



**Comprehensive Annual  
Financial Report  
Fiscal Year Ending  
June 30, 2019**

**Prepared by the Finance Department**

# TOWN OF SMYRNA, TENNESSEE

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## **INTRODUCTORY SECTION**

Town Council  
Marc Adkins, Vice-Mayor  
H. G. Cole  
Tim Morrell  
Racquel Peebles  
Gerry Short  
Steve Sullivan



Mayor  
Mary Esther Reed  
  
Town Manager  
Brian D. Hercules

October 31, 2019

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

The Comprehensive Annual Financial Report of the Town of Smyrna, Tennessee (the “Town” or “Town of Smyrna”) for the fiscal year ending June 30, 2019, is hereby submitted as required by state statutes. These statutes require that all general-purpose local governments publish a complete set of audited financial statements.

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

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

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

### **Profile of the Government**

The Town of Smyrna is located in middle Tennessee in the northwestern part of Rutherford County; it has grown 35.3% in the previous ten years. The Town is in close proximity to the southeastern boundary of Metropolitan Nashville-Davidson County and is joined by the City of Murfreesboro on the south. The City of LaVergne is immediately to the northwest of the Town. The incorporated area of the Town covers approximately 29 square miles and serves an estimated population of 51,519.

The Town was first incorporated in December 1869, but that incorporating charter was repealed in 1881. The Town then operated under a Mayor and Commission form of government

authorized by a charter dated May 5, 1915. In January 2000, the Town adopted a new charter changing to a Council-Manager form of government. The new charter also changed the number of members in the governing body of the Town. The governing body is made up of the Mayor and six Council Members, who serve four-year terms of office. The Mayor and Council appoint the Town Manager, who is the chief, non-elected administrative officer of the Town.

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

The annual budget serves as the foundation for the Town's financial planning and control. The Town maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Town's governing body. The legal level of budgetary control is at the department level. Any revision to the total expenditures of any department or transfers between departments must be approved by the Town Council. Additional information concerning the Town's budgetary process can be found on page 50 of this report.

### **Local Economy**

The Town currently enjoys a favorable economic environment and local indicators point to continued stability. The Town enjoys a diversified base of employment from area industries and also serves as a bedroom community to Nashville. The largest single employer is Nissan North America, Inc., a leading manufacturer of vehicles in America. Nissan is also one of Tennessee's largest employers which employ more than 8,400 people with an annual payroll in excess of \$290 million.

The Town continues to see commercial growth within its boundaries. This growth is in both expansion of existing companies and new businesses choosing to locate in Smyrna. Nissan continues to look at new model update investments. Topre America Corp. has invested approximately \$105.1 million and created 145 new jobs. Topre has expanded three times since its arrival in 2012. Topre America provides automotive stamping and body structure assemblies for Nissan, Honda and Toyota. NFI is investing approximately \$7.2 million to establish a distribution facility in Smyrna. The logistics provider plans to create nearly 170 new jobs over a five year period. Franke Foodservice Systems officials announced that the company will expand its operations in Smyrna. The food service industry equipment manufacturer has already invested \$11.6 million and created 67 new jobs. Franke Foodservice Systems is a leading provider of comprehensive systems and services for the global foodservice industry. Motlow State Community College announced a \$27.2 million dollar expansion at its Smyrna campus. The

building will include a new library, student lounge, bookstore and administrative offices. The expansion is due to record increases in student enrollment. Smyrna Rutherford County Airport Authority, located in Smyrna, has leased part of its business park to Hillwood. Hillwood, a Texas based Perot family business, has invested \$82 million and developed 1,488,729 square feet to date. It has sub-leases with NFI, Franke, George P. Johnson and BBB.

New businesses that have opened or in the process of opening include Steak-N-Shake, Steel Technologies, Phase II, Hollingshead Aviation Hangar, Airport Business Park – Lot 2 industrial building, Airport Business Park – Lot 3 industrial building, Estes Express Expansion, Heartland Dental Care, Nissan Battery Plant Expansion, Togrye dental office/retail building, Topre Phase VI, Traditions Assisted Living, Dunkin Donuts, and Taco Bell. Businesses currently under construction are O'Reilly Auto Parts, Topre Phase VII, Avid Hotel, Wash-N-Roll car wash, and Regions Bank. Businesses that have been approved by the Planning Commission include Topre Phase VIII, RaceTrac gas station, Rock Springs Market gas station, B & B Flooring, Ascend Federal Credit Union, Christian Brothers Automotive, Nissan North America warehouse addition and stamping panel warehouse addition, SRM Concrete corporate headquarters, Courtyard by Marriott hotel, Rock Springs Plaza Phase II, which is a retail/restaurant development with a gas station as well, and a three story climate controlled storage facility next to Home Depot. This growth provides jobs and revenues to the Town.

The local economy has historically remained healthier than the national economy, with the average unemployment rate below the national average. During the past ten years, the unemployment rate for Smyrna has averaged about 5.75%, while the national unemployment rate for the same time period has averaged about 6.25%. As of June 30, 2019, the local unemployment rate was 3.2%. The local unemployment rate is expected to remain below the national rate.

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

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

### **Relevant Financial Policies**

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

### **Major Initiatives**

The Town's impressive amenities, such as our superior park system, executive and regulation golf courses, extensive greenways, and our forward looking approach to infrastructure improvements, and recruitment of commercial business allow us to continue to live up to our

reputation of being one of the best places to retire. Forbes Magazine recognized the Town as one of the top 25 best places to retire touting the Town's cost of living is 9% below the national average (2016). Livability.com has named Smyrna as the second most affordable city in the State of Tennessee.

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

The Town of Smyrna is currently updating the Comprehensive Plan. This plan was originally adopted in 2007. This plan will lay the framework for future land use decisions by the Town as we continue to grow. It will also use this future land use vision to guide investments in fire and police protection, water and sewer improvements, and will dovetail with the recently approved Major Thoroughfare Plan and Bicycle and Pedestrian Plan in guiding transportation improvements for the Town.

The Town has recently completed a Downtown Master Plan. This is an expansion to the Corridor Overlay Plan for Lowry Street which was adopted last year. This plan will guide development and redevelopment in the downtown area along Front Street south to Enon Springs Road West, as well as on the north side of Lowry Street up to and including the Sam Davis Road corridor. This is a long term vision and will take many years to fully realize.

The Town of Smyrna is about to undertake a project to improve the form and function of Lowry Street. The proposal is to rehabilitate and add sidewalks, landscaping, and crosswalks. The project will be developed in several phases, and Phase I is the downtown core of Smyrna. This area is located in a locally designated historic district, which also includes area on the southwestern side of the railroad centered on Front Street and the Smyrna Train Depot. The Town desires to continue to bring business to what we have labeled the "Depot District" by making it a more attractive and vibrant area. Phase I of this project will include Lowry Street from Sam Davis Road to Jackson Street, which is approximately .25 of a mile. This portion of the project will include removal of the center turn lane from Washington Street to Sam Hager Drive. It will also include installing landscaping and any necessary stormwater infrastructure in place of the removed center turn lane. The project will also include replacement and/or addition of sidewalks, crosswalks, and reducing vehicular access in strategic locations to increase safety for pedestrian and bicycle traffic. Final construction plans for Phase I have been submitted to TDOT for review. Phase II of this project will be from Jackson Street to the bridge over Hart's Branch, which is a distance of approximately .16 of a mile. The Town received a grant for this project from the Nashville Area Metropolitan Planning Organization. We are currently awaiting the paperwork from the Tennessee Department of Transportation to initiate the contract for this phase.

Public Works is committed to improving the traffic flow in the Town. Several projects are underway to accomplish this. The Town continues to pursue the Federal Highway

Administration and Tennessee Department of Transportation regarding the construction of another interchange off Interstate 24 within the Town's corporate boundaries. Providing this additional interchange would allow for a wealth of opportunities for commercial growth while further benefiting our citizens by providing an additional means of accessing Interstate 24. A necessary step prior to the interchange approval involves TDOT studying the I-24 interchanges at Sam Ridley and Nissan/Lee Victory to improve traffic flow. TDOT has determined that the Sam Ridley Interchange is operating within an allowable level of service. However, the Nissan/Lee Victory Interchange is operating below allowable levels of service at peak times. TDOT has submitted the results of their study to FHWA to request funding for upgrades to this interchange. The intersection improvements at Stonecrest Parkway and Sam Ridley Parkway are currently underway with a completion date of September 2019. This project adds three lanes to Stonecrest and will allow more vehicles to move through this intersection in less time. Currently, we are working on improvements to the intersection of Weakley Lane and Swan Drive to add a left turn lane on all four legs of this intersection. This will help move vehicles quicker through this intersection. The Potomac Place Extension project has been completed to extend Potomac from Sam Ridley to Chaney Road. With this project, the existing traffic signal at Chaney and Sam Ridley was removed and a new signal installed at Potomac and Sam Ridley. This is another project along Sam Ridley that will help equalize traffic flow and provide access management to the Sam Ridley corridor. We are currently out to bid on the Sam Ridley Parkway Widening Project to add a third lane along Sam Ridley from I-24 to Old Nashville Highway and provide better access management. A Signal Timing and Optimization Study has been completed and new timings implemented to help improve traffic flow throughout the Town at signalized intersections. Currently the Town is awaiting Construction Phase funding from FHWA for Phases 1 and 2 of a five phase project to install an Intelligent Traffic System around town. The Town has received additional funding for Phases 3 through 5 and is currently in design of the plans and requesting utility clearances. The Enon Springs West Extension project is under construction from the intersection of Enon Springs and Old Nashville to the Rocky Fork Road bridge over I-24. This 1.5 miles of roadway is being designed as a Gateway Entrance into the Town of Smyrna in anticipation of a future interchange at I-24 and Rocky Fork Road. Also, the Town has received CMAQ grant funding for improvements to the intersection of Sam Ridley and Old Nashville Highway. This project is currently in the environmental (NEPA) phase. These projects will help improve travel times throughout the town and encourage further development.

The Town of Smyrna has completed the design phase of the expansion of the Waste Water Treatment Plant. This expansion will increase the treatment capacity from 5.5 million gallons per day (MGD) to 9.0 MGD along with preparing to allow future expansion to 12 MGD. Bids for construction were opened on June 6, 2019, with Judy Construction coming in as the low bidder at approximately \$35.5 million. Construction will begin at the end of August 2019. The construction will be a three-year process.

The Town's natural gas provider, Centerpoint Energy, continues to provide reliable delivery of natural gas supply to our customers. The agreement, which includes hedging to eliminate spikes in pricing and financial analysis, continues to provide our customers with low cost energy.

The Town has placed into service a Wastewater Effluent Reuse System. This “green” initiative provides non-potable water for irrigation and other purposes to commercial and industrial uses. We are currently expanding the re-use system and have developed a preliminary master plan for future expansions. This project also reduces the amount of effluent returned to the Hart’s Branch tributary. This assists the Water Treatment Plant operations by reducing potable water demands.

The Town is working with the State of Tennessee on a project consisting of the relocation and upsizing of water, sewer and gas lines in conjunction with the TDOT road widening project from Nissan Drive along SR 266 (Jefferson Pike) to the interchange at Interstate 840. This project is currently approved in TDOT’s FY20-22 budget. Construction on the project is expected to begin in fall 2020. The Town is also partnering with a private development group to extend sanitary sewer service out Almaville Road approximately 4.5 miles to Independent Hill Road. This project is still in the design phase. These infrastructure improvements would provide the opportunity for economic growth and job creation.

The Town is currently in the ROW phase (design has been completed) for the potential extension of sewer into the Olive Branch drainage basin. This project will continue to foster growth and development within the Town.

The Town is currently moving forward with an AMI meter project beginning with Gas where all meters will be converted and a network built to automatically read meters, evaluate data and provide a high level of service for our customers. Once the gas portion has been completed, water will follow.

The Town of Smyrna Parks and Recreation Department continues to evolve with an ever-changing community. Not only does the town have a robust park system, the department has made a concerted effort to present more programs for the Smyrna community. Long standing programs like Independence Day Celebration and Halloween in the Park are now complimented by multiple Smyrna Outdoor Adventure Center programs and Depot District events.

Last year the community and Town of Smyrna embarked on a fundraising campaign to make the Capt. Jeff Kuss USMC Memorial a reality. This year the town upgraded the memorial with area lighting and benches. The memorial has become a main attraction for the town and Rutherford County.

Construction continues to progress at Cedar Stone Community Park. The town’s newest park will be home to the Smyrna Baseball League for years to come. The project, which includes four synthetic turf youth baseball fields, concession stand and restrooms, playground, and associated amenities, is expected to open in late fall 2019.

The long-awaited Jefferson Springs Greenway Extension was completed and opened to the public in May of this year. This project has been in the works for years and boasts 1.4 miles of trail, restrooms, and benches, which is in addition to the existing 7 miles of our greenway system. The extension starts near the Disc Golf Course in Sharp Springs Natural Area and terminates at the Jefferson Springs Rec Area along the banks of J. Percy Priest Lake.

Work on the Rotary Soccer Park Annex continued with the addition of sports lighting and turf grow-in for soccer use. The additional soccer fields will see their first use in the fall soccer season. The Town of Smyrna worked with Stones River Futbol Club to bring this expansion idea to reality.

The Department continued to work on multiple projects including the Depot Stage Canopy and Washington and Lowry Street Park design and asphalt improvements. The town partnered with Smyrna Youth Football League to install sidewalks around the football fields, complete the football press box, and host the 50<sup>th</sup> anniversary ceremony for the league. The town also partnered with Stones River Futbol Club to install fencing around the game fields at Rotary Soccer Park.

In addition to capital improvement projects, the heart of the Smyrna community can be seen at multiple venues and events. The SplashTown Aquatic Complex remained popular for a third straight year while the Gregory Mill Splashpad gave visitors a zero-depth option to cool down in the summer heat. Participation at the Smyrna Outdoor Adventure Center (SOAC) continues to rise, while staff presented a full summer camp schedule. The SOAC hosts adventure programs in the parks, exhibits in the exhibit hall of their building, and various programs on site. As stated earlier, the department continued to host heavily-attended annual events such as the Independence Day Celebration and Halloween in the Park. The department and Kuss Memorial Committee added the inaugural Top Gun Night Run to the schedule, resulting in a sold out 500 runner night race. Multiple smaller events such as BBQ Fest, Simply Smyrna, and Depot Days have grown in participation. The goal of the Parks and Recreation Department is to serve a diverse Smyrna community through staff, partnerships, and volunteers.

### **Awards and Acknowledgements**

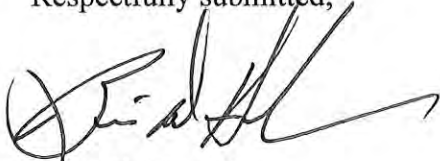
We are pleased to announce that Moody's Investor Service has upgraded the Town's credit rating to Aa1. The upgrade primarily reflects strong economic growth that has fueled tax base expansion and revenue growth. The favorable economic prospects that will continue to strengthen the Town's credit profile. The Aa1 rating also takes into account the Town's strong financial position including prudent financial management and ample reserves, an expanding tax base with modest taxpayer concentration and a manageable debt burden.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Smyrna for its comprehensive annual financial report (CAFR) for the year ended June 30, 2018. The Town of Smyrna has consecutively received a Certificate of Achievement since Fiscal Year 1988. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Brian D. Hercules  
Town Manager



Rex S. Gaither, CMFO, CPPB  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Smyrna  
Tennessee**

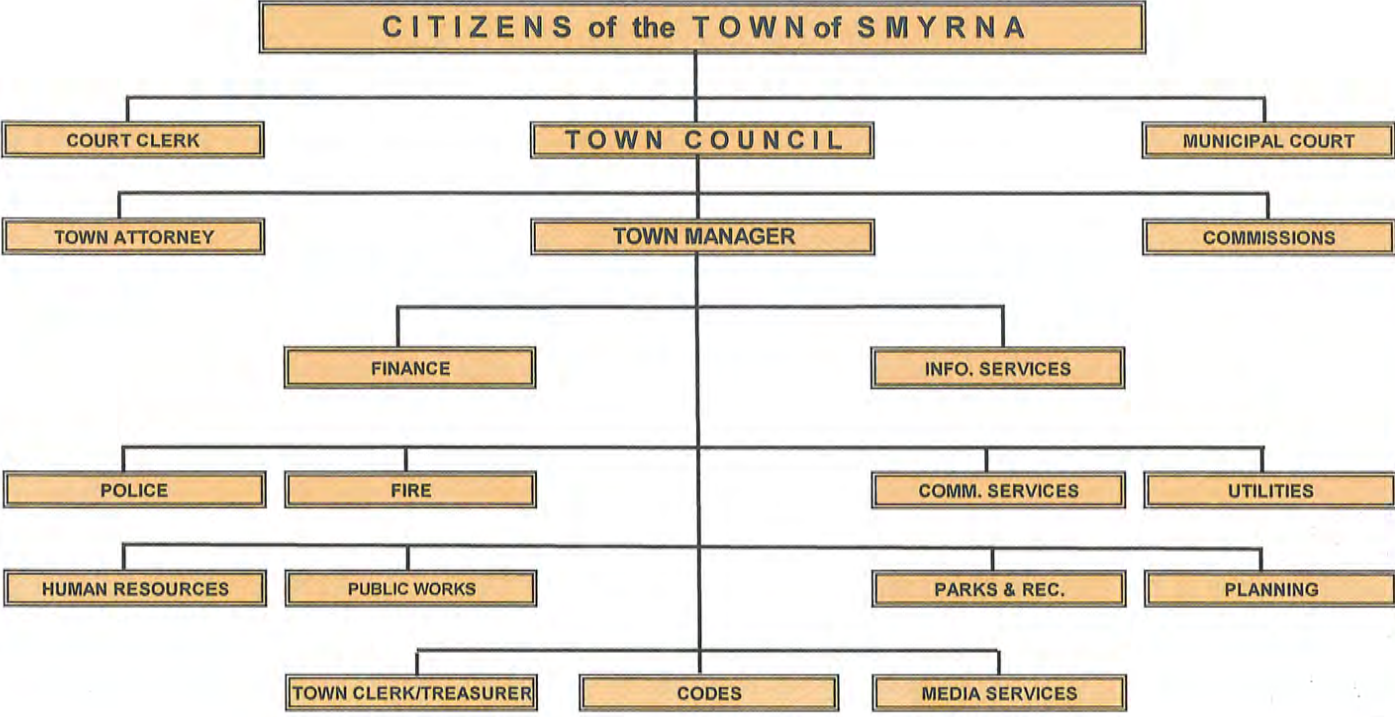
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morrill*

Executive Director/CEO

**ORGANIZATIONAL CHART**  
**July 2018**



# TOWN OF SMYRNA, TENNESSEE

## Town Officials

### ELECTED OFFICIALS:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mary Esther Reed	Mayor	November 2022
Marc Adkins	Vice Mayor, Councilmember	November 2022
H. G. Cole	Councilmember	November 2022
Tim Morrell	Councilmember	November 2020
Raquel Peebles	Councilmember	November 2020
Gerry Short	Councilmember	November 2022
Steve Sullivan	Councilmember	November 2020

### APPOINTED OFFICIALS:

		<u>Date of Appointment</u>
Brian D. Hercules*	Town Manager	September 2018
Jeff Peach	Town Attorney	June 2013
Kevin Arnold	Chief of Police	December 2006
Jeff Craig	Director of Human Resources	September 2007
Bill Culbertson	Fire Chief	January 1993
Rex S. Gaither, CMFO, CPPB**	Director of Finance	November 2010
Tom Rose	Director of Public Works	August 2015
Hal Loflin	Director of Community Services	June 1993
Mike Moss	Director of Parks and Recreation	June 2004
Michael Strange	Director of Utilities	March 2014
Dianne Waldron	Town Clerk	May 1981

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

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

## **FINANCIAL SECTION**

# YEARY, HOWELL & ASSOCIATES

*Certified Public Accountants*

501 EAST IRIS DRIVE  
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY  
GREGORY V. HOWELL

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

## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

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

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

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pages 3 through 12, and required supplementary information on pages 52-54, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

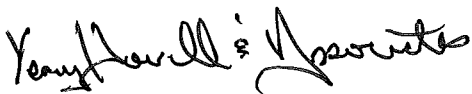
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund statements and schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 U.S. Code of *Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* is also not a required part of the basic financial statements.

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

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

## Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2019, in our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Smyrna's internal control over financial reporting and compliance.



October 17, 2019

## Management's Discussion and Analysis

As management of the Town of Smyrna, Tennessee (the "Town" or the "Town of Smyrna"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Town. Please consider the information presented here in conjunction with our Letter of Transmittal (page i-viii) and the Town's financial statements (beginning on page 13).

### Financial Highlights

- The assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$327,912,738 (net position). Of this amount, \$88,504,309 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$25,105,727.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$65,457,317, an increase of \$17,883,719 in comparison with the prior year. Approximately 46.5% of this total amount, \$30,440,130, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$30,440,130, or 95.7% of total general fund expenditures. This demonstrates the Town's fiscal discipline and places the Town in a financial position to meet unexpected emergencies, uncertainties at the State level or a general slowdown in the economy.
- The Town of Smyrna's total outstanding debt (bonds and notes) increased by \$11,683,808 during the current fiscal year. This was a result of the issuance of \$21,615,879 in new debt and the payment of current debt owed.

### Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

The combining and individual fund statements and schedules can be found on pages 54-63 of this report.

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

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

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

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

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-51 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Smyrna, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$327,912,738 at the close of the most recent fiscal year.

#### Net Position - Primary Government June 30

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 90,655,627	\$ 70,125,345	\$ 57,106,446	\$ 48,032,829	\$ 147,762,073	\$ 118,158,174
Capital Assets	119,123,791	106,301,421	145,446,525	145,816,835	264,570,316	252,118,256
Total Assets	209,779,418	176,426,766	202,552,971	193,849,664	412,332,389	370,276,430
Deferred Outflows of Resources	331,057	423,125	688,074	806,851	1,019,131	1,229,976
Long-term Liabilities Outstanding	33,062,472	15,323,309	29,555,041	32,922,498	62,617,513	48,245,807
Other Liabilities	5,170,286	3,507,407	3,812,097	3,369,669	8,982,383	6,877,076
Total Liabilities	38,232,758	18,830,716	33,367,138	36,292,167	71,599,896	55,122,883
Deferred Inflows of Resources	13,838,886	13,576,512	-	-	13,838,886	13,576,512
Net Positions:						
Net Investment in Capital Assets	104,041,833	95,417,145	116,462,875	114,009,907	220,504,708	209,427,052
Restricted	18,903,721	16,360,911	-	-	18,903,721	16,360,911
Unrestricted	35,093,277	32,664,607	53,411,032	44,354,441	88,504,309	77,019,048
Total Net Position	\$ 158,038,831	\$ 144,442,663	\$ 169,873,907	\$ 158,364,348	\$ 327,912,738	\$ 302,807,011

By far the largest portion of the Town of Smyrna's net position 67.24% reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town of Smyrna uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Smyrna's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Town's net position 5.76 % represents resources that are subject to external restrictions on how they may be used. These include net position restricted for capital projects \$11,624,083, highways and streets \$1,408,171, stormwater \$3,979,036, debt service \$1,543,628 and law enforcement \$348,803. The remaining balance of unrestricted net position \$88,504,309 may be used to meet the government's ongoing obligations to citizens and creditors.

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

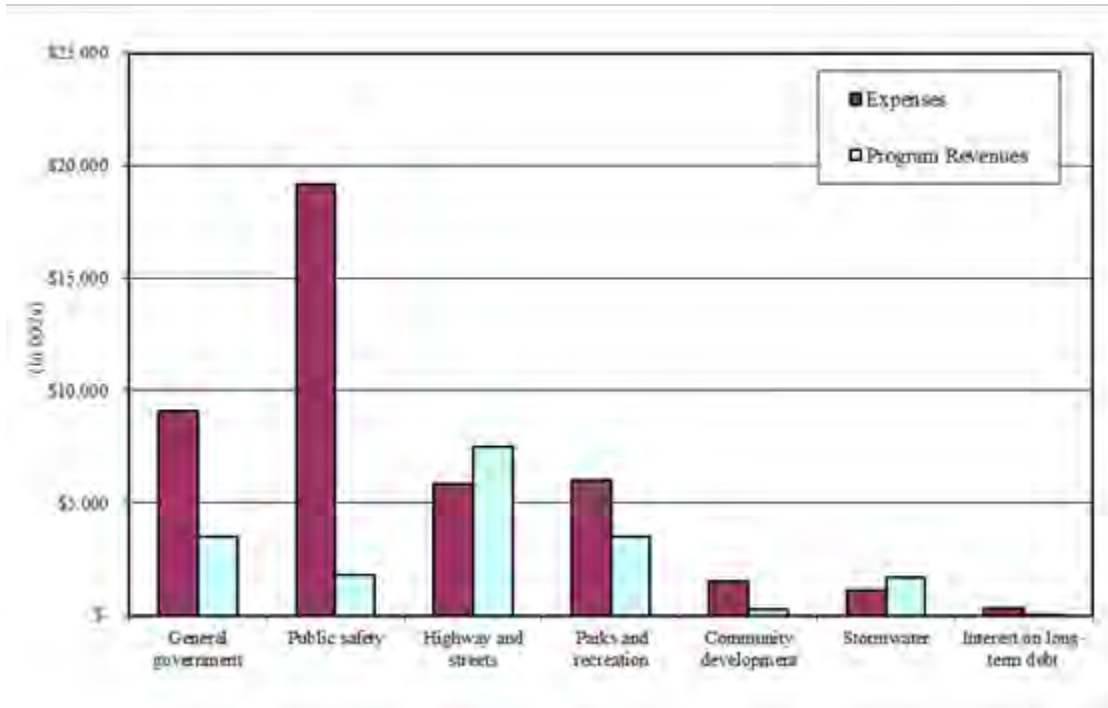
**Governmental activities.** Governmental activities increased the Town of Smyrna's net position by \$13,596,165. The town's revenues were \$4,798,536 more than last year. Revenue showed growth in unrestricted investment earnings 88.10%, other taxes 2.37%, charges for services 1.66%, property and in lieu of taxes 2.81%, sales tax 7.18%, capital grants and contributions 51.90%. Operating grants and contributions declined slightly at 0.19%. Revenues decreased in other revenues 25.27%. The town's expenses were \$2,447,149 more than last year. Departmental expenses increased in public safety 2.04% and interest on long-term debt decreased 6.98%.

Departmental expenses increased in general government 13.32%, highways and streets 11.67%, parks and recreation 5.07%, community development 0.51%, and stormwater 11.03%

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

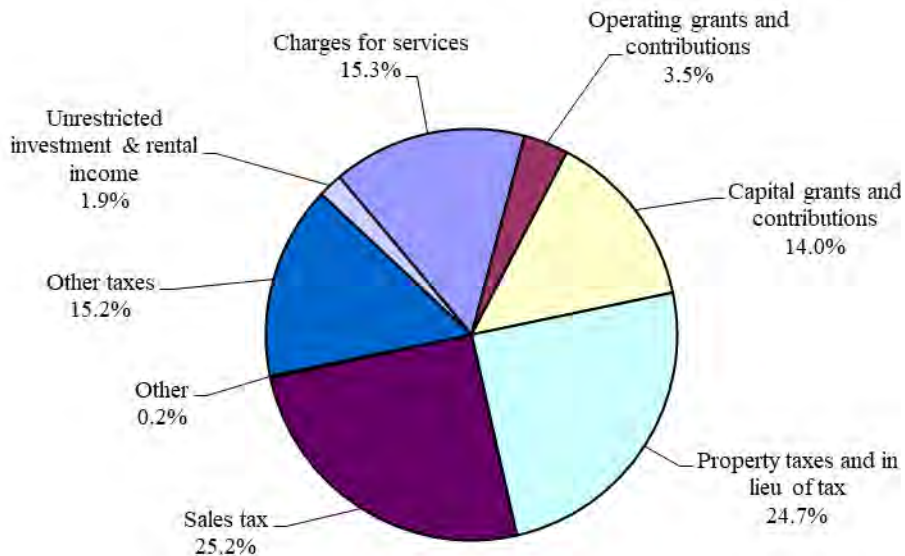
	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Charges for services	\$ 8,525,914	\$ 8,386,463	\$ 35,262,622	\$ 34,209,069	\$ 43,788,536	\$ 42,595,532
Operating grants and contributions	1,962,869	1,966,594	-	-	1,962,869	1,966,594
Capital grants and contributions	7,844,548	5,164,168	5,441,588	9,482,463	13,286,136	14,646,631
General revenues:						
Property taxes and in lieu of tax	13,818,771	13,441,018	-	-	13,818,771	13,441,018
Sales tax	14,044,696	13,104,269	-	-	14,044,696	13,104,269
Other taxes	8,480,982	8,284,362	-	-	8,480,982	8,284,362
Gain on sale of capital assets	-	-	-	-	-	-
Unrestricted investment earnings	1,067,922	567,727	1,015,978	513,829	2,083,900	1,081,556
Special Item	-	-	-	-	-	-
Other	96,281	128,846	-	-	96,281	128,846
Total Revenues	55,841,983	51,043,447	41,720,188	44,205,361	97,562,171	95,248,808
General government	9,086,900	8,018,956	-	-	9,086,900	8,018,956
Public safety	19,179,121	18,794,800	-	-	19,179,121	18,794,800
Highway and streets	5,848,241	5,236,993	-	-	5,848,241	5,236,993
Parks and recreation	6,002,908	5,713,129	-	-	6,002,908	5,713,129
Community development	1,501,940	1,494,284	-	-	1,501,940	1,494,284
Stormwater	1,099,104	989,918	-	-	1,099,104	989,918
Interest on long-term debt	306,249	329,234	-	-	306,249	329,234
Water and Sewer	-	-	16,588,841	16,651,408	16,588,841	16,651,408
Natural Gas	-	-	12,843,143	12,888,817	12,843,143	12,888,817
Total expenses	43,024,463	40,577,314	29,431,984	29,540,225	72,456,447	70,117,539
Increase in net position before transfers	12,817,520	10,466,133	12,288,204	14,665,136	25,105,724	25,131,269
Transfers	778,645	839,214	(778,645)	(839,214)	-	-
Increase in net position	13,596,165	11,305,347	11,509,559	13,825,922	25,105,724	25,131,269
Net position - beginning	144,442,663	133,137,316	158,364,348	144,538,426	302,807,011	255,155,804
Net position - ending	\$ 158,038,828	\$ 144,442,663	\$ 169,873,907	\$ 158,364,348	\$ 327,912,735	\$ 302,807,011

## Expenses and Program Revenues – Governmental Activities



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

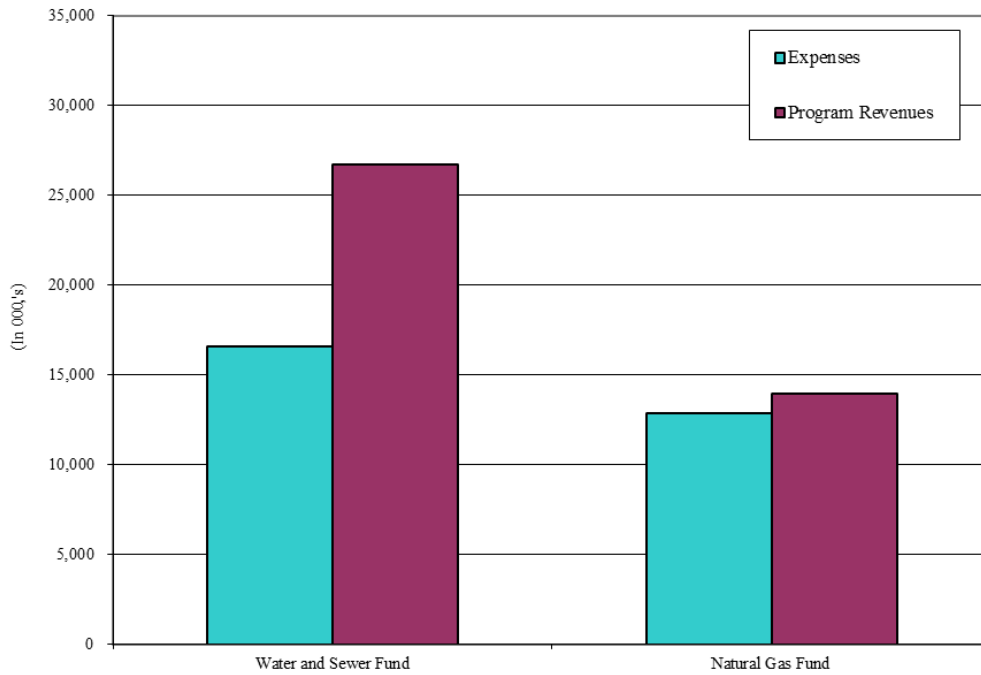
## Revenue by Source – Governmental Activities



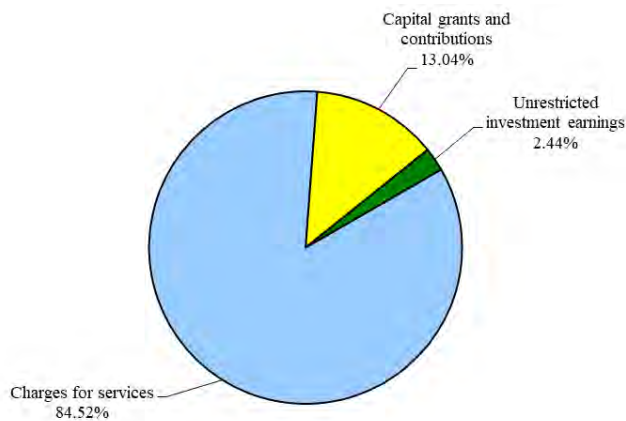
**Business-type activities.** Business-type activities decreased the Town of Smyrna’s net position by \$2,316,363. Key elements of this decrease are as follows:

- The business-type activities total revenue decreased by \$2,485,173. Capitalized lines and contributed lines from developers decreased overall by 30.25%. Unrestricted investment earnings increased by 97.73%.
- The business-type activities total expenses decreased by \$108,241. Revenues for Water and Sewer decreased by 0.38% and Natural Gas by 0.35%.

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



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



## Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$65,457,317, an increase of \$17,883,719 in comparison with the prior year. Approximately 46.5% of this total amount \$30,440,130 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved, committed, assigned or non-spendable to indicate that it is not available for new spending. This amounted to \$35,017,187 including prepaid items and inventory of \$98,044.

The general fund is the chief operating fund of the Town of Smyrna. The general fund balance increased by \$170,094 during the current fiscal year. At the end of the current fiscal year, unassigned fund balance of the general fund was \$30,440,130, while total fund balance was \$31,496,271. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 92.52% of total general fund expenditures, while total fund balance represents 95.73% of that same amount.

The capital projects fund has a total fund balance of \$22,504,014. There was a net increase in fund balance of \$15,938,124 during the current year primarily resulting from the issuance of debt of \$20,161,462.

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

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$37,930,389 and those for the Natural Gas Fund amounted to \$14,652,647. The change in unrestricted net position for the funds was an increase of \$8,264,221 and an increase of \$758,423 respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town's business-type activities.

### General Fund Budgetary Highlights

During the year, there was a \$77,000 increase in appropriations between the original and final amended general fund expenditure budget and can be summarized with the following:

- \$24,000 amendment to fund Linebaugh Library.
- \$53,000 amendment to fund utilities and food supplies for resale.

These amendments were funded from an increase in Local Option Sales Tax and Event Center Revenues.

There was a \$4,685,600 increase in appropriations between the original and final amended general fund budget in Capital Projects for transfers to the Capital Projects Fund that can be summarized as follows:

- \$4,600,000 amendment to appropriate funds for current and future capital projects.
- \$54,000 amendment to appropriate funds for replacement Pursuit Cars.
- \$1,600 amendment to appropriate funds for the Fuel Tank in Vehicle Maintenance.
- \$30,000 amendment to appropriate funds for Soccer Park Lights.

The amendments for capital projects were funded from current year revenues.

The Town had a surplus of \$170,094 in the General Fund. The surplus resulted from excess revenues, under budget result in expenditures and delayed capital projects. Total revenues exceeded prior year revenues by approximately \$4,798,536 and were over budget in Local Option Sales Tax, Charges for Services, and Capital Grants.

Additional information about the budget process can be found in Note 15, on page 50-51 of this report.

### **Capital Asset and Debt Administration**

**Capital assets.** The Town of Smyrna's investment in capital assets for its governmental and business type activities as of June 30, 2019 amounts to \$264,570,317 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water, sewer and gas system, construction in progress, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the Town of Smyrna's investment in capital assets for the current fiscal year was 4.94 percent, a 12.06 percent increase for governmental activities and a 0.25 percent decrease for business-type activities.

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

- Fifteen police vehicles and related equipment were purchased for \$462,049.
- The Jefferson Springs Greenway was completed with total costs amounting to \$2,744,146.
- Several stormwater system improvements were implemented, amounting to \$661,136.
- Several renovations were made to Town Hall, amounting to \$187,068.
- Design and construction of the Cedar Stone Park continued, amounting to \$4,925,131.
- Improvements to several parks were made, amounting to \$214,367.
- Three vehicles were purchased for the Planning department, amounting to \$57,529.
- An above-ground fuel tank was purchased for Vehicle Maintenance, amounting to \$50,764.
- Design and construction of the Enon Springs West extension continued, amounting to \$2,434,826.
- The Parks department purchased two vehicles, a mower and a lap pool cover, resulting in an increase in equipment of \$133,215.
- The Gas Fund extended subdivision lines in the amount of \$547,175.
- Design of the Waste Water Plant Expansion continued, amounting to \$41,080.
- The Gas Fund had several SCADA upgrades, amounting to \$230,396.
- Developer donations to Water and Sewer improvements amounted to \$2,095,825 and general government activities street infrastructure in the amount of \$3,120,574.
- The Fire Department purchased a vehicle for \$43,941 and in-vehicle security cameras for \$24,975.
- Improvements at Weakley Lane and Swan Drive continued, amounting to \$871,981.
- The Jeff Kuss Memorial had several improvements, amounting to \$228,523.
- Several sewer rehabilitation projects were completed, amounting to \$111,231.
- Two trucks were purchased for the Water and Sewer department, amounting to \$77,191.
- A Salt Bin was purchased for the Street department, amounting to \$38,395.
- Land adjacent to the Event Center was purchased for future use, amounting to \$319,529.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Land	\$ 7,648,951	\$ 7,329,421	\$ 1,681,903	\$ 1,681,903	\$ 9,330,854	\$ 9,011,324
Water rights			2,350,000	2,350,000	2,350,000	2,350,000
Buildings and system	14,140,453	14,268,865	134,739,370	137,246,203	148,879,823	151,515,068
Improvements other than buildings	11,065,311	7,833,622	-	-	11,065,311	7,833,622
Machinery and equipment	7,212,419	7,809,130	1,716,266	1,395,868	8,928,685	9,204,998
Infrastructure	57,461,911	57,038,514	-	-	57,461,911	57,038,514
Construction in progress	21,594,747	12,021,869	4,958,986	3,142,861	26,553,733	15,164,730
Total Assets, net	\$ 119,123,792	\$ 106,301,421	\$ 145,446,525	\$ 145,816,835	\$ 264,570,317	\$ 252,118,256

Additional information on the Town's capital assets can be found in Note 3 on page 36-37 of this report.

**Long-term debt.** At the end of the current fiscal year, the Town of Smyrna had total bonded debt and revolving loan obligations outstanding of \$59,316,114. Of this amount, \$52,770,372 is debt backed by the full faith and credit of the government; \$6,545,742 is debt secured by specified revenue sources, but backed by the taxing authority of the Town (i.e., revenue and tax bonds and revolving loans).

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 30,125,713	\$ 12,499,969	\$ 22,644,659	\$ 23,661,568	\$ 52,770,372	\$ 36,161,537
Revenue and tax bonds	-	-	2,450,000	5,895,000	2,450,000	5,895,000
Revolving Loan	-	-	4,095,742	2,973,260	4,095,742	2,973,260
Total	\$ 30,125,713	\$ 12,499,969	\$ 29,190,401	\$ 32,529,828	\$ 59,316,114	\$ 45,029,797

The Town of Smyrna's total outstanding debt increased by \$14,286,317 or 31.73%. This was a result of the issuance of new debt of \$19,454,417 and payment of current debt owed. The Town of Smyrna maintained an "AA+" rating from Standard and Poor's. Moody's Investor Services maintained an "Aa1" rating for the town.

State statutes set no limit for the amount of general obligation debt a governmental entity may issue. However, the Town has established a policy that tax supported debt not exceed 10% of assessed property value. The Town's Governmental Activities tax supported debt is currently at 1.05% of assessed property value.

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

## **Economic Factors and Next Year's Budgets and Rates**

- Management believes unemployment in the area will continue to remain at a low percentage due to the creation of local jobs.
- Property tax and in lieu of collections were 2.81% more than in the previous year.
- Local sales tax collections were 7.18% more than in the previous year. This is due to the continued development of commercial businesses and residential growth.
- Business tax collections increased 5.21% from the previous year.
- State shared taxes were 2.65% more than in the previous year.
- Water (2%) and sewer (3%) rates were increased to fund a future plant expansion.
- The economic growth seems to be on a steady path upward.
- A surplus of \$20,144 is projected for the General Fund in the 2020 fiscal year.

These factors were considered in preparing the Town of Smyrna's budget for the 2020 fiscal year.

## **Requests for Information**

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

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

TOWN OF SMYRNA, TENNESSEE

Statement of Net Position

June 30, 2019

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		Charity Assistance Fund
<u>Assets</u>				
Cash and cash equivalents	\$54,688,708	48,678,076	103,366,784	173,662
Receivables (net of allowance for uncollectibles)				
Property taxes	11,223,697	-	11,223,697	-
Other taxes	3,079,167	-	3,079,167	-
Due from other governments	5,232,433	1,454,418	6,686,851	-
Accounts receivable	471,542	3,545,939	4,017,481	1,078
Inventories, at cost	104,066	800,396	904,462	-
Internal balances	(827,995)	827,995	-	-
Restricted assets:				
Cash and equivalents - customer and developer deposits	-	1,621,989	1,621,989	-
Cash-bond proceeds	15,155,617	-	15,155,617	-
Note receivable	1,510,000	177,633	1,687,633	-
Prepaid items	12,494	-	12,494	-
Other assets	5,898	-	5,898	-
Non-depreciable capital assets	29,243,698	8,990,889	38,234,587	-
Depreciable capital assets (net of accumulated depreciation)	89,880,093	136,455,636	226,335,729	-
<b>Total Assets</b>	<b>209,779,418</b>	<b>202,552,971</b>	<b>412,332,389</b>	<b>174,740</b>
<u>Deferred Outflows of Resources</u>				
Net difference between projected and actual earnings - pensions	103,042	67,794	170,836	-
Deferred charge on refunding	228,015	620,280	848,295	-
<b>Total deferred outflows of resources</b>	<b>331,057</b>	<b>688,074</b>	<b>1,019,131</b>	<b>-</b>
<u>Liabilities</u>				
Accounts payable	2,104,054	921,176	3,025,230	(465)
Accrued liabilities	1,047,295	596,710	1,644,005	-
Interest payable	93,226	258,694	351,920	-
Contracts payable	1,869,877	413,528	2,283,405	-
Unearned revenue	55,834	-	55,834	-
Liabilities payable from restricted assets	-	1,621,989	1,621,989	-
Long-term liabilities due within one year	4,785,386	3,742,552	8,527,938	-
Long-term liabilities due in more than one year	28,277,086	25,812,489	54,089,575	-
<b>Total Liabilities</b>	<b>38,232,758</b>	<b>33,367,138</b>	<b>71,599,896</b>	<b>(465)</b>
<u>Deferred Inflows of Resources</u>				
Unlevied property, in-lieu and income taxes	13,838,886	-	13,838,886	-
<b>Total deferred inflows of resources</b>	<b>13,838,886</b>	<b>-</b>	<b>13,838,886</b>	<b>-</b>
<u>Net Position</u>				
Net investment in capital assets	104,041,833	116,462,875	220,504,708	-
Restricted :				
Street maintenance	1,408,171	-	1,408,171	-
Law enforcement	348,803	-	348,803	-
Stormwater	3,979,036	-	3,979,036	-
Debt service	1,543,628	-	1,543,628	-
Capital projects	11,624,083	-	11,624,083	-
Unrestricted	35,093,277	53,411,032	88,504,309	174,275
<b>Total Net Position</b>	<b>\$158,038,831</b>	<b>169,873,907</b>	<b>327,912,738</b>	<b>174,275</b>

See accompanying notes to financial statements

TOWN OF SMYRNA, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2019

Functions / Programs:	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			Component Units Charity Assistance Fund
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
General government	\$9,086,899	3,520,121	1,880	-	(5,564,898)	-	(5,564,898)	-
Public safety:								
Police	10,179,164	1,228,309	71,652	-	(8,879,203)	-	(8,879,203)	-
Fire	8,999,957	-	44,400	462,377	(8,493,180)	-	(8,493,180)	-
Highways and streets	5,848,241	-	1,844,937	5,623,228	1,619,924	-	1,619,924	-
Recreation	6,002,908	1,758,617	-	1,758,943	(2,485,348)	-	(2,485,348)	-
Community Development	1,501,940	265,846	-	-	(1,236,094)	-	(1,236,094)	-
Stormwater	1,099,104	1,697,248	-	-	598,144	-	598,144	-
Interest expense on long-term debt	306,249	55,773	-	-	(250,476)	-	(250,476)	-
Total Government Activities	<u>43,024,462</u>	<u>8,525,914</u>	<u>1,962,869</u>	<u>7,844,548</u>	<u>(24,691,131)</u>	<u>-</u>	<u>(24,691,131)</u>	<u>-</u>
<b>Business-type Activities</b>								
Water and Sewer	16,588,841	21,482,036	-	5,246,005	-	10,139,200	10,139,200	-
Natural Gas	12,843,143	13,780,586	-	195,583	-	1,133,026	1,133,026	-
Total Business-type Activities	<u>29,431,984</u>	<u>35,262,622</u>	<u>-</u>	<u>5,441,588</u>	<u>-</u>	<u>11,272,226</u>	<u>11,272,226</u>	<u>-</u>
Total Primary Government	<u>\$72,456,446</u>	<u>43,788,536</u>	<u>1,962,869</u>	<u>13,286,136</u>	<u>(24,691,131)</u>	<u>11,272,226</u>	<u>(13,418,905)</u>	<u>-</u>
<b>Component Unit:</b>								
Charity Assistance Fund	60,342	-	223,771	-	-	-	-	163,429
Total Component Units	<u>\$60,342</u>	<u>-</u>	<u>223,771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,429</u>
<b>General Revenues:</b>								
Property taxes and in lieu of tax					\$13,818,771	-	13,818,771	-
Sales taxes					14,044,696	-	14,044,696	-
Business tax					1,559,262	-	1,559,262	-
Wholesale beer tax					1,098,048	-	1,098,048	-
Hotel / Motel Tax					662,758	-	662,758	-
Cable TV Franchise Tax					566,107	-	566,107	-
Unrestricted other locally assessed taxes					26,610	-	26,610	-
State shared unrestricted taxes:								
State shared income tax					106,979	-	106,979	-
State shared beer tax					21,999	-	21,999	-
State shared sales tax					4,214,626	-	4,214,626	-
State shared mixed drink tax					164,905	-	164,905	-
Other unrestricted other state shared taxes					59,688	-	59,688	-
Unrestricted investment earnings					1,067,922	1,015,978	2,083,900	706
Other					96,283	-	96,283	-
<b>Transfers</b>					<u>778,645</u>	<u>(778,645)</u>	<u>-</u>	<u>-</u>
Total general revenues, transfers and special item					<u>38,287,299</u>	<u>237,333</u>	<u>38,524,632</u>	<u>706</u>
Change in net position					<u>13,596,168</u>	<u>11,509,559</u>	<u>25,105,727</u>	<u>164,135</u>
Net position - beginning of year					<u>144,442,663</u>	<u>158,364,348</u>	<u>302,807,011</u>	<u>10,140</u>
Net position - end of year					<u>\$158,038,831</u>	<u>169,873,907</u>	<u>327,912,738</u>	<u>174,275</u>

See accompanying notes to financial statements

TOWN OF SMYRNA, TENNESSEE

**Balance Sheet  
Governmental Funds**

**June 30, 2019**

<u>Assets</u>	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Cash	\$30,806,705	9,465,387	9,104,808	49,376,900
Cash - bond proceeds	-	15,155,617		15,155,617
Receivables (net of allowance for uncollectibles) :				
Property taxes	11,334,148	-	-	11,334,148
Other taxes	3,079,167	-	-	3,079,167
Due from other governments	3,498,052	1,445,905	288,476	5,232,433
Accounts receivable	198,705	26,114	206,639	431,458
Due from other funds	-	-	589,554	589,554
Inventory of supplies	85,550	-	-	85,550
Note receivable	-	-	1,510,000	1,510,000
Prepaid items	12,494	-	-	12,494
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$49,014,821</u>	<u>26,093,023</u>	<u>11,699,477</u>	<u>86,807,321</u>
<u>Liabilities</u>				
Accounts payable	\$431,428	1,129,578	74,874	1,635,880
Accrued costs	1,021,030	-	26,265	1,047,295
Due to other funds	-	589,554	-	589,554
Contracts payable	-	1,869,877	-	1,869,877
Unearned revenue	55,834	-	-	55,834
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>1,508,292</u>	<u>3,589,009</u>	<u>101,139</u>	<u>5,198,440</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenues	16,010,258	-	141,306	16,151,564
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance:				
Nonspendable:				
Inventory	85,550	-	-	85,550
Prepays	12,494	-	-	12,494
Restricted for:				
Street maintenance	-	-	1,266,865	1,266,865
Law enforcement	-	-	348,803	348,803
Stormwater	-	-	4,039,364	4,039,364
General capital projects	17,314	22,504,014	-	22,521,328
Roads capital projects	-	-	1,599,560	1,599,560
Parks capital projects	-	-	680,701	680,701
Fire protection capital projects	-	-	1,978,111	1,978,111
Debt service	-	-	1,543,628	1,543,628
Committed for cemetery maintenance	940,783	-	-	940,783
Unassigned	30,440,130	-	-	30,440,130
Total Fund Balances	<u>31,496,271</u>	<u>22,504,014</u>	<u>11,457,032</u>	<u>65,457,317</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$49,014,821</u>	<u>26,093,023</u>	<u>11,699,477</u>	<u>86,807,321</u>

See accompanying notes to financial statements.

**TOWN OF SMYRNA, TENNESSEE**

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

**June 30, 2019**

<b>Amounts reported for fund balance - total governmental funds</b>	<b>\$65,457,317</b>
 <b>Amounts reported for governmental activities in the statement of net position are different because:</b>	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported in the funds.	119,123,791
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	
State shared revenues and local option sales tax receivable	1,915,341
Property taxes receivable	286,886
Internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	4,074,239
Interest payable on long-term obligations are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	(93,226)
Prepaid insurance related to bond issues are amortized over the life of the bonds in the statement of activities.	5,898
Deferred charges on refundings are reported in the governmental funds when the refunding debt is issued, but is deferred and amortized over the remaining life of the debt in the government-wide statements.	228,015
Net differences between projected and actual earnings related to pensions is deferred and amortized as a component of pension expense	103,042
Bond premiums are amortized as a component of interest in the statement of activities.	(2,627,863)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not recorded in the funds.	
Governmental bonds and notes payable	(27,497,850)
Compensated absences	(2,382,536)
Net pension obligation	(554,223)
Net position of governmental activities	<b>\$158,038,831</b>

See accompanying notes to financial statements.

**TOWN OF SMYRNA, TENNESSEE**

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

**For the Year Ended June 30, 2019**

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>				
Taxes	\$28,669,509	-	-	28,669,509
Payment in lieu of taxes	2,895,379	-	-	2,895,379
Licenses and permits	1,802,170	-	2,168,830	3,971,000
Intergovernmental	4,830,903	2,575,226	1,663,825	9,069,954
Fines and forfeits	1,156,010	-	72,299	1,228,309
Uses of money and property	4,394,033	135,078	1,935,281	6,464,392
Miscellaneous	113,917	-	-	113,917
Total Revenues	43,861,921	2,710,304	5,840,235	52,412,460
<u>Expenditures</u>				
Current:				
General government	8,175,196	459,089	-	8,634,285
Public safety:				
Police	9,719,875	194,458	51,110	9,965,443
Fire	8,274,192	123,740	-	8,397,932
Highways and streets	507,806	446,932	1,413,751	2,368,489
Recreation	4,744,217	282,043	-	5,026,260
Community development	1,479,234	11,030	-	1,490,264
Stormwater	-	-	878,797	878,797
Debt service	-	-	2,773,043	2,773,043
Capital outlay	-	15,902,957	31,378	15,934,335
Total Expenditures	32,900,520	17,420,249	5,148,079	55,468,848
Excess (deficiency) revenues over expenditures	10,961,401	(14,709,945)	692,156	(3,056,388)
<u>Other Financing Sources (Uses)</u>				
Issuance of debt	-	18,000,000	-	18,000,000
Premium on issuance of debt	-	2,161,462	-	2,161,462
Transfers in	891,468	10,486,607	2,636,850	14,014,925
Transfers out	(11,682,775)	-	(1,553,505)	(13,236,280)
Total Other Financing Source (Uses)	(10,791,307)	30,648,069	1,083,345	20,940,107
Net change in fund balance	170,094	15,938,124	1,775,501	17,883,719
Fund balance, beginning of year	31,326,177	6,565,890	9,681,531	47,573,598
Fund balance, end of year	\$31,496,271	22,504,014	11,457,032	65,457,317

See accompanying notes to financial statements.

TOWN OF SMYRNA, TENNESSEE

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

For the Year Ended June 30, 2019

Net change in fund balances-total governmental funds: \$17,883,719

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Cost of assets acquired	15,934,335
Depreciation expense	(6,218,127)
Basis of capital assets disposed of	(14,412)

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

Property taxes	117,754
Local option sales tax	70,821
State shared taxes	39,044
Contributed capital assets	3,120,574

The issuance of long-term debt provides current financial resources to governmental funds. While the repayment of the principal of long-term debt consumes the current financial resources of governmental funds, neither transaction, however, has any effect on net position. Also governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities.

Debt repayment	2,399,850
Debt issuance	(18,000,000)
Amortization of prepaid insurance related to bond issue	(1,967)
Amortization of debt related premium	135,868
Debt issuance premiums and discounts	(2,161,462)
Amortization of deferred charge on refunding	(67,797)

Interest is accrued on outstanding obligations in governmental activities whereas, in governmental funds, an interest expenditure is reported when due:

Change in accrued interest on debt	(1,127)
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Expenses reported for governmental activities which do not require the use of financial resources and are not reported as expenditures in the governmental funds:

Compensated absences	(177,536)
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Pension expenditures in the governmental funds represent amounts paid to currently fund the pension plan; however pension expense in the statement of activities is a comprehensive measurement consisting of elements having both immediate recognition and amortization of deferred amounts which can increase (decrease) pension cost.

	39,847
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Internal service funds are used by management to charge the costs of insurance to individual funds. The net revenue (expenses) of certain activities of internal service funds is reported with governmental activities. (net of amount allocated to business activities)

	496,784
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Change in net position of governmental activities	<u>\$13,596,168</u>
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See accompanying notes to financial statements.

TOWN OF SMYRNA, TENNESSEE

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

General Fund

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Real estate taxes	\$10,580,000	10,580,000	10,805,638	225,638
Business tax	1,550,000	1,550,000	1,536,473	(13,527)
Wholesale beer tax	1,140,000	1,140,000	1,098,048	(41,952)
Local option sales tax	13,800,000	13,937,600	13,973,875	36,275
Hotel / motel tax	703,900	703,900	662,758	(41,142)
Cable TV / gas franchise tax	613,700	613,700	566,107	(47,593)
Other	26,000	26,000	26,610	610
Total Taxes	28,413,600	28,551,200	28,669,509	118,309
Payments in lieu of taxes	2,920,000	2,920,000	2,895,379	(24,621)
Licenses and Permits	1,528,350	1,528,350	1,802,170	273,820
Intergovernmental Revenues:				
State income tax	100,000	100,000	106,979	6,979
State beer tax	22,000	22,000	21,999	(1)
State sales tax	4,300,000	4,300,000	4,204,732	(95,268)
State mixed drink tax	136,000	136,000	163,600	27,600
State petroleum special tax	98,000	98,000	94,357	(3,643)
Federal and state grants	10,860	10,860	13,849	2,989
State street maintenance contracts	120,000	120,000	81,699	(38,301)
State fire supplement	42,000	42,000	44,400	2,400
State police supplement	42,000	42,000	39,600	(2,400)
Other state and county shared taxes	34,000	34,000	59,688	25,688
Total Intergovernmental Revenues	4,904,860	4,904,860	4,830,903	(73,957)
Fines and forfeits	1,330,000	1,330,000	1,156,010	(173,990)
Uses of Property and Money:				
Penalties	40,200	40,200	26,453	(13,747)
Interest earned	372,000	372,000	651,619	279,619
Rent	84,400	84,400	91,178	6,778
Traffic school fees	108,000	108,000	99,191	(8,809)
Administrative support charges	1,392,229	1,392,229	1,392,229	-
Cemetery revenue	81,000	81,000	108,900	27,900
Recreation fees and community center fees	1,684,800	1,704,300	1,758,617	54,317
Food sales	260,000	265,500	265,846	346
Total Uses of Property and Money	4,022,629	4,047,629	4,394,033	346,404
Other:				
Sale of property	30,000	30,000	50,207	20,207
Miscellaneous	73,600	73,600	63,710	(9,890)
Total Other	103,600	103,600	113,917	10,317
Total Revenues	43,223,039	43,385,639	43,861,921	476,282
Expenditures:				
General Government:				
Current:				
Legislative Board:				
Salaries	36,000	36,000	60,400	(24,400)
Benefits and payroll taxes	82,821	82,821	75,934	6,887
Travel	10,000	10,000	15,816	(5,816)
Insurance	83,472	83,472	25,500	57,972
Other	6,300	6,300	4,685	1,615
Total Legislative Board	218,593	218,593	182,335	36,258

Continued on next page

**TOWN OF SMYRNA, TENNESSEE**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (GAAP Basis) and Actual, Continued**  
**General Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures, Continued:				
General Government, Continued:				
Current, Continued:				
Town and General Sessions Court:				
Salaries	\$830,281	830,281	794,619	35,662
Benefits and payroll taxes	348,237	348,237	304,590	43,647
Contractual services	95,925	95,925	76,160	19,765
Supplies	46,255	46,255	25,090	21,165
Other	24,967	24,967	4,843	20,124
Total Town and General Sessions Court	<u>1,345,665</u>	<u>1,345,665</u>	<u>1,205,302</u>	<u>140,363</u>
Vehicle Maintenance:				
Salaries	222,310	222,310	217,047	5,263
Benefits and payroll taxes	122,487	122,487	111,026	11,461
Supplies and repairs	51,200	51,200	53,332	(2,132)
Other	18,302	18,302	18,442	(140)
Total Vehicle Maintenance	<u>414,299</u>	<u>414,299</u>	<u>399,847</u>	<u>14,452</u>
Codes, Engineering and Planning:				
Salaries	935,730	935,730	871,230	64,500
Benefits and payroll taxes	439,932	439,932	371,478	68,454
Contractual services	77,200	77,200	62,581	14,619
Professional services	50,500	50,500	21,393	29,107
Insurance	4,716	4,716	4,716	-
Telephone and utilities	4,060	4,060	5,145	(1,085)
Supplies	29,000	29,000	17,113	11,887
Repairs and maintenance	5,150	5,150	711	4,439
Travel	2,575	2,575	234	2,341
Other	31,450	31,450	11,442	20,008
Total Codes, Engineering and Planning	<u>1,580,313</u>	<u>1,580,313</u>	<u>1,366,043</u>	<u>214,270</u>
Building and Grounds:				
Salaries	398,940	398,940	367,646	31,294
Benefits and payroll taxes	187,047	187,047	153,285	33,762
Repairs and maintenance	122,100	122,100	121,556	544
Supplies	28,800	28,800	26,561	2,239
Insurance	7,615	7,615	7,615	-
Cemetery	34,255	34,255	22,511	11,744
Other	5,650	5,650	1,827	3,823
Total Building Maintenance	<u>784,407</u>	<u>784,407</u>	<u>701,001</u>	<u>83,406</u>
Finance and Administration:				
Salaries	2,291,790	2,291,790	2,240,884	50,906
Benefits and payroll taxes	1,002,917	1,002,917	859,832	143,085
Memberships and testing	48,131	48,131	45,026	3,105
Telephone and utilities	179,320	179,320	168,471	10,849
Professional services	168,700	168,700	25,363	143,337
Contractual services	830,528	830,528	743,173	87,355
Repairs and maintenance	8,500	8,500	23,289	(14,789)
Supplies	67,740	67,740	75,521	(7,781)
Insurance	19,030	19,030	18,705	325
Outside services	100,000	100,000	47,460	52,540
Other	80,901	80,901	72,944	7,957
Total Finance and Administration	<u>4,797,557</u>	<u>4,797,557</u>	<u>4,320,668</u>	<u>476,889</u>
Total Current	<u>9,140,834</u>	<u>9,140,834</u>	<u>8,175,196</u>	<u>965,638</u>
Capital Outlay	-	-	-	-
Total General Government	<u>9,140,834</u>	<u>9,140,834</u>	<u>8,175,196</u>	<u>965,638</u>

Continued on next page

**TOWN OF SMYRNA, TENNESSEE**

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

**General Fund**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures, Continued:				
Public Safety:				
Police Department:				
Current:				
Salaries	\$6,461,360	6,461,360	6,225,622	235,738
Benefits and payroll taxes	3,082,144	3,082,144	2,484,673	597,471
Outside services	284,541	284,541	208,481	76,060
Memberships and testing	39,760	39,760	22,607	17,153
Telephone	54,511	54,511	46,374	8,137
Repairs and maintenance	98,663	98,663	85,917	12,746
Travel	58,095	58,095	16,384	41,711
Supplies	411,235	411,235	298,497	112,738
Insurance	310,742	310,742	310,742	-
Other	14,544	14,544	20,578	(6,034)
Total Current	<u>10,815,595</u>	<u>10,815,595</u>	<u>9,719,875</u>	<u>1,095,720</u>
Capital Outlay	-	-	-	-
Total Police Department	<u>10,815,595</u>	<u>10,815,595</u>	<u>9,719,875</u>	<u>1,095,720</u>
Fire Department:				
Current:				
Salaries	5,459,720	5,459,720	5,418,387	41,333
Benefits and payroll taxes	2,753,717	2,753,717	2,144,276	609,441
Memberships and testing	11,395	11,395	7,665	3,730
Telephone and utilities	126,207	126,207	113,300	12,907
Repairs and maintenance	204,960	204,960	152,862	52,098
Travel	80,885	80,885	39,879	41,006
Supplies	335,820	335,820	208,299	127,521
Insurance	49,625	49,625	49,625	-
Outside services	185,095	185,095	129,030	56,065
Other	13,400	13,400	10,869	2,531
Total Current	<u>9,220,824</u>	<u>9,220,824</u>	<u>8,274,192</u>	<u>946,632</u>
Capital Outlay	-	-	-	-
Total Fire Department	<u>9,220,824</u>	<u>9,220,824</u>	<u>8,274,192</u>	<u>946,632</u>
Total Public Safety	<u>20,036,419</u>	<u>20,036,419</u>	<u>17,994,067</u>	<u>2,042,352</u>
Highways and Streets:				
Current:				
Salaries	218,780	218,780	179,404	39,376
Benefits and payroll taxes	180,270	180,270	141,383	38,887
Telephone and utilities	3,200	3,200	2,534	666
Repairs and maintenance	90,000	90,000	82,663	7,337
Supplies	54,000	54,000	46,218	7,782
Insurance	12,495	12,495	12,495	-
Outside services	45,800	45,800	37,441	8,359
Other	22,070	22,070	5,668	16,402
Total Current	<u>626,615</u>	<u>626,615</u>	<u>507,806</u>	<u>118,809</u>
Capital Outlay	-	-	-	-
Total Highways and Streets	<u>626,615</u>	<u>626,615</u>	<u>507,806</u>	<u>118,809</u>

Continued on next page

**TOWN OF SMYRNA, TENNESSEE**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget (GAAP Basis) and Actual, Continued**  
**General Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures, Continued:				
Recreation:				
Current:				
Salaries	\$2,463,210	2,463,210	2,160,868	302,342
Benefits and payroll taxes	1,165,440	1,165,440	1,007,484	157,956
Memberships and testing	12,620	12,620	11,890	730
Telephone and utilities	315,100	315,100	342,336	(27,236)
Repairs and maintenance	185,740	185,740	194,875	(9,135)
Outside services	253,775	253,775	290,092	(36,317)
Food purchases	107,100	107,100	123,181	(16,081)
Recreation programs	49,560	49,560	49,726	(166)
Advertising and promotion	4,650	4,650	3,258	1,392
Supplies	219,190	219,190	234,998	(15,808)
Insurance	54,513	54,513	54,513	-
Rent	225,116	225,116	225,466	(350)
Other	40,260	40,260	45,530	(5,270)
Total Current	<u>5,096,274</u>	<u>5,096,274</u>	<u>4,744,217</u>	<u>352,057</u>
Capital Outlay	-	-	-	-
Total Recreation	<u>5,096,274</u>	<u>5,096,274</u>	<u>4,744,217</u>	<u>352,057</u>
Community Development:				
Current:				
Salaries	377,700	377,700	373,232	4,468
Benefits and payroll taxes	160,887	160,887	137,711	23,176
Telephone and utilities	62,600	82,100	81,986	114
Repairs and maintenance	12,000	12,000	9,227	2,773
Outside services	7,000	7,000	23,072	(16,072)
Advertising and promotion	4,000	4,000	529	3,471
Food purchases	173,000	206,500	236,018	(29,518)
Supplies	48,100	48,100	40,927	7,173
Insurance	688	688	688	-
Contributions to non-profits	548,240	572,240	571,517	723
Other	9,000	9,000	4,327	4,673
Total Current	<u>1,403,215</u>	<u>1,480,215</u>	<u>1,479,234</u>	<u>981</u>
Capital Outlay	-	-	-	-
Total Community Development	<u>1,403,215</u>	<u>1,480,215</u>	<u>1,479,234</u>	<u>981</u>
Total Expenditures	<u>36,303,357</u>	<u>36,380,357</u>	<u>32,900,520</u>	<u>3,479,837</u>
Excess Revenues Over Expenditures	<u>6,919,682</u>	<u>7,005,282</u>	<u>10,961,401</u>	<u>3,956,119</u>
Other Financing Sources (Uses):				
Transfer to Capital Projects Fund	(4,617,411)	(9,303,011)	(9,045,925)	257,086
Transfer to Debt Service Fund	(2,813,921)	(2,813,921)	(2,636,850)	177,071
Transfer from Stormwater Fund	112,823	112,823	112,823	-
Transfer from Gas Fund	194,986	194,986	194,986	-
Transfer from Water and Sewer Fund	583,659	583,659	583,659	-
Total Other Financing Sources (Uses)	<u>(6,539,864)</u>	<u>(11,225,464)</u>	<u>(10,791,307)</u>	<u>434,157</u>
Net change in fund balance	379,818	(4,220,182)	170,094	4,390,276
Fund Balance, beginning of year	<u>31,283,643</u>	<u>31,283,643</u>	<u>31,326,177</u>	<u>42,534</u>
Fund Balance, end of year	<u>\$31,663,461</u>	<u>27,063,461</u>	<u>31,496,271</u>	<u>4,432,810</u>

See accompanying notes to financial statements.

**TOWN OF SMYRNA, TENNESSEE**

**Statement of Net Position**

**Proprietary Funds**

**June 30, 2019**

	Business-type Activities Enterprise Funds			Internal Service Fund
	Water and Sewer Fund	Natural Gas Fund	Total	Fund
<b>Assets</b>				
Current Assets:				
Cash and cash equivalents	\$34,279,056	14,399,020	48,678,076	5,311,808
Receivables:				
Utility customers, net of allowance for estimated uncollectible	3,017,949	527,990	3,545,939	-
Insurance receivable	-	-	-	40,084
Grant receivable	1,454,418	-	1,454,418	-
Note receivable, current portion	40,618	-	40,618	-
Total Accounts Receivable	4,512,985	527,990	5,040,975	40,084
Due from other funds	-	-	-	-
Inventory, at cost	447,481	352,915	800,396	18,516
Total Current Assets	39,239,522	15,279,925	54,519,447	5,370,408
Noncurrent Assets:				
Restricted Assets				
Cash - customer deposits and construction bonds	705,594	916,395	1,621,989	-
Total Noncurrent Restricted Assets	705,594	916,395	1,621,989	-
Property, Plant and Equipment	228,448,180	29,889,157	258,337,337	-
Less accumulated depreciation	(94,423,186)	(18,467,626)	(112,890,812)	-
Total Property, Plant and Equipment, Net	134,024,994	11,421,531	145,446,525	-
Other Assets:				
Note receivable, net of current portion	137,015	-	137,015	-
Total Other Assets	137,015	-	137,015	-
Total Noncurrent Assets	134,867,603	12,337,926	147,205,529	-
Total Assets	174,107,125	27,617,851	201,724,976	5,370,408
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	620,280	-	620,280	-
Net difference between projected and actual earnings - pension	45,914	21,880	67,794	-
Total Deferred Outflows of Resources	666,194	21,880	688,074	-
<b>Liabilities</b>				
Liabilities:				
Current Liabilities (payable from current assets):				
Accounts payable	\$538,021	383,155	921,176	468,174
Accrued expenses	448,394	148,316	596,710	-
Interest payable	258,694	-	258,694	-
Contract payable	413,528	-	413,528	-
Current maturities of long-term debt	3,742,552	-	3,742,552	-
Total Current Liabilities (payable from current assets)	5,401,189	531,471	5,932,660	468,174
Current Liabilities (payable from restricted assets):				
Construction bonds	652,943	-	652,943	-
Customer deposits and project assistance	52,651	916,395	969,046	-
Total Current Liabilities (payable from restricted assets)	705,594	916,395	1,621,989	-
Total Current Liabilities	6,106,783	1,447,866	7,554,649	468,174
Noncurrent Liabilities:				
Long-term debt, net of current maturities	25,694,802	117,687	25,812,489	-
Total Liabilities	31,801,585	1,565,553	33,367,138	468,174
<b>Net Position</b>				
Net investment in capital assets	105,041,345	11,421,531	116,462,875	-
Unrestricted	37,930,389	14,652,647	52,583,037	4,902,234
Total Net Position	\$142,971,734	26,074,178	169,045,912	4,902,234
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	1,358,348	(530,353)	827,995	
Net position of business-type activities	\$144,330,082	25,543,825	169,873,907	

See accompanying notes to financial statements.

TOWN OF SMYRNA, TENNESSEE

Statement of Revenues, Expenses and  
Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2019

	Business-type Activities Enterprise Funds		Total	Internal Service Fund
	Water and Sewer Fund	Natural Gas Fund		
Operating Revenues:				
Services	\$21,193,594	13,594,043	34,787,637	9,717,895
Other	9,342	118,206	127,548	-
Forfeited discounts	279,100	68,337	347,437	-
Total Operating Revenues	<u>21,482,036</u>	<u>13,780,586</u>	<u>35,262,622</u>	<u>9,717,895</u>
Operating Expenses:				
Gas / water purchases	-	9,568,358	9,568,358	-
Salaries	2,309,626	729,640	3,039,266	-
Benefits and payroll taxes	1,142,493	425,160	1,567,653	7,314,591
Property claims	-	-	-	636,257
Travel	1,711	1,797	3,508	-
Outside services	967,431	80,030	1,047,461	-
Telephone and utilities	2,041,871	38,453	2,080,324	-
Maintenance and repair	665,607	115,240	780,847	-
Operating supplies	1,555,166	168,794	1,723,960	-
Insurance	208,052	37,350	245,402	1,353,928
Professional services	56,188	33,976	90,164	-
Depreciation and amortization	6,163,773	838,084	7,001,857	-
Administrative support services	807,826	584,403	1,392,229	-
Bond issue cost	-	-	-	-
Other	52,312	133,462	185,774	-
Total Operating Expenses	<u>15,972,056</u>	<u>12,754,747</u>	<u>28,726,803</u>	<u>9,304,776</u>
Operating Income (loss)	<u>5,509,980</u>	<u>1,025,839</u>	<u>6,535,819</u>	<u>413,119</u>
Non-Operating Revenues (Expenses):				
Interest income	712,473	284,857	997,330	117,612
Other	-	-	-	-
Interest expenses	(720,479)	-	(720,479)	-
Total Non-Operating Revenues (Expenses)	<u>(8,006)</u>	<u>284,857</u>	<u>276,851</u>	<u>117,612</u>
Net Income (loss) Before Contributions and Transfers	<u>5,501,974</u>	<u>1,310,696</u>	<u>6,812,670</u>	<u>530,731</u>
Contributions and Special items:				
Capital contributions - tap fees	3,004,738	195,583	3,200,321	-
Grant-state revolving loan forgiveness	145,442	-	145,442	-
Grant-state revolving	-	-	-	-
Contributions from developers - non cash	2,095,825	-	2,095,825	-
Transfers out - in lieu tax payments	<u>(583,659)</u>	<u>(194,986)</u>	<u>(778,645)</u>	<u>-</u>
Change in Net Position	<u>10,164,320</u>	<u>1,311,293</u>	<u>11,475,613</u>	<u>530,731</u>
Net Position, Beginning of Year	<u>132,807,414</u>	<u>24,762,885</u>	<u>157,570,299</u>	<u>4,371,503</u>
Net Position, End of Year	<u>\$142,971,734</u>	<u>26,074,178</u>	<u>169,045,912</u>	<u>4,902,234</u>
Change in Net Position shown above	10,164,320	1,311,293	11,475,613	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>117,272</u>	<u>(83,326)</u>	<u>33,946</u>	
Change in net position of business-type activities	<u>\$10,281,592</u>	<u>1,227,967</u>	<u>11,509,559</u>	

See accompanying notes to financial statements.

**TOWN OF SMYRNA, TENNESSEE**

**Statement of Cash Flows**

**Proprietary Funds**

**For the Year Ended June 30, 2019**

	Business-type Activities Enterprise Funds		Total	Internal Service Fund
	Water and Sewer Fund	Natural Gas Fund		
Cash Flows from Operating Activities:				
Cash received from customers	\$21,247,619	13,750,692	34,998,311	-
Cash paid to employees for services	(2,270,141)	(735,253)	(3,005,394)	-
Cash paid to suppliers for goods and services	(6,959,342)	(10,613,630)	(17,572,972)	-
Payments for interfund administrative support services	(807,826)	(584,403)	(1,392,229)	-
Cash received (returned) on customer deposits	2,051	28,420	30,471	-
Premiums and insurance reimbursements received	-	-	-	9,695,968
Claims, insurance and administrative expenses paid	-	-	-	(9,973,140)
Net Cash Provided (Used) by Operating Activities	11,212,361	1,845,826	13,058,187	(277,172)
Cash Flows from Capital and Related Financing Activities:				
Purchase of property, plant, and equipment	(2,749,702)	(1,390,954)	(4,140,656)	-
Cash received from capital contributions	3,004,738	195,583	3,200,321	-
Cash received on note receivable	39,815	-	39,815	-
Cash received (paid) on construction bonds	207,778	-	207,778	-
Interest paid on debt	(1,305,312)	-	(1,305,312)	-
Payments on long-term debt	(3,956,644)	-	(3,956,644)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,759,327)	(1,195,371)	(5,954,698)	-
Cash Flows from Non-Capital Financing Activities:				
Transfers	(583,659)	(194,986)	(778,645)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(583,659)	(194,986)	(778,645)	-
Cash Flows from Investing Activities:				
Interest received on investments	712,473	284,857	997,330	117,612
Net Cash Provided (Used) by Investing Activities	712,473	284,857	997,330	117,612
Net Increase (Decrease) in Cash	6,581,848	740,326	7,322,174	(159,560)
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	28,402,802	14,575,089	42,977,891	5,471,368
Cash and Cash Equivalents and Restricted Cash, End of Year	\$34,984,650	15,315,415	50,300,065	5,311,808

Continued on next page

**TOWN OF SMYRNA, TENNESSEE**

**Statement of Cash Flows**

**Proprietary Funds, Continued**

**For the Year Ended June 30, 2019**

	Business-type Activities Enterprise Funds		Total	Internal Service Fund
	Water and Sewer Fund	Natural Gas Fund		
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations</u>				
Operating income (loss)	\$5,509,980	1,025,839	6,535,819	413,119
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	6,163,773	838,084	7,001,857	-
Change in deferred outflows of resources related to pension plan	(10,099)	7,794	(2,305)	
Change in net pension liability	(21,335)	(6,795)	(28,130)	-
Bond refunding costs	-	-	-	-
(Increase) decrease in:				
Accounts receivable	(234,417)	(29,894)	(264,311)	(21,927)
Inventory	(24,984)	(13,599)	(38,583)	(9,277)
Increase (Decrease) in:				
Accounts payable	(220,348)	3,751	(216,597)	(659,087)
Accrued expenses	47,740	(7,774)	39,966	-
Customer deposits	2,051	28,420	30,471	-
Net Cash Provided (used) for Operating Activities	<u>\$11,212,361</u>	<u>1,845,826</u>	<u>13,058,187</u>	<u>(277,172)</u>

Supplemental Schedule of Non-Cash Capital Financing Activities

Contributed water and sewer lines	\$2,095,825	
Acquisition of capital assets with contract payable	413,528	
Payment of contract payable for capital assets		(18,462)
Amortization of bond premiums	(691,759)	
Amortization of deferred interest	121,082	
Revolving loan proceeds in transit	(1,454,418)	

See accompanying notes to financial statements.

**TOWN OF SMYRNA, TENNESSEE**

**Statement of Fiduciary Net Position**

**Pension Fund**

**June 30, 2019**

Assets

Cash	\$447,081
Investments, at fair value:	
Certificates of deposit	215,000
Mutual funds	3,196,081
Corporate obligations	2,312,057
Interest receivable	20,609
	<hr/>
Total Assets	<u>\$6,190,828</u>

Liabilities

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\$0

Net Position

Net position restricted for pensions	<u>6,190,828</u>
Total net position restricted for pensions	<u>\$6,190,828</u>

See accompanying notes to financial statements

**TOWN OF SMYRNA, TENNESSEE**  
**Statement of Changes in Fiduciary Net Position**  
**Pension Fund**  
**For the Year Ended June 30, 2019**

Additions

Contributions - employer	\$325,200
Investment earnings	
Interest, dividends and other investment income (loss)	156,071
Net increase (decrease) in fair value of investments	142,674
Net investment earnings (loss)	298,745
Total additions	623,945

Deductions

Pension benefits	430,044
Total deductions	430,044
Change in net position	193,901
Net position restricted for pension benefits, beginning of year	5,996,927
Net position restricted for pension benefits, end of year	\$6,190,828

See accompanying notes to financial statements

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Entity

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

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

#### Reporting Entity

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

The Industrial Development Board was created to finance, acquire, own, lease and or dispose of properties to increase employment opportunities, housing availability and to promote industry and trade in the Town. The Board is appointed by the Town Council. The Board issued bonds to construct housing units which were leased to the Housing Authority. The bonds were revenue and tax bonds backed by the Town. The project was completed in fiscal year 2005 and rents began in fiscal 2006. In fiscal year 2016, the housing units were sold to the Housing Authority and the bonds were retired. The Industrial Development Board currently has no operations.

The Smyrna Charity Assistance Fund (a 501(c)3 entity) was created to accept funding from private donations. The purpose of the fund is to provide financial aid to selected non-profit charitable organizations that provide year round services benefitting the general welfare of the residents of the Town. The Town shall have discretion to allocate funds from the General Fund budget to this component unit for the next year, subject to maximum amounts. The Town provided \$35,000 in funding for 2019. The Board consists of the Mayor or their appointee and five members appointed by the Town Council.

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

#### Related Organizations

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

#### Government-wide and Fund Financial Statements

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

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

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

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

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

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

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The Town reports the following major governmental funds:

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

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

The Town reports the following major proprietary funds:

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

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

Additionally, the Town reports the following fund types:

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

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

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

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

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

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

Amounts reported as program revenues include (i) charges to customers or applicants (including fines and fees) for goods, services, or privileges provided, (ii) operating grants and contributions, and (iii) capital grants and contributions. General revenues include all taxes and internally dedicated resources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the various utility funds and insurance fund are charges to customers for sales and services. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

#### Joint Venture

The Town appoints 2 of 5 members of the Smyrna/Rutherford County Airport Authority with the other members being appointed by Rutherford County and City of LaVergne. The Town has no equity interest in the joint venture; however, the Town is responsible to appropriate funds to supplement short-falls in operation. Required disclosures regarding this joint venture are included in Note 10.

#### Cash, Cash Equivalents and Investments

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

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

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

#### Inventory and Prepaid Items

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

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

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

#### Receivables and Payables

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

All trade receivables and property tax receivables, are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 25.4 percent of the outstanding undeferred receivable.

#### Capital Assets

Capital assets, which include property, permanent water rights, plant, equipment, and infrastructure assets consisting of certain improvements other than buildings, including roads, bridges, streets and sidewalks, and drainage systems are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$4,000 and an estimated useful life in excess of three years. Infrastructure capital assets are defined as assets with an individual cost of more than \$50,000 and an estimated life in excess of three years. All capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Gifts or contributions of capital assets, including intangible assets, are recorded at acquisition value when received. 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. 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, net of related interest income on unspent bond funds, is included as part of the capitalized value of the assets constructed.

During the year, the Town did not capitalize any construction period interest.

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

The estimated useful lives are as follows:

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

#### Other Assets

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

#### Claims Payable

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

#### Unearned Revenue

Unearned revenue consist of rent and event charges.

#### Appropriations

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

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

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

#### Town of Smyrna Pension Plan

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

#### Compensated Absences

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

#### Long-term Obligations

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

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

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

#### Deferred Outflows/Inflows of Resources

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

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

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

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

#### Equity Classification

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

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

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

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

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

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

By action of the Council, the Town has set a policy to maintain General Fund unassigned reserves equal to a minimum of 30% of General Fund operating revenue which equates to \$13,158,576. The policy may be modified by majority vote of the Council and the reserve is included in unassigned fund balance.

#### Property Tax

The Town’s property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the Town’s legal boundaries. Property taxes are secured by a statutory lien effective as of the original assessment date of January 1, and as such an enforceable legal claim to the subsequent fiscal year levy exists at year end. Assessed values are established by the State of Tennessee at the following rates of assessed market value:

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

Taxes were levied at a rate of \$.7007 per \$100 of assessed valuation for tax years 2018 and 2019, respectively. Payments may be made during the period from October 1 through February 28. Current tax collections of \$10,674,286 for the fiscal year ended June 30, 2019 were approximately 97.5 percent of the tax levy. Delinquent taxes past due for fourteen months are turned over to the county clerk for collection.

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

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

The government-wide financial statements report property taxes receivable of \$11,223,697 which is net of an allowance for doubtful collections of \$110,451. Of this receivable amount, \$434,148 represents prior year property taxes, \$10,900,000 represents the estimated net realizable 2019 property taxes, assessed but which will not be levied until the subsequent fiscal year, and which are included in deferred inflow of resources. The receivable reported in the governmental funds balance sheet is \$11,334,148 with an offsetting deferred inflow of resources for amounts not available at June 30, 2019. Other taxes receivable reported in the statements of \$3,079,167 is for beer, liquor and motel taxes of \$194,167 and \$2,885,000 for estimated net realizable 2019 in lieu of tax assessed but will not be levied until the subsequent fiscal year. There were no tax abatements requiring disclosure under *Governmental Accounting Standards Board Statement 77*.

**2) DEPOSITS AND INVESTMENTS**

Deposits

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

At June 30, 2019 there were no amounts exposed to custodial credit risk.

Investments-Primary Government

Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, prescribed for other funds invested by the state treasurer. The pool is required to maintain a high level of liquidity. The weighted average maturity range at June 30, 2019 was 1 to 86 days and the pool credit quality is unrated. Due to the high liquidity, the Town classifies these amounts as cash equivalents. The balance at June 30, 2019 was \$71,600.

Investments-Fiduciary Fund

	<u>Fair Value/ Carrying Amount</u>	<u>Weighted Average Days to Maturity</u>	<u>Average Credit Quality/ Ratings</u>	<u>Fair Value Hierarchy</u>
Fiduciary Fund-Pension Fund:				
Corporate Obligations	\$2,126,764	938	BBB- to A	Level 2
Municipal Obligations	-			
Mutual Funds Equity	3,196,081	N/A	N/A	Level 1
Certificate of Deposits	<u>400,293</u>	746	N/A	N/A
	<u>\$ 5,723,138</u>			

Level 1 hierarchy investments are based on quoted prices of securities at year end. Level 2 hierarchy relates to fair values using a matrix pricing technique.

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

### 2) DEPOSITS AND INVESTMENTS

Investment Policy – Town of Smyrna Pension Fund:

The assets of the Plan are invested by a local bank under the terms of a trust agreement, which provides for the bank to have discretion of investments that are monitored and reviewed by the trustees of the plan. The following is a summary of the asset allocation as of June 30, 2019.

<u>Asset Allocation</u>	<u>Target Allocation</u>
Equity	45-55%
Fixed income	45-55%

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

Rate of Return:

For the year ended June 30, 2019, the annual money-weighted rate of return based on monthly cash flows on pension plan investments, net of pension plan investment expense, was 5.54%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Interest Rate Risk:

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

Credit Risk:

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

Concentration of Credit Risk:

The Town policy is to limit investments in the pension plan to a maximum of 45%-55% equity classified investments.

As of June 30, 2019, the Town had one investment in an organization that represented 5 percent or more of total investments.

Goldman Sachs Group	\$533,503
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### 3) CAPITAL ASSETS

Governmental Activities

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

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclasses</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>Capital assets not being depreciated:</u>					
Land	\$ 7,329,421	319,530	-	-	7,648,951
Construction in progress	12,021,864	12,317,029	-	(2,744,146)	21,594,747
<u>Capital assets being depreciated:</u>					
Buildings	\$ 29,553,691	521,865	-	-	30,075,556
Improvements other than buildings	17,733,045	1,133,037	-	2,744,146	21,610,228
Equipment	27,687,450	940,927	(356,244)	-	28,272,133
Infrastructure	114,314,362	3,822,521	-	-	118,136,883
Total	\$ <u>208,639,833</u>	<u>19,054,909</u>	<u>(356,244)</u>	<u>-</u>	<u>227,338,498</u>

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

### 3) CAPITAL ASSETS

#### Governmental Activities , Continued

	Balance July 1, 2018	Increases	Decreases	Reclasses	Balance June 30, 2019
<u>Accumulated Depreciation</u>					
Buildings	\$ 15,284,827	650,276	-	-	15,935,103
Improvements	9,899,423	645,494	-	-	10,544,917
Equipment	19,878,312	1,523,235	(341,832)	-	21,059,715
Infrastructure	<u>57,275,850</u>	<u>3,399,122</u>	<u>-</u>	<u>-</u>	<u>60,674,972</u>
Total accumulated depreciation	<u>102,338,412</u>	<u>6,218,127</u>	<u>(341,832)</u>	<u>-</u>	<u>108,214,707</u>
Governmental activities capital assets-net	\$ <u>106,301,421</u>				<u>119,123,791</u>

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

General Government	\$ 355,732
Public Safety:	
Police	658,680
Fire	450,798
Highways and streets	3,512,239
Stormwater	132,819
Recreation	1,049,207
Community development	<u>58,652</u>
Total	\$ <u>6,218,127</u>

Current year donated infrastructure from developers was \$3,120,574.

#### Business-Type Activities:

Capital assets of the Enterprise Funds consisted of the following at June 30, 2019:

	Balance July 1, 2018	Increases	Decreases	Reclasses	Balance June 30, 2019	Water and Sewer Fund	Gas Fund
<u>Capital assets not being depreciated</u>							
Land and land rights	\$ 1,681,903	-	-	-	1,681,903	1,471,294	210,609
Water rights	2,350,000	-	-	-	2,350,000	2,350,000	-
Construction in progress	3,142,861	1,816,125	-	-	4,958,986	4,507,130	451,856
<u>Capital assets being depreciated</u>							
Utility plant and buildings	234,892,897	4,162,570	-	-	239,055,467	214,058,898	24,996,569
Machinery and equipment	9,643,130	652,853	(4,999)	-	10,290,984	6,060,860	4,230,124
<u>Less accumulated depreciation</u>							
Utility plant and buildings	(97,646,694)	(6,669,402)	-	(1)	(104,316,097)	(89,619,261)	(14,696,836)
Machinery and equipment	(8,247,262)	(332,455)	4,999	-	(8,574,718)	(4,803,927)	(3,770,791)
Total	\$ <u>145,816,835</u>	<u>(370,309)</u>	<u>-</u>	<u>(1)</u>	<u>145,446,525</u>	<u>134,024,994</u>	<u>11,421,531</u>

Current year depreciation \$ 7,001,857

Current year donated infrastructure is \$2,095,825.

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

### 4) RECEIVABLES

A summary of receivables at June 30, 2019, is as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Nonmajor Funds</u>	<u>Internal Service Fund</u>	<u>Total</u>
Property taxes	\$ 11,334,148	-	-	-	-	-	11,334,148
Other taxes & in lieu taxes	3,079,167	-	-	-	-	-	3,079,167
Customer	198,705	26,114	3,670,045	611,925	251,810	40,084	4,798,683
Other governments	3,498,052	1,445,905	1,454,418	-	288,476	-	6,686,851
Less allowance	<u>(110,451)</u>	<u>-</u>	<u>(652,096)</u>	<u>(83,935)</u>	<u>(45,171)</u>	<u>-</u>	<u>(891,653)</u>
	<u>\$ 17,999,621</u>	<u>1,472,019</u>	<u>4,472,367</u>	<u>527,990</u>	<u>495,115</u>	<u>40,084</u>	<u>25,007,196</u>

The Enterprise Fund includes a note receivable from the Airport Authority, a joint venture of the Town, in the amount of \$177,633, related to a construction project. The note is repayable in monthly installments of \$3,650 including interest at 2% through September 2023.

The Debt Service Fund (non major governmental fund) also includes a note from the Airport Authority for \$1,510,000 related to airport improvements. The note is repayable in semi-annual installments that mirror the 2014 general obligation bond issue, except the Airport Authority is making monthly payments in lieu of semi-annual payments. The 2014B General Obligation Bond balance is \$1,530,000. (See Note 7)

### 5) DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred inflows of resources on the governmental funds balance sheet consists of amounts that are unavailable to liquidate liabilities of the current period which include property taxes, in lieu of property taxes and state shared revenues. At June 30, 2019, the components of deferred outflows and inflows on the government wide statement of net position consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Deferred outflows of resources:</u>		
Deferred charge on refunding	\$ 228,015	620,280
Net difference in projected and actual earnings-pension	<u>103,042</u>	<u>67,794</u>
	<u>\$ 331,057</u>	<u>688,074</u>
 <u>Deferred inflows of resources:</u>		
Property taxes:		
Prepaid 2020	\$ 396	
2019 assessed and unlevied	10,900,000	
2019 in lieu assessed and unlevied	2,885,000	
Estimated 2019 Hall Income tax	<u>53,490</u>	
	<u>\$ 13,838,886</u>	

Deferred inflows of resources in the fund statements of \$16,151,564 consist of unlevied property taxes and in lieu taxes of \$13,785,000 delinquent property taxes of \$397,337, unavailable state and county shared taxes of \$1,968,831 and prepaid taxes of \$396.

### 6) RESTRICTED ASSETS

A summary of restricted assets at June 30, 2019, is as follows:

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>			
	<u>Capital Projects Fund</u>	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>	
Cash	\$ <u>15,155,167</u>	<u>705,594</u>	<u>916,395</u>	<u>16,777,606</u>	

Cash is restricted for approved capital projects in the Governmental Activities and construction bonds and customer deposits in the Business Type Activities.

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

### 7) LONG-TERM DEBT AND OTHER OBLIGATIONS PAYABLE

The government issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities for general government purposes. Service of this debt is paid from the General Fund by transfer to the Debt Service Fund (nonmajor fund). Pension liabilities are liquidated by the fund responsible for the employee, which is the General Fund, Stormwater Fund, Water and Sewer Fund or the Gas Fund.

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

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

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Payable</u> <u>Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
General obligation bonds	\$11,897,700	18,000,000	(2,399,850)	27,497,850	2,402,850
Pension obligation	618,340	-	(64,117)	554,223	-
Compensated absences	<u>2,205,000</u>	<u>2,054,150</u>	<u>(1,876,614)</u>	<u>2,382,536</u>	<u>2,382,536</u>
Total	\$14,721,040	<u>20,054,150</u>	<u>(4,340,581)</u>	30,434,609	<u>4,785,386</u>
Bond premium/ discounts	<u>602,269</u>	<u>2,161,462</u>	<u>(135,868)</u>	<u>2,627,863</u>	
	<u>\$15,323,309</u>			<u>33,062,472</u>	
<u>Business-type Activities:</u>					
Revenue and tax bonds	\$ 5,895,000	-	(3,445,000)	2,450,000	1,200,000
General obligation bonds	20,367,300	-	(325,150)	20,042,150	2,352,150
State revolving loans	2,973,260	1,454,417	(331,935)	4,095,742	190,402
Pension obligation	<u>392,670</u>	<u>-</u>	<u>(28,030)</u>	<u>364,640</u>	<u>-</u>
	29,628,230	<u>1,454,417</u>	<u>(4,130,115)</u>	26,952,532	<u>3,742,552</u>
Bond premiums	<u>3,294,268</u>		<u>691,759</u>	<u>2,602,509</u>	
	<u>\$32,922,498</u>			<u>29,555,041</u>	

Bonds, notes and loans payable at June 30, 2019 are comprised of the following:

#### Governmental Activities

2014 General Obligation Refunding Bonds (\$3,000,000) due in annual installments through June 2020 at 1.38% interest.	\$ 530,000
2014 General Obligation Refunding Bonds (\$5,280,000) due in annual installments through April 2022 at 1.69% interest.	3,130,000

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

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

#### Governmental Activities, continued

2014A General Obligation Bonds (\$2,020,000) due in annual installments through June 2024 at 3% to 4% interest.	\$ 1,200,000
2014B General Obligation Bonds (\$1,765,000) due in annual installments through April 2034 at 1.1% to 4.125% interest. (Airport improvement-non capital related)	1,530,000
2017 General Obligation Refunding Bonds (\$3,107,850) due in annual installments through April 2024 at 5% interest.	3,107,850
2019 General Obligation Bonds (\$18,000,000) due in annual installments through April 2039 at 2% to 5% interest.	<u>18,000,000</u>
Total Governmental Activities	\$ <u>27,497,850</u>

#### Business-type Activities:

2009 State Revolving Loan Program (\$5,750,000 with \$2,300,000 forgiven) due in 240 installments at an interest rate of 2.14%.	\$ 2,284,782
2010 State Revolving Loan Program (\$600,000 with \$120,000 forgiven) due in 240 installments at an interest rate of 1.94%.	240,036
2015 State Revolving Loan Program due in monthly installments of \$384 through 2038 at an interest rate of 1%.	78,321
2015 State Revolving Loan Program due in monthly installments of \$635 through 2048 at an interest rate of 1.24%.	183,627
2011 Water and Sewer Revenue and Tax Bonds (\$18,000,000) due in annual installments through June 2021 at 4% interest.	2,450,000
2017 General Obligation Refunding Bonds (\$20,042,150) due in annual installments through April 2026 at 5% interest.	20,042,150
2019 State Revolving Loan Program, Amortization to begin at project completion (\$1,454,417 with \$145,442 forgiven)	<u>1,308,976</u>
Total Business-type Activities	\$ <u>26,587,892</u>

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

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

The annual requirements to amortize all bonds and notes outstanding as of June 30, 2019, including interest payments are as follows:

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Governmental Interest</u>	<u>Water and Sewer Interest</u>	<u>Total Interest</u>	<u>Primary Government Total</u>
2020	\$ 2,402,850	3,742,552	861,054	1,155,119	2,016,173	8,161,575
2021	2,570,000	3,899,374	962,797	985,540	1,948,337	8,417,711
2022	2,680,000	4,153,470	873,061	808,681	1,681,742	8,515,212
2023	1,690,000	4,397,622	778,412	606,767	1,385,179	7,472,801
2024	1,770,000	4,591,854	698,213	392,786	1,090,999	7,452,853
2025-2029	4,595,000	3,801,242	2,761,513	329,571	3,091,084	11,487,326
2030-2034	5,675,000	580,620	1,680,287	22,492	1,702,779	7,958,399
2035-2039	6,115,000	49,743	561,600	5,570	567,170	6,731,913
2040-2044	-	35,292	-	2,988	2,988	38,280
2045-2048	-	27,147	-	681	681	27,828
2049*	-	<u>1,308,976</u>	-	-	-	<u>1,308,976</u>
Totals	\$ <u>27,497,850</u>	<u>26,587,892</u>	<u>9,176,937</u>	<u>4,310,195</u>	<u>13,487,132</u>	<u>67,572,874</u>

\*State Revolving Loan funds drawn down in 2019, amortization will be over 30 years and will begin upon completion of project.

The Town's refunding issues that have refunded debt outstanding as of June 30, 2019 consists of the following:

<u>Description of Bond Issue</u>	<u>Balance 6/30/2019</u>
2011 Revenue/Tax Bond	<u>\$7,350,000</u>

#### Debt Coverage

The Water and Sewer Revenue Tax Bonds do not require specific debt coverage ratios. The revenues of the system, as well as the taxing authority of the Town, secure the debt.

#### Other

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

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

### 8) PENSION PLAN AND DEFERRED COMPENSATION PLAN

#### Plan Description and Benefits

Effective October 20, 1970, the Town established The Town of Smyrna Pension Plan, a single employer defined benefit pension plan, to provide benefits for employees of the Town. The Plan is administered by the Town of Smyrna Pension Plan Trustees who serve at the pleasure of the Mayor and Town Council. The Plan does not issue a stand-alone financial report nor is it included in the report of another entity. The assets of the Plan are invested at a local bank in accordance with the terms of the trust agreement. Effective June 30, 1999, the Town began the Retirement Choice Program which allowed participants of The Town of Smyrna Pension Plan to transfer accrued benefits in the Plan to a new Retirement Savings Plan. Many employees elected to transfer benefits and participate in the new plan. The Town of Smyrna Pension Trustees establish the benefits of the plan and have the authority to amend such benefits with approval of the Town Council.

#### Changes in Plan Provisions, Assumptions and Methods

The Mortality Assumption was changed from *1983 Group Annuity Tables* to *105% of the RP-02014 (adjusted to 2006) Mortality Base Table*. The reason for the change is to recognize a more current mortality assumption and the change resulted in a \$4,032 decrease in liabilities and net pension cost.

#### Plan Eligibility

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

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

#### Plan Benefit and Vesting Service

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

#### Compensation

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

#### Normal Retirement

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

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

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

#### Early Retirement

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

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

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

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

#### Early Retirement (Continued)

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

#### Death Before Retirement

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

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

#### Termination of Employment After 5 Years of Vesting Service

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

#### Other Termination of Employment

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

<u>Years of Vesting Service</u>	<u>Vesting Percentage</u>
less than 5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10 or more	100%

#### Contributions

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

#### Summary of Participants

##### 1. Inactive Plan Participants:

- a) Retirees and beneficiaries currently receiving benefits
- b) Terminated employees entitled to deferred benefits
- c) Total

##### 2. Active Plan Participants:

- a) Vested (Fully and partially)
- b) Nonvested
- c) Total

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

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

Net Pension Liability (Asset)

The Town's net pension liability (asset) was measured as of June 30, 2019 and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial valuation	Entry age normal
Inflation	2.50 percent
Salary increases	4 percent annual increase to age 85
Rate of retirement	Participants are assumed to retire 100% at age 65
Cost-of-living adjustment	None
Mortality rate	105% at the RP-2014 (adjusted to 2006) Blue Collar Mortality Base Table
Asset valuation method	Fair market value
Amortization method & period	Level dollar amortization of unfunded liabilities. Investment gains or losses are amortized over 5 years. Experience gains or losses are amortized over the average working lifetime of all participants which for the current year period is one year. Plan amendments are recognized immediately. Changes in actuarial assumptions are amortized over the average working lifetime of all participants. For determining the actuarially determined contribution: Amortization or unfunded supplemental liability over 25 years as of July 1, 2014.
No assumptions for:	Disability Rates, Disabled Mortality, Recovery Rates
Plan expenses paid separately.	

Rate of Return

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 real 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 forward looking rates of return for each major asset class included the pension plan's target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity-Small Cap	8.50%
Domestic Equity-Large Cap	7.65%
Domestic Equity – Mid Cap	8.25%
International Equity	7.50%
International Equity – Emerging Markets	8.95%
Fixed Income	3.10%
Limited Partnerships	2.50%
Cash	2.50%

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

The annual money-weighted rate of return based on monthly cash flows on pension investments, net of pension expense was 5.54%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Discount rate – 7.00% per annum, compounded annually.*

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

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

#### Rate of Return, Continued

Paragraph 43 of Statement No. 67 provides for an alternative method to be used other than the projection of the pension plan's fiduciary net position based on projected contributions, benefit payments and investment earnings. The Town of Smyrna's funding policy is to contribute the amounts calculated under the actuarial cost method used to calculate the annual required contribution. Effective July 1, 2016 the cost method is Entry Age Normal with a 30 year closed amortization period. Effective July 1, 1999, the cost method is the Projected Unity Credit method with a 25-year level dollar amortization of the unfunded liability. Prior to July 1, 1999, the Town of Smyrna's contribution policy was to amortize the unfunded AAL over 25 years (level dollar basis). The ratio of the actuarial value of assets to the present value of accrued benefits as of July 1, 2018 was 91.33%. Based on Actuarial theory if the actuarial assumptions are met, the plan's fiduciary net position will remain positive.

#### Determination of Net Pension Liability

The components of the net pension liability at June 30, 2019 were as follows:

Total Pension Liability (7.00%)	\$ 7,109,690
Plan Fiduciary Net Position	<u>(6,190,828)</u>
Net Pension Liability	<u>\$ 918,862</u>

Plan Fiduciary Net Position as a Percentage of Total Pension Liability      87.08%

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

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

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 1,514,661	918,862	397,726

#### Schedule of Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
<b>Balances at 6/30/18</b>	\$ <u>7,007,937</u>	<u>5,996,927</u>	<u>1,011,010</u>
<b>Changes for the Year:</b>			
Service cost	54,970	-	54,970
Interest	507,958	-	507,958
Benefit changes			
Difference between expected and actual experience	(7,136)	-	(7,136)
Changes of assumption	(23,995)		(23,995)
Contributions- Town		325,200	(325,200)
Contributions- members		-	-
Net investment of income		294,713	(294,713)
Benefits paid	(430,044)	(430,044)	-
Administrative expenses		-	-
Other changes-mortality assumption	-	4,032	(4,032)
<b>Net changes</b>	<u>101,753</u>	<u>193,901</u>	<u>(92,148)</u>
<b>Balances at 6/30/19</b>	\$ <u>7,109,690</u>	<u>6,190,828</u>	<u>918,862</u>

Notes to Schedule:

See Summary of Plan Provisions for notes regarding benefit changes. See Summary of Actuarial Assumptions and Methods for note regarding changes in assumptions.

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

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

Pension Expense and Deferred Outflows/Inflows of Resources

	Fiscal Year Ending <u>June 30, 2019</u>
Service cost	\$ 54,970
Interest	507,958
Benefit changes	-
Contributions- members	-
Projected investment earnings	(416,115)
Recognition of Deferred Inflows/Outflows of Resources	
Amortization of experience	(7,136)
Amortization of assumption changes	(23,995)
Amortization of investment income	143,366
Plan administrative expenses	-
Recognition of change in mortality assumption	<u>(4,032)</u>
Pension Expense	\$ <u>255,016</u>

For the year ended June 30, 2019, the recognized pension expense is \$255,016. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	-
Net difference between expected and actual earnings	170,836	-
Changes of assumptions	-	-
Contributions made subsequent to measurement date	-	-
	\$ <u>170,836</u>	<u>-</u>

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

Year ended June 30,	
2020	\$ 85,510
2021	28,859
2022	32,185
2023	24,282
Thereafter	-

Deferred Compensation Plan

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

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

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

Also, the Town established the “Town of Smyrna Retirement Savings Plan” which is in accordance with Internal Revenue Service Code Section 401A. The Plan is available to all Town employees with six months service with 1,000 hours. The Town has no fiduciary responsibility. The Plan provides that all assets and all income attributable to those assets, are solely the property of the respective employees and accordingly are not reported as Town assets. The Plan was established to hold assets transferred by participants who elected out of the Town of Smyrna Pension Plan and basic and matching contributions made by the Town. The Town contributes 3% of eligible employee pay for a basic contribution and match 50% of the employee 457 Plan contributions up to 6% of employee pay. Vesting of amount in the plan occurs at 20% per year until fully vested after five years. Plan amounts are not available to employees until termination, retirement, death or an unforeseeable emergency. Any forfeited benefits by employees are used to reduce future contributions by the Town. During 2019 there were \$25,818 of forfeitures. During the fiscal year the Town contributed \$582,024 (3% of \$19,400,800 covered payroll) and the employees contributed \$1,083,631 (5.6 % of \$19,400,800 covered payroll). Investments in both plans are managed by the Plan’s trustee under a selection of mutual funds. The choice of the investment is made by the participants. The Plans are administered by the VOYA Retirement, Insurance and Annuity Company. The Plan assets do not include any type of securities of the employer or related party.

### 9) COMMITMENTS AND CONTINGENCIES

#### Litigation

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

#### Commitments

##### Golf Course and Park Leases:

The Town leases land for a golf course from the Smyrna/Rutherford County Airport Authority, a joint venture, under an agreement amended May 2001. The lease is through July 1, 2025, and is adjusted annually in July with the CPI and expires July 2025. During 2019, the Town paid \$150,984 in rent to the Airport Authority. The Town also leases land for a park from the Smyrna/Rutherford County Airport Authority under an agreement expiring May 2, 2020 with an option for an additional five year term. The lease is subject to review at the end of each five year term to reflect changes in the fair market rental value of the property. During 2019, the Town paid \$13,170 in rent to the Airport Authority.

The Town has entered into two operating leases for golf course equipment, both leases have monthly payments of \$2,499 through August 2019 and September 2019 respectively. The equipment can be purchased at fair market value at end of lease. Total lease expense for 2019 was \$59,612.

The Town has a commitment with the Army Corps of Engineers to reimburse the Corps for water storage operation and maintenance costs. These costs will be based on 1.303% of the Corps’ actual costs. In 2019, the Town paid \$29,777.

##### Gas Service Contract

The Town has a contract with a local industry to provide natural gas service on a firm basis. The contract provides that the Town will guarantee natural gas service to the industry up to 160,000 mcf per month on a “best efforts” basis and deliver the gas at a minimum pressure of 25 pounds per square inch. The industry will be billed all costs incurred plus a mark-up of \$0.31 per mcf. The industry can hedge a portion of their required supply. The Town has entered into a contract with Atmos Energy Marketing for all natural gas supply. The industry will execute hedges through Atmos Energy Marketing. The industry will be responsible for all associated costs with the hedge.

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

### 9) COMMITMENTS AND CONTINGENCIES, (Continued)

#### Contracts

At June 30, 2019, the Town has entered into several construction contracts totaling approximately \$22,308,000. These contracts were approximately 42% complete at year end. The projects involved road, park and utility projects.

#### Contingencies

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

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

### 10) JOINT VENTURES WITH RUTHERFORD COUNTY

In 1991, the Metropolitan Nashville Airport Authority transferred the assets of the airport to the Smyrna/Rutherford County Airport Authority. The Smyrna/Rutherford County Airport Authority is operated through a joint operations agreement between Rutherford County and the Town of Smyrna. The agreement provides that the county and Town will share in any funding shortfalls 60% and 40% respectively. At June 30, 2019, the Authority had net position of \$36,328,724. Net operating losses for the 2019 and 2018 fiscal years were \$(671,890) and \$(559,055) respectively. During the year, the Town of Smyrna paid a total of \$164,154 in rent for use of Authority property for recreational purposes. Separate financial statements for this joint venture are available at Town of Smyrna Town Hall from the Town Manager. The Town does not have an explicit claim to net resources. In the past five years of operation, it has not been necessary for the Town to provide supplemental funding. The Town originally loaned the Authority \$497,784 in 1999 and increased the loan amount by \$285,879 in fiscal year 2007. This loan is being repaid in monthly installments of \$3,650 for approximately sixteen years. Interest accrues at 2% and the balance is \$177,633. During 2015, the Town also loaned the Airport Authority \$1,765,000 for improvements. The loan is being repaid under approximately the same terms as the Town's 2014B bond issue and the note balance is \$1,530,000. The note is accounted for in the Debt Service Fund.

### 11) INTERFUND TRANSACTIONS

Interfund receivables and payables are attributable to obligations between funds. The actual cash transfer had not been made at June 30, 2019. The composition of interfund balances at June 30, 2019 were as follows:

#### Receivable Fund

General Projects Impact Fee                      \$589,554

#### Payable Fund

Capital Projects                                      \$589,554

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

Internal balances in the Government-wide financial statements also include \$827,995 related to the consolidation of the internal service fund.

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

### 11) INTERFUND TRANSACTIONS, (Continued)

Interfund transfers for the year ended June 30, 2019 are attributable to the budgeted allocation of resources from one fund to another and consist of the following:

	Transfer In:			
	General Fund	Capital Project Fund	Nonmajor Governmental	Totals
Transfer Out:				
Gas Fund	\$ 194,986	-	-	194,986
Water and Sewer Fund	583,659	-	-	583,659
General Fund	-	9,045,925	2,636,850	11,682,775
Nonmajor Governmental Funds	<u>112,823</u>	<u>1,440,682</u>	<u>-</u>	<u>1,553,505</u>
Totals	\$ <u>891,468</u>	<u>10,486,607</u>	<u>2,636,850</u>	<u>14,014,925</u>

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

At year end the Town transferred \$4,600,00 from the General Fund to the Capital Projects Fund to fund future capital projects.

### 12) RELATED PARTY TRANSACTIONS

The Town has extended two loans to the Airport Authority, which is a related organization, but does not meet the criteria for component units. During the year, repayments were made on the loans in the amount of \$43,800 and \$135,773, including interest.

### 13) MAJOR CUSTOMER

The Town supplies water, sewer and natural gas services to a large manufacturing company. During the fiscal year ended June 30, 2019, services to this company accounted for the following percentages of total revenues of the stormwater, water, sewer and natural gas fund customer revenues.

Gas Fund	37.3 %
Water and Sewer Fund	11.2 %
Stormwater Fund	6.4 %

### 14) RISK MANAGEMENT

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

#### Employee Health Insurance Plan

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

#### Worker's Compensation Insurance Plan

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

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

### 14) RISK MANAGEMENT

#### Liability and Property Insurance Plan

The Town is self insured to a limit of \$100,000 per claim for liability claims and \$50,000 per claim for property and crime claims. The Town obtained commercial insurance for claims beyond the above noted amounts.

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

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

	<u>Beginning-of- Fiscal-Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance of Fiscal Year-End</u>
2016-2017	\$ 837,198	5,964,526	(6,074,516)	727,208*
2017-2018	727,208	7,797,932	(7,397,879)	1,127,261*
2018-2019	1,127,261	7,950,848	(8,609,935)	468,174*

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

The Town continues to carry commercial insurance for all other risks of loss, such as employee honesty and surety bonds. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### 15) BUDGET COMPLIANCE AND ACCOUNTABILITY

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

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

1. Prior to May 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating departmental budget establishes the budgetary level of control for the proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Town Hall to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an ordinance. In no event shall the total appropriations for any fund included in the budget exceed the estimated revenues and unappropriated fund balance.

# TOWN OF SMYRNA, TENNESSEE

## Notes to Financial Statements

June 30, 2019

### 15) BUDGET COMPLIANCE AND ACCOUNTABILITY, Continued

4. The Town Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any department or fund must be approved by the Town Council.
5. Budgets are adopted on a basis generally consistent with generally accepted accounting principles (GAAP). These budget appropriations lapse at year end.

During the fiscal year, the following budgets were amended:

	Expenditures	<u>Transfers (Out)</u>	<u>Other Financing Uses</u>
General Fund	\$ 77,000	(4,685,600)	-
Capital Projects Fund	85,600	4,685,600	10,800,000

The General Fund expenditure increase relates to the event center operations and increased transfers primarily relates to transfer of funds to the Capital Projects Fund for future projects. The Capital Projects Fund expenditure increases relate to police capital expenditures.

### 16) SUBSEQUENT EVENT

Subsequent to year end the Town entered into a contract for the expansion of the wastewater treatment plant. The contract is approximately \$35,000,000 and is expected to be funded by state revolving loans.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

	2015	2016	2017	2018	2019
<b>Total pension liability</b>					
Service cost	\$ 86,040	54,304	51,187	52,724	54,970
Interest	428,073	450,429	445,440	463,624	507,958
Changes in benefit terms	-	-	-	-	-
Differences between actual & expected experience	274,843	(164,933)	189,721	131,200	(7,136)
Change of assumptions	(55,334)	-	-	-	(23,995)
Benefit payments, including refunds of employee contributions	(366,522)	(398,497)	(423,646)	(423,259)	(430,044)
Net change in total pension liability	367,100	(58,697)	262,702	224,289	101,753
Total pension liability- beginning	6,212,543	6,579,643	6,520,946	6,783,648	7,007,937
Total pension liability- ending (a)	<u>\$ 6,579,643</u>	<u>6,520,946</u>	<u>6,783,648</u>	<u>7,007,937</u>	<u>7,109,690</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 182,266	145,402	205,100	805,100	325,200
Contributions - employee	-	-	-	-	-
Net investment income	76,270	78,722	367,587	342,900	294,713
Benefit payments, including refunds of employee contributions	(366,522)	(398,497)	(423,646)	(423,259)	(430,044)
Change in mortality assumption	-	-	-	-	4,032
Administrative expense	-	-	-	-	-
Net change in plan fiduciary net position	(107,986)	(174,373)	149,041	724,471	193,901
Plan fiduciary net position- beginning	5,405,504	5,297,518	5,123,145	5,272,186	5,996,927
Plan fiduciary net position- ending (b)	<u>\$ 5,297,518</u>	<u>5,123,145</u>	<u>5,272,186</u>	<u>5,996,927</u>	<u>6,190,828</u>
Net Pension Liability (asset) ending (a) - (b)	<u>\$ 1,282,125</u>	<u>1,397,801</u>	<u>1,511,462</u>	<u>1,011,010</u>	<u>918,862</u>
Pension expense	\$ 425,922	92,338	446,560	384,129	255,016
Plan fiduciary net position as a percentage of total pension liability	80.50%	78.6%	77.7%	85.6%	87.1%
Covered payroll	\$ 922,561	934,571	860,733	885,460	898,722
Net pension liability (asset) as a percentage of covered payroll	139.0%	149.6%	175.6%	114.2%	102.2%

Notes to schedule

At June 30, 2016, the cost method changed from Projected Unit Credit to Entry Age Normal.

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

See Summary of Plan Provisions for notes regarding benefit changes and the Summary of Actuarial Assumptions and Methods for notes regarding changes in assumptions.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	1.96%	2.00%	7.95%	7.25%	5.54%

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 182,266	145,402	176,181	186,129	189,266
Contributions in relation to actuarilly determined contribution	<u>182,266</u>	<u>145,402</u>	<u>205,100</u>	<u>805,100</u>	<u>325,200</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>(28,919)</u>	<u>(618,971)</u>	<u>(135,934)</u>
Covered payroll	\$ 922,561	934,571	860,733	885,460	898,722
Contributions as a percentage covered payroll	19.8%	15.6%	23.8%	21.02%	36.2%

See the Notes to Schedule Relating to the Actuarially Determined Contributions for details regarding methods and assumptions used to determine rates.

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

**TOWN OF SMYRNA, TENNESSEE  
NOTES TO SCHEDULE RELATING TO  
THE ACTUARIALLY DETERMINED CONTRIBUTION  
FOR THE YEAR ENDED JUNE 30, 2019**

*Valuation date:* Actuarially determined contribution rates for 2019 were calculated based on the July 1, 2018 actuarial valuation.

*Methods and assumptions used to determine the contribution rates:*

Actuarial valuation method	Entry Age normal, with amortization of initial unfunded over 30 years. Annual amortization of actuarial and investment gains and losses over 30 years.
Amortization method	Level dollar
Amortization period	30 years closed period
Asset valuation	Market value
Salary increases	4% annual increase to age 85
Investment rate of return	7 percent, net of investment expense, including inflation
Retirement age	Participants assumed to retire 100% at age 65
Rate of retirement	100% at age 65
Mortality	105% of the RP-2014 (adjusted to 2006) Blue Collar Mortality Base Table
Cost of living	None
Provision for expense	Paid separately by employer
Form of payment	Participants elect normal form of payment
Marriage assumption	100% assumed with husbands 3 years older than wives
Changes in assumption	Mortality assumption changed from 1987 Group Annuity Mortality Tables to 105% of the RP-2014 (adjusted to 2006) Blue Collar Mortality Base Table
Disability rates	None assumed
Disability mortality	None assumed
Recovery rates	None assumed
Amortization period	For Statement 68 as of June 30, 2019: Investment gains or losses are amortized over 5 years Experience gains or losses are amortized over the average working lifetime of all participants, which for the current period is one year. Plan amendments are recognized immediately. Changes in actuarial assumptions are amortized over the average working lifetime of all participants. For determining the actuarially determined contribution: Amortization of unfunded supplemental liability over 25 years as of July 1, 2014.
Withdrawal rates:	See table below per 1,000 employees

**Estimated Experience in Years (Select and Ultimate Years)**

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

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

**TOWN OF SMYRNA, TENNESSEE**

**Combining Balance Sheet**

**Nonmajor Governmental Funds**

**June 30, 2019**

<u>Assets:</u>	Special Revenue			Capital Projects	Debt Service Fund	Total Nonmajor Governmental Funds
	Drug Fund	State Street Aid Fund	Stormwater Fund	Impact Fee Fund		
Cash in bank	\$370,631	1,150,887	3,874,345	3,675,317	33,628	9,104,808
Due from other funds	-	-	-	589,554	-	589,554
Due from other governments	-	288,476	-	-	-	288,476
Receivables	-	6,006	200,633	-	-	206,639
Note receivable	-	-	-	-	1,510,000	1,510,000
<b>Total Assets</b>	<b>\$370,631</b>	<b>1,445,369</b>	<b>4,074,978</b>	<b>4,264,871</b>	<b>1,543,628</b>	<b>11,699,477</b>
<b><u>Liabilities, Deferred Inflows of Resources and Fund Balance</u></b>						
<b>Liabilities:</b>						
Accounts payable	\$21,828	37,198	9,349	6,499	-	74,874
Accrued liabilities	-	-	26,265	-	-	26,265
Contract payable	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>21,828</b>	<b>37,198</b>	<b>35,614</b>	<b>6,499</b>	<b>-</b>	<b>101,139</b>
<b><u>Deferred Inflows of Resources:</u></b>						
Unavailable revenues	-	141,306	-	-	-	141,306
<b>Fund balance:</b>						
Restricted for law enforcement	348,803	-	-	-	-	348,803
Restricted for highways and streets	-	1,266,865	-	-	-	1,266,865
Restricted for stormwater	-	-	4,039,364	-	-	4,039,364
Restricted for debt service	-	-	-	-	1,543,628	1,543,628
Restricted for capital projects	-	-	-	4,258,372	-	4,258,372
<b>Total Fund Balance</b>	<b>348,803</b>	<b>1,266,865</b>	<b>4,039,364</b>	<b>4,258,372</b>	<b>1,543,628</b>	<b>11,457,032</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$370,631</b>	<b>1,445,369</b>	<b>4,074,978</b>	<b>4,264,871</b>	<b>1,543,628</b>	<b>11,699,477</b>

TOWN OF SMYRNA, TENNESSEE

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2019

	Special Revenue			Capital Projects	Debt Service Fund	Total Nonmajor Governmental Funds
	Drug Fund	State Street Aid Fund	Stormwater Fund	Impact Fee Fund		
Revenues:						
Intergovernmental:						
Gasoline tax inspection fees	\$	1,663,825	-	-	-	1,663,825
Total Intergovernmental	-	1,663,825	-	-	-	1,663,825
Licenses and permits	-	-	-	2,168,830	-	2,168,830
Fines, forfeitures and seizures	72,299	-	-	-	-	72,299
Uses of Money and Property:						
Interest	7,479	24,644	83,404	66,733	55,773	238,033
Stormwater fees, rental, and sales	-	-	1,697,248	-	-	1,697,248
Total Uses of Money and Property	7,479	24,644	1,780,652	66,733	55,773	1,935,281
Total Revenues	79,778	1,688,469	1,780,652	2,235,563	55,773	5,840,235
Expenditures:						
General government	-	-	-	-	-	-
Drug enforcement	51,110	-	-	-	-	51,110
Stormwater	-	-	878,797	-	-	878,797
Highways and streets	-	1,413,751	-	-	-	1,413,751
Total Current	51,110	1,413,751	878,797	-	-	2,343,658
Debt service	-	-	-	-	2,773,043	2,773,043
Capital outlay	31,378	-	-	-	-	31,378
Total Expenditures	82,488	1,413,751	878,797	-	2,773,043	5,148,079
Excess (deficiency) of revenues over expenditures	(2,710)	274,718	901,855	2,235,563	(2,717,270)	692,156
Other Financing Sources (Uses):						
Transfer from General Fund	-	-	-	-	2,636,850	2,636,850
Transfer to General Fund	-	-	(112,823)	-	-	(112,823)
Transfer to Capital Projects Fund	-	(76,734)	(686,947)	(677,001)	-	(1,440,682)
Total Other Financing Sources (Uses)	-	(76,734)	(799,770)	(677,001)	2,636,850	1,083,345
Net change in fund balance	(2,710)	197,984	102,085	1,558,562	(80,420)	1,775,501
Fund balance, beginning of year	351,513	1,068,881	3,937,279	2,699,810	1,624,048	9,681,531
Fund balance, end of year	\$348,803	1,266,865	4,039,364	4,258,372	1,543,628	11,457,032

**GOVERNMENTAL FUNDS BUDGETARY INFORMATION**  
(NON-MAJOR FUNDS AND MAJOR DEBT SERVICE AND CAPITAL PROJECTS FUND)

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

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

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

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

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

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

**TOWN OF SMYRNA, TENNESSEE**

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

**Drug Fund**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, forfeitures and seizures	\$120,000	120,000	72,299	(47,701)
Interest	900	900	7,479	6,579
Total Revenue	120,900	120,900	79,778	(41,122)
Expenditures:				
Current:				
Miscellaneous:				
Drug enforcement				
Investigations	15,000	15,000	12,500	2,500
Training	2,000	2,000	730	1,270
Travel	20,000	20,000	10,851	9,149
Confiscation, storage & operations	11,000	11,000	25,815	(14,815)
Supplies and repairs	12,500	12,500	1,214	11,286
Total Current	60,500	60,500	51,110	9,390
Capital outlay	36,000	36,000	31,378	4,622
Total Expenditures	96,500	96,500	82,488	14,012
Excess (deficiency) of revenues over expenditures	24,400	24,400	(2,710)	(27,110)
Net change in fund balance	24,400	24,400	(2,710)	(27,110)
Fund balance, beginning of year	351,513	351,513	351,513	-
Fund balance, end of year	\$375,913	375,913	348,803	(27,110)

**TOWN OF SMYRNA, TENNESSEE**

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

**State Street Aid Fund**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Intergovernmental:				
State gasoline and motor fuel tax	\$1,520,000	1,520,000	1,663,825 *	143,825
Uses of Money and Property:				
Interest	6,000	6,000	24,644	18,644
Total Revenues	1,526,000	1,526,000	1,688,469	162,469
Expenditures:				
Current:				
Street maintenance - repairs	1,055,000	1,055,000	1,018,133	36,867
Lighting	408,000	408,000	346,081	61,919
Signals	60,000	60,000	49,537	10,463
Total Current	1,523,000	1,523,000	1,413,751	109,249
Total Expenditures	1,523,000	1,523,000	1,413,751	109,249
Excess (deficiency) of revenues over expenditures	3,000	3,000	274,718	271,718
Other Financing Sources (Uses):				
Transfers out	(215,000)	(215,000)	(76,734)	138,266
Net change in fund balance	(212,000)	(212,000)	197,984	409,984
Fund balance, beginning of year	1,068,881	1,068,881	1,068,881	-
Fund balance, end of year	\$856,881	856,881	1,266,865	409,984
			Gas 1989 Tax	\$143,773
			Gas 3 Cent Tax	266,402
			Gasoline-Motor Fuel City Tax	901,609
			Gas 2017 Tax	352,041
			\$1,663,825 *	

**TOWN OF SMYRNA, TENNESSEE**

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

**Impact Fee Fund**

**For the Year Ended June 30, 2019**

Revenues:	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Licenses and permits	\$1,934,000	1,934,000	2,168,830	234,830
Uses of Money and Property:				
Interest	20,000	20,000	66,733	46,733
Total Revenue	1,954,000	1,954,000	2,235,563	281,563
Expenditures:				-
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	1,954,000	1,954,000	2,235,563	281,563
Other Financing Sources (Uses):				
Transfers to Capital Project Fund	(1,172,254)	(1,172,254)	(677,001)	495,253
Total Other Financing Sources (Uses)	(1,172,254)	(1,172,254)	(677,001)	495,253
Net change in fund balance	781,746	781,746	1,558,562	776,816
Fund balance, beginning of year	2,699,810	2,699,810	2,699,810	-
Fund balance, end of year	\$3,481,556	3,481,556	4,258,372	776,816

**TOWN OF SMYRNA, TENNESSEE**

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

**Stormwater Fund**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Uses of Money and Property:				
Interest	\$6,000	6,000	83,404	77,404
Fees	1,695,050	1,695,050	1,697,248	2,198
Total Revenue	<u>1,701,050</u>	<u>1,701,050</u>	<u>1,780,652</u>	<u>79,602</u>
Expenditures:				
Stormwater:				
Salaries	591,760	591,760	513,834	77,926
Benefits and payroll taxes	324,488	324,488	229,107	95,381
Memberships and registrations	6,250	6,250	4,171	2,079
Telephone	1,500	1,500	1,417	83
Supplies	19,200	19,200	17,779	1,421
Contract services	86,000	86,000	74,245	11,755
Professional services	11,300	11,300	18,785	(7,485)
Other	26,121	26,121	19,459	6,662
Total Expenditures	<u>1,066,619</u>	<u>1,066,619</u>	<u>878,797</u>	<u>187,822</u>
Excess (deficiency) of revenues over expenditures	634,431	634,431	901,855	267,424
Other Financing Sources (Uses):				
Transfers to General Fund	(112,823)	(112,823)	(112,823)	-
Transfers to Capital Project Fund	(2,227,873)	(2,227,873)	(686,947)	1,540,926
Total Other Financing Sources (Uses)	<u>(2,340,696)</u>	<u>(2,340,696)</u>	<u>(799,770)</u>	<u>1,540,926</u>
Net change in fund balance	<u>(1,706,265)</u>	<u>(1,706,265)</u>	<u>102,085</u>	<u>1,808,350</u>
Fund balance, beginning of year	<u>3,937,279</u>	<u>3,937,279</u>	<u>3,937,279</u>	<u>-</u>
Fund balance, end of year	<u>\$2,231,014</u>	<u>2,231,014</u>	<u>4,039,364</u>	<u>1,808,350</u>

**TOWN OF SMYRNA, TENNESSEE**

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

**Debt Service Fund**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Uses of Money and Property:				
Interest	\$56,193	56,193	55,773	(420)
Total Revenue	56,193	56,193	55,773	(420)
Expenditures:				
Debt service:				
Principal retirement	2,399,850	2,399,850	2,399,850	-
Interest and fiscal charges	550,264	550,264	373,193	177,071
Total Expenditures	2,950,114	2,950,114	2,773,043	177,071
Excess (deficiency) of revenues over expenditures	(2,893,921)	(2,893,921)	(2,717,270)	176,651
Other Financing Sources (Uses):				
Transfers from other funds	2,813,921	2,813,921	2,636,850	(177,071)
Net change in fund balance	(80,000)	(80,000)	(80,420)	(420)
Fund balance, beginning of year	1,624,048	1,624,048	1,624,048	-
Fund balance, end of year	\$1,544,048	1,544,048	1,543,628	(420)

**TOWN OF SMYRNA, TENNESSEE**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget (GAAP Basis) and Actual**  
**Capital Projects Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental :				
Grants - state and federal	\$4,461,000	4,461,000	2,571,109	(1,889,891)
Donations and memorials	48,000	48,000	4,117	(43,883)
Total Intergovernmental	<u>4,509,000</u>	<u>4,509,000</u>	<u>2,575,226</u>	<u>(1,933,774)</u>
Uses of Money and Property:				
Interest	-	-	135,078	135,078
Total Revenue	<u>4,509,000</u>	<u>4,509,000</u>	<u>2,710,304</u>	<u>(1,798,696)</u>
Expenditures:				
Recreation and Culture:				
Current				
Supplies & repairs	300,000	300,000	282,043	17,957
Capital outlay	7,806,143	7,836,143	7,461,141	375,002
Community Development:				
Current				
Supplies	12,000	12,000	11,030	970
Capital outlay	120,790	120,790	105,680	15,110
Highways and Streets:				
Current				
Supplies & repairs	489,000	489,000	446,932	42,068
Capital outlay	7,612,147	7,612,147	5,799,661	1,812,486
Public Safety:				
Current				
Supplies - fire	700,333	700,333	123,740	576,593
Supplies - police	273,248	194,548	194,458	90
Capital outlay - fire	875,000	875,000	867,029	7,971
Capital outlay - police	375,000	507,700	507,666	34
Stormwater				
Current				
Capital outlay	2,227,873	2,227,873	686,947	1,540,926
General Government:				
Current				
Supplies & repairs	350,000	351,600	309,607	41,993
Debt issue costs	150,000	150,000	149,482	518
Capital outlay	984,004	984,004	474,833	509,171
Total Expenditures	<u>22,275,538</u>	<u>22,361,138</u>	<u>17,420,249</u>	<u>4,940,889</u>
Excess (deficiency) of revenues over expenditures	<u>(17,766,538)</u>	<u>(17,852,138)</u>	<u>(14,709,945)</u>	<u>3,142,193</u>
Other Financing Sources:				
Issuance of debt	5,309,000	16,109,000	18,000,000	1,891,000
Premium on debt issuance	-	-	2,161,462	2,161,462
Transfers from State Street Aid Fund and Drug Fund	215,000	215,000	76,734	(138,266)
Transfers from Impact Fee Fund	1,172,254	1,172,254	677,001	(495,253)
Transfers from Stormwater Fund	2,227,873	2,227,873	686,947	(1,540,926)
Transfers from General Fund	4,617,411	9,303,011	9,045,925	(257,086)
Total Other Financing Sources	<u>13,541,538</u>	<u>29,027,138</u>	<u>30,648,069</u>	<u>1,620,931</u>
Net change in fund balance	<u>(4,225,000)</u>	<u>11,175,000</u>	<u>15,938,124</u>	<u>4,763,124</u>
Fund balance, beginning of year	<u>6,565,890</u>	<u>6,565,890</u>	<u>6,565,890</u>	<u>-</u>
Fund balance, end of year	<u>\$2,340,890</u>	<u>17,740,890</u>	<u>22,504,014</u>	<u>4,763,124</u>

TOWN OF SMYRNA, TENNESSEE

Capital Assets Used in the Operation of Governmental Funds

Schedule By Function and Activity

June 30, 2019

Function and Activity	Land	Buildings & Improvements	Improvements Other Than Buildings	Equipment	Infrastructure	Construction In Progress	Total
General government	\$1,610,588	6,139,138	906,702	4,930,211	210,730	789,417	14,586,786
Public safety:							
Police	216,060	3,802,424	-	7,304,324	-	22,935	11,345,743
Fire	155,690	5,094,235	158,212	7,555,793	-	751,166	13,715,096
Highways and streets	1,431,685	216,024	2,212,145	2,877,839	115,469,027	13,935,665	136,142,385
Stormwater	-	-	387,579	1,331,713	1,277,936	225,100	3,222,328
Recreation	4,234,928	11,059,276	17,945,590	3,774,275	1,179,190	5,870,464	44,063,723
Community development	-	3,764,459	-	497,978	-	-	4,262,437
Total governmental capital assets	<u>\$7,648,951</u>	<u>30,075,556</u>	<u>21,610,228</u>	<u>28,272,133</u>	<u>118,136,883</u>	<u>21,594,747</u>	<u>227,338,498</u>

**TOWN OF SMYRNA, TENNESSEE**

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

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

**For the Year Ended June 30, 2019**

Function and Activity	Balance July 1, 2018	Additions	Reclasses & Deletions	Balance June 30, 2019
General government	\$14,111,955	474,831	-	14,586,786
Public safety:				
Police	11,086,905	539,044	(280,206)	11,345,743
Fire	12,908,891	867,029	(60,824)	13,715,096
Highways and streets	127,100,046	9,042,339	-	136,142,385
Stormwater	2,535,378	686,947	3	3,222,328
Recreation	36,739,898	7,339,039	(15,214)	44,063,723
Community development	4,156,760	105,680	(3)	4,262,437
Total governmental capital assets	<u>\$208,639,833</u>	<u>19,054,909</u>	<u>(356,244)</u>	<u>227,338,498</u>

**TOWN OF SMYRNA, TENNESSEE**

**Schedule of Cash and Cash Equivalents**

**All Funds**

**June 30, 2019**

Major Governmental Funds

<u>Type of Investment or Account</u>	<u>Interest Rate</u>	<u>Amount</u>
General Fund:		
Demand deposits and savings	Various	\$30,733,847
Local Government Investment Pool	Various	67,537
Change funds	-	5,321
Total General Fund		<u>30,806,705</u>
Capital Projects Fund:		
Demand deposits and savings	-	24,621,004
Total Capital Projects Fund		<u>24,621,004</u>

Nonmajor Governmental Funds

Drug Fund:		
Cash	-	-
Demand deposit	-	370,631
Total Drug Fund		<u>370,631</u>
State Street Aid Fund:		
Local Government Investment Pool	Various	1,127
Demand deposits and savings	Various	1,149,760
Total State Street Aid Fund		<u>1,150,887</u>
Impact Fee Fund:		
Demand deposits and savings	Various	3,675,317
Total Impact Fee Fund		<u>3,675,317</u>
Stormwater Fund:		
Demand deposits and savings	Various	3,874,345
Total Stormwater Fund		<u>3,874,345</u>
Debt Service Fund:		
Demand deposits and savings	Various	33,628
Total Stormwater Fund		<u>33,628</u>

Proprietary Funds:

Water and Sewer Fund:		
Demand deposits and savings	Various	34,982,190
Local Government Investment Pool	Various	1,860
Change funds	-	600
Total Water and Sewer Fund		<u>34,984,650</u>
Natural Gas Fund:		
Local Government Investment Pool	Various	1,076
Demand deposits and savings	Various	15,314,339
Total Natural Gas Fund		<u>15,315,415</u>
Internal Service Fund:		
Demand deposits and savings	Various	5,311,808
Total Internal Service Fund		<u>5,311,808</u>
Total Primary Government		<u>\$120,144,390</u>

Component Units:

Charity Assistance Fund:		
Demand deposits and savings	-	\$173,662
Total Charity Assistance Fund		<u>\$173,662</u>

**TOWN OF SMYRNA, TENNESSEE**

**Schedule of Changes in Property Taxes Receivable**

**General Fund**

**For the Year Ended June 30, 2019**

<u>Fiscal Year</u>	Property Tax Receivable Balance June 30, 2018	<u>Assessments</u>	<u>Collections</u>	<u>Adjustments</u>	Property Tax Receivable Balance June 30, 2019
2018 - 2019	\$ -	10,943,588	(10,674,286)	-	269,302
2017 - 2018	125,510	-	(84,197)	(76)	41,237
2016 - 2017	33,351	-	(19,561)	(103)	13,687
2015 - 2016	19,281	-	(5,729)	5	13,557
2014 - 2015	11,147	-	(1,909)	-	9,238
2013 - 2014	10,211	-	(338)	-	9,873
2012 - 2013	22,975	-	(916)	-	22,059
2011 - 2012	30,767	-	(23)	-	30,744
2010 - 2011	10,908	-	-	-	10,908
2009 - 2010	13,543	-	-	-	13,543
2008 - 2009	9,571	-	-	(9,751)	-
	-	-	-	-	-
	<u>\$287,264</u>	<u>10,943,588</u>	<u>(10,786,959)</u>	<u>(9,925)</u>	434,148
2019 - 2020**					<u>10,900,000</u>
Property taxes receivable per Governmental Funds Financial Statements					11,334,148
Allowance for uncollectibles					(110,451)
Property taxes receivable per Government Wide Financial Statements					<u>\$11,223,697</u>

Fiscal year 2015-2016 and prior have been turned over to the County Clerk and Master for collection.

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

**Town Of Smyrna**  
**Schedule Of Changes In Long-Term Debt By Individual Issue**  
**June 30, 2019**

Description Of Indebtedness	Original Amount Of Issue	Interest Rate	Date Of Issue	Last Maturity Date	Outstanding 7-1-18	Issued During Period	Paid And/Or Matured During Period	Refunded During Period	Outstanding 6-30-19
<b>Governmental Activities</b>									
<u>BONDS PAYABLE</u>									
<u>Payable Through Debt Service Fund</u>									
2008 GO Bonds (Split)	\$ 7,895,000	3.4 to 4.5 %	12-23-08	4-1-19	\$ 374,850		374,850		-
2009 G O Bonds	2,450,000	2.25 to 3.75	12-8-09	6-1-19	220,000		220,000		-
2014 GO Refunding Bonds	3,000,000	1.38	3-21-14	6-1-20	1,040,000		510,000		530,000
2014 GO Bonds A	2,020,000	3.0 to 4.0	6-18-14	6-1-24	1,410,000		210,000		1,200,000
2014 GO Bonds B	1,765,000	1.1 to 4.125	6-18-14	4-1-34	1,610,000		80,000		1,530,000
2014 GO Refunding Bonds	5,280,000	1.69	6-28-14	4-1-22	4,135,000		1,005,000		3,130,000
2017 G O Refunding (Split)	3,107,850	5.0	9-1-17	4-1-24	3,107,850		-		3,107,850
2019 G O Refunding	18,000,000	2.0 to 5.0	6-25-19	4-1-39			-		18,000,000
Total Bonds Payable Through Debt Service Fund					\$ 11,897,700	18,000,000	2,399,850	-	27,497,850
<b>Business-Type Activities</b>									
<u>OTHER LOANS PAYABLE</u>									
<u>Payable Through Water Fund</u>									
2009 State Revolving Loan	\$ 5,750,000	2.14 %	10/2011	4-1-32	\$ 2,446,201		161,419		2,284,782
2010 State Revolving Loan	600,000	1.94	8/2012	1-1-33	256,008		15,972		240,036
2015 State Revolving Loan DWA	83,377	1.0	3/2015	8-1-38	82,119		3,798		78,321
2015 State Revolving Loan CWA	190,683	1.24	3/2018	8-1-48	188,932		5,305		183,627
State Revolving Loan CWA	1,454,417	1.7	6/2019	***	-	1,454,417	145,441		1,308,976
Total Other Loans Payable					\$ 2,973,260	1,454,417	331,935	-	4,095,742
<u>BONDS PAYABLE</u>									
<u>Payable Through Water and Sewer Fund</u>									
2008 Go Bonds (Split)	\$ 1,880,423	3.4 to 4.5 %	12-23-08	4-1-19	\$ 325,150		325,150		-
2009 Rev Tax Refunding	6,430,000	3.0 to 3.9	2-12-09	6-1-19	575,000		575,000		-
2009 Rev/Tax W&S Imp Bonds	17,470,000	2.05 to 4.0	12-8-09	6-1-19	1,720,000		1,720,000		-
2011 Rev/Tax W&S Imp Bonds	16,150,000	4.0	4-28-11	6-1-21	3,600,000		1,150,000		2,450,000
2017 W&S Refunding (Split)	20,042,150	5.0	9-1-17	4-1-26	20,042,150		-		20,042,150
Total Bonds Payable					\$ 26,262,300	-	3,770,150	-	22,492,150

\*\*\* 30 yr amortization to begin at project completion.

**TOWN OF SMYRNA, TENNESSEE**

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

**General Obligation**

**June 30, 2019**

Year Ending <u>June 30,</u>	2019 General Obligation Bonds	2014 General Obligation Bonds	2014A General Obligation Bonds	2014B General Obligation Bonds	2014 Ref. General Obligation Bonds	2017 Ref. General Obligation Bonds	Principal Requirements	Interest Requirements	Total
2020	\$ -	\$530,000	\$220,000	\$80,000	\$1,025,000	\$547,850	\$2,402,850	\$861,054	\$3,263,904
2021	630,000	-	230,000	85,000	1,040,000	585,000	2,570,000	962,797	3,532,797
2022	660,000	-	240,000	85,000	1,065,000	630,000	2,680,000	873,061	3,553,061
2023	695,000	-	250,000	90,000	-	655,000	1,690,000	778,412	2,468,412
2024	730,000	-	260,000	90,000	-	690,000	1,770,000	698,213	2,468,213
2025	765,000	-	-	95,000	-	-	860,000	614,112	1,474,112
2026	800,000	-	-	95,000	-	-	895,000	572,657	1,467,657
2027	820,000	-	-	100,000	-	-	920,000	553,450	1,473,450
2028	835,000	-	-	105,000	-	-	940,000	533,425	1,473,425
2029	875,000	-	-	105,000	-	-	980,000	487,869	1,467,869
2030	920,000	-	-	110,000	-	-	1,030,000	439,919	1,469,919
2031	965,000	-	-	115,000	-	-	1,080,000	389,519	1,469,519
2032	1,015,000	-	-	120,000	-	-	1,135,000	336,668	1,471,668
2033	1,065,000	-	-	125,000	-	-	1,190,000	280,969	1,470,969
2034	1,110,000	-	-	130,000	-	-	1,240,000	233,212	1,473,212
2035	1,150,000	-	-	-	-	-	1,150,000	183,450	1,333,450
2036	1,185,000	-	-	-	-	-	1,185,000	148,950	1,333,950
2037	1,220,000	-	-	-	-	-	1,220,000	113,400	1,333,400
2038	1,260,000	-	-	-	-	-	1,260,000	76,800	1,336,800
2039	1,300,000	-	-	-	-	-	1,300,000	39,000	1,339,000
	<u>18,000,000</u>	<u>530,000</u>	<u>1,200,000</u>	<u>1,530,000</u>	<u>3,130,000</u>	<u>3,107,850</u>	<u>27,497,850</u>	<u>9,176,937</u>	<u>36,674,787</u>

**TOWN OF SMYRNA, TENNESSEE**

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

**Enterprise Fund**

**June 30, 2019**

Year Ending June 30,	Bond Issues		Revolving Loan	Revolving Loan	Revolving Loan	Revolving Loan	Interest Requirements	Total
	2011	2017						
2020	\$1,200,000	\$2,352,150	\$16,284	\$164,908	\$3,834	\$5,376	\$1,155,119	\$4,897,671
2021	1,250,000	2,455,000	16,596	168,472	3,870	5,436	985,540	4,884,914
2022	-	3,955,000	16,932	172,112	3,918	5,508	808,681	4,962,151
2023	-	4,195,000	17,256	175,832	3,954	5,580	606,767	5,004,389
2024	-	4,385,000	17,592	179,632	3,990	5,640	392,786	4,984,640
2025	-	1,320,000	17,940	183,515	4,038	5,712	169,172	1,700,377
2026	-	1,380,000	18,288	187,481	4,074	5,784	98,750	1,694,377
2027	-	-	18,648	191,532	4,110	5,856	25,207	245,353
2028	-	-	19,020	195,671	4,158	5,928	20,576	245,353
2029	-	-	19,392	199,901	4,194	6,000	15,866	245,353
2030	-	-	19,764	204,220	4,242	6,084	11,018	245,328
2031	-	-	20,148	208,633	4,278	6,156	6,114	245,329
2032	-	-	20,556	52,873	4,326	6,240	2,192	86,187
2033	-	-	1,620	-	4,362	6,312	1,656	13,950
2034	-	-	-	-	4,410	6,396	1,512	12,318
2035	-	-	-	-	4,458	6,468	1,380	12,306
2036	-	-	-	-	4,506	6,552	1,248	12,306
2037	-	-	-	-	4,542	6,636	1,104	12,282
2038	-	-	-	-	3,057	6,720	974	10,751
2039	-	-	-	-	-	6,804	864	7,668
2040	-	-	-	-	-	6,888	780	7,668
2041	-	-	-	-	-	6,972	684	7,656
2042	-	-	-	-	-	7,056	600	7,656
2043	-	-	-	-	-	7,140	516	7,656
2044	-	-	-	-	-	7,236	408	7,644
2045	-	-	-	-	-	7,320	324	7,644
2046	-	-	-	-	-	7,416	216	7,632
2047	-	-	-	-	-	7,512	120	7,632
2048	-	-	-	-	-	4,899	21	4,920
	<u>2,450,000</u>	<u>20,042,150</u>	<u>240,036</u>	<u>2,284,782</u>	<u>78,321</u>	<u>183,627</u>	<u>4,310,195</u>	<u>29,589,111</u>

\*State Revolving Loan Funds 1,308,976

\$30,898,087

\* Amortization to be over 30 years and to begin at completion of project.

**TOWN OF SMYRNA, TENNESSEE**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

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

CFDA Number	Program Name	Grantor Agency	Pass Through Entity Identifying Number	Federal Expenditures	Total Program Expenditures
16.607	Bullet Proof Vest Partnership Program	US Department of Justice		\$7,205	\$7,205
20.205	High Priority Program, Greenway Grant (Highway Planning and Construction Cluster)	TN Department of Transportation (Federal Highway Administration)	75952-3555-54 75LPLM-F0-003 HPP-9315 (6) & (9)	1,240,300	
20.205	Intelligent Transportation System Grant (Highway Planning and Construction Cluster)	TN Department of Transportation (Federal Highway Administration)	75LPLM-F1-064 CM-9315(11)	87,982	
20.205	Surface Transportation Program (Highway Planning and Construction Cluster)	TN Department of Transportation (Federal Highway Administration)	75LPLM-F3-045 STP-M-9315(10)	487,221	
20.205	Surface Transportation Program (Highway Planning and Construction Cluster)	TN Department of Transportation (Federal Highway Administration)	75LPLM-F3-049 STP-M-266(20)	526,362	2,341,865 *
20.607	Alcohol Open Container Requirements	TN Highway Safety Office (Federal Highway Administration)	154AL-18-049 154AL-19-185	24,118	24,118
66.458	Capitalization Grants For Clean Water Revolving Program	TN Office of State and Local Finance & TDEC (Environmental Protection Agency)	CG7 2019-423	1,454,417	1,454,417 *
				<u>\$3,827,605</u>	<u>\$3,827,605</u>

\* Major Program

Notes:

At June 30, 2019, loan program outstanding balances were as follows:

Capitalization Grants For Drinking Water State Revolving Loan Funds	DWA 14-154 CGO 2010-258	\$78,321 240,036
Capitalization Grants For Clean Water State Revolving Loan Funds	CWA 14-343 CGA 2009-234	183,627 2,284,782
Capitalization Grants For Clean Water State Revolving Loan Funds	CG7 2019-423	1,308,976
		<u>\$4,095,742</u>

The prior drinking water loans were 80.77% federally funded and the clean water loans were 83.33% federally funded. Current year payments on the drinking water loans were \$150,746 and on the clean water loans were \$165,217.

The current year cleanwater loan was considered 100.00% federally funded per TDEC and the current year draw down of \$1,454,417 was 10% forgiven. Payments have not begun as of 6/30/19.

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

During 2019 there were no federal grant amounts provided to subrecipients and the Town did not elect to use the de minimus cost rate.

This schedule was prepared using the modified accrual basis of accounting.

**TOWN OF SMYRNA, TENNESSEE**  
**Schedule of Federal and State Financial Assistance**  
**For the Year Ended June 30, 2019**

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

CFDA Number	State Grant Number	Program Name	Grantor Agency	(Accrued) or Deferred Revenue at July 1, 2018	Program Income & Grant Receipts	Adjustments	Expenditures	(Accrued) or Deferred Revenue at June 30, 2019
16.607	N/A	Bullet Proof Vest Partnership Program	U.S. Department of Justice	(\$3,708)	3,708	-	7,205	(7,205)
16.922	N/A	Equitable Sharing Program	U.S. Department of Justice	16,337	977	-	-	17,314
20.205	HPP-9315 (6) & (9) HPP-7500	High Priority Program, Greenway Grant	Federal Highway Administration	(326,611)	934,153	4,913	1,240,300	(627,845)
20.205	CM-9315(15)	Intelligent Transportation Program	TN Department of Transportation	(9,467)	52,549	-	87,982	(44,900)
20.205	STP-M-9315(10) 75LPLM-F3-045	Surface Transportation Program	TN Department of Transportation (Federal Highway Administration)	-	9,872	-	487,221	(477,349)
20.205	STP-M-266(20) 75LPLM-F3-049	Surface Transportation Program	TN Department of Transportation (Federal Highway Administration)	-	276,874	-	526,362	(249,488)
20.205	STP-M-266(21) 75LPLM-F1-051	Surface Transportation Program	TN Department of Transportation (Federal Highway Administration)	(1,009)	1,009	-	-	-
20.607	154AL-18-049/154AL 154AL-19-185/154AL	Network Coordinator Grant	TN Highway Safety Office (Federal Highway Administration)	(7,451)	9,169	-	24,118	(22,400)
66.468	CG7 2019-423	Capitalization Grants For Clean Water Revolving Loan Funds	TN Office Of State and Local Finance & TDE (Environmental Protection Agency)	-	-	-	1,454,417	(1,454,417)
<b>Total Federal Assistance</b>				<u>(\$331,909)</u>	<u>1,288,311</u>	<u>4,913</u>	<u>3,827,605</u>	<u>(2,866,290)</u>
<b>State Assistance</b>								
	75LPLM-S3-071	Interstate Connector Grant	TN Department of Transportation	(\$54,054)	240,208		194,529	(8,375)
	32601-2100	Local Park & Recreation Fund Grant	TN Environment and Conservation	-	1,410	-	19,545	(18,135)
	ABC19	Arts Build Communities	Greater Nashville Regional Council (TN Arts Commission)	-	1,880	-	1,880	-
<b>Total State Assistance</b>				<u>(\$54,054)</u>	<u>243,498</u>	<u>-</u>	<u>215,954</u>	<u>(26,510)</u>

This schedule was prepared using the modified accrual basis of accounting.

TOWN OF SMYRNA, TENNESSEE

Schedule of Utility Data

June 30, 2019

<u>Services</u>	<u>Number of Customers</u>
Water	14,738
Sewer	14,124
Natural Gas	11,057
Fire Hydrants	1,792
 <u>Rates</u>	
Water (in Town)	
First 2,000 gallons	\$11.31
2,001 - 5,000 gallons	3.53/1,000 gallons
5,001 - 10,000 gallons	4.01/1,000 gallons
thereafter	4.48/1,000 gallons
Water (outside Town)	
First 2,000 gallons	\$13.86
2,001 - 5,000 gallons	5.20/1,000 gallons
5,001 - 10,000 gallons	5.74/1,000 gallons
thereafter	6.60/1,000 gallons
Wholesale	\$11.85
First 2,000 gallons	3.63/1,000 gallons
2,001 - 5,000 gallons	4.22/1,000 gallons
5,001 - 10,000 gallons	4.66/1,000 gallons
thereafter	
Pre-certificate of occupancy	\$3.53/ thousand
Nissan	By contract
Nolensville	By contract
Irrigation Meter	\$21.75
First 10,000 gallons	4.48/1,000 gallons
15,000 gallons	5.20/1,000 gallons
25,000 gallons	5.74/1,000 gallons
50,000 gallons	6.60/1,000 gallons
Sewer (in Town)	
First 2,000 gallons	\$16.43
thereafter	4.39/2,000 gallons
Sewer (outside Town)	
First 2,000 gallons	\$24.53
thereafter	5.86/2,000 gallons
Pre-certificate of occupancy	\$4.39/ thousand
Repurified Water	
First 2,000 gallons	\$16.72
(April - October)	2.46/1,000 gallons
(November - March)	1.34/1,000 gallons
Natural Gas	
Residential and Small Commercial	\$3.50 demand charge
<i>Excess at current market rate</i>	\$2.00 - Plus MV at time of purchase

**TOWN OF SMYRNA, TENNESSEE**

**STATISTICAL SECTION**

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

Schedule #

Contents

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

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

**TOWN OF SMYRNA, TENNESSEE**

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

**Schedule 1**

(Prepared using the accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b><u>Governmental Activities:</u></b>										
Net investment in capital assets	\$78,000,723	77,232,023	77,980,535	76,999,847	80,785,740	80,981,915	83,122,476	89,247,641	95,417,145	104,041,833
Restricted for:										
Cemetery maintenance	-	453,875	510,430	558,342	600,822	-	-	-	-	-
Capital projects	5,712,407	4,504,069	4,311,274	4,530,099	5,513,106	5,831,376	6,618,988	4,855,604	9,305,483	11,624,083
Highway and streets maintenance	162,467	156,300	177,509	190,200	259,832	341,729	479,032	898,849	1,205,131	1,408,171
Stormwater	749,539	1,310,636	1,771,032	2,296,550	2,718,258	2,965,303	3,354,896	3,618,993	3,874,736	3,979,036
Debt service	-	-	-	-	-	1,779,574	1,779,574	1,704,368	1,624,048	1,543,628
Law enforcement	50,900	40,712	71,091	53,571	83,257	138,911	260,177	311,696	351,513	348,803
Unrestricted	14,393,586	13,006,648	13,613,831	15,566,065	20,077,540	23,939,831	27,389,321	32,446,364	32,664,607	35,093,277
<b>Total Governmental Activities Net Position</b>	<b>99,069,622</b>	<b>96,704,263</b>	<b>98,435,702</b>	<b>100,194,674</b>	<b>110,038,555</b>	<b>115,978,639</b>	<b>123,004,464</b>	<b>133,083,515</b>	<b>144,442,663</b>	<b>158,038,831</b>
<b><u>Business-Type Activities</u></b>										
Net investment in capital assets	92,392,866	94,513,896	97,067,481	96,772,588	97,024,340	97,507,712	99,677,909	106,389,815	114,009,907	116,462,875
Other projects										
Unrestricted	15,471,631	13,555,568	10,151,659	13,605,629	18,619,992	26,754,183	32,473,431	38,148,611	44,354,441	53,411,032
<b>Total Business-type Activities Net Position</b>	<b>107,864,497</b>	<b>108,069,464</b>	<b>107,219,140</b>	<b>110,378,217</b>	<b>115,644,332</b>	<b>124,261,895</b>	<b>132,151,340</b>	<b>144,538,426</b>	<b>158,364,348</b>	<b>169,873,907</b>
<b><u>Primary Government</u></b>										
Net investment in capital assets	170,393,589	171,745,919	175,048,016	173,772,435	177,810,080	178,489,627	182,800,385	195,637,456	209,427,052	220,504,708
Restricted for:										
Cemetery maintenance	-	453,875	510,430	558,342	600,822	-	-	-	-	-
Capital projects	5,712,407	4,504,069	4,311,274	4,530,099	5,513,106	5,831,376	6,618,988	4,855,604	9,305,483	11,624,083
Highway and streets maintenance	162,467	156,300	177,509	190,200	259,832	341,729	479,032	898,849	1,205,131	1,408,171
Stormwater	749,539	1,310,636	1,771,032	2,296,550	2,718,258	2,965,303	3,354,896	3,618,993	3,874,736	3,979,036
Debt service	-	-	-	-	-	1,779,574	1,779,574	1,704,368	1,624,048	1,543,628
Law enforcement	50,900	40,712	71,091	53,571	83,257	138,911	260,177	311,696	351,513	348,803
Unrestricted	29,865,217	26,562,216	23,765,490	29,171,694	38,697,532	50,694,014	59,862,752	70,594,975	77,019,048	88,504,309
<b>Total Primary Government Net Position</b>	<b>206,934,119</b>	<b>204,773,727</b>	<b>205,654,842</b>	<b>210,572,891</b>	<b>225,682,887</b>	<b>240,240,534</b>	<b>255,155,804</b>	<b>277,621,941</b>	<b>302,807,011</b>	<b>327,912,738</b>

TOWN OF SMYRNA, TENNESSEE

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

Schedule 2  
(Prepared using the accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses:</b>										
Governmental Activities:										
General government	\$7,239,734	8,275,614	7,321,245	7,372,627	6,928,238	7,141,569	7,174,316	7,005,326	8,018,956	9,086,899
Public safety:										
Police	9,147,791	9,568,842	9,318,385	8,847,423	8,445,483	9,538,680	9,703,392	8,979,232	10,571,974	10,179,164
Fire	8,361,813	8,379,595	8,249,674	8,073,938	7,857,744	8,018,987	8,468,330	7,627,186	8,222,826	8,999,957
Highways and streets	4,863,802	4,801,834	4,517,730	4,879,112	4,679,915	4,864,139	4,832,478	1,554,776	5,236,993	5,848,241
Recreation	4,747,459	4,650,655	4,540,006	4,336,852	4,585,924	4,206,565	4,608,184	3,981,542	5,713,129	6,002,908
Community development	1,319,116	1,331,653	1,362,977	1,271,570	1,380,340	1,233,382	1,344,574	1,421,652	1,494,284	1,501,940
Stormwater	542,203	593,683	677,236	772,488	928,982	1,033,845	984,420	1,019,653	989,918	1,099,104
Interest expense on long-term debt	805,659	820,094	775,834	740,988	684,044	554,043	537,178	2,983,735	329,234	306,249
<b>Total Governmental Activities Expenses</b>	<b>37,027,577</b>	<b>38,421,969</b>	<b>36,763,088</b>	<b>36,294,998</b>	<b>35,490,670</b>	<b>36,591,210</b>	<b>37,652,871</b>	<b>34,573,100</b>	<b>40,577,314</b>	<b>43,024,461</b>
Business-Type Activities:										
Water and Sewer	12,902,379	13,312,416	13,426,393	13,499,799	15,235,532	14,979,525	15,129,731	16,140,048	16,651,408	16,588,841
Natural Gas	15,005,690	13,663,394	13,005,327	12,620,752	16,865,335	13,270,956	9,862,349	11,348,911	12,888,817	12,843,143
<b>Total Business-type Activities Expenses</b>	<b>27,908,069</b>	<b>26,975,811</b>	<b>26,431,720</b>	<b>26,120,551</b>	<b>32,100,867</b>	<b>28,250,480</b>	<b>24,992,081</b>	<b>27,488,960</b>	<b>29,540,226</b>	<b>29,431,984</b>
<b>Total Primary Government Expenses</b>	<b>64,935,646</b>	<b>65,397,780</b>	<b>63,194,808</b>	<b>62,415,549</b>	<b>67,591,537</b>	<b>64,841,690</b>	<b>62,644,952</b>	<b>62,062,060</b>	<b>70,117,540</b>	<b>72,456,445</b>
<b>Program Revenues:</b>										
Governmental Activities:										
Charges for services:										
General government	\$2,391,810	2,334,212	2,441,772	2,466,490	2,408,583	2,492,133	2,886,033	3,289,674	3,363,106	3,520,121
Public safety:										
Police	1,788,134	1,686,516	1,730,954	1,676,133	1,415,946	1,705,372	1,549,752	1,290,661	1,410,754	1,228,309
Highways and streets	-	-	-	-	-	-	-	-	-	-
Recreation	1,220,047	1,395,252	1,511,587	1,499,155	1,525,046	1,409,063	1,437,676	1,477,395	1,611,736	1,758,617
Community development	407,418	183,142	188,995	168,638	172,812	187,474	230,705	257,660	274,015	265,846
Stormwater	1,382,106	1,431,163	1,462,760	1,481,119	1,491,895	1,505,420	1,556,722	1,621,485	1,669,700	1,697,248
Debt service	-	-	-	-	-	31,254	58,298	58,091	57,152	55,773
Operating grants and contributions	1,335,960	1,283,978	1,534,671	2,039,015	1,783,789	1,431,094	1,558,844	1,720,208	1,966,594	1,962,869
Capital grants and contributions	3,190,854	1,779,839	3,276,378	1,880,582	6,248,860	3,052,287	2,536,075	2,876,947	5,164,168	7,844,548
<b>Total Governmental Activities Program Revenues</b>	<b>11,716,329</b>	<b>10,094,102</b>	<b>12,147,117</b>	<b>11,211,132</b>	<b>15,046,931</b>	<b>11,814,097</b>	<b>11,814,105</b>	<b>12,592,121</b>	<b>15,517,225</b>	<b>18,333,331</b>
Business-Type Activities:										
Charges for services:										
Water and Sewer	11,713,484	13,089,220	14,237,225	15,718,937	15,917,871	16,794,549	18,893,503	20,358,329	20,757,352	21,482,036
Natural Gas	15,492,084	12,413,680	9,648,504	12,790,335	17,515,085	15,371,314	10,118,378	11,390,277	13,451,717	13,780,586
Capital grants and contributions:										
Water and Sewer	3,278,145	2,064,306	2,139,912	1,943,293	4,563,075	3,438,308	4,847,990	8,509,335	9,313,433	5,246,005
Natural Gas	77,890	26,777	57,011	45,331	55,845	91,023	170,050	252,850	169,030	195,583
<b>Total Business-type Activities Program Revenues</b>	<b>30,561,603</b>	<b>27,593,983</b>	<b>26,082,652</b>	<b>30,497,896</b>	<b>38,051,876</b>	<b>35,695,194</b>	<b>34,029,921</b>	<b>40,510,791</b>	<b>43,691,532</b>	<b>40,704,210</b>
<b>Total Primary Government Program Revenues</b>	<b>\$42,277,932</b>	<b>37,688,085</b>	<b>38,229,769</b>	<b>41,709,028</b>	<b>53,098,807</b>	<b>47,509,291</b>	<b>45,844,026</b>	<b>53,102,912</b>	<b>59,208,757</b>	<b>59,037,541</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(25,311,249)	(28,327,868)	(24,615,970)	(25,083,866)	(20,443,739)	(24,777,113)	(25,838,766)	(21,980,979)	(25,060,089)	(24,691,130)
Business-Type Activities	2,653,534	618,172	(349,068)	4,377,345	5,951,009	7,444,713	9,037,840	13,021,831	14,151,307	11,272,226
<b>Total Primary Government Net Expense</b>	<b>(\$22,657,715)</b>	<b>(27,709,696)</b>	<b>(24,965,038)</b>	<b>(20,706,521)</b>	<b>(14,492,730)</b>	<b>(17,332,400)</b>	<b>(16,800,926)</b>	<b>(8,959,148)</b>	<b>(10,908,782)</b>	<b>(13,418,904)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes										
Property and in lieu of taxes	\$10,105,333	10,049,065	10,100,115	10,047,891	12,183,830	12,377,938	12,490,583	12,941,104	13,441,018	13,818,771
Sales	8,555,022	8,967,292	9,278,787	10,116,499	10,891,630	11,293,389	11,981,850	12,367,721	13,104,269	14,044,696
Business	438,371	728,197	951,603	1,155,289	1,142,163	1,226,807	1,579,207	1,512,055	1,481,966	1,559,262
Wholesale beer	1,013,015	1,036,175	1,090,307	1,138,256	1,140,276	1,127,095	1,137,639	1,121,947	1,076,999	1,098,048
Hotel / motel tax	259,802	259,613	304,430	424,920	412,285	446,025	535,643	578,719	662,932	662,758
Cable TV Franchise tax	419,303	440,851	474,154	544,562	516,136	575,281	609,206	610,982	582,045	566,107
Other locally assessed taxes	33,623	26,621	25,626	27,481	26,565	26,260	25,490	27,527	27,480	26,610
State shared income taxes	46,784	60,874	57,141	75,934	106,200	141,565	136,237	96,989	111,320	106,979
State shared beer taxes	18,867	19,862	19,622	19,763	18,915	19,118	19,518	22,945	22,169	21,999
State shared sales taxes	2,424,132	2,533,912	2,711,648	2,763,240	2,855,975	3,027,429	3,233,301	3,883,964	4,051,324	4,214,626
State shared mixed drink tax	174,081	173,260	93,635	95,056	107,223	110,678	119,970	126,435	144,387	164,905
Other state shared taxes	266,905	241,384	23,041	24,936	27,803	29,810	37,558	50,166	123,750	59,688
Unrestricted investment earnings and rental income	439,556	441,617	437,803	225,037	26,664	30,003	71,040	252,565	567,727	1,067,922
Other	227,172	343,927	76,185	97,612	116,408	80,332	132,776	79,442	128,846	96,283
Transfers	610,127	639,859	703,312	708,257	715,547	709,463	833,402	848,137	839,214	778,645
<b>Total Governmental Activities</b>	<b>25,032,093</b>	<b>25,962,509</b>	<b>26,347,409</b>	<b>27,464,733</b>	<b>30,287,620</b>	<b>31,221,193</b>	<b>32,943,420</b>	<b>34,520,698</b>	<b>36,365,436</b>	<b>38,287,299</b>
Business-Type Activities:										
Investments earnings	232,405	225,070	202,056	94,510	27,036	28,854	71,536	213,391	513,829	1,015,978
Other	3,496	1,583	-	18,775	3,617	25,104	351,930	-	-	-
Special items	-	-	-	-	-	2,131,398	-	-	-	-
Transfers	(610,127)	(639,859)	(703,312)	(708,257)	(715,547)	(709,463)	(843,402)	(848,137)	(839,214)	(778,645)
<b>Total Business-type Activities</b>	<b>(374,226)</b>	<b>(413,206)</b>	<b>(501,256)</b>	<b>(594,972)</b>	<b>(684,894)</b>	<b>1,475,893</b>	<b>(419,936)</b>	<b>(634,746)</b>	<b>(325,385)</b>	<b>237,333</b>
<b>Total Primary Government</b>	<b>\$24,657,867</b>	<b>25,549,303</b>	<b>25,846,153</b>	<b>26,869,761</b>	<b>29,602,726</b>	<b>32,697,086</b>	<b>32,523,484</b>	<b>33,885,952</b>	<b>36,040,051</b>	<b>38,524,632</b>
<b>Change in Net Position</b>										
Governmental activities	(279,156)	(2,365,360)	1,731,439	2,380,867	9,843,881	6,444,080	7,104,653	12,539,717	11,305,347	13,596,169
Business-type activities	2,279,308	204,967	(850,324)	3,782,373	5,266,115	8,920,606	8,627,905	12,387,086	13,825,922	11,509,559
<b>Total Primary Government</b>	<b>\$2,000,152</b>	<b>(2,160,393)</b>	<b>881,115</b>	<b>6,163,240</b>	<b>15,109,996</b>	<b>15,364,686</b>	<b>15,732,558</b>	<b>24,926,803</b>	<b>25,131,269</b>	<b>25,105,728</b>

TOWN OF SMYRNA, TENNESSEE

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

Schedule 3

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Funds:										
General Fund										
Reserved	\$ -	-	-	-	-	-	-	-	-	432,408
Unreserved and undesignated	-	-	-	-	-	-	-	-	-	14,724,536
Nonspendable	98,044	100,992	108,827	107,036	93,698	96,843	89,785	77,458	69,667	-
Restricted	17,314	39,783	34,412	32,448	9,986	600,822	558,342	510,430	453,875	-
Committed	940,783	849,745	775,012	715,127	658,759	-	-	-	-	-
Assigned	-	-	-	-	1,729,203	-	-	2,441,742	2,625,725	-
Unassigned	30,440,130	30,335,657	30,365,392	25,702,736	20,465,884	18,810,745	15,266,713	10,689,761	10,530,089	-
Total General Fund	<u>\$31,496,271</u>	<u>31,326,177</u>	<u>31,283,643</u>	<u>26,557,347</u>	<u>22,957,530</u>	<u>19,508,410</u>	<u>15,914,840</u>	<u>13,719,391</u>	<u>13,679,356</u>	<u>15,156,944</u>
All Other Governmental Funds										
Reserved	\$ -	-	-	-	-	-	-	-	-	213,750
Unreserved reported in:										
Capital Projects Fund	-	-	-	-	-	-	-	-	-	1,606,318
Debt Service Fund	1,543,628	1,624,048	1,704,368	1,779,574	1,779,574	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-	-	-	-	-	4,397,196
Nonspendable	-	-	-	-	-	-	-	160,497	170,456	-
Restricted in capital projects funds	26,762,386	9,265,700	4,821,192	6,586,540	5,821,390	5,513,106	4,950,119	4,771,376	5,673,986	-
Restricted in special revenue funds	5,655,032	5,357,673	4,770,180	4,051,314	3,395,294	3,001,099	2,470,032	1,963,694	1,418,039	-
Total all other governmental funds	<u>33,961,046</u>	<u>16,247,421</u>	<u>11,295,740</u>	<u>12,417,428</u>	<u>10,996,258</u>	<u>8,514,205</u>	<u>7,420,151</u>	<u>6,895,567</u>	<u>7,262,481</u>	<u>6,217,264</u>
Total Governmental Funds	<u>\$65,457,317</u>	<u>47,573,598</u>	<u>42,579,383</u>	<u>38,974,775</u>	<u>33,953,788</u>	<u>28,022,615</u>	<u>23,334,991</u>	<u>20,614,958</u>	<u>20,941,837</u>	<u>21,374,208</u>

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

TOWN OF SMYRNA, TENNESSEE

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

Schedule 4  
(Prepared using the modified accrual basis of accounting)-unaudited

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Revenues:</b>										
Taxes and in lieu tax	\$31,564,888	30,254,565	29,172,961	28,246,126	27,117,330	26,300,119	23,419,317	22,364,500	21,300,902	20,638,744
Licenses and permits	3,971,000	3,658,765	3,919,187	2,477,602	1,659,586	1,727,518	1,535,238	1,762,861	1,089,550	1,364,206
Intergovernmental	9,069,954	8,044,717	6,342,991	5,531,934	4,970,970	4,999,448	5,128,803	4,437,303	4,563,135	4,286,974
Fines and fees	1,228,309	1,410,754	1,290,661	1,549,752	1,705,372	1,415,946	1,676,133	1,730,954	1,686,516	1,788,134
Uses of property and money	6,464,392	5,684,228	5,147,278	4,888,921	4,754,840	4,743,143	5,123,552	5,345,419	5,226,554	5,173,416
Other	113,917	131,936	449,316	784,627	80,331	116,408	185,752	86,745	358,819	403,673
Total revenues	<u>52,412,460</u>	<u>49,184,965</u>	<u>46,322,394</u>	<u>43,478,962</u>	<u>40,288,429</u>	<u>39,302,582</u>	<u>37,068,795</u>	<u>35,727,782</u>	<u>34,225,476</u>	<u>33,655,147</u>
<b>Expenditures:</b>										
General government	8,634,285	7,446,549	7,011,704	6,816,854	6,446,722	6,227,212	6,435,101	6,899,647	7,891,085	6,634,723
Public safety:										
Police	9,965,443	9,731,325	9,458,175	9,329,660	9,071,588	8,243,876	8,816,765	9,189,523	8,928,822	8,660,082
Fire	8,397,932	7,745,783	8,169,620	8,163,837	7,817,013	7,581,436	8,055,281	8,365,447	8,137,924	7,956,413
Highways and streets	2,368,489	1,783,910	1,611,464	1,414,885	1,447,268	1,517,290	1,807,075	1,540,682	1,673,430	1,785,964
Recreation	5,026,260	4,917,553	4,273,344	3,917,232	3,590,692	3,952,785	3,858,186	4,002,391	3,857,577	3,895,507
Community development	1,490,264	1,423,067	1,419,521	1,247,276	1,209,425	1,316,737	1,238,062	1,269,548	1,260,465	1,219,667
Stormwater	878,797	863,412	887,856	834,593	878,419	780,823	778,633	551,954	562,305	484,945
Debt service										
Principal	2,399,850	2,348,785	2,496,748	2,543,103	2,260,752	2,516,161	1,722,674	824,751	804,609	907,356
Interest	373,193	360,404	475,915	542,527	556,867	717,609	752,761	1,631,730	1,630,980	1,224,646
Capital outlay	15,934,335	8,434,241	7,761,576	4,402,582	5,832,440	2,509,919	2,308,049	3,188,797	961,581	1,912,646
Total expenditures	<u>55,468,848</u>	<u>45,055,029</u>	<u>43,565,923</u>	<u>39,212,549</u>	<u>39,111,186</u>	<u>35,363,848</u>	<u>35,772,587</u>	<u>37,464,470</u>	<u>35,708,778</u>	<u>34,681,949</u>
Excess of revenues over (under) expenditures	<u>(3,056,388)</u>	<u>4,129,936</u>	<u>2,756,471</u>	<u>4,266,413</u>	<u>1,177,243</u>	<u>3,938,734</u>	<u>1,296,208</u>	<u>(1,736,688)</u>	<u>(1,483,302)</u>	<u>(1,026,802)</u>
<b>Other Financing Sources &amp; Uses:</b>										
Bond, notes and leases	18,000,000	3,107,850	-	-	9,065,000	3,000,000	611,019	649,109	257,086	3,050,000
Premium on issuance of bonds	2,161,462	522,818	-	-	227,035	-	-	-	-	-
Bond refundings	-	(3,605,603)	-	-	(5,247,568)	(2,970,000)	-	-	-	-
Transfers	778,645	839,214	848,137	833,402	709,463	715,547	708,257	703,312	639,859	610,127
Other	-	-	-	-	-	3,343	19,849	57,388	153,986	23,375
Total other financing sources (uses)	<u>20,940,107</u>	<u>864,279</u>	<u>848,137</u>	<u>833,402</u>	<u>4,753,930</u>	<u>748,890</u>	<u>1,339,125</u>	<u>1,409,809</u>	<u>1,050,931</u>	<u>3,683,502</u>
Net Change in Fund Balance	<u>\$17,883,719</u>	<u>4,994,215</u>	<u>3,604,608</u>	<u>5,099,815</u>	<u>5,931,173</u>	<u>4,687,624</u>	<u>2,635,333</u>	<u>(326,879)</u>	<u>(432,371)</u>	<u>2,656,700</u>
Debt Service as percentage of noncapital Expenditures	<u>7.0%</u>	<u>7.4%</u>	<u>8.3%</u>	<u>8.9%</u>	<u>8.5%</u>	<u>9.8%</u>	<u>7.4%</u>	<u>7.2%</u>	<u>7.0%</u>	<u>6.5%</u>

**TOWN OF SMYRNA, TENNESSEE**

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

**Schedule 5**

Fiscal Year	Appraised Value					Assessed Value	Total Direct Tax Rate*
	Public Utilities	Commercial & Industrial	Personal Property	Residential, Farm & Exempt	Total		
2010	\$38,041,473	867,018,800	347,930,463	1,740,775,920	2,993,766,656	891,549,651	0.86
2011	41,959,829	1,097,280,630	288,939,523	1,832,036,300	3,260,216,282	1,001,850,963	0.7595
2012	44,495,525	1,088,270,062	293,561,172	1,862,606,900	3,288,933,659	1,007,791,748	0.7595
2013	43,234,516	1,072,157,800	291,926,378	1,879,183,300	3,286,501,994	1,003,903,157	0.7595
2014	42,436,776	1,070,401,532	299,588,940	1,971,391,420	3,383,818,668	1,011,844,405	0.9095
2015	46,675,058	1,040,319,600	342,923,826	2,057,112,600	3,487,031,084	1,058,010,712	0.884
2016	50,973,661	1,000,642,356	328,359,756	2,125,016,852	3,504,992,625	1,090,555,706	0.884
2017	49,397,267	1,014,184,934	385,529,250	2,212,237,277	3,661,348,728	1,130,249,953	0.884
2018	60,744,696	1,472,870,638	447,984,669	2,224,624,743	4,206,224,746	1,190,402,066	0.884
2019	76,872,515	1,693,065,875	481,941,567	2,821,113,036	5,072,992,993	1,560,641,932	0.7007

Property is assessed as follows:

Industrial and Commercial:

Real 40%

Personal 30%

Public Utility 55%

Farm and Residenti 25%

\* Per \$100 of assessed valuation

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

Property was reappraised in 2011 and 2019

**TOWN OF SMYRNA, TENNESSEE**

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

**Schedule 6**

Fiscal Year	Direct Rate	Overlapping Rates	Total
	Town*	County**	
2010	\$0.86	\$2.735	\$3.60
2011	0.7595	2.4650	3.225
2012	0.7595	2.4650	3.225
2013	0.7595	2.4652	3.2247
2014	0.9095	2.5652	3.4747
2015	0.8840	2.4867	3.3707
2016	0.8840	2.6800	3.5640
2017	0.8840	2.6800	3.5640
2018	0.8840	2.6800	3.5640
2019	0.7007	2.0994	2.8001

\* Source - County Tax Assessor

There are no components of the Town direct tax rate.

\*\* Levied on County property within the Town

Per \$100 of Assessed Valuation

**TOWN OF SMYRNA, TENNESSEE**

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

**Schedule 7**

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percent of Total Assessed Value	Taxable Assessed Value	Rank	Percent of Total Assessed Value
Nissan North America, Inc	\$32,478,041	1	2.08%	\$38,420,856	1	4.31%
Prologis L.P.	21,620,560	2	1.39%	-	-	-
HCA Health Services	19,400,000	3	1.24%	19,381,800	3	2.17%
Star Stoneridge LLC	19,200,000	4	1.23%	11,538,160	5	1.29%
Copperfield Acquisition LP	19,028,120	5	1.22%	-	-	-
MAA BRIK	18,960,000	6	1.21%	-	-	-
Grand Oak 1 LLC	18,640,000	7	1.19%	-	-	-
Smyrna/Ruth. County Airport *	15,980,120	8	1.02%	-	-	-
Taylor Farms Tennessee	14,880,976	9	0.95%	-	-	-
Big Box Property Owner BL	14,030,360	10	0.90%	-	-	-
Southpark Warehouse	-	-	-	29,810,160	2	3.34%
Smyrna Village, LLC	-	-	-	14,551,175	4	1.63%
Vi Jon, Inc.	-	-	-	9,137,036	6	1.02%
Middle Tennessee Electric	-	-	-	7,449,244	7	0.84%
Sam Ridley, LLC	-	-	-	6,511,920	8	0.73%
LW Apartments LLC	-	-	-	6,396,105	9	0.72%
Triad CSGP, LLC	-	-	-	5,892,589	10	0.66%
<b>Totals</b>	<u>\$194,218,177</u>		<u>12.44%</u>	<u>\$149,089,045</u>		<u>16.72%</u>
<b>Total Assessed Value</b>	<u>\$1,560,641,932</u>			<u>\$891,549,651</u>		

\* Tax amount due is under appeal.

Property re-appraised in 2019

Source- Town tax rolls

**TOWN OF SMYRNA, TENNESSEE**

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

**Schedule 8**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent Collected	Delinquent Tax Collections	Total Collections	Total Collected as Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Levy
2010	\$7,709,645	7,405,700	96.058%	290,402	7,696,102	99.824%	13,543	0.176%
2011	7,639,156	7,341,727	96.107%	286,521	7,628,248	99.857%	10,908	0.143%
2012	7,677,878	7,379,042	96.108%	268,092	7,647,134	99.600%	30,744	0.400%
2013	7,658,530	7,408,799	96.739%	227,672	7,636,471	99.712%	22,059	0.288%
2014	9,202,940	9,031,791	98.140%	161,276	9,193,067	99.893%	9,873	0.107%
2015	9,359,182	9,220,131	98.514%	129,813	9,349,944	99.901%	9,238	0.099%
2016	9,645,439	9,370,811	97.153%	261,071	9,631,882	99.859%	13,557	0.141%
2017	10,002,044	9,882,560	98.805%	105,797	9,988,357	99.863%	13,687	0.137%
2018	10,539,436	10,413,926	98.809%	84,273	10,498,199	99.609%	41,237	0.391%
2019	10,943,588	10,674,286	97.539%	-	10,674,286	97.539%	269,302	2.461%
							<u>\$434,148</u>	

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

**TOWN OF SMYRNA, TENNESSEE**

**Debt Capacity Information**

**Ratios of Outstanding Debt by Type, Last Ten Fiscal Years**

**Schedule 9**

Fiscal Year	Population*	Governmental Activities		Business-type Activities		Total Primary Government	Percent of Personal Income	Debt Per Capita
		General Obligation Bonds & Notes	Obligations & Capital Leases	Water and Sewer Bonds	Water and Sewer Revolving Loan			
2010	38,073	\$23,153,677	-	37,167,323	1,229,597	\$61,550,597	8.11%	1,617
2011	39,974	** 21,776,630	31,086	52,229,036	3,721,532	77,758,284	8.02%	1,945
2012	39,974	20,739,991	51,043	49,003,603	3,689,912	73,484,549	8.02%	1,838
2013	41,705	19,671,270	582,847	46,710,806	3,534,881	70,499,804	6.96%	1,690
2014	42,813	17,763,839	21,392	43,377,539	3,375,330	64,538,100	6.96%	1,507
2015	45,274	** 19,823,274	-	39,942,304	3,212,359	62,977,937	6.08%	1,391
2016	47,521	17,252,315	-	36,400,810	3,287,260	56,940,385	5.57%	1,198
2017	48,596	14,727,713	-	32,735,382	3,149,935	50,613,030	4.20%	1,042
2018	50,183	*** 12,499,969	-	29,556,568	2,973,260	45,029,797	4.18%	897
2019	51,519	30,125,713	-	25,094,659	4,095,742	59,316,114	4.58%	1,151

Notes:

Details of the Town's debt can be found in Note 7 in the current financial statements.

Personal income information is on Schedule 14.

Bond obligations include applicable premiums and discounts.

\* Population is based on Town Planning Department estimates except in years when census is taken.

\*\* Census year

\*\*\* US Census Bureau

**TOWN OF SMYRNA, TENNESSEE**

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

**Schedule 10**

Fiscal Year	Population *	Estimated Actual Value	General Obligation Bonds	Obligations & Capital Leases	Available Debt Service Funds	Net General Obligation Debt	Ratio of Net General Obligation Debt to Actual Value	Net General Obligation Debt Per Capita
2010	38,073	\$2,993,766,656	23,153,677	-	-	23,153,677	0.77%	608
2011	39,974 **	3,260,216,282	21,776,630	31,086	-	21,807,716	0.67%	546
2012	39,974	3,288,933,659	20,739,991	51,043	-	20,791,034	0.63%	520
2013	41,705	3,286,501,994	19,671,270	582,847	-	20,254,117	0.62%	486
2014	42,813	3,383,818,668	17,763,839	21,392	-	17,785,231	0.53%	415
2015	45,274 **	3,487,031,084	19,823,274	-	-	19,823,274	0.57%	438
2016	47,521	3,504,992,625	17,252,315	-	1,779,574	15,472,741	0.44%	326
2017	48,596	3,661,348,728	14,727,713	-	1,704,368	13,023,345	0.36%	268
2018	50,183 ***	4,206,224,746	12,499,969	-	1,624,048	10,875,921	0.26%	217
2019	51,519	5,072,992,993	30,125,713	-	1,543,628	28,582,085	0.56%	555

Note:

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

Debt includes any applicable premiums or discounts.

There have been nonresources externally restricted for the payment of the above debt.

\* Population is based on Town Planning Department estimates except in years when census is taken.

\*\* Census year

\*\*\* US Census Bureau

**TOWN OF SMYRNA, TENNESSEE**

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

**Schedule 11**

<u>Jurisdiction</u>	<u>General Obligation Debt Outstanding**</u>	<u>Percentage Applicable to Town*</u>	<u>Amount Applicable to Town*</u>
Town of Smyrna	\$30,125,713	100.00%	\$30,125,713
Rutherford County	463,800,274	16.517% *	76,606,752
Total	<u>\$493,925,987</u>		<u>\$106,732,465</u>

\* Based upon Assessed Value of Property in:

County                   \$9,448,594,721  
Town                     \$1,560,641,932

\*\* Debt includes premiums

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

**TOWN OF SMYRNA, TENNESSEE**

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

**Schedule 12**

Fiscal Year	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Assessed Value	\$1,560,641,932	1,190,402,066	1,130,249,953	1,090,555,706	1,058,010,712	1,011,844,405	1,003,903,157	1,007,791,748	1,001,850,963	891,549,651
General Obligation Deb	28,582,085	10,875,921	13,023,345	15,472,741	19,823,274	17,785,231	20,254,117	20,791,034	21,807,716	23,153,677
Debt as % of Assessed Value	1.83%	0.91%	1.15%	1.42%	1.87%	1.76%	2.02%	2.06%	2.18%	2.60%

Note - The Town has no legal debt limit.

**TOWN OF SMYRNA, TENNESSEE**

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

**Schedule 13  
Water and Sewer Enterprise Fund**

Year	Gross Revenues*	Direct** Operating Expense	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest ***	Total	
2010	\$12,004,608	8,585,008	3,419,600	2,812,894	664,523	3,477,417	0.98
2011	13,125,398	9,104,140	4,021,258	2,938,287	1,234,930 ****	4,173,217	0.96
2012	14,263,815	8,848,065	5,415,750	3,329,948	1,925,107 ****	5,255,055	1.03
2013	15,753,215	7,827,113	7,926,102	3,506,407	1,685,519 ****	5,191,926	1.53
2014	15,944,968	8,227,176	7,717,792	3,274,765	1,601,372	4,876,137	1.58
2015	16,838,229	8,158,839	8,679,390	3,509,705	1,474,716	4,984,421	1.74
2016	18,942,651	8,252,356	10,690,295	3,656,485	1,395,154	5,051,639	2.12
2017	20,531,783	9,343,557	11,188,226	3,752,059	1,395,154	5,147,213	2.17
2018	21,098,143	9,771,348	11,326,795	3,868,001	996,778 *****	4,864,779	2.33
2019	22,194,509	9,808,283	12,386,226	4,102,085	720,479 *****	4,822,564	2.57

\* Includes nonoperating revenues (does not include gain on sale of capital assets)

\*\* Net of depreciation and amortization

\*\*\* Does not include refunding amounts of \$8,350,000 for 2009, \$1,470,000 for 2014 and \$22,119,450 for 2018.

\*\*\*\* Includes capitalized interest

\*\*\*\*\* Does not include amortization of deferred charges on refundings and premiums

**TOWN OF SMYRNA, TENNESSEE**

**Demographic and Economic Information  
Demographic and Economic Statistics, Last Ten Years**

**Schedule 14**

Year	Population	Personal Income	Per Capita Income	Median Age**	School Enrollment***	Unemployment Rate****
2010	38,073 ****	\$759,099,474	19,938 ****	31.7	10,512	9.7%
2011	39,974 *	969,889,162	24,263 ****	33.0	9,921	9.2%
2012	39,974 ****	969,889,162	24,263 ****	32.5	10,781	7.4%
2013	41,705 ****	1,012,305,465	24,273 ****	32.8	13,326	6.9%
2014	42,813 ****	1,062,276,156	24,812 ****	33.2	13,895	4.4%
2015	44,193 ****	1,103,941,140	24,980 ****	33.0	13,597	4.2%
2016	47,521 *	1,356,962,155	28,555 ****	35.0	14,141	4.1%
2017	48,596 **	1,210,088,996	24,901 **	34.0	14,220	3.4%
2018	50,183 ****	1,361,665,522	27,134 ****	34.3	15,090	3.3%
2019	51,519 ****	1,296,321,078	25,162 **	33.1	15,227	2.3%

\* Census Year

\*\* US Census Bureau

\*\*\* Rutherford County Board of Education

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

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

**TOWN OF SMYRNA, TENNESSEE**

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

**Schedule 15**

Employer	2019			2010		
	Employees	Rank	Percentage	Employees	Rank	Percentage
Nissan North America	8,400	1	56.13%	4,400	1	50.01%
Asurion	1,250	2	8.35%	1,098	2	12.48%
Taylor Farms Tennessee	1,000	3	6.68%	550	5	6.25%
Square D/Schneider Electric	900	4	6.01%	474	6	5.39%
TriStar StoneCrest Medical Center	900	5	6.01%	560	4	6.36%
Vi-Jon (Cumberland Swan)	728	6	4.87%	737	3	8.38%
Federal Mogul	500	7	3.34%	403	7	4.58%
WWL Vehicle Service Americas	480	8	3.21%	156	10	1.77%
VA Midsouth CPAC	456	9	3.05%	-	-	-
Franke Foodservice Systems	350	10	2.34%	224	8	2.55%
Tridon	-	-	-	197	9	2.24%
	14,964		100.00%	8,799		100.00%

Source: Rutherford County Chamber of Commerce

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

Total Town employment is not available.

**TOWN OF SMYRNA, TENNESSEE**

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

**Schedule 16**

Function	Full-time Equivalent Employees as of June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General government:										
Administration	8	8	6	6	6	6	6	6	7	7
Finance	14.6	15.8	15.8	15.6	14.8	14.6	13.6	13.6	12.6	16.4
Personnel	4.8	4	4	3	3	3	3	3	3	3
Planning and Codes	13	12	11	10	8	8	8	8	11	11.8
IT Services	7	7	5	5	5	5	4	3.8	4.8	4.8
Courts	15	15	15	14	13	13.6	14.6	13.8	16.4	17.2
Building and Grounds	8	8	7	7	6	6	6	6	10	11
Legislative	5.6	4.8	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Public Safety:										
Police										
Officers	84	81	78	77	81	78	66	76	80	80
Civilians	24	21	21	21	21	21.8	20.8	20.8	25.8	26.6
Fire										
Firefighters	88	82	84	84	87	82	84	94	97	98
Civilians	2	2	2	2	2	2	2	2	2	2
Highways and streets	12.8	14.8	13.8	12.8	12.6	13.6	12.8	16.6	17.6	18.6
Stormwater	11	10	10	9	9	8	8	5	5	5
Recreation										
Parks	57.9	53.6	49.6	28.1	33.1	39.6	38.3	37.2	40.7	41.2
Golf Course	21	21.6	20.8	16.6	19.8	17.7	17.6	16.8	20.4	18.1
Community Development	16.4	19	15.6	14.8	16.2	9.6	10.4	11.2	12.2	12.2
Water and Sewer	46	46	42	42	41	42	40	43	61	63
Natural Gas	18	19	18	17	18	18	17.8	18	21	21
Totals	457.1	444.6	424.2	390.5	402.1	394.1	378.5	400.4	453.1	462.5

Source: Town Departments

TOWN OF SMYRNA, TENNESSEE

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

Schedule 17

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities:										
General Government:										
Court										
Warrants/summons issued	7,782	6,937	6,032	6,374	4,014	5,277	4,492	3,470	4,159	4,240
Warrants served	5,632	4,960	4,269	4,908	3,029	4,746	4,396	2,635	1,651	1,315
Misdemeanor citations	579	628	517	604	738	602	539	486	690	750
General sessions cases	20,569	10,973	14,361	6,353	5,988	4,806	12,095	12,532	12,826	13,263
Traffic court cases	10,505	10,356	8,489	8,100	11,106	7,809	10,652	10,978	10,870	11,661
Juvenile court cases *	848	681	694	559	-	-	-	-	-	-
Planning and Codes										
Building permits issued	887	844	915	933	792	837	747	733	726	894
Site plans reviewed	26	50	39	30	32	22	20	23	26	45
Zoning/annexation requests	39	39	22	18	15	10	23	11	11	35
Administration										
Population served per employee	106	105	107	119	113	109	110	100	88	82
Finance										
Checks processed	6,245	5,896	5,859	5,203	4,379	5,442	5,075	4,457	6,694	8,037
Amount purchased on competitive bid (millions)	\$14.58	\$6.98	\$7.76	\$4.23	\$6.05	\$3.93	\$3.67	\$3.58	\$3.80	\$5.10
Treasury										
Total number of utility payments	142,886**	94,350	98,545	100,628	105,273	112,802	163,063	160,429	137,119	159,547
Total number of other payments	8,010**	95,850	111,590	104,777	78,549	61,035	18,908	10,489	10,407	11,514
Human Resources										
Personnel turnover rate	20.00%	18.00%	15.00%	17.00%	17.00%	17.00%	18.90%	26.70%	12.00%	11.00%
New hires	123	105	108	75	72	75	43	48	63	98
Vehicle Maintenance										
Number of vehicles maintained	266	203	199	292	190	218	203	230	214	219
Pieces of equipment maintained	95	78	78	176	174	112	109	109	125	125
Public Safety:										
Police										
Average response in minutes	6:49	6:40	6:23	6:27	7:16	7:31	7:18	6:57	7:13	6:50
Police calls per 1,000 population	1,240	552	481	491	637	618	3,090	2,376	724	681
Fire										
Average response in minutes	6:31	6:28	6:41	6:14	6:15	7:21	6:09	5:32	5:45	5:54
Dispatch calls for service	2,211	2,074	1,904	1,870	1,916	1,905	1,647	1,808	1,869	1,810
Culture and Recreation										
Parks and Recreation										
Number of park users	1,655,518	1,555,815	1,333,678	1,106,680	1,323,369	1,353,913	1,050,000	978,263	1,150,000	969,845
Number of league participants	5,769	7,397	7,077	6,910	7,498	7,000	7,500	7,569	7,200	7,624
Town Centre										
Number of functions	275	303	321	376	283	314	340	365	411	507
Golf Course										
Total rounds	28,508	32,516	31,341	32,978	32,533	29,979	30,817	30,346	31,583	29,237
Business-type Activities:										
Water Treatment Plant										
Gallons treated (millions)	4,000	3,776	3,363	3,366	3,309	2,986	2,905	2,598	3,398	3,120
Customers	14,738	14,724	14,522	14,400	13,720	13,579	13,855	13,641	13,344	13,323
Waste Water Treatment Plant										
Gallons treated (millions)	2,075	2,107	2,199	2,180	2,105	2,041	2,210	2,088	2,092	1,763
Customers	14,124	15,485	15,070	14,721	14,021	13,718	13,819	12,740	12,601	12,594
Natural Gas										
Customers	11,057	10,769	10,792	10,300	10,048	9,915	9,790	9,627	9,608	9,591

Sources: Town of Smyrna Departments

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

\* Juvenile court began in 2016

\*\* In 2019, the County began property tax collections for the Town. There were also changes regarding how payments are processed. Certain miscellaneous utility payments were previously included in Other Payments are now included in Utility Payments.

TOWN OF SMYRNA, TENNESSEE

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

Schedule 18

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities:										
General Government:										
Planning and Codes										
Vehicles	8	9	5	5	5	5	5	5	6	8
Engineering										
Vehicles	1	1	-	-	-	-	-	-	-	-
Building and Grounds Maintenance										
Traffic signals	51	40	50	50	50	50	49	45	46	46
Shop	1	1	1	1	1	1	1	1	1	1
Vehicles	9	8	8	8	8	8	8	8	12	12
Administration										
Town Hall	1	1	1	1	1	1	1	1	1	1
Vehicles	1	1	1	1	1	1	2	2	2	2
Information Services										
Vehicles	2	2	2	2	1	2	2	2	2	2
Stormwater										
Vehicles	5	5	5	4	3	2	2	2	2	3
Public Safety:										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	81	76	77	79	77	78	77	81	81	89
Fire										
Stations	6	6	6	6	6	6	6	6	6	6
Vehicles	24	25	22	22	23	24	25	24	22	22
Highways and streets										
Streets (miles)	257	255.1	247	238	242	174	160.4	133.2	106.23	106.23
Salt storage bin	1	1	1	1	1	1	1	1	1	1
Shop	1	1	1	1	1	1	1	1	1	1
Vehicles	22	21	21	21	20	20	22	25	22	19
Cultural and Recreation										
Parks and Recreation										
Acres	826	826	822	822	822	822	821	815	815	788
Parks	12	12	12	12	12	12	12	12	12	12
Picnic areas (shelters)	20	20	20	19	18	19	17	17	17	17
Tennis courts	6	6	6	6	8	8	8	8	8	8
Racquetball courts	-	-	-	-	-	2	2	2	2	2
Practice areas	8	8	8	8	8	8	8	8	8	8
Soccer fields	13	10	10	10	10	10	10	10	10	10
Softball fields	6	6	6	6	6	6	6	6	6	6
Football fields	2	2	2	2	2	2	2	2	2	2
Baseball fields	5	5	5	5	5	5	5	5	5	5
Playgrounds	9	9	9	8	8	8	9	9	9	9
Shop	1	1	1	1	1	1	1	1	1	1
Pools	3	3	3	1	1	1	2	2	2	2
Splashpad	1	1	1	1	1	1	1	1	1	1
Workout facility	-	-	-	-	-	1	1	1	1	1
Trails and greenways (miles)	13.8	12.4	12	12	12	12	14	14	14	14
Discgolf course	1	1	1	1	1	1	1	1	1	1
Community center building	1	1	1	1	1	1	1	1	1	1
Assembly hall	1	1	1	1	1	1	1	1	1	1
Train Depot	1	1	1	1	1	1	-	-	-	-
Outdoor Adventure Center	1	1	1	-	-	-	-	-	-	-
Vehicles	16	16	15	15	14	14	15	15	14	14
Tower slides	2	2	1	1	1	1	1	-	-	-
Kuss memorial	1	1	-	-	-	-	-	-	-	-

continued on next page

**TOWN OF SMYRNA, TENNESSEE**

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

**Schedule 18, continued**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Event Centre										
Banquet facility	1	1	1	1	1	1	1	1	1	1
Golf Course										
Acres	211	211	211	211	211	211	211	211	211	211
Clubhouse	1	1	1	1	1	1	1	1	1	1
Maintenance facility	1	1	1	1	1	1	1	1	1	1
Regulation course	1	1	1	1	1	1	1	1	1	1
Executive course	1	1	1	1	1	1	1	1	1	1
Vehicles	1	1	1	1	1	1	1	1	1	2
Business-type Activities:										
Water Treatment Plant										
Plant	1	1	1	1	1	1	1	1	1	1
Storage tanks	7	7	7	7	7	7	7	5	5	5
Hydrants	1,792	1,786	1,765	1,765	1,500	1,477	1,473	1,457	1,448	1,439
Shop	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Vehicles	15	17	17	17	16	16	16	20	21	21
Waste Water Treatment Plant										
Plant	1	1	1	1	1	1	1	1	1	1
Shop	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Vehicles	19	19	16	16	18	18	18	16	20	20
Natural Gas										
Miles of main	282.98	277.98	273.63	268.6	267.83	306.82	306	305	304	279
Shop	1	1	1	1	1	1	1	1	1	1
Vehicles	13	13	11	10	10	10	10	8	10	15

Sources: Town of Smyrna Departments

Town changed from analog to GIS digital measurement for street mileage in 2013.

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

WAS v5.0  
American Water Works Association  
Copyright © 2014, All Rights Reserved

[?](#) Click to access definition  
[+](#) Click to add a comment

Water Audit Report for: **Town of Smyrna Water System (0000639)**  
Reporting Year: **2019** 7/2018 - 6/2019

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

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

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

**WATER SUPPLIED**

		----- Enter grading in column 'E' and 'J' ----->				Master Meter and Supply Error Adjustments				
Volume from own sources:	<a href="#">+</a> <a href="#">?</a>	10	3,694.294	MG/Yr	<a href="#">+</a> <a href="#">?</a>	9	0.00%	<input checked="" type="radio"/> <input type="radio"/>	<input type="text"/>	MG/Yr
Water imported:	<a href="#">+</a> <a href="#">?</a>	9	0.000	MG/Yr	<a href="#">+</a> <a href="#">?</a>			<input checked="" type="radio"/> <input type="radio"/>	<input type="text"/>	MG/Yr
Water exported:	<a href="#">+</a> <a href="#">?</a>	9	1,010.323	MG/Yr	<a href="#">+</a> <a href="#">?</a>	9	0.00%	<input checked="" type="radio"/> <input type="radio"/>	<input type="text"/>	MG/Yr

**WATER SUPPLIED:** **2,683.976** MG/Yr

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

**AUTHORIZED CONSUMPTION**

Billed metered:	<a href="#">+</a> <a href="#">?</a>	9	2,015.947	MG/Yr
Billed unmetered:	<a href="#">+</a> <a href="#">?</a>	10	0.000	MG/Yr
Unbilled metered:	<a href="#">+</a> <a href="#">?</a>	10	10.646	MG/Yr
Unbilled unmetered:	<a href="#">+</a> <a href="#">?</a>	8	210.237	MG/Yr

Unbilled Unmetered volume entered is greater than the recommended default value

**AUTHORIZED CONSUMPTION:** **2,236.830** MG/Yr

Click here: [?](#)  
for help using option buttons below

Pcnt:  Value:  MG/Yr

Use buttons to select percentage of water supplied OR value

**WATER LOSSES (Water Supplied - Authorized Consumption)**

**447.146** MG/Yr

**Apparent Losses**

Unauthorized consumption: [+](#) [?](#) **6.710** MG/Yr

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

Customer metering inaccuracies:	<a href="#">+</a> <a href="#">?</a>	9	1.420	MG/Yr
Systematic data handling errors:	<a href="#">+</a> <a href="#">?</a>	9	2.520	MG/Yr

**Apparent Losses:** **10.650** MG/Yr

Pcnt: 0.25%   Value:  MG/Yr

0.07%   Value:  MG/Yr

2.520 MG/Yr

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

Real Losses = Water Losses - Apparent Losses: **436.496** MG/Yr

**WATER LOSSES:** **447.146** MG/Yr

**NON-REVENUE WATER**

**NON-REVENUE WATER:** **668.029** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

**SYSTEM DATA**

Length of mains:	<a href="#">+</a> <a href="#">?</a>	10	252.0	miles
Number of <u>active AND inactive</u> service connections:	<a href="#">+</a> <a href="#">?</a>	10	15,048	
Service connection density:	<a href="#">?</a>		60	conn./mile main

Are customer meters typically located at the curbside or property line?  Yes

Average length of customer service line: [+](#) [?](#) (length of service line, beyond the property boundary, that is the responsibility of the utility)

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

Average operating pressure: [+](#) [?](#) 9 65.0 psi

**COST DATA**

Total annual cost of operating water system:	<a href="#">+</a> <a href="#">?</a>	10	\$9,831,093	\$/Year
Customer retail unit cost (applied to Apparent Losses):	<a href="#">+</a> <a href="#">?</a>	9	\$4.88	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	<a href="#">+</a> <a href="#">?</a>	9	\$2,152.30	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

**WATER AUDIT DATA VALIDITY SCORE:**

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

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

**PRIORITY AREAS FOR ATTENTION:**

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

**1: Unauthorized consumption**

**2: Billed metered**

**3: Customer metering inaccuracies**

## AWWA Free Water Audit Software: System Attributes and Performance Indicators

WAS v5.0

American Water Works Association.  
Copyright © 2014, All Rights Reserved.

Water Audit Report for: **Town of Smyrna Water System (0000639)**  
 Reporting Year: **2019**      **7/2018 - 6/2019**

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

**System Attributes:**

Apparent Losses:	10.650	MG/Yr
+	Real Losses:	436.496
=	<b>Water Losses:</b>	<b>447.146</b>
		MG/Yr

? Unavoidable Annual Real Losses (UARL): 85.90 MG/Yr

Annual cost of Apparent Losses: \$51,970

Annual cost of Real Losses: \$939,471

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

**Performance Indicators:**

Financial:	{	Non-revenue water as percent by volume of Water Supplied:	24.9%	
		Non-revenue water as percent by cost of operating system:	14.9%	Real Losses valued at Variable Production Cost

Operational Efficiency:	{	Apparent Losses per service connection per day:	1.94	gallons/connection/day
		Real Losses per service connection per day:	79.47	gallons/connection/day
		Real Losses per length of main per day*:	N/A	
		Real Losses per service connection per day per psi pressure:	1.22	gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): 436.50 million gallons/year

? Infrastructure Leakage Index (ILI) [CARL/UARL]: 5.08

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

## **OTHER REPORTS**

# YEARY, HOWELL & ASSOCIATES

*Certified Public Accountants*

501 EAST IRIS DRIVE  
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY  
GREGORY V. HOWELL

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

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

Honorable Mayor and Town Council  
Town of Smyrna  
Smyrna, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Smyrna, Tennessee's, (the Town) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 17, 2019.

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

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

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

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

### **Compliance and Other Matters**

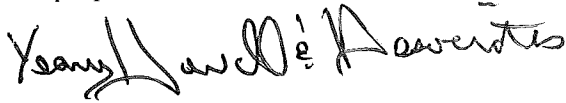
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

We noted certain other matters that were reported to management in a separate letter dated October 17, 2019..

Honorable Mayor and Town Council  
Town of Smyrna  
Smyrna, Tennessee

**Purpose of this Report**

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

A handwritten signature in black ink, appearing to read "Yenny Lucio". The signature is written in a cursive style with a horizontal line above the name.

October 17, 2019

# YEARY, HOWELL & ASSOCIATES

*Certified Public Accountants*

501 EAST IRIS DRIVE  
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY  
GREGORY V. HOWELL

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

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and Town Council  
Town of Smyrna  
Smyrna, Tennessee

### **Report on Compliance for Each Major Federal Program**

We have audited the Town of Smyrna, Tennessee's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Smyrna, Tennessee's major federal programs for the year ended June 30, 2019. Town of Smyrna, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town of Smyrna, Tennessee's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Smyrna, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Smyrna, Tennessee's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Town of Smyrna, Tennessee, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Honorable Mayor and Town Council  
Town of Smyrna  
Smyrna, Tennessee

**Report on Internal Control Over Compliance**

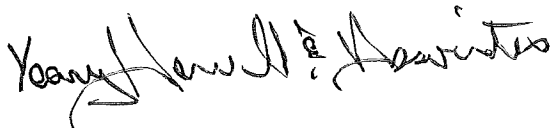
Management of the Town of Smyrna of Smyrna, Tennessee, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Smyrna, Tennessee 's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Smyrna, Tennessee 's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance.

Accordingly, this report is not suitable for any other purpose.



October 17, 2019

**Town of Smyrna, Tennessee**

**Schedule of Disposition of Prior Year Findings and Questioned Costs**

**For the Year June 30, 2019**

Financial Statement Findings

There were no prior year findings.

Federal Awards Findings and Questioned Costs

There were no prior year findings.

**Town of Smyrna, Tennessee**  
**Schedule of Findings and Questioned Costs**  
**For the Year June 30, 2019**

I. Summary of Auditor's Results

- A. The June 30, 2019 Auditor's Report on the Financial Statements was an unmodified opinion.
- B. There were no significant deficiencies or material weaknesses in the internal control disclosed during the audit of the financial statements.
- C. The audit disclosed no instances of noncompliance or other matters which is material to the financial statements.
- D. No significant deficiencies or material weaknesses in internal control over major programs were disclosed by the audit.
- E. The June 30, 2019 report on compliance for major programs was an unmodified opinion.
- F. The audit did not disclose any audit findings which are required to be reported under 2CFR Section 200.516(a).
- G. Major Programs – Surface Transportation Program, Intelligent Transportation System Program, Greenway Grant Program, CFDA#20.205 and Capitalization Grants for Clean Water Revolving Loan Funds, CFDA# 66.458.
- H. Type A programs have been distinguished as those programs with expenditures greater than \$750,000.
- I. The Town of Smyrna was not considered to be a low risk auditee.

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

III. Federal Findings and Questioned Costs

Current Year

There are no federal awards findings or questioned costs.