.90	-	18.90	0.25	0.25	35.18
2012	8.99	8.99	7.72	0.33	8.05	18.90	-	18.90	0.25	0.25	36.19
2013	8.99	8.99	7.72	0.33	8.05	18.90	-	18.90	0.20	0.20	36.14
2014	8.99	8.99	7.52	0.33	7.85	18.90	-	18.90	0.15	0.15	35.89
2015	8.99	8.99	7.32	0.33	7.65	18.90	-	18.90	0.10	0.10	35.64
2016	8.99	8.99	7.12	0.33	7.45	18.90	-	18.90	0.05	0.05	35.39
2017	8.99	8.99	6.66	0.23	6.89	18.90	-	18.90	0.00	0.00	34.78
2018	8.99	8.99	6.76	0.13	6.89	18.90	-	18.90	0.00	0.00	34.78
2019	8.99	8.99	8.46	0.13	8.59	18.90		18.90	0.00	0.00	36.48

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	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Lake Park Properties LLC	\$60,269,991	1	2.63	\$49,745,527	1	2.51
Glock Inc	23,930,609	2	1.04	-		-
Belmont Rec LLC	22,221,272	3	0.97	-		-
GC Jasmine Owner LLC	22,047,120	4	0.96	-		-
NA Glen Park 77 LP	19,313,083	5	0.84	15,819,800	3	0.80
Valley Summit LLC	18,754,800	6	0.82	16,544,360	2	0.84
UCB Inc.	17,394,434	7	0.76	-		-
Rock Creek at Vinings LLC	17,307,154	8	0.75	-		-
WDF 4 Wood Jonquil LLC	16,525,400	9	0.72	-		-
Consultinvest Inc.	14,829,075	10	0.65	-		-
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
Total	<u>\$ 232,592,938</u>		<u>10.14%</u>	<u>\$ 152,297,439</u>		<u>7.69%</u>

Source: City of Smyrna Tax Department

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Final KHS
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2010	17,793,981	17,389,985	97.73	123,808	17,513,793	98.43	
2011	16,719,990	16,201,095	96.90	127,983	16,329,078	97.66	
2012	15,646,563	15,217,669	97.26	210,837	15,428,506	98.61	
2013	15,160,220	14,926,568	98.46	130,153	15,056,721	99.32	
2014	15,070,296	14,963,651	99.29	110,758	15,074,409	100.03	
2015	15,815,515	15,718,002	99.38	70,423	15,788,425	99.83	
2016	17,327,237	17,243,993	99.52	66,555	17,310,547	99.90	
2017	18,991,543	18,915,333	99.60	78,489	18,993,821	100.01	
2018	20,520,715	20,437,904	99.60	87,707	20,525,611	100.02	
2019	22,606,217	22,496,121	99.51	n/a	22,496,121	99.51	

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

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

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income²	Per Capita²
	Revenue Bonds¹	Certificates of Participation	Capital Leases	Inter- governmental Agreement	Water/Sewer Bonds	Capital Leases			
2010	37,105,000	1,756,000	2,230,535	0	1,070,000	3,074,562	45,236,097	2.52	892
2011	51,740,000	1,756,000	1,368,736	0	290,000	2,833,157	57,987,893	3.18	1,131
2012	50,370,000	1,756,000	892,721	0	0	2,561,825	55,580,546	2.98	1,084
2013	50,506,252	1,756,000	599,313	0	0	2,209,622	55,071,187	2.88	1,074
2014	48,437,368	1,756,000	508,400	0	0	1,826,173	52,527,941	2.75	998
2015	41,199,913	1,756,000	414,084	0	0	1,255,722	44,625,719	2.21	819
2016	40,009,339	1,756,000	316,222	993,038	0	714,053	43,788,652	2.06	780
2017	43,607,463	1,756,000	214,680	712,992	0	126,584	46,417,719	2.15	819
2018	45,844,337	1,756,000	109,320	731,595	0	0	48,441,252	2.20	855
2019	44,157,217	1,756,000	0	441,845			46,355,062	1.95	817

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

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

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

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

Fiscal Year	Governmental Activities		Total	Percentage of Actual Taxable Value of Property¹	Per Capita²
	Revenue Bonds	Capital Leases			
2010	\$ 37,105,000	\$ 2,230,535	\$ 39,335,535	0.79 %	\$ 776
2011	51,740,000	1,368,736	53,108,736	1.14	1,036
2012	50,370,000	892,721	51,262,721	1.18	1,000
2013	50,506,252	599,363	51,105,615	1.18	997
2014	48,437,368	508,400	48,945,788	1.19	930
2015	41,199,913	414,084	41,613,997	0.98	764
2016	40,009,339	316,222	40,325,561	0.85	718
2017	43,607,463	214,680	43,822,143	0.83	773
2018	45,844,337	109,320	45,953,657	0.80	811
2019	44,157,217	-	44,157,217	0.70	779

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, 2018
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable¹</u>	<u>Overlapping Debt</u>
Debt repaid with property taxes			
Cobb County General Obligation Debt	\$17,290,000	7.71%	\$1,333,059
Other debt			
Cobb County Revenue Anticipation Certificates	5,565,000	7.71%	429,062
Cobb County Parking Deck Certificates	7,490,000	7.71%	577,479
Cobb-Marietta Coliseum and Exhibit Hall	74,240,000	7.71%	5,723,904
Stadium Construction Bonds	361,715,000	7.71%	27,888,227
South Cobb Redevelopment Authority	8,895,000	7.71%	<u>685,805</u>
Subtotal, overlapping debt			36,637,536
City of Smyrna direct debt			<u>46,355,062</u>
Total direct and overlapping debt			<u><u>\$82,992,598</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.

¹ The 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									
2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
\$ 215,499,104	\$ 197,932,801	\$ 185,994,621	\$ 176,585,524	\$ 174,503,814	\$ 183,707,581	\$ 202,819,411	\$ 226,039,843	\$ 247,202,885	\$ 275,227,678
-	-	-	-	-	-	-	-	-	-
<u>\$215,499,104</u>	<u>\$197,932,801</u>	<u>\$185,994,621</u>	<u>\$176,585,524</u>	<u>\$174,503,814</u>	<u>\$183,707,581</u>	<u>\$202,819,411</u>	<u>\$ 226,039,843</u>	<u>\$ 247,202,885</u>	<u>\$ 275,227,678</u>
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 2018

Assessed value	2,506,580,648
Add back exempt real property	245,696,135
Total assessed value	2,752,276,783
Debt limit (10% of total assessed value)	
Debt applicable to limit:	275,227,678
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>275,227,678</u>

† Smyrna's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general debt may be offset by amounts set aside for repaying general obligation bonds.

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

Fiscal Year	Population¹	Total Personal Income	Per Capita Personal Income²	Median Age²	CCSD School Enrollment³	Unemployment Rate⁴
2010	50,712	1,798,095,384	35,457	34	107,245	9.90%
2011	51,271	1,823,914,554	35,574	33	106,719	9.70%
2012	51,271	1,868,007,614	36,434	34	106,849	9.30%
2013	51,271	1,910,357,460	37,260	34	108,262	7.90%
2014	52,650	1,907,562,150	36,231	34	109,760	7.60%
2015	54,490	2,022,014,920	37,108	34	111,460	4.80%
2016	56,146	2,124,789,224	37,844	36	112,708	4.30%
2017	56,664	2,161,731,600	38,150	36	112,831	4.00%
2018	56,685	2,198,187,615	38,779	35	112,084	3.50%
2019	56,706	2,374,280,220	41,870	35	111,722	3.20%

Data sources

¹U.S. Census Bureau, 2017 Population Estimate

²U.S Census Bureau, 2012-2016 ACS Estimates

³The Cobb County Board of Education

⁴Georgia Department of Labor

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

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
IBM	775	1	2.25%	566	2	1.71%
United Distributors	550	2	1.60%	550	3	1.66%
City of Smyrna	425	3	1.23%	384	7	1.16%
S. P. Richards	423	4	1.23%	423	6	1.28%
Ridgeview Institute	420	5	1.22%	440	5	1.33%
UCB	400	6	1.16%	575	1	1.74%
GLOCK	400	7	1.16%	209	10	0.63%
Bake One/ Atlanta Bread Company	250	8	0.73%	350	8	1.06%
National Enevelop	245	9	0.71%			
Archdiocese of Atlanta	225	10	0.65%			
Emory-Adventist Hospital at Smyrna				499	4	1.51%
Publix				210	9	0.63%
Total	<u>4,113</u>		<u>11.95%</u>	<u>4,206</u>		<u>12.71%</u>

Data sources

Source: Community Development section on City of Smyrna website

²Georgia Department of Labor, 2019 estimate of total city employment is 34,413

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

Function/Program

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General government										
Governing Body	9	9	9	9	9	9	9	9	9	9
Chief Executive (Mgr. Or Admin.)	5	5	5	6	6	7	7	6	7	7
Data Processing / MIS	3	3	3	4	4	4	4	5	5	5
Recorder's Court	7	7	7	6	6	6	6	4	4	4
Financial Administration	7	6	6	6	6	7	5	6	6	7
General Govt. Bldgs. & Plant	6	6	6	6	6	4	3	4	4	4
Water Administration	7	7	7	4	4	3	4	4	7	7
Human Resources	4	4	4	4	4	4	4	4	4	4
Public Safety										
Police Administration	119	101	101	95	102	94	100	96	94	98
Jail Operations	-	19	19	21	21	21	22	26	25	19
Fire Administration	66	72	72	70	72	72	68	68	5	4
Fire Response	-	-	-	-	-	-	-	-	67	63
Fire Prevention	4	4	3	3	3	4	4	4	5	5
Fire Training	3	3	3	2	3	3	3	3	3	3
E-911 Communications	18	18	18	18	18	18	14	20	20	21
Emergency Management	1	1	1	1	1	1	1	1	-	-
Community Services										
Public Information	2	2	2	2	2	2	2	2	2	2
Public Education	3	3	3	3	3	3	3	5	4	4
Culture/Recreation Administration	10	11	11	11	10	10	6	7	8	9
Participant Recreation	1	1	1	1	3	3	1	1	1	1
Recreation Center	4	4	4	4	3	3	4	4	3	4
Parks Areas	-	-	-	-	-	-	-	-	-	-
Parks Maintenance	-	-	-	-	-	-	-	5	9	10
Library Administration	8	8	8	7	8	8	7	7	7	7
Protective Insp. Administration	11	13	13	13	14	14	14	14	15	14
Public Works										
Highways & Streets Admin.	29	29	29	28	29	29	28	22	22	20
Traffic Engineering	3	2	2	2	2	3	3	4	4	5
Sanitary Administration	21	21	21	20	21	23	19	23	19	26
Distribution (Water)	21	20	20	21	23	24	20	24	20	16
Recyclables Collection	5	5	5	5	5	5	6	6	6	11
Maintenance & Shop	7	7	7	7	7	7	7	4	7	6
Total	<u>384</u>	<u>391</u>	<u>390</u>	<u>379</u>	<u>395</u>	<u>391</u>	<u>374</u>	<u>388</u>	<u>392</u>	<u>395</u>

Source: Finance Department

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

July 2017 The City of Smyrna divided Fire Response from Fire Administration.

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

Function	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Public Works:										
Street resurfacing (feet)	-	-	52,656	39,475	59,097	71,824	50,475	20,275	20,645	35,310
Potholes misc. repairs	32	101	115	54	113	163	109	75	91	81
Drainage Creek	19	30	7	27	32	94	78	90	97	97
Fire protection:										
Number of calls answered	4,784	5,032	4,877	5,038	5,325	5,706	6,086	6,094	6,650	6,686
Police protection:										
Number of citations written	19,646	18,668	18,725	18,104	21,597	15,294	21,569	18,989	16,199	10,908
Number of automobile accidents	1,865	1,858	1,917	2,413	2,676	2,544	2,831	3,320	3,364	3,422
Number of reported crimes	1,793	1,778	1,508	2,055	1,931	1,678	2,237	2,118	1,691	1,158
Water system:										
Water mains breaks	9	28	17	21	22	27	23	21	17	12
Install water meter	15	45	108	82	83	165	201	178	183	137
Sewerage system:										
Sewer backup	45	40	191	228	194	195	180	201	162	102
Sanitation										
Large items pick up	369	1,101	965	1,006	1,070	1,263	1,220	1,304	1,321	1,068
Recreation and culture:										
Community Center bookings	2,248	1,838	770	892	1,147	1,220	1,046	1,009	998	874
Visitors to the Center	272,000	277,400	309,870	285,000	300,000	300,000	300,000	291,847	311,172	268,626
Senior Aquatic Center classes	1,339	1,230	1,150	1,192	1,231	1,352	1,352	1,300	1,300	1,300
Library										
Attendance	271,050	248,383	261,993	235,666	239,516	204,277	202,754	196,059	188,142	208,799
Circulation	232,116	220,652	229,068	216,810	243,502	261,411	277,144	294,161	306,020	321,173

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

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

Function	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Public Works:										
Miles of streets	176	176	176	223	225	225	232	232	232	232
Number of traffic lights	693	693	693	699	699	699	690	690	690	690
Number of street lights:	3,972	3,972	3,972	3,972	328	328	328	328	328	328
Fire protection:										
Number of stations	4	4	4	5	5	5	5	5	5	5
Number of fire fighters and officers	72	72	72	80	80	80	81	82	79	79
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of police officers	94	92	88	87	90	87	90	87	91	87
Water system:										
Average monthly number of accounts	13,500	13,486	13,606	14,500	14,417	14,417	14,956	15,144	15,267	15,431
Average daily consumption in gallons	3,700,000	3,791,000	3,779,000	3,897,000	3,721,000	3,540,000	3,752,000	3,770,000	3,529,000	3,614,000
Miles of water mains	241	241	241	241	241	241	178	185	185	250
Sewerage system:										
Miles of sanitary sewers	138	138	138	179	181	181	185	188	188	188
Miles of storm sewers	80	80	80	142	147	147	151	159	159	159
Building permits issued	483	686	886	1,041	754	741	832	872	1,000	820
Recreation and culture:										
Number of parks	27	27	27	27	27	27	27	30	30	30
Park acreage	325	327	327	327	327	327	327	302	302	302
Number of libraries	1	1	1	1	1	1	1	1	1	1
Number of items	109,183	112,647	111,607	93,246	90,972	92,703	91,726	89,415	88,815	92,145

Sources: Various city departments.

COMPLIANCE SECTION

CITY OF SMYRNA, GEORGIA
CAR RENTAL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Revenues</u>	<u>Expenditures *</u>	<u>Percentage Expended</u>
<u>\$ 131,986</u>	<u>\$ 131,986</u>	<u>100.00%</u>

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

CITY OF SMYRNA, GEORGIA
HOTEL/MOTEL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Revenues</u>	<u>Expenditures *</u>	<u>Percentage Expended</u>
<u>\$ 1,520,066</u>	<u>\$ 931,323</u>	<u>61.27%</u>

* Expended in Hotel/Motel Special Revenue Fund

CITY OF SMYRNA, GEORGIA
1 PERCENT SALES TAX
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX
PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Project	Original Estimated Cost	Current Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
2006 SPLOST Program:						
Transportation Projects	\$ 43,400,391	\$ 42,422,370	\$ 42,422,370	\$ -	\$ 42,422,370	100.00%
800 MHz Radios	850,067	796,794	796,794	-	796,794	100.00%
Total	\$ 44,250,458	\$ 43,219,164	\$ 43,219,164	\$ -	\$ 43,219,164	
2012 SPLOST Program:						
Transportation Projects	\$ 29,229,814	\$ 36,027,843	\$ 35,745,203	\$ 203,266	\$ 35,948,469	99.78%
Park Projects	2,137,000	2,184,026	2,167,516	-	2,167,516	99.24%
Public Safety Projects	1,527,000	2,376,900	2,376,902	-	2,376,902	100.00%
Keep Smyrna Beautiful Projects	1,040,504	2,012,303	2,012,303	-	2,012,303	100.00%
Total	\$ 33,934,318	\$ 42,601,072	\$ 42,301,924	\$ 203,266	\$ 42,505,190	
2016 SPLOST Program:						
Transportation Projects	\$ 44,773,203	\$ 66,257,539	\$ 25,807,865	\$ 8,049,416	\$ 33,857,281	51.10%
Parks Projects	3,890,000	3,890,000	3,657,191	141,597	3,798,788	97.66%
Public Safety Projects	4,110,000	6,493,838	4,993,835	1,479,787	6,473,622	99.69%
	\$ 52,773,203	\$ 76,641,377	\$ 34,458,891	\$ 9,670,800	\$ 44,129,691	
	Debt Service Expenditures (1)		964,194	530,067	1,494,261	
			\$ 35,423,085	\$ 10,200,867	\$ 45,623,952	

(1) Includes transfers out to the General Fund for debt service expenditures.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Smyrna, Georgia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 8, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Richels, Cauley & Associates, LLC

Kennesaw, Georgia
November 8, 2019