

ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2021

**TOWN OF SMYRNA  
SMYRNA, DELAWARE  
KENT COUNTY**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

**PREPARED BY:**

**TRAVIS STEWART, FINANCE DIRECTOR**

**BUSINESS OFFICE STAFF**



**TOWN OF SMYRNA  
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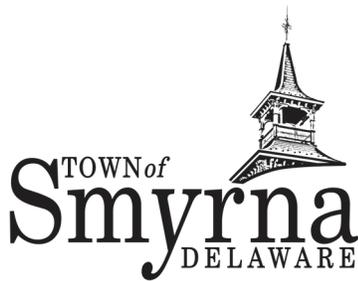
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Robert C. Johnson, Mayor  
Valerie Forbes, Vice Mayor  
Gerald Brown  
Tabitha Gott  
Margaret Mann  
William D. Pressley, Sr.  
Michael Rasmussen

December 29, 2022

The Honorable Mayor, Members of Council  
And Citizens of the Town of Smyrna  
Smyrna, Delaware 19977

We are pleased to present the Annual Comprehensive Financial Report (ACFR) for the Town of Smyrna. This report is for the fiscal year ended December 31, 2021. This report is published to comply with the provisions of Section 8.4 of the Town Code. The Annual Comprehensive Financial Report (ACFR) is a report that tells the financial story of the town through narrative, financial statements, and charts/graphs. The ACFR not only gives the summary and detailed information for the year being reported, but also includes information for the previous ten years. It is also intended to provide financial data to the tax and ratepayers, bondholders, trustees, banks, federal and state agencies and the financial community at large.

The financial statements in this report have been audited by Belfint, Lyons and Shuman, an independent firm of certified public accountants as required by section 8.4 of the Town Code. Belfint, Lyons and Shuman have provided a qualified opinion on the Town's financial statements for the year ended December 31, 2021. See the Independent Auditors' Report which is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. Our MD&A can be found immediately following the report of our independent auditors.

The organization, form, contents of this ACFR, the accompanying financial statements and the statistical tables were prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association (GFOA), and the American Institute of Certified Public Accountants (AICPA). This ACFR includes all funds of the Town, consistent with the guidance contained in GASB 14, "*The Financial Reporting Entity*", as amended by GASB 39 and GASB 61, "*The Financial Reporting Entity: Omnibus*," which established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. The criteria used by the Town to evaluate

whether additional entities should be included in the Town's reporting entity as component units are financial interdependencies, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service and special financing relationships.

### **Town Profile and Governance**

According to early history, Smyrna was first settled prior to the American Revolution on the southern bank of Duck Creek, near the fork of Green's Branch. Two major thoroughfares formed what were known as Duck Creek Crossroads and later came to be called the Four Corners of the Town. In 1806, the Delaware Assembly changed the name of the town to Smyrna. The original boundaries were one-fourth of a mile in each direction, making the town equivalent to one square mile, a size it maintained until 1960 when newly developing areas were annexed into the town.

Smyrna's historic small-town atmosphere and its great pride in its quality of life and educational system make it highly desirable for families and homeowners. Delaware Today magazine in the March 2016 named Smyrna as one of the ten great small towns in Delaware. Following the 2021 Census, the Town finds itself at the central growth area of Delaware and looks to continue smart growth over the next decade, potentially doubling its population.

The town currently occupies a land area of 3.8 square miles and serves a population of approximately 13,149 as of December 2021. This is a 31% increase from the year 2010 census count that placed the town's population count at 10,023. Smyrna is now Delaware's sixth largest municipality moving ahead of Milford and Seaford in the past decade. Recent demographic data shows growth in both young families and in residents 55+, increasing personal incomes, and a consistent home ownership rate of approximately 65% owners-occupied residence.

The Town's governing body is composed of a mayor and six council members. Three Council members are elected from designated districts and serve staggered, three-year terms. Three members of council and the mayor are elected at-large. The mayor serves a two-year term; the three at-large, elected council members serve three-year terms. The Council is responsible for all matters of policy and is the authority for levying taxes, securing revenues, authorizing expenditures of Town funds and incurring Town debts. The Town of Smyrna operates under a Council-Manager form of government established in May 1945.

The Town provides a full range of services as mandated by the Town Charter or Code adopted by Town Council. They include police protection, streets and sanitation maintenance, recreation, library, public improvements, planning and zoning, safety inspections, electric power generation and distribution, water supply and wastewater services, legislative services, and general administration. The Town employs approximately 114 full-time and part-time employees.

Within the Town is a volunteer fire company that is autonomous. Under established criteria, operations of the Citizens' Hose Company No. 1 Inc. are not a part of this report. The Citizens Hose responds to over 400 alarms and accidents every year. The Town is served by a volunteer ambulance service operated by the American Legion serving over 4,000 service calls, and by an Emergency Management Service (EMS) provided by Kent County. The Town provides funding to the Citizens' Hose Company and the Legion for assistance with operating costs. These payments are part of the General Fund operating budget. Both the fire and ambulance services receive dedicated impact fees to help them meet their capital needs generated by new development. The Town is also served by a recently opened 24-hour Emergency Department and other services operated by Bayhealth Medical Center as well as medical services provided by Christiana Care Medical Center.

The Smyrna School District does not meet the established criteria for inclusion in the reporting entity and, accordingly, is excluded from this report. The School District also receives dedicated impact fees to help accommodate school needs that are a function of growth in the community. With the continued growth of Smyrna, the District looks towards future growth and expansion of facilities to support the needs of the growing residential communities. Where possible, new land development and subdivisions plan for growth of District facilities to ensure viable options for educational needs.

### **Local Economy**

The Town has continued to witness new development based on economic conditions that support private and public investment in the local economy. Continued growth includes additional residential construction and new businesses leading to employment opportunities primarily in the medical fields. March 2021 presented to Smyrna, and all of Delaware, challenges not foreseen with the global pandemic impact of COVID-19. The residential housing demand created an economic outlier that resulted in several growth sectors for the Town in 2021. The growth looks to continue into 2022; however, it is unknown how long the residential market boom will sustain.

Major employers located within the Town's boundaries include Delaware Home and the Hospital for the Chronically Ill, Wal-Mart Distribution Center, Smyrna School District, Delaware Health and Social Services, Bayhealth Medical Center, services affiliated with Christiana Care Medical System and the Town of Smyrna. Partnership with the Kent Economic Partnership completed a study to identify market analysis of growth needs or areas of services that Town residents leave to obtain, which highlighted the increasing need for medical services.

Employment in these major employers represent various industries or sectors that were resilient to the impacts of COVID-19 or found themselves in a growth industry due to the consumer changes in the economy. Online purchasing during severe waves of the virus increased demand for sales and fulfillment centers such as the Wal-Mart center located in Town that maintained or increased its operations.

The Town's past commitment to economic development and planning of the Duck Creek Business Park, with private investment in the community by KRM, started in 2021 with infrastructure development. The start of the business parking included an initial 70,000 square foot speculation, flex building that was partially completed in 2021. The impact of COVID-19 did accelerate the need for fulfillment centers and other flex operations, which the KRM Duck Creek Business Park is well positioned to present positive options to private corporations.

Various brick and mortar stores closed their doors during 2021. Town Council took initiative to try to provide local grants, in addition to State and federal grants, to support operations. Town Council also rolled back 2021 utility rates (water, sewer and electric), to 2020 rates from March until August. This initiative was to try to provide support to residential and commercial utility customers, which lowered revenues to the 2021 Budget.

Due to the residential housing boom market, and the large volume of residences performing renovations during the pandemic, the Town's economic forecast remains strong and positive going into 2022. This was independently validated by Moody's Investors Services with a Aa3 financial rating of the Town in November 2021. They noted stable General Fund balances and a growing tax base as credit strengths. The Town's growing pension liabilities was noted as a challenge for future correction, and Moody's noted a preference to larger reserve fund balances as two areas for improvement in future rating assessments.

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

Post-employment benefits cost continues to have a significant impact on the Town's financial condition because of the continued implementation of Governmental Accounting Standards Board (GASB) Statements No. 68 and 75 that became effective in 2015 and 2018, respectively. The GASB now requires that governments disclose the net pension liability and the net post employment benefit obligations. The reporting of these liabilities has contributed to the Town reporting a net deficit position in its financial statements. This is a significant issue the Finance Committee plans to try to work on during 2022 for a long-term solution. The Actuarial Derived Contribution (ADC) by Town actuary, Milliman, demonstrates the Town is funding approximately 33% of the ADC and little-to-no investment in post-retirement health (OPEB) fiscal obligations.

Both pension ADC's for the closed Town-pension plans and OPEB expenses will become significant obligations in the near future for Town Council and staff to ensure are fulfilled to provide benefits to current and prior employees.

In addition to pension and retirement health fiscal obligations, the Town has major initiatives that will require significant, strategic planning to cover growing capital improvement costs. The historical low interest market in part drives the residential housing market has supported bond savings for municipalities. Employment in and near Smyrna has grown in part due to Distributions operations opening facilities in this Delmarva Peninsula Area

## **Major Initiatives**

The South Main Street infrastructure and streetscape capital project was focused on and emphasized for completion during 2021. Major utility infrastructure and road paving was completed before Thanksgiving, with sidewalk improvements, individual home service connections and communications lines (above ground moved to below ground) partly completed in 2021. This project started in 2020 and experienced numerous change orders and field engineering to complete. The total project final estimate of \$5.4M was funded in part by \$3.7M in State revolving loans and the remaining \$1.7M paid by Town reserve funds.

During the push for South Main Street completion, the Town experienced an unforeseen infrastructure collapse of a portion of the sewer main on Locust Street. At the northern section of Locust Street, at East Commerce Street where the Department of Corrections 8" force main connect with the Town's gravity main, along with two (2) other conveyance mains, which ultimately convey the final segment to the County sewer pump station. The repair of approximately 435' feet of sanitary sewer, then included the replacement of the same length of aged clean water main, repaved the roadway from curb-to-curb, and with State CTF fiscal support, repaired sidewalks on the east and west sides of the roadway.

Three (3) other major project initiatives were discussed and planned for 2022 action, including North of Duck Creek utilities, East Commerce Street utilities and another water tower planned for north of Duck Creek. The tower is planned for 750,000 gallons and to serve future northern customers of the Town. Final design and engineering is required of each project. As noted, 2021 focused on completing South Main Street before starting another capital project without established funding.

A major initiative for 2021 was the preservation of Town operations amid the COVID-19 pandemic. Though not traditionally viewed as a major initiative, the operational shift to perform telework services, to break front-line Public Works staff into separate shifts, and engage our team members and customers in a distance fashion was advanced during 2021. The ability to maintain daily governance through creative and adaptive staff, while leveraging technology solutions like Teams and Zoom, made the year a success. It was a success by maintaining a level of governance and customer service that the team can and should be proud of. Further, very few outbreaks among the staff, and no severe illness occurred, and that is a win to preserve the health of staff while balancing service delivery.

## **GFOA Award**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Smyrna for its comprehensive annual financial report for the fiscal year ended December 31, 2020. 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 requirements. This is the 12<sup>th</sup> time Smyrna has been recognized by GFOA.

**Acknowledgements**

The preparation of the ACFR was made possible by the dedicated and professional service of the entire Finance Department accounting team. They have our sincere appreciation for the contributions made in the preparation of this report, Travis Stewart and specifically, Robin Blend, Kathleen Acevedo, Winston Robinson, consultant Tom Josiah, and all team members throughout the process. Appreciation is also extended to Mayor Johnson and Town Council for their cooperation and assistance in matters pertaining to the financial affairs of the Town.

Respectfully submitted:



Sheldon Hudson  
Town Manager



Travis Stewart  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Smyrna  
Delaware**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2020

*Christopher P. Morill*

Executive Director/CEO

**TOWN OF SMYRNA  
LIST OF ELECTED AND APPROVED OFFICIALS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

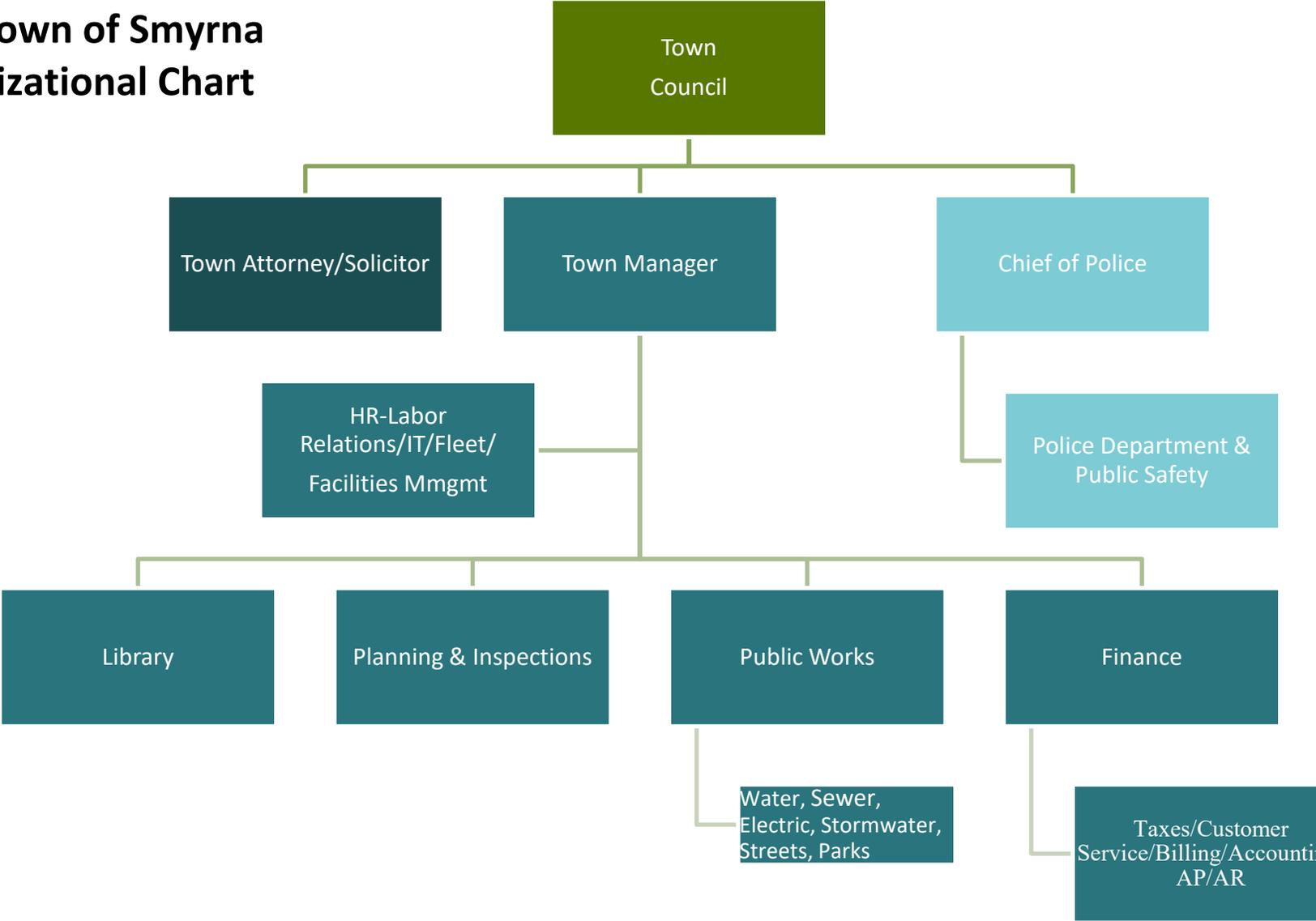
**Elected Officials**

Robert Johnson	Mayor
Valarie Forbes	Vice Mayor - District 3
William D. Pressley, Sr.	Council Secretary, Council Member - At Large
Margaret Mann	Council Member - District 2
Tabitha Gott	Council Member - District 1
Michael Rasmussen	Council Member - At Large
Gerald Brown	Council Member - At Large

**Appointed Officials**

Sheldon Hudson	Town Manager
Torrie M. James	Police Chief
Travis Stewart	Director of Finance
D. Barrett Edwards, IV	Attorney

# 2022 Town of Smyrna Organizational Chart







BELFINT • LYONS • SHUMAN  
Certified Public Accountants

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[www.belfint.com](http://www.belfint.com)

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***Independent Auditors' Report***

To the Honorable Mayor and Members of Town Council  
Town of Smyrna

***Qualified and Unmodified Opinions***

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 Town of Smyrna (Town), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

***Qualified Opinions on the Governmental Activities, General Fund, Capital Improvement Fund, American Rescue Plan Act (ARPA) Fund, the Electric Fund and the Aggregate Remaining Fund Information.***

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions sections of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities, General Fund, Capital Improvement Fund, ARPA Fund, Electric Fund, and the Aggregate Remaining Fund Information of the Town of Smyrna, as of December 31, 2021, the 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.

***Unmodified Opinions on, Business-type Activities, and the Water and Sewer Fund***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the Water and Sewer Fund of the Town of Smyrna, as of December 31, 2021, 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.

***Basis for Qualified and Unmodified Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Town of Smyrna, and to meet

To the Honorable Mayor and Members of Town Council  
Town of Smyrna

our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

***Matter Giving Rise to the Qualified Opinion on the Governmental Activities, General Fund, Capital Improvement Fund, ARPA Fund, Electric Fund, and Aggregate Remaining Fund Information.***

Management was not able to identify the correct fund and accounts in which to post a material amount of cash receipts totaling \$135,571, reported in the General Fund as Deferred Revenue, as of December 31, 2021. We were unable to obtain sufficient appropriate audit evidence about the identity of these cash receipts because of the absence of adequate related financial information. Consequently, we were unable to determine whether any adjustments to the assets, fund balances, net positions, and revenues of the Governmental Activities, General Fund, Capital Improvement Fund, ARPA Fund, Electric Fund, and the Aggregate Remaining Fund Information were necessary.

***Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Smyrna's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Honorable Mayor and Members of Town Council  
Town of Smyrna

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Smyrna's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Smyrna's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Report on Summarized Comparative Information***

We have previously audited the Town of Smyrna's 2020 financial statements, and our report dated November 5, 2021, expressed an unmodified opinion on the financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### ***Other Matters***

##### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 17 and the schedules on pages 107 through 110 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

To the Honorable Mayor and Members of Town Council  
Town of Smyrna

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. See the paragraph *Matter Giving Rise to the Qualified Opinion on the Governmental Activities, General Fund, Capital Improvement Fund, ARPA Fund and Electric Fund, and Aggregate Remaining Fund Information*.

#### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Smyrna's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, except for the effects on the supplementary information of the qualified opinion on the basic financial statements, as explained in the *Matter Giving Rise to the Qualified Opinion on the Governmental Activities, General Fund, Capital Improvement Fund, ARPA Fund and Electric Fund, and Aggregate Remaining Fund Information* section, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. See the paragraph *Matter Giving Rise to the Qualified Opinion on the Governmental Activities, General Fund, Capital Improvement Fund, ARPA Fund, Electric Fund, and Aggregate Remaining Fund Information* section.

To the Honorable Mayor and Members of Town Council  
Town of Smyrna

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Belfint, Lyons & Shuman, P.A.*

December 29, 2022

Wilmington, Delaware

**TOWN OF SMYRNA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)  
DECEMBER 31, 2021**

The Honorable Mayor and Town Council are pleased to present to readers of the financial statements of the Town of Smyrna this narrative overview and analysis of the financial activities of the Town for the calendar year ended December 31, 2021. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the financial statements and notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

- In the governmental activities, general revenues and transfers accounted for 62 percent of total revenues, and program revenues accounted for 38 percent of total revenues (prior year, 59 percent, and 41 percent, respectively). Total revenues increased primarily due to an increase in property taxes, new development completed and added to the tax rolls during the year ended December 31, 2021
- In the governmental activities, current total expenses increased from \$14,052,983 in 2020 to \$15,030,960 in 2021. The increase was primarily due to current year costs related to other post-employment benefits. In addition, the current year costs related to its pension plans increased.
- Total revenues in the Town's general fund increased from \$9,623,799 in 2020 to \$10,252,782 in 2021. This represents approximately a six and a half percent increase. Total revenues increased primarily due to an increase in property taxes because of the reasons stated above.
- As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,227,926, which is an increase from the prior year balance of 3,174,975. This increase is primarily due to capital projects.
- As of the end of the current fiscal year, the Town's business-type activities reported a net position of \$38,777,520 an increase of \$1,789,241, as compared to the prior year. The current year increase in net position can be attributed primarily due to the Town's net investment in capital assets (e.g., land, construction-in-progress, buildings and improvements, machinery, equipment, and infrastructure); less any related debt used to acquire those assets outstanding.
- The Town implemented GASB Statement No. 68 in 2015, "Accounting and Financial Reporting for Pensions," which requires state and local governments whose employees are provided with defined benefit pensions to account for and report the annual pension cost and obligations. The Town reported a net pension liability and net pension asset totaling \$11,721,618 and \$2,792,789, respectively, on December 31, 2021, and \$10,937,334 and \$0, respectively, on December 31, 2020, respectively.
- The Town implemented GASB Statement No. 75 in 2018, "Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions", which requires state and local governments whose employees are provided with other post-employment benefits (OPEB) to account for and report the annual OPEB cost and obligations. The Town reported a net OPEB liability totaling \$13,048,000 on December 31, 2021, \$12,252,000 and December 31, 2020, respectively.

**TOWN OF SMYRNA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)  
DECEMBER 31, 2021**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town of Smyrna's basic financial statements are comprised of three components:

1. Entity-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

**Entity-wide Financial Statements.** The entity-wide *financial statements* are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. There are two entity-wide statements presented in this report.

- The *Statement of Net Position* presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows 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 Town is improving or deteriorating.
- The *Statement of Activities* presents information showing how the Town'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 result in cash flows only in future fiscal periods (e.g., uncollected taxes and compensated absences).

Both entity-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

In the entity-wide financial statements, the Town's activities are divided into two categories:

- **Governmental Activities:** Most of the Town's basic services are included here, such as general government, public safety, public works, planning and inspection, library, and culture and recreation.
- **Business-type Activities:** The Town charges fees to help it cover the costs of certain services provided, such as water and sewer operations, electric distribution operation, trash and yard waste, and slum clearance and economic development projects. The Town purchases 100 percent of its electric supply requirements from the Delaware Municipal Electric Corporation ("DEMEC") under a long-term full requirements service contract. In addition, the Town is charged a fee by Kent County to discharge the Town's proportionate share of wastewater into its respective facilities under an operating contract.

The entity-wide financial statements can be found on pages 18 and 20 of this report.

**TOWN OF SMYRNA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)  
DECEMBER 31, 2021**

**Fund Financial Statements.** The fund financial statements provide more detailed information about the Town's funds. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Town can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

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

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

The Town maintains several individual Governmental Funds. Information is presented separately in the Governmental Funds' balance sheet and in the Governmental Funds' statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Improvement Fund, and American Reinvestment Plan Act Fund, all of which are major funds.

Data from the Non-major 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* in this report.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

The basic Governmental Fund financial statements can be found on pages 21 to 25 of this report.

**Proprietary Funds:** The Town maintains three different types of Proprietary Funds: The Water and Sewer Fund, Electric Fund, and the Smyrna Slum Clearance and Redevelopment Fund ("RDF"). These funds are Enterprise Funds. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the entity-wide financial statements. These funds account for the financial transactions related to the water and sewer operations, electric distribution operations, and the redevelopment projects of the Town.

Proprietary Funds provide the same type of information as the entity-wide financial statements, only in more detail. The Proprietary Fund financial statements provide separate information for the water and sewer operations and for the electric distribution operation, both of which are major funds of the Town. The RDF is considered a non-major fund.

The basic Proprietary Fund financial statements can be found on pages 26 to 29 of this report.

**TOWN OF SMYRNA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)  
DECEMBER 31, 2021**

***Fiduciary Funds:*** The Town is the fiduciary for assets that belong to others, such as its employee pension plans. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes and by those to whom the assets belong. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are *not* reflected in the entity-wide financial statements because the resources of those funds are *not* available to support the Town's own programs.

The basic Fiduciary Fund financial statements can be found on pages 30 and 31 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the entity-wide and fund financial statements. The notes to the financial statements can be found on pages 32 to 95 of this report.

**Required Supplementary Information.** The required supplementary information presents information detailing the net pension liability, investment returns, and related ratios and other information about the funded status of each of the pension plans the Town participates in. In addition, it provides information regarding the funded status and contributions of the Town's other post-employment benefit plans. The required supplementary information can be found on pages 97 to 105 of this report.

**Other Information.** The combining statements referred to earlier in connection with the Nonmajor Governmental Funds and the Combining Fiduciary Funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 107 to 110 of this report.

**ENTITY-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$42,738,194 at the close of the most recent fiscal year. The table below summarizes the net position of the Town on December 31, 2021, and 2020.

**TOWN OF SMYRNA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)  
DECEMBER 31, 2021**

**STATEMENT OF NET POSITION**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Assets:</b>						
Current and other assets	\$ 9,142,872	\$ 5,954,540	\$ 7,882,765	\$ 6,642,007	\$ 17,025,637	\$ 12,596,547
Capital assets	<u>30,403,415</u>	<u>28,256,473</u>	<u>52,127,969</u>	<u>51,301,083</u>	<u>82,531,384</u>	<u>79,557,556</u>
<b>Total Assets</b>	<u>39,546,287</u>	<u>34,211,013</u>	<u>60,010,734</u>	<u>57,943,090</u>	<u>99,557,021</u>	<u>92,154,103</u>
<b>Deferred outflows of Resources</b>	<u>2,673,470</u>	<u>4,079,044</u>	<u>418,259</u>	<u>638,160</u>	<u>3,091,729</u>	<u>4,717,204</u>
<b>Liabilities:</b>						
Non-current liabilities	29,530,256	28,120,292	17,647,172	17,474,459	47,177,428	45,594,751
Other liabilities	<u>5,258,932</u>	<u>3,033,800</u>	<u>3,121,059</u>	<u>3,018,149</u>	<u>8,379,991</u>	<u>6,051,949</u>
<b>Total Liabilities</b>	<u>34,789,188</u>	<u>31,154,092</u>	<u>20,768,231</u>	<u>20,492,608</u>	<u>55,557,419</u>	<u>51,646,700</u>
<b>Deferred inflows of Resources</b>	<u>3,469,895</u>	<u>1,549,084</u>	<u>883,242</u>	<u>1,100,363</u>	<u>4,353,137</u>	<u>2,649,447</u>
<b>Net position:</b>						
Net investment in capital assets	20,639,523	21,014,581	35,696,462	35,288,189	56,335,985	56,302,770
Restricted	1,365,460	969,294	300,000	300,000	1,665,460	1,269,294
Unrestricted (deficit)	<u>(18,044,309)</u>	<u>(16,396,994)</u>	<u>2,781,058</u>	<u>1,400,090</u>	<u>(15,263,251)</u>	<u>(14,996,904)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 3,960,674</u>	<u>\$ 5,586,881</u>	<u>\$ 38,777,520</u>	<u>\$ 36,988,279</u>	<u>\$ 42,738,194</u>	<u>\$ 42,575,160</u>

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

An additional portion of the Town's net position (four percent) represents resources that are subject to restrictions on how they may be used.

The Town's net position increased by \$163,034 during the current year.

- **Governmental Activities.** Governmental activities decreased the Town's net position by \$(1,626,207). This is primarily due to a decrease in unrestricted deficit.
- **Business-type Activities.** Business-type activities increased the Town's net position by \$1,789,241. The current year increase was due to investments in capital assets. Also, there was a reduction in infrastructure construction activity. This is due to an increase in the unrestricted balance.

**TOWN OF SMYRNA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)  
DECEMBER 31, 2021**

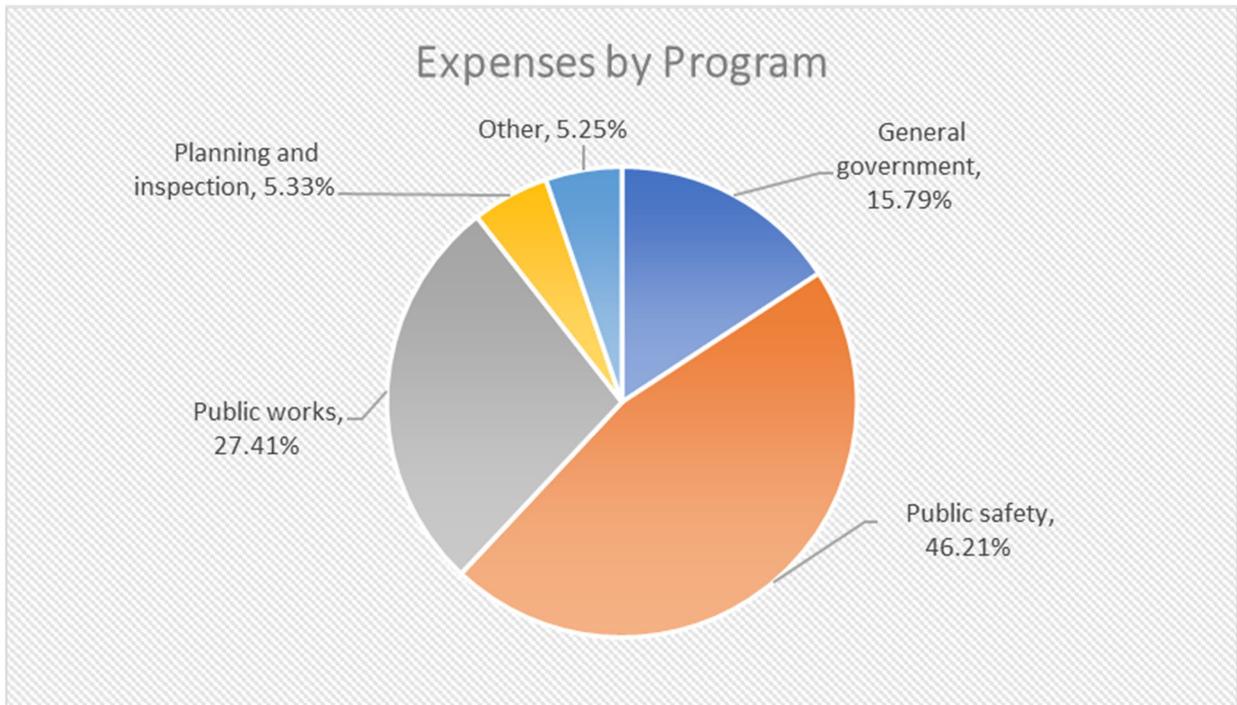
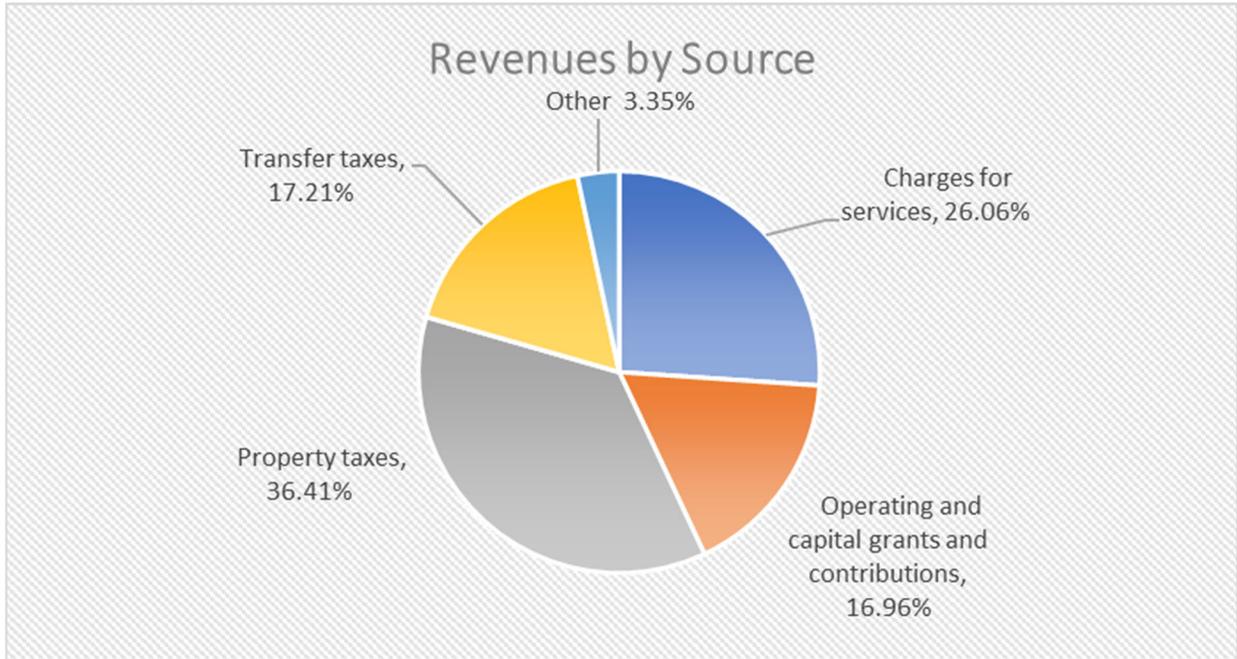
Changes in the net position of the Town are highlighted in the table presented below.

**STATEMENT OF CHANGES IN NET POSITION**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 3,067,440	\$ 3,104,112	\$ 20,165,304	\$ 18,169,262	\$ 23,232,744	\$ 21,273,374
Operating grants and contributions	1,119,842	794,164	-	-	1,119,842	794,164
Capital grants and contributions	876,487	1,357,656	821,905	1,509,521	1,698,392	2,867,177
General revenues:						
Real estate taxes	4,286,125	4,070,845	-	-	4,286,125	4,070,845
Real estate transfer taxes	2,026,000	1,535,056	-	-	2,026,000	1,535,056
Franchise fees	243,363	232,140	-	-	243,363	232,140
Investment earnings	69,958	15,331	(25)	3	69,933	15,334
Gain on sale of capital assets	31,279	(1,470)	-	(6,413)	31,279	(7,883)
Other	50,035	129,994	-	-	50,035	129,994
<b>TOTAL REVENUES</b>	<b>11,770,529</b>	<b>11,237,828</b>	<b>20,987,184</b>	<b>19,672,373</b>	<b>32,757,713</b>	<b>30,910,201</b>
<b>EXPENSES</b>						
General government	2,373,496	1,599,990	-	-	2,373,496	1,599,990
Public safety	6,946,044	6,817,204	-	-	6,946,044	6,817,204
Public works	4,120,286	3,854,224	-	-	4,120,286	3,854,224
Planning and inspection	801,854	880,876	-	-	801,854	880,876
Library	303,039	321,069	-	-	303,039	321,069
Culture and recreation	345,148	335,251	-	-	345,148	335,251
Interest on long-term debt	141,093	244,369	-	-	141,093	244,369
Electric	-	-	12,765,157	12,318,517	12,765,157	12,318,517
Water/Sewer	-	-	4,773,972	4,157,455	4,773,972	4,157,455
Smyrna slum clearance RDF	-	-	24,590	21,959	24,590	21,959
<b>TOTAL EXPENSES</b>	<b>15,030,960</b>	<b>14,052,983</b>	<b>17,563,719</b>	<b>16,497,931</b>	<b>32,594,679</b>	<b>30,550,914</b>
Change in net position before transfers	(3,260,431)	(2,815,155)	3,423,465	3,174,442	163,034	359,287
Transfers	1,634,224	1,500,935	(1,634,224)	(1,500,935)	-	-
<b>CHANGE IN NET POSITION</b>	<b>(1,626,207)</b>	<b>(1,314,220)</b>	<b>1,789,241</b>	<b>1,673,507</b>	<b>163,034</b>	<b>359,287</b>
<b>NET POSITION, BEGINNING OF YEAR, RESTATED</b>	<b>5,586,881</b>	<b>6,901,101</b>	<b>36,988,279</b>	<b>35,314,772</b>	<b>42,575,160</b>	<b>42,215,873</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 3,960,674</b>	<b>\$ 5,586,881</b>	<b>\$ 38,777,520</b>	<b>\$ 36,988,279</b>	<b>\$ 42,738,194</b>	<b>\$ 42,575,160</b>

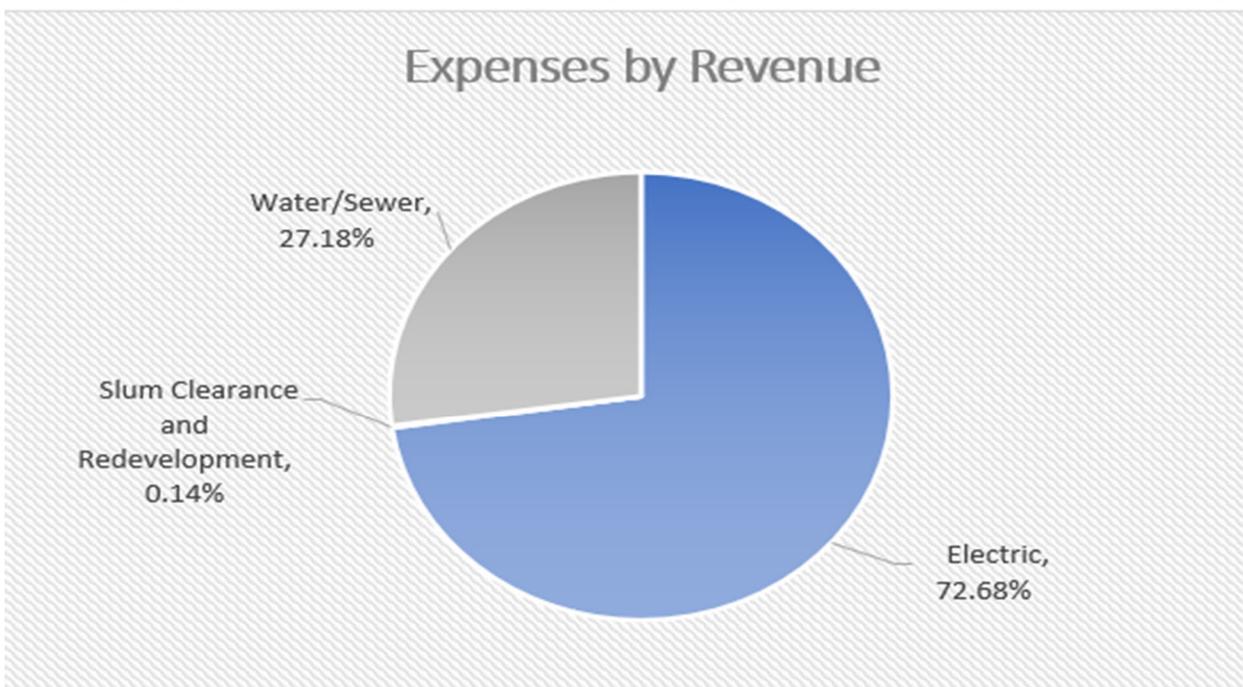
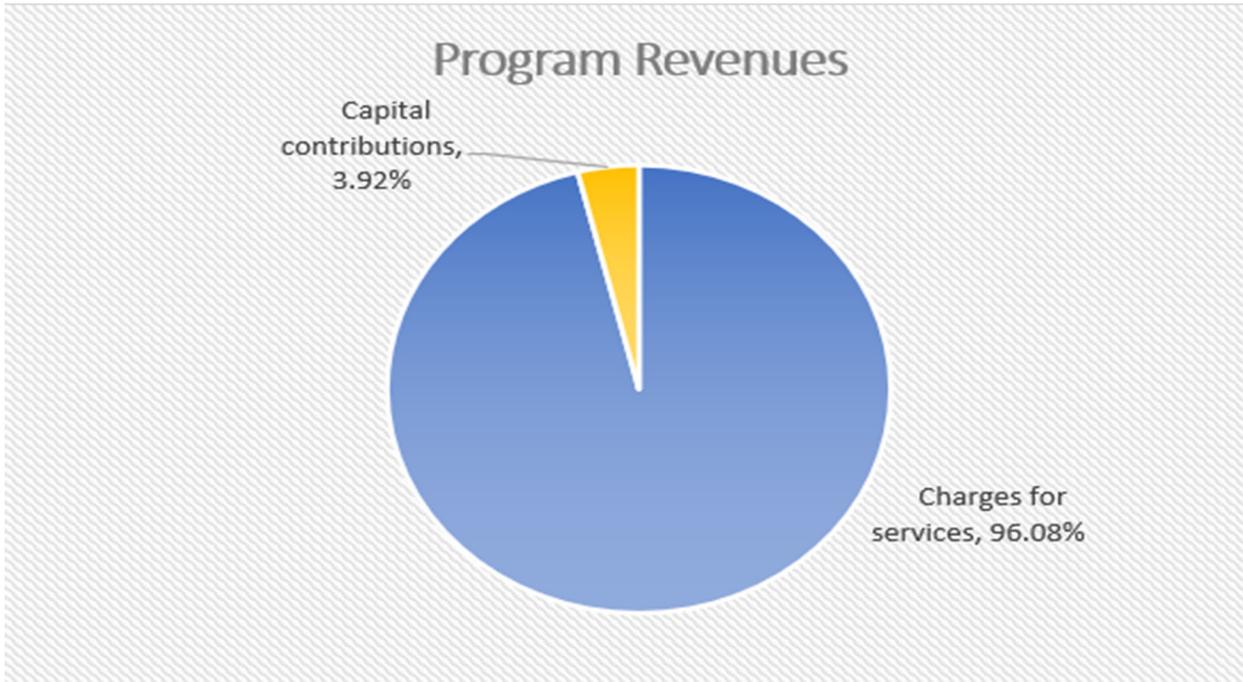
**TOWN OF SMYRNA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)  
DECEMBER 31, 2021**

The following charts illustrate the revenue sources and uses of funds for the governmental activities of the Town:



**TOWN OF SMYRNA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)  
DECEMBER 31, 2021**

The following charts illustrate the revenue sources and uses of funds for the business-type activities



**TOWN OF SMYRNA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)  
DECEMBER 31, 2021**

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

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

***Governmental Funds.*** The focus of the Town's *Governmental Funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. *Unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the calendar year.

As of the end of the current Fiscal year, the Town's Governmental Funds reported combined ending fund balances of \$4,227,926. The primary component of this figure is the fund balance of the General Fund at \$2,840,485, of which \$1,963,359 is committed to future capital projects.

The General Fund is the primary operating fund of the Town. At the end of the current calendar year, the fund balance of the General Fund was \$2,840,485, of which \$709,670 is committed to the Town's budget reserve.

The fund balance of the Town's General Fund increased significantly by \$353,491 during the current fiscal year. This increase represents the excess of total transfers in and operating revenue over operating expenses for the year ending December 31, 2021.

The fund balance of the Town's Capital Improvement Fund increased by \$357,809 during the current fiscal year. This increase is primarily due to transfer-ins.

***Proprietary Funds.*** The Town's Proprietary Funds provide the same type of information found in the entity-wide financial statements but in more detail. The unrestricted net position of the Electric Fund, Water and Sewer Fund, and the RDF at the end of the year amounted to \$2,781,058. The change in net position for the Electric Fund was an increase of \$863,463, an increase in the Water and Sewer Fund of \$929,156, and a decrease in the RDF fund of \$3,378. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town's business-type activities.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The schedule comparing the Town's budget and actual results can be found on page 37. -A summary of variations between budget amounts and actual results is as follows:

- Actual revenues exceeded budgeted revenues by \$1,769,482 primarily due to receiving more in property taxes, transfer taxes, special assessment impact fees, and intergovernmental revenues and license fees and permits than was anticipated and budgeted.
- Actual expenditures were increased by \$1,214,018 budget primarily due to Public Safety, Public Works and Planning & Inspections exceeding their respective budgets.

**TOWN OF SMYRNA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)  
DECEMBER 31, 2021**

**Capital Assets and Debt Administration**

**Capital Assets.** The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2021, amounts to \$79,618,664 (net of accumulated depreciation). The following table shows the breakdown of this figure.

	CAPITAL ASSETS							
	Governmental Activities		(Net of Depreciation)				Totals	
	2021	2020	Business-Type Activities		2021	2020	2021	2020
Land	\$ 2,010,323.00	\$ 1,757,181.00	\$ 685,957.00	\$ 685,957.00	\$ 2,696,280.00	\$ 2,443,138.00		
Construction-in-progress	89,575	1,684,270	721,488	6,091,774	811,063	7,776,044		
Land improvements	267,084	218,193	-	-	267,084	218,193		
Buildings and improvements	9,080,132	9,306,892	1,954,642	2,016,139	11,034,774	11,323,031		
Infrastructure	14,088,685	13,322,651	47,446,403	41,316,841	61,535,088	54,639,492		
Machinery and equipment	2,231,944	1,967,286	1,042,431	1,190,372	3,274,375	3,157,658		
<b>TOTAL</b>	<b>\$ 27,767,743</b>	<b>\$ 28,256,473</b>	<b>\$ 51,850,921</b>	<b>\$ 51,301,083</b>	<b>\$ 79,618,664</b>	<b>\$ 79,557,556</b>		

Significant capital asset events within the governmental activities included the following purchases and project expenditures:

Construction in progress totaling \$811,061

Land acquisitions totaled \$253,142.

Significant capital asset events within the business-type activities included the following project expenditures:

- General electrical installation infrastructure put in service in 2021 costs due to continued growth in Smyrna totaled 2,406,860.
- Water/Sewer installation infrastructure put in service in 2021 costs due to continued growth in Smyrna totaled 5,370,120

Additional information on the Town's capital assets can be found in Note 4 of this report.

	OUTSTANDING DEBT	
	Bonds and Loans Payable	
	2021	2020
Governmental activities	\$ 6,343,329	\$ 6,735,004
Business-type activities	15,875,556	15,684,509
<b>TOTAL</b>	<b>\$ 22,218,885</b>	<b>\$ 22,419,513</b>

Additional information on the Town's long-term debt can be found in Note 5 of this report.

**TOWN OF SMYRNA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)  
DECEMBER 31, 2021**

The current legal long-term debt limit for the Town cannot exceed 4.5 percent of the total assessed valuation of all taxable property in the Town. This amounts to \$52,700,000 of the total assessed valuation, which is significantly more than the Town's outstanding debt.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

- The Town adopted its 2022 budget in November 2021. This General Fund budget totaled \$7,954,760 in revenues and \$11,896,153 in expenditures. The difference between budgeted revenues and expenditures will be subsidized through operating transfers from the proprietary funds. This budget represents an increase in budgeted revenues of two percent and an increase in budgeted expenditures of five percent. Property tax rates for 2021 will remain the same at \$0.4400 cents per \$100 of assessed value. The Electric, Water and Sewer Fund user fee rates have been increased in 2022.
- The long-term effects of COVID-19 remain unknown as to its final impact on the Town's revenues and expenditures in 2022.
- The majority of the Town's city limits are in Kent County, whose unemployment rate for the County was reported at 4.6% in December 2021. The State's unemployment rate was reported at 4.8%.
- The Town's total population in December 2021 is currently estimated at 13,149, an increase from the 2010 census, which placed the Town's total population at 10,023.

**TOWN OF SMYRNA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)  
DECEMBER 31, 2021**

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager, Town of Smyrna, 27 South Market Street Plaza, Smyrna, DE 19977.

**TOWN OF SMYRNA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**  
(With Summarized Comparative Data for December 31, 2020)

	Governmental	Business-Type	Totals	
	Activities	Activities	2021	2020
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 4,442,070	\$ 2,913,878	\$ 7,355,948	\$ 3,604,103
Investments	3,531,228	7,493	3,538,721	3,562,150
Taxes receivable	456,501	-	456,501	382,406
Accounts receivable, net	515,617	3,026,704	3,542,321	3,078,170
Loans receivable	-	36,155	36,155	36,155
Grants receivable	30,000	-	30,000	157,593
Inventory	26,340	966,957	993,297	695,595
Prepaid expenses	141,116	-	141,116	13,200
<b>Restricted Assets:</b>				
Meter deposits	-	931,578	931,578	906,089
<b>Total Current Assets</b>	<b>9,142,872</b>	<b>7,882,765</b>	<b>17,025,637</b>	<b>12,435,461</b>
<b>Noncurrent Assets:</b>				
Loan receivable	-	119,931	119,931	161,086
Net Pension Asset	2,635,672	157,117	2,792,789	-
Capital assets, net:				
Land	2,010,323	685,957	2,696,280	2,443,138
Construction-in-progress	89,575	721,488	811,063	7,776,044
Land improvements	267,084	-	267,084	218,193
Buildings and improvements	9,080,132	1,954,642	11,034,774	11,323,031
Infrastructure	14,088,685	47,446,403	61,535,088	54,639,492
Machinery and equipment	2,231,944	1,042,431	3,274,375	3,157,658
<b>Total Noncurrent Assets</b>	<b>30,403,415</b>	<b>52,127,969</b>	<b>82,531,384</b>	<b>79,718,642</b>
<b>TOTAL ASSETS</b>	<b>39,546,287</b>	<b>60,010,734</b>	<b>99,557,021</b>	<b>92,154,103</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - pensions	1,389,088	259,613	1,648,701	3,225,938
Deferred outflows - OPEB	1,284,382	158,646	1,443,028	1,491,266
<b>Total Deferred Outflows of Resources</b>	<b>2,673,470</b>	<b>418,259</b>	<b>3,091,729</b>	<b>4,717,204</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$42,219,757</b>	<b>\$60,428,993</b>	<b>\$102,648,750</b>	<b>\$96,871,307</b>

The accompanying notes are an integral part of these financial statements

**TOWN OF SMYRNA**  
**STATEMENT OF NET POSITION - CONTINUED**  
**DECEMBER 31, 2021**  
**(With Summarized Comparative Data for December 31, 2020)**

	Governmental Business-Type		Totals	
	Activities	Activities	2021	2020
<b>LIABILITIES AND NET POSITION</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 1,678,986	\$ 969,125	\$ 2,648,111	\$ 3,097,659
Accrued salaries and benefits	143,227	55,502	198,729	140,688
Accrued interest	48,580	45,881	94,461	52,881
Developer deposits	80	88,868	88,948	5,238
Unearned revenue	2,695,180	-	2,695,180	232,240
Current portion of bonds payable	332,168	143,874	476,042	561,042
Current portion of loans payable	-	809,224	809,224	791,770
Current portion of leases payable	286,241	66,665	352,906	187,564
Accrued compensated absences	74,470	10,342	84,812	76,778
<b>Current Liabilities Payable from Restricted Assets:</b>				
Meter deposits	-	931,578	931,578	906,089
<b>Total Current Liabilities</b>	<u>5,258,932</u>	<u>3,121,059</u>	<u>8,379,991</u>	<u>6,051,949</u>
<b>Noncurrent Liabilities:</b>				
Portions due or payable after one year				
Accrued compensated absences	670,226	93,077	763,303	691,007
Leases payable	498,650	212,238	710,888	647,709
Bonds payable	6,011,161	2,612,595	8,623,756	9,099,798
Loans payable	-	12,309,863	12,309,863	11,966,903
Total OPEB liability	11,591,048	1,456,952	13,048,000	12,252,000
Net pension liability	10,759,171	962,447	11,721,618	10,937,334
<b>Total Noncurrent Liabilities</b>	<u>29,530,256</u>	<u>17,647,172</u>	<u>47,177,428</u>	<u>45,594,751</u>
<b>TOTAL LIABILITIES</b>	<u>34,789,188</u>	<u>20,768,231</u>	<u>55,557,419</u>	<u>51,646,700</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - pension	2,958,312	805,620	3,763,932	1,962,544
Deferred inflows - OPEB	511,583	77,622	589,205	686,903
<b>Total Deferred Inflows of Resources</b>	<u>3,469,895</u>	<u>883,242</u>	<u>4,353,137</u>	<u>2,649,447</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>38,259,083</u>	<u>21,651,473</u>	<u>59,910,556</u>	<u>54,296,147</u>
<b>NET POSITION</b>				
Net investment in capital assets	20,639,523	35,696,462	56,335,985	56,302,770
Restricted for police	105,116	-	105,116	60,165
Restricted for public works	1,260,344	-	1,260,344	909,129
Restricted for federal program	444	-	444	-
Restricted for rural economic development	-	300,000	300,000	300,000
Unrestricted (deficit)	<u>(18,044,753)</u>	<u>2,781,058</u>	<u>(15,263,695)</u>	<u>(14,996,904)</u>
<b>TOTAL NET POSITION</b>	<u>3,960,674</u>	<u>38,777,520</u>	<u>42,738,194</u>	<u>42,575,160</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>\$42,219,757</u>	<u>\$60,428,993</u>	<u>\$102,648,750</u>	<u>\$96,871,307</u>

The accompanying notes are an integral part of these financial statements



**TOWN OF SMYRNA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**December 31, 2021**

(With Summarized Comparative Data for the Year Ended December 31, 2020)

	<b>Major Funds</b>			<b>Nonmajor Governmental Funds</b>	<b>Totals</b>	
	<b>General</b>	<b>Capital Improvement Fund</b>	<b>ARPA Fund</b>		<b>2021</b>	<b>2020</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 771,730	\$ 60,452	\$ 2,752,008	\$ 857,880	\$ 4,442,070	\$ 1,291,942
Investments	2,630,709	448,546	-	451,973	3,531,228	3,554,632
Taxes receivable	456,501	-	-	-	456,501	382,406
Accounts receivable	515,617	-	-	-	515,617	538,001
Grants receivable	-	30,000	-	-	30,000	157,593
Prepaid items	141,116	-	-	-	141,116	-
Inventory	26,340	-	-	-	26,340	29,966
<b>TOTAL ASSETS</b>	<b>\$ 4,542,013</b>	<b>\$ 538,998</b>	<b>\$ 2,752,008</b>	<b>\$ 1,309,853</b>	<b>\$ 9,142,872</b>	<b>\$ 5,954,540</b>
<b>LIABILITIES:</b>						
Accounts payable	\$ 852,712	\$ 431,853	\$ 394,421	\$ -	\$ 1,678,986	\$ 2,084,646
Accrued salaries and benefits	143,227	-	-	-	143,227	104,428
Unearned revenue	338,037	-	2,357,143	-	2,695,180	232,240
Developer deposits	80	-	-	-	80	-
<b>TOTAL LIABILITIES</b>	<b>\$ 1,334,056</b>	<b>\$ 431,853</b>	<b>\$ 2,751,564</b>	<b>\$ -</b>	<b>\$ 4,517,473</b>	<b>\$ 2,421,314</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	\$ 367,472	\$ 30,000	\$ -	\$ -	\$ 397,472	\$ 358,251
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 367,472</b>	<b>\$ 30,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 397,472</b>	<b>\$ 358,251</b>
<b>FUND BALANCES</b>						
Nonspendable	\$ 167,456	\$ -	\$ -	\$ -	\$ 167,456	\$ 29,966
Restricted for police	-	-	-	49,509	49,509	60,165
Restricted for public works	-	-	-	1,260,344	1,260,344	908,481
Restricted for federal program	-	-	444	-	444	-
Committed to budget reserve	709,670	-	-	-	709,670	466,076
Committed to capital projects	1,963,359	77,144	-	-	2,040,503	1,990,952
Unassigned (Deficit)	-	-	-	-	-	(280,665)
<b>TOTAL FUND BALANCES</b>	<b>\$ 2,840,485</b>	<b>\$ 77,144</b>	<b>\$ 444</b>	<b>\$ 1,309,853</b>	<b>\$ 4,227,926</b>	<b>\$ 3,174,975</b>

The accompanying notes are an integral part of these financial statements

**TOWN OF SMYRNA**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**

**TOTAL GOVERNMENTAL FUND BALANCES** \$ 4,227,926

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

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. 27,767,743

Some of the Town's assets are not available to pay for current expenditures, and therefore, are not reported in the funds.

Net pension asset	2,635,672
Unavailable revenue	397,472

Deferred inflows and outflows related to the Town's pension plans do not represent current resources or uses of resources, and therefore, are not reported in the funds.

Deferred outflows of resources - pensions	\$ 1,389,088	
Deferred outflows of resources - OPEB	1,284,382	
Deferred inflows of resources - pensions	(2,958,312)	
Deferred inflows of resources - OPEB	<u>(511,583)</u>	(796,425)

Long-term liabilities, including loans payable and accrued interest, are not due and payable in the current period, and therefore, not reported in the funds.

Bonds payable	\$ (5,684,637)	
Bond premium	(658,692)	
Lease payable	(784,891)	
Total OPEB liability	(11,591,048)	
Net pension liability	(10,759,171)	
Accrued interest	<u>(48,580)</u>	(29,527,019)

Compensated absences that are not due and payable in the current period are not reported in the funds. (744,695)

**NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 3,960,674

The accompanying notes are an integral part of these financial statements

**TOWN OF SMYRNA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(With Summarized Comparative Data for the Year Ended December 31, 2020)**

	<b>Major Funds</b>			<b>Nonmajor Governmental Funds</b>	<b>Totals</b>		
	<b>General Fund</b>	<b>Capital Improvement Fund</b>			<b>ARPA Fund</b>	<b>2021</b>	<b>2020</b>
<b>REVENUES</b>							
Taxes:							
Property taxes	\$ 4,281,773	\$ -	\$ -	\$ -	\$ 4,281,773	\$ 4,039,247	
Transfer taxes	2,026,000	-	-	-	2,026,000	1,535,056	
Special assessment/impact fees	562,338	-	-	-	562,338	723,785	
Charges for services	1,708,964	-	-	-	1,708,964	1,634,083	
Intergovernmental	540,545	125,000	831,669	453,419	1,950,633	844,992	
Licenses, fees, and permits	548,117	-	-	-	548,117	569,702	
Fines and forfeits	116,731	-	-	-	116,731	86,204	
Franchise fees	243,363	-	-	-	243,363	232,140	
Investment income	1,520	6,289	361	61,788	69,958	15,331	
Rental Income	82,280	-	-	-	82,280	65,099	
Miscellaneous	141,151	-	-	-	141,151	220,419	
<b>TOTAL REVENUES</b>	<b>10,252,782</b>	<b>131,289</b>	<b>832,030</b>	<b>515,207</b>	<b>11,731,308</b>	<b>9,966,058</b>	
<b>EXPENDITURES</b>							
Current:							
General government	2,207,571	-	16	-	2,207,587	1,250,657	
Public safety	4,511,805	-	-	13,592	4,525,397	4,234,658	
Public works	2,661,475	-	71,403	160,408	2,893,286	2,537,139	
Planning and inspection	770,346	-	-	-	770,346	866,742	
Library	285,108	-	-	-	285,108	287,028	
Culture and recreation	256,811	-	38,779	-	295,590	328,140	
Debt service:							
Principal	622,221	-	-	-	622,221	365,162	
Interest	144,861	-	-	-	144,861	253,236	
Bond issuance costs	-	-	-	-	-	107,586	
Capital outlay	1,079,190	32,219	-	-	1,111,409	2,693,991	
<b>TOTAL EXPENDITURES</b>	<b>12,539,388</b>	<b>32,219</b>	<b>110,198</b>	<b>174,000</b>	<b>12,855,805</b>	<b>12,924,339</b>	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,286,606)</b>	<b>99,070</b>	<b>721,832</b>	<b>341,207</b>	<b>(1,124,497)</b>	<b>(2,958,281)</b>	
<b>OTHER FINANCING SOURCES (USES)</b>							
Capital lease issued	543,224	-	-	-	543,224	504,186	
Issuance of refunded debt	-	-	-	-	-	6,041,637	
Premium on issuance of refunded debt	-	-	-	-	-	693,367	
Payment to refunded debt escrow agent	-	-	-	-	-	(2,047,322)	
Debt service principal - USDA advance refunding	-	-	-	-	-	(4,531,870)	
Transfers in	2,096,873	1,315,963	100	-	3,412,936	4,374,719	
Transfers out	-	(1,057,224)	(721,488)	-	(1,778,712)	(2,873,784)	
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>2,640,097</b>	<b>258,739</b>	<b>(721,388)</b>	<b>-</b>	<b>2,177,448</b>	<b>2,160,933</b>	
<b>NET CHANGES IN FUND BALANCES</b>	<b>353,491</b>	<b>357,809</b>	<b>444</b>	<b>341,207</b>	<b>1,052,951</b>	<b>(797,348)</b>	
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>2,486,994</b>	<b>(280,665)</b>	<b>-</b>	<b>968,646</b>	<b>3,174,975</b>	<b>3,972,323</b>	
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 2,840,485</b>	<b>\$ 77,144</b>	<b>\$ 444</b>	<b>\$ 1,309,853</b>	<b>\$ 4,227,926</b>	<b>\$ 3,174,975</b>	

The accompanying notes are an integral part of these financial statements

**TOWN OF SMYRNA**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 1,052,951

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$1,600,139) exceeded capital outlay (\$1,111,409). (488,730)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Deferred inflows of resources increased by this amount this year. 39,221

The issuance of long-term debt (e.g bonds payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

	Debt Issued	Repayments	
Debt service principal	\$ -	\$ 357,000	
Capital leases	(543,224)	265,221	
	\$ (543,224)	\$ 622,221	78,997

Governmental funds report bond premiums as other financing sources. However, these amounts are reported on the statement of net position as credits and are amortized over the life of the debt. 34,675

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for the transactions that are not normally paid with expendable available financing resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, assets are not recognized in governmental funds unless they represent current financing resources but are recognized in the Statement of Activities as they accrue. The following differences, therefore, occurred between the statement of activities and the governmental funds.

Compensated absences	\$ (94,073)	
Accrued interest	(30,907)	
Net OPEB expense	(618,842)	(743,822)

In the statement of activities, pension expense reflects the change in the net pension liability, net of related deferred inflows and outflows of resources. In the governmental funds, however, pension expenditures reflect payments made to fund the pension plan. This is the amount by which the change in the net pension liability and related deferrals exceeded pension contributions. (1,599,499)

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ (1,626,207)

**TOWN OF SMYRNA**  
**BUDGETARY COMPARISON STATEMENT - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 4,025,000	\$ 4,025,000	\$ 4,281,773	\$ 256,773
Transfer taxes	950,000	950,000	2,026,000	1,076,000
Special assessment/impact fees	440,000	440,000	562,338	122,338
Charges for services	1,570,000	1,570,000	1,708,964	138,964
Intergovernmental	580,000	580,000	540,545	(39,455)
Licenses, fees, and permits	272,000	272,000	548,117	276,117
Fines and forfeits	110,000	110,000	116,731	6,731
Franchise fees	215,000	215,000	243,363	28,363
Investment income	100	100	1,520	1,420
Rental Income	65,000	65,000	82,280	17,280
Miscellaneous	256,200	256,200	141,151	(115,049)
<b>TOTAL REVENUES</b>	<u>8,483,300</u>	<u>8,483,300</u>	<u>10,252,782</u>	<u>1,769,482</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,873,660	1,873,660	2,467,111	(333,911)
Public safety	5,923,907	5,923,907	4,685,994	1,412,102
Public works	2,499,571	2,499,571	2,940,268	(161,904)
Planning and inspection	983,541	983,541	796,741	213,195
Library	384,141	384,141	285,677	99,033
Culture and recreation	578,336	578,336	596,515	321,525
Debt service:				
Principal	341,060	341,060	622,221	(281,161)
Interest	90,000	90,000	144,861	(54,861)
<b>TOTAL EXPENDITURES</b>	<u>12,674,216</u>	<u>12,674,216</u>	<u>12,539,388</u>	<u>1,214,018</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(4,190,916)</u>	<u>(4,190,916)</u>	<u>(2,286,606)</u>	<u>2,983,500</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	-	-	543,224	543,224
Transfers in	4,190,916	4,190,916	2,096,873	(2,094,043)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>4,190,916</u>	<u>4,190,916</u>	<u>2,640,097</u>	<u>(1,550,819)</u>
<b>NET CHANGES IN FUND BALANCE</b>	-	-	353,491	1,432,681
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>2,486,994</u>	<u>2,486,994</u>	<u>2,486,994</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 2,486,994</u>	<u>\$ 2,486,994</u>	<u>\$ 2,840,485</u>	<u>\$ 353,491</u>

The accompanying notes are an integral part of these financial statements

**TOWN OF SMYRNA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(With Summarized Comparative Data for the Year Ended December 31, 2020)

	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Smyrna Slum Clearance and Redevelopme nt Authority</u>	<u>Totals</u>	
				<u>2021</u>	<u>2020</u>
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 1,085,524	\$ 1,644,428	\$ 183,926	\$ 2,913,878	\$ 2,312,161
Investments	7,493	-	-	7,493	7,518
Accounts receivable, net	2,205,062	821,642	-	3,026,704	2,540,169
Loans receivable	-	-	36,155	36,155	36,155
Inventory	835,818	131,139	-	966,957	665,629
Prepaid expenses	-	-	-	-	13,200
<b>Restricted Assets:</b>					
Meter deposits	920,035	11,543	-	931,578	906,089
<b>Total Current Assets</b>	<u>5,053,932</u>	<u>2,608,752</u>	<u>220,081</u>	<u>7,882,765</u>	<u>6,480,921</u>
<b>Noncurrent Assets:</b>					
Loan receivable	-	-	119,931	119,931	161,086
Net Pension Asset	132,173	24,944	-	157,117	-
Capital assets, net	13,538,492	38,312,429	-	51,850,921	51,301,083
<b>Total Noncurrent Assets</b>	<u>13,670,665</u>	<u>38,337,373</u>	<u>119,931</u>	<u>52,127,969</u>	<u>51,462,169</u>
<b>TOTAL ASSETS</b>	<u>18,724,597</u>	<u>40,946,125</u>	<u>340,012</u>	<u>60,010,734</u>	<u>57,943,090</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows - pensions	153,863	105,750	-	259,613	471,263
Deferred outflows - OPEB	115,033	43,613	-	158,646	166,897
<b>Total Deferred Outflows of Resources</b>	<u>268,896</u>	<u>149,363</u>	<u>-</u>	<u>418,259</u>	<u>638,160</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 18,993,493</u>	<u>\$ 41,095,488</u>	<u>\$ 340,012</u>	<u>\$ 60,428,993</u>	<u>\$ 58,581,250</u>

The accompanying notes are an integral part of these financial statements

**TOWN OF SMYRNA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(With Summarized Comparative Data for the Year Ended December 31, 2020)**

	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Clearance and Redevelopme</u>	<u>Totals</u>	
				<u>2021</u>	<u>2020</u>
<b>LIABILITIES AND NET POSITION</b>					
<b>Current Liabilities:</b>					
Accounts payable	\$ 775,468	\$ 193,657	\$ -	\$ 969,125	\$ 1,013,013
Accrued salaries and benefits	34,622	20,880	-	55,502	36,260
Accrued Interest	20,820	25,061	-	45,881	35,208
Developer Deposits	88,868	-	-	88,868	5,238
Accrued compensated absences	7,813	2,529	-	10,342	11,716
Current portion of lease payable	59,389	7,276	-	66,665	49,481
Current portion of bonds payable	143,874	-	-	143,874	169,374
Current portion of loans payable	-	809,224	-	809,224	791,770
<b>Restricted Assets:</b>					
Meter deposits	920,035	11,543	-	931,578	906,089
<b>Total Current Liabilities</b>	<u>2,050,889</u>	<u>1,070,170</u>	<u>-</u>	<u>3,121,059</u>	<u>3,018,149</u>
<b>Noncurrent Liabilities:</b>					
Accrued compensated absences	70,312	22,765	-	93,077	105,447
Lease payable	192,220	20,018	-	212,238	278,904
Bonds payable	2,612,595	-	-	2,612,595	2,756,462
Loans payable	-	12,309,863	-	12,309,863	11,966,903
Net OPEB liability	989,183	467,769	-	1,456,952	1,320,794
Net pension liability	495,621	466,826	-	962,447	1,045,949
<b>Total Noncurrent Liabilities</b>	<u>4,359,931</u>	<u>13,287,241</u>	<u>-</u>	<u>17,647,172</u>	<u>17,474,459</u>
<b>TOTAL LIABILITIES</b>	<u>6,410,820</u>	<u>14,357,411</u>	<u>-</u>	<u>20,768,231</u>	<u>20,492,608</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows - pensions	455,571	350,049	-	805,620	1,006,030
Deferred inflows - OPEB	51,717	25,905	-	77,622	94,333
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>507,288</u>	<u>375,954</u>	<u>-</u>	<u>883,242</u>	<u>1,100,363</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>6,918,108</u>	<u>14,733,365</u>	<u>-</u>	<u>21,651,473</u>	<u>21,592,971</u>
<b>NET POSITION</b>					
Net investment in capital assets	10,530,414	25,166,048	-	35,696,462	35,288,189
Restricted for rural economic development	-	-	300,000	300,000	300,000
Unrestricted	1,544,971	1,196,075	40,012	2,781,058	1,400,090
<b>TOTAL NET POSITION</b>	<u>12,075,385</u>	<u>26,362,123</u>	<u>340,012</u>	<u>38,777,520</u>	<u>36,988,279</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 18,993,493</u>	<u>\$ 41,095,488</u>	<u>\$ 340,012</u>	<u>\$ 60,428,993</u>	<u>\$ 58,581,250</u>

The accompanying notes are an integral part of these financial statements

**TOWN OF SMYRNA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(With Summarized Comparative Data for the Year Ended December 31, 2020)

	Electric Fund	Water and Sewer Fund	Smyrna Slum Clearance and Redevelopment Authority	Totals	
				2021	2020
<b>OPERATING REVENUES</b>					
User service charges	\$14,741,870	\$ 5,282,962	\$ -	\$20,024,832	\$17,999,151
Other operating revenue	70,790	48,470	21,212	140,472	170,111
<b>Total Operating Revenues</b>	<b>14,812,660</b>	<b>5,331,432</b>	<b>21,212</b>	<b>20,165,304</b>	<b>18,169,262</b>
<b>OPERATING EXPENSES</b>					
Electric purchased	8,546,694	-	-	8,546,694	8,246,748
Sewer charges	-	1,378,603	-	1,378,603	1,165,217
System maintenance	341,778	292,001	-	633,779	700,530
Salaries and wages	1,296,986	744,968	-	2,041,954	1,568,797
Employee benefits	491,542	280,772	-	772,314	782,157
Depreciation and amortization	972,809	992,469	-	1,965,278	1,766,499
Supplies and maintenance	424,553	321,166	-	745,719	899,270
Truck and vehicles	30,645	39,168	-	69,813	43,006
Insurance	63,521	47,456	-	110,977	99,987
Administration expenses	90,734	34,285	40	125,059	123,078
Professional services	372,107	386,157	-	758,264	549,828
Smyrna slum clearance program	-	-	24,550	24,550	21,876
<b>Total Operating Expenses</b>	<b>12,631,369</b>	<b>4,517,045</b>	<b>24,590</b>	<b>17,173,004</b>	<b>15,966,993</b>
<b>OPERATING INCOME (LOSS)</b>	<b>2,181,291</b>	<b>814,387</b>	<b>(3,378)</b>	<b>2,992,300</b>	<b>2,202,269</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	(25)	-	-	(25)	3
Interest expense	(70,034)	(256,927)	-	(326,961)	(439,287)
Loss on sale of capital assets	-	-	-	-	(6,414)
Intergovernmental (expenses)	(70,000)	-	-	(70,000)	(91,650)
Intergovernmental revenues	6,246	-	-	6,246	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(133,813)</b>	<b>(256,927)</b>	<b>-</b>	<b>(390,740)</b>	<b>(537,348)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>					
	2,047,478	557,460	(3,378)	2,601,560	1,664,921
Transfers in	88,619	1,516,334	-	1,604,953	2,722,121
Transfers out	(2,094,539)	(1,144,638)	-	(3,239,177)	(4,223,056)
Capital grants	-	-	-	-	-
Capital contributions	821,905	-	-	821,905	1,509,521
<b>CHANGE IN NET POSITION</b>	<b>863,463</b>	<b>929,156</b>	<b>(3,378)</b>	<b>1,789,241</b>	<b>1,673,507</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>11,211,922</b>	<b>25,432,967</b>	<b>343,390</b>	<b>36,988,279</b>	<b>35,314,772</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$12,075,385</b>	<b>\$26,362,123</b>	<b>\$ 340,012</b>	<b>\$38,777,520</b>	<b>\$36,988,279</b>

The accompanying notes are an integral part of these financial statements

**TOWN OF SMYRNA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(With Summarized Comparative Data for the Year Ended December 31, 2020)

	Electric Fund	Water and Sewer Fund	Smyrna Slum Clearance and Redeployment Fund	Totals	
				2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Received from customers	\$ 14,566,364	\$ 5,116,682	\$ 62,367	\$ 19,745,413	\$ 17,610,949
Paid to suppliers for goods and services	(10,137,908)	(2,562,976)	(24,590)	(12,725,474)	(11,913,267)
Paid to employees for services	(1,802,034)	(1,108,417)	-	(2,910,451)	(2,315,325)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,626,422</b>	<b>1,445,289</b>	<b>37,777</b>	<b>4,109,488</b>	<b>3,382,357</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers out	(2,094,539)	(1,144,638)	-	(3,239,177)	(4,223,056)
Intergovernmental revenues (expenses)	(63,754)	-	-	(63,754)	(91,650)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(2,158,293)</b>	<b>(1,144,638)</b>	<b>-</b>	<b>(3,302,931)</b>	<b>(4,314,706)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Repayment of bonds, loans, and capital leases payable	(195,206)	(791,501)	-	(986,707)	(923,253)
Loan proceeds	-	1,144,638	-	1,144,638	1,384,810
Developer capital contributions	905,535	-	-	905,535	331,978
Acquisition and construction of capital assets	(909,104)	(17,425)	-	(926,529)	(336,562)
Interest paid	(56,788)	(259,500)	-	(316,288)	(474,045)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(255,563)</b>	<b>76,212</b>	<b>-</b>	<b>(179,351)</b>	<b>(17,072)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>212,566</b>	<b>376,863</b>	<b>37,777</b>	<b>627,206</b>	<b>(949,421)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,792,993</b>	<b>1,279,108</b>	<b>146,149</b>	<b>3,218,250</b>	<b>4,167,671</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 2,005,559</b>	<b>\$ 1,655,971</b>	<b>\$ 183,926</b>	<b>\$ 3,845,456</b>	<b>\$ 3,218,250</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Operating income	\$ 2,181,291	\$ 814,387	\$ (3,378)	\$ 2,992,300	\$ 2,202,269
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	989,176	992,469	-	1,981,645	1,752,003
Amortization of bond issuance costs	(16,367)	-	-	(16,367)	14,496
Bad Debt Expense	-	-	-	-	141,878
Changes in assets and liabilities:					
(Increase) Decrease in accounts receivable	(271,485)	(215,050)	-	(486,535)	(610,659)
(Increase) Decrease in Loan receivable	-	-	41,155	41,155	26,155
(Increase) Decrease in inventory	(249,489)	(51,839)	-	(301,328)	(122,472)
(Increase) Decrease in prepaid expenses	13,200	-	-	13,200	1,295
Increase (Decrease) in net pension liability	(132,173)	(24,944)	-	(157,117)	-
(Increase) Decrease in deferred outflow pension items	102,955	108,695	-	211,650	422,534
(Increase) Decrease in deferred outflow OPEB items	6,347	1,904	-	8,251	19,088
Increase (Decrease) in accounts payable	(31,587)	(12,301)	-	(43,888)	57,812
Increase (Decrease) in other liability	-	-	-	-	(143,786)
Increase (Decrease) in accrued salaries and benefits	13,184	6,058	-	19,242	(9,598)
Increase (Decrease) in customer deposits	25,189	300	-	25,489	28,099
(Increase) Decrease in deferred inflow pension items	(52,672)	(147,738)	-	(200,410)	681,899
(Increase) Decrease in deferred inflow OPEB items	(12,855)	(3,856)	-	(16,711)	(10,204)
Increase (Decrease) in net pension liability	(46,090)	(37,412)	-	(83,502)	(1,208,764)
Increase (Decrease) in bond refunding	-	-	-	-	100,737
Increase (Decrease) in net OPEB liability	104,737	31,421	-	136,158	39,575
(Decrease) Increase in compensated absences	3,061	(16,805)	-	(13,744)	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 2,626,422</b>	<b>\$ 1,445,289</b>	<b>\$ 37,777</b>	<b>\$ 4,109,488</b>	<b>\$ 3,382,357</b>
<b>Noncash investing, capital and financing activities:</b>					
Capital lease acquisitions	\$ 2,128,885	\$ 36,380	\$ -	\$ 2,165,265	\$ 2,165,265
Contributions of capital assets	-	-	-	-	1,073,934
<b>Total noncash investing, capital and financing activities</b>	<b>\$ 2,128,885</b>	<b>\$ 36,380</b>	<b>\$ -</b>	<b>\$ 2,165,265</b>	<b>\$ 3,239,199</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:</b>					
Cash and cash equivalents	1,085,524	1,644,428	183,926	2,913,878	2,312,161
Meter deposits, restricted	920,035	11,543	-	931,578	906,089
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 2,005,559</b>	<b>\$ 1,655,971</b>	<b>\$ 183,926</b>	<b>\$ 3,845,456</b>	<b>\$ 3,218,250</b>

The accompanying notes are an integral part of these financial statements

**TOWN OF SMYRNA**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**DECEMBER 31, 2021**  
**(With Summarized Comparative Data for the Year Ended December 31, 2020)**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 957,450	\$ 929,672
Prepaid expense	59,901	55,475
Accounts receivable	855	259
Contributions receivable	-	110,577
Interest receivable	18,563	30,428
Investments at fair value		
Equities	-	1,523,227
Mutual funds	6,310,141	2,007,038
Fixed income	2,375,883	4,795,934
Exchange-traded funds	385,251	44,852
Insurance contracts	3,986,284	4,074,397
<b>TOTAL ASSETS</b>	<b>\$ 14,094,328</b>	<b>\$ 13,571,859</b>
 <b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 81,946	\$ 77,178
 <b>NET POSITION</b>		
Restricted for pension	14,012,382	13,494,681
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 14,094,328</b>	<b>\$ 13,571,859</b>

The accompanying notes are an integral part of these financial statements

**TOWN OF SMYRNA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(With Summarized Comparative Data for the Year Ended December 31, 2020)**

	<b>2021</b>	<b>2020</b>
<b>ADDITIONS:</b>		
<b>Contributions:</b>		
Employer contribution	\$ 483,487	\$ 606,486
Employee contribution	72,360	68,552
<b>Total Contributions</b>	<b>555,847</b>	<b>675,038</b>
<b>Investment Income:</b>		
Interest and dividends	377,249	319,145
Net appreciation in fair value of investments	537,408	782,775
<b>Total Investment Income</b>	914,657	1,101,920
Less: investment expense	118,564	130,397
<b>Net Investment Income</b>	<b>796,093</b>	<b>971,523</b>
<b>TOTAL ADDITIONS</b>	<b>1,351,940</b>	<b>1,646,561</b>
<b>DEDUCTIONS:</b>		
Benefits paid	830,386	820,344
Administrative expenses	3,853	7,936
<b>TOTAL DEDUCTIONS</b>	<b>834,239</b>	<b>828,280</b>
<b>CHANGE IN NET POSITION</b>	<b>517,701</b>	<b>818,281</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>13,494,681</b>	<b>12,676,400</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 14,012,382</b>	<b>\$ 13,494,681</b>

The accompanying notes are an integral part of these financial statements

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Smyrna (“the Town”) have been prepared in accordance with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

Financial Reporting Entity

The Town was incorporated in 1817, under the provisions of the State of Delaware. The Town operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, public works, utilities, culture and recreation, planning and inspection, and general government.

The GASB Codification of Governmental Accounting and Financial Reporting Standards (“GASB Codification”) established the criteria for determining the activities, organizations, and functions of government to be included in the financial statements of the reporting entity. The criteria used in determining whether such organizations should be included in an entity’s financial reporting entity are financial interdependencies, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service, and special financing relationships.

The Town has determined that no other outside agency meets the above criteria and, therefore; no other agency has been included as a component unit in the Town’s financial statements. In addition, the Town is not aware of any entity which would exercise such oversight which would result in the Town being considered a component unit of the entity. Based on the application of these criteria, the Town is considered to be an independent reporting entity.

Entity-wide and Fund Financial Statements

The entity-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 Town. 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 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 who purchase, use, or directly benefit from goods, services, or privileges provided by a function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the last are excluded from the entity-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds. In addition, the fund financial statements present fiduciary funds by fund type.

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

The entity-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items (nonexchange transactions) are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

The entity-wide financial statements report net position in one of three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowing attributable to acquiring, constructing, or improving those assets. Net position is reported as restricted when constraints placed on their use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Those restrictions affect net position arising from special revenue and capital projects funds. Unrestricted net position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted.”

The 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 become both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific Town expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. Other revenues, including charges for services and miscellaneous revenues, are recorded as revenue when received in cash because they generally are not measurable until actually received.

Expenditures are recorded when the related liability is incurred (upon receipt of goods or services), except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Long-term debt issues and acquisitions under capital leases are reported as other financing sources.

The Town reports the following major governmental funds:

General Fund - This fund is used to account for the general operating activities of the Town. General government, library, public safety, public works, culture and recreation, planning and inspections, and the business park are financed through this fund with receipts from general property taxes, transfer taxes, licenses and permits, investment interest, fines, charges for current services, intergovernmental, and other revenue.

Capital Improvement Fund - This fund is used to account for the design, construction, and improvement of Town buildings, land improvements, and the purchase and replacement of vehicles and machinery and equipment.

Nonmajor Governmental Funds - In addition to the above major governmental funds, the Town includes the Municipal Street Aid, S.A.L.L.E., E.I.D.E., Resource Officer, and Forfeiture funds in its financial statements.

Proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are financed primarily by user charges. The economic resources measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods or services in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the Town's proprietary funds are electric and water/sewer charges. Operating expenses for the Town's proprietary funds include salaries, employee benefits, production costs, supplies, and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major proprietary funds:

Electric Fund - Used to account for the operation of an electric distribution system.

Water and Sewer Fund - Used to account for the operation of a water supply and sewage collection system.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Nonmajor Proprietary Fund - In addition to the above major proprietary funds, the Smyrna Slum Clearance and Redevelopment Authority fund is used to account for redevelopment and revitalization activity of blighted areas within the Town.

Fiduciary funds account for assets held by the Town as a trustee for individuals, private organizations, and/or governmental units and are, therefore, not available to support the Town's operations. The measurement focus and basis of accounting for fiduciary funds is the same as for proprietary funds.

The Town also reports the following fiduciary fund type:

Pension Trust Funds - These funds are used to account for the assets held by the pension plans for full-time Town employees and the pension plans for full-time police officers in a trustee capacity. The pension plans, which are part of the Town's legal entity, are single-employer defined benefit pension plans that provide benefits to Town employees.

With limited exceptions, the effects of interfund activity have been eliminated from the entity-wide financial statements. Exceptions include charges by one government function to another where services have been provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Deposits and Investments

For the purpose of the statement of cash flows, the proprietary funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments for the Town are reported at fair value. In establishing the fair value of investments, the Town uses the following hierarchy. The lowest level of valuation available is used for all investments.

*Level 1* - Valuations based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access.

*Level 2* - Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which all significant inputs are observable, directly or indirectly.

*Level 3* - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Allowance for Doubtful Accounts

Water and sewer fees constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Electric fees do not constitute a lien; however, maintenance of adequate customer deposits, monthly billing, and diligent collection procedures minimize losses from uncollectible accounts. As of December 31, 2021, the Town allowance for uncollectible electric accounts was \$141,878. In addition, the Town's governmental funds receivables relate largely to tax receivables and intergovernmental grant receivables. Tax receivables are considered to be fully collectible, as the Town taxes are liens on taxpayers' real property, and are normally paid in full when the title to a property transfers. Intergovernmental grant receivables, based on their nature, are also considered to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established by the Town.

Deferred Inflows and Deferred Outflows of Resources

In addition to assets and liabilities, the statement of net assets and fund statements report separate sections for deferred inflows and deferred outflows of resources. These separate financial statement elements represent acquisition or use of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources (revenue or expense/expenditure) until that time.

Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expenditure) until the future period. The Town has several items that are required to be reported in this category: (1) differences between actual and projected investment returns related to pensions and other postemployment benefits ("OPEB"), (2) differences between actual and expected experience related to pensions and OPEB, (3) changes in the Town's proportionate share of the net pension liability for the multi-employer cost-sharing pension plans in which it participates, (4) pension contributions made subsequent to the measurement date of its net pension liability, and (5) changes in assumptions related to pensions and OPEB. Differences between the actual and projected investment returns related to pensions and OPEB are deferred and amortized over five years; the remaining deferred outflows related to the pensions and OPEB are amortized over the estimated remaining services lives of the plans' participants.

Deferred inflows of resources represent an acquisition of net assets that applies to future periods. The revenue is recognized in the applicable future period(s). The Town has three items that are required to be reported in this category: (1) deferred inflow from pensions, (2) deferred inflow from OPEB, and (3) unavailable revenue. Deferred inflows related to pensions and OPEB include: (a) differences between actual and projected investment, (b) differences between actual and expected experience, (c) changes in the Town's proportionate share of the net pension liability for the multi-employer cost-sharing pension plans in which it participates, (d) pension contributions made subsequent to the measurement date of its net pension liability, and (e) changes in assumptions. Differences between the actual and

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

projected investment returns related to pensions and OPEB are deferred and amortized over five years; the remaining deferred outflows related to the pensions and OPEB are amortized over the estimated remaining service lives of the plans' participants.

Unavailable revenue arises only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the revenues become available.

Inventories and Prepaid Items

Inventories of business-type activities and proprietary fund types are valued at average cost. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both entity-wide and fund financial statements. Expenditures for prepayments are recognized during the period benefited by the prepayment, under the consumption method.

Capital Assets

Capital assets, including property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the entity-wide financial statements. The Town has defined capital assets as assets with an initial, individual cost of more than \$5,000; capital projects, inclusive of ancillary costs, in excess of \$100,000; and an estimated useful life in excess of one year. Capital assets may be purchased or constructed and are recorded at cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Donated capital assets, donated works of art, historical treasures and similar assets, and capital assets that are received in a service concession arrangement will be measured at acquisition value.

Capital assets of the Town are depreciated using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings and improvements	20 - 50 years
Infrastructure	10 - 50 years
Land improvements	20 - 50 years
Machinery and equipment	5 - 25 years

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Employee Benefits

*Non-bargaining Units*

Regular, full-time employees begin to accrue vacation and sick leave when they are hired; however, they are not eligible to use vacation and sick leave until they have completed their first six months of employment. Sick leave is accrued at the rate of 12 days per completed year prorated at the rate of one day for each completed month of service. Employees may accumulate an unlimited number of sick leave days. One-half of the full amount accumulated up to 20 days maximum is paid if the employee is terminated in good standing, retires, or dies. Vacation is accrued for each month of work performed. The accrual rate increases with years of service up to a maximum of 24 days per year for 20 years of service and over. Accrued vacation is paid to the employees upon termination of employment for employees who have completed at least six months of continuous service. In addition, a vacation sell-back policy has been instituted, in which case, in December, an employee has the ability to sell back up to a maximum of five days of unused vacation leave earned by the employee since the prior December.

*Uniformed Employee Bargaining Units*

Uniformed full-time employees begin to accrue vacation and sick leave when they are hired. Sick leave is accrued at the rate of 12 days per completed year prorated at the rate of one day for each completed month of service. Employees may accumulate an unlimited amount of sick days. If the employee is terminated in good standing, retires, or dies, the maximum amount of days paid shall be equivalent to 45 days. In addition, a vacation sell-back policy has been instituted, in which case, in December, an employee has the ability to sell back up to a maximum of five days of unused vacation leave earned by the employee since the prior December. Compensatory time is accrued at the rate of 1½ hours for each one hour of overtime worked. Employees may accumulate up to a maximum of 80 hours of compensatory time. The Town shall have the option to pay the employee at the Town's discretion for any amount of accrued compensatory time if the employee termination is through retirement or death.

Accumulated vacation and sick leave is accrued when incurred in the entity-wide financial statements and proprietary fund types. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Historically, the General Fund has been responsible for liquidation of compensated absences associated with governmental fund activities. Compensated absences associated with proprietary funds are liquidated from the fund in which the liability was generated.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Long-term Debt

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and bond issuance costs during the current financial period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. With the exception of bond insurance premiums, all other issuance costs are expensed in the governmental and business-type activities when incurred. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method in the proprietary funds and entity-wide statements.

Payments of long-term obligations are to be funded by the fund that incurred the debt.

Fund Balance

Fund balances of the governmental funds are classified, as applicable, as follows:

*Nonspendable* - amounts that cannot be spent because they are in nonspendable form (e.g., inventory), or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

*Restricted* - amounts limited by external parties or legislation (e.g., grants or donations and constraints imposed through a debt covenant).

*Committed* - amounts that can only be used for specific purposes determined by a formal action of the Town's highest level of decision-making authority, the Town Council. Committed amounts cannot be used for any other purposes unless the Town Council removes those constraints by taking the same type of formal action (i.e., resolution).

*Assigned* - amounts that are intended for a particular purpose such as future benefits funding or segregation of an amount intended to be used at some time in the future. This intent can be expressed by the Town Council or through the Town Council delegating this responsibility to the Town Manager through the budgetary process.

*Unassigned* - fund classifications includes amounts that have not met the criteria of the afore-mentioned fund balance classifications. The unassigned fund balance is available for expenditures as they are incurred. The general fund is the only fund that reports a positive unassigned fund balance amount.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first and then unrestricted as they are needed. When committed, assigned, and unassigned funds are available for expenditure, it is the Town's policy to use committed funds first, assigned funds second, and unassigned funds last, unless the Town Council has provided otherwise in its commitment or assignment actions.

Property Taxes

Property taxes attach as an enforceable lien on property when levied. All liens continue until property taxes are paid in full. Taxes are levied on May 1 and are payable on or before September 30. Taxes paid before July 1 are given a 6% discount. Taxes paid on or after September 30 of each year are assessed interest at 1½% per month after the due date. The Town bills and collects its own property taxes. Town property tax revenues are recognized on a pro rata basis. Delinquent taxes are considered fully collectible and, therefore, no allowance for uncollectible taxes is provided. The property tax rate for 2021 was 44 cents per \$100 of assessed value.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted Assets

Certain assets are classified as restricted at the entity-wide level because restricted cash can be managed in a pool and their use is limited by enabling legislation or granting agencies.

Budgetary Information

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

- a. Formal budgetary integration is employed as a management control device during the year for the General Fund. This budget is adopted on a basis consistent with generally accepted accounting principles.
- b. The Town Council adopts legal annual budgets for the General Fund and Proprietary Funds. The Town Council also adopts legal project length budgets for its Capital Improvement Fund and certain nonmajor governmental funds. Since project periods may differ from the Town's fiscal year, a comparison of budgetary information for the Capital Improvement Fund and certain nonmajor governmental funds would not be meaningful and has not been presented in the accompanying financial statements.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

- c. The Town Manager is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total appropriations of any fund must be approved by the Town Council. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis.
- d. Unused appropriations for all of the above annually budgeted funds lapse at year end.
- e. For 2021, there were no amendments to the legally adopted budgets.

New Accounting Pronouncements

GASB Statement No. 87, "Leases," was issued in June 2017 and is effective for periods beginning after June 15, 2021. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

GASB Statement No. 91, "Conduit Debt Obligations," will be effective for reporting periods beginning after December 15, 2021. The objective of this Statement is to provide single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related to note disclosures.

GASB Statement No. 92 "Omnibus 2020", will be effective for the Town for the periods beginning after June 15, 2021. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 94, "Public-Private and Private-Public Partnerships and Availability Payment Arrangements," will be effective for reporting periods beginning after June 15, 2022. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements," will be effective for reporting periods beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) governments. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," will be effective for reporting periods beginning after June 15, 2021. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

**Accounting for the Effects of Electric Rate Regulation**

The Town has elected to be subject to the provisions of the Financial Accounting Standards Board's Accounting Standards Codification ("FASB ASC") 980, "Regulated Operations." This statement recognizes the economic ability of regulators, through the ratemaking process, to create future economic benefits and obligations affecting rate-regulated companies. Accordingly, the Town records these future obligations as regulatory liabilities.

Regulatory liabilities represent probable future reductions in revenues associated with amounts that are expected to be refunded to customers through the ratemaking process.

In order for a rate-regulated entity to continue to apply the provisions of FASB ASC 980 "Regulated Operations," it must continue to meet the following three criteria: (i) the entity's rates for regulated services provided to its customers must be established by an independent third-party regulator or its own governing board empowered by a statute to

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

establish rates that bind customers; (ii) the regulated rates must be designed to recover the specific entity’s cost of providing the regulated services; and (iii) in view of the demand for the regulated services and the level of competition, it is reasonable to assume that the rates set at levels that will recover the entity’s cost can be charged to and collected from customers.

Based upon the Town’s evaluation of the three criteria above in relation to its operations, and the effect of competition on its ability to recover costs, the Town believes that FASB ASC 980 “Regulated Operations” continues to apply.

The Town regularly assesses whether regulated liabilities are probable of refund. If recovery or refund is not approved by Town Council, which sets rates charged to customers, or if it becomes no longer probable that these amounts will be realized or refunded, they would need to be written off and recognized in the current period results of operations.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town’s financial position and operations. However, presentation of prior year totals by fund and activity type has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the Town’s financial statements for the year ended December 31, 2020, from which the summarized information was derived.

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Excess of Expenditures Over Appropriations

For the year ended December 31, 2021, the General Fund’s legal budget was not exceeded. Expenditures in excess of appropriations were incurred in the following functions:

<u>Function</u>	<u>Expenditures Over Budget</u>
General Government	\$ 333,911
Public works	161,904
Debt Service	281,161
Interest	54,861

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - CONTINUED**

The over budget expenditures were funded by transfers in from the proprietary funds and other current-year expenditure appropriations that were under budget.

**NOTE 3: CASH, CASH EQUIVALENTS, AND INVESTMENTS**

The Town maintains a cash and investment pool that is available for use by all funds. This pool is displayed on the balance sheet and the statement of net position as either cash or investments. Deposits and investments of governmental, proprietary, and fiduciary funds are reported at fair value.

***Deposits***

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The Town has not adopted a formal policy limiting the amount of the Town's deposits subject to custodial credit risk. At December 31, 2021, the carrying amount of the Town's deposits was \$8,286,526 and the bank balance was \$8,759,881. The Town maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limit of \$250,000. Of the bank balance at December 31, 2021, \$500,000 was covered by federal depository insurance, and \$8,259,881 was exposed to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the Town's name. The Town has not experienced any losses in such accounts.

The above does not include pension fund deposits disclosed in Notes 11 and 12.

***Investments***

As of December 31, 2021, the Town had the following investments:

	<u>Fair Value</u>	<u>Level 1</u>
Exchange traded funds	\$ 330,967	\$ 330,967
Money market funds	<u>3,207,754</u>	<u>3,207,754</u>
	<u>\$ 3,538,721</u>	<u>\$ 3,538,721</u>

U.S. Treasury bills are securities of agencies of the U.S. Government that have an implied but not explicit guarantee. Investments in external investment pools, such as those in mutual funds, are disclosed but not subject to interest rate, custodial, credit, or concentration risks because they are not evidenced by securities that exist in physical or book entry form.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 3: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

Interest Rate Risk

The Town has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments under the Town's investment policy are limited to a maximum maturity at time of purchase of four years. At December 31, 2021, the Town's investments in U.S. Treasury bills and notes had maturity dates that did not exceed two years.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town has no investments subject to custodial credit risk because all investments are held in the Town's name.

Credit Risk

The Town has an investment policy which limits investment choices to those which are backed by the full faith and credit of the U.S. Government through either an explicit or implied manner; obligations of a state, county or city, or institutional grade investments in the following categories: Certificates of Deposit, Time Deposits, and Bankers Acceptances, Corporate Debt Instruments, Money Market Funds, Agency Mortgage-Backed Securities, Asset Backed Securities, Agency Collateralized Mortgage Obligations, and Commercial Mortgage-Backed Securities.

Concentration Risk

The investment policy of the Town does not limit amounts invested in U.S. Government guaranteed obligations.

The above does not include pension fund investments disclosed in Notes 11 and 12.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 4: CAPITAL ASSETS**

The capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities</i>				
Capital assets not being depreciated:				
Land	\$ 1,757,181	\$ 253,142	\$ -	\$ 2,010,323
Construction in progress	1,684,270	89,575	1,684,270	89,575
Total capital assets not being depreciated	<u>3,441,451</u>	<u>342,717</u>	<u>1,684,270</u>	<u>2,099,898</u>
Capital assets being depreciated:				
Buildings and improvements	12,265,410	28,899	-	12,294,309
Infrastructure	26,004,419	1,684,270	-	27,688,689
Land improvements	884,286	77,558	-	961,844
Machinery and equipment	6,252,470	662,235	277,939	6,636,766
Total capital assets being depreciated	<u>45,406,585</u>	<u>2,452,962</u>	<u>277,939</u>	<u>47,581,608</u>
Less: accumulated depreciation for				
Buildings and improvements	2,958,518	255,659	-	3,214,177
Infrastructure	12,681,768	918,236	-	13,600,004
Land improvements	666,093	28,667	-	694,760
Machinery and equipment	4,285,184	397,577	277,939	4,404,822
Total accumulated depreciation	<u>20,591,563</u>	<u>1,600,139</u>	<u>277,939</u>	<u>21,913,763</u>
Total capital assets, being depreciated, net	<u>24,815,022</u>	<u>852,823</u>	<u>-</u>	<u>25,667,845</u>
Governmental activities capital assets, net	<u>\$28,256,473</u>	<u>\$ 1,195,540</u>	<u>\$ 1,684,270</u>	<u>\$27,767,743</u>

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 4: CAPITAL ASSETS - CONTINUED**

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Business-Type Activities</i>				
Capital assets not being depreciated:				
Land	\$ 685,957	\$ -	\$ -	\$ 685,957
Construction in progress	6,091,774	721,488	6,091,774	721,488
Total capital assets, not being depreciated	<u>6,777,731</u>	<u>721,488</u>	<u>6,091,774</u>	<u>1,407,445</u>
Capital assets being depreciated:				
Buildings and improvements	3,265,334	-	-	3,265,334
Infrastructure	59,549,280	7,886,750	-	67,436,030
Machinery and equipment	3,094,408	15,019	59,125	3,050,302
Total capital assets, being depreciated	<u>65,909,022</u>	<u>7,901,769</u>	<u>59,125</u>	<u>73,751,666</u>
Less: accumulated depreciation for				
Buildings and improvements	1,249,195	61,497	-	1,310,692
Infrastructure	18,232,439	1,757,188	-	19,989,627
Machinery and equipment	1,904,036	162,960	59,125	2,007,871
Total accumulated depreciation	<u>21,385,670</u>	<u>1,981,645</u>	<u>59,125</u>	<u>23,308,190</u>
Total capital assets being depreciated, net	<u>44,523,352</u>	<u>5,920,124</u>	<u>-</u>	<u>50,443,476</u>
Business-Type activities assets, net	<u>\$51,301,083</u>	<u>\$ 6,641,612</u>	<u>\$ 6,091,774</u>	<u>\$51,850,921</u>

Depreciation expense was charged to the functions as follows:

Government Activities:	
General government	\$ 70,045
Public safety	284,438
Public works	1,142,579
Planning and inspection	36,185
Library	16,912
Culture and recreation	49,980
Total depreciation expense	<u>\$ 1,600,139</u>
Business-Type Activities:	
Electric	\$ 989,176
Water and sewer	992,469
Total depreciation expense	<u>\$ 1,981,645</u>

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 5: LONG-TERM LIABILITIES**

A schedule of changes in long-term liabilities is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Government Activities</i>					
Bonds payable	\$ 6,041,637	\$ -	\$ 357,000	\$ 5,684,637	\$ 297,500
Bond premium	693,367	-	34,675	658,692	34,668
Capital lease payable	506,888	543,224	265,221	784,891	286,241
Compensated absences	650,622	94,074	-	744,696	74,470
Net OPEB liability	10,931,206	659,842	-	11,591,048	-
Net pension liability	9,891,385	1,195,913	328,127	10,759,171	-
	<u>\$ 28,715,105</u>	<u>\$ 2,493,053</u>	<u>\$ 985,023</u>	<u>\$ 30,223,135</u>	<u>\$ 692,879</u>
<i>Business-Type Activities</i>					
Bonds payable	\$ 2,598,363	\$ -	\$ 153,000	\$ 2,445,363	\$ 127,500
Bond premium	327,473	-	16,367	311,106	16,374
Loans payable	12,758,673	1,144,638	784,224	13,119,087	809,224
Capital lease payable	328,385	-	49,482	278,903	66,665
Compensated absences	117,163	3,061	16,805	103,419	10,342
Net OPEB liability	1,320,794	136,158	-	1,456,952	-
Net pension liability	1,045,949	-	83,502	962,447	-
	<u>\$ 18,496,800</u>	<u>\$ 1,283,857</u>	<u>\$ 1,103,380</u>	<u>\$ 18,677,277</u>	<u>\$ 1,030,105</u>

For the governmental activities, bonds, loans, and capital lease payable; compensated absences; net pension liability; and net other postemployment benefit (“OPEB”) liability are generally liquidated by the General Fund for the governmental share. The Water and Sewer Fund and Electric Fund, which make up the business-type activities, liquidate their own portions.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 5: LONG-TERM LIABILITIES - CONTINUED**

Bonds and Loans Payable

***Governmental Activities***

The Town issued General Obligation Bonds, Series of 2020, which were used to prepay the Town's General Obligation Note, Series of 2011, prepay the Town's United States Department of Agriculture (USDA) loan, and pay certain costs of issuance. The bonds mature on March 1, 2040 and bear interest at 3% to 4% payable on March 1 and

	<u>\$ 5,684,637</u>
General Obligation Bond, Series of 2020, Premium amortized over the term of the loan.	<u>658,692</u>
Total Government Activities	<u><u>\$ 6,343,329</u></u>

An analysis of debt service requirements to maturity of Governmental Activities Bonds and Loans Payable are as follows:

	Prinicpal	Interest	Totals
2022	\$ 297,500	\$ 188,370	\$ 485,870
2023	311,500	176,190	487,690
2024	322,000	163,520	485,520
2025	336,000	150,360	486,360
2026	346,500	136,710	483,210
2027 - 2031	1,960,000	476,053	2,436,053
2032 - 2036	1,246,000	226,485	1,472,485
2037 - 2041	865,137	41,423	906,560
	<u>\$ 5,684,637</u>	<u>\$ 1,559,111</u>	<u>\$ 7,243,748</u>

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 5: LONG-TERM LIABILITIES - CONTINUED**

**Business-Type Activities:**

Loan payable issued by the Delaware Department of Natural Resources and Environmental Control and administered by the Delaware Department of Health and Social Services to fund a drinking water well located on Carter Road. The loan matures on May 1, 2024, and bears interest at 2.72%, payable on May 1 and November 1. \$ 264,852

Loan payable issued by the Delaware Department of Natural Resources and Environmental Control and administered by the Delaware Department of Health and Social Services to fund the North Water Tower. The loan matures on May 15, 2027, and bears interest at 2.41%, payable on May 15 and November 15. 570,773

Loan payable issued by the Delaware Department of Natural Resources and Environmental Control in the total amount of \$5,975,000. The loan is used to finance a number of municipal projects to improve, upgrade, and expand the Town's wastewater system. The loan is set to mature on April 30, 2032, and bears interest at 2%, payable semi-annually. 1,975,729

Loan payable issued by the Delaware Department of Health and Social Services, Division of Public Health to finance the Town's drinking water project. The loan matures on May 1, 2031, and bears interest at 3.24%, payable on May 1 and November 1. 1,050,071

Loan payable issued by the Delaware Department of Health and Social Services, Division of Public Health in the total amount of \$1,156,275 to finance the Town's Drinking Water project. There is no interest on this loan and includes a principal forgiveness feature of 86%. The loan matures on August 1, 2033. 99,656

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 5: LONG-TERM LIABILITIES - CONTINUED**

<p>The Town obtained a bank line of credit in the amount of \$1,000,000 to assist in providing interim funding for specific water and sewer projects that have committed financing in place. Interest is paid monthly at a floating rate. The loan matures on February 28, 2023. At year end, the interest rate was 2.14%.</p>	\$ 7,848
<p>The Town obtained financing from the USDA in the amount of \$1,837,914 to finance North of Duck Creek Extension Phase I. The loan bears an interest rate of 2.125%.</p>	1,647,139
<p>Loan payable issued by the Delaware Department of Natural Resources and Environmental Control to finance the South Street wastewater project. The loan matures on April 30, 2032, and bears interest at 2.0%, payable on April 30 and October 30.</p>	853,433
<p>Loan payable issued by the Delaware Department of Natural Resources and Environmental Control to finance the New Street pump station project. The loan matures on April 30, 2032, and bears interest at 2.0%, payable on April 30 and October 30.</p>	190,536
<p>Loan payable issued by the Delaware Department of Natural Resources and Environmental Control to finance the Green Branch pump station project. The loan matures on April 30, 2032, and bears interest at 2.0%, payable on April 30 and October 30.</p>	108,833
<p>Loan payable issued by the Delaware Department of Natural Resources and Environmental Control to finance the Green Meadows pump station project. The loan matures April 30, 2032 and bears interest at 2.0%, payable on April 30 and October 30.</p>	362,720
<p>Loan payable issued by the Delaware Department of Health and Social Services, Division of Public Health in the total amount of \$537,500 to finance the Mt. Vernon and Frazier Streets water main replacement. The Town is still drawing down on this loan. The loan bears interest at 1.5%.</p>	406,556
<p>Loan payable issued by the Delaware Department of Natural Resources and Environmental Control to finance the North Duck Creek pump station. The loan matures on April 30, 2032, and bears an interest rate at 2.0%, payable on April 30 and October 30.</p>	659,042
<p>Loan payable issued by the Delaware Department of Natural Resources and Environmental Control to finance the Commerce Street sewer replacement. The loan matures on April 30, 2032, and bears an interest rate at 2.0%, payable on April 30 and October 30.</p>	729,879

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 5: LONG-TERM LIABILITIES - CONTINUED**

Loan payable issued by the Delaware Department of Natural Resources and Environmental Control in the total amount of \$1,705,275 to finance the South Main Street Utility Replacement Project. The loan will have a 20 year term, will bear an interest rate of 2.0%, with all outstanding principal and interest due on January 1, 2039. The Town is still drawing down this loan.	\$ 1,674,213
Loan payable issued by the Delaware Department of Health and Social Services, Division of Public Health in the total amount of \$1,692,100 to finance the South Main Street Utility Replacement Project. The loan will have a 20 year term and will bear an interest rate of 2.0% with all outstanding principal and interest due on July 1, 2039. The Town is still drawing down this loan.	1,658,009
The Town issued General Obligation Bonds, Series of 2020, which was used to prepay the Town's General Obligation Note, Series of 2011 and pay certain costs of issuance. The loan matures on March 1, 2040, and bears interest at 3% to 4% payable on March 1 and September 1.	2,445,363
Loan payable issue by the Delaware Department of Natural Resources and Environmental Control in the total amount of \$1,133,325 to supplement the financing of the South Main Street Utility Replacement Project. The loan will have a 20 year term, with interest rate at 2.0%. The Town is still drawing down this loan.	859,798
General Obligation Bond, Series of 2020, Premium amortized over the term of the loan.	<u>311,106</u>
Total Business-Type activities	<u>\$ 15,875,556</u>

An analysis of debt service requirements to maturity of Business-type Activities Bonds and Loans Payable are as follows:

	Principal	Interest	Totals
2022	\$ 936,724	\$ 257,601	\$ 1,194,325
2023	1,162,344	234,514	1,396,858
2024	1,129,983	210,794	1,340,777
2025	1,097,295	188,691	1,285,986
2026	1,117,880	166,756	1,284,636
2027 - 2031	5,350,525	515,141	5,865,666
2032 - 2036	2,289,953	171,692	2,461,645
2037 - 2041	1,728,783	65,930	1,794,713
2042 - 2046	538,709	26,348	565,057
2047 - 2051	212,254	4,690	216,944
	<u>\$ 15,564,450</u>	<u>\$ 1,842,157</u>	<u>\$ 17,406,607</u>

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 5: LONG-TERM LIABILITIES - CONTINUED**

The Town has issued General Obligation bonds to collateralize the loans payable issued by the Delaware Department of Natural Resources and Environmental Control and Delaware Department of Health and Social Services, Division of Public Health.

Authorized Debt

The Town received a binding commitment letter on April 11, 2019 from the Delaware Water Pollution Control Revolving Fund of the Delaware Department of Natural Resources and Environmental Control authorizing a loan to be used for the East Commerce Street Sewer Replacement Project. The loan will be used to replace the existing sewer mains between East Street and Fairfield Drive on East Commerce Street. The Department authorized this loan in April 2019 in the amount of \$1,940,881 for a term of 20 years. The interest rate on this loan shall be 2.081%. There have been no disbursements on this loan as of December 31, 2021.

The Town received a binding commitment letter on April 11, 2019 from the Delaware Drinking Water Revolving Fund of the Delaware Department of Natural Resources and Environmental Control authorizing a loan to be used for the East Commerce Street Sewer Replacement Project. The loan will be used to replace the existing sewer mains between East Street and Fairfield Drive on East Commerce Street. The Department authorized this loan in April 2019 in the amount of \$1,826,703 for a term of 20 years. The interest rate on this loan shall be 1.843%. There have been no disbursements on this loan as of December 31, 2021.

Town Council approved in April 2018 a resolution authorizing the Town to enter into an agreement for a Master Equipment Lease-Purchase agreement with PNC Equipment Finance, LLC for the purpose of acquisition, purchase, financing, and leasing of certain equipment not to exceed \$1,000,000. As of December 31, 2021, the Town has utilized a total of \$527,242 against this lease purchase agreement.

Town Council approved in September 2012 a line of credit totaling \$1,000,000 to assist the Town in providing interim funding in place for specific utility projects that have committed financing in place. As of December 31, 2021, the Town has utilized a total of \$7,848 against this line of credit. The line of credit bears interest at the Bloomberg Short-Term Bank Yield Index (with a floor of .50%) plus 1.65%. On January 4, 2022, the Town's line of credit was renewed and extended through February 28, 2022.

Compensated Absences

At December 31, 2021, accrued compensated absences for governmental activities totaled \$744,696. This total is comprised of accrued vacation leave of \$620,778, accrued sick leave of \$123,918. In addition, at December 31, 2021, accrued compensated absences in the business-type activities and proprietary funds totaled \$103,419. This total is comprised of accrued vacation leave of \$63,920 and accrued sick leave of \$39,499.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 5: LONG-TERM LIABILITIES - CONTINUED**

Capital Leases

The Town has entered into lease arrangements to finance the acquisition of new equipment and vehicles. These leases have been recorded at the present value of the future minimum lease payments as of the inception date.

The capital assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities	Total
Machinery and equipment	\$ 1,338,729	\$ 407,588	\$ 1,746,317
Less: accumulated depreciation	(285,721)	(75,816)	(361,537)
	\$ 1,053,008	\$ 331,772	\$ 1,384,780

The governmental activities minimum lease payment amounted to \$265,221 in 2021. In the business-type activities, the minimum lease payments amounted to \$49,481 in 2021.

The Governmental Activities future lease payments under the capital lease at December 31, 2021, are as follows:

2022	\$ 301,868
2023	232,099
2024	152,207
2025	123,773
2026	3,921
Less: Amount representing interest	(28,977)
Present value of future minimum lease payments	\$ 784,891

The Business-Type Activities future lease payments under the capital lease at December 31, 2021, are as follows:

2022	\$ 71,278
2023	71,278
2024	71,278
2025	58,370
2026	19,113
Less: Amount representing interest	(12,414)
Present value of future minimum lease payments	\$ 278,903

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 6: INTERFUND BALANCE AND TRANSFERS**

The composition of interfund transfers for the year ended December 31, 2021, was as follows:

Interfund Transfer	Transfer to Other Funds	Transfer from Other Funds
General fund	\$ -	\$ 2,096,873
Capital improvement fund	1,057,224	1,315,963
ARPA fund	721,488	100
Water and sewer fund	1,144,638	1,516,334
Electric fund	2,094,539	88,619
Total	\$ 5,017,889	\$ 5,017,889

Transfers from the proprietary funds to the General Fund represent Council-approved transfers to subsidize the operations of the Town's primary government. All other transfers represent the flow of resources to accommodate the costs of certain capital projects.

**NOTE 7: LOAN RECEIVABLE**

The Town is a participant in the United States Department of Agriculture (“USDA”) Rural Economic Development/Rural Microentrepreneur Assistance Program, which allows for the establishment and operation of a revolving loan fund to finance approved economic development projects. The activity of the revolving loan is recorded in the Smyrna Slum Clearance and Redevelopment Authority fund. The annual payments to the Town are as follows for the year ending December 31:

Year Ending	
2022	\$ 36,155
2023	36,155
2024	31,276
2025	30,000
2026	22,500
	\$ 156,086

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 8: RENTAL INCOME**

The Town currently has four significant lease agreements. The first lease is with Warcko, Inc. and Blue Earl Brewing Company, LLC for the lease of an 11,525 square foot property. The lease was entered into effective June 1, 2020 and expires on May 31, 2025, with an option to extend an additional five years. Monthly payments on this lease began on June 1, 2020, in the amount of \$3,602, and the amount increases \$2,881 per year until the end of the lease term. Lease revenue recognized for this lease in 2021 totaled \$36,153. Due to the COVID-19 pandemic, \$9,004 of the 2021 required rental payments were waived by the Town.

The second lease arrangement is with Cellco Partnership (doing business as Verizon Wireless) for the lease of land and easement rights on Town property to facilitate the installation and maintenance of utility poles, cables, and other infrastructure. The lease was entered into effective January 26, 2015, and originally terminated on January 25, 2020, with an automatic extension for four additional five-year terms, unless one of the parties elects to terminate the agreement in writing. The lease currently terminates on January 25, 2025. The lease calls for annual payments to be made in the amount of \$26,400 beginning in 2015 and increases 3% each year. Lease revenue recognized for this lease in 2021 totaled \$30,834.

The third lease arrangement is with DG Amp Solar, LLC for the purpose of placing a solar photovoltaic electronic generating facility on Town property. The lease was entered into effective October 13, 2017, and terminates on October 12, 2052. The lease calls for annual payments to be made in the amount of \$7,750 beginning in 2017 and will increase at various times during the lease term for a total amount up to \$21,700. Lease revenue recognized for this lease in 2021 totaled \$7,750.

The fourth lease arrangement is with the Wagners for the purpose of leasing space on Town property. The lease was entered into effective October 21, 2016 and terminated on June 20, 2018 with options for automatic renewals. The lease calls for annual payments to be made in the amount of \$24,000 beginning in 2016. Lease revenue recognized for this lease in 2021 totaled \$6,000. The lease was terminated in 2021.

A schedule of the future minimum lease payments to be received under these agreements follows:

<u>Combined</u>		
2022	\$	87,999
2023		93,405
2024		97,289
2025		67,589
2026		45,844
Therafter		<u>980,780</u>
		<u>\$ 1,372,906</u>

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 9: FUND BALANCE**

As of December 31, 2021, fund balances are composed of the following:

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>ARPA Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Governmental Funds</u>
Nonspendable					
Inventory	\$ 26,340	\$ -	\$ -	\$ -	\$ 26,340
Prepaid Expenses	141,116	-	-	-	141,116
Restricted					
Police	-	-	-	49,509	49,509
Public works	-	-	-	1,260,344	1,260,344
ARPA	-	-	444	-	444
Committed					
Budget Reserve	709,670	-	-	-	709,670
Capital projects	1,963,359	77,144	-	-	2,040,503
Unassigned	-	-	-	-	-
Total fund balances	<u>\$ 2,840,485</u>	<u>\$ 77,144</u>	<u>\$ 444</u>	<u>\$ 1,309,853</u>	<u>\$ 4,227,926</u>

During 2013, the Town established a Budget Reserve Account as passed by Town Ordinance. The Budget Reserve Account will be \$3,000,000 or 10% of the General Fund operating budget (excluding extraordinary or one-time items), whichever is greater. As of December 31, 2021, the Budget Reserve Account had a balance of \$709,670. As of December 31, 2021, the Town has \$1,963,359 committed to capital projects. Investments equal to the committed amount are held in the Town's reserve fund investment account which has an overall balance of \$2.6 million.

**NOTE 10: NET INVESTMENT IN CAPITAL ASSETS**

A schedule of net investment in capital assets as of December 31, 2021, is as follows:

Governmental activities	
Total capital assets, net	\$ 27,767,743
Less: outstanding debt	<u>(7,128,220)</u>
Total net investment in capital assets	<u>\$ 20,639,523</u>
Business-type activities:	
Total capital assets, net	\$ 51,850,921
Less: outstanding debt	<u>(16,154,459)</u>
Total net investment in capital assets	<u>\$ 35,696,462</u>

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 11: DEFINED BENEFIT PENSION PLANS**

The Town participates in four defined benefit pension plans: the Town of Smyrna Police Pension Plan, the Town of Smyrna Employee Pension Plan, the County and Municipal Police and Firefighters' Pension Plan, and the County and Municipal Other Employees' Pension Plan. The Police Pension Plan, a single-employer defined benefit plan, covers all full-time uniformed police officers hired prior to January 1, 2016. The Employee Pension Plan, a single-employer defined benefit plan, covers all full-time permanent employees, other than police officers hired prior to January 1, 2015. The County and Municipal Police and Firefighters' Pension Plan is a multi-employer cost-sharing plan administered by the Delaware Public Employees Retirement System, and covers all full-time uniformed police officers hired on or after January 1, 2016. The County and Municipal Other Employees' Pension Plan is also a multi-employer cost sharing plan administered by the Delaware Public Employees Retirement System and covers all full-time permanent employees, other than police officers, hired on or after January 1, 2015.

The Town administers the assets of the two single-employer defined benefit plans and, accordingly, is required to prepare pension trust fund financial statements, using the accrual basis of accounting.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 11: DEFINED BENEFIT PENSION PLANS - CONTINUED**

Separate pension fund financial statements for each plan have not been issued; accordingly, they are presented as required by the GASB Codification as follows:

**COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**DECEMBER 31, 2021**

	Police Pension <u>Trust Fund</u>	Employee Pension <u>Trust Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 484,644	\$ 472,806	\$ 957,450
Prepaid expense	15,150	44,751	59,901
Accounts receivable	-	855	855
Interest receivable	-	18,563	18,563
Investments, at fair value			
Mutual funds	216,137	6,094,004	6,310,141
Fixed income	-	2,375,883	2,375,883
Exchange-traded funds	54,395	330,856	385,251
Insurance contracts	1,994,261	1,992,023	3,986,284
<b>TOTAL ASSETS</b>	<b><u>\$ 2,764,587</u></b>	<b><u>\$ 11,329,741</u></b>	<b><u>\$ 14,094,328</u></b>
<b>LIABILITIES AND NET POSITION</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 40,477	\$ 41,469	\$ 81,946
<b>NET POSITION</b>			
Restricted for pension benefits	<u>2,724,110</u>	<u>11,288,272</u>	<u>14,012,382</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 2,764,587</u></b>	<b><u>\$ 11,329,741</u></b>	<b><u>\$ 14,094,328</u></b>

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 11: DEFINED BENEFIT PENSION PLANS - CONTINUED**

**COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Police Pension Trust Fund	Employee Pension Trust Fund	Totals
<b>ADDITIONS</b>			
<b>Contributions</b>			
Employer contribution	\$ 50,712	\$ 432,775	\$ 483,487
Employee contribution	30,489	41,871	72,360
<b>Total Contributions</b>	<u>81,201</u>	<u>474,646</u>	<u>555,847</u>
<b>Investment income</b>			
Interest and dividends	93,589	283,660	377,249
Net appreciation (depreciation) in fair value of investments	<u>(24,470)</u>	<u>561,878</u>	<u>537,408</u>
<b>Total Investment Income</b>	69,119	845,538	914,657
Less: investment expense	<u>21,866</u>	<u>96,698</u>	<u>118,564</u>
<b>Net Investment Income</b>	<u>47,253</u>	<u>748,840</u>	<u>796,093</u>
<b>TOTAL ADDITIONS</b>	<u>128,454</u>	<u>1,223,486</u>	<u>1,351,940</u>
<b>DEDUCTIONS</b>			
Benefits paid	289,061	541,325	830,386
Administrative expenses	<u>1,306</u>	<u>2,547</u>	<u>3,853</u>
<b>TOTAL DEDUCTIONS</b>	<u>290,367</u>	<u>543,872</u>	<u>834,239</u>
<b>CHANGE IN NET POSITION</b>	(161,913)	679,614	517,701
<b>NET POSITION, Beginning of Year</b>	<u>2,886,023</u>	<u>10,608,658</u>	<u>13,494,681</u>
<b>NET POSITION, End of Year</b>	<u>\$ 2,724,110</u>	<u>\$ 11,288,272</u>	<u>\$ 14,012,382</u>

Investment policy statements are adopted by the plan administrator for each pension plan.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 12: POLICE PENSION PLANS**

*Town Police Pension Plan*

Plan Description and Provisions

The Town has had in effect since January 1, 1966 the Town of Smyrna, Inc. Employee’s Pension Trust Retirement Plan for full-time police officers of the Town, to which it made contributions for the purpose of providing benefits for its eligible employees and their beneficiaries, in the manner and to the extent set forth in such plan, which plan was spun-off in 1975 into two plans: the Pension Plan for Full-Time City Employees of the Town of Smyrna and the Pension Plan for Full-Time Police Officers of the Town of Smyrna. The financial records are maintained on a plan year which begins each January 1 and ends on December 31.

The Town’s Police Pension Plan (“the Plan”) is a single-employer defined benefit pension plan established to provide a retirement income to supplement the benefits payable under Social Security. Police officers are required to contribute 7% of compensation (base earnings plus longevity) beginning July 1, 2011, accumulated at an annual compound rate of interest of 5% per year. During 2017, the Town began participating in the State of Delaware Public Employees Retirement System County and Municipal Police and Firefighters’ Pension Plan (“DPERS”). At the end of 2016, based on an agreement between the Town and the Fraternal Order of Police, five officers who were transferred to DPERS returned to the Town’s Police Pension Plan as active members; in future years, these five officers will be required to contribute to the Plan based on the requirements described above. The Town is required to contribute at an actuarially determined rate. In 2021, the police officer contributions totaled \$30,489. Employer contributions to the plan totaled \$50,712 the plan in 2021.

The Plan is administered by the Committee (“Plan Administration”), which is comprised of the Mayor and Town Council. The Committee is fully responsible for the plan's administration, including eligibility for participation and determination of benefits. The Town Council has delegated the authority to manage certain plan assets to Aetna Life Insurance Company and Lincoln Financial Securities Corporation.

The Plan does not issue a stand-alone financial report but is included in these financial statements.

As of January 1, 2021, the date of the most recent actuarial report, Plan membership consisted of the following:

Active employees	5
Terminated vested participants	3
Retirees and beneficiaries currently receiving benefits	14
	14
	22

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 12: POLICE PENSION PLANS - CONTINUED**

Plan benefit provisions are as follows:

Except for five active officers, the Plan was closed to new participants effective January 1, 2016.

Effective January 1, 1993, employees who are discharged or resign before qualifying for retirement benefits will be entitled to 100% vested interest in their accrued pension benefits, payable as of the first day of the month following their normal retirement date, provided that they have completed at least five full years of service to the Town.

The Plan provides for normal retirement at the earlier of attainment of age 50 and completion of 10 years of participation or completion of 20 years of vesting service, however, no later than the attainment of age 62 and completion of five years of vesting service.

Participant benefits are based on 2½% of the three highest years of average compensation multiplied by benefit service plus 1.0% of highest average compensation multiplied by benefit service earned after June 30, 2011, in excess of 20 years.

There is no provision for early retirement.

Plan member contributions are recognized in the period in which the contributions are due. The Town's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

**Valuation of Investments**

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The Plan's unallocated insurance contracts are valued at withdrawal value. Withdrawal value represents the amount which was available for withdrawal in a lump sum as of December 31, 2021, before assessment of any outstanding service fees calculated using the current basis for computing Market Value Adjustments for the contracts. The Plan's allocated insurance contracts are valued at contract value. Contract value represents the amount held under the contract for the purchase of annuities and for the payment of administrative expenses charged by the insurance company.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 12: POLICE PENSION PLANS - CONTINUED**

*Deposits*

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned. At December 31, 2021, the carrying amount of the Plan's deposits was \$484,644, and the bank balance was \$484,644. Of this amount, \$1,762 was insured or registered and the securities held by the Town or its agent in the Town's name, and \$482,882 was equal to the deposits in a money market fund held by the trustee of the pension plan in the Town's name.

*Investments*

The investment objective of the Plan is to maintain a balanced portfolio comprised of equity, fixed income, and cash-equivalent securities and, as such, is intended to be structured less aggressively than speculative portfolios.

As of December 31, 2021, the Plan had the following investments:

<u>Investments Held at Fair Value</u>	<u>Fair Value</u>	<u>Level 1</u>
Mutual funds	\$ 216,137	\$ 216,137
Exchange traded funds	<u>54,395</u>	<u>54,395</u>
	270,532	<u>\$ 270,532</u>
 <u>Investments Measured at Contract Value</u>		
Fixed income insurance contracts	<u>1,994,261</u>	
	<u>\$ 2,264,793</u>	

Investments in external investment pools, such as those in mutual funds, fixed income insurance contracts, and exchange traded funds, are disclosed but not subject to interest rate, custodial, credit, or concentration risks because they are not evidenced by securities that exist in physical or book entry form.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 12: POLICE PENSION PLANS - CONTINUED**

Administrative Costs

Administrative costs, including the investment manager, custodial trustee, and actuarial services, are charged and paid by short-term assets of the plan.

Funding Policy

The Town intends to continue to fund the actuarially determined contribution (“ADC”) as provided for in the actuarial valuation. The ADC is based on the parameters set forth in the actuarial valuation report as of January 1, 2021, in accordance with the GASB Codification of Governmental Accounting and Financial Reporting Standards. The funding may be impacted by differences in actual experience and the actuarial assumptions. The employer contributions are considered by the actuaries in their determination of the actuarially determined contribution. The actuarially determined contribution conforms to the entry age normal cost method as defined in the GASB Codification. For the year ended December 31, 2021, the ADC was \$624,614.

Asset Allocation and Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and asset correlation. The asset allocation as of December 31, 2021, and best estimates of arithmetic real rates of return for each major asset class, excluding the fixed income insurance contracts, are summarized in the following table:

<u>Category Allocation</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Cash	1.20%	-0.39%
Fixed income	61.00%	1.20%
Mutual funds	33.00%	5.60%
Real Estate Investment Trusts	3.00%	5.07%
Commodities	1.80%	1.86%
	<u>100%</u>	

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 12: POLICE PENSION PLANS - CONTINUED**

Discount Rate

The single equivalent resulting discount rate is 2.19%, which was reduced from the 2020 discount rate of 2.43%. The Plan's discount rate was reduced because the Plan's Fiduciary net position was not projected to be available to make all projected future benefit payments. The Municipal Bond rate as of December 31, 2021 was 2.06%.

Net Pension Liability

The Plan's net pension liability was determined using a measurement date of December 31, 2021. The total pension liability was determined by an actuarial valuation as of January 1, 2021, calculated based on the discount rate and actuarial assumptions, and was then projected forward to the measurement date. The net pension liability of \$9,754,890 is measured as the difference between the total pension liability of \$12,479,000 and the fiduciary net position of \$2,724,110.

The components of the net pension liability of the Plan at December 31, 2021, are as follows:

Total pension liability	\$ 12,479,000
Fiduciary net pension	<u>2,724,110</u>
Net pension liability	<u>\$ 9,754,890</u>
Plan fiduciary net pension as a percentage of the total pension liability	21.83%

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 12: POLICE PENSION PLANS - CONTINUED**

The Town's change in total pension liability, plan fiduciary net position, and net pension liability for the year ended December 31, 2021, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2020	\$ 11,445,000	\$ 2,886,023	\$ 8,558,977
Changes for the year			
Service cost	242,662	-	242,662
Interest on total pension liability	280,520	-	280,520
Effect of economic/demographic gains or losses	296,746	-	296,746
Effect of assumption changes or inputs	503,133	-	503,133
Benefits payments	(289,061)	(289,061)	-
Employer contributions	-	50,712	(50,712)
Member contributions	-	30,489	(30,489)
Net investment income	-	47,253	(47,253)
Administrative expenses	-	(1,306)	1,306
Net changes	<u>1,034,000</u>	<u>(161,913)</u>	<u>1,195,913</u>
Balance at December 31, 2021	<u>\$ 12,479,000</u>	<u>\$ 2,724,110</u>	<u>\$ 9,754,890</u>

As of December 31, 2021, the net pension liability of \$9,754,890 is a liability related to the governmental funds and is only recorded in the governmental activities in the government-wide statement of net position.

Sensitivity Analysis

The following presents the net pension liability of the Pension Plan for Full-Time Policemen of the Town of Smyrna, calculated using the discount rate of 2.19%, as well as what the Town of Smyrna's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.19%) or 1 percentage point higher (3.19%) than the current rate.

	1% Decrease 1.19%	Current Discount Rate 2.19%	1% Increase 3.19%
Net pension liability	<u>\$ 12,129,890</u>	<u>\$ 9,754,890</u>	<u>\$ 7,901,890</u>

The schedule of changes in the pension liability, schedule of Town contributions, and a schedule of investment returns are presented as required supplementary information ("RSI") following the notes to the financial statements.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 12: POLICE PENSION PLANS - CONTINUED**

Money-Weighted Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on the Plan investments, net of investment expense was 1.70%. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension investments by the proportion of time available to earn a return during that period. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

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

For the year ended December 31, 2021, the Plan recognized pension expense of \$2,456,780. At December 31, 2021, the Town reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows
Change of assumptions	\$ 251,566
Differences between actual and expected experience	148,373
Differences between actual and projected investment returns	57,135
Total Deferred Outflows	\$ 457,074

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

<u>Year Ending December 31</u>	
2022	\$ 421,875
2023	4,286
2024	15,321
2025	15,592
	\$ 457,074

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 12: POLICE PENSION PLANS - CONTINUED**

The following actuarial methods and assumptions were used in the January 1, 2021 actuarial valuation.

Actuarial Methods and Significant Assumptions	
Valuation date	January 1, 2021
Actuarial cost method	Entry Age Normal (GASB Statement No. 67 version)
Amortization method	Level Dollar Amortization
Remaining amortization method	15 years
Amortization period	Closed
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment rate of return	4.50%, net of investment expense including inflation of 2.34%
Discount rate	2.19%
Projected salary increases	Varies by years of employment. Underlying 3% wage inflation reflecting wage progression and longevity increases.
Cost of living adjustments	None
Changes in actuarial assumptions or methods	dollar amortization of the unfunded actuarial accrued liability effective January 1, 2021.
Mortality	PUBS-2010 Mortality Tables for Public Safety employees projected on an generational basis using scale MP-2021, with employee rates before termination and healthy annuitant rates after termination and disabled rates for disabled participants. As a generational table, it reflects mortality improvements both before and after the measurement date.
Discount Rate	The discount rate for calculating the total pension liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient to make projected benefit payments.
Funded benefits discount rate	4.50%
Unfunded benefits discount rate	2.06% - at the Bond Buyer General Obligation 20-Bond Municipal Bond Index

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 12: POLICE PENSION PLANS - CONTINUED**

The above information regarding the Plan was taken from the January 1, 2021 Actuarial Valuation presented by Milliman, Inc., dated December 28, 2021.

***County and Municipal Police and Firefighters' Pension Plan***

Effective January 1, 2016, the Town began participating in the State of Delaware Public Employees Retirement System County and Municipal Police and Firefighters' Pension Plan ("DPERS Police Plan") for active uniformed police officers. In December 2015, the Town started to transfer plan assets from the single-employer defined benefit plan established and administered by the Town to the DPERS Police Plan for uniformed police officers. Subsequently, as of December 31, 2016, based on an agreement between the Town and the Fraternal Order of Police, five officers have returned as participants in the Town's police pension plan for full-time policemen with full service restored as if participation in the Plan had not ceased. Corresponding assets and liabilities have been returned to the Plan for the five officers.

**Plan Description**

The DPERS Police Plan is a cost sharing multiple-employer defined-benefit pension established in the Delaware Code. The Town's police officers whose employment started with the Town on or after January 1, 2016, can participate in this plan.

The General Assembly is responsible for setting benefits and contributions and amending plan provisions; administrative rules and regulations are adopted and maintained by the Board of Pension Trustees ("the Board").

The management of the Plan is the responsibility of the Board. The Board is comprised of five members appointed by the Governor and confirmed by the State Senate, plus two ex officio members. The daily operation is the responsibility of the Office of Pensions. Although most of the assets of the Plan are commingled with other plans for investment purposes, the DPERS Police Plan's assets may be used only for the payment of benefits to the members of the plan in accordance with the terms of the plan.

At December 31, 2021, the Town's membership in this plan is comprised of 23 active employees, including eight employees that are vested.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 12: POLICE PENSION PLANS - CONTINUED**

Benefits Provided

*Service Benefits*

The DPERS Police Plan's service benefits calculation is 2.5% of the final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.5% of final average monthly compensation multiplied by years of service in excess of 20 years. For this plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation (excluding overtime and special pay). Vesting is at five years of credited service, and retirement age is 62 with five years of service; age plus credited service (but not less than ten years) equals 75 or 20 years of credited service.

*Disability Benefits*

Duty - total disability: 75% of final average compensation plus 10% of each dependent not to exceed 25% for all dependents.

Duty - partial disability: calculated in the same manner as service benefits, subject to a minimum 50% of final average compensation.

Non-duty: calculated in the same manner as service benefits. Total disability benefits are subject to a minimum of 50% of final average monthly compensation plus 5% for each dependent, not to exceed 20% for all dependents. Partial disability benefits are subject to a minimum of 30% of the final average monthly compensation.

*Survivor Benefits*

If the employee is receiving pension benefits at the time of death, the eligible survivor receives 50% of the pension benefit. If the employee is active at the time of death, the eligible survivor receives 75% of the benefit the employee would have received at age 62. If the employee is killed in the line of duty, the eligible survivor receives 75% of the pension benefit.

*Contributions*

Employer contributions are determined by the Board of Pension Trustees. Employer contributions were 16.78% for the period January to June 2021, and 16.03% for the period June to December 2021. The Town's contributions of \$245,448 for 2021 were equal to the required contribution for the year. Total eligible full-time wages covered by the DPERS Police Plan for the year totaled \$1,499,797.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 12: POLICE PENSION PLANS - CONTINUED**

Member contributions are established at 7% of covered wages.

**Net Pension Liability, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions**

At December 31, 2021, the Town reported an asset of (\$2,015,707) for its proportionate share of the collective net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension asset to June 30, 2021. The Town's proportionate share of the net pension asset was based on the percentage of actual contributions and was measured as the difference between its proportionate share of the total pension asset \$7,151,520 and its proportionate share of the DPERS Police Plan's fiduciary net position (\$9,167,227). As of December 31, 2021, the Town's proportionate share of the net pension asset of (\$2,015,707) is an asset related to the governmental funds and is only recorded in the governmental activities in the government-wide statement of net position. At June 30, 2021, the Town's proportion of the collective net pension liability was 1.4649%.

For the year ended December 31, 2021, the DPERS Police Plan recognized negative pension expense of \$279,712. At December 31, 2021, the Town reported deferred inflows and outflows of resources related to pensions from the following sources:

	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>
Difference between actual and expected experience	\$ 78,532	\$ 190,726
Difference between actual and expected investment returns	1,712,771	-
Changes of assumptions	146,798	69,266
Changes in proportions	21,348	40,470
Contributions made subsequent to the measurement date	<u>-</u>	<u>133,410</u>
	<u>\$ 1,959,449</u>	<u>\$ 433,872</u>

Deferred outflows resulting from the Town's contributions subsequent to the measurement date will be recognized as a decrease in the net pension liability in the year ending December 31, 2022.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 12: POLICE PENSION PLANS - CONTINUED**

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

<u>Year Ending December 31</u>	
2022	\$ (433,334)
2023	(400,850)
2024	(424,733)
2025	(391,234)
2026	19,569
Thereafter	<u>(28,405)</u>
	<u>\$ (1,658,987)</u>

The following actuarial methods and assumptions were used in the June 30, 2020, actuarial valuation.

Actuarial Methods and Significant Assumptions

Investment rate of return	7.00%
Discount rate	7.00%
Inflation rate	2.50%
Projected salary increase	2.50% plus merit
Cost of living adjustments	0.00%
Mortality	RP-2014 tables with gender adjustments for healthy annuitants and disables retirees, and an adjusted version of MP-2015 mortality improvement scale on a fully generational basis.

The total pension liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Projected benefit payments do not include the effects of projected ad hoc cost-of-living adjustments (ad hoc COLAs), as they are not substantively automatic. The primary considerations relevant to making this determination include the historical pattern of granting the changes and the consistency in the amounts of the changes.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 12: POLICE PENSION PLANS - CONTINUED**

Asset Allocation and Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is 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 weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the DPERS Police Plan's current and expected asset allocation are summarized in the following table.

Category Allocation	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	32.30%	5.70%
International equity	18.10%	5.70%
Fixed income	20.60%	2.00%
Alternative investments	24.20%	7.80%
Cash and equivalents	4.80%	0.00%
	100%	

Discount Rate

The discount rate used to measure the Town's total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rates determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 12: POLICE PENSION PLANS - CONTINUED**

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

The following presents the net pension liability of the DPERS Police Pension Plan, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net pension liability (asset)	\$ (930,607)	\$ (2,015,707)	\$ (2,901,205)

Plan Fiduciary Net Position

The pension plan is managed by the State of Delaware Board of Pension Trustees. The Annual Comprehensive Financial Report of the Delaware Public Employees Retirement System can be obtained from the Office of Pensions, 680 Silver Lake Boulevard, Dover, Delaware, 19902-2402, or at [www.delawarepensions.com](http://www.delawarepensions.com).

**NOTE 13: EMPLOYEES' PENSION PLANS**

***Town Employee Pension Plan***

Plan Description and Provisions

The Town's Full-Time Employees Pension Plan ("the Plan") is a single-employer defined benefit pension plan established to provide a retirement income to supplement the benefits payable under Social Security. Union participants are required to contribute 3% of annual compensation in excess of \$6,000 on or after January 1, 2013. Non-union participants are required to contribute 2.5% of annual compensation in excess of \$10,000 on or after January 1, 2013. Contributions are accumulated at an annual compound rate of interest of 5% per year. Employee contributions totaled \$41,871 in 2021. The Town is required to contribute an actuarially determined rate. The employer contribution totaled \$432,775 in 2021.

The Town has had in effect since January 1, 1966 the Pension Plan for Full-time City Employees of the Town of Smyrna, to which it made contributions for the purpose of providing benefits for its eligible employees and their beneficiaries, in the manner and to the extent set forth in such plan, which was fully restated in 1975. The financial records are maintained on a plan year which begins each January 1 and ends on December 31.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED**

The Plan is administered by the Committee ("Plan Administration"), which is comprised of the Mayor and Town Council. The Committee is fully responsible for the Plan's administration, including eligibility for participation and determination of benefits. The Town Council has delegated the authority to manage certain plan assets to Aetna Life Insurance Company and Lincoln Financial Securities Corporation.

The Plan does not issue a stand-alone financial report but is included in the financial statements with the required supplementary information.

As of January 1, 2021, the date of the most recent actuarial report, Plan membership consisted of the following:

Active employees	25
Terminated vested participants	18
Retirees and beneficiaries currently receiving benefits	33
	76

Plan benefit provisions are as follows:

All full-time employees are eligible to participate in the Plan after completing one year of service, if they have attained their 21st birthday and 1,000 hours of continuous employment during the plan year. Union employees hired on or after January 1, 2012, and non-union employees hired on or after March 1, 2012, are not eligible to participate in the plan.

Participant benefits are based on the highest average compensation of three consecutive calendar years of compensation multiplied by the sum of the product or benefit service and the accrual rate for each service period specified below based on union status:

	Union	Nonunion
Before January 1, 2006	2.00%	2.00%
January 1, 2006 - December 31, 201	2.50%	2.50%
January 1, 2012 - February 29, 2012	1.67%	2.50%
March 1, 2012 and after	1.67%	2.25%

The Plan provides for normal retirement at age 65 and completion of five years of participation, or completion of 25 years of vesting service.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED**

A participant shall receive a refund of his accumulated employee contributions with interest (a) automatically if he terminates employment before completion of five years of service, or (b) upon request before normal retirement if he terminates employment after becoming vested, in which case no further benefits are payable.

Eligibility for early retirement benefit is age 55 and 10 years of vesting service.

**Basis of Accounting**

The Plan's policy is to prepare its financial statements on the accrual basis of accounting. Plan member contributions are recognized in the period on which the contributions are due. The Town's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

**Valuation of Investments**

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The plan's unallocated insurance contracts are valued at withdrawal value. Withdrawal value represents the amount which was available for withdrawal in a lump sum as of December 31, 2021, before assessment of any outstanding service fees calculated using the current basis for computing Market Value Adjustments for the contracts. The Plan's allocated insurance contracts are valued at contract value. Contract value represents the amount held under the contract for the purchase of annuities and for the payment of administrative expenses charged by the insurance company.

***Deposits***

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned. At December 31, 2021, the carrying amount of the Plan's deposits was \$472,806, and the bank balance was \$472,806. Of this amount, \$203,001 was insured or registered and the securities held by the Town or its agent in the Town's name, and \$269,805 was equal to the deposits in a money market fund held by the trustee of the pension plan in the Town's name.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED**

*Investments*

The investment objective of the Plan is to maintain a balanced portfolio comprised of equity, fixed income, and cash-equivalent securities and, as such, is intended to be structured less aggressively than speculative portfolios.

As of December 31, 2021, the Plan had the following investments:

<u>Investments Held at Fair Value</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Mutual funds	\$ 6,094,004	\$ 6,094,004	\$ -
Fixed Income	2,375,883	-	2,375,883
Exchange-traded funds	<u>330,856</u>	<u>330,856</u>	<u>-</u>
	8,800,743	<u>\$ 6,424,860</u>	<u>\$ 2,375,883</u>
<u>Investments Measured at Contract Cost</u>			
Fixed income insurance contracts	<u>1,992,023</u>		
	<u>\$ 10,792,766</u>		

Investments in external investment pools, such as those in mutual funds and fixed income insurance contracts, are disclosed but not subject to interest rate, custodial, credit, or concentration risks because they are not evidenced by securities that exist in physical or book entry form. As of December 31, 2021, the Plan's fixed income investments had the following risk characteristics:

Administrative Costs

Administrative costs, including the investment manager, custodial trustee, and actuarial services, are charged and paid by short-term assets of the plan.

Funding Policy

The Town intends to continue to fund the ADC as provided for in the actuarial valuation. The ADC is based on the parameters set forth in the actuarial valuation report as of January 1, 2021, in accordance with the GASB Codification. The funding may be impacted by differences in actual experience and the actuarial assumptions. The employer contributions are considered by the actuaries in their determination of the actuarially determined contribution. The actuarially determined contribution conforms to the entry age normal cost method as defined in the GASB Codification. For the year ended December 31, 2021, the ADC was \$775,017.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED**

Asset Allocation and Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and asset correlation. The asset allocation as of December 31, 2021, and best estimates of arithmetic real rates of return for each major asset class, excluding the fixed income insurance contract, are summarized in the following table:

Category Allocation	Target Allocation	Long-Term Expected Rate of Return
Cash	1.94%	0.39%
Fixed Income	36.95%	1.50%
Mutual Funds	53.35%	5.49%
Real Estate Investment Trusts	4.85%	5.07%
Commodities	2.91%	1.86%
	100.00%	

Discount Rate

The discount rate used to measure the Town's total pension liability is 5.21%, a decrease from the December 31, 2020, rate of 5.25%. The 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 discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Net Pension Liability

The Plan's net pension liability was determined using a measurement date of December 31, 2021. The total pension liability was determined by an actuarial valuation as of January 1, 2021, calculated based on the discount rate and actuarial assumptions and was then projected forward to the measurement date. There have been no significant changes between the valuation date and the fiscal year end. The net pension liability is \$1,966,728 and is measured as the difference between the total pension liability of \$13,255,000 and the fiduciary net position of \$11,288,272. The components of the net pension liability of the Plan at December 31, 2021, are as follows:

Total pension liability	\$ 13,255,000
Fiduciary net position	11,288,272
Net pension liability	\$ 1,966,728
Plan fiduciary net position as a percentage of the total pension liability	85.16%

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED**

The Plan's change in total pension liability, plan fiduciary net position, and net pension liability for the year ended December 31, 2021, were as follows:

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Pension <u>(b)</u>	Net Pension Liability <u>(a) - (b)</u>
Balance at December 31, 2020	\$ 12,693,000	\$ 10,608,658	\$ 2,084,342
Changes for the year:			
Service cost	195,805	-	195,805
Interest on total pension liability	662,635	-	662,635
Effect of economic or demographic gains or losses	150,975	-	150,975
Effect of assumption changes or inputs	93,910	-	93,910
Benefit payments	(541,325)	(541,325)	-
Employer contributions	-	432,775	(432,775)
Member contributions	-	41,871	(41,871)
Net investment income	-	748,840	(748,840)
Administrative expenses	-	(2,547)	2,547
Net Changes	<u>562,000</u>	<u>679,614</u>	<u>(117,614)</u>
Balance at December 31, 2021	<u>\$ 13,255,000</u>	<u>\$ 11,288,272</u>	<u>\$ 1,966,728</u>

As of December 31, 2021, \$1,004,281 of the net pension liability is a liability related to the governmental funds and is recorded in the government-wide statement of net position. The remaining \$962,447 of the net pension liability is recorded as a liability in the Water and Sewer Fund for \$466,826 and in the Electric Fund for \$495,621 in the proprietary funds statement of net position, and in the business-type activities in the government-wide statement of net position.

Sensitivity Analysis

The following presents the net pension liability of the Pension Plan for Full-Time City Employees of the Town of Smyrna, calculated using the discount rate of 5.21%, as well as what the Town of Smyrna's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.21%) or 1 percentage point higher (6.21%) than the current rate.

	1% Decrease <u>4.21%</u>	Current Discount Rate <u>5.21%</u>	1% Increase <u>6.21%</u>
Net pension liability	<u>\$ 3,822,728</u>	<u>\$ 1,966,728</u>	<u>\$ 425,728</u>

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED**

The schedule of changes in the pension liability, schedule of Town contributions, and a schedule of investment returns are presented as required supplementary information ("RSI") following the notes to the financial statements.

Money-Weighted Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on the Plan investments, net of investment expense was 7.08%. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension investments by the proportion of time available to earn a return during that period. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

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

For the year ended December 31, 2021, the Town recognized pension expense of \$140,868. At December 31, 2021, the Town reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>
Differences between actual and expected experience	\$ 53,934	\$ 118,779
Change of assumptions	450,134	433,454
Difference between actual and projected investment returns	<u>556,404</u>	<u>-</u>
Total Deferred Outflows and Inflows	<u>\$ 1,060,472</u>	<u>\$ 552,233</u>

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

<u>Year Ending December 31</u>	
2022	\$ (167,879)
2023	(182,262)
2024	(119,363)
2025	<u>(38,735)</u>
	<u>\$ (508,239)</u>

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED**

The following actuarial methods and assumptions were used in the January 1, 2021, funding valuation.

Actuarial Methods and Significant Assumptions

Valuation date	January 1, 2021
Actuarial cost method	Entry Age Normal (GASB Statement No. 67 version)
Amortization method	Level Dollar Amortization
Remaining amortization period	5 years
Amortization method	Closed
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment rate of return	5.25%
Discount rate	5.21% - Decreased from 5.25% at December 31, 2020
Projected salary increases	3.5% Compensation is based on assumed inflation of 2.2% per year plus assumed productivity growth of 0.85% per year plus assumed merit raises of 0.45%
Cost of living adjustments	0.00%
Mortality	The mortality rates from the PRI-2012 Mortality Tables were projected with Mortality Improvement Scale MP-2020 on a generational basis, with employee rates before termination and healthy annuitant rates after termination and disabled rates for disabled participants. As a generational table, it reflects mortality improvements both before and after the measurement date.

The above information regarding the Plan was taken from the January 1, 2021 Actuarial Valuation presented by Milliman, Inc., dated December 28, 2021.

***County and Municipal Other Employees' Pension Plan***

**Plan Description**

Effective January 1, 2015, the Town began to participate in the Delaware Public Employees Retirement System County and Municipal Other Employees Pension Plan ("DPERs Employee Plan") for Town employees whose employment with the Town started on or after January 1, 2012, for union employees, and March 1, 2012, for non-union employees. This is a cost-sharing multiple-employer defined benefit pension plan. The State of Delaware enacted legislation to provide for the plan and is responsible for setting benefits, contributions, and amending plan provisions.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED**

This is a contributory plan with the employee contributing 3% of earnings in excess of \$6,000. For the year ended December 31, 2021, \$2,338,458 in payroll earnings were reported to and covered by the plan.

The Town's contribution percentages were 7.06% for the period January 1, 2021 through June 30, 2021, and 6.78% for the period July 1, 2021 through December 31, 2021. The Town's contributions to the plan for the year ended December 31, 2021, totaled \$161,578 and were equal to the required contributions for the year. These contributions cover the Town's total liability funding, as determined by the State of Delaware's actuary.

As of December 31, 2021, the Town's membership in this plan is comprised of 46 active employees, of which 11 employees are vested.

**Benefits Provided**

The plan's benefit provisions are as follows:

Service benefits - 1/60th of the final average monthly compensation multiplied by years of credited service, subject to maximum limitations. For this plan, average monthly compensation is the monthly average of the highest five years of compensation.

Vesting - membership rights in the plan vest after five years of credited service.

Disability benefits - members receive disability benefits on the same basis as service benefits. Members must have five years of credited service to be eligible to receive disability benefits.

Survivor benefits - eligible survivors of retired plan members receive 50% of the deceased member's service benefit. If the member is an active employee in the plan, the eligible survivor receives 50% of the service benefit the deceased member would have received at age 62.

Employer contributions - employer contributions are determined by the Board of Pension Trustees. Employer contributions were 7.29% and 7.06% of earnings for plan fiscal years 2021 and 2020, respectively.

Employee contributions - employees contribute 3% of earnings in excess of \$6,000.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED**

Net Pension Liability, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions

At December 31, 2021, the Town reported an asset of \$777,082 for its proportionate share of the collective net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2020, with updated procedures used to roll forward the total pension liability to June 30, 2021. The Town's proportionate share of the net pension asset was based on the percentage of actual contributions, and was measured as the difference between its proportionate share of the total pension liability \$2,819,208 and its proportionate share of the DPERS Employee Plan's fiduciary net position (\$3,596,290). At June 30, 2021, the Town's proportion of the collective net pension liability was 3.7101%.

As of December 31, 2021, \$619,965 of the net pension asset is an asset related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position. The remaining \$132,173 of the net pension asset is recorded as an asset in the Electric Fund and in the Water and Sewer Fund for \$24,944 in the proprietary funds statement of net position, and in the business-type activities in the government-wide statement of net position.

For the year ended December 31, 2021, the Town recognized a government-wide net negative pension expense of \$57,571 related to the DPERS Employee Plan. At December 31, 2021, the Town reported deferred inflows and outflows of resources related to pensions from the following sources:

	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>
Difference between actual and expected experience	\$ 54,751	\$ 43,443
Difference between actual and expected investment returns	664,274	-
Changes of assumptions	23,419	36,290
Changes in proportions	1,567	38,745
Contributions made subsequent to the measurement date	<u>-</u>	<u>87,044</u>
	<u>\$ 744,011</u>	<u>\$ 205,522</u>

Deferred outflows resulting from the Town's contributions subsequent to the measurement date will be recognized as a decrease in the net pension liability in the year ending December 31, 2022.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED**

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

<u>Year Ending December 31</u>	
2022	\$ (160,506)
2023	(147,410)
2024	(156,240)
2025	(157,380)
2026	(18)
Thereafter	<u>(3,979)</u>
	<u>\$ (625,533)</u>

The following actuarial methods and assumptions were used in the June 30, 2020, actuarial valuation.

<u>Actuarial Methods and Significant Assumptions</u>	
Investment rate of return	7.00%
Discount rate	7.00%
Inflation rate	2.50%
Projected salary increase	2.50% plus merit
Cost of living adjustments	0.00%
Mortality	RP-2014 tables with gender adjustments for healthy annuitants and disabled retirees, and an adjusted version on MP-2015 mortality improvement scale on a fully generational basis.

The total pension liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Projected benefit payments do not include the effects of projected ad hoc cost-of-living adjustments (ad hoc COLAs) as they are not substantively automatic. The primary considerations relevant to making this determination include the historical pattern of granting the changes and the consistency in the amounts of the changes.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED**

Asset Allocation and Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is 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 weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the DPERS Employee Plan's current and expected asset allocation are summarized in the following table:

Category Allocation	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	32.30%	5.70%
International equity	18.10%	5.70%
Fixed income	20.60%	2.00%
Alternative investments	24.20%	7.80%
Cash and equivalents	4.80%	0.00%
	100.00%	

Discount Rate

The discount rate used to measure the Plan's total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rates determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED**

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

The following presents the net pension asset of the DPERS Employee Pension Plan, calculated using the discount rate of 7.00%, as well as what the net pension asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>1% Decrease</u> <u>6.00%</u>	<u>Current</u> <u>Discount Rate</u> <u>7.00%</u>	<u>1% Increase</u> <u>8.00%</u>
Net pension liability (asset)	\$ (336,098)	\$ (777,082)	\$ (1,218,137)

Plan Fiduciary Net Position

The pension plan is managed by the State of Delaware Board of Pension Trustees. The Annual Comprehensive Financial Report of the Delaware Public Employees Retirement System can be obtained from the Office of Pensions, 680 Silver Lake Boulevard, Dover, Delaware, 19902-2402, or at [www.delawarepensions.com](http://www.delawarepensions.com).

**NOTE 14: NET PENSION LIABILITY AND DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES**

The Town's aggregate net pension liability and deferred inflows and outflows of resources are as follows:

	<u>Net Pension</u> <u>Liability</u>	<u>Net Pension</u> <u>Asset</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>	<u>Pension</u> <u>Expense</u>
Police (See note 12)	\$ 9,754,890	\$ -	\$ 457,074	\$ -	\$ 2,456,780
DPERS Police (See note 12)	-	2,015,707	433,872	1,959,449	(279,712)
Employee (See note 13)	1,966,728	-	552,233	1,060,472	140,868
DPERS Employee (See note 13)	-	777,082	205,522	744,011	(57,571)
	<u>\$ 11,721,618</u>	<u>\$ 2,792,789</u>	<u>\$ 1,648,701</u>	<u>\$ 3,763,932</u>	<u>\$ 2,260,365</u>

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 15: POSTEMPLOYMENT POLICE AND NON-UNIFORMED EMPLOYEE RETIREMENT BENEFITS**

Plan Description

The Town's postemployment healthcare plan is a single-employer defined benefit healthcare plan. The plan provides medical insurance benefits to eligible retirees and their spouses. The Town administers healthcare benefits on a fully insured basis through participation in the State of Delaware Group Health Insurance Program. The Town Council has the authority to establish and amend benefit provisions through its personnel manual and union contracts. The plan is not accounted for as a trust fund, and an irrevocable trust has not been established to account for the plan. The plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

**Eligibility Requirement for Healthcare Benefits:**

For full-time non-uniformed employees: Retirement at age 55 with 20 years of service.

For police officers: Retirement with 20 years of service or qualifying disability.

Duration of Healthcare Benefits: Lifetime coverage for retirees and spouses. Surviving spouses are also covered.

**Participant Contributions for Coverage:**

For full-time non-uniformed employees: Retiree does not make a contribution toward the premium. Spouse and surviving spouse contribute the entire premium amount.

For police officers retiring prior to January 1, 2016: Retiree does not make a contribution toward the premium. Spouse contributes 15% of the premium. Surviving spouse contributes the entire premium amount.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 15: POSTEMPLOYMENT POLICE AND NON-UNIFORMED EMPLOYEE RETIREMENT BENEFITS - CONTINUED**

For police officers retiring on or after January 1, 2016: Effective December 7, 2015, the Town approved a resolution that modified the retiree healthcare provisions. All uniformed police officers retiring after January 1, 2016, will be responsible for all retiree health insurance premiums as outlined in 18 Del. C. § 1928, with the understanding that the County and Municipal Police and Firefighters' Pension Plan will provide premium assistance in accordance with House Bill 213 who participate in the Delaware County Municipal Police/Firefighter Plan.

To the extent that the County and Municipal Police and Firefighters' Pension Plan does not pay 80% of the cost of an individual retiree's health insurance premium, the Town will pay the additional amounts to ensure that 80% of the retiree's health insurance premium is covered. This premium assistance will last for a period not to exceed 10 years or January 1, 2045, whichever occurs first. After this point, no additional premium assistance will be required from the Town.

The Town will not provide any health insurance premium coverage assistance to any dependents of qualified retirees.

OPEB Plan Membership

Membership in the OPEB plan consisted of the following as of January 1, 2021:

	<u>Non- Uniformed Employees</u>	<u>Police</u>	<u>Total</u>
Active employees	50	26	76
Retirees	11	7	18
Spouses of retirees	0	2	2

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 15: POSTEMPLOYMENT POLICE AND NON-UNIFORMED EMPLOYEE RETIREMENT BENEFITS - CONTINUED**

Funding Policy and Funding Status:

The contribution requirements of plan members are established and may be amended by the Town Council. The Town pays for OPEB benefits on a pay-as-you-go basis. Since the Town is not pre-funding these benefits, no actuarially determined contribution is determined.

The plan is an unfunded plan with no assets accumulated in a trust. Contributions to the plan are equal to benefit payments. Postemployment retirement benefits are recognized when paid. Estimated benefit payments for the year ended December 31, 2021, totaled \$251,126.

Actuarial Methods and Significant Assumptions:

Discount Rate: 2.06% per annum as of December 31, 2021, based on the applicable Bond Buyer General Obligation 20-Bond Municipal Bond Index. The discount rate decreased from 2.12% per annum as of December 31, 2020.

Compensation Increases (Non-uniformed): 3.5% per year. Compensation is based on assumed inflation of 2.2% per year plus assumed productivity growth of 0.85% per year plus assumed merit increases of 0.45%.

Compensation Increases (Police): Compensation is based on 3.0% wage inflation and reflects wage progression and longevity increases. Increases over a Police Officer's career range from 3% to 6%.

Health Cost Trend: The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 2021.1 utilizing the baseline assumptions included in the model. Adjustments are applied based on the percentage of costs associated with administrative expenses, aging factors, potential excise taxes due to healthcare reform, and other healthcare reform provisions. For purposes of applying the Entry Age Normal cost method, the healthcare trend prior to the valuation date is based on the ultimate rate, which is 3.7% for costs prior to 65 and 3.7% of costs at age 65 and later.

Monthly Per Capita Claims Cost: Age adjustments are required for valuing healthcare benefits due to a change in actuarial standards. Age adjustments reflect that health costs are typically higher for retirees under age 65 than an average active population and upon reaching Medicare. Expected claim costs vary by age and gender. The Plan utilizes data from the State of Delaware Postretirement Health Plan to estimate health costs.

Coverage Election Rates: 95% of current active members are assumed to elect coverage if age and service requirements are met at retirement. Of current active members who elect coverage at retirement, 60% are assumed to cover a spouse, with males three years older than females. Actual elections for current retirees are used.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 15: POSTEMPLOYMENT POLICE AND NON-UNIFORMED EMPLOYEE RETIREMENT BENEFITS - CONTINUED**

Health Plan Election: It is assumed that all retirees electing coverage participate in the Comprehensive PPO Plan (pre-Medicare) and Medicfill with Prescription (post-Medicare). No turnover is assumed upon attainment of normal or early retirement eligibility for pension.

Retirement Rates

The Town Retirement Rates are as follows:

<u>Age</u>	<u>Pension Only</u>	<u>20 Years of Vesting</u>	<u>First Eligibility</u>	<u>Thereafter</u>
55-61	N/A	10%	25%	10%
62	N/A	20%	50%	50%
63-64	N/A	10%	25%	20%
65-69	25%	100%	100%	100%
70	100%	100%	100%	100%

The Town Police Retirement Rates are as follows:

<u>Years of Service</u>	<u>Rate</u>
20	25%
21-29	10%
30+	100%

Mortality (Non-uniformed): For healthy lives, Pri-2012 Amount-Weighted Mortality Tables, further adjusted to reflect Mortality Improvement Scale MP-2020 from the 2012 base year and projected forward using MP-2020 on a generational basis, with sex-distinct employee rates before benefit commencement and healthy annuitant rates after benefit commencement. For disabled lived, Pri-2012 Amount-Weighted Disabled Mortality Tables, further adjusted to reflect Mortality Improvement Scale MP-2020 from the 2012 base year and projected forward using MP-2020 on the generational basis. As generational tables, they reflect mortality improvements both before and after the measurement date.

Mortality (Police): PUBS-2010 Mortality Tables for Public Safety employees projected on a generational basis using Scale MP-2020, with employee rates before termination and healthy annuitant rates after termination and disabled rates for disabled participant. As a generational table, it reflects mortality improvements both before and after the measurement date.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 15: POSTEMPLOYMENT POLICE AND NON-UNIFORMED EMPLOYEE RETIREMENT BENEFITS - CONTINUED**

Source of Non-economic Actuarial Assumptions: Actuarial assumptions are based on the actuary's judgement and continual review of plan experience.

Changes since Prior Measurement Date: The changes listed below reflect differences from the December 31, 2020 measurement to the December 31, 2021 measurement.

- The discount rate reflects a decrease from 2.12% per year to 2.06% per year as of December 21, 2021.
- The mortality improvement was updated from scale MP-2020 to Scale MP-2021.

Actuarial Cost Method

In accordance with GASB Statement No. 74 and No. 75, the Entry Age Normal cost method was used for determining service costs and the actuarial accrued liability. Costs are determined as a level percent of pay.

For determining the actuarial accrued liability, the employee's service as of the valuation date is the elapsed time from the provided date of hire with the Town to the valuation date.

OPEB Liability

The Town's OPEB liability has been measured as of December 31, 2021. The total OPEB liability was determined by an actuarial valuation as of January 1, 2020, calculated based on the discount rate and actuarial assumptions, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB Statement No. 74 and No. 75.

Balance at December 31, 2020	\$ 12,252,000
Service cost	619,000
Interest on total OPEB liability	270,217
Effect of economic/demographic gains or losses	
Effect of assumption changes or inputs	157,909
Benefit payments	(198,626)
Implicit rate subsidy payments	(52,500)
Net Changes	796,000
Balance at December 31, 2021	\$ 13,048,000

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 15: POSTEMPLOYMENT POLICE AND NON-UNIFORMED EMPLOYEE RETIREMENT BENEFITS - CONTINUED**

Sensitivity Analysis

The following presents the total OPEB liability of the Town, calculated using the discount rate of 2.06%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.06%) or one percentage point higher (3.06%) than the current rate.

	1% Decrease 1.06%	Discount Rate 2.06%	1% Increase 3.06%
Total OPEB liability	\$ 15,348,000	\$ 13,048,000	\$ 11,200,000

The following presents the total OPEB liability of the Town, calculated using the current healthcare cost trend rates as well as what the Town's total OPEB liability would be if it were calculated using the trend rates that are one percentage point lower or one percentage point higher than the current trend rates.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 10,742,000	\$ 13,048,000	\$ 16,045,000

OPEB expense and deferred inflows related to OPEB

For the year ended December 31, 2021, the Town recognized OPEB expense of \$997,666. At December 31, 2021, the Town had deferred inflows of resources related to the OPEB plan from the following source:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 21,152	\$ -
Change in assumptions	568,053	1,443,028
Total	\$ 589,205	\$ 1,443,028

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 15: POSTEMPLOYMENT POLICE AND NON-UNIFORMED EMPLOYEE RETIREMENT BENEFITS - CONTINUED**

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

<u>Year Ending December 31</u>		
2022	\$	108,449
2023		108,449
2024		108,449
2025		108,449
2026		108,449
Thereafter		<u>311,578</u>
	<u>\$</u>	<u>853,823</u>

**NOTE 16: DEFERRED COMPENSATION PLAN**

The Town offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The plan is available to all employees until termination, retirement, death, or unforeseeable emergency. The assets of the plan are held for the exclusive benefit of the plan participants and their beneficiaries, and the assets shall not be diverted for any other purpose. Each participant directs the investments in his/her respective accounts, and the Town has no liability for any losses that may be incurred.

**NOTE 17: POWER SALES CONTRACTS**

The Town is a member of the Delaware Municipal Electric Corporation (“DEMEC”). DEMEC is a public corporation constituted as a joint action agency and a wholesale electric utility. DEMEC was established in 1979 and represents nine municipal electric distribution utilities located in the State of Delaware. DEMEC provides full requirements wholesale electric power supply service to seven of the nine members, including the Town, through the operation of owned generation assets and various contractual wholesale supply contracts with external parties.

Participating members purchase 100% of their electric supply requirements from DEMEC under long-term full requirements service contracts that became effective January 1, 2004, and which will remain in effect unless terminated upon one year’s written notice by either party. The obligation of the participating member to purchase and pay for full requirements service, including its allocated costs under any then current forward contract for capacity and energy between DEMEC and a third party in effect as of the date of notice of termination, shall survive the termination of this Agreement.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 17: POWER SALES CONTRACTS - CONTINUED**

Participating members have entered into separate power sales agreements effective May 1, 2011 to purchase an interest in the capacity produced by Unit #1 of the Warren F. “Sam” Beasley Power Station located in Smyrna, Delaware, owned by DEMEC. Participating members are entitled to their contractual share of all power supply and ancillary products generated from the existing nominal 45 MW natural gas-fired combustion turbine generator for the useful life of the facility.

Participating members have entered into separate power sales agreements effective May 1, 2011 to purchase an interest in the capacity produced by Unit #2 of the Warren F. “Sam” Beasley Power Station located in Smyrna, Delaware, owned by DEMEC. Unit #2 went into commercial operation June 1, 2013. Participating members are entitled to their contractual share of all power supply and ancillary products generated from the Unit #2 nominal 50 MW natural gas-fired combustion turbine generator for the useful life of the facility.

Under the terms of the various agreements, DEMEC is authorized to act as agent for the participating members in all matters relating to the acquisition and delivery of wholesale power supply and management of energy cost risk on behalf of the participating members in the deregulated energy markets.

**NOTE 18: COMMITMENTS AND CONTINGENCIES**

The Town participates in state and county-assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Town is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in disallowance of program expenditures.

The Town’s investment portfolios have a long-term strategy; however, these investments have experienced increased volatility and significant fluctuations in fair value since December 31, 2021. Such changes in market value and possible changes to the actuarial assumptions used in determining the net pension liability, such as discount rates and rates of retirement and termination as a result of the COVID-19 outbreak may result in significant changes to the total amount of liability, deferred inflows, deferred outflows, and pension expense in future periods. However, the actual impact, if any, cannot be determined at this time.

Certain conditions may exist as of the date the financial statements are issued which may result in loss to the Town, but which only will be resolved when one or more future events occur or fail to occur. The Town’s management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Town or unasserted claims that may result in such proceedings, the Town’s legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims. The Town did not accrue loss contingencies with respect to litigation as of December 31, 2021.

**TOWN OF SMYRNA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021**

**NOTE 19: RISK MANAGEMENT**

The Town maintains commercial insurance coverage for risk of losses relating to general, automotive, police professionals, public officials, and crime. There has been no significant change in coverage, and there have been no losses above insurance limits during the past year or the three prior years.

**NOTE 20: UNEARNED REVENUES**

The Town received an advance payment of impact fees totaling \$931,241 in the General Fund. As of December 31, 2021, only an amount totaling \$728,775 was an enforceable legal claim (at the point the fees become nonrefundable). The remaining balance of \$202,466 has been classified as a liability and will be recognized as revenue over time as the Town is able to establish an enforceable legal claim to these resources.

On March 11, 2021, the Federal government enacted the American Rescue Plan Act of 2021 (ARPA), which included the Coronavirus Local Fiscal Recovery Fund to help local governments respond to and contain the impact of COVID-19. The Town's proportionate share from ARPA funding is \$10,511,293 of which \$3,188,811 was received in 2021. These federal funds are earned when spent on qualifying expenditures. Qualifying expenditures in 2021 totaled \$831,669, leaving an unearned balance of \$2,357,143. The Town anticipates receiving the remaining ARPA funding in 2022.

**NOTE 21: DEFERRED REVENUES**

During the year ended December 31, 2021, the Town received cash receipts of \$135,571 for which management was not able to identify the correct fund and accounts to post the cash receipts. The cash receipts are recorded in the General Fund as Deferred Revenue as of December 31, 2021, because of the absence of adequate identifying financial information. Consequently, the assets, fund balances, net positions, and revenues of the Governmental Activities, General Fund, Capital Improvement Fund, American Rescue Plan Act (ARPA) Fund, Electric Fund, and the Aggregate Remaining Fund Information may be misstated by all or part of the amount of the unidentified cash receipts.

**NOTE 22: SUBSEQUENT EVENTS**

The Town has evaluated all subsequent events through the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF SMYRNA**  
**SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY,**  
**RELATED RATIOS, AND INVESTMENT RETURNS - POLICE PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION**

	FOR THE YEAR ENDING DECEMBER 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>								
Service cost	\$ 242,662	\$ 125,415	\$ 111,578	\$ 109,465	\$ 104,549	\$ -	\$ 331,406	\$ 327,657
Interest on total pension liability	280,520	357,523	340,603	320,517	313,110	245,249	604,841	568,978
Transfer from DPERS	-	-	-	-	-	1,204,038	-	-
Transfer to DPERS	-	-	-	-	-	-	(5,088,542)	-
Effect of economic/demographic (gain) or loss	296,746	236,413	102,802	338,389	78,215	1,056	(498,285)	44,041
Effect of assumption changes or inputs	503,133	3,064,000	121,768	-	-	(387,469)	1,372,943	-
Benefit payments	(289,061)	(312,351)	(316,751)	(331,371)	(340,874)	(340,874)	(338,363)	(359,975)
<b>Net change in total pension liability</b>	<b>1,034,000</b>	<b>3,471,000</b>	<b>360,000</b>	<b>437,000</b>	<b>155,000</b>	<b>722,000</b>	<b>(3,616,000)</b>	<b>580,701</b>
<b>Total pension liability, beginning</b>	<b>11,445,000</b>	<b>7,974,000</b>	<b>7,614,000</b>	<b>7,177,000</b>	<b>7,022,000</b>	<b>6,300,000</b>	<b>9,916,000</b>	<b>9,335,299</b>
<b>Total pension liability, ending (a)</b>	<b>\$ 12,479,000</b>	<b>\$ 11,445,000</b>	<b>\$ 7,974,000</b>	<b>\$ 7,614,000</b>	<b>\$ 7,177,000</b>	<b>\$ 7,022,000</b>	<b>\$ 6,300,000</b>	<b>\$ 9,916,000</b>
<b>FIDUCIARY NET POSITION</b>								
Employer contributions	\$ 50,715	\$ 60,000	\$ -	\$ -	\$ -	\$ 49,032	\$ 480,531	\$ 743,174
Member contributions	30,489	28,876	28,145	22,802	22,704	-	102,816	94,055
Investment income (loss) net of investment expenses	47,253	130,521	187,562	53,996	73,563	56,627	(80,992)	163,108
Transfer from DPERS	-	-	-	27,589	53,844	999,844	-	-
Transfer to DPERS	-	-	-	-	-	(176,534)	(4,522,594)	-
Benefit payments	(289,061)	(312,351)	(316,751)	(331,371)	(340,874)	(340,874)	(338,363)	(359,975)
Administrative expenses	(1,306)	(3,515)	(2,215)	(2,060)	(1,944)	(1,866)	(1,728)	(5,035)
<b>Net change in fiduciary net position</b>	<b>(161,910)</b>	<b>(96,469)</b>	<b>(103,259)</b>	<b>(229,044)</b>	<b>(192,707)</b>	<b>586,229</b>	<b>(4,360,330)</b>	<b>635,327</b>
<b>Fiduciary net position, beginning</b>	<b>2,886,023</b>	<b>2,982,492</b>	<b>3,085,751</b>	<b>3,314,795</b>	<b>3,507,502</b>	<b>2,921,273</b>	<b>7,281,603</b>	<b>6,646,276</b>
<b>Fiduciary net position, ending (b)</b>	<b>\$ 2,724,113</b>	<b>\$ 2,886,023</b>	<b>\$ 2,982,492</b>	<b>\$ 3,085,751</b>	<b>\$ 3,314,795</b>	<b>\$ 3,507,502</b>	<b>\$ 2,921,273</b>	<b>\$ 7,281,603</b>
<b>Net pension liability [(a) - (b)]</b>	<b>\$ 9,754,887</b>	<b>\$ 8,558,977</b>	<b>\$ 4,991,508</b>	<b>\$ 4,528,249</b>	<b>\$ 3,862,205</b>	<b>\$ 3,514,498</b>	<b>\$ 3,378,727</b>	<b>\$ 2,634,397</b>
Plan fiduciary net position as a percentage of the total pension liability	21.83%	25.22%	37.40%	40.53%	46.19%	49.95%	46.37%	73.43%
Covered payroll	\$ 433,394	\$ 403,437	\$ 336,232	\$ 334,369	\$ 320,586	\$ 315,474	N/A	\$ 1,381,065
Net pension liability as a percentage of covered payroll	2,250.81%	2,121.52%	1,484.54%	1,354.27%	1,204.73%	1,114.04%	N/A	190.75%
Annual money-weighted return, net of investment expenses	1.70%	4.60%	6.48%	1.72%	2.17%	2.19%	-1.09%	2.37%

**Notes to Schedule:**

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

In 2016, the effects of economic and demographic gains and/or losses and changes of assumptions relate to the overall demographic changes of participants in the Plan, an increase in the discount rate from 4.00% to 4.50%, an increase in the expected investment rate of return from 4.00% to 4.50%, and the transfer of all but five active members of the Town's police force to the Delaware Public Employees' Retirement System (DPERS).

**TOWN OF SMYRNA**  
**SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY,**  
**RELATED RATIOS, AND INVESTMENT RETURNS - EMPLOYEE PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDING DECEMBER 31,

	2021	2020	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>								
Service cost	\$ 195,805	\$ 259,375	\$ 234,363	\$ 270,693	\$ 294,515	\$ 275,113	\$ 291,036	\$ 307,110
Interest on total pension liability	662,635	615,698	630,191	594,895	582,060	564,540	530,764	500,216
Effect of economic/demographic (gain) or loss	150,975	2,320	(215,736)	248,783	(250,777)	135,050	163,217	(34,663)
Effect of assumption changes or inputs	93,910	(1,350,400)	1,483,394	-	-	1,032,549	(81,634)	-
Benefit payments	(541,325)	(507,993)	(449,212)	(363,371)	(351,798)	(345,252)	(304,383)	(194,963)
<b>Net change in total pension liability</b>	562,000	(981,000)	1,683,000	751,000	274,000	1,662,000	599,000	577,700
<b>Total pension liability, beginning</b>	12,693,000	13,674,000	11,991,000	11,240,000	10,966,000	9,304,000	8,705,000	8,127,300
<b>Total pension liability, ending (a)</b>	<u>\$ 13,255,000</u>	<u>\$ 12,693,000</u>	<u>\$ 13,674,000</u>	<u>\$ 11,991,000</u>	<u>\$ 11,240,000</u>	<u>\$ 10,966,000</u>	<u>\$ 9,304,000</u>	<u>\$ 8,705,000</u>
<b>FIDUCIARY NET POSITION</b>								
Employer contributions	\$ 432,775	\$ 546,486	\$ 529,975	\$ 279,021	\$ 139,510	\$ 136,425	\$ 305,054	\$ 282,736
Member contributions	41,871	39,676	40,302	46,479	49,954	52,423	56,961	60,579
Investment income (loss) net of investment expenses	748,840	841,002	1,167,156	(194,613)	670,461	320,021	(163,460)	83,666
Benefit payments	(541,325)	(507,993)	(449,212)	(363,371)	(351,798)	(345,252)	(304,383)	(194,963)
Administrative expenses	(2,547)	(4,421)	(3,183)	(2,723)	(2,510)	(2,456)	(1,949)	(4,159)
<b>Net change in fiduciary net position</b>	679,614	914,750	1,285,038	(235,207)	505,617	161,161	(107,777)	227,859
<b>Fiduciary net position, beginning</b>	10,608,658	9,693,908	8,408,870	8,644,077	8,138,460	7,977,299	8,085,076	7,857,217
<b>Fiduciary net position, ending (b)</b>	<u>\$ 11,288,272</u>	<u>\$ 10,608,658</u>	<u>\$ 9,693,908</u>	<u>\$ 8,408,870</u>	<u>\$ 8,644,077</u>	<u>\$ 8,138,460</u>	<u>\$ 7,977,299</u>	<u>\$ 8,085,076</u>
<b>Net pension liability [(a) - (b)]</b>	<u>\$ 1,966,728</u>	<u>\$ 2,084,342</u>	<u>\$ 3,980,092</u>	<u>\$ 3,582,130</u>	<u>\$ 2,595,923</u>	<u>\$ 2,827,540</u>	<u>\$ 1,326,701</u>	<u>\$ 619,924</u>
Plan fiduciary net position as a percentage of the total pension liability	85.16%	83.58%	70.89%	70.13%	76.90%	74.22%	85.74%	92.88%
Covered payroll	\$ 1,473,729	\$ 1,547,114	\$ 1,824,878	\$ 2,027,560	\$ 2,058,343	\$ 2,293,689	\$ 2,367,385	\$ 2,446,089
Net pension liability as a percentage of covered payroll	133.45%	134.72%	218.10%	176.67%	126.12%	123.27%	56.04%	25.34%
Annual money-weighted return, net of investment expenses	7.08%	8.72%	13.86%	-2.26%	8.37%	4.07%	-2.02%	1.05%

**Notes to Schedule:**

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

In 2016, the effects of economic and demographic gains and/or losses and changes of assumptions relate to the overall demographic changes of participants in the Plan, changes in the assumed retirement age of participants, a decrease in the discount rate from 6.00% to 5.25%, and a decrease in the expected investment rate of return from 6.00% to 5.25%.

**TOWN OF SMYRNA**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**COUNTY AND MUNICIPAL POLICE AND FIREFIGHTERS' PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION**

<b>PROPORTIONATE SHARE OF NET PENSION LIABILITY</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Reporting Date Measurement	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Town's proportionate share of the net pension liability	1.46%	1.56%	1.41%	1.48%	1.76%	1.00%
Town's proportion of the net pension liability (asset) - dollar value	\$ (2,015,707)	\$ 239,640	\$ 403,856	\$ 341,272	\$ 177,377	\$ 158,206
Covered payroll - plan year	1,406,747	1,417,054	1,235,452	1,230,633	1,445,647	725,116
Town's proportionate share of the net pension liability as a percentage of its covered payroll	-143.29%	16.91%	32.69%	27.73%	12.27%	21.82%
Plan fiduciary net position as a percentage of the total pension liability	-128.19%	96.67%	93.25%	94.10%	97.00%	94.70%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to

**TOWN OF SMYRNA**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**COUNTY AND MUNICIPAL OTHER EMPLOYEES' PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION**

<b>PROPORTIONATE SHARE OF NET PENSION LIABILITY</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>
Town's proportionate share of the net pension liability	3.71%	2.56%	2.46%	2.57%	2.57%	2.01%
Town's proportion of the net pension liability (asset) - dollar value	\$ (777,082)	\$ 54,375	\$ 112,865	\$ 80,815	\$ 166,558	\$ 124,341
Covered payroll	1,987,058	1,248,140	1,094,405	931,631	928,386	537,427
Town's proportionate share of the net pension liability as a percentage of its covered payroll	-39.11%	4.36%	10.31%	8.67%	17.94%	23.14%
Plan fiduciary net position as a percentage of the total pension liability	-127.56%	96.95%	92.74%	94.41%	87.62%	86.38%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. The Town began participating in this Plan effective January 1, 2015; however, during 2015, the Town determined that the net pension liability and related deferred inflows and outflows of resources related to this Plan were immaterial to the financial statements taken as a whole and were, therefore, excluded from the financial statements. This schedule will accumulate each year until sufficient information to present a 10-year trend is available.

**TOWN OF SMYRNA**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS - POLICE PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION**

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2012	\$ 643,627	\$ 735,774	\$ (92,147)	\$ 1,161,460	63.35%
2013	710,437	710,785	(348)	1,343,083	52.92%
2014	818,964	743,174	75,790	1,381,065	53.81%
2015	716,636	480,531	236,105	N/A	N/A
2016	408,482	49,032	359,450	315,474	15.54%
2017	567,678	-	567,678	320,586	0.00%
2018	710,828	-	710,828	334,369	0.00%
2019	875,245	-	875,245	336,232	0.00%
2020	1,086,016	60,000	1,026,016	403,437	14.87%
2021	624,614	50,712	573,902	433,394	11.70%

**Notes to Schedule:**

Valuation date	January 1, annually
Actuarial cost method	Entry Age Normal (GASB Statement No. 67 version)
Amortization method	Level Dollar Amortization
Remaining amortization period	15 years (15 years starting January 1, 2021)
Amortization period	Closed
Asset valuation method through 2019	Current market value plus employer contributions expected to be made in the current year, discounted back to the current valuation date using the plan's investment rate of return assumption.
Asset valuation method through 2021	Market value

**Actuarial assumptions:**

Investment rate of return	4.50%
Discount rate	2.19%
Projected salary increases	Based on years of service, including underlying inflation of 3%
Cost of living adjustments	N/A

**Mortality - 2019 through 2021:** PUBS-2010 Mortality Tables for Public Safety employees projected on a generational basis using Scale MP-2021, with employee rates before termination and healthy annuitant rates after termination and disabled rates for disabled participants. As a generational table, it reflects mortality improvements both before and after the measurement date. The Mortality Tables and Scale were updated to the 2021 version for the December 31, 2021 measurement.

**Mortality - Through 2018:** RP-2000 Combined Healthy Annuitant Mortality projected on a generational basis using Scale AA. The Combined Employee table is used for pre-retirement.

**TOWN OF SMYRNA**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS - EMPLOYEE PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION**

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2012	\$ 618,547	\$ 681,700	\$ (63,153)	\$ 2,452,320	27.80%
2013	457,790	515,445	(57,655)	2,430,423	21.21%
2014	314,213	282,736	31,477	2,446,089	11.56%
2015	272,580	305,054	(32,474)	2,367,385	12.89%
2016	377,097	136,425	240,672	2,293,689	5.95%
2017	514,622	139,510	375,112	2,058,343	6.78%
2018	616,041	279,021	337,020	2,027,560	13.76%
2019	589,907	529,975	59,932	1,824,878	29.04%
2020	683,125	546,486	136,639	1,547,114	35.32%
2021	775,017	432,775	342,242	1,473,729	29.37%

**Notes to Schedule:**

Valuation date	January 1, annually
Actuarial cost method	Entry Age Normal (GASB Statement No. 67 version)
Amortization method	Level Dollar Amortization
Remaining amortization period	5 years (10 years beginning January 1, 2016)
Amortization period	Closed
Asset valuation method	Current market value plus employer contributions expected to be made in the current year, discounted back to the current valuation date using the plan's investment rate of return assumption.

**Actuarial assumptions:**

Investment rate of return - 2020 through 2021	5.25%
Investment rate of return - 2019	4.50%
Investment rate of return - through 2018	5.25%
Discount rate - 2021	5.21%
Discount rate - 2020	5.25%
Discount rate - 2019	4.50%
Discount rate - through 2018	5.25%
Projected salary increases	3.50%
Cost of living adjustments	0.00%

**Mortality - 2020 through 2021:** The mortality rates from the PRI-2012 Mortality Tables were projected with Mortality Improvement Scale MP-2021 on a generational basis, with employee rates before termination and healthy annuitant rates after termination and disabled rates for disabled participants. As a generational table, it reflects mortality improvements both before and after the measurement date. The Mortality Tables and Scale were updated to the 2021 version for the December 31, 2021 measurement.

**Mortality - 2019:** The mortality rates from the 2006 base year of the RP-2014 Mortality Tables were projected with Mortality Improvement Scale MP2019 on a generational basis, with employee rates before termination and healthy annuitant rates after termination and disabled rates for disabled participants. As a generational table, it reflects mortality improvements both before and after the measurement date.

**Mortality - Through 2018:** RP-2000 Combined Healthy Annuitant Mortality projected on a generational basis using Scale AA. The Combined Employee table is used for pre-retirement.

**TOWN OF SMYRNA**  
**SCHEDULE OF TOWN CONTRIBUTIONS**  
**COUNTY AND MUNICIPAL POLICE AND FIREFIGHTERS' PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION**

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Contractually required contribution	\$ 245,448	\$ 237,937	\$ 230,454	\$ 173,357	\$ 161,375	\$ 207,487
Contributions in relation to the contractually required contribution	<u>245,448</u>	<u>237,937</u>	<u>230,454</u>	<u>173,357</u>	<u>161,375</u>	<u>207,487</u>
Contribution excess	<u>\$ -</u>					
Covered payroll - Town year	\$ 1,499,797	\$ 1,416,778	\$ 1,362,282	\$ 1,235,825	\$ 1,275,598	\$ 1,700,501
Contributions as a percentage of covered payroll	16.37%	16.79%	16.92%	14.03%	12.65%	12.20%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**TOWN OF SMYRNA**  
**SCHEDULE OF TOWN CONTRIBUTIONS**  
**COUNTY AND MUNICIPAL OTHER EMPLOYEES' PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION**

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Contractually required contribution	\$ 161,578	\$ 114,135	\$ 82,923	\$ 77,775	\$ 65,561	\$ 56,582
Contributions in relation to the contractually required contribution	<u>161,578</u>	<u>114,135</u>	<u>82,923</u>	<u>77,775</u>	<u>65,561</u>	<u>56,582</u>
Contribution excess	<u>\$ -</u>					
Covered payroll	\$ 2,338,458	\$ 1,595,929	\$ 956,687	\$ 920,240	\$ 922,197	\$ 866,280
Contributions as a percentage of covered payroll	6.91%	7.15%	8.67%	8.45%	7.11%	6.53%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**TOWN OF SMYRNA**  
**SCHEDULE OF CHANGES IN THE TOWN'S**  
**NET OPEB LIABILITY AND RELATED RATIOS**  
**REQUIRED SUPPLEMENTARY INFORMATION**

	2021	2020	2019	2018
<b><u>TOTAL OPEB LIABILITY</u></b>				
Service cost	\$ 619,000	\$ 574,674	\$ 432,000	\$ 488,480
Interest on total OPEB liability	270,217	329,180	388,236	338,523
Effect of economic/demographic gains or losses	-	(27,196)	-	-
Effect of assumption changes or inputs	157,909	54,530	1,803,493	(946,757)
Benefit payments	(198,626)	(169,788)	(207,729)	(183,491)
Implicit rate subsidy payments	(52,500)	(65,400)	-	-
<b>NET CHANGE IN TOTAL OPEB LIABILITY</b>	<b>796,000</b>	<b>696,000</b>	<b>2,416,000</b>	<b>(303,245)</b>
<b>TOTAL OPEB LIABILITY, BEGINNING OF YEAR</b>	<b>12,252,000</b>	<b>11,556,000</b>	<b>9,140,000</b>	<b>9,443,245</b>
<b>TOTAL OPEB LIABILITY, END OF YEAR</b>	<b>\$ 13,048,000</b>	<b>\$ 12,252,000</b>	<b>\$ 11,556,000</b>	<b>\$ 9,140,000</b>
Covered payroll	\$ 4,589,632	\$ 4,589,632	\$ 4,453,460	\$ 4,453,460
OPEB liability as a percentage of covered payroll	284.29%	266.95%	259.48%	205.23%

**Notes to Schedule:**

No assets are accumulated in a trust to pay benefits related to this plan.

The changes listed below reflect differences from the December 31, 2020 measurement date to the December 31, 2021 measurement date.

The discount rate was reduced from 2.12% per year to 2.06% per year as of December 31, 2021. This discount rate is based on the Bond Buyer GO 20-Year Bond Municipal Bond Index, in accordance with GASB Statements 74 and 75, as of December 31, 2021.

The mortality tables were updated from RP-2000 projected with Scale AA for all employees to Pri-2012 Amount Weighted mortality for Town employees and Pub-2010 Amount Weighted mortality for Public Safety employees for Police, projected with SOA Scale MP-2021. The Mortality Tables and Scale were updated to the 2021 version for the December 31, 2021 measurement.

The changes listed below reflect differences from the January 1, 2018 actuarial valuation to the January 1, 2020 actuarial valuation.

The discount rate was reduced from 2.74% per year to 2.12% per year as of December 31, 2020. This discount rate is based on the Bond Buyer GO 20-Year Bond Municipal Bond Index, in accordance with GASB Statements 74 and 75, as of December 31, 2020. The discount rate was 3.44% as of December 31, 2017, 4.10% as of December 31, 2018, 2.74% as of December 31, 2019, and 2.12% as of December 31, 2020.

Per Capita claims costs were valued based on the State of Delaware Postretirement Health Plan Actuarial Valuation Report as of July 1, 2020.

Healthcare trend assumptions were updated based on the most recent Society of Actuaries Getzen Model.

The mortality tables were updated from RP-2000 projected with Scale AA for all employees to Pri-2012 Amount Weighted mortality for Town employees and Pub-2010 Amount Weighted mortality for Public Safety employees for Police, projected with SOA Scale MP-2020.

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is completed, information for only those years for which information is available is shown.

In accordance with GASB Statements 74 and 75, the actuarial cost method was updated from Projected Unit Credit Method to the Entry Age Normal cost method for determining service costs and the actuarial accrued liability. Costs are determined as a level percent of pay.

**SUPPLEMENTARY INFORMATION SECTION**

**TOWN OF SMYRNA**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2021**

	<u>Municipal Street Aid Fund</u>	<u>S.A.L.L.E. Fund</u>	<u>E.I.D.E. Fund</u>	<u>Resource Officer Fund</u>	<u>Forfeiture Fund</u>	<u>Totals</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 808,371	\$ 4,546	\$ 3,002	\$ 33,567	\$ 8,394	\$ 857,880
Investments	451,973	-	-	-	-	451,973
<b>TOTAL ASSETS</b>	<u>\$ 1,260,344</u>	<u>\$ 4,546</u>	<u>\$ 3,002</u>	<u>\$ 33,567</u>	<u>\$ 8,394</u>	<u>\$ 1,309,853</u>
<b>FUND BALANCES:</b>						
Restricted for:						
Police expenditures	\$ -	\$ 4,546	\$ 3,002	\$ 33,567	\$ 8,394	\$ 49,509
Public works expenditures	1,260,344	-	-	-	-	1,260,344
<b>TOTAL FUND BALANCES</b>	<u>1,260,344</u>	<u>4,546</u>	<u>3,002</u>	<u>33,567</u>	<u>8,394</u>	<u>1,309,853</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,260,344</u>	<u>\$ 4,546</u>	<u>\$ 3,002</u>	<u>\$ 33,567</u>	<u>\$ 8,394</u>	<u>\$ 1,309,853</u>

**TOWN OF SMYRNA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Municipal Street Aid Fund</b>	<b>S.A.L.L.E. Fund</b>	<b>E.I.D.E. Fund</b>	<b>Resource Officer Fund</b>	<b>Forfeiture Fund</b>	<b>Total</b>
<b>REVENUES</b>						
Intergovernmental	\$ 449,835	\$ 3,584	\$ -	\$ -	\$ -	\$ 453,419
Investment income	61,788	-	-	-	-	61,788
<b>TOTAL REVENUES</b>	<u>511,623</u>	<u>3,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>515,207</u>
<b>EXPENDITURES</b>						
<b>Current:</b>						
Public safety	-	7,161	2,347	20	4,064	13,592
Public works	160,408	-	-	-	-	160,408
<b>TOTAL EXPENDITURES</b>	<u>160,408</u>	<u>7,161</u>	<u>2,347</u>	<u>20</u>	<u>4,064</u>	<u>174,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>351,215</u>	<u>(3,577)</u>	<u>(2,347)</u>	<u>(20)</u>	<u>(4,064)</u>	<u>341,207</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCE</b>	351,215	(3,577)	(2,347)	(20)	(4,064)	341,207
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>909,129</u>	<u>8,123</u>	<u>5,349</u>	<u>33,587</u>	<u>12,458</u>	<u>968,646</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 1,260,344</u>	<u>\$ 4,546</u>	<u>\$ 3,002</u>	<u>\$ 33,567</u>	<u>\$ 8,394</u>	<u>\$ 1,309,853</u>

**TOWN OF SMYRNA**  
**COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**DECEMBER 31, 2021**  
(With summarized comparative data for 2020)

	<b>Police Pension Trust Fund</b>	<b>Employee Pension Trust Fund</b>	<b>Totals</b>	
			<b>2021</b>	<b>2020</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 484,644	\$ 472,806	\$ 957,450	\$ 929,672
Prepaid expense	15,150	44,751	59,901	55,475
Accounts receivable	-	855	855	259
Contributions receivable	-	-	-	110,577
Interest receivable	-	18,563	18,563	30,428
Investments at fair value				
Equities	-	-	-	1,523,227
Mutual funds	216,137	6,094,004	6,310,141	2,007,038
Fixed income	-	2,375,883	2,375,883	4,795,934
Exchange-traded funds	54,395	330,856	385,251	44,852
Insurance contracts	1,994,261	1,992,023	3,986,284	4,074,397
<b>TOTAL ASSETS</b>	<b>\$ 2,764,587</b>	<b>\$ 11,329,741</b>	<b>\$ 14,094,328</b>	<b>\$ 13,571,859</b>
<b>LIABILITIES AND NET POSITION</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 40,477	\$ 41,469	\$ 81,946	\$ 77,178
<b>NET POSITION</b>				
Restricted for pension benefits	2,724,110	11,288,272	14,012,382	13,494,681
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 2,764,587</b>	<b>\$ 11,329,741</b>	<b>\$ 14,094,328</b>	<b>\$ 13,571,859</b>

**TOWN OF SMYRNA**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(With Summarized Comparative Data for the Year Ended December 31, 2020)**

	<b>Police Pension Trust Fund</b>	<b>Employee Pension Trust Fund</b>	<b>Totals</b>	
			<b>2021</b>	<b>2020</b>
<b>ADDITIONS:</b>				
<b>Contributions:</b>				
Employer contribution	\$ 50,712	\$ 432,775	\$ 483,487	\$ 606,486
Employee contribution	30,489	41,871	72,360	68,552
<b>Total Contributions</b>	<u>81,201</u>	<u>474,646</u>	<u>555,847</u>	<u>675,038</u>
<b>Investment Income:</b>				
Interest and dividends	93,589	283,660	377,249	319,145
Net appreciation/(depreciation) in fair value of investments	(24,470)	561,878	537,408	782,775
<b>Total Investment Income</b>	69,119	845,538	914,657	1,101,920
Less: investment expense	21,866	96,698	118,564	130,397
<b>Net Investment Income</b>	47,253	748,840	796,093	971,523
<b>TOTAL ADDITIONS</b>	<u>128,454</u>	<u>1,223,486</u>	<u>1,351,940</u>	<u>1,646,561</u>
<b>DEDUCTIONS:</b>				
Benefits paid	289,061	541,325	830,386	820,344
Administrative expenses	1,306	2,547	3,853	7,936
<b>TOTAL DEDUCTIONS</b>	<u>290,367</u>	<u>543,872</u>	<u>834,239</u>	<u>828,280</u>
<b>CHANGE IN NET POSITION</b>	(161,913)	679,614	517,701	818,281
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>2,886,023</u>	<u>10,608,658</u>	<u>13,494,681</u>	<u>12,676,400</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 2,724,110</u>	<u>\$ 11,288,272</u>	<u>\$ 14,012,382</u>	<u>\$ 13,494,681</u>

## STATISTICAL SECTION

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

### Contents

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the town's financial performance and well-being have changed over time.

#### **Revenue Capacity**

These schedules contain information to help the reader assess the town's most significant local revenue source, the property tax.

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the town's current levels of outstanding debt and the town's ability to issue additional debt in the future.

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the town's financial activities take place.

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the town's financial report relates to the services the town provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year. The town implemented GASB 34 in fiscal year 2004; schedules presenting governmental wide information include information beginning in that year.

**TOWN OF SMYRNA**

**NET POSITION**

*Last ten fiscal years ending December 31,*

*(Unaudited)*

*Accrual basis of accounting*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 20,639,523	\$ 21,014,581	\$ 18,803,314	\$ 15,863,323	\$ 16,211,753	\$ 16,902,771	\$ 17,185,456	\$ 16,511,140	\$ 17,322,727	\$ 17,800,609
Restricted for police	105,116	60,165	93,082	82,732	57,043	66,073	85,488	68,967	79,954	83,336
Restricted for public works	1,260,344	909,129	715,358	469,997	247,507	254,131	62,150	92,668	135,830	297,609
Restricted for federal program	444	-	-	-	-	-	-	-	-	-
Unrestricted	(18,044,753)	(16,396,994)	(12,710,653)	(11,294,294)	(10,408,860)	(8,731,027)	(7,506,315)	(5,598,175)	(824,096)	352,459
Total governmental activities net position	<u>\$ 3,960,674</u>	<u>\$ 5,586,881</u>	<u>\$ 6,901,101</u>	<u>\$ 5,121,758</u>	<u>\$ 6,107,443</u>	<u>\$ 8,491,948</u>	<u>\$ 9,826,779</u>	<u>\$ 11,074,600</u>	<u>\$ 16,714,415</u>	<u>\$ 18,534,013</u>
<b>Business-Type Activities</b>										
Net investment in capital assets	\$ 35,696,462	\$ 35,288,189	\$ 33,390,043	\$ 30,446,663	\$ 30,592,045	\$ 29,772,917	\$ 28,770,048	\$ 27,280,269	\$ 27,331,488	\$ 25,581,921
Restricted for capital projects	-	-	-	-	833,060	729,995	597,161	1,409,939	195,702	236,335
Restricted for rural economic development	300,000	300,000	300,000	300,000	300,000	300,000	300,000	-	-	-
Unrestricted	2,781,058	1,400,090	1,624,729	1,206,364	(189,892)	538,448	1,226,816	178,726	1,602,722	1,231,180
Total business-type activities net position	<u>\$ 38,777,520</u>	<u>\$ 36,988,279</u>	<u>\$ 35,314,772</u>	<u>\$ 31,953,027</u>	<u>\$ 31,535,213</u>	<u>\$ 31,341,360</u>	<u>\$ 30,894,025</u>	<u>\$ 28,868,934</u>	<u>\$ 29,129,912</u>	<u>\$ 27,049,436</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 56,335,985	\$ 56,302,770	\$ 52,193,357	\$ 46,309,986	\$ 46,803,798	\$ 46,675,688	\$ 45,955,504	\$ 43,791,409	\$ 44,654,215	\$ 43,382,530
Restricted for police	105,116	60,165	93,082	82,732	57,043	66,073	85,488	68,967	79,954	83,336
Restricted for federal program	444	-	-	-	-	-	-	-	-	-
Restricted for public works	1,260,344	909,129	715,358	469,997	247,507	254,131	62,150	92,668	135,830	297,609
Restricted for capital projects	-	-	-	-	833,060	729,995	597,161	1,409,939	195,702	236,335
Restricted for rural economic development	300,000	300,000	300,000	300,000	300,000	300,000	300,000	-	-	-
Unrestricted	(15,263,695)	(14,996,904)	(11,085,924)	(10,124,409)	(10,598,752)	(8,192,579)	(6,279,499)	(5,419,449)	778,626	1,583,639
Total primary government	<u>\$ 42,738,194</u>	<u>\$ 42,575,160</u>	<u>\$ 42,215,873</u>	<u>\$ 37,038,306</u>	<u>\$ 37,642,656</u>	<u>\$ 39,833,308</u>	<u>\$ 40,720,804</u>	<u>\$ 39,943,534</u>	<u>\$ 45,844,327</u>	<u>\$ 45,583,449</u>

Increases in net position are due to many factors within the town that are explained in the MD & A.

Source: Town financial reports

**TOWN OF SMYRNA**  
**CHANGES IN NET POSITION**  
*Last ten fiscal years ending December 31,*  
*(Unaudited)*  
*Accrual basis of accounting*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Expenses</b>										
Governmental activities										
General government	\$ 2,373,496	\$ 1,599,990	\$ 1,487,670	\$ 1,352,992	\$ 1,173,230	\$ 1,280,321	\$ 1,443,523	\$ 894,143	\$ 916,169	\$ 819,583
Public safety	6,946,044	6,817,204	5,471,858	4,782,232	4,294,862	4,258,409	5,135,076	5,058,205	4,891,398	4,397,133
Public works	4,120,286	3,854,224	3,347,632	3,396,242	3,406,500	3,149,760	2,979,424	3,184,907	3,164,500	3,377,238
Planning and inspection	801,854	880,876	863,780	1,036,302	869,710	749,516	633,705	643,618	615,649	686,349
Library	303,039	321,069	434,842	331,280	388,834	376,293	341,392	381,152	341,844	339,695
Culture and recreation	345,148	335,251	358,820	398,277	421,795	407,472	355,338	387,046	312,689	276,295
Business park	-	-	-	-	-	-	-	-	-	-
Neighborhood housing rehabilitation	-	-	-	-	-	-	-	427	335	568
Interest on long-term debt	141,093	244,369	208,676	335,916	102,691	174,999	136,471	116,385	114,366	114,348
Total governmental activities	<u>15,030,960</u>	<u>14,052,983</u>	<u>12,173,278</u>	<u>11,633,241</u>	<u>10,657,622</u>	<u>10,396,770</u>	<u>11,024,929</u>	<u>10,665,883</u>	<u>10,356,950</u>	<u>10,011,209</u>
Business-Type activities										
Electric	12,765,157	12,318,517	12,508,566	12,449,349	12,469,844	12,880,809	12,327,624	11,974,904	11,472,593	12,047,790
Water/Sewer	4,773,972	4,157,455	4,212,719	4,447,239	4,053,743	4,063,515	3,664,416	3,375,782	3,395,598	2,965,988
Smyrna slum clearance & redevelopment authority	24,590	21,959	31,680	27,896	67,231	10,375	12,669	-	-	-
Total business-type activities	<u>17,563,719</u>	<u>16,497,931</u>	<u>16,752,965</u>	<u>16,924,484</u>	<u>16,590,818</u>	<u>16,954,699</u>	<u>16,004,709</u>	<u>15,350,686</u>	<u>14,868,191</u>	<u>15,013,778</u>
Total primary government expenses	<u>\$ 32,594,679</u>	<u>\$ 30,550,914</u>	<u>\$ 28,926,243</u>	<u>\$ 28,557,725</u>	<u>\$ 27,248,440</u>	<u>\$ 27,351,469</u>	<u>\$ 27,029,638</u>	<u>\$ 26,016,569</u>	<u>\$ 25,225,141</u>	<u>\$ 25,024,987</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services										
General government	\$ 680,292	\$ 819,742	\$ 687,653	\$ 671,626	\$ 553,280	\$ 574,466	\$ 183,294	\$ 323,364	\$ 273,283	\$ 242,335
Public safety	106,012	117,175	77,459	109,195	127,874	129,685	131,790	131,470	156,739	151,054
Public works	1,674,799	1,577,936	1,531,130	1,488,746	1,439,446	1,397,513	1,354,741	1,323,104	1,260,599	1,163,188
Planning and inspection	602,786	588,356	549,839	607,274	429,913	404,847	320,600	479,485	369,639	474,028
Library	3,551	903	69,520	83,226	133,556	109,407	87,261	136,257	102,163	96,451
Operating grants and contributions	1,119,842	794,164	811,774	678,680	676,609	642,231	690,509	593,361	480,870	587,195
Capital grants and contributions	876,487	1,357,656	3,619,305	368,010	143,091	138,995	1,158,725	-	472,216	2,159,991
Total governmental activities	<u>5,063,769</u>	<u>5,255,932</u>	<u>7,346,680</u>	<u>4,006,757</u>	<u>3,503,769</u>	<u>3,397,144</u>	<u>3,926,920</u>	<u>2,987,041</u>	<u>3,115,509</u>	<u>4,874,242</u>
Business-Type activities										
Charges for services										
Electric	14,812,660	13,617,799	13,827,922	13,752,420	13,684,283	14,307,479	14,164,412	13,295,462	12,768,215	13,518,689
Water/Sewer	5,331,432	4,547,314	4,317,528	4,052,266	4,006,315	3,962,367	3,559,235	3,555,119	3,247,342	3,252,812
Smyrna slum clearance & redevelopment authority	21,212	4,149	24,117	17,933	40,248	35,163	38,601	-	-	-
Operating grants and contributions	-	-	20,978	49,054	54,227	-	300,000	-	-	11,932
Capital grants and contributions	821,905	1,509,521	2,949,342	698,455	262,637	115,974	1,309,807	208,102	3,122,453	2,784,485
Total business-type activities	<u>20,987,209</u>	<u>19,678,783</u>	<u>21,139,887</u>	<u>18,570,128</u>	<u>18,047,710</u>	<u>18,420,983</u>	<u>19,372,055</u>	<u>17,058,683</u>	<u>19,138,010</u>	<u>19,567,918</u>
Total primary government program revenues	<u>\$ 26,050,978</u>	<u>\$ 24,934,715</u>	<u>\$ 28,486,567</u>	<u>\$ 22,576,885</u>	<u>\$ 21,551,479</u>	<u>\$ 21,818,127</u>	<u>\$ 23,298,975</u>	<u>\$ 20,045,724</u>	<u>\$ 22,253,519</u>	<u>\$ 24,442,160</u>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (9,967,191)	\$ (8,797,051)	\$ (4,826,598)	\$ (7,626,484)	\$ (7,153,853)	\$ (6,999,626)	\$ (7,098,009)	\$ (7,678,842)	\$ (7,241,441)	\$ (5,136,967)
Business-Type activities	3,423,490	3,180,852	4,386,922	1,645,644	1,456,892	1,466,284	3,367,346	1,707,997	4,269,819	4,554,140
Total primary government net expense	<u>\$ (6,543,701)</u>	<u>\$ (5,616,199)</u>	<u>\$ (439,676)</u>	<u>\$ (5,980,840)</u>	<u>\$ (5,696,961)</u>	<u>\$ (5,533,342)</u>	<u>\$ (3,730,663)</u>	<u>\$ (5,970,845)</u>	<u>\$ (2,971,622)</u>	<u>\$ (582,827)</u>

Fluctuations in net position are due to many factors within the town that are explained in the MD & A.

Source: Town financial reports

Continued on next page

**TOWN OF SMYRNA**

CHANGES IN NET POSITION - CONTINUED

Last ten fiscal years ending December 31,

(Unaudited)

Accrual basis of accounting

Cont'd

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities										
Real estate taxes	\$ 4,286,125	\$ 4,070,845	\$ 4,060,318	\$ 3,750,986	\$ 3,547,537	\$ 3,456,413	\$ 3,447,544	\$ 2,940,321	\$ 2,603,882	\$ 2,347,762
Real estate transfer taxes	2,026,000	1,535,056	1,232,870	1,367,617	1,239,454	928,231	844,960	619,310	417,320	512,265
Franchise fees	243,363	232,140	219,067	203,907	199,920	191,544	187,919	181,844	169,336	193,997
Investment earnings	69,958	15,332	117,786	52,138	29,436	20,335	4,054	13,341	24,717	14,490
Miscellaneous income	50,035	129,993	32,900	38,312	49,727	49,223	23,349	46,346	16,699	174,438
Net (loss) gain on disposal of capital assets	31,279	(1,470)	-	-	12,711	-	-	-	-	-
Transfers	1,634,224	1,500,935	886,686	1,227,839	1,050,209	1,019,049	1,342,362	1,848,148	2,189,889	2,625,808
Total governmental activities	<u>8,340,984</u>	<u>7,482,831</u>	<u>6,549,627</u>	<u>6,640,799</u>	<u>6,128,994</u>	<u>5,664,795</u>	<u>5,850,188</u>	<u>5,649,310</u>	<u>5,421,843</u>	<u>5,868,760</u>
Business-type activities										
Investment earnings	(25)	3	12	9	127	100	107	154	546	148
Net gain (loss) on sale of capital assets	-	(6,413)	-	-	-	-	-	233,575	-	-
Transfers	(1,634,224)	(1,500,935)	(886,686)	(1,227,839)	(1,050,209)	(1,019,049)	(1,342,362)	(1,848,148)	(2,189,889)	(2,625,808)
Total business-type activities	<u>(1,634,249)</u>	<u>(1,507,345)</u>	<u>(886,674)</u>	<u>(1,227,830)</u>	<u>(1,050,082)</u>	<u>(1,018,949)</u>	<u>(1,342,255)</u>	<u>(1,614,419)</u>	<u>(2,189,343)</u>	<u>(2,625,660)</u>
Total primary government	<u>\$ 6,706,735</u>	<u>\$ 5,975,486</u>	<u>\$ 5,662,953</u>	<u>\$ 5,412,969</u>	<u>\$ 5,078,912</u>	<u>\$ 4,645,846</u>	<u>\$ 4,507,933</u>	<u>\$ 4,034,891</u>	<u>\$ 3,232,500</u>	<u>\$ 3,243,100</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (1,626,207)	\$ (1,314,220)	\$ 1,723,029	\$ (985,685)	\$ (1,024,859)	\$ (1,334,831)	\$ (1,247,821)	\$ (2,029,532)	\$ (1,819,598)	\$ 731,793
Business-Type activities	1,789,241	1,673,507	3,500,248	417,814	406,810	447,335	2,025,091	93,578	2,080,476	1,928,480
Total primary government	<u>\$ 163,034</u>	<u>\$ 359,287</u>	<u>\$ 5,223,277</u>	<u>\$ (567,871)</u>	<u>\$ (618,049)</u>	<u>\$ (887,496)</u>	<u>\$ 777,270</u>	<u>\$ (1,935,954)</u>	<u>\$ 260,878</u>	<u>\$ 2,660,273</u>

Fluctuations in net position are due to many factors within the town that are explained in the MD & A.

Source: Town financial reports

**TOWN OF SMYRNA****FUND BALANCES OF GOVERNMENTAL FUNDS***Last ten fiscal years ending December 31,**(Unaudited)**Modified accrual basis of accounting*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>General Fund</b>										
Nonspendable	\$ 167,456	\$ 29,966	\$ 19,811	\$ 23,439	\$ 79,214	\$ 88,594	\$ 86,086	\$ 91,477	\$ 85,899	\$ 83,944
Committed	2,673,029	2,457,028	1,990,952	1,990,952	1,990,952	1,990,952	2,341,229	2,341,229	-	-
Unassigned	-	-	208,561	206,568	(41,906)	(53,232)	(310,317)	85,949	268,432	506,330
Total general fund	<u>\$ 2,840,485</u>	<u>\$ 2,486,994</u>	<u>\$ 2,219,324</u>	<u>\$ 2,220,959</u>	<u>\$ 2,028,260</u>	<u>\$ 2,026,314</u>	<u>\$ 2,116,998</u>	<u>\$ 2,518,655</u>	<u>\$ 354,331</u>	<u>\$ 590,274</u>
<b>All other governmental funds</b>										
Committed	\$ 77,144	\$ -	\$ 944,559	\$ 822,837	\$ 764,997	\$ 502,055	\$ 1,017,678	\$ 943,576	\$ 3,257,475	\$ 2,927,248
Restricted	1,310,297	968,646	808,440	552,729	304,550	320,204	147,638	161,635	215,784	380,945
Unassigned	-	(280,665)	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 1,387,441</u>	<u>\$ 687,981</u>	<u>\$ 1,752,999</u>	<u>\$ 1,375,566</u>	<u>\$ 1,069,547</u>	<u>\$ 822,259</u>	<u>\$ 1,165,316</u>	<u>\$ 1,105,211</u>	<u>\$ 3,473,259</u>	<u>\$ 3,308,193</u>
Total governmental fund balances	<u>\$ 4,227,926</u>	<u>\$ 3,174,975</u>	<u>\$ 3,972,323</u>	<u>\$ 3,596,525</u>	<u>\$ 3,097,807</u>	<u>\$ 2,848,573</u>	<u>\$ 3,282,314</u>	<u>\$ 3,623,866</u>	<u>\$ 3,827,590</u>	<u>\$ 3,898,467</u>

Source: Town financial reports

**TOWN OF SMYRNA**  
**CHANGES IN GOVERNMENTAL FUND BALANCES**  
*Last ten fiscal years ending December 31,*  
*(Unaudited)*  
*Modified accrual basis of accounting*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Revenues</b>										
Property taxes	\$ 4,281,773	\$ 4,039,247	\$ 4,088,867	\$ 3,714,507	\$ 3,497,722	\$ 3,413,338	\$ 3,497,276	3,004,848	\$ 2,574,536	\$ 2,342,060
Transfer taxes	2,026,000	1,535,056	1,232,870	1,367,617	1,239,454	928,231	844,960	619,310	417,320	512,265
Special assessment/impact fees	562,338	723,785	565,687	547,048	422,657	476,427	138,463	294,875	244,709	207,348
Charges for services	1,708,964	1,634,083	1,521,806	1,533,720	1,510,819	1,473,711	1,437,363	1,402,868	1,258,056	1,236,859
Intergovernmental	1,950,633	844,992	901,223	759,202	839,307	815,668	728,779	679,029	1,022,750	873,207
Licenses, fees and permits	548,117	569,702	426,109	429,001	355,821	337,686	334,700	378,076	392,599	336,364
Fines and forfeits	116,731	86,204	126,213	253,750	144,507	123,931	44,542	142,462	123,365	214,892
Franchise fees	243,363	232,140	219,067	203,907	199,919	191,544	187,919	181,844	169,336	193,997
Investment income	69,958	15,331	117,786	52,138	29,435	20,335	4,054	13,341	24,717	14,490
Rental income	82,280	65,099	94,212	92,052	99,087	65,637	6,600	-	-	-
Miscellaneous	141,151	220,419	138,979	155,285	211,293	157,360	104,687	153,783	100,844	276,449
Total revenues	<u>11,731,308</u>	<u>9,966,058</u>	<u>9,432,819</u>	<u>9,108,227</u>	<u>8,550,021</u>	<u>8,003,868</u>	<u>7,329,343</u>	<u>6,870,436</u>	<u>6,328,232</u>	<u>6,207,931</u>
<b>Expenditures</b>										
General government	2,207,587	1,290,019	1,276,128	1,136,187	927,507	1,087,840	1,228,783	632,914	706,987	616,650
Public safety	4,525,398	4,550,836	4,246,285	3,930,809	4,066,165	3,895,577	4,039,236	4,054,080	4,023,807	3,698,123
Public works	2,893,285	3,000,524	2,441,675	2,446,401	2,387,615	2,099,028	2,330,086	2,272,942	2,397,179	2,393,101
Planning and inspection	770,346	866,742	747,817	950,659	799,665	738,930	577,503	572,085	555,314	633,328
Library	285,108	287,028	393,079	281,216	331,875	319,931	309,270	341,625	295,043	305,978
Culture and recreation	295,590	362,447	271,956	341,730	419,075	336,324	300,727	352,336	304,463	240,646
Business park	-	-	-	-	-	-	-	-	-	-
Neighborhood housing rehabilitation	-	-	-	-	-	-	-	427	335	568
Debt service:										
Principal	622,221	365,162	301,851	403,044	326,558	4,156,308	154,587	129,000	126,850	122,550
Interest	144,861	253,236	208,732	329,643	102,887	175,064	136,394	116,294	114,261	114,214
Bond issuance costs	-	107,586	-	-	-	-	-	-	-	-
Capital outlay	1,111,409	1,840,759	112,498	330,467	103,240	1,568,041	2,683,063	955,183	474,378	416,257
Total expenditures	<u>12,855,805</u>	<u>12,924,339</u>	<u>10,000,021</u>	<u>10,150,156</u>	<u>9,464,587</u>	<u>14,377,043</u>	<u>11,759,649</u>	<u>9,426,886</u>	<u>8,998,617</u>	<u>8,541,415</u>
Excess of revenues over (under) expenditures	<u>(1,124,497)</u>	<u>(2,958,281)</u>	<u>(567,202)</u>	<u>(1,041,929)</u>	<u>(914,566)</u>	<u>(6,373,175)</u>	<u>(4,430,306)</u>	<u>(2,556,450)</u>	<u>(2,670,385)</u>	<u>(2,333,484)</u>
<b>Other financing sources (uses)</b>										
Issuance of debt	543,224	504,186	-	312,808	113,591	-	66,405	-	-	-
Loan issuance	-	-	-	-	-	4,920,385	2,679,987	890,009	409,619	-
Transfers in	3,412,936	4,374,071	3,368,681	1,227,839	1,082,896	3,235,283	2,263,353	4,345,977	2,961,419	3,042,322
Transfers out	(1,778,712)	(2,873,136)	(2,481,995)	-	(32,687)	(2,216,234)	(920,991)	(2,497,829)	(771,530)	(416,514)
Issuance of refunded debt	-	6,041,637	-	-	-	-	-	-	-	-
Premium on issuance of refunded debt	-	693,367	-	-	-	-	-	-	-	-
Payment to refunded debt escrow agent	-	(6,579,192)	-	-	-	-	-	-	-	-
Bond discount	-	-	-	-	-	-	-	-	-	-
Prepayment of Note	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>2,177,448</u>	<u>2,160,933</u>	<u>886,686</u>	<u>1,540,647</u>	<u>1,163,800</u>	<u>5,939,434</u>	<u>4,088,754</u>	<u>2,738,157</u>	<u>2,599,508</u>	<u>2,625,808</u>
Net Change in fund balances	<u>\$ 1,052,951</u>	<u>\$ (797,348)</u>	<u>\$ 319,484</u>	<u>\$ 498,718</u>	<u>\$ 249,234</u>	<u>\$ (433,741)</u>	<u>\$ (341,552)</u>	<u>\$ 181,707</u>	<u>\$ (70,877)</u>	<u>\$ 292,324</u>
Debt service as a percentage of noncapital expenditures	7%	6%	5%	8%	5%	34%	4%	3%	3%	3%

Source: Town financial reports  
Increased percentage as a result of the Town repaying USDA debt

**TOWN OF SMYRNA****REAL ESTATE TAX REVENUE BY SOURCE - GOVERNMENTAL FUNDS***Last ten fiscal years ending December 31,**Unaudited**Modified accrual basis of accounting*

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Transfer Tax</u>	<u>Total</u>
2021	\$ 4,281,773	\$ 2,026,000	\$ 6,307,772
2020	4,039,247	1,535,056	5,574,303
2019	4,088,867	1,232,870	5,321,737
2018	3,714,507	1,367,617	5,082,124
2017	3,497,722	1,239,454	4,737,176
2016	3,413,338	928,231	4,341,569
2015	3,497,276	844,960	4,342,236
2014	3,004,848	619,310	3,624,158
2013	2,574,536	417,320	2,991,856
2012	2,342,060	512,265	2,854,325

**Notes**

1) Property tax, tax rate of .4000 of 100% assessed value net of discounts and penalties.

2) Transfer taxes equal 1.5% of the real property sales value.

Source: Town financial reports

**TOWN OF SMYRNA**  
**ASSESSED VALUE AND ESTIMATED ACTUAL**  
**VALUE OF TAXABLE PROPERTY**  
*Last ten fiscal years ending December 31,*  
*Unaudited*

Fiscal Year	Real Property				
	Total Assessed Value	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value
2021	\$1,165,426,428	\$ 140,225,975	\$ 1,025,200,453	0.44000	*
2020	1,107,959,098	135,543,185	972,415,913	0.44000	*
2019	1,091,450,566	135,444,085	956,006,481	0.44000	*
2018	1,070,841,344	129,936,375	940,904,969	0.42000	*
2017	1,060,266,878	130,288,075	929,978,803	0.40000	*
2016	1,041,136,014	130,786,315	910,349,699	0.40000	*
2015	1,022,316,578	121,898,795	900,417,783	0.40000	*
2014	1,000,444,154	122,005,645	878,438,509	0.36000	*
2013	998,111,246	121,725,765	876,385,481	0.31000	*
2012	984,644,010	131,844,907	852,799,103	0.29000	*

\* = Information is not available

Reassessment took place in 2006

\* Property in the Town is not assessed annually, therefore the estimated actual value is not available.

Source: Town of Smyrna Assessment Office

**TOWN OF SMYRNA**

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS (Per \$100 of Assessed Value)

*Last ten fiscal years ending December 31,*

*Unaudited*

Fiscal Year	Town of Smyrna	Total Direct Rates	Overlapping Governments			
			Kent County	New Castle County	Smyrna School District- New Castle County	Smyrna School District- Kent County
2021	0.44000	0.44000	0.30000	0.81110	1.36210	1.71180
2020	0.44000	0.44000	0.30000	0.81040	1.38130	1.73580
2019	0.44000	0.44000	0.30000	0.80400	1.37800	1.73730
2018	0.42000	0.42000	0.30000	0.80570	1.37800	1.73170
2017	0.40000	0.40000	0.30000	0.70060	1.40650	1.76740
2016	0.40000	0.40000	0.30000	0.70060	1.41910	1.78350
2015	0.40000	0.40000	0.30000	0.70060	1.30770	1.64330
2014	0.36000	0.36000	0.30000	0.70060	1.12670	1.41610
2013	0.31000	0.31000	0.30000	0.70060	1.01190	1.32400
2012	0.29000	0.29000	0.30000	0.70060	1.01190	1.27160

Less than one quarter of the Town's boundaries are located in New Castle County

Source: Town and county financial reports

**TOWN OF SMYRNA**  
**PRINCIPAL TAXPAYERS**  
*Current Year and Nine Years Ago*  
*Unaudited*

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of total taxable assessed valuation	Taxable Assessed Value	Rank	Percentage of total taxable assessed valuation
Wal-mart Stores East, LP	\$ 40,000,000	1	3.90%	\$ 49,683,100	1	5.83%
Liborio III, LP	22,024,476	2	2.15%	47,711,380	2	0.00%
Sunnyside Apartments	20,148,800	3	1.97%	-		-
Smyrna Professional Properties	18,239,100	4	1.78%	18,255,300	4	2.14%
Worthington Properties, LLC	18,221,600	5	1.78%	22,388,200	3	2.63%
Smyrna Two LLC	16,656,800	6	1.62%	14,487,500	5	1.70%
KRM Duck Creek 1 LLC	12,048,800	7	1.18%	-		-
Glenwood Associates, LLC	9,034,100	8	0.88%	11,725,300	6	1.37%
Goldsborough Rd Dev LLC	7,003,270	9	0.68%	7,023,790	10	0.82%
GM Governors Place LLC	6,822,700	10	0.67%	-		-
Brenford Holdings, LLC	-		0.00%	10,019,060	7	1.17%
Capson of Brandywine, LLC	-		0.00%	7,578,300	8	0.89%
KRM Development Corp	-		0.00%	7,569,200	9	0.89%
	-		0.00%	-		-
<b>Total</b>	<b>\$ 170,199,646</b>		<b>16.60%</b>	<b>\$ 196,441,130</b>		<b>17.44%</b>

Source: Town of Smyrna Assessment Office

**TOWN OF SMYRNA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
*Last ten fiscal years ending December 31,*  
*Unaudited*

<u>Fiscal Year</u>	<u>Total Levy</u>	<u>Collected Within Fiscal Year of the Levy</u>	<u>Percentage of Levy</u>	<u>Collected in Subsequent Years</u>	<u>Total (1)</u>	<u>Percentage of Levy</u>
2021	\$ 4,519,838	\$ 4,302,470	95.19%	\$ -	\$ 4,302,470	95.19%
2020	4,280,664	4,162,567	97.24%	94,944	4,257,511	99.46%
2019	4,209,487	4,119,651	97.87%	77,422	4,197,073	99.71%
2018	3,956,256	3,788,791	95.77%	147,476	3,936,267	99.49%
2017	3,723,797	3,550,507	95.35%	154,141	3,704,648	99.49%
2016	3,641,735	3,523,608	96.76%	91,559	3,615,167	99.27%
2015	3,605,194	3,515,327	97.51%	60,997	3,515,327	97.51%
2014	3,167,387	3,001,773	94.77%	156,993	3,158,766	99.73%
2013	2,753,382	2,595,641	94.27%	111,577	2,707,218	98.32%
2012	2,474,313	2,356,151	95.22%	108,095	2,464,246	99.59%

(1) Face amount

Source: Town financial reports

**TOWN OF SMYRNA**

**RATIOS OF OUTSTANDING DEBT BY TYPE**

*Last ten fiscal years ending December 31,*

*Unaudited*

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita (1)
	Loans	Leases	Bonds	Loans	Bonds	Leases			
2021	\$ -	\$ 784,891	\$ 6,343,329	\$ 13,119,087	\$ 2,756,469	\$ 278,903	\$ 23,282,679	0.27%	\$ 1,770
2020	-	506,888	6,735,004	12,758,673	2,925,836	328,385	23,254,786	0.27%	1,798
2019	4,609,722	133,033	2,204,300	12,270,410	3,020,700	223,847	22,462,012	0.30%	1,811
2018	4,692,080	206,326	2,350,500	11,229,968	3,214,500	7,591	21,700,965	0.29%	1,821
2017	4,772,434	74,309	2,492,400	11,964,697	3,402,600	17,224	22,723,664	0.32%	1,974
2016	4,900,000	22,110	2,630,000	12,906,840	3,585,000	26,327	24,070,277	0.36%	2,159
2015	3,979,615	42,968	2,765,450	10,887,440	3,764,550	-	21,440,023	0.32%	1,915
2014	1,299,628	-	2,896,600	10,378,587	3,938,400	-	18,513,215	0.28%	1,634
2013	409,619	-	3,025,600	8,161,433	4,109,400	-	15,706,052	0.25%	1,415
2012	-	-	3,152,450	6,913,276	4,277,550	-	14,343,276	0.24%	1,331

(1) See the Schedule of Demographic and Economic Statistics for population data.

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

Source: Town financial reports

**TOWN OF SMYRNA**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**

*Last ten fiscal years ending December 31,*

*Unaudited*

Fiscal Year	<u>Governmental Activities</u>		<u>Buisness-Type Activities</u>		Total Primary Government	Percentage of General Obligation Bonded Debt to Assessed Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds						
2021	\$	6,343,329	\$	2,756,469	\$ 9,099,798	0.89%	\$ 692
2020		6,735,004		2,925,836	9,660,840	0.99%	747
2019		2,204,300		3,020,700	5,225,000	0.55%	421
2018		2,350,500		3,214,500	5,565,000	0.59%	467
2017		2,492,400		3,402,600	5,895,000	0.63%	512
2016		2,630,000		3,585,000	6,215,000	0.68%	558
2015		2,765,450		3,764,550	6,530,000	0.73%	583
2014		2,896,600		3,938,400	6,835,000	0.78%	603
2013		3,025,600		4,109,400	7,135,000	0.81%	643
2012		3,152,450		4,277,550	7,430,000	0.87%	690

(1) See the Schedule of Revenue base for Estimated Actual Taxable Value of property data.

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

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

Source: Town financial reports

**TOWN OF SMYRNA**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

December 31, 2021

Unaudited

	General obligation debt outstanding	Estimated percentage applicable to Town of Smyrna	Estimated share of overlapping debt
<b>Direct Debt</b>			
Bonds Payable	\$ 6,343,329	100.00%	\$ 6,343,329
Capital Lease Payable	784,891	100.00%	784,891
Total direct debt	<u>7,128,220</u>		<u>7,128,220</u>
<b>Overlapping debt (1)</b>			
Kent County	7,775,575	81.00%	6,298,216
New Castle County	152,900,000	19.00%	29,051,000
Smyrna School District	16,809,957	88.19%	14,825,184
Total overlapping debt	<u>177,485,532</u>		<u>50,174,399</u>
<b>Total direct and overlapping debt</b>	<u>\$ 184,613,752</u>		<u>\$ 57,302,619</u>

Note:

(1) Debt paid from taxes levied by local governments other than the town.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Smyrna. This process recognizes that, when considering the town'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.

Note: The percentage of overlapping debt applicable is estimated by using the square miles of the town as compared to the entire

Source: Town, County and District Financial Reports

**TOWN OF SMYRNA**

LEGAL DEBT MARGIN INFORMATION

*Last nine fiscal years ending December 31,  
Unaudited (amounts expressed in thousands)*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt limit	\$ 46,134	\$ 43,759	\$ 43,020	\$ 42,341	\$ 41,849	\$ 40,966	\$ 40,519	\$39,530	\$ 39,437	\$ 38,376
Total net debt applicable to limit	<u>23,283</u>	<u>23,255</u>	<u>22,462</u>	<u>21,701</u>	<u>22,724</u>	<u>24,070</u>	<u>21,440</u>	<u>18,513</u>	<u>15,706</u>	<u>14,343</u>
Legal debt margin	<u>\$ 22,851</u>	<u>\$ 20,504</u>	<u>\$ 20,558</u>	<u>\$ 20,640</u>	<u>\$ 19,125</u>	<u>\$ 16,895</u>	<u>\$ 19,079</u>	<u>\$21,017</u>	<u>\$ 23,731</u>	<u>\$ 24,033</u>
Total net debt applicable to the limit as a percentage of debt limit	50.47%	53.14%	52.21%	51.25%	54.30%	58.76%	52.91%	46.83%	39.83%	37.38%
Total taxable assessment	\$ 1,025,200									
Debt limit percentage (1)	<u>4.50%</u>									
Debt limit	\$ 46,134									
Outstanding Debt	<u>23,283</u>									
Legal debt margin	<u>\$ 22,851</u>									

(1) Source: Town Code, Section 13.2.1, Town Financial Reports

**TOWN OF SMYRNA**

## PRINCIPAL EMPLOYERS INSIDE TOWN LIMITS AND SURROUNDING MUNICIPALITIES

*Current Year and Eight Years Ago**Unaudited*

Industry	2021			2012		
	Estimated Employees	Rank	Percentage of Total Employment	Estimated Employees	Rank	Percentage of Total Employment
Local governments	841	1	30.26%	473	2	19.68%
Retail trade	700	2	25.19%	700	3	29.12%
Health care	650	3	23.39%	650	1	27.04%
Manufacturing	588	4	21.16%	581	4	24.17%
Total	<u>2,779</u>		<u>100.00%</u>	<u>2,404</u>		<u>100.00%</u>

The Town has only listed employers in the Town of Smyrna and the neighbouring municipality.

Source: Kent Economic Partnership, Inc., 2013 Kent County Major Employers Report, Town Records

Note: The names of the top employers and number of employees are confidential and may not be disclosed to the public pursuant to 20 CFR (Code of Federal Regulations) Part 603. As a result, the employment information is provided by industry.

**TOWN OF SMYRNA**

**TOP 10 WATER AND WASTEWATER UTILITY CUSTOMERS**

*For the year ended December 31, 2021*

*Unaudited*

Customer	Water Consumption (Tgal)	% of Total Consumption	Revenue Billed	% of Total Revenue
Delaware Home & Hospital	11,790	4.2%	\$ 84,938	4.1%
Lenape Properties Mgmt	13,835	4.9%	97,432	4.7%
Smyrna School District	3,338	1.2%	24,146	1.2%
Walmart	5,084	1.8%	36,221	1.7%
DEMEC	3,388	1.2%	24,936	1.2%
Division of Public Health	2,730	1.0%	19,589	0.9%
Fresenius Medical Care	2,377	0.8%	17,547	0.8%
Surya Hospitality Mgmt LLC	1,708	0.6%	11,772	0.6%
DSC Laundries LLC	1,368	0.5%	9,826	0.5%
Brilliance Auto Wash	1,058	0.4%	7,630	0.4%
Totals for Top 10	46,676	16.4%	334,035	16.1%
All Other	237,131	83.6%	1,738,003	83.9%
Total for System	283,807	100.0%	\$ 2,072,038	100.0%

Customer	WasteWater Consumption (Tgal)	% of Total Consumption	Revenue Billed	% of Total Revenue
Delaware Home & Hospital	11,790	1.0%	\$ 97,214	3.5%
Lenape Properties Mgmt	13,835	1.2%	158,358	5.7%
Smyrna School District	3,338	0.3%	29,201	1.0%
Walmart	5,084	0.4%	45,063	1.6%
DEMEC	3,388	0.3%	827	0.0%
Division of Public Health	2,730	0.2%	12,708	0.5%
Fresenius Medical Care	2,377	0.2%	21,819	0.8%
Surya Hospitality Mgmt LLC	1,708	0.1%	14,509	0.5%
DSC Laundries LLC	1,368	0.1%	12,169	0.4%
Brilliance Auto Wash	1,058	0.1%	9,380	0.3%
Totals for Top 10 Customers	46,676	3.9%	401,248	14.4%
All Other	1,145,647	96.1%	2,394,436	85.6%
Total for System	1,192,323	100.0%	\$ 2,795,684	100.0%

**TOWN OF SMYRNA**  
**TOP 10 ELECTRIC UTILITY CUSTOMERS**  
*For the year ended December 31, 2021*  
*Unaudited*

Customer	Kwh	% of Total Kwh	Revenue Billed	% of Total Revenue
Walmart	14,092,320	12.3%	\$ 1,087,962	9.3%
Smyrna School District	9,376,800	8.2%	997,569	8.5%
Delaware Home & Hospital	4,185,600	3.7%	360,668	3.1%
Smyrna Health/Wellness Center	2,899,440	2.5%	321,398	2.7%
Albertson Inc	2,824,400	2.5%	264,057	2.3%
Division of Public Health	2,795,040	2.4%	198,200	1.7%
Food Lion	1,731,680	1.5%	184,905	1.6%
Bayhealth Medical Center	1,628,503	1.4%	159,185	1.4%
Verizon Communications	860,880	0.8%	87,670	0.7%
SR95TK5 LLC (McDonalds)	642,800	0.6%	63,825	0.5%
Totals for Top 10 Customers	41,037,463	35.9%	3,725,438	31.8%
All Others	73,172,814	64.1%	7,972,244	68.15%
Total for System	114,210,277	100.0%	\$ 11,697,682	100.00%

**TOWN OF SMYRNA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
*Last ten fiscal years ending December 31,*  
*Unaudited*

<u>Fiscal Year</u>	<u>Population of Town (1)</u>	<u>Personal Income- Kent County (2)</u>	<u>Per Capita Personal Income- Kent County (2)</u>	<u>Unemployment rate- Kent County (3)</u>	<u>School enrollment (4)</u>
2021	13,153	\$ 8,557,697,000	\$ 46,600	4.80%	6,034
2020	12,933	8,557,697,000	46,600	5.20%	5,883
2019	12,401	7,503,142,000	42,023	3.80%	5,882
2018	11,914	7,503,142,000	42,023	3.10%	5,691
2017	11,513	7,126,715,000	40,304	4.20%	5,411
2016	11,147	6,730,431,000	38,498	4.00%	5,233
2015	11,197	6,625,228,000	38,178	4.60%	5,279
2014	11,330	6,555,078,000	38,114	4.60%	5,235
2013	11,100	6,252,316,000	36,905	6.00%	5,173
2012	10,774	6,102,946,000	36,427	7.30%	5,116

Data Sources

(1) U.S Census Bureau Estimates, Town Planning and Inspections Office

(2) U.S Bureau of Economic Analysis

(3) Delaware Department of Labor

(4) Delaware Department of Education Statistical Data

Note: We have used 2020 personal income and per capita personal income information for 2021 since this information is unavailable from data source.

**TOWN OF SMYRNA**

**FULL-TIME EQUIVALENTS (FTE) EMPLOYEES**

*Last ten fiscal years ending December 31,*

*Unaudited*

<u>Function/Department</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Government - Administration	21.00	16.00	14.00	14.00	16.00	16.00	17.00	16.00	16.00	14.00
Public Safety - Police	30.00	33.00	31.00	31.00	30.00	28.00	29.00	29.00	28.00	30.00
Public Works	12.00	17.00	13.00	12.00	12.00	15.00	12.00	13.00	13.00	12.00
Planning and Inspection	6.00	7.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Library	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Culture and Recreation - Parks	2.00	2.00	2.00	2.00	4.00	5.00	3.00	3.00	2.00	2.00
<b>General Fund Total</b>	<u>73.00</u>	<u>77.00</u>	<u>68.00</u>	<u>66.00</u>	<u>69.00</u>	<u>71.00</u>	<u>68.00</u>	<u>68.00</u>	<u>66.00</u>	<u>65.00</u>
Public Utilities	10.00	8.00	8.00	9.00	10.00	10.00	7.00	8.00	8.00	8.00
<b>Electric Fund Total</b>	<u>10.00</u>	<u>8.00</u>	<u>8.00</u>	<u>9.00</u>	<u>10.00</u>	<u>10.00</u>	<u>7.00</u>	<u>8.00</u>	<u>8.00</u>	<u>8.00</u>
Public Utilities	3.00	3.00	3.00	4.00	5.00	5.00	4.00	3.00	4.00	4.00
<b>Water and Sewer Fund Total</b>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>4.00</u>	<u>5.00</u>	<u>4.00</u>	<u>4.00</u>	<u>3.00</u>	<u>4.00</u>	<u>4.00</u>
<b>Total Staff</b>	<u>86.00</u>	<u>88.00</u>	<u>79.00</u>	<u>79.00</u>	<u>84.00</u>	<u>85.00</u>	<u>79.00</u>	<u>79.00</u>	<u>78.00</u>	<u>77.00</u>

Source: Town Financial Records

**TOWN OF SMYRNA**  
 Operating Indicators by Function  
 Last ten fiscal years ending June 30,  
 Unaudited (Expressed in thousands)

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Public Safety</b>											
Calls for service	21,559	18,889	18,380	17,520	17,071	16,036	18,431	16,810	19,743	21,079	21,383
Criminal arrests	959	669	711	791	1,009	957	943	1,065	712	523	1,572
Dui arrests	92	64	57	60	64	49	68	81	98	110	96
Traffic warnings	2,877	2,209	2,388	1,555	1,143	557	1,004	1,321	2,447	2,433	2,503
Traffic arrests	3,799	3,195	2,871	2,485	2,697	2,285	2,211	2,670	3,747	4,240	3,084
<b>Planning and Inspection</b>											
Total fees collected for construction (1)	\$ 1,495,594	\$ 1,905,129	\$ 1,614,309	\$ 1,612,366	\$ 1,120,034	\$ 1,143,456	\$ 882,547	\$ 900,689	\$ 704,287	\$ 695,521	\$ 490,514
Construction inspections (2)	2,735	2,735	2,558	2,418	2,172	1,831	1,085	820	801	728	703
Permits issued	872	872	846	715	1,134	642	389	272	312	324	341
<b>Public Library</b>											
Total number of registered borrowers	6,035	6,987	6,987	7,017	8,610	8,922	8,434	7,603	7,950	8,148	7,835
Attendance per year	19,849	51,053	77,502	76,230	82,448	89,704	88,025	84,713	87,432	89,411	82,987
Total book circulation	31,810	22,046	69,958	68,281	73,683	81,754	NA	NA	NA	NA	NA
E books circulation	12,999	13,164	12,039	10,136	10,858	18,889	8,496	5,529	NA	NA	NA
Electronic materials	33,042	40,319	35,932	32,494	30,303	28,315	30,780	20,535	15,167	11,458	-
Number of books	21,867	21,887	22,046	22,063	22,740	23,422	24,312	24,024	23,843	23,751	22,723
<b>Water utility</b>											
Gallons used	284,015,000	276,551,000	281,341,000	266,780,000	265,831,000	274,375,000	268,717,000	274,956,000	274,731,000	269,930,000	288,823,000
Connections	5,830	5,623	5,422	5,264	5,088	4,938	4,822	4,755	4,671	4,305	3,789
<b>Electric utility</b>											
Usage Sales (kwh)	120,284,000	121,262,134	110,461,844	110,818,922	106,951,508	105,680,332	105,293,047	100,071,045	100,567,144	99,707,000	98,052,000
<b>Culture and recreation</b>											
Major Parks	2	2	2	2	2	2	2	2	2	2	2
Small Parks	3	3	3	3	3	3	3	3	3	3	3

Source: Town Records

1) Fees include permit, certificate of occupancy and impact fees.

2) Construction permits are based on the average number of inspections required for each type of construction.

3) All available operating indicators have been presented.

\* Information is not available.

**TOWN OF SMYRNA**  
**CAPITAL ASSET INFORMATION**

TOWN SERVICE BUILDINGS	ACQUISITION DATE/ADDITIONS/ RENOVATIONS
Town of Smyrna Administration Building 27 South Market Street Plaza Smyrna DE, 19977	January, 1976
Town of Smyrna Police Department 325 West Glenwood Avenue Smyrna, DE 19977	January, 1988, Addition completed April 2016
Town of Smyrna Public Works Department 220 Artisan Drive Smyrna, DE 19977	September, 2009
Town of Smyrna Public Library 107 South Main Street Smyrna, DE 19977	January, 1870
Town of Smyrna Planning and Inspection 22 South Main Street Smyrna, DE 19977	2018

Source: Town records