

City of Smyrna, Georgia

Comprehensive Annual Financial Report

Fiscal Year Ending June 30, 2020



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

**CITY OF SMYRNA, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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INTRODUCTORY SECTION

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

December 4, 2020

Honorable Derek Norton, Mayor
Members of City Council
and the Citizens of the City of Smyrna, GA

The Comprehensive Annual Financial Report of the City of Smyrna, Georgia for the fiscal year ended June 30, 2020, is hereby submitted as mandated by State statute. The statute requires that the City of Smyrna, Georgia issue a report on its financial position and activity on an annual basis, and this report is to be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the City of Smyrna, Georgia. All disclosures necessary to enable the reader to gain an understanding of the City financial activities have been included.

Nichols, Cauley & Associates, LLC, a firm of certified public accountants, audited the City of Smyrna's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2020 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Smyrna's financial statements for the fiscal year ended June 30, 2020 are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first financial section component of this report.

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

Reporting Entity

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

The City provides a full range of services to its estimated 56,666 citizens. Some of the services which are available to those residents include police and fire protection; court systems; library services; the construction and maintenance of highways, streets and infrastructure; fleet maintenance; buildings and grounds maintenance; tax collection; planning and zoning; building permitting and inspections; recreational activities and cultural events; and inherent administrative support services. The City also provides water and sewer services, which are shown as an Enterprise Fund in this report.

Government Structure, Local Economic Condition and Outlook

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

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

The economic outlook for the City remains stable as a result of both cost cutting initiatives begun by management at the beginning of the economic downturn which have continued as the City has experienced growth and conservative spending. This proactive approach positioned the City to be able to maintain a strong financial position. The City has seen a lot of new development within and around the City of the last several years. This growth led to property values having an increase in the last several years. With continued development within the City, we are optimistic values will continue to increase in the future. The net assessment of property in the City increased 3.43 percent from \$2,506,580,648 to \$2,592,596,281. The unemployment rate was slightly higher than the state average this year. At June 30, 2020 the rate was 7.7 percent compared to the State average of 7.6 percent.

The City of Smyrna continues to benefit economically by being an integral part of one of the top growth areas in the United States. The Metropolitan Atlanta region represents one of the nation's primary transportation and distribution centers as well as being a major financial and consumer services leader. Georgia's geographically central location for domestic distribution, excellent surface transportation system, telecommunications infrastructure and proximity to major consumer markets make the State an excellent base for air cargo operations.

Accounting and Budgetary Controls

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

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

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

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

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

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

Long-term Financial Planning and Policies

As part of its strategic plan, the Mayor and Council continue to set aside monies for future occurrences. This includes committing funds for future retirement obligations, future debt obligations, capital projects and vehicle replacement. All of these committed funds ensuring the City's strong financial position.

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

Awards and Acknowledgements

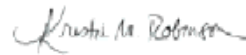
Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Smyrna for its comprehensive annual financial report for the year ended June 30, 2019. This was the seventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Kristin Robinson".

Kristin Robinson
Finance Director



Government Finance Officers Association

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

Presented to

**City of Smyrna
Georgia**

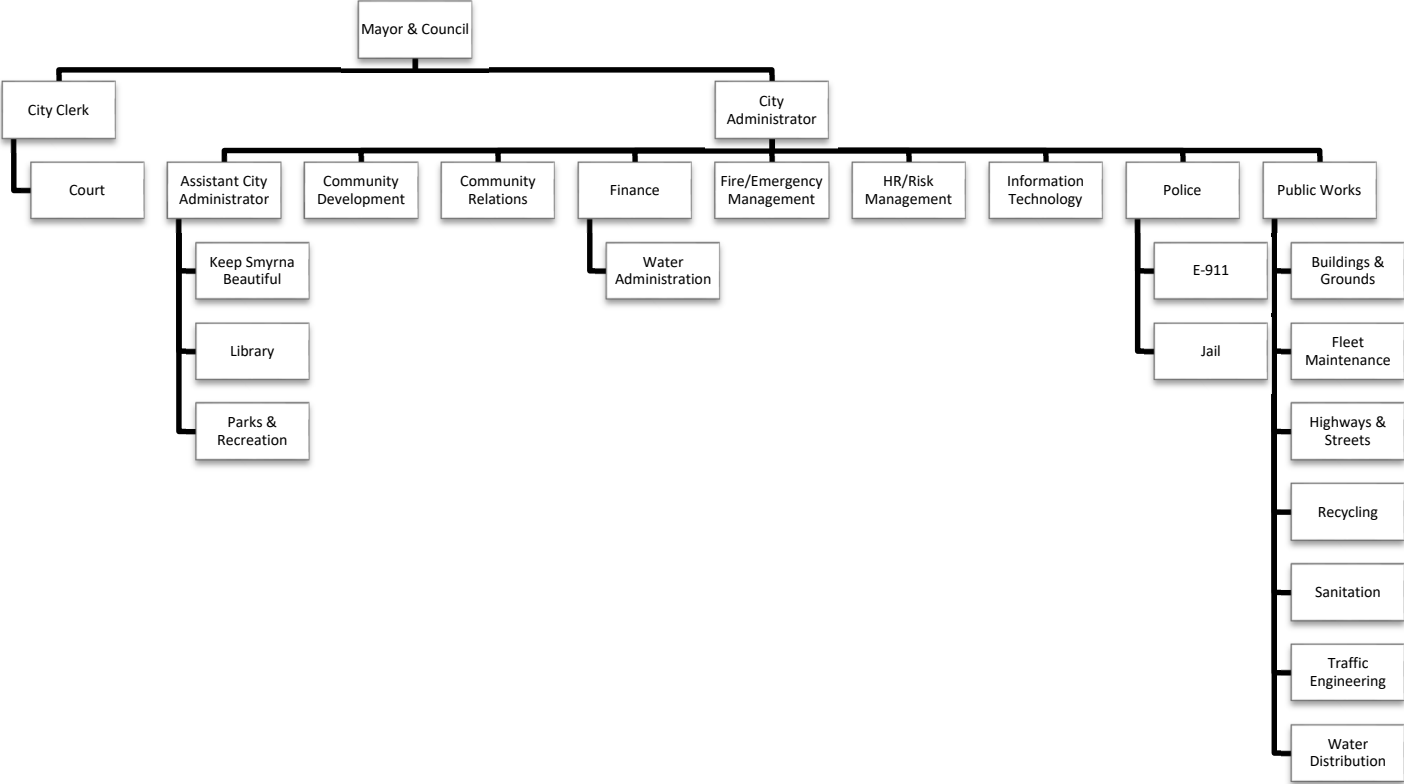
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2019

Christopher P. Morrell

Executive Director/CEO

Organizational Chart
City of Smyrna, Georgia



Principal Officials City of Smyrna, Georgia

Mayor & City Council



Derek Norton
Mayor



Glenn Pickens
Ward 1



Austin Wagner
Ward 2



Travis Lindley
Ward 3



Charles Welch
Ward 4



Susan Wilkinson
Ward 5



Tim Gould
Ward 6



Lewis Wheaton
Ward 7

Appointed Officials

Heather Peacon-Corn
City Clerk / Court Services

Tammi Saddler Jones
City Administrator

Vacant
Assistant City Administrator

Department Heads

Janet Liberman
Director of KSB

Roy Acree
Fire Chief/ Emergency Mgt. Director

Mary Moore
Library Director

Jennifer Bennett
Community Relations Director

Richard Garland
Director of Parks and Recreation

Carol Sicard
Director of Human Resources

Kristin Robinson
Director of Finance

Joseph Bennett
Chief of Police

Frank Martin
Public Works Director

Russell Martin
Director of Community Development

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FINANCIAL SECTION

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NICHOLS, CAULEY & ASSOCIATES, LLC

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INDEPENDENT AUDITOR'S REPORT

The Honorable Derek Norton, Mayor
Members of the City Council
City of Smyrna
Smyrna, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Smyrna, Georgia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Smyrna, Georgia, as of June, 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of Changes in the City's Net Pension Liability and Related Ratios, the Schedule of Pension Contributions, Schedule of Changes in the City's Net OPEB Liability and Related Ratios, the Schedule of OPEB Contributions, and the Schedule of OPEB Plan Investment Returns on pages 11-20 and 60-71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2020, on our consideration of the City of Smyrna, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Smyrna, Georgia's internal control over financial reporting and compliance.

Richels, Cauley + Associates, LLC

Kennesaw, Georgia
December 4, 2020

Management's Discussion and Analysis

As management of the City of Smyrna, Georgia, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the information in the financial statements and the notes to the financial statements.

Financial Highlights

Key financial highlights for 2020 are as follows:

- ◆ The City's combined net position increased \$5.1 million to \$209.6 million from \$204.5 million in 2019.
- ◆ The City's total assets increased \$15.7 million compared to 2019. Total liabilities increased \$12.7 million compared to 2019.
- ◆ The City's deferred outflows of resources increased \$3 million to \$11.6 million from \$8.6 million in 2019. The deferred inflows increased by \$1 million to \$5.3 million from \$4.3 in 2019.
- ◆ Combined revenue increased \$1.2 million to \$88.2 million in 2020, of which governmental activities totaled \$66.7 million and business-type activities totaled \$21.5 million.
- ◆ Overall expenses totaled \$70.7 million of which governmental activities totaled \$55.0 million and business-type activities totaled \$15.7 million.
- ◆ As of June 30, 2020, the City's governmental funds reported combined ending fund balances of \$44.6 million. Approximately 48% is available for use (unassigned fund balance).
- ◆ As of June 30, 2020, unassigned fund balance for the general fund was \$21.5 million, or 51.4% of total general fund expenditures.
- ◆ As of June 30, 2020, total governmental funds reported an increase in total assets of \$5.7 million. These funds reported an increase in total liabilities of \$206 thousand.
- ◆ As of June 30, 2020, total governmental funds deferred inflows of resources increased \$401 thousand.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

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

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

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

changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

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

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

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-59 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the budgetary comparison for the General Fund. Required supplementary information can be found on pages 60-71 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position (government and business-type activities) totaled \$209.6 million at June 30, 2020.

The following table provides a summary of the City's governmental and business-type net position for fiscal years 2020 and 2019:

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------------|----------------------------|----------------|-----------------------------|---------------|----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Assets: | | | | | | |
| Current and other assets | \$ 33,619,382 | \$ 30,372,218 | \$ 19,889,879 | \$ 18,767,982 | \$ 53,509,261 | \$ 49,140,200 |
| Capital assets | 192,177,012 | 187,265,734 | 34,655,283 | 30,659,180 | 226,832,295 | 217,924,914 |
| Restricted assets - non current | 15,769,909 | 13,329,207 | 607,050 | 592,794 | 16,376,959 | 13,922,001 |
| Total assets | 241,566,303 | 230,967,159 | 55,152,212 | 50,019,956 | 296,718,515 | 280,987,115 |
| Deferred outflows of resources: | 10,991,773 | 8,153,721 | 577,411 | 424,729 | 11,569,184 | 8,578,450 |
| Liabilities: | | | | | | |
| Current liabilities | 4,447,283 | 4,250,664 | 2,720,879 | 1,815,614 | 7,168,162 | 6,066,278 |
| Long-term liabilities outstanding | 84,725,396 | 73,289,043 | 1,494,402 | 1,363,920 | 86,219,798 | 74,652,963 |
| Total liabilities | 89,172,679 | 77,539,707 | 4,215,281 | 3,179,534 | 93,387,960 | 80,719,241 |
| Deferred inflows of resources: | 5,105,071 | 4,158,944 | 239,180 | 195,048 | 5,344,251 | 4,353,992 |
| Net position: | | | | | | |
| Net investment in capital assets | 150,657,847 | 142,531,485 | 34,503,076 | 30,651,277 | 185,160,923 | 173,182,762 |
| Restricted | 15,295,102 | 12,882,157 | - | - | 15,295,102 | 12,882,157 |
| Unrestricted | (7,672,623) | 2,008,587 | 16,772,086 | 16,418,826 | 9,099,463 | 18,427,413 |
| Total net position | \$ 158,280,326 | \$ 157,422,229 | \$ 51,275,162 | \$ 47,070,103 | \$ 209,555,488 | \$ 204,492,332 |

Total assets for the City at June 30, 2020 had a \$15.7 million increase over 2019. The largest portion of that increase was an increase related to capital assets of \$8.9 million (4.1% increase over 2019).

Deferred outflows and inflows related to OPEB and pension increased \$3 million and \$1 million, respectively.

Total liabilities increased by \$12.7 million over 2019. The largest portion of that increase (\$11.6 million) was related to the issuance of TAD bonds. Prior to this issuance the City held a note payable with the developer of the TAD district. The City was able to gain more favorable terms under the new debt agreement.

The largest portion of the City's net position (88.4%) reflects its investment in capital assets such as land, buildings, equipment and infrastructure, less any related debt used to acquire those assets that is still outstanding. Net investment in capital assets increased by \$12.0 million.

The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (7.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (4.3%) may be used to meet the government's ongoing obligations to citizens and creditors.

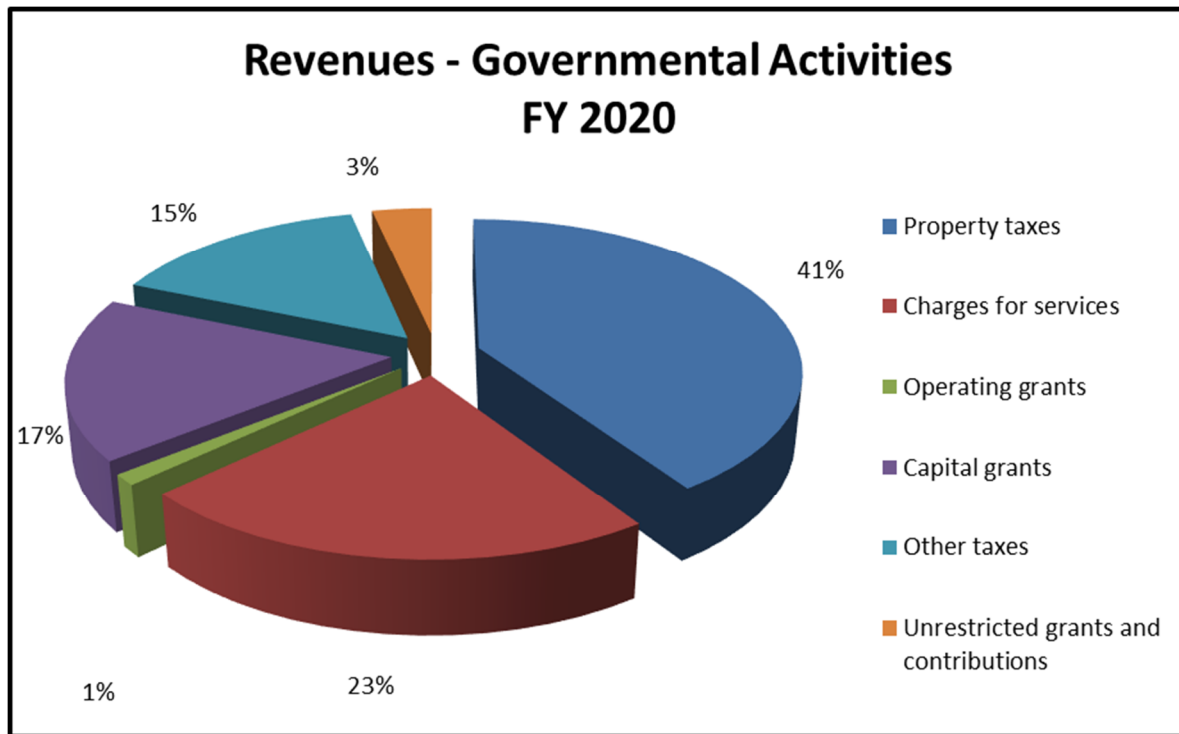
As of June 30, 2020, the City is able to report positive balances in net position for the governmental and business-type activities. For fiscal year 2020, the City's net position increased \$5.1 million. Current year activity resulted in a change in net position of \$17.5 million, but there was a restatement due to long term debt that reduced that amount by \$12.4 million.

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|----------------|-----------------------------|---------------|----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 15,007,653 | \$ 16,357,830 | \$ 21,481,772 | \$ 20,261,852 | \$ 36,489,425 | \$ 36,619,682 |
| Operating grants and contributions | 770,064 | 214,872 | - | - | 770,064 | 214,872 |
| Capital grants and contributions | 11,386,650 | 11,826,077 | - | - | 11,386,650 | 11,826,077 |
| General revenues: | | | | | | |
| Property taxes | 27,059,496 | 26,147,383 | - | - | 27,059,496 | 26,147,383 |
| Other | 10,125,719 | 9,857,209 | - | - | 10,125,719 | 9,857,209 |
| Grants and contributions not restricted to specific programs | 2,321,102 | 2,161,393 | - | - | 2,321,102 | 2,161,393 |
| Unrestricted investment earnings | 69,543 | 62,793 | 29,401 | 28,573 | 98,944 | 91,366 |
| Gain on sale of capital assets | - | 142,039 | - | - | - | 142,039 |
| Total revenues | 66,740,227 | 66,769,596 | 21,511,173 | 20,290,425 | 88,251,400 | 87,060,021 |
| Expenses: | | | | | | |
| General government | 6,772,651 | 8,890,126 | - | - | 6,772,651 | 8,890,126 |
| Judicial | 679,587 | 523,023 | - | - | 679,587 | 523,023 |
| Public safety | 24,046,707 | 23,603,235 | - | - | 24,046,707 | 23,603,235 |
| Public works | 13,590,369 | 11,395,749 | - | - | 13,590,369 | 11,395,749 |
| Housing and development | 1,424,195 | 2,642,933 | - | - | 1,424,195 | 2,642,933 |
| Culture and recreation | 6,089,336 | 6,042,281 | - | - | 6,089,336 | 6,042,281 |
| Water and sewer | - | - | 15,677,685 | 13,794,544 | 15,677,685 | 13,794,544 |
| Interest & fiscal charges | 2,463,560 | 1,577,240 | - | - | 2,463,560 | 1,577,240 |
| Total expenses | 55,066,405 | 54,674,587 | 15,677,685 | 13,794,544 | 70,744,090 | 68,469,131 |
| Change in net position before transfers and special item | 11,673,822 | 12,095,009 | 5,833,488 | 6,495,881 | 17,507,310 | 18,590,890 |
| Transfers | 1,628,429 | 1,595,908 | (1,628,429) | (1,595,908) | - | - |
| Change in net position | 13,302,251 | 13,690,917 | 4,205,059 | 4,899,973 | 17,507,310 | 18,590,890 |
| Net position- beginning, before restatement | 157,422,229 | 143,731,312 | 47,070,103 | 42,170,130 | 204,492,332 | 185,901,442 |
| Restatement | (12,444,154) | - | - | - | (12,444,154) | - |
| Net position- beginning, after restatement | 144,978,075 | 143,731,312 | 47,070,103 | 42,170,130 | 192,048,178 | 185,901,442 |
| Net position - ending | \$ 158,280,326 | \$ 157,422,229 | \$ 51,275,162 | \$ 47,070,103 | \$ 209,555,488 | \$ 204,492,332 |

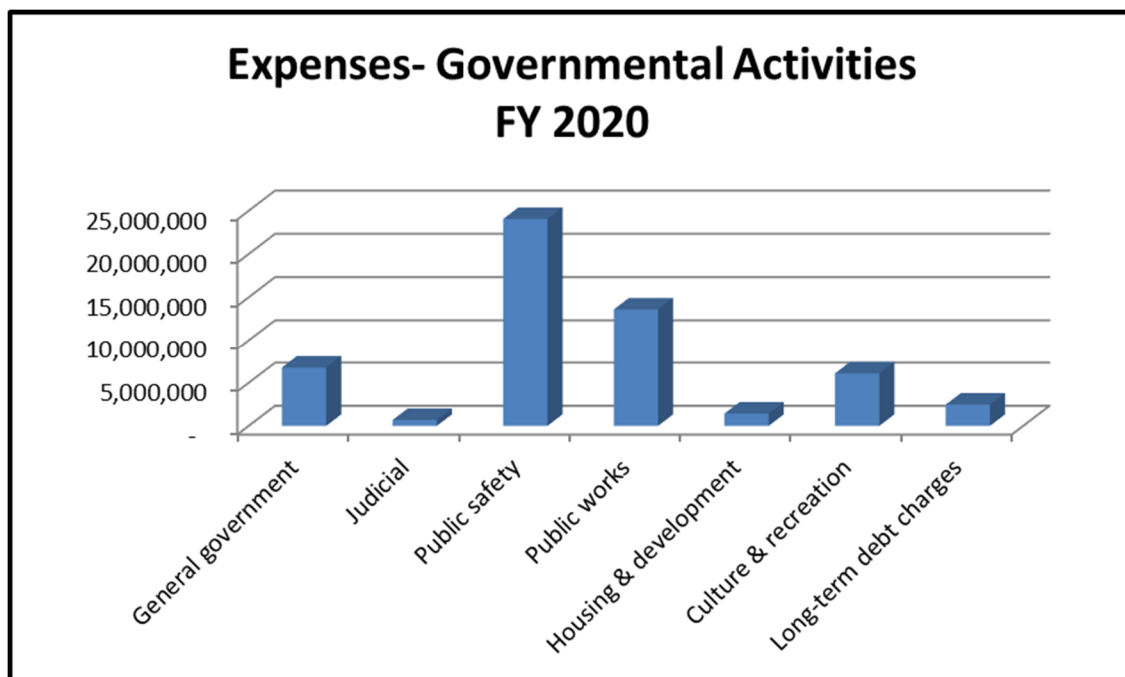
Governmental Activities. Governmental activities increased the City's net position by \$13.3 million. Increases in property values and continued development within the City provided increased tax revenue which was a large contributor to this increase. In addition, the City was able to cut spending and reduce operating expenses due to reductions in service related to the pandemic. Capital spending was cut late in fiscal year 2020 to ensure the City was able to maintain a good net position.

Property tax revenue increased 3.5% as the result of increased property taxes and growth in the digest. Revenue for charges for services decreased 8.25% as a result of the reduction of services related to the pandemic. Other taxes increased 2.7% and grants and contributions not restricted to specific programs increased by 7.4%.

General government expenses decreased by 23.8% and Housing and Community Development saw a decrease of 46.1%. These decreases were partially offset by increases in Public works of 19.3% and Judicial of 30%. The City also saw an increase in interest and fiscal charges of 56.2% due to paying off old note payable and issuance of TAD bonds to replace this debt.



Governmental activity revenues are generated from a variety of sources including fees, grants, intergovernmental transfers and taxes. Taxes are the majority revenue source for the City at 41% of total revenue. Charges for services is the City's second largest revenue source making up 23% of total revenue.



Governmental activity expenses are generated by providing a variety of services to Smyrna's citizens. The largest use of funds is for public safety (fire and police) which accounts for 43.7% of the City's expenses.

Public works (streets, traffic engineering, sanitation and Keep Smyrna Beautiful) is the second largest use of funds accounting for 24.7% of total expenses. General government includes administrative activities such as human resources, information technology, finance, community relations, etc., and maintenance of government property.

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

Business-Type Activities. Business type revenues exceeded expenses (including transfers out of \$1.6 million) resulting in an increase in net position of \$4.2 million. Increased utility rates and the management of capital projects contributed to the operating revenue increase in FY 2020. Rates are scheduled to increase as needed on an ongoing annual basis as the City faces increases in wholesale purchase rates.

Financial Analysis of the Government's Funds

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

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

As of June 30, 2020, the City's governmental funds reported combined ending fund balances of \$44.6 million. Of this total, \$21.4 million or 48% constitutes *unassigned fund balance*, which is available for spending in the coming year. The remainder of fund balance is *Nonspendable, Restricted, Committed, or Assigned* to indicate that it is not available for new spending because it is not in spendable form (\$349,891), restricted (\$16,692,654), committed (\$5,888,822), or assigned (\$245,534) for a particular purpose.

Major Governmental Funds

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, Unassigned Fund Balance of the General Fund was \$21.5 million, and total fund balance was \$25.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both the Unassigned Fund Balance and total Fund Balance to total fund expenditures. Unassigned Fund Balance represents 51.4% of total general fund expenditures and total fund balance represents 61.1% of that same amount.

In FY 2020, the total fund balance of the General Fund increased \$2.8 million.

The key factors to this increase were:

- ◆ The City receives most of its revenue from property taxes and other fees that are paid into the City earlier in its fiscal year. Most of these fees were paid in prior to the onset of the pandemic.
- ◆ As a result of the pandemic, City management instituted a freeze on non-essential operating expenses and capital outlay for the remainder of the year.

The 1% Road Improvement Tax (SPLOST) Fund is used to account for financial resources collected and used for construction and enhancement of the city's infrastructure. The fund balance increased \$1.7 million from \$10.1 million to \$11.8 million. This increase is mostly due to the timing of the City's projects and accumulating funds for large expenditures in future years.

The Tax Allocation District fund is a debt service fund used to account for the resources restricted for the principal and interest payments on the tax allocation district long term obligations. During the fiscal year, long term debt was refinanced and replaced with TAD bonds. The change in fund balance in this account was approximately \$2,300.

Non-Major Governmental Funds

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

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

Non-major governmental funds revenues and other financing sources totaled \$11.1 million for the fiscal year ended June 30, 2020. Non-major governmental funds expenditures and other financing uses totaled \$10.4 million. The net change in fund balance for all non-major governmental funds was an increase of \$0.7 million.

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

The *Unrestricted* Net Position for Water and Sewer is \$16.8 million. Total net position increased \$4.2 million. The *Restricted* Cash Balance totals \$0.6 million as of June 30, 2020.

General Fund Budgetary Highlights

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level within funds. The most significant budgeted fund is the General Fund. The original budget of \$48,875,137 was amended to \$54,112,054 in a series of budget amendments. These amendments were necessary to meet changing economic conditions. Tax revenue exceeded the budgeted amount as a result of a higher than anticipated increase in the digest and collection rate. Licenses and permit revenue exceeded the budgeted amount due to continued development within the City. Charges for services and fines and forfeitures revenue both decreased due to reduced services and closed facilities due to the pandemic. Public Safety had to increase budgeted expenditures mainly due to retirements and related payments that occurred during the fiscal year.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2020 amounts to \$226.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the city, such as roads, bridges, sidewalks, drainage, curb and gutter and the water and sewer systems.

The net increase in the City's investment in capital assets for fiscal year 2020 was 4.1% from \$217.9 million to \$226.8 million, an increase of \$8.9 million. Additional information on the City's capital assets can be found in Note 7 of the notes to the financial statements of this report.

Long-term obligations. As of June 30, 2020, the City of Smyrna had a net of \$86.2 million in outstanding long-term obligations, which does not include interest expense. The City has no general obligation debt. Additional information on the City's long-term obligations can be found in Note 8 of the notes to the financial statements of this report.

Economic Factors

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

During the year ended June 30, 2020 we experienced a pandemic that made the City take a closer look at the City's budgeted expenditures. Management had to make tough decisions to offset the reductions in revenue received and to be conservative as we moved forward in the subsequent fiscal year. Management froze all non-essential operating expenses and capital expenses early in the pandemic. Because of these decisions, the City was able to not only maintain our reserves, but we were also able to add to those reserves.

The City's top priorities will continue to be the redevelopment of older neighborhoods and aging commercial areas, parks and recreation, public safety and transportation. There are two major financial issues for FY 2020 and beyond:

- **Commercial redevelopment.** Consistent with previous years, the City continues to see both public and private projects City-wide that are in various stages of redevelopment. As in prior years, the City continues to see interest in future projects in Smyrna. The City anticipates these projects will have a positive economic impact on Smyrna and its surrounding areas. These new projects and the completion of other long-term development, once completed, will provide major commercial and residential development to downtown Smyrna and surrounding areas. Smyrna also benefits from projects that continue to be made on the borders of Smyrna and we anticipate the "halo effect" of these developments will continue over the next several years.
- **Continued transportation improvements** to roads, sidewalks and traffic issues using the Cobb County 1% Special Local Option Sales Tax (SPLOST) approved by voters in 2011, and again in 2016. The construction of a significant roadway project began this fiscal year, and the City

anticipates the construction to continue for the next few years. This project should greatly improve one of Cobb County and Smyrna's key corridors. In addition to this major project, the City has continued to fund, and will continue to fund, other road resurfacing and sidewalk project throughout the City to enhance the mobility of our citizens. We anticipate the focus on transportation will continue in the subsequent SPLOST project lists.

Smyrna continues to change and mature. The City's downtown redevelopment plan, capped by the award-winning Market Village, was a catalyst for millions of dollars of investment and redevelopment in Smyrna with restaurants and retail establishments once again flourishing in downtown Smyrna. During FY 2017 the City's Community Development department completed an update to the City's Comprehensive Plan and several other studies related to future development of Smyrna. During FY 2018 the City began to receive requests and review plans for these potential developments. This trend continued into FY 2019 and FY 2020. The City completed a Downtown Development study during FY 2020 and we anticipate the City will incorporate the findings of this study in the next SPLOST since several projects identified in that study were already included in the listing. There continues to be a lot of interest in Smyrna, and our staff and elected officials are working hard to make sure the growth and redevelopment in Smyrna continues over the next several years.

Request for Information

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

CITY OF SMYRNA, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2020

| | Primary Government | | |
|--|--------------------|----------------|-----------------|
| | Governmental | Business-type | |
| | Activities | Activities | Total |
| Assets: | | | |
| Cash | \$ 28,612,099 | \$ 17,428,555 | \$ 46,040,654 |
| Receivables, net: | | | |
| Trade | 1,442,305 | 2,461,174 | 3,903,479 |
| Taxes | 342,533 | - | 342,533 |
| Other | 169,412 | - | 169,412 |
| Due from other governments | 2,142,494 | - | 2,142,494 |
| Inventories | 336,930 | - | 336,930 |
| Prepaid items | 12,961 | 150 | 13,111 |
| Restricted assets | 15,769,909 | 607,050 | 16,376,959 |
| Fair value of interest rate swap agreement | 560,648 | - | 560,648 |
| Capital assets, non depreciated | 55,618,318 | 1,831,441 | 57,449,759 |
| Capital assets, depreciated, net | 136,558,694 | 32,823,842 | 169,382,536 |
| Total assets | 241,566,303 | 55,152,212 | 296,718,515 |
| Deferred outflows of resources: | | | |
| Related to pensions | 6,970,557 | 366,871 | 7,337,428 |
| Related to OPEB | 4,000,251 | 210,540 | 4,210,791 |
| Unamortized deferred loss | 20,965 | - | 20,965 |
| Total deferred outflows of resources | 10,991,773 | 577,411 | 11,569,184 |
| Liabilities: | | | |
| Accounts payable and other current liabilities | 3,005,358 | 2,113,829 | 5,119,187 |
| Unearned revenue | 133,274 | - | 133,274 |
| Deposits payable | 538,678 | 607,050 | 1,145,728 |
| Accrued interest payable | 769,973 | - | 769,973 |
| Noncurrent liabilities: | | | |
| Due within one year: | | | |
| Long-term obligations | 11,582,477 | - | 11,582,477 |
| Due in more than one year: | | | |
| Net pension liability | 17,855,444 | 939,760 | 18,795,204 |
| Net OPEB liability | 10,538,200 | 554,642 | 11,092,842 |
| Long-term obligations | 44,749,275 | - | 44,749,275 |
| Total liabilities | 89,172,679 | 4,215,281 | 93,387,960 |
| Deferred inflows of resources: | | | |
| Related to pensions | 333,047 | 17,529 | 350,576 |
| Related to OPEB | 4,211,376 | 221,651 | 4,433,027 |
| Accumulated fair value of hedge transaction | 560,648 | - | 560,648 |
| Total deferred inflows of resources | 5,105,071 | 239,180 | 5,344,251 |
| Net position: | | | |
| Net investment in capital assets | 150,657,847 | 34,503,076 | 185,160,923 |
| Restricted for: | | | |
| Healthcare | 63,067 | - | 63,067 |
| Culture and recreation | 1,473,312 | - | 1,473,312 |
| Housing and development | 1,191,105 | - | 1,191,105 |
| Completion of projects | 12,158,320 | - | 12,158,320 |
| Public safety | 409,298 | - | 409,298 |
| Unrestricted | (7,672,623) | 16,772,086 | 9,099,463 |
| Total net position | \$ 158,280,326 | \$ 51,275,162 | \$ 209,555,488 |

See Accompanying Notes to Financial Statements.

CITY OF SMYRNA, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| Functions/Programs | Expenses | Program Revenue | | | Net (Expense) Revenue and Change in Net Position | | |
|---|----------------------|-------------------------|--|--|---|-----------------------------|------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | |
| | | | | | Governmental Activities | Business-type Activities | Total |
| Primary Government | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 6,772,651 | \$ 2,485,095 | \$ 2,850 | \$ - | \$ (4,284,706) | \$ - | \$ (4,284,706) |
| Judicial | 679,587 | 1,510,331 | - | - | 830,744 | - | 830,744 |
| Public safety: | | | | | | | |
| Police | 14,170,847 | 151,246 | 104,041 | 896,855 | (13,018,705) | - | (13,018,705) |
| Fire | 7,928,384 | 114,171 | - | - | (7,814,213) | - | (7,814,213) |
| Emergency 911 | 1,947,476 | 1,628,687 | - | 78,750 | (240,039) | - | (240,039) |
| Public works | 13,590,369 | 7,188,694 | 625,936 | 9,461,707 | 3,685,968 | - | 3,685,968 |
| Culture and recreation | 6,089,336 | 906,619 | 37,237 | 949,338 | (4,196,142) | - | (4,196,142) |
| Housing and development | 1,424,195 | 1,022,810 | - | - | (401,385) | - | (401,385) |
| Interest & fiscal charges on long-term debt | 2,463,560 | - | - | - | (2,463,560) | - | (2,463,560) |
| Total governmental activities | 55,066,405 | 15,007,653 | 770,064 | 11,386,650 | (27,902,038) | - | (27,902,038) |
| Business-type activities: | | | | | | | |
| Water and Sewer | 15,677,685 | 21,481,772 | - | - | - | 5,804,087 | 5,804,087 |
| Total business-type activities | 15,677,685 | 21,481,772 | - | - | - | 5,804,087 | 5,804,087 |
| Total Primary Government | <u>\$ 70,744,090</u> | <u>\$ 36,489,425</u> | <u>\$ 770,064</u> | <u>\$ 11,386,650</u> | <u>\$ (27,902,038)</u> | <u>\$ 5,804,087</u> | <u>\$ (22,097,951)</u> |
| General revenues: | | | | | | | |
| Property taxes | | | | | 27,059,496 | - | 27,059,496 |
| Hotel, motel tax | | | | | 1,286,310 | - | 1,286,310 |
| Insurance premium tax | | | | | 3,897,186 | - | 3,897,186 |
| Franchise taxes | | | | | 3,652,292 | - | 3,652,292 |
| Alcohol taxes | | | | | 924,895 | - | 924,895 |
| Miscellaneous taxes | | | | | 141,961 | - | 141,961 |
| Insurance reimbursement | | | | | 223,075 | - | 223,075 |
| Operating grants not restricted to a specific program | | | | | 2,321,102 | - | 2,321,102 |
| Unrestricted investment earnings | | | | | 69,543 | 29,401 | 98,944 |
| Transfers | | | | | 1,628,429 | (1,628,429) | - |
| Total general revenues and transfers | | | | | 41,204,289 | (1,599,028) | 39,605,261 |
| Change in net position | | | | | 13,302,251 | 4,205,059 | 17,507,310 |
| Net position - beginning | | | | | 157,422,229 | 47,070,103 | 204,492,332 |
| Restatement | | | | | (12,444,154) | - | (12,444,154) |
| Net position - beginning | | | | | 144,978,075 | 47,070,103 | 192,048,178 |
| Net position - ending | | | | | <u>\$ 158,280,326</u> | <u>\$ 51,275,162</u> | <u>\$ 209,555,488</u> |

CITY OF SMYRNA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

| | General Fund | 1% Road Improvement Tax Fund | Tax Allocation District | Non-Major Governmental Funds | Total Governmental Funds |
|--|----------------------|------------------------------------|-------------------------------|------------------------------------|--------------------------------|
| Assets: | | | | | |
| Cash | \$ 25,617,569 | \$ - | \$ - | \$ 2,994,530 | \$ 28,612,099 |
| Receivables, net: | | | | | |
| Trade | 1,442,305 | - | - | - | 1,442,305 |
| Taxes | 342,533 | - | - | - | 342,533 |
| Other | 4,252 | - | - | 165,160 | 169,412 |
| Due from other funds | 143,907 | - | - | - | 143,907 |
| Due from other governments | 484 | 2,108,930 | - | 33,080 | 2,142,494 |
| Inventories | 336,930 | - | - | - | 336,930 |
| Prepaid items | 12,961 | - | - | - | 12,961 |
| Restricted cash | 1,089,942 | 10,400,813 | 169,639 | 2,341,039 | 14,001,433 |
| Restricted investments | - | - | - | 1,768,476 | 1,768,476 |
| Total assets | <u>\$ 28,990,883</u> | <u>\$ 12,509,743</u> | <u>\$ 169,639</u> | <u>\$ 7,302,285</u> | <u>\$ 48,972,550</u> |
| Liabilities, deferred inflows of resources and fund balances: | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 1,562,256 | \$ 351,423 | \$ - | \$ 95,993 | \$ 2,009,672 |
| Accrued liabilities | 882,647 | - | - | 59,671 | 942,318 |
| Retainage payable | - | 53,368 | - | - | 53,368 |
| Unearned revenue | 118,127 | - | - | 15,147 | 133,274 |
| Due to other funds | - | - | - | 143,907 | 143,907 |
| Customer deposits | 538,678 | - | - | - | 538,678 |
| Total liabilities | <u>3,101,708</u> | <u>404,791</u> | <u>-</u> | <u>314,718</u> | <u>3,821,217</u> |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue | <u>282,192</u> | <u>317,553</u> | <u>-</u> | <u>-</u> | <u>599,745</u> |
| Total deferred inflows of resources | <u>282,192</u> | <u>317,553</u> | <u>-</u> | <u>-</u> | <u>599,745</u> |
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| Prepays | 12,961 | - | - | - | 12,961 |
| Inventories | 336,930 | - | - | - | 336,930 |
| Restricted for: | | | | | |
| Healthcare | 63,067 | - | - | - | 63,067 |
| Capital projects | - | 11,787,399 | - | 1,768,473 | 13,555,872 |
| Public safety | 61,781 | - | - | 347,517 | 409,298 |
| Culture and recreation | 150,907 | - | - | 1,322,405 | 1,473,312 |
| Housing and development | 275,509 | - | 169,639 | 745,957 | 1,191,105 |
| Committed for: | | | | | |
| Healthcare | 500,000 | - | - | - | 500,000 |
| Retirement plans | 307,379 | - | - | - | 307,379 |
| Capital projects | 900,000 | - | - | 2,962,216 | 3,862,216 |
| Debt service | 1,219,227 | - | - | - | 1,219,227 |
| Assigned for: | | | | | |
| General government | 3,785 | - | - | - | 3,785 |
| Public safety | 13,280 | - | - | - | 13,280 |
| Culture and recreation | 228,469 | - | - | - | 228,469 |
| Unassigned | <u>21,533,688</u> | <u>-</u> | <u>-</u> | <u>(159,001)</u> | <u>21,374,687</u> |
| Total fund balances | <u>25,606,983</u> | <u>11,787,399</u> | <u>169,639</u> | <u>6,987,567</u> | <u>44,551,588</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 28,990,883</u> | <u>\$ 12,509,743</u> | <u>\$ 169,639</u> | <u>\$ 7,302,285</u> | <u>\$ 48,972,550</u> |

See Accompanying Notes to Financial Statements.

CITY OF SMYRNA, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

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

| | |
|--|-----------------------|
| Total fund balances - governmental funds | \$ 44,551,588 |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. | 192,177,012 |
| The cumulative inflow from effective hedge transactions are deferred and reported as deferred inflows in the statement of net position | (560,648) |
| Other long-term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported or reported as unavailable in the funds: | |
| Property taxes | 282,192 |
| Intergovernmental receivable | 317,553 |
| Deferred outflows related to OPEB | 4,000,251 |
| Deferred outflows related to pension | 6,970,557 |
| Fair value of interest rate swap agreement | 560,648 |
| Unamortized deferred loss on refunding | 20,965 |
| Long-term liabilities and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds: | |
| Unmatured bonds payable | (52,705,000) |
| Unamortized debt premium | (739,978) |
| Unamortized debt discount | 77,599 |
| Accrued interest payable | (769,973) |
| Intergovernmental agreement payable | (149,257) |
| Certificates of participation | (1,756,000) |
| Accrued compensated absences | (1,059,116) |
| Deferred inflows of resources related to pension | (333,047) |
| Deferred inflows of resources related to OPEB | (4,211,376) |
| Net OPEB liability | (10,538,200) |
| Net pension liability | (17,855,444) |
| Net position of governmental activities | <u>\$ 158,280,326</u> |

CITY OF SMYRNA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | General Fund | 1% Road Improvement Tax Fund | Tax Allocation District | Non-Major Governmental Funds | Total Governmental Funds |
|--|----------------------|------------------------------------|-------------------------------|------------------------------------|--------------------------------|
| Revenues: | | | | | |
| Taxes | \$ 34,664,452 | \$ - | \$ 755,330 | \$ 1,465,934 | \$ 36,885,716 |
| Charges for services | 8,667,181 | - | - | 1,628,687 | 10,295,868 |
| Licenses and permits | 2,976,193 | - | - | - | 2,976,193 |
| Fines and forfeitures | 1,086,228 | - | - | - | 1,086,228 |
| Intergovernmental | 1,592,635 | 11,500,051 | 728,467 | 283,281 | 14,104,434 |
| Investment earnings | 3,686 | 15,742 | - | 65,857 | 85,285 |
| Miscellaneous revenue | 700,446 | - | - | - | 700,446 |
| Total revenues | 49,690,821 | 11,515,793 | 1,483,797 | 3,443,759 | 66,134,170 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 13,828,226 | - | - | - | 13,828,226 |
| Judicial | 499,857 | - | - | - | 499,857 |
| Public safety | | | | | |
| Police | 8,413,575 | - | - | 380,244 | 8,793,819 |
| Fire | 5,866,741 | - | - | - | 5,866,741 |
| Emergency 911 | - | | | 1,970,995 | 1,970,995 |
| Other | 3,172 | - | - | - | 3,172 |
| Public works | 8,146,883 | - | - | - | 8,146,883 |
| Culture and recreation | 4,083,973 | - | - | 848,178 | 4,932,151 |
| Housing and development | 1,053,857 | - | - | - | 1,053,857 |
| Capital outlay | - | 9,316,801 | - | 2,488,972 | 11,805,773 |
| Debt service | | | | | |
| Principal, interest, and fees | 1,485 | 537,538 | 14,206,535 | 4,071,826 | 18,817,384 |
| Total expenditures | 41,897,769 | 9,854,339 | 14,206,535 | 9,760,215 | 75,718,858 |
| Excess (deficiency) of revenues over expenditures | 7,793,052 | 1,661,454 | (12,722,738) | (6,316,456) | (9,584,688) |
| Other financing sources (uses): | | | | | |
| Transfers in | 1,962,400 | - | - | 7,470,801 | 9,433,201 |
| Insurance reimbursements | 83,459 | - | - | 139,616 | 223,075 |
| Sale of capital assets | 125,952 | - | - | - | 125,952 |
| Issuance of debt | - | - | 12,725,000 | - | 12,725,000 |
| Transfers out | (7,161,734) | - | - | (643,038) | (7,804,772) |
| Total other financing sources (uses) | (4,989,923) | - | 12,725,000 | 6,967,379 | 14,702,456 |
| Net change in fund balance | 2,803,129 | 1,661,454 | 2,262 | 650,923 | 5,117,768 |
| Fund balance at beginning of year | 22,803,854 | 10,125,945 | 167,377 | 6,336,644 | 39,433,820 |
| Fund balance at end of year | \$ 25,606,983 | \$ 11,787,399 | \$ 169,639 | \$ 6,987,567 | \$ 44,551,588 |

See Accompanying Notes to Financial Statements.

CITY OF SMYRNA, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

| | | |
|--|----|-----------|
| Net change in fund balances - total governmental funds | \$ | 5,117,768 |
|--|----|-----------|

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

| | | | |
|----------------------|-------------|-----------|--|
| Depreciation expense | (6,537,741) | | |
| Capital outlays | 11,603,089 | 5,065,348 | |

| | | |
|---|--|-----------|
| Loss on disposal of capital assets is not reported in the fund statements | | (154,070) |
|---|--|-----------|

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

| | | | |
|------------------------------|---------|---------|--|
| Property taxes | 83,178 | | |
| Intergovernmental receivable | 317,553 | 400,731 | |

| | | |
|--|--|--------------|
| This issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. | | (12,725,000) |
|--|--|--------------|

| | | |
|--|--|------------|
| Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position. | | 16,136,742 |
|--|--|------------|

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

| | | | |
|--|-------------|-----------|--|
| Net pension liability | (5,327,761) | | |
| Net OPEB liability | 2,848,601 | | |
| Deferred outflows of resources related to pensions | 1,872,489 | | |
| Deferred inflows of resources related to pensions | 2,394,759 | | |
| Deferred outflows related to OPEB | 1,028,458 | | |
| Deferred inflows of resources related to OPEB | (3,233,277) | | |
| Accrued compensated absences | (39,619) | | |
| Accrued interest expense | (134,861) | | |
| Amortization of deferred loss, debt premium, and debt discount | 51,943 | (539,268) | |

| | | |
|---|----|------------|
| Change in net position of governmental activities | \$ | 13,302,251 |
|---|----|------------|

CITY OF SMYRNA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020

| | <u>Water and Sewer Enterprise Fund</u> |
|---|--|
| Assets: | |
| Current assets: | |
| Cash | \$ 17,428,555 |
| Trade receivables, net | 2,461,174 |
| Prepaid expenses | 150 |
| Total current assets | <u>19,889,879</u> |
| Noncurrent assets | |
| Restricted assets: | |
| Cash | 607,050 |
| Property, plant and equipment, net | 34,655,283 |
| Total noncurrent assets | <u>35,262,333</u> |
| Total assets | <u>55,152,212</u> |
| Deferred outflows of resources: | |
| Related to pensions | 366,871 |
| Related to OPEB | 210,540 |
| Total deferred outflows of resources | <u>577,411</u> |
| Liabilities: | |
| Current liabilities: | |
| Accounts payable | 2,027,604 |
| Accrued liabilities | 86,225 |
| Customer deposits | 607,050 |
| Total current liabilities | <u>2,720,879</u> |
| Long-term liabilities (net of current portion): | |
| Net pension liability | 939,760 |
| Net OPEB liability | 554,642 |
| Total noncurrent liabilities | <u>1,494,402</u> |
| Total liabilities | <u>4,215,281</u> |
| Deferred inflows of resources: | |
| Related to pensions | 17,529 |
| Related to OPEB | 221,651 |
| Total deferred inflows of resources | <u>239,180</u> |
| Net position: | |
| Net investment in capital assets | 34,503,076 |
| Unrestricted | 16,772,086 |
| Total net position | <u>\$ 51,275,162</u> |

See Accompanying Notes to Financial Statements.

CITY OF SMYRNA, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Water and Sewer Enterprise Fund |
|---|------------------------------------|
| Operating revenues: | |
| Charges for services | \$ 21,477,309 |
| Other revenues | 4,463 |
| | <hr/> |
| Total operating revenues | 21,481,772 |
| | <hr/> |
| Operating expenses: | |
| Personal services and employee benefits | 1,537,672 |
| Other operating expenses | 12,842,999 |
| Depreciation | 1,297,014 |
| | <hr/> |
| Total operating expenses | 15,677,685 |
| | <hr/> |
| Operating income | 5,804,087 |
| | <hr/> |
| Nonoperating revenues (expenses): | |
| Interest income | 29,401 |
| | <hr/> |
| Total nonoperating revenues (expenses) | 29,401 |
| | <hr/> |
| Income (loss) before transfers and capital contributions | 5,833,488 |
| | <hr/> |
| Transfers: | |
| Transfers in | 13,071 |
| Transfers out | (1,641,500) |
| | <hr/> |
| Total transfers | (1,628,429) |
| | <hr/> |
| Change in net position | 4,205,059 |
| | <hr/> |
| Net position, beginning of year | 47,070,103 |
| | <hr/> |
| Net position, end of year | \$ 51,275,162 |
| | <hr/> <hr/> |

See Accompanying Notes to Financial Statements.

CITY OF SMYRNA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Water and Sewer Enterprise Fund |
|--|------------------------------------|
| Cash flows from (to) operating activities: | |
| Cash received from customers | \$ 21,648,593 |
| Cash payments to suppliers for goods and services | (11,953,559) |
| Cash payments for employee services and fringe benefits | (1,508,138) |
| Net cash from (to) operating activities | <u>8,186,896</u> |
| Cash flows from (to) noncapital financing activities: | |
| Transfers in | 13,071 |
| Transfers out | (1,641,500) |
| Net cash from (to) noncapital financing activities | <u>(1,628,429)</u> |
| Cash flows from (to) capital and related financing activities: | |
| Acquisition and construction of capital assets | (5,293,117) |
| Net cash from (to) capital and related financing activities | <u>(5,293,117)</u> |
| Cash flows from (to) investing activities: | |
| Interest earned on assets | 29,401 |
| Net cash from (to) investing activities | <u>29,401</u> |
| Net increase (decrease) in cash | 1,294,751 |
| Cash at beginning of year (including \$592,794 in restricted accounts) | 16,740,854 |
| Cash at end of year (including \$607,050 in restricted accounts) | <u><u>\$ 18,035,605</u></u> |
| Reconciliation of operating income to net cash from operating activities: | |
| Operating income | \$ 5,804,087 |
| Adjustments to reconcile operating income to net cash from operating activities: | |
| Depreciation | 1,297,014 |
| Change in assets and liabilities: | |
| (Increase) decrease in accounts receivable | 152,565 |
| (Increase) decrease in prepaid expenses | 6,033 |
| (Increase) decrease in deferred outflows of resources | (152,682) |
| Increase (decrease) in accounts payable | 883,407 |
| Increase (decrease) in customer deposits | 14,256 |
| Increase (decrease) in net OPEB liability | (149,926) |
| Increase (decrease) in net pension liability | 280,408 |
| Increase (decrease) in accrued liabilities | 7,602 |
| Increase (decrease) in deferred inflows of resources | 44,132 |
| Net cash from operating activities | <u><u>\$ 8,186,896</u></u> |

See Accompanying Notes to Financial Statements.

CITY OF SMYRNA, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2020

| | <u>OPEB TRUST FUND</u> |
|---|----------------------------|
| Assets: | |
| Current assets: | |
| Investments - money market mutual funds | <u>\$ 3,506,611</u> |
| Total assets | <u>3,506,611</u> |
| Net position: | |
| Restricted for other post employment benefits | <u>3,506,611</u> |
| Total net position | <u><u>\$ 3,506,611</u></u> |

CITY OF SMYRNA, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | <u>OPEB TRUST FUND</u> |
|---|----------------------------|
| Additions: | |
| Contributions: | |
| Employer | \$ 1,480,431 |
| Total contributions | <u>1,480,431</u> |
| Net appreciation (depreciation) in fair value of assets | <u>120,470</u> |
| Total additions | <u>1,600,901</u> |
| Deductions: | |
| Benefits and claims | <u>1,220,431</u> |
| Total deductions | <u>1,220,431</u> |
| Change in net position | 380,470 |
| Net position held in trust, beginning of year | <u>3,126,141</u> |
| Net position held in trust, end of year | <u><u>\$ 3,506,611</u></u> |

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

B. Government-Wide and Fund Financial Statements

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

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

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

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

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

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

The government reports the following major governmental funds:

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

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

Tax Allocation District Fund - The Tax Allocation District Fund is a debt service fund used to account for the resources restricted for the principal and interest payments on the tax allocation district long-term obligations.

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The government reports the following major proprietary fund:

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

D. Budgets and Budgetary Accounting

Detailed information pertaining to the budget is included in the Required Supplementary Information section on pages 70 and 71.

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

E. Cash and Investments

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

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

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

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

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

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

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

G. Inventories

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

H. Prepaid Items

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

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

I. Capital Assets

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

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

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

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

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

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

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

J. Compensated Absences

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

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

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

K. Long-Term Obligations

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

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

L. Deferred Outflows/Inflows of Resources

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

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

M. Nature and Purpose of Classifications of Fund Equity

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance are classified as committed fund balances. Amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by City management based on Council direction. Council has designated the Finance Director the authority to make necessary assignments of the fund balance. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

CITY OF SMYRNA, GEORGIA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

N. Use of Estimates

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

(2) DEPOSITS AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City reduces its exposure to this risk by requiring deposits to be collateralized in accordance with State law. As of June 30, 2020, the City was not exposed to custodial credit risk.

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Per the City's investment policy, the City manages its exposure to custodial risk by requiring full collateralization on two certain types of investments: certificates of deposits and repurchase agreements. As of June 30, 2020, none of the government's investments were exposed to custodial credit risk.

Investments of the City are comprised of money market mutual funds in the City's OPEB Trust fund and guaranteed investment contracts in the City's non-major governmental funds. As of June 30, 2020, money market mutual funds had a fair market value of \$3,506,611 and were not rated. The money market funds had investment maturities of less than one year. The guaranteed investment contract had a fair value of \$1,768,473 as of June 30, 2020. The contract was rated "A1" by Moody's Investor Services, Inc. and has a maturity date of June 1, 2028.

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

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

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

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

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

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

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

(3) RECEIVABLES

Receivables at June 30, 2020 consist of the following:

| | Trade | Taxes | Other | Allowance for Uncollectibles | Net Receivables |
|------------------------------|---------------------|-------------------|-------------------|---------------------------------|---------------------|
| General Fund | \$ 1,581,830 | \$ 607,055 | \$ 4,252 | \$ (404,047) | \$ 1,789,090 |
| Non-major Governmental Funds | - | 29,946 | 135,214 | - | 165,160 |
| Water and Sewer Fund | 2,858,759 | - | - | (397,585) | 2,461,174 |
| Total | <u>\$ 4,440,589</u> | <u>\$ 637,001</u> | <u>\$ 139,466</u> | <u>\$ (801,632)</u> | <u>\$ 4,415,424</u> |

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(4) DUE FROM OTHER GOVERNMENTS

| | Cobb County, GA |
|------------------------------|---------------------|
| General Fund | \$ 484 |
| 1% Road Improvement Tax Fund | 2,108,930 |
| Non-major Funds: | |
| HUD CDBG Fund | 33,080 |
| | <u>\$ 2,142,494</u> |

(5) INTERFUND BALANCES AND TRANSFERS

Individual fund interfund receivable and payable balances for the fiscal year ended June 30, 2020 are as follows:

| Receivable To | Payable From Non-major Governmental Funds |
|---------------|---|
| General Fund | <u>\$ 143,907</u> |

Interfund balances are due either to timing differences or to the elimination of negative cash balances within the various funds. All interfund balances are expected to be repaid during the fiscal year ending June 30, 2021.

Interfund transfers for the current year were as follows:

| Transfer In To | Transfer Out From | | | |
|------------------------------|---------------------|------------------------------------|-------------------------|---------------------|
| | General Fund | Non-major Governmental Funds | Water and Sewer Fund | Total |
| General Fund | \$ - | \$ 443,900 | \$ 1,518,500 | \$ 1,962,400 |
| Non-major Governmental Funds | 7,148,663 | 199,138 | 123,000 | 7,470,801 |
| Water and Sewer Fund | 13,071 | - | - | 13,071 |
| Total | <u>\$ 7,161,734</u> | <u>\$ 643,038</u> | <u>\$ 1,641,500</u> | <u>\$ 9,446,272</u> |

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

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(6) RESTRICTED ASSETS

The City's restricted assets at June 30, 2020, consist of the following:

| Governmental Funds: | <u>Total</u> |
|----------------------------------|-----------------------------|
| General fund: | |
| Customer deposits | \$ 538,678 |
| Healthcare | 63,067 |
| Public safety | 61,781 |
| Culture and recreation | 150,907 |
| Housing and development | 275,509 |
| | <u>1,089,942</u> |
| 1% Road Improvement Tax: | |
| Completion of projects | <u>10,400,813</u> |
| Tax allocation district fund: | |
| Unspent TAD proceeds | <u>169,639</u> |
| Non-major governmental funds: | |
| Law enforcement | 100,997 |
| Tourism | 1,210,494 |
| Unspent grant money | 88,470 |
| E911 operations | 188,808 |
| Completion of projects | 1,774,786 |
| Housing and development | 745,957 |
| Culture and recreation | 3 |
| | <u>4,109,515</u> |
| Total governmental funds | <u><u>\$ 15,769,909</u></u> |
| Proprietary Funds | |
| Water and Sewer Enterprise Fund: | |
| Customer deposits | <u>\$ 607,050</u> |
| Total proprietary funds | <u><u>\$ 607,050</u></u> |

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(7) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|--|----------------------|---------------|-----------------|-------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 25,536,743 | \$ 18,616,904 | \$ (146,193) | \$ 44,007,454 |
| Construction in progress | 30,402,208 | 2,752,090 | (21,543,434) | 11,610,864 |
| Total capital assets not being depreciated | 55,938,951 | 21,368,994 | (21,689,627) | 55,618,318 |
| Capital assets, being depreciated: | | | | |
| Infrastructure | 172,815,223 | 4,437,283 | - | 177,252,506 |
| Buildings and improvements | 71,497,884 | 5,406,161 | - | 76,904,045 |
| Motorized and heavy equipment | 1,465,308 | 288,852 | (12,955) | 1,741,205 |
| Office furniture and equipment | 1,172,817 | - | - | 1,172,817 |
| Computer equipment | 4,027,271 | 150,355 | - | 4,177,626 |
| Motor vehicles | 12,542,770 | 1,257,285 | (286,157) | 13,513,898 |
| Nonmotorized equipment | 3,828,114 | 237,593 | - | 4,065,707 |
| Total capital assets being depreciated | 267,349,387 | 11,777,529 | (299,112) | 278,827,804 |
| Less accumulated depreciation for: | | | | |
| Infrastructure | (103,416,670) | (3,348,562) | - | (106,765,232) |
| Buildings and improvements | (15,725,485) | (975,886) | 7 | (16,701,364) |
| Motorized and heavy equipment | (950,034) | (126,221) | 12,955 | (1,063,300) |
| Office furniture and equipment | (1,160,021) | (8,081) | - | (1,168,102) |
| Computer equipment | (2,551,403) | (549,038) | - | (3,100,441) |
| Motor vehicles | (9,433,152) | (1,137,912) | 278,273 | (10,292,791) |
| Nonmotorized equipment | (2,785,839) | (392,041) | - | (3,177,880) |
| Total accumulated depreciation | (136,022,604) | (6,537,741) | 291,235 | (142,269,110) |
| Total capital assets being depreciated, net | 131,326,783 | 5,239,788 | (7,877) | 136,558,694 |
| Governmental activities capital assets, net | \$ 187,265,734 | \$ 26,608,782 | \$ (21,697,504) | \$ 192,177,012 |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Construction in progress | \$ 690,786 | \$ 1,788,122 | \$ (647,467) | \$ 1,831,441 |
| Total capital assets not being depreciated | 690,786 | 1,788,122 | (647,467) | 1,831,441 |
| Capital assets, being depreciated: | | | | |
| Infrastructure and improvements | 46,320,475 | 4,092,259 | - | 50,412,734 |
| Buildings and improvements | 111,050 | 7,500 | - | 118,550 |
| Machinery and equipment | 9,498,881 | 25,000 | - | 9,523,881 |
| Computer equipment | 16,244 | - | - | 16,244 |
| Motor vehicles | 1,177,355 | 27,703 | (214,286) | 990,772 |
| Total capital assets being depreciated | 57,124,005 | 4,152,462 | (214,286) | 61,062,181 |
| Less accumulated depreciation for: | | | | |
| Infrastructure and improvements | (18,818,406) | (1,046,134) | - | (19,864,540) |
| Buildings and improvements | (694) | (1,529) | - | (2,223) |
| Machinery and equipment | (7,828,219) | (66,503) | - | (7,894,722) |
| Computer equipment | (16,244) | - | - | (16,244) |
| Motor vehicles | (492,048) | (182,848) | 214,286 | (460,610) |
| Total accumulated depreciation | (27,155,611) | (1,297,014) | 214,286 | (28,238,339) |
| Total capital assets being depreciated, net | 29,968,394 | 2,855,448 | - | 32,823,842 |
| Business-type activities capital assets, net | \$ 30,659,180 | \$ 4,643,570 | \$ (647,467) | \$ 34,655,283 |

CITY OF SMYRNA, GEORGIA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

| | |
|--|---------------------|
| Governmental activities: | |
| General government | \$ 441,251 |
| Public safety | 1,654,462 |
| Public works, including depreciation of general infrastructure | 3,685,717 |
| Culture and recreation | 756,311 |
| Total depreciation expense - governmental activities | <u>\$ 6,537,741</u> |
| Business-type activities: | |
| Water and sewer | <u>\$ 1,297,014</u> |

(8) LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2020:

| | Beginning Balance (As Restated) | Additions | Reductions | Ending Balance | Due Within One Year |
|---------------------------------|---------------------------------------|----------------------|------------------------|----------------------|------------------------|
| Governmental activities: | | | | | |
| Debt: | | | | | |
| Revenue bonds | \$ 43,380,000 | \$ - | \$ (2,770,000) | \$ 40,610,000 | \$ 10,485,000 |
| Premium | 864,516 | - | (124,538) | 739,978 | - |
| Discount | (87,299) | - | 9,700 | (77,599) | - |
| Tax Allocation District bonds | 12,444,154 | 12,725,000 | (13,074,154) | 12,095,000 | 100,000 |
| Intergovernmental agreement | 441,845 | - | (292,588) | 149,257 | 149,257 |
| Certificates of participation | 1,756,000 | - | - | 1,756,000 | - |
| Total Debt | 58,799,216 | 12,725,000 | (16,251,580) | 55,272,636 | 10,734,257 |
| Compensated absences | 1,019,497 | 850,209 | (810,590) | 1,059,116 | 848,220 |
| Total Governmental activities | <u>\$ 59,818,713</u> | <u>\$ 13,575,209</u> | <u>\$ (17,062,170)</u> | <u>\$ 56,331,752</u> | <u>\$ 11,582,477</u> |

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

Operating Leases

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

Governmental Activities:

Revenue Bonds (Direct Borrowing/Placements)

Revenue bonds have been issued for governmental activities and are comprised of the following individual issues at June 30, 2020:

\$2,875,000 Series 2001 Downtown Smyrna Development Authority bonds, serviced through lease payments from the City, due in annual installments commencing February 11, 2002 of \$85,000 to \$225,000 through February 2021; interest at 5.14 percent (\$435,000 outstanding). The bonds were issued to purchase property.

CITY OF SMYRNA, GEORGIA
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\$22,000,000 Series 2005 Downtown Smyrna Development Authority bonds, serviced through lease payments from the City, due in annual installments commencing on August 1, 2005 of \$220,000 to \$3,070,000 through February 1, 2028; interest at 3.00% to 5.25% (\$20,270,000 outstanding). The bonds were issued for acquiring, construction, and renovation of parks and recreation facilities.

\$2,480,000 Series 2016A Downtown Smyrna Development Authority Economic Refunding Revenue bonds, serviced through lease payments from the City, due in annual installments commencing on August 1, 2016 of \$35,000 to \$720,000 through February 1, 2022; interest at 1.49% (\$755,000 outstanding). The bonds were issued to refund the Series 2014A Downtown Smyrna Development Authority bonds. The advance refunding reduced total debt service payments over the remaining years by \$13,175. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$43,143.

\$3,855,000 Series 2016B Downtown Smyrna Development Authority Economic Refunding Revenue bonds, serviced through lease payments from the City, due in annual installments commencing on August 1, 2005 of \$10,000 to \$770,000 through February 1, 2027; interest at 1.86% (\$3,825,000 outstanding). The bonds were issued to refund the Series 2014B Downtown Smyrna Development Authority bonds. The advance refunding reduced total debt service payments over the remaining years by \$344,210. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$357,056.

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

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

The City and the Smyrna Downtown Development Authority have entered into intergovernmental contracts which obligate the City to make lease payments directly to the Authority for the purpose of paying the principal and interest on the outstanding balance of the Series 1997, 2001, 2005, 2016A, 2016B, 2016, and 2017 Revenue Bonds issued by the Authority. The contracts will not expire until full payment of the bonds. The contracts enable the City to lease from the Authority the facilities constructed by the Authority. The leases are a direct financing lease in accordance with generally accepted accounting principles. The Authority has no obligation for the debt beyond the resources provided by the City under the contract; therefore the obligation for the bonds is not reported on the financial statements of the Smyrna Downtown Development Authority.

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|---------------------|----------------------|
| 2021 | \$ 10,485,000 | \$ 1,401,069 | \$ 11,886,069 |
| 2022 | 10,715,000 | 1,159,063 | 11,874,063 |
| 2023 | 3,115,000 | 913,088 | 4,028,088 |
| 2024 | 3,255,000 | 774,467 | 4,029,467 |
| 2025 | 3,405,000 | 629,004 | 4,034,004 |
| 2026-2028 | 9,635,000 | 954,227 | 10,589,227 |
| Total | <u>\$ 40,610,000</u> | <u>\$ 5,830,918</u> | <u>\$ 46,440,918</u> |

Tax Allocation District Bonds (Direct Borrowing/Placements)

During 2020, the City refunded \$12,444,154 in notes payable to undertake certain redevelopment projects within a tax allocation district established by the City. The issuance is an obligation of the City, not secured by the full faith and credit of the City, but is secured solely by, and payable solely from, pledged revenues. The pledged revenues are defined as the tax allocation increments, the amount of property taxes generated within the district area which exceed the amount collected from the same area prior to development, from the City and Cobb County. The property tax increments are pledged until the bonds are paid in full in fiscal year 2040. The tax allocation increments are projected to produce 100% of the debt service requirements over the life of the bonds. For the current year, total principal and interest paid and total tax allocation increments were \$713,861 and \$1,483,797, respectively. The refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,122,027.

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|---------------------|----------------------|
| 2021 | \$ 100,000 | \$ 441,468 | \$ 541,468 |
| 2022 | 100,000 | 437,818 | 537,818 |
| 2023 | 100,000 | 434,168 | 534,168 |
| 2024 | 100,000 | 430,518 | 530,518 |
| 2025 | 100,000 | 426,868 | 526,868 |
| 2026 - 2030 | 500,000 | 2,079,590 | 2,579,590 |
| 2031 - 2035 | 500,000 | 1,988,340 | 2,488,340 |
| 2036 - 2040 | 10,595,000 | 1,897,090 | 12,492,090 |
| Total | <u>\$ 12,095,000</u> | <u>\$ 8,135,860</u> | <u>\$ 20,230,860</u> |

Intergovernmental Contract (Direct Borrowing/Placements)

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

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|------------|----------|------------|
| 2021 | \$ 149,257 | \$ 2,883 | \$ 152,140 |

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Certificates of Participation (Direct Borrowing/Placements)

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

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|-------------------|---------------------|
| 2021 | \$ - | \$ 83,410 | \$ 83,410 |
| 2022 | - | 83,410 | 83,410 |
| 2023 | - | 83,410 | 83,410 |
| 2024 | - | 83,410 | 83,410 |
| 2025 | - | 83,410 | 83,410 |
| 2026-2028 | 1,756,000 | 250,230 | 2,006,230 |
| Total | <u>\$ 1,756,000</u> | <u>\$ 667,280</u> | <u>\$ 2,423,280</u> |

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

In the unlikely event that the swap counterparty becomes insolvent, or fails to make payments as specified in the swap agreement, the City would be exposed to credit risk in the amount of the swap's fair value. To minimize this risk, the City executed this agreement with counterparties of appropriate credit strength. At June 30, 2020, the market value of this agreement is \$560,648, an increase of \$107,609 from the market value at the end of the previous fiscal year. The market value of the hedge was determined using settlement prices at the end of the day on June 30, 2020 based on the derivative contract. This market value is reported as an asset in the statement of net position. This derivative is an effective hedge and qualifies for hedge accounting. Therefore, the inflow from the hedge (any change in fair value from inception until fiscal year end) is deferred and reported as deferred inflows of resources in the statement of net position.

**CITY OF SMYRNA, GEORGIA
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Legal Debt Margin

The City is subject to a debt limit that is 10% of its total assessed taxable property valuation. At June 30, 2020 that amount was \$285,583,705. As of June 30, 2020 the total outstanding debt applicable to the limit was \$0.

(9) PROPERTY TAXES

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

Property taxes are levied in September of each year on the assessed valuation of property as of the preceding January 1. Taxes were levied on September 15, 2019. The billings are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending 60 days after the tax bill mailing. At that later date, generally mid-November, the bill becomes delinquent, subject to lien, and penalties and interest may be assessed by the City.

Assessed values are established by the Cobb County Tax Assessor's office and are currently calculated at 40% of the market value. The net assessed values of real and personal property (excluding public utility franchise motor vehicles, heavy duty equipment and mobile home taxes) at January 1, 2020 were \$2,592,596,281.

Based on the 2019 millage levy of 8.99, a property owner would pay \$8.99 per \$1,000 of assessed valuation. Current tax collections of \$23,961,620 for the fiscal year ended June 30, 2020 were 99.04% of the tax levy.

(10) EMPLOYEE RETIREMENT SYSTEM

General Information about the Pension Plan

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

Employees and officials are grouped into one of seven classes with varying benefits based on station and start date. During the fiscal year ended June 30, 2003, all personnel were offered the option of acquiring an early retirement benefit at age 55 with thirty years of service completed. Full-time employees hired on or after April 1, 2010, are eligible to participate in the current hybrid plan with defined benefit and defined contribution components. There is no waiting period for eligibility. Normal retirement age is 65 with 10 years of credited service. A reduced benefit is payable at age 55 with 10 years of service. An early unreduced benefit is payable after 35 years of service or after achieving the Rule of 80 (minimum age plus years of service to equal 80). Benefits vest after completing ten years of service. Employee benefits are calculated as a percentage of the average basic earnings in the five consecutive years prior to retirement multiplied by the number of years of service. The death and disability benefits are based on a percentage of final average earnings.

CITY OF SMYRNA, GEORGIA
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At January 1, 2020, the following employees were covered by the benefit terms:

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 236 |
| Inactive employees entitled to but not yet receiving benefits | 75 |
| Active employees | 384 |
| Elected officials | 11 |
| Total | <u><u>706</u></u> |

All employees are covered under the early retirement benefit and are required by the City to contribute between 2.50% - 5.00% based on retirement class and plan. Contributions are determined under the projected unit credit actuarial cost method. The GMEBS Board of Trustees has adopted an actuarial funding policy for determination of annual contributions. For the year ended June 30, 2020, the actuarially determined rate was 12.00% of annual pay. The January 1, 2019 valuation is used to determine the recommended contribution for the fiscal year 2020. During the plan year, total pension contributions were \$2,302,400 from the City.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-----------------------------------|-----------------------------------|
| Inflation | 2.25% |
| Salary increases | 3.00% - 8.50% including inflation |
| Investment rate of return | 7.375% |
| Post-retirement benefit increases | Not applicable |

Mortality rates were based on the Pri-2012 head-count weighted Healthy Retiree Mortality Tables. The mortality and actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period of January 1, 2015 to June 30, 2019.

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

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------|------------------------------|---|
| Domestic equity | 45.00% | 6.41% |
| International equity | 20.00% | 6.96% |
| Global fixed income | 5.00% | 3.06% |
| Domestic fixed income | 20.00% | 1.96% |
| Real estate | 10.00% | 4.76% |
| Total | <u>100.00%</u> | |

The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

| | <u>Increase (Decrease)</u> | | |
|--|--|--|--|
| | <u>Total Pension Liability (a)</u> | <u>Plan Fiduciary Net Position (b)</u> | <u>Net Pension Liability (a) - (b)</u> |
| Balances at 9/30/2018 | \$ 66,401,797 | \$ 53,214,762 | \$ 13,187,035 |
| Changes for the year: | | | |
| Service cost | 956,672 | - | 956,672 |
| Interest | 4,869,430 | - | 4,869,430 |
| Differences between expected and actual experience | 1,455,483 | - | 1,455,483 |
| Contributions - employer | - | 2,202,145 | (2,202,145) |
| Contributions - employee | - | 856,526 | (856,526) |
| Net investment income | - | 1,519,944 | (1,519,944) |
| Benefit payments, including refunds of employee contributions | (4,865,471) | (4,865,471) | - |
| Administrative expense | - | (114,649) | 114,649 |
| Other | 2,790,550 | - | 2,790,550 |
| Net changes | <u>5,206,664</u> | <u>(401,505)</u> | <u>5,608,169</u> |
| Balances at 9/30/2019 | <u>\$ 71,608,461</u> | <u>\$ 52,813,257</u> | <u>\$ 18,795,204</u> |

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

| | 1% Decrease (6.375%) | Current Discount (7.375%) | 1% Increase (8.375%) |
|-----------------------|-------------------------|---------------------------------|-------------------------|
| Net pension liability | \$ 26,732,032 | \$ 18,795,204 | \$ 12,131,627 |

Pension Plan Fiduciary Net Position

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

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

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

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

For the year ended June 30, 2020, the City recognized pension expense of \$3,417,404. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 2,944,821 | \$ - |
| Changes of assumptions | 2,663,874 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (350,576) |
| Employer contributions to the pension plan subsequent to the measurement date of the net pension liability | 1,728,733 | - |
| Total | <u>\$ 7,337,428</u> | <u>\$ (350,576)</u> |

\$1,728,733 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30, | |
|---------------------|--------------|
| 2021 | \$ 1,263,477 |
| 2022 | 1,187,026 |
| 2023 | 1,478,587 |
| 2024 | 1,329,029 |
| 2025 | - |
| Thereafter | - |

(11) POST EMPLOYMENT HEALTH CARE PLAN

Plan Description

The City of Smyrna OPEB Plan is a single-employer defined benefit healthcare plan administered by the City of Smyrna. The OPEB Plan is administered through an equivalent trust agreement. The Trust is an irrevocable trust established pursuant to Section 115 of the Internal Revenue Code for the purpose of pre-funding other postemployment health benefits. Contributions and earnings to the trust are irrevocable, dedicated to providing OPEB to plan members in accordance with benefit terms, and are legally protected from creditors of the City and from the City. The trust was established June 1, 2009, by the City Council to pre-fund medical and prescription drug benefits for retirees and their eligible dependents who are eligible for such benefits under existing City policy. The City Council has the authority to establish and amend the benefit terms. The City provides medical, prescription drug, dental, and life insurance benefits to retirees. Retirees' spouses are eligible for the same benefits as the retiree. Substantially all of the City's employees may become eligible for those benefits if they retire on or after the age of 65 with 10 years of service, or provided that the employee's age (minimum age of 55) plus completed years of service with the City at the time of the employee's retirement is equal to or greater than 80. As of January 1, 2019, there were 149 inactive plan members or beneficiaries receiving benefit payments, 0 inactive plan members entitled to but not yet receiving benefits, and 401 active plan members.

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Summary of Significant Accounting Policies

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

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

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

Funding Policy

The contribution requirements are established and may be amended by the City. The required contribution was determined by an actuarial valuation. During the fiscal year 2020, the City contributed \$1,480,431 to the plan. For the year ended June 30, 2020, the City's contribution was 7.73% of covered payroll. The cost of benefits for retirees is paid by the City and by the retiree. Currently, retirees contribute between 10.00% and 82.00% of the cost of premiums. The retirees' contribution is based on their enrollment in a City sponsored wellness program, as well as their smoker/nonsmoker status. Total retiree contributions to the plan during the fiscal year 2020 totaled \$213,764.

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was (1.73%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The net OPEB liability reported by the City at June 30, 2020 is based on the measurement date of June 30, 2019 and determined by an actuarial valuation as of January 1, 2020. Updated procedures were used to roll forward the total OPEB liability to the plan's fiscal year end, June 30, 2020 for disclosure purposes. The components of the net OPEB liability as of the Plan's fiscal year end, June 30, 2020 are as follows:

| | |
|---|----------------------|
| Total OPEB Liability | \$ 14,499,686 |
| Plan Fiduciary Net Position | <u>3,506,611</u> |
| Net OPEB Liability | <u>\$ 10,993,075</u> |
| Plan Fiduciary Net Position as a percentage of the Total OPEB Liability | 24.18% |

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Changes in the Net OPEB Liability

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

2019 YE measurement date

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

2020 YE measurement date

| | Increase (Decrease) | | |
|--|-------------------------|-----------------------------------|-----------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| | (a) | (b) | (a) - (b) |
| Balances at 6/30/2019 | \$14,218,983 | \$ 3,126,141 | \$ 11,092,842 |
| Changes for the year: | | | |
| Service cost | 308,295 | - | 308,295 |
| Interest | 1,055,525 | - | 1,055,525 |
| Change in benefit terms | (168,063) | - | (168,063) |
| Differences between expected and actual experience | 1,078,549 | - | 1,078,549 |
| Change in assumptions | (1,069,691) | - | (1,069,691) |
| Contributions - employer | - | 1,183,912 | (1,183,912) |
| Contributions - employee | - | - | - |
| Net investment income | - | 120,470 | (120,470) |
| Benefit payments, including refunds of employee contributions | (923,912) | (923,912) | - |
| Administrative expense | - | - | - |
| Other | - | - | - |
| Net changes | 280,703 | 380,470 | (99,767) |
| Balances at 6/30/2020 | <u>\$14,499,686</u> | <u>\$ 3,506,611</u> | <u>\$ 10,993,075</u> |

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The total OPEB liability was determined by an actuarial valuation as of January 1, 2019 and 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|--|
| Inflation | June 30, 2019: 2.75%; June 30, 2020: 2.25% |
| Salary increases | June 30, 2019: 3.25% to 8.25%, including inflation June 30, 2020: 2.25% plus serviced based merit increases |
| Discount rate | June 30, 2019: 7.50%; June 30, 2020: 7.00% |
| Healthcare cost trend rates | June 30, 2019: 7.00% trended down to 4.50% by 2022 June 30, 2020: 7.00% trended down to 4.50% by 2029 |
| Healthy mortality rates | June 30, 2019: RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. June 30, 2020: Sex-Distinct Pri-2012 Tables with adjustments and mortality improvement from 2012. |

The actuarial assumptions used in the valuations were based on the results of an actuarial experience study for the period January 1, 2015 to June 30, 2019.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 and 2020 are summarized in the following table:

| Asset Class | 2019 | | 2020 | |
|---------------------------|-------------------|--|-------------------|--|
| | Target Allocation | Long Term Expected Real Rate of Return | Target Allocation | Long Term Expected Real Rate of Return |
| Domestic equity | 62.83% | 6.41% | 60.00% | 6.41% |
| International equity | * | 6.96% | * | 6.96% |
| Emerging markets equities | * | 9.86% | * | 0.00% |
| Domestic fixed income | 34.81% | 1.96% | 40.00% | 1.96% |
| Cash and short-term | 2.36% | 1.16% | * | 1.16% |
| | <u>100.00%</u> | | <u>100.00%</u> | |

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

The discount rate used to measure the total OPEB liability was 7.50% for the June 30, 2019 measurement date. The remaining projected benefit payments were discounted at the 20-year, general obligation, municipal bond rate of 3.50%. The total present value of the two discounted streams of benefit payment is the total OPEB liability. A single effective discount rate that determined the same total was developed. It is determined that the long-term expected rate of return on OPEB plan investments along with the yearly City Contributions were enough to fully fund the plan. Therefore, 7.50% was used as the discount rate. The discount rate used to measure the Total OPEB Liability (TOL) was 7.00% for the June 30, 2020 measurement date. The projection of cash flows used to determine the discount rate assume that City

CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to fully cover the projected benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to the periods of projected benefit payments that were covered by the City contributions.

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

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

For the measurement date June 30, 2019:

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

For the measurement date June 30, 2020:

| 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|------------------------|----------------------------------|------------------------|
| \$ 12,914,811 | \$ 10,993,075 | \$ 9,366,629 |

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

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

For the measurement date June 30, 2019:

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

For the measurement date June 30, 2020:

| 6.00% grading to 3.50% | 7.00% grading to 4.50% | 8.00% grading to 5.50% |
|---------------------------|---------------------------|---------------------------|
| \$ 10,271,729 | \$ 10,993,075 | \$ 11,824,024 |

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$802,765. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 1,172,128 | \$ 786,395 |
| Change in assumptions | 1,508,263 | 3,646,632 |
| Net difference between project and actual earnings on OPEB plan investments | 49,969 | - |
| Employer contributions to the OPEB plan subsequent to the measurement date of the net OPEB liability | 1,480,431 | - |
| | <u>\$ 4,210,791</u> | <u>\$ 4,433,027</u> |

\$1,480,431 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021.

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

Year Ended June 30,

| | |
|------|------------|
| 2021 | \$ 405,786 |
| 2022 | 405,786 |
| 2023 | 392,604 |
| 2024 | 498,491 |

The plan does not issue separate financial statements.

(12) DEFINED CONTRIBUTION PLAN

The City contributes to the City of Smyrna 401(a) Plan, a defined contribution pension plan, for all employees hired after April 1, 2010. Mass Mutual is the administrator for the City's plan. Benefit terms, including contribution requirements, for the plan are established and may be amended by the City Council. The City of Smyrna matches 50.00% of an employee's voluntary contributions to the City's 457(b) plan, up to 4.00% of their income in the 401(a) plan. Employees are eligible to participate immediately upon employment. Employees are permitted to make contributions to the 457(b) plan up to \$18,000 or 100% of salary, whichever is less. Participants become fully vested after 5 years of service. For the year ended June 30, 2020, the City contributed \$84,601 to the 401(a) plan.

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

(13) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City participates in a public entity risk pool managed by the Georgia Interlocal Risk Management Agency (GIRMA) whereby the risk is pooled with other entities. Participation in this pool allows the City to share liability, crime, motor vehicle and property damage risks. Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. GIRMA is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities. GIRMA establishes and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

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

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

To select a person to serve as a Member representative.

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

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

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

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

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

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

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

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

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City became a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The liability

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

of the fund to the employees of any employer is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

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

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

(14) JOINT VENTURE

Under Georgia law, the City in conjunction with other cities and counties in the ten county Atlanta region is a member of the Atlanta Regional Commission (ARC). Membership in a RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the officials of political subdivisions and private citizens representing districts with the Atlanta region. OCGA 50-8-39.1 provides that certain member governments are liable for any debts or obligations of a RC. Separate financial statements may be obtained from the Atlanta Regional Commission, 229 Peachtree Street #100, Atlanta, Georgia 30303.

(15) COMMITMENTS AND CONTINGENCIES

Cobb County Water System

The City entered into an agreement with Cobb County, Georgia (the "County") in April 2005. The term of the agreement is 30 years. The agreement provides for the County to take and treat wastewater from the City and requires the purchase of the County's water in certain circumstances. The County is authorized to establish rates and charges. The City purchased water and wastewater treatment services totaling \$10,773,248 from the County during the fiscal year ended June 30, 2020.

Encumbrances

Encumbrances outstanding at year end totaled \$28,521,756 (\$29,384 in the General Fund, \$28,472,117 in the 1% Road Improvement Fund, and \$20,255 in the non-major funds).

Other

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The recently declared pandemic could adversely impact the City's future financial results,

**CITY OF SMYRNA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

especially if the community is negatively impacted by the decrease in economic activity caused by the virus. Such potential impact is unknown at this time.

(16) FUND BALANCE DEFICITS

The Multiple Grant Fund reports a deficit of \$159,001. The deficit will be funded by future transfers in from grants revenues.

(17) RESTATEMENT

During fiscal year 2020, the City discovered that a note payable had not been correctly recorded in the prior year. The effects of the restatement to previously reported amounts in Governmental Activities are as follows:

| | Governmental Activities |
|-------------------------------------|----------------------------|
| Beginning Equity before Restatement | \$ 157,422,229 |
| Restatement - Notes Payable | (12,444,154) |
| Beginning Equity after Restatement | <u>\$ 144,978,075</u> |

| | Governmental Activities |
|--|----------------------------|
| Changes in net position as previously reported | \$ 13,690,917 |
| Restatement - Notes Payable | 355,716 |
| Changes in net position as restated | <u>\$ 14,046,633</u> |

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

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total pension liability | | | | | | |
| Service cost | \$ 933,885 | \$ 875,072 | \$ 878,764 | \$ 964,817 | \$ 972,158 | \$ 956,672 |
| Interest | 4,075,477 | 4,112,198 | 4,315,482 | 4,523,856 | 4,657,925 | 4,869,430 |
| Differences between expected and actual experience | (182,608) | 2,157,281 | 1,798,490 | 663,986 | 1,925,234 | 1,455,483 |
| Changes of assumptions | (326,563) | - | - | 1,078,584 | - | 2,790,550 |
| Changes of benefit terms | 53,852 | - | - | - | - | - |
| Benefit payments, including refunds of employee contributions | (3,359,424) | (4,801,033) | (4,242,011) | (4,366,083) | (4,574,055) | (4,865,471) |
| Net change in total pension liability | 1,194,619 | 2,343,518 | 2,750,725 | 2,865,160 | 2,981,262 | 5,206,664 |
| Total pension liability - beginning | 54,266,513 | 55,461,132 | 57,804,650 | 60,555,375 | 63,420,535 | 66,401,797 |
| Total pension liability - ending (a) | \$55,461,132 | \$57,804,650 | \$60,555,375 | \$63,420,535 | \$66,401,797 | \$71,608,461 |
| Plan fiduciary net position | | | | | | |
| Contributions - employer | \$ 2,155,027 | \$ 3,499,154 | \$ 1,599,088 | \$ 1,997,898 | \$ 2,070,684 | \$ 2,202,145 |
| Contributions - employee | 632,129 | 705,776 | 743,536 | 740,826 | 787,313 | 856,526 |
| Net investment income | 4,410,989 | 502,934 | 4,642,702 | 6,642,488 | 4,872,030 | 1,519,944 |
| Benefit payments including refunds of employee contributions | (3,359,424) | (4,801,033) | (4,242,011) | (4,366,083) | (4,574,055) | (4,865,471) |
| Administrative expense | (53,811) | (69,270) | (66,209) | (127,313) | (120,740) | (114,649) |
| Net change in plan fiduciary net position | 3,784,910 | (162,439) | 2,677,106 | 4,887,816 | 3,035,232 | (401,505) |
| Plan fiduciary net position - beginning | 38,992,137 | 42,777,047 | 42,614,608 | 45,291,714 | 50,179,530 | 53,214,762 |
| Plan fiduciary net position - ending (b) | \$42,777,047 | \$42,614,608 | \$45,291,714 | \$50,179,530 | \$53,214,762 | \$52,813,257 |
| Net pension liability - ending (a) - (b) | \$12,684,085 | \$15,190,042 | \$15,263,661 | \$13,241,005 | \$13,187,035 | \$18,795,204 |
| Plan fiduciary net position as a percentage of the total pension liability | 77.13% | 73.72% | 74.79% | 79.12% | 80.14% | 73.75% |
| Covered payroll | \$16,751,826 | \$16,942,753 | \$17,565,791 | \$18,184,267 | \$18,861,638 | \$19,150,927 |
| Net pension liability as a percentage of covered payroll | 75.72% | 89.66% | 86.89% | 72.82% | 69.91% | 98.14% |

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

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

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---|-------------------|------------------|------------------|------------------|------------------|-------------------|
| Actuarially determined contribution | \$ 1,966,855 | \$ 1,734,147 | \$ 1,790,463 | \$ 2,038,041 | \$ 2,173,074 | \$ 2,294,669 |
| Contributions in relation to the actuarially determined contribution | <u>1,972,737</u> | <u>1,734,272</u> | <u>1,790,463</u> | <u>2,038,041</u> | <u>2,173,074</u> | <u>2,302,400</u> |
| Contribution deficiency (excess) | <u>\$ (5,882)</u> | <u>\$ (125)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (7,731)</u> |
| Covered payroll | \$ 18,460,213 | \$ 19,141,675 | \$ 19,443,143 | \$ 20,032,942 | \$ 21,232,918 | \$ 21,475,831 |
| Contributions as a percentage of covered payroll | 10.69% | 9.06% | 9.21% | 10.17% | 10.23% | 10.72% |

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

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

| | 2017 | 2018 | 2019 | 2020 |
|--|----------------------|----------------------|----------------------|----------------------|
| Total OPEB liability | | | | |
| Service cost | \$ 478,095 | \$ 465,098 | \$ 550,405 | \$ 308,295 |
| Interest | 668,317 | 770,227 | 679,073 | 1,055,525 |
| Changes of benefit terms | (844,938) | - | (41,766) | (168,063) |
| Differences between expected and actual experience | (820,492) | (564,222) | 1,465,162 | 1,078,549 |
| Changes of assumptions | 1,415,095 | 1,201,076 | (4,558,288) | (1,069,691) |
| Benefit payments | (439,363) | (689,164) | (689,164) | (923,912) |
| Net change in total OPEB liability | 456,714 | 1,183,015 | (2,594,578) | 280,703 |
| Total OPEB liability - beginning | 15,173,832 | 15,630,546 | 16,813,561 | 14,218,983 |
| Total OPEB liability - ending (a) | <u>\$ 15,630,546</u> | <u>\$ 16,813,561</u> | <u>\$ 14,218,983</u> | <u>\$ 14,499,686</u> |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 699,363 | \$ 949,164 | \$ 949,164 | \$ 1,183,912 |
| Net investment income | 213,607 | 149,285 | 143,949 | 120,470 |
| Benefit payments | (439,363) | (689,164) | (689,164) | (923,912) |
| Administrative expense | - | - | - | - |
| Net change in plan fiduciary net position | 473,607 | 409,285 | 403,949 | 380,470 |
| Plan fiduciary net position - beginning | 1,839,300 | 2,312,907 | 2,722,192 | 3,126,141 |
| Plan fiduciary net position - ending (b) | <u>\$ 2,312,907</u> | <u>\$ 2,722,192</u> | <u>\$ 3,126,141</u> | <u>\$ 3,506,611</u> |
| Net OPEB liability - ending (a) - (b) | <u>\$ 13,317,639</u> | <u>\$ 14,091,369</u> | <u>\$ 11,092,842</u> | <u>\$ 10,993,075</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 14.80% | 16.19% | 21.99% | 24.18% |
| Covered payroll | \$ 17,280,347 | \$ 17,280,347 | \$ 18,861,638 | \$ 19,150,927 |
| Net OPEB liability as a percentage of covered payroll | 77.07% | 81.55% | 58.81% | 57.40% |

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

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

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---|---------------------|---------------------|---------------------|---------------------|
| Actuarially determined contribution | \$ 451,794 | \$ 466,133 | \$ 481,283 | \$ 683,053 |
| Contributions in relation to the actuarially determined contribution | <u>699,363</u> | <u>949,164</u> | <u>1,183,912</u> | <u>1,480,431</u> |
| Contribution deficiency (excess) | <u>\$ (247,569)</u> | <u>\$ (483,031)</u> | <u>\$ (702,629)</u> | <u>\$ (797,378)</u> |
| Covered payroll | \$17,280,347 | \$17,280,347 | \$18,861,638 | \$19,150,927 |
| Contributions as a percentage of covered payroll | 4.05% | 5.49% | 6.28% | 7.73% |

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

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

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 10.85% | 6.11% | 11.20% | -1.73% |

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

CITY OF SMYRNA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Original Budget | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|--------------------------------------|--------------------|-----------------|---------------|---|
| Revenues: | | | | |
| Taxes | \$ 34,525,850 | \$ 34,523,850 | \$ 34,664,452 | \$ 140,602 |
| Charges for services | 9,575,000 | 9,575,000 | 8,667,181 | (907,819) |
| Licenses and permits | 2,618,500 | 2,618,500 | 2,976,193 | 357,693 |
| Fines and forfeitures | 1,318,000 | 1,318,000 | 1,086,228 | (231,772) |
| Intergovernmental revenues | 1,600,000 | 1,600,000 | 1,592,635 | (7,365) |
| Investment income | 125,000 | 125,000 | 3,686 | (121,314) |
| Miscellaneous revenue | 555,000 | 695,000 | 700,446 | 5,446 |
| Total revenues | 50,317,350 | 50,455,350 | 49,690,821 | (764,529) |
| Expenditures: | | | | |
| Current: | | | | |
| General government | | | | |
| Governing body | 422,603 | 480,250 | 397,850 | 82,400 |
| Chief executive | 789,066 | 797,342 | 701,365 | 95,977 |
| Financial administration | 577,369 | 585,694 | 538,418 | 47,276 |
| Data processing | 1,223,370 | 1,213,038 | 1,115,041 | 97,997 |
| Human resources | 626,443 | 655,496 | 566,801 | 88,695 |
| Buildings and plant | 11,957,839 | 11,772,512 | 10,437,038 | 1,335,474 |
| Judicial | | | | |
| Recorders court | 532,825 | 537,716 | 499,857 | 37,859 |
| Public safety | | | | |
| Police | 8,356,728 | 8,586,303 | 8,317,149 | 269,154 |
| Fire | | | | |
| Fire administration | 5,190,546 | 5,152,511 | 5,032,501 | 120,010 |
| Fire prevention | 446,305 | 456,718 | 456,362 | 356 |
| Fire training | 258,904 | 263,759 | 259,570 | 4,189 |
| Emergency management | 8,450 | 8,450 | 3,172 | 5,278 |
| Public Works | | | | |
| Highways and streets | 2,513,596 | 2,520,288 | 2,348,471 | 171,817 |
| Traffic engineering | 792,032 | 815,387 | 556,156 | 259,231 |
| Sanitary administration | 4,545,174 | 4,569,375 | 4,217,142 | 352,233 |
| Recyclable collections | 478,205 | 482,592 | 406,922 | 75,670 |
| Public education | 284,959 | 301,345 | 283,229 | 18,116 |
| Maintenance and shop | 386,592 | 392,357 | 334,963 | 57,394 |
| Culture and recreation | | | | |
| Administration | 1,101,999 | 1,075,654 | 1,074,538 | 1,116 |
| Participant recreation | 651,804 | 646,952 | 497,766 | 149,186 |
| Recreation center | 287,049 | 311,618 | 188,672 | 122,946 |
| Park areas | 263,065 | 281,478 | 197,193 | 84,285 |
| Library administration | 805,774 | 835,447 | 818,897 | 16,550 |
| Park maintenance | 1,080,083 | 1,194,946 | 908,209 | 286,737 |
| Smyrna History Museum | 116,992 | 299,231 | 245,526 | 53,705 |
| Housing and development | | | | |
| Protective inspection administration | 1,118,581 | 1,281,976 | 1,053,857 | 228,119 |
| Donations and special fees | 275,000 | 444,348 | 441,104 | 3,244 |
| Total expenditures | 45,091,353 | 45,962,783 | 41,897,769 | 4,065,014 |

Continued on next page.

CITY OF SMYRNA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Original Budget | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|--|---------------------|-----------------------|----------------------|---|
| Excess (deficiency) of revenues over expenditures | <u>5,225,997</u> | <u>4,492,567</u> | <u>7,793,052</u> | <u>3,300,485</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 2,351,913 | 2,454,126 | 1,962,400 | (491,726) |
| Insurance reimbursements | 70,000 | 121,838 | 83,459 | (38,379) |
| Sale of capital assets | 25,000 | 25,000 | 125,952 | 100,952 |
| Transfers out | <u>(3,783,784)</u> | <u>(8,149,271)</u> | <u>(7,161,734)</u> | <u>987,537</u> |
| Total other financing sources (uses) | <u>(1,336,871)</u> | <u>(5,548,307)</u> | <u>(4,989,923)</u> | <u>558,384</u> |
| Net change in fund balance | <u>\$ 3,889,126</u> | <u>\$ (1,055,740)</u> | 2,803,129 | <u>\$ 3,858,869</u> |
| Fund balance at beginning of year- GAAP basis | | | <u>22,803,854</u> | |
| Fund balance at end of year- GAAP basis | | | <u>\$ 25,606,983</u> | |

CITY OF SMYRNA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. Changes in Assumptions

Changes in assumptions for Pension Plan:

Amounts reported in the Schedule of Changes in the City's Net Pension Liability and Related Ratios for the fiscal year ending June 30, 2020 reflect the following assumption changes based on an actuarial study conducted in November and December of 2019:

- The mortality table for healthy retirees and beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for disabled participants was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table to the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for active participants, terminated vested participants, and deferred beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
- Future mortality improvement is based on projecting generationally from 2012 using 60% of the sex-distinct Scale SSA2019. Previously future mortality improvements were not explicitly projected.
- The prior retirement assumption was based on the Plan's normal retirement eligibility. If normal retirement eligibility was only available on or after age 65, the prior assumption was 60% at ages 65 to 69 and 100% at age 70 and older. If normal retirement eligibility was available prior to age 65, the rates were 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70 and older as long as a participant was at least eligible for early retirement.
- The new assumption relates to when a given participant is eligible for normal retirement (either regular normal retirement or alternative normal retirement). Retirement rates do not apply if a participant is not eligible for either early or normal retirement. The retirement rates where normal retirement is available on or after age 65 are 5% at ages 55 to 59, 7% at ages 60 and 61, 20% at age 62, 10% at ages 63 and 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older.
- Where normal retirement is available to a given participant at age 62, 63, or 64, the new retirement rates are 3% when first eligible for early retirement through age 60, 10% at ages 61 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 30%.
- Where normal retirement is available at age 60 or 61, the new retirement rates are 3% when first eligible for early retirement through age 59, 10% at ages 60 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 20%.
- Where normal retirement is available prior to age 60, the new retirement rates are 3% when first eligible for early retirement through the year prior to normal retirement eligibility, 10% from normal retirement eligibility through age 59, 20% at age 60, 25% at age 61, 35%

CITY OF SMYRNA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

at age 62, 40% at age 63, 45% at age 64, 50% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 10%.

- The turnover rates were changed from the greater of age-based rates and select rates for the first five years of service followed by age-based rates thereafter to service-based rates only.
- The disability rates were changed to 50% of the rates in the prior age-based table.
- The inflation assumption was decreased from 2.75% to 2.25%.
- The salary increase assumption was changed from a service-based salary scale starting at 8.25% for the first two years of service with an ultimate rate of 3.25% at ten years of service to a service-based scale starting at 8.50% for the first two years of service with an ultimate rate of 3.00% at 15 years of service.
- The investment return assumption was decreased from 7.50% to 7.375%.

Changes of assumptions for OPEB Plan:

Amounts reported in the Schedule of Changes in the City's Total OPEB Liability and Related Ratios for the fiscal year ending June 30, 2020 reflect the following assumption changes based on an actuarial study conducted in November and December of 2019:

- The excise tax regulation was repealed in December 2019.
- Healthcare cost trend rates were changed from 7.00% to 4.50% graded down by 0.50% to 7.00% to 4.50% graded down by 0.25%.
- The discount rate was decreased from 7.50% to 7.00%.
- The mortality table for healthy retirees and beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for disabled participants was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table to the sex distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for active participants was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
- Future mortality improvement is based on projecting generationally from 2012 using 60% of the improvement rates used in the intermediate (alternative II) projection from the 2019 OASDI Trustees Report. Previously, future mortality improvements were not explicitly projected.
- The retirement assumptions were revised with the new rates based on expected Normal Retirement Age.
- The turnover rates were changed from the greater of age-based rates and select rates for the first five years of service followed by age-based rates thereafter to service-based rates only.
- The disability rates were changed to 50% of the rates in the prior age-based table.
- The inflation assumption was decreased from 2.75% to 2.25%.
- The salary increase assumption was changed from a service-based salary scale starting at 8.25% for the first two years of service with an ultimate rate of 3.25% at ten years of

CITY OF SMYRNA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

service to a service-based scale starting at 8.50% for the first two years of service with an ultimate rate of 3.00% at 15 years of service.

2. Methods and Assumptions to Determine Contribution Rates

Methods and assumptions to determine contribution rates for Pension:

Valuation date – January 1, 2019

Actuarial cost method – Projected unit credit

Amortization method – Closed level dollar for remaining unfunded liability

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

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

Projected salary increase – 2.75% plus service based merit increases

Investment rate of return – 7.50%

Retirement Age –

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

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

Methods and assumptions to determine contribution rates for OPEB:

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

Actuarial cost method – Entry age; the implicit subsidy is not reflected in these calculations.

Amortization method – Closed 25 years, level dollar

CITY OF SMYRNA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Remaining amortization method – 20 years as of July 1, 2020

Asset valuation method - Market value

Projected salary increase – 3.00% to 8.50%, including inflation of 2.25%

Investment rate of return – 7.00%

Retirement Age – The demographic assumptions used in this valuation (including mortality, disability, turnover, retirement, percent married and relative ages of spouses) were approved by the GMEBS Board in December 2019 based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019 conducted by Segal in November and December of 2019. The remaining demographic assumptions, such as enrollment elections, were based on the experience of the Plan and professional judgment.

Mortality - Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25 Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25 Sex-distinct Pri-2012 head-count weighted Employee Mortality Table. The mortality tables are adjusted from 2012 to future years with sex-distinct generational projection using 60% of the improvement rates used in the intermediate (alternative II) projection in the 2019 OASDI Trustees Report.

3. Budgetary Data

An operating budget is legally adopted each fiscal year for the General, Special Revenue, and the Debt Service Funds. Project length budgets are adopted for the Capital Project Funds at the beginning of each project.

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

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

1. A proposed operating budget including proposed expenditures and the means of financing them is submitted to City Council by the City Administrator.
2. A public hearing on the budget is held.

CITY OF SMYRNA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

Budgeted amounts reflected in the accompanying budget and actual comparisons are as originally adopted, or as amended, by City Council. Individual amendments were not material in relation to the original appropriations which were amended.

Unencumbered appropriations lapse at year end.

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

**CITY OF SMYRNA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

| | Special Revenue Funds | | | | |
|--|-----------------------|-------------------------------|-------------------|-----------------------|----------------------------|
| | Confiscated Assets | Hotel/Motel Premium Tax | Multiple Grant | Auto Rental Tax | Emergency 911 Telephone |
| Assets: | | | | | |
| Cash | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts receivable | - | 29,946 | - | - | 135,214 |
| Due from other governments | - | - | - | - | - |
| Restricted cash | 100,997 | 1,210,494 | - | - | 188,808 |
| Restricted investments | - | - | - | - | - |
| Total assets | <u>\$ 100,997</u> | <u>\$ 1,240,440</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 324,022</u> |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ 32,815 | \$ 6,260 | \$ - | \$ 24,604 |
| Accrued liabilities | - | 6,773 | - | - | 52,898 |
| Unearned revenue | - | - | 8,834 | - | - |
| Due to other funds | - | - | 143,907 | - | - |
| Total liabilities | <u>-</u> | <u>39,588</u> | <u>159,001</u> | <u>-</u> | <u>77,502</u> |
| Fund balances: | | | | | |
| Restricted for: | | | | | |
| Capital projects | - | - | - | - | - |
| Public safety | 100,997 | - | - | - | 246,520 |
| Culture and recreation | - | 1,200,852 | - | - | - |
| Housing and development | - | - | - | - | - |
| Committed for capital projects | - | - | - | - | - |
| Unassigned | - | - | (159,001) | - | - |
| Total fund balance (deficit) | <u>100,997</u> | <u>1,200,852</u> | <u>(159,001)</u> | <u>-</u> | <u>246,520</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 100,997</u> | <u>\$ 1,240,440</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 324,022</u> |

**CITY OF SMYRNA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

| HUD CDBG | Capital Projects Funds | | | | | Total Non-Major Governmental Funds |
|-------------------|------------------------|---|-------------------------|---------------------|-----------------|---|
| | Capital | Downtown Smyrna Development Authority | Parks and Recreation | Capital Projects | Bio Diesel | |
| \$ - | \$ - | \$ - | \$ - | \$ 2,994,530 | \$ - | \$ 2,994,530 |
| - | - | - | - | - | - | 165,160 |
| 33,080 | - | - | - | - | - | 33,080 |
| 88,470 | - | 745,957 | - | - | 6,313 | 2,341,039 |
| - | 1,768,473 | - | 3 | - | - | 1,768,476 |
| <u>\$ 121,550</u> | <u>\$ 1,768,473</u> | <u>\$ 745,957</u> | <u>\$ 3</u> | <u>\$ 2,994,530</u> | <u>\$ 6,313</u> | <u>\$ 7,302,285</u> |
| | | | | | | |
| \$ - | \$ - | \$ - | \$ - | \$ 32,314 | \$ - | \$ 95,993 |
| - | - | - | - | - | - | 59,671 |
| - | - | - | - | - | 6,313 | 15,147 |
| - | - | - | - | - | - | 143,907 |
| - | - | - | - | 32,314 | 6,313 | 314,718 |
| | | | | | | |
| - | 1,768,473 | - | - | - | - | 1,768,473 |
| - | - | - | - | - | - | 347,517 |
| 121,550 | - | - | 3 | - | - | 1,322,405 |
| - | - | 745,957 | - | - | - | 745,957 |
| - | - | - | - | 2,962,216 | - | 2,962,216 |
| - | - | - | - | - | - | (159,001) |
| <u>121,550</u> | <u>1,768,473</u> | <u>745,957</u> | <u>3</u> | <u>2,962,216</u> | <u>-</u> | <u>6,987,567</u> |
| | | | | | | |
| <u>\$ 121,550</u> | <u>\$ 1,768,473</u> | <u>\$ 745,957</u> | <u>\$ 3</u> | <u>\$ 2,994,530</u> | <u>\$ 6,313</u> | <u>\$ 7,302,285</u> |

CITY OF SMYRNA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Special Revenue Funds | | | | |
|--|-----------------------|---------------------------------|---------------------|-----------------------|-------------------------------|
| | Confiscated Assets | Hotel / Motel Premium Tax | Multiple Grant | Auto Rental Tax | Emergency 911 Telephone |
| Revenues: | | | | | |
| Taxes | \$ - | \$ 1,286,310 | \$ - | \$ 179,624 | \$ - |
| Charges for services | - | - | - | - | 1,628,687 |
| Intergovernmental | 53,655 | - | 50,386 | - | 78,750 |
| Investment earnings | - | - | - | - | 4,096 |
| Total revenues | <u>53,655</u> | <u>1,286,310</u> | <u>50,386</u> | <u>179,624</u> | <u>1,711,533</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Public safety: | | | | | |
| Police | 170,745 | - | 209,499 | - | - |
| Emergency 911 | - | - | - | - | 1,970,995 |
| Culture and recreation | - | 745,749 | - | - | - |
| Capital outlay | - | - | - | - | - |
| Debt service | - | - | - | - | - |
| Principal, interest, and fees | - | - | - | - | - |
| Total expenditures | <u>170,745</u> | <u>745,749</u> | <u>209,499</u> | <u>-</u> | <u>1,970,995</u> |
| Excess (deficiency) of revenues over expenditures | <u>(117,090)</u> | <u>540,561</u> | <u>(159,113)</u> | <u>179,624</u> | <u>(259,462)</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | - | 179,624 | - | - | 406,486 |
| Insurance reimbursements | - | - | - | - | - |
| Transfers out | - | (383,900) | - | (179,624) | - |
| Total other financing sources (uses) | <u>-</u> | <u>(204,276)</u> | <u>-</u> | <u>(179,624)</u> | <u>406,486</u> |
| Net change in fund balance | <u>(117,090)</u> | <u>336,285</u> | <u>(159,113)</u> | <u>-</u> | <u>147,024</u> |
| Fund balance (deficit) at beginning of year | <u>218,087</u> | <u>864,567</u> | <u>112</u> | <u>-</u> | <u>99,496</u> |
| Fund balance (deficit) at end of year | <u>\$ 100,997</u> | <u>\$ 1,200,852</u> | <u>\$ (159,001)</u> | <u>\$ -</u> | <u>\$ 246,520</u> |

CITY OF SMYRNA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| HUD CDBG | Capital Projects Funds | | | | | Total Non-Major Governmental Funds |
|-------------------|------------------------|---|-------------------------|---------------------|-------------|---|
| | Capital | Downtown Smyrna Development Authority | Parks and Recreation | Capital Projects | Bio Diesel | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,465,934 |
| - | - | - | - | - | - | 1,628,687 |
| 100,490 | - | - | - | - | - | 283,281 |
| - | 61,761 | - | - | - | - | 65,857 |
| 100,490 | 61,761 | - | - | - | - | 3,443,759 |
| - | - | - | - | - | - | 380,244 |
| - | - | - | - | - | - | 1,970,995 |
| 102,429 | - | - | - | - | - | 848,178 |
| - | - | - | - | 2,488,972 | - | 2,488,972 |
| - | - | 4,052,312 | - | 19,514 | - | 4,071,826 |
| 102,429 | - | 4,052,312 | - | 2,508,486 | - | 9,760,215 |
| (1,939) | 61,761 | (4,052,312) | - | (2,508,486) | - | (6,316,456) |
| - | - | 4,071,588 | - | 2,813,103 | - | 7,470,801 |
| - | - | - | - | 139,616 | - | 139,616 |
| - | (19,514) | - | - | (60,000) | - | (643,038) |
| - | (19,514) | 4,071,588 | - | 2,892,719 | - | 6,967,379 |
| (1,939) | 42,247 | 19,276 | - | 384,233 | - | 650,923 |
| 123,489 | 1,726,226 | 726,681 | 3 | 2,577,983 | - | 6,336,644 |
| <u>\$ 121,550</u> | <u>\$ 1,768,473</u> | <u>\$ 745,957</u> | <u>\$ 3</u> | <u>\$ 2,962,216</u> | <u>\$ -</u> | <u>\$ 6,987,567</u> |

CITY OF SMYRNA, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | <u>Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|--------------------------|--------------------------|---|
| Revenues | | | |
| Intergovernmental | <u>\$ 162,600</u> | <u>\$ 53,655</u> | <u>\$ (108,945)</u> |
| Total Revenues | <u>162,600</u> | <u>53,655</u> | <u>(108,945)</u> |
| Expenditures: | | | |
| Current: | | | |
| Police | <u>171,649</u> | <u>170,745</u> | <u>904</u> |
| Total Expenditures | <u>171,649</u> | <u>170,745</u> | <u>904</u> |
| Net change in fund balance | <u><u>\$ (9,049)</u></u> | (117,090) | <u><u>\$ (108,041)</u></u> |
| Fund balance at beginning of year-GAAP basis | | <u>218,087</u> | |
| Fund balance at end of year-GAAP basis | | <u><u>\$ 100,997</u></u> | |

CITY OF SMYRNA, GEORGIA
HOTEL/MOTEL PREMIUM TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|------------------|---------------------|---|
| Revenues: | | | |
| Taxes | \$ 1,617,743 | \$ 1,286,310 | \$ (331,433) |
| Total Revenues | <u>1,617,743</u> | <u>1,286,310</u> | <u>(331,433)</u> |
| Expenditures: | | | |
| Current: | | | |
| Culture and recreation | <u>1,121,366</u> | <u>745,749</u> | <u>375,617</u> |
| Total Expenditures | <u>1,121,366</u> | <u>745,749</u> | <u>375,617</u> |
| Excess (deficiency) of revenues over expenditures | <u>496,377</u> | <u>540,561</u> | <u>44,184</u> |
| Other financing sources (uses): | | | |
| Transfers in | 130,000 | 179,624 | 49,624 |
| Transfers out | <u>(593,249)</u> | <u>(383,900)</u> | <u>209,349</u> |
| Total other financing sources (uses) | <u>(463,249)</u> | <u>(204,276)</u> | <u>258,973</u> |
| Net change in fund balance | <u>\$ 33,128</u> | <u>336,285</u> | <u>\$ 303,157</u> |
| Fund balance at beginning of year-GAAP basis | | <u>864,567</u> | |
| Fund balance at end of year-GAAP basis | | <u>\$ 1,200,852</u> | |

CITY OF SMYRNA, GEORGIA
MULTIPLE GRANT FUND SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | <u>Budget</u> | <u>Actual</u> | Variance with Final Budget - Positive (Negative) |
|--|----------------|---------------------|---|
| Revenues: | | | |
| Intergovernmental | \$ 210,000 | \$ 50,386 | \$ (159,614) |
| Total Revenues | <u>210,000</u> | <u>50,386</u> | <u>(159,614)</u> |
| Expenditures: | | | |
| Current: | | | |
| Public Safety: | | | |
| Police | <u>210,000</u> | <u>209,499</u> | <u>501</u> |
| Total Expenditures | <u>210,000</u> | <u>209,499</u> | <u>501</u> |
| Net change in fund balance | <u>\$ -</u> | (159,113) | <u>\$ (159,113)</u> |
| Fund balance at beginning of year-GAAP basis | | <u>112</u> | |
| Fund balance at end of year-GAAP basis | | <u>\$ (159,001)</u> | |

CITY OF SMYRNA, GEORGIA
AUTO RENTAL TAX FUND SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | <u>Budget</u> | <u>Actual</u> | Variance with Final Budget - Positive (Negative) |
|--|--------------------|--------------------|---|
| Revenues: | | | |
| Taxes | <u>\$ 130,000</u> | <u>\$ 179,624</u> | <u>\$ 49,624</u> |
| Total Revenues | <u>130,000</u> | <u>179,624</u> | <u>49,624</u> |
| Other financing sources (uses): | | | |
| Transfers out | <u>(130,000)</u> | <u>(179,624)</u> | <u>(49,624)</u> |
| Total other financing sources (uses) | <u>(130,000)</u> | <u>(179,624)</u> | <u>(49,624)</u> |
| Net change in fund balance | <u><u>\$ -</u></u> | <u><u>-</u></u> | <u><u>\$ -</u></u> |
| Fund balance at beginning of year-GAAP basis | | <u>-</u> | |
| Fund balance at end of year-GAAP basis | | <u><u>\$ -</u></u> | |

CITY OF SMYRNA, GEORGIA
EMERGENCY 911 TELEPHONE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|-------------------|-------------------|---|
| Revenues: | | | |
| Charges for services | \$ 1,600,000 | \$ 1,628,687 | \$ 28,687 |
| Intergovernmental | 75,000 | 78,750 | 3,750 |
| Investment earnings | 2,000 | 4,096 | 2,096 |
| Total Revenues | <u>1,677,000</u> | <u>1,711,533</u> | <u>34,533</u> |
| Expenditures: | | | |
| Current: | | | |
| Public Safety: | | | |
| Emergency 911 | <u>2,065,222</u> | <u>1,970,995</u> | <u>94,227</u> |
| Total Expenditures | <u>2,065,222</u> | <u>1,970,995</u> | <u>94,227</u> |
| Excess (deficiency) of revenues over expenditures | <u>(388,222)</u> | <u>(259,462)</u> | <u>128,760</u> |
| Other financing sources (uses): | | | |
| Transfers in | 406,486 | 406,486 | - |
| Transfers out | <u>(20,909)</u> | <u>-</u> | <u>(20,909)</u> |
| Total other financing sources (uses) | <u>385,577</u> | <u>406,486</u> | <u>20,909</u> |
| Net change in fund balance | <u>\$ (2,645)</u> | 147,024 | <u>\$ 149,669</u> |
| Fund balance at beginning of year-GAAP basis | | <u>99,496</u> | |
| Fund balance at end of year-GAAP basis | | <u>\$ 246,520</u> | |

CITY OF SMYRNA, GEORGIA
HUD COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|------------|------------|---|
| Revenues: | | | |
| Intergovernmental | \$ 500,000 | \$ 100,490 | \$ (399,510) |
| Total Revenues | 500,000 | 100,490 | (399,510) |
| Expenditures: | | | |
| Current: | | | |
| Culture and recreation | 500,000 | 102,429 | 397,571 |
| Total Expenditures | 500,000 | 102,429 | 397,571 |
| Net change in fund balance | \$ - | (1,939) | \$ (1,939) |
| Fund balance at beginning of year-GAAP basis | | 123,489 | |
| Fund balance at end of year-GAAP basis | | \$ 121,550 | |

STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2011* | 2012 | 2013 | 2014* | 2015 | 2016 | 2017* | 2018 | 2019* | 2020 |
| Governmental Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 81,927,292 | \$ 87,502,055 | \$ 93,417,083 | \$ 98,670,865 | \$ 111,254,960 | \$ 121,837,996 | \$ 131,962,362 | \$ 137,078,774 | \$ 142,531,485 | \$ 150,657,847 |
| Restricted | 7,837,807 | 8,887,820 | 12,052,601 | 13,945,013 | 11,406,509 | 7,630,174 | 5,078,037 | 9,882,604 | 12,882,157 | 15,295,102 |
| Unrestricted | 13,202,792 | 11,190,332 | 12,223,410 | (834,171) | (3,197,366) | 165,038 | (8,397,847) | (3,230,066) | (10,435,567) | (7,672,623) |
| Total governmental activities net position | <u>\$ 102,967,891</u> | <u>\$ 107,580,207</u> | <u>\$ 117,693,094</u> | <u>\$ 111,781,707</u> | <u>\$ 119,464,103</u> | <u>\$ 129,633,208</u> | <u>\$ 128,642,552</u> | <u>\$ 143,731,312</u> | <u>\$ 144,978,075</u> | <u>\$ 158,280,326</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 17,880,048 | \$ 17,657,460 | \$ 17,486,264 | \$ 20,017,889 | \$ 22,088,286 | \$ 23,727,778 | \$ 26,338,734 | \$ 28,167,396 | \$ 30,651,277 | \$ 34,503,076 |
| Restricted | 5,887,601 | - | - | - | - | - | - | - | - | - |
| Unrestricted | (75,714) | 7,982,492 | 10,138,106 | 10,588,857 | 10,891,703 | 11,913,784 | 11,860,908 | 14,002,734 | 16,418,826 | 16,772,086 |
| Total business-type activities net position | <u>\$ 23,691,935</u> | <u>\$ 25,639,952</u> | <u>\$ 27,624,370</u> | <u>\$ 30,606,746</u> | <u>\$ 32,979,989</u> | <u>\$ 35,641,562</u> | <u>\$ 38,199,642</u> | <u>\$ 42,170,130</u> | <u>\$ 47,070,103</u> | <u>\$ 51,275,162</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 99,807,340 | \$ 105,159,515 | \$ 110,903,347 | \$ 118,688,754 | \$ 133,343,246 | \$ 145,565,774 | \$ 158,301,096 | \$ 165,246,170 | \$ 173,182,762 | \$ 185,160,923 |
| Restricted | 13,725,408 | 8,887,820 | 12,052,601 | 13,945,013 | 11,406,509 | 7,630,174 | 5,078,037 | 9,882,604 | 12,882,157 | 15,295,102 |
| Unrestricted | 13,127,078 | 19,172,824 | 22,361,516 | 9,754,686 | 7,694,337 | 12,078,822 | 3,463,061 | 10,772,668 | 5,983,259 | 9,099,463 |
| Total primary government net position | <u>\$ 126,659,826</u> | <u>\$ 133,220,159</u> | <u>\$ 145,317,464</u> | <u>\$ 142,388,453</u> | <u>\$ 152,444,092</u> | <u>\$ 165,274,770</u> | <u>\$ 166,842,194</u> | <u>\$ 185,901,442</u> | <u>\$ 192,048,178</u> | <u>\$ 209,555,488</u> |

* - As Restated

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

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2011* | 2012 | 2013 | 2014** | 2015 | 2016 | 2017*** | 2018 | 2019* | 2020 |
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General government | \$ 6,585,526 | \$ 6,658,936 | \$ 5,597,496 | \$ 6,779,626 | \$ 6,698,341 | \$ 5,420,066 | \$ 6,705,299 | \$ 7,147,663 | \$ 8,890,126 | \$ 6,772,651 |
| Judicial | 548,959 | 539,351 | 533,504 | 505,821 | 440,520 | 455,612 | 458,628 | 494,401 | 523,023 | 679,587 |
| Public Safety | 17,029,989 | 16,422,991 | 17,729,276 | 17,103,469 | 16,411,663 | 20,736,794 | 21,163,120 | 20,153,820 | 23,603,235 | 24,046,707 |
| Public works | 10,476,228 | 12,700,351 | 10,658,449 | 14,464,681 | 13,822,512 | 12,129,044 | 11,602,017 | 11,302,495 | 11,395,749 | 13,590,369 |
| Housing and development | 1,656,854 | 4,296,015 | 1,131,446 | 1,232,458 | 1,692,161 | 2,514,369 | 1,670,823 | 2,108,079 | 2,287,217 | 1,424,195 |
| Culture and recreation | 4,492,687 | 4,319,312 | 4,425,185 | 4,490,477 | 3,355,658 | 4,745,312 | 5,696,721 | 6,011,943 | 6,042,281 | 6,089,336 |
| Interest on long-term debt | 2,117,616 | 2,910,268 | 2,865,013 | 2,712,343 | 2,466,637 | 2,035,725 | 1,933,342 | 1,731,915 | 1,577,240 | 2,463,560 |
| Total governmental activities expenses | 42,907,859 | 47,847,224 | 42,940,369 | 47,288,875 | 44,887,492 | 48,036,922 | 49,229,950 | 48,950,316 | 54,318,871 | 55,066,405 |
| Business-type activities: | | | | | | | | | | |
| Water and Sewer | 14,137,739 | 13,481,393 | 14,398,939 | 13,908,854 | 14,701,631 | 15,449,744 | 15,770,400 | 13,949,353 | 13,794,544 | 15,677,685 |
| Total business-type activities expenses | 14,137,739 | 13,481,393 | 14,398,939 | 13,908,854 | 14,701,631 | 15,449,744 | 15,770,400 | 13,949,353 | 13,794,544 | 15,677,685 |
| Total primary government expenses | <u>\$ 57,045,598</u> | <u>\$ 61,328,617</u> | <u>\$ 57,339,308</u> | <u>\$ 61,197,729</u> | <u>\$ 59,589,123</u> | <u>\$ 63,486,666</u> | <u>\$ 65,000,350</u> | <u>\$ 62,899,669</u> | <u>\$ 68,113,415</u> | <u>\$ 70,744,090</u> |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for services | \$ 12,421,617 | \$ 13,185,068 | \$ 13,505,267 | \$ 14,612,425 | \$ 14,160,254 | \$ 14,357,939 | \$ 14,690,479 | \$ 15,497,880 | \$ 16,357,830 | \$ 15,007,653 |
| Operating grants and contributions | 532,759 | 319,253 | 408,012 | 336,975 | 147,404 | 223,914 | 95,674 | 59,591 | 214,872 | 770,064 |
| Capital grants and contributions | 7,213,565 | 11,589,669 | 11,244,681 | 10,780,772 | 10,544,682 | 10,935,026 | 10,625,600 | 11,336,173 | 11,826,077 | 11,386,650 |
| Total governmental activities program revenues | 20,167,941 | 25,093,990 | 25,157,960 | 25,730,172 | 24,852,340 | 25,516,879 | 25,411,753 | 26,893,644 | 28,398,779 | 27,164,367 |
| Business-type activities: | | | | | | | | | | |
| Charges for services | 16,751,785 | 17,012,801 | 17,972,656 | 18,277,070 | 18,551,309 | 19,054,100 | 19,909,711 | 19,637,548 | 20,261,852 | 21,481,772 |
| Capital grants and contributions | - | - | - | 692,562 | 156,789 | 731,107 | 713,373 | - | - | - |
| Total business-type activities program revenues | 16,751,785 | 17,012,801 | 17,972,656 | 18,969,632 | 18,708,098 | 19,785,207 | 20,623,084 | 19,637,548 | 20,261,852 | 21,481,772 |
| Total primary government program revenues | <u>\$ 36,919,726</u> | <u>\$ 42,106,791</u> | <u>\$ 43,130,616</u> | <u>\$ 44,699,804</u> | <u>\$ 43,560,438</u> | <u>\$ 45,302,086</u> | <u>\$ 46,034,837</u> | <u>\$ 46,531,192</u> | <u>\$ 48,660,631</u> | <u>\$ 48,646,139</u> |

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

| | Fiscal Year | | | | | | | | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2011* | 2012 | 2013 | 2014** | 2015 | 2016 | 2017*** | 2018 | 2019* | 2020 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | \$ (22,739,918) | \$ (22,753,234) | \$ (17,782,409) | \$ (21,558,704) | \$ (20,035,152) | \$ (22,520,043) | \$ (23,818,197) | \$ (22,056,672) | \$ (25,920,092) | \$ (27,902,038) |
| Business-type activities | 2,614,046 | 3,531,408 | 3,573,717 | 5,060,778 | 4,006,467 | 4,335,463 | 4,852,684 | 5,688,195 | 6,467,308 | 5,804,087 |
| Total primary government net expense | <u>\$ (20,125,872)</u> | <u>\$ (19,221,826)</u> | <u>\$ (14,208,692)</u> | <u>\$ (16,497,926)</u> | <u>\$ (16,028,685)</u> | <u>\$ (18,184,580)</u> | <u>\$ (18,965,513)</u> | <u>\$ (16,368,477)</u> | <u>\$ (19,452,784)</u> | <u>\$ (22,097,951)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 18,051,649 | \$ 17,342,141 | \$ 17,774,261 | \$ 18,573,387 | \$ 19,324,509 | \$ 20,777,333 | \$ 22,206,304 | \$ 23,839,967 | \$ 26,147,383 | \$ 27,059,496 |
| Franchise taxes | 3,412,969 | 3,606,573 | 3,472,230 | 3,437,475 | 3,756,118 | 3,837,622 | 3,699,086 | 3,707,348 | 3,602,131 | 3,652,292 |
| Insurance Premium taxes | 2,207,050 | 2,404,825 | 2,554,327 | 2,644,762 | 2,764,966 | 2,953,912 | 3,199,661 | 3,414,299 | 3,669,901 | 3,897,186 |
| Other taxes | 1,540,649 | 1,653,074 | 1,713,519 | 1,912,156 | 2,003,296 | 2,340,043 | 2,404,706 | 2,599,881 | 2,566,761 | 2,353,166 |
| Investment earnings | 35,637 | 13,018 | 10,164 | 34,615 | 29,854 | 34,737 | 43,674 | 53,885 | 62,793 | 69,543 |
| Grants / Contributions | 727,139 | 731,251 | 734,532 | 733,822 | 1,401,222 | 1,472,471 | 1,629,238 | 1,788,925 | 2,161,393 | 2,321,102 |
| Miscellaneous | 74,464 | 27,602 | 45,136 | - | 346,475 | - | - | - | 160,455 | 223,075 |
| Special Item | - | - | - | - | (3,542,116) | (418,097) | - | - | - | - |
| Transfers | 1,591,127 | 1,587,066 | 1,591,127 | 1,591,127 | 1,633,224 | 1,691,127 | 1,691,127 | 1,741,127 | 1,595,908 | 1,628,429 |
| Total governmental activities | <u>27,640,684</u> | <u>27,365,550</u> | <u>27,895,296</u> | <u>28,927,344</u> | <u>27,717,548</u> | <u>32,689,148</u> | <u>34,873,796</u> | <u>37,145,432</u> | <u>39,966,725</u> | <u>41,204,289</u> |
| Business-type activities | | | | | | | | | | |
| Investment earnings | 8,135 | 3,675 | 1,828 | - | - | 17,237 | 28,282 | 23,420 | 28,573 | 29,401 |
| Transfers | (1,591,127) | (1,587,066) | (1,591,127) | (1,591,127) | (1,633,224) | (1,691,127) | (1,691,127) | (1,741,127) | (1,595,908) | (1,628,429) |
| Total business-type activities | <u>(1,582,992)</u> | <u>(1,583,391)</u> | <u>(1,589,299)</u> | <u>(1,591,127)</u> | <u>(1,633,224)</u> | <u>(1,673,890)</u> | <u>(1,662,845)</u> | <u>(1,717,707)</u> | <u>(1,567,335)</u> | <u>(1,599,028)</u> |
| Total primary government | <u>\$ 26,057,692</u> | <u>\$ 25,782,159</u> | <u>\$ 26,305,997</u> | <u>\$ 27,336,217</u> | <u>\$ 26,084,324</u> | <u>\$ 31,015,258</u> | <u>\$ 33,210,951</u> | <u>\$ 35,427,725</u> | <u>\$ 38,399,390</u> | <u>\$ 39,605,261</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 4,900,766 | \$ 4,612,316 | \$ 10,112,887 | \$ 7,368,641 | \$ 7,682,396 | \$ 10,169,105 | \$ 11,055,599 | \$ 15,088,760 | \$ 14,046,633 | \$ 13,302,251 |
| Business-type activities | 1,031,054 | 1,948,017 | 1,984,418 | 3,469,651 | 2,373,243 | 2,661,573 | 3,189,839 | 3,970,488 | 4,899,973 | 4,205,059 |
| Total primary government | <u>\$ 5,931,820</u> | <u>\$ 6,560,333</u> | <u>\$ 12,097,305</u> | <u>\$ 10,838,292</u> | <u>\$ 10,055,639</u> | <u>\$ 12,830,678</u> | <u>\$ 14,245,438</u> | <u>\$ 19,059,248</u> | <u>\$ 18,946,606</u> | <u>\$ 17,507,310</u> |

*-As restated

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

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

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

| | Fiscal Year | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| General Fund | | | | | | | | | | |
| Nondisposable | \$ 375,205 | \$ 414,079 | \$ 405,203 | \$ 434,129 | \$ 523,731 | \$ 553,613 | \$ 564,738 | \$ 509,084 | \$ 472,155 | \$ 349,891 |
| Restricted | 213,361 | 179,755 | 380,855 | 374,848 | 360,286 | 412,376 | 450,701 | 490,242 | 556,400 | 551,264 |
| Committed | 500,000 | 2,091,641 | 2,929,605 | 5,254,605 | 5,254,605 | 3,811,985 | 3,601,607 | 4,922,125 | 3,326,606 | 2,926,606 |
| Assigned | 331,594 | 316,583 | 53,692 | 77,857 | 83,955 | 74,678 | 145,361 | 283,732 | 341,218 | 245,534 |
| Unassigned | <u>13,119,479</u> | <u>10,310,623</u> | <u>10,836,607</u> | <u>11,483,674</u> | <u>9,522,518</u> | <u>12,555,085</u> | <u>15,358,875</u> | <u>17,422,526</u> | <u>18,107,475</u> | <u>21,533,688</u> |
| Total general fund | <u>\$ 14,539,639</u> | <u>\$ 13,312,681</u> | <u>\$ 14,605,962</u> | <u>\$ 17,625,113</u> | <u>\$ 15,745,095</u> | <u>\$ 17,407,737</u> | <u>\$ 20,121,282</u> | <u>\$ 23,627,709</u> | <u>\$ 22,803,854</u> | <u>\$ 25,606,983</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Nondisposable | \$ - | \$ - | \$ 125 | \$ - | \$ 4,502 | \$ 4,633 | \$ 4,705 | \$ 4,105 | \$ 3,710 | \$ - |
| Restricted | 22,716,437 | 22,854,118 | 26,426,028 | 27,030,274 | 15,416,554 | 12,652,368 | 8,090,735 | 11,078,096 | 14,048,273 | 16,141,390 |
| Committed | 1,556,145 | 1,481,978 | 1,087,100 | 1,075,758 | 1,439,482 | 1,681,805 | 1,983,740 | 2,888,769 | 2,577,983 | 2,962,216 |
| Assigned | - | - | - | - | - | - | - | - | - | - |
| Unassigned | <u>(1,018,750)</u> | <u>(961,771)</u> | <u>(257,083)</u> | <u>(352,262)</u> | <u>(173,063)</u> | <u>(277,789)</u> | <u>(286,531)</u> | <u>(277,961)</u> | <u>-</u> | <u>(159,001)</u> |
| Total all other governmental funds | <u>\$ 23,253,832</u> | <u>\$ 23,374,325</u> | <u>\$ 27,256,170</u> | <u>\$ 27,753,770</u> | <u>\$ 16,687,475</u> | <u>\$ 14,061,017</u> | <u>\$ 9,792,649</u> | <u>\$ 13,693,009</u> | <u>\$ 16,629,966</u> | <u>\$ 18,944,605</u> |
| Total fund balances, before restatements | \$ 37,793,471 | \$ 36,687,006 | \$ 41,862,132 | \$ 45,378,883 | \$ 32,432,570 | \$ 31,468,754 | \$ 29,913,931 | \$ 37,320,718 | \$ 39,433,820 | \$ 44,551,588 |
| Restatements* | <u>1,541,714</u> | <u>-</u> | <u>-</u> | <u>(1,316,355)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balances, after restatements | <u>\$ 39,335,185</u> | <u>\$ 36,687,006</u> | <u>\$ 41,862,132</u> | <u>\$ 44,062,528</u> | <u>\$ 32,432,570</u> | <u>\$ 31,468,754</u> | <u>\$ 29,913,931</u> | <u>\$ 37,320,718</u> | <u>\$ 39,433,820</u> | <u>\$ 44,551,588</u> |

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

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

| | Fiscal Year | | | | | | | | | |
|--|---------------|----------------|---------------|---------------|-----------------|---------------|----------------|---------------|---------------|---------------|
| | 2011 | 2012 | 2013 | 2014* | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Revenues | | | | | | | | | | |
| Taxes | \$ 25,311,443 | \$ 25,026,699 | \$ 25,506,375 | \$ 26,851,993 | \$ 27,872,063 | \$ 29,893,228 | \$ 31,539,223 | \$ 33,529,213 | \$ 35,993,638 | \$ 36,885,716 |
| Charges for services | 6,940,732 | 8,469,136 | 8,985,356 | 9,197,860 | 9,331,961 | 9,473,654 | 9,968,431 | 10,330,845 | 11,526,552 | 10,295,868 |
| Licenses and permits | 1,950,950 | 2,058,368 | 2,144,746 | 2,255,371 | 2,746,850 | 2,774,834 | 2,695,743 | 3,117,354 | 2,806,610 | 2,976,193 |
| Fines and forfeitures | 2,160,447 | 2,446,988 | 2,049,274 | 2,202,192 | 1,471,777 | 1,521,404 | 1,429,196 | 1,370,060 | 1,296,472 | 1,086,228 |
| Intergovernmental | 8,266,465 | 11,431,693 | 13,497,000 | 10,771,205 | 12,050,188 | 12,133,063 | 12,120,859 | 13,139,357 | 14,157,015 | 14,104,434 |
| Investment earnings | 43,538 | 48,071 | 71,138 | 34,615 | 36,188 | 43,275 | 55,815 | 61,054 | 74,447 | 85,285 |
| Miscellaneous revenue | 631,682 | 252,647 | 429,435 | 557,299 | 587,944 | 581,968 | 638,101 | 941,495 | 780,113 | 700,446 |
| Total revenues | 46,342,370 | 49,733,602 | 52,683,324 | 51,870,535 | 54,096,971 | 56,421,426 | 58,447,368 | 62,489,378 | 66,634,847 | 66,134,170 |
| Expenditures | | | | | | | | | | |
| General government | 10,617,279 | 10,347,913 | 10,553,172 | 10,626,214 | 13,131,328 | 12,351,227 | 12,570,656 | 12,866,800 | 15,238,337 | 13,828,226 |
| Judicial | 435,885 | 423,770 | 423,743 | 421,235 | 362,096 | 352,985 | 350,487 | 373,519 | 379,874 | 499,857 |
| Police | 7,266,077 | 7,091,115 | 7,224,031 | 7,366,926 | 7,499,571 | 7,909,361 | 7,650,123 | 7,670,258 | 8,640,843 | 8,793,819 |
| Fire | 4,726,467 | 4,694,075 | 4,842,779 | 4,726,331 | 4,901,741 | 5,144,043 | 5,392,278 | 5,527,444 | 5,723,667 | 5,866,741 |
| Other | 1,362,463 | 1,292,325 | 1,326,874 | 1,353,386 | 1,377,112 | 2,193,963 | 1,428,553 | 1,593,824 | 1,928,850 | 1,974,167 |
| Public Works | 6,285,578 | 6,211,615 | 6,256,667 | 6,405,215 | 6,664,217 | 6,905,763 | 7,039,235 | 7,468,843 | 7,580,175 | 8,146,883 |
| Culture and recreation | 3,301,886 | 3,290,744 | 3,633,412 | 3,697,554 | 3,614,943 | 3,910,015 | 4,276,324 | 5,392,770 | 5,609,487 | 4,932,151 |
| Housing and development | 1,433,664 | 4,022,881 | 863,042 | 1,022,618 | 1,479,400 | 1,274,294 | 1,590,673 | 1,765,332 | 2,241,396 | 1,053,857 |
| Capital outlay | 4,101,959 | 12,049,199 | 9,458,623 | 9,635,041 | 15,003,860 | 17,101,927 | 22,502,348 | 14,750,324 | 15,322,683 | 11,805,773 |
| Debt service | | | | | | | | | | |
| Principal | 2,176,799 | 1,846,015 | 1,718,408 | 2,010,913 | 10,364,316 | 3,915,369 | 5,282,099 | 4,480,217 | 3,046,055 | 16,408,511 |
| Interest | 2,429,823 | 2,726,797 | 2,843,710 | 2,724,345 | 2,673,106 | 2,146,821 | 2,165,890 | 1,799,384 | 1,644,855 | 2,408,873 |
| Total expenditures | 44,137,880 | 53,996,449 | 49,144,461 | 49,989,778 | 67,071,690 | 63,205,768 | 70,248,666 | 63,688,715 | 67,356,222 | 75,718,858 |
| Excess of revenues over (under) expenditures | 2,204,490 | (4,262,847) | 3,538,863 | 1,880,757 | (12,974,719) | (6,784,342) | (11,801,298) | (1,199,337) | (721,375) | (9,584,688) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers in | 2,920,043 | 7,165,571 | 8,455,657 | 7,712,069 | 14,181,852 | 10,098,597 | 18,701,446 | 17,637,460 | 13,527,228 | 9,433,201 |
| Transfers out | (1,328,916) | (5,578,505) | (6,864,530) | (6,120,942) | (12,495,723) | (8,407,470) | (17,010,319) | (15,896,333) | (11,931,320) | (7,804,772) |
| Bonds issued | - | - | - | - | 3,179,928 | 2,634,990 | - | 6,716,844 | 1,058,011 | 12,725,000 |
| Premium on bonds issued | 15,950,000 | - | - | - | - | - | - | - | - | - |
| Proceeds of refunding bonds | - | - | - | - | - | - | 14,548,687 | - | - | - |
| Payment refund bond escrow agent | - | - | - | - | - | - | - | - | - | - |
| Debt service - principal | - | - | - | - | - | - | (6,175,000) | - | - | - |
| Capital leases | - | - | - | - | - | - | - | - | - | - |
| Intergovernmental agreement proceeds | - | - | - | - | - | 1,130,545 | - | - | - | - |
| Insurance recoveries | - | 0 | - | - | 92,442 | 60,932 | 120,497 | 144,522 | 38,519 | 223,075 |
| Sale of capital assets | 74,464 | 27,602 | 45,136 | 44,866 | 346,475 | 302,932 | 61,164 | 3,631 | 142,039 | 125,952 |
| Total other financing sources (uses) | 17,615,591 | 1,614,668 | 1,636,263 | 1,635,993 | 5,304,974 | 5,820,526 | 10,246,475 | 8,606,124 | 2,834,477 | 14,702,456 |
| Special Item: | | | | | | | | | | |
| Loss on sale of land held for sale | - | - | - | - | (3,960,213) | - | - | - | - | - |
| Net change in fund balances | \$ 19,820,081 | \$ (2,648,179) | \$ 5,175,126 | \$ 3,516,750 | \$ (11,629,958) | \$ (963,816) | \$ (1,554,823) | \$ 7,406,787 | \$ 2,113,102 | \$ 5,117,768 |
| Debt service as a percentage of noncapital expenditures | 11.56% | 10.78% | 11.62% | 10.82% | 25.73% | 13.12% | 15.17% | 12.73% | 9.01% | 29.35% |

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

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

| <u>Fiscal Year</u> | <u>Property Tax</u> | <u>Intangible Tax</u> | <u>Alcoholic Beverage Excise Tax</u> | <u>Franchise Tax</u> | <u>Premium Tax</u> | <u>Vehicle Ad Valorem Tax</u> | <u>Other</u> | <u>Total</u> |
|------------------------|-------------------------|---------------------------|--|--------------------------|------------------------|---|--------------|--------------|
| 2011 | 16,373,632 | 149,070 | 637,194 | 3,380,408 | 2,207,050 | 1,149,634 | 1,414,455 | 25,311,443 |
| 2012 | 15,466,134 | 147,063 | 742,176 | 3,578,078 | 2,404,825 | 1,217,708 | 1,470,715 | 25,026,699 |
| 2013 | 15,156,347 | 249,876 | 771,469 | 3,443,843 | 2,554,327 | 1,767,323 | 1,563,190 | 25,506,375 |
| 2014 | 15,457,022 | 225,909 | 760,690 | 3,437,475 | 2,644,762 | 2,983,045 | 1,343,090 | 26,851,993 |
| 2015 | 16,023,129 | 253,749 | 795,545 | 3,729,229 | 2,764,966 | 2,750,806 | 1,554,639 | 27,872,063 |
| 2016 | 17,549,587 | 276,893 | 834,312 | 3,810,635 | 2,953,912 | 2,655,645 | 1,812,244 | 29,893,228 |
| 2017 | 19,253,773 | 578,272 | 876,159 | 3,671,847 | 3,199,661 | 2,050,445 | 1,909,066 | 31,539,223 |
| 2018 | 20,791,711 | 577,926 | 912,393 | 3,707,348 | 3,414,299 | 2,142,600 | 1,982,936 | 33,529,213 |
| 2019 | 22,928,402 | 542,596 | 916,806 | 3,602,130 | 3,669,901 | 2,303,345 | 2,030,458 | 35,993,638 |
| 2020 | 24,352,272 | 714,055 | 924,895 | 3,652,292 | 3,897,186 | 1,485,785 | 1,859,231 | 36,885,716 |

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

| <u>Fiscal Year</u> | <u>Residential Property</u> | <u>Commercial Property</u> | <u>Industrial Property</u> | <u>Less: Tax-Exempt Property</u> | <u>Total Taxable Assessed Value</u> | <u>Direct Tax Rate</u> | <u>Actual Taxable Value</u> | <u>Value as a Percentage of Actual Value</u> |
|--------------------|-----------------------------|----------------------------|----------------------------|----------------------------------|-------------------------------------|------------------------|-----------------------------|--|
| 2011 | 1,297,068,850 | 661,030,383 | 21,228,785 | 119,484,864 | 1,859,843,154 | 8.99 | 4,649,607,885 | 40.00 |
| 2012 | 1,238,208,764 | 602,459,556 | 19,277,894 | 119,505,314 | 1,740,440,900 | 8.99 | 4,351,102,250 | 40.00 |
| 2013 | 1,137,110,379 | 608,860,653 | 19,884,205 | 79,512,618 | 1,686,342,619 | 8.99 | 4,215,856,548 | 40.00 |
| 2014 | 1,126,000,517 | 599,205,711 | 19,831,907 | 141,380,471 | 1,603,657,664 | 8.99 | 4,009,144,160 | 40.00 |
| 2015 | 1,202,265,817 | 616,109,155 | 18,700,840 | 138,971,560 | 1,698,104,252 | 8.99 | 4,245,260,630 | 40.00 |
| 2016 | 1,317,665,997 | 691,747,506 | 18,780,608 | 121,736,809 | 1,906,457,302 | 8.99 | 4,766,143,256 | 40.00 |
| 2017 | 1,501,431,278 | 739,428,599 | 19,538,554 | 145,637,540 | 2,114,760,892 | 8.99 | 5,286,902,230 | 40.00 |
| 2018 | 1,650,149,758 | 800,214,906 | 21,664,185 | 179,249,429 | 2,292,779,420 | 8.99 | 5,731,948,550 | 40.00 |
| 2019 | 1,820,174,285 | 910,020,412 | 22,082,086 | 245,696,135 | 2,506,580,648 | 8.99 | 6,266,451,620 | 40.00 |
| 2020 | 1,947,954,162 | 883,575,585 | 24,307,303 | 263,240,769 | 2,592,596,281 | 8.99 | 6,481,490,703 | 40.00 |

Source: Cobb County Board of Equalization and Assessment.

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

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

| Fiscal Year | City of Smyrna | | Cobb County | | | Overlapping Rates Cobb County Board of Education | | | State of Georgia | | Total Direct & Overlapping Rates |
|----------------|----------------------|-----------------------|--------------------|-----------------|-------------------------|---|----------------|-------------------------|--------------------|-------------------------|---|
| | Operating Millage | Total City Millage | General Millage | Bond Millage | Total County Millage | General Millage | School Bond | Total School Millage | General Millage | Total School Millage | |
| | | | | | | | | | | | |
| 2011 | 8.99 | 8.99 | 6.82 | 0.22 | 7.04 | 18.90 | - | 18.90 | 0.25 | 0.25 | 35.18 |
| 2012 | 8.99 | 8.99 | 7.72 | 0.33 | 8.05 | 18.90 | - | 18.90 | 0.25 | 0.25 | 36.19 |
| 2013 | 8.99 | 8.99 | 7.72 | 0.33 | 8.05 | 18.90 | - | 18.90 | 0.20 | 0.20 | 36.14 |
| 2014 | 8.99 | 8.99 | 7.52 | 0.33 | 7.85 | 18.90 | - | 18.90 | 0.15 | 0.15 | 35.89 |
| 2015 | 8.99 | 8.99 | 7.32 | 0.33 | 7.65 | 18.90 | - | 18.90 | 0.10 | 0.10 | 35.64 |
| 2016 | 8.99 | 8.99 | 7.12 | 0.33 | 7.45 | 18.90 | - | 18.90 | 0.05 | 0.05 | 35.39 |
| 2017 | 8.99 | 8.99 | 6.66 | 0.23 | 6.89 | 18.90 | - | 18.90 | 0.00 | 0.00 | 34.78 |
| 2018 | 8.99 | 8.99 | 6.76 | 0.13 | 6.89 | 18.90 | - | 18.90 | 0.00 | 0.00 | 34.78 |
| 2019 | 8.99 | 8.99 | 8.46 | 0.13 | 8.59 | 18.90 | - | 18.90 | 0.00 | 0.00 | 36.48 |
| 2020 | 8.99 | 8.99 | 8.46 | 0.13 | 8.59 | 18.90 | - | 18.90 | 0.00 | 0.00 | 36.48 |

Source: Cobb County Board of Equalization and Assessment.

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

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

| Taxpayer | 2020 | | | | 2011 | | |
|--------------------------------|------------------------------------|------------------------------|------|---|------------------------------|------|---|
| | Real or Personal Property | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Lake Park Partners Phase 4 LLC | R | \$27,182,868 | 1 | 1.05 | - | - | - |
| Sync at Jonquil LP | R | 22,360,000 | 2 | 0.86 | - | - | - |
| GC Alcove Owner LLC | R | 22,047,120 | 3 | 0.85 | - | - | - |
| Glock Inc | P | 21,967,644 | 4 | 0.85 | - | - | - |
| Avonlea Square LLC | R | 21,963,788 | 5 | 0.85 | - | - | - |
| Belmont Rec LLC | R | 21,763,360 | 6 | 0.84 | - | - | - |
| Lake Park Partners Phase 3 LLC | R | 19,113,255 | 7 | 0.74 | - | - | - |
| NA Glen Park 77 LP | R | 18,800,000 | 8 | 0.73 | \$15,819,800 | 2 | 0.85 |
| Valley Summit LLC | R | 18,754,800 | 9 | 0.72 | 10,600,000 | 6 | 0.57 |
| Rock Creek at Vinings LLC | R | 16,911,413 | 10 | 0.65 | - | - | - |
| Lake Park Properties LLC | | - | | - | 44,516,260 | 1 | 2.39 |
| GS Vinings LP | | - | | - | 15,522,032 | 3 | 0.83 |
| UCB Inc. | | - | | - | 14,471,606 | 4 | 0.78 |
| DDRTC Heritage Pavilion LLC | | - | | - | 12,416,596 | 5 | 0.67 |
| Hickory Lake LP | | - | | - | 9,292,800 | 7 | 0.50 |
| United Distributors Inc. | | - | | - | 9,043,722 | 8 | 0.49 |
| Wyndcliff Equity I LLC | | - | | - | 8,291,560 | 9 | 0.45 |
| Mission Galleria 34 LLC | | - | | - | 8,032,764 | 10 | 0.43 |
| Total | | <u>\$ 210,864,248</u> | | <u>8.13%</u> | <u>\$ 148,007,140</u> | | <u>7.96%</u> |

Source: City of Smyrna Tax Department

Note: By reporting individual accounts only beginning FY 2020, this schedule removes the subjectivity inherent in grouping taxpaying entities by similar name and/or location.

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

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---|---|---|-------------------------------|--|----------------------------------|-------------------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2011 | 16,719,990 | 16,201,095 | 96.90 | 128,737 | 16,329,832 | 97.67 |
| 2012 | 15,646,563 | 15,217,669 | 97.26 | 211,862 | 15,429,531 | 98.61 |
| 2013 | 15,160,220 | 14,926,568 | 98.46 | 132,489 | 15,059,057 | 99.33 |
| 2014 | 15,070,296 | 14,963,651 | 99.29 | 114,221 | 15,077,872 | 100.05 |
| 2015 | 15,815,515 | 15,718,002 | 99.38 | 74,531 | 15,792,533 | 99.85 |
| 2016 | 17,327,237 | 17,243,993 | 99.52 | 72,704 | 17,316,697 | 99.94 |
| 2017 | 18,991,543 | 18,915,333 | 99.60 | 88,657 | 19,003,989 | 100.07 |
| 2018 | 20,520,715 | 20,437,904 | 99.60 | 102,630 | 20,540,534 | 100.10 |
| 2019 | 22,606,217 | 22,496,121 | 99.51 | 54,563 | 22,550,683 | 99.75 |
| 2020 | 24,193,463 | 23,961,620 | 99.04 | n/a | 23,961,620 | 99.04 |

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

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

| Fiscal Year | Governmental Activities | | | | Business-Type Activities | | Total Primary Government | Percentage of Personal Income² | Per Capita² |
|------------------------|--------------------------------------|--|---------------------------|--|---------------------------------|---------------------------|---|--|-----------------------------------|
| | Revenue Bonds¹ | Certificates of Participation | Capital Leases | Inter- governmental Agreement | Water/Sewer Bonds | Capital Leases | | | |
| 2011 | 51,740,000 | 1,756,000 | 1,368,736 | 0 | 290,000 | 2,833,157 | 57,987,893 | 3.18 | 1,131 |
| 2012 | 50,370,000 | 1,756,000 | 892,721 | 0 | 0 | 2,561,825 | 55,580,546 | 2.98 | 1,084 |
| 2013 | 50,506,252 | 1,756,000 | 599,313 | 0 | 0 | 2,209,622 | 55,071,187 | 2.88 | 1,074 |
| 2014 | 48,437,368 | 1,756,000 | 508,400 | 0 | 0 | 1,826,173 | 52,527,941 | 2.75 | 998 |
| 2015 | 41,199,913 | 1,756,000 | 414,084 | 0 | 0 | 1,255,722 | 44,625,719 | 2.21 | 819 |
| 2016 | 40,009,339 | 1,756,000 | 316,222 | 993,038 | 0 | 714,053 | 43,788,652 | 2.06 | 780 |
| 2017 | 43,607,463 | 1,756,000 | 214,680 | 712,992 | 0 | 126,584 | 46,417,719 | 2.15 | 819 |
| 2018 | 45,844,337 | 1,756,000 | 109,320 | 731,595 | 0 | 0 | 48,441,252 | 2.20 | 855 |
| 2019 | 44,157,217 | 1,756,000 | 0 | 441,845 | 0 | 0 | 46,355,062 | 1.95 | 817 |
| 2020 | 53,367,379 | 1,756,000 | 0 | 149,257 | 0 | 0 | 55,272,636 | 2.18 | 975 |

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

¹ \$12,725,000 revenue bonds were issued in 2019. \$6,175,000 revenue bonds were issued in 2014. Amounts prior to 2013 exclude premiums and discounts.

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

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

| Fiscal Year | Governmental Activities | | Total | Percentage of Actual Taxable Value of Property¹ | Per Capita² |
|------------------------|--------------------------------|---------------------------|---------------|---|-----------------------------------|
| | Revenue Bonds | Capital Leases | | | |
| 2011 | \$ 51,740,000 | \$ 1,368,736 | \$ 53,108,736 | 1.14 % | \$ 1,036 |
| 2012 | 50,370,000 | 892,721 | 51,262,721 | 1.18 | 1,000 |
| 2013 | 50,506,252 | 599,363 | 51,105,615 | 1.21 | 997 |
| 2014 | 48,437,368 | 508,400 | 48,945,788 | 1.22 | 930 |
| 2015 | 41,199,913 | 414,084 | 41,613,997 | 0.98 | 764 |
| 2016 | 40,009,339 | 316,222 | 40,325,561 | 0.85 | 718 |
| 2017 | 43,607,463 | 214,680 | 43,822,143 | 0.83 | 773 |
| 2018 | 45,844,337 | 109,320 | 45,953,657 | 0.80 | 811 |
| 2019 | 44,157,217 | | 44,157,217 | 0.70 | 779 |
| 2020 | 41,272,379 | | 41,372,379 | 0.64 | 728 |

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

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

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

City of Smyrna, Georgia
Pledged-Revenue Coverage
(Unaudited)

| Fiscal Year | Tax Allocation District Series 2019 (1) | | | |
|------------------------|--|----------------------|---------------------|-----------------|
| | TAD Revenues (2) | Debt Service | | Coverage |
| | | Principal (2) | Interest (2) | |
| 2020 | \$ 1,483,797 | \$ 630,000 | \$ 83,861 | 2.1 |

Notes:

(1) The City refunded \$12,444,154 in notes payable related to a 2003 agreement to undertake certain redevelopment projects with the TAD district.

The difference between revenues collected and the amounts paid for principal and interest was used to pay off interest due on the old note payable.

Additional details regarding the city's outstanding debt can be found in Note 8 in the financial statements.

(2) Past years are non-determinable.

City of Smyrna, Georgia
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020
(Unaudited)

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Percentage Applicable¹</u> | <u>Overlapping Debt</u> |
|---|------------------------------------|---|------------------------------------|
| Debt repaid with property taxes | | | |
| Cobb County General Obligation Debt | \$13,290,000 | 7.78% | \$1,034,027 |
| Other debt | | | |
| Cobb County Revenue Anticipation Certificates | 5,305,000 | 7.78% | 412,755 |
| Cobb County Parking Deck Certificates | 7,000,000 | 7.78% | 544,634 |
| Cobb-Marietta Coliseum and Exhibit Hall | 67,545,000 | 7.78% | 5,255,331 |
| Stadium Construction Bonds | 354,105,000 | 7.78% | 27,551,101 |
| South Cobb Redevelopment Authority | 8,510,000 | 7.78% | 662,120 |
| Subtotal, overlapping debt | | | 35,459,968 |
| City of Smyrna direct debt | | | 55,272,636 |
| Total direct and overlapping debt | | | \$90,732,604 |

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

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

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

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

| | Fiscal Year | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Debt limit | \$ 197,932,801 | \$ 185,994,621 | \$ 176,585,524 | \$ 174,503,814 | \$ 183,707,581 | \$ 202,819,411 | \$ 226,039,843 | \$ 247,202,885 | \$ 275,227,678 | \$ 285,583,705 |
| Total net debt applicable to limit | - | - | - | - | - | - | - | - | - | - |
| Legal debt margin | <u>\$197,932,801</u> | <u>\$185,994,621</u> | <u>\$176,585,524</u> | <u>\$174,503,814</u> | <u>\$183,707,581</u> | <u>\$202,819,411</u> | <u>\$ 226,039,843</u> | <u>\$ 247,202,885</u> | <u>\$ 275,227,678</u> | <u>\$ 285,583,705</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Legal Debt Margin Calculation for Fiscal Year 2020

| | |
|--|----------------------|
| Assessed value | 2,592,596,281 |
| Add back exempt real property | <u>263,240,769</u> |
| Total assessed value | <u>2,855,837,050</u> |
| Debt limit (10% of total assessed value) | 285,583,705 |
| Debt applicable to limit: | |
| General obligation bonds | - |
| Less: Amount set aside for repayment of general obligation debt | <u>-</u> |
| Total net debt applicable to limit | <u>-</u> |
| Legal debt margin | <u>285,583,705</u> |

Notes:

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

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

| Fiscal Year | Population¹ | Total Personal Income | Per Capita Personal Income² | Median Age² | CCSD School Enrollment³ | Unemployment Rate⁴ |
|------------------------|-------------------------------|--------------------------------------|---|-----------------------------------|---|--|
| 2011 | 51,271 | 1,823,914,554 | 35,574 | 33 | 106,719 | 9.70% |
| 2012 | 51,271 | 1,868,007,614 | 36,434 | 34 | 106,849 | 9.30% |
| 2013 | 51,271 | 1,910,357,460 | 37,260 | 34 | 108,262 | 7.90% |
| 2014 | 52,650 | 1,907,562,150 | 36,231 | 34 | 109,760 | 7.60% |
| 2015 | 54,490 | 2,022,014,920 | 37,108 | 34 | 111,460 | 4.80% |
| 2016 | 56,146 | 2,124,789,224 | 37,844 | 36 | 112,708 | 4.30% |
| 2017 | 56,664 | 2,161,731,600 | 38,150 | 36 | 112,831 | 4.00% |
| 2018 | 56,685 | 2,198,187,615 | 38,779 | 35 | 112,084 | 3.50% |
| 2019 | 56,706 | 2,374,280,220 | 41,870 | 35 | 111,722 | 3.20% |
| 2020 | 56,666 | 2,539,940,118 | 44,823 | 35 | 113,741 | 7.70% |

Data sources

¹U.S. Census Bureau QuickFacts, 2019 Population Estimate

²U.S Census Bureau, 2014-2018 ACS Estimates

³The Cobb County Board of Education

⁴Georgia Department of Labor

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

| Employer | 2020 | | | 2011 | | |
|------------------------------------|------------------|-------------|--|------------------|-------------|--|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| IBM | 775 | 1 | 2.48% | 566 | 1 | 1.71% |
| United Distributors | 550 | 2 | 1.76% | 550 | 2 | 1.66% |
| S. P. Richards | 423 | 3 | 1.35% | 423 | 5 | 1.28% |
| Ridgeview Institute | 420 | 4 | 1.34% | 420 | 6 | 1.27% |
| City of Smyrna | 413 | 5 | 1.32% | 425 | 4 | 1.28% |
| UCB | 400 | 6 | 1.28% | 400 | 7 | 1.21% |
| GLOCK | 400 | 6 | 1.28% | | | |
| Bake One/ Atlanta Bread Company | 250 | 8 | 0.80% | 335 | 8 | 1.01% |
| National Envelope | 245 | 9 | 0.78% | 272 | 9 | 0.82% |
| Archdiocese of Atlanta | 225 | 10 | 0.72% | 225 | 10 | 0.68% |
| Emory-Adventist Hospital at Smyrna | | | | 499 | 3 | 1.51% |
| Total | <u>4,101</u> | | <u>13.12%</u> | <u>4,115</u> | | <u>12.42%</u> |

Data sources

Economic Development section on City of Smyrna website

Georgia Department of Labor, 2020 estimate of total city employment is 31,249

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

Function/Program

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General government | | | | | | | | | | |
| Governing Body | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Chief Executive (Mgr. Or Admin.) | 5 | 5 | 6 | 6 | 7 | 7 | 6 | 7 | 7 | 7 |
| Data Processing / MIS | 3 | 3 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 |
| Recorder's Court | 7 | 7 | 6 | 6 | 6 | 6 | 4 | 4 | 4 | 7 |
| Financial Administration | 6 | 6 | 6 | 6 | 7 | 5 | 6 | 6 | 7 | 6 |
| General Govt. Bldgs. & Plant | 6 | 6 | 6 | 6 | 4 | 3 | 4 | 4 | 4 | 4 |
| Water Administration | 7 | 7 | 4 | 4 | 3 | 4 | 4 | 7 | 7 | 7 |
| Human Resources | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Public Safety | | | | | | | | | | |
| Police Administration | 101 | 101 | 95 | 102 | 94 | 100 | 96 | 94 | 98 | 103 |
| Jail Operations | 19 | 19 | 21 | 21 | 21 | 22 | 26 | 25 | 19 | 21 |
| Fire Administration | 72 | 72 | 70 | 72 | 72 | 68 | 68 | 5 | 4 | 4 |
| Fire Response | - | - | - | - | - | - | - | 67 | 63 | 67 |
| Fire Prevention | 4 | 3 | 3 | 3 | 4 | 4 | 4 | 5 | 5 | 6 |
| Fire Training | 3 | 3 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| E-911 Communications | 18 | 18 | 18 | 18 | 18 | 14 | 20 | 20 | 21 | 20 |
| Emergency Management | 1 | 1 | 1 | 1 | 1 | 1 | 1 | - | - | - |
| Community Services | | | | | | | | | | |
| Public Information | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Public Education | 3 | 3 | 3 | 3 | 3 | 3 | 5 | 4 | 4 | 5 |
| Culture/Recreation Administration | 11 | 11 | 11 | 10 | 10 | 6 | 7 | 8 | 9 | 9 |
| Participant Recreation | 1 | 1 | 1 | 3 | 3 | 1 | 1 | 1 | 1 | 1 |
| Recreation Center | 4 | 4 | 4 | 3 | 3 | 4 | 4 | 3 | 4 | 4 |
| Parks Areas | - | - | - | - | - | - | - | - | - | - |
| Parks Maintenance | - | - | - | - | - | - | 5 | 9 | 10 | 10 |
| Library Administration | 8 | 8 | 7 | 8 | 8 | 7 | 7 | 7 | 7 | 7 |
| Protective Insp. Administration | 13 | 13 | 13 | 14 | 14 | 14 | 14 | 15 | 14 | 11 |
| Economic Development | - | - | - | - | - | - | - | - | - | 2 |
| Public Works | | | | | | | | | | |
| Highways & Streets Admin. | 29 | 29 | 28 | 29 | 29 | 28 | 22 | 22 | 20 | 22 |
| Traffic Engineering | 2 | 2 | 2 | 2 | 3 | 3 | 4 | 4 | 5 | 7 |
| Sanitary Administration | 21 | 21 | 20 | 21 | 23 | 19 | 23 | 19 | 26 | 29 |
| Distribution (Water) | 20 | 20 | 21 | 23 | 24 | 20 | 24 | 20 | 16 | 15 |
| Recyclables Collection | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 11 | 10 |
| Maintenance & Shop | 7 | 7 | 7 | 7 | 7 | 7 | 4 | 7 | 6 | 6 |
| Total | <u>391</u> | <u>390</u> | <u>379</u> | <u>395</u> | <u>391</u> | <u>374</u> | <u>388</u> | <u>392</u> | <u>395</u> | <u>413</u> |

Source: Finance Department

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

July 2020 The City of Smyrna divided Economic Development from Protective Inspection Administration (Community Development).

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

| Function | Fiscal Year | | | | | | | | | |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Public Works: ¹ | | | | | | | | | | |
| Street resurfacing (feet) | 0 | 52,656 | 39,475 | 59,097 | 71,824 | 50,475 | 20,275 | 10,645 | 35,310 | 30,624 |
| Potholes misc. repairs | 101 | 115 | 54 | 113 | 163 | 109 | 75 | 91 | 81 | 64 |
| Fire protection: | | | | | | | | | | |
| Number of calls answered | 5,032 | 4,877 | 5,038 | 5,325 | 5,706 | 6,086 | 6,094 | 6,650 | 6,686 | 6,841 |
| Police protection: | | | | | | | | | | |
| Number of citations written | 18,668 | 18,725 | 18,104 | 21,597 | 15,294 | 21,569 | 18,989 | 16,199 | 10,908 | 11,230 |
| Number of automobile accidents | 1,858 | 1,917 | 2,413 | 2,676 | 2,544 | 2,831 | 3,320 | 3,364 | 3,422 | 1,647 |
| Number of reported crimes | 1,778 | 1,508 | 2,055 | 1,931 | 1,678 | 2,237 | 2,118 | 1,691 | 1,158 | 1,685 |
| Water system: | | | | | | | | | | |
| Water mains breaks | 28 | 17 | 21 | 22 | 27 | 23 | 21 | 17 | 12 | 15 |
| Install water meter | 45 | 108 | 82 | 83 | 165 | 201 | 178 | 183 | 137 | 122 |
| Sewerage system: | | | | | | | | | | |
| Sewer backup | 40 | 191 | 228 | 194 | 195 | 180 | 201 | 162 | 102 | 118 |
| Sanitation | | | | | | | | | | |
| Large items pick up | 1,101 | 965 | 1,006 | 1,070 | 1,263 | 1,220 | 1,304 | 1,321 | 1,068 | 1,418 |
| Recreation and culture: | | | | | | | | | | |
| Community Center bookings | 1,838 | 770 | 892 | 1,147 | 1,220 | 1,046 | 1,009 | 998 | 874 | 546 |
| Visitors to the Center | 277,400 | 309,870 | 285,000 | 300,000 | 300,000 | 300,000 | 291,847 | 311,172 | 268,626 | 136,676 |
| Senior Aquatic Center classes | 1,230 | 1,150 | 1,192 | 1,231 | 1,352 | 1,352 | 1,300 | 1,300 | 1,300 | 850 |
| Library | | | | | | | | | | |
| Attendance | 248,383 | 261,993 | 235,666 | 239,516 | 204,277 | 202,754 | 196,059 | 188,142 | 208,799 | 146,954 |
| Circulation | 220,652 | 229,068 | 216,810 | 243,502 | 261,411 | 277,144 | 294,161 | 306,020 | 321,173 | 270,489 |

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

Notes:

1. Drainage Creek indicator removed from schedule for lack of clear definition and measurable data.

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

| Function | Fiscal Year | | | | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Public Works: | | | | | | | | | | |
| Miles of streets | 176 | 176 | 223 | 225 | 225 | 232 | 232 | 232 | 232 | 250 |
| Number of traffic signals ¹ | 693 | 693 | 699 | 699 | 699 | 690 | 690 | 690 | 690 | 676 |
| Number of street lights ² | 3,972 | 3,972 | 3,972 | 328 | 328 | 328 | 328 | 328 | 328 | 328 |
| Fire protection: | | | | | | | | | | |
| Number of stations | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Number of fire fighters and officers | 72 | 72 | 80 | 80 | 80 | 81 | 82 | 79 | 79 | 78 |
| Police protection: | | | | | | | | | | |
| Number of stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of police officers | 92 | 88 | 87 | 90 | 87 | 90 | 87 | 91 | 87 | 92 |
| Water system: | | | | | | | | | | |
| Average monthly number of accounts | 13,486 | 13,606 | 14,500 | 14,417 | 14,417 | 14,956 | 15,144 | 15,267 | 15,431 | 15,646 |
| Average daily consumption in gallons | 3,791,000 | 3,779,000 | 3,897,000 | 3,721,000 | 3,540,000 | 3,752,000 | 3,770,000 | 3,529,000 | 3,614,000 | 3,739,000 |
| Miles of water mains | 241 | 241 | 241 | 241 | 241 | 178 | 185 | 185 | 250 | 250 |
| Sewerage system: | | | | | | | | | | |
| Miles of sanitary sewers | 138 | 138 | 179 | 181 | 181 | 185 | 188 | 188 | 188 | 188 |
| Miles of storm sewers | 80 | 80 | 142 | 147 | 147 | 151 | 159 | 159 | 159 | 172 |
| Building permits issued | 686 | 886 | 1,041 | 754 | 741 | 832 | 872 | 1,000 | 820 | 913 |
| Recreation and culture: | | | | | | | | | | |
| Number of parks | 27 | 27 | 27 | 27 | 27 | 27 | 30 | 30 | 30 | 30 |
| Park acreage | 327 | 327 | 327 | 327 | 327 | 327 | 302 | 302 | 302 | 302 |
| Number of libraries | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of items | 112,647 | 111,607 | 93,246 | 90,972 | 92,703 | 91,726 | 89,415 | 88,815 | 92,145 | 94,024 |

Sources: Various city departments.

Notes:

1. In FY 2020, the city eliminated 14 traffic signal heads when it converted one signaled intersection to a roundabout at Roswell/Mathews/Hawthorne.
2. In FY 2014, the city began reporting only the street and pedestrian lights it owns and maintains. Other street lights in Smyrna are maintained by Georgia Power.

COMPLIANCE SECTION

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CITY OF SMYRNA, GEORGIA
CAR RENTAL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| <u>Revenues</u> | <u>Expenditures *</u> | <u>Percentage Expended</u> |
|-------------------|-----------------------|--------------------------------|
| <u>\$ 179,624</u> | <u>\$ 179,624</u> | <u>100.00%</u> |

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

CITY OF SMYRNA, GEORGIA
HOTEL/MOTEL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| <u>Revenues</u> | <u>Expenditures *</u> | <u>Percentage Expended</u> |
|---------------------|-----------------------|--------------------------------|
| <u>\$ 1,286,310</u> | <u>\$ 566,125</u> | <u>44.01%</u> |

* Expended in Hotel/Motel Special Revenue Fund

CITY OF SMYRNA, GEORGIA
1 PERCENT SALES TAX
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX
PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| Project | Original Estimated Cost | Current Estimated Cost | Expenditures | | | Estimated Percentage of Completion |
|-----------------------------------|-------------------------------|------------------------------|----------------------|---------------------|----------------------|---|
| | | | Prior Years | Current Year | Total | |
| 2006 SPLOST Program: | | | | | | |
| Transportation Projects | \$ 43,400,391 | \$ 42,422,370 | \$ 42,422,370 | \$ - | \$ 42,422,370 | 100.00% |
| 800 MHz Radios | 850,067 | 796,794 | 796,794 | - | 796,794 | 100.00% |
| Total | <u>\$ 44,250,458</u> | <u>\$ 43,219,164</u> | <u>\$ 43,219,164</u> | <u>\$ -</u> | <u>\$ 43,219,164</u> | |
| 2012 SPLOST Program: | | | | | | |
| Transportation Projects | \$ 29,229,814 | \$ 36,063,093 | \$ 35,948,469 | \$ 114,624 | \$ 36,063,093 | 100.00% |
| Park Projects | 2,137,000 | 2,184,026 | 2,167,516 | - | 2,167,516 | 99.24% |
| Public Safety Projects | 1,527,000 | 2,376,900 | 2,376,902 | - | 2,376,902 | 100.00% |
| Keep Smyrna Beautiful Projects | 1,040,504 | 2,012,303 | 2,012,303 | - | 2,012,303 | 100.00% |
| Total | <u>\$ 33,934,318</u> | <u>\$ 42,636,322</u> | <u>\$ 42,505,190</u> | <u>\$ 114,624</u> | <u>\$ 42,619,814</u> | |
| 2016 SPLOST Program: | | | | | | |
| Transportation Projects | \$ 44,773,203 | \$ 84,183,589 | \$ 33,857,281 | \$ 8,956,265 | \$ 42,813,546 | 50.86% |
| Parks Projects | 3,890,000 | 4,038,220 | 3,798,788 | 239,431 | 4,038,219 | 100.00% |
| Public Safety Projects | 4,110,000 | 6,496,100 | 6,473,622 | 6,481 | 6,480,103 | 99.75% |
| | <u>\$ 52,773,203</u> | <u>\$ 94,717,909</u> | <u>\$ 44,129,691</u> | <u>\$ 9,202,177</u> | <u>\$ 53,331,868</u> | |
| | Debt Service Expenditures (1) | | <u>1,494,261</u> | <u>537,538</u> | <u>2,031,799</u> | |
| | | | <u>\$ 45,623,952</u> | <u>\$ 9,739,715</u> | <u>\$ 55,363,667</u> | |

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



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

The Honorable Derek Norton, Mayor
Members of the City Council
City of Smyrna
Smyrna, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Smyrna, Georgia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 4, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Richels, Cauley & Associates, LLC

Kennesaw, Georgia
December 4, 2020