

BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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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, 2023, 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 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 General Fund, Capital Improvement Fund, ARPA Fund, Electric Fund and the Aggregate Remaining Fund Information of the Town of Smyrna, as of December 31, 2023, the changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, 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 Governmental Activities, Business-type activities, and the Water and Sewer Fund of the Town of Smyrna, as of December 31, 2023, 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 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, 2023. 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 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 2022 financial statements, and our report dated June 14, 2024, expressed a qualified opinion on the financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 16 and the schedules on pages 102 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 General Fund, Capital Improvement Fund, ARPA Fund, 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's basic financial statements. The combining and individual fund financial statements and schedules 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 by us and other auditors. In our opinion, based on our audit and the reports of the other auditors, the combining and individual fund financial statements, and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2025, 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.

July 21, 2025
Wilmington, Delaware

**TOWN OF SMYRNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

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, 2023. 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 79 percent of total revenues plus transfers-in, and program revenues accounted for 21 percent of total revenues plus transfers-in (prior year, 58 percent, and 42 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, 2023. A contribution of property also accounted for 16 percent of total revenues plus transfers-in.
- In the governmental activities, current total expenses increased from \$12,524,716 in 2022 to \$13,914,419 in 2023. The increase was primarily due to a \$1.4 million increase in Public Safety costs and a \$700,000 increase in Public Works. General Government expenses decreased by \$1 million.
- Total revenues in the Town's general fund decreased from \$9,162,525 in 2022 to \$8,541,710 in 2023. This represents approximately a seven percent decrease. The decrease primarily due to a \$500,000 decrease in Transfer Taxes due to a decrease in property sales in 2023.
- As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,838,775, which is an increase from the prior year balance of \$2,252,669. This increase reflects a \$6.9 million transfer to the General Fund from the Water and Electric Funds to compensate for a deficiency of revenues under expenditures of about \$4 million in the General Fund. There was also a \$1.5 million deficit in the Capital Projects Fund.
- As of the end of the current fiscal year, the Town's business-type activities reported a net position of \$38,790,983 a decrease of \$3,688,882, as compared to the prior year. The current year decrease in net position can be attributed to a \$6.9 million transfer to the General Fund from the Water and Electric Funds. The Town's business-type activities reported an increase in net position before transfers of \$2,313,918, a decrease of \$1.8 million from the prior year, primarily due to a \$700,000 decrease in the Town's Charges for Service revenue and a \$1 million increase in expenses.
- 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 \$10,504,146 and \$0, respectively, as of December 31, 2023, and \$10,046,504 and \$211,536, respectively, as of December 31, 2022.

**TOWN OF SMYRNA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
DECEMBER 31, 2023**

- 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 \$11,823,426 on December 31, 2023, and \$10,515,000 on December 31, 2022, respectively. It reported an OPEB asset of \$26,426 and \$0 on December 31, 2023, and December 31, 2022, respectively.

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,

**TOWN OF SMYRNA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
DECEMBER 31, 2023**

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 17 to 20 of this report.

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 24 of this report.

Proprietary Funds: The Town maintains four different Proprietary Funds: The Water and Sewer Fund, Electric Fund, Trash 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, trash collection and the redevelopment projects of the Town.

**TOWN OF SMYRNA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
DECEMBER 31, 2023**

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 Trash Fund and RDF are considered a non-major funds.

The basic Proprietary Fund financial statements can be found on pages 26 to 30 of this report.

Fiduciary Funds: The Town is the fiduciary for assets that belong to others, such as its employee pension and OPEB 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 31 and 32 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 33 to 100 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 102 to 110 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 112 to 118 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 health. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$47,627,693 at the close of the most recent fiscal year. The table below summarizes the net position of the Town on December 31, 2023, and 2022.

**TOWN OF SMYRNA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
DECEMBER 31, 2023**

STATEMENT OF NET POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets:						
Current and other assets	\$ 10,104,617	\$ 7,916,985	\$ 14,425,069	\$ 12,620,709	\$ 24,529,686	\$ 20,537,694
Capital assets	30,983,504	28,987,170	54,486,119	51,354,868	85,469,623	80,342,038
Total Assets	<u>41,088,121</u>	<u>36,904,155</u>	<u>68,911,188</u>	<u>63,975,577</u>	<u>109,999,309</u>	<u>100,879,732</u>
Deferred outflows of Resources	<u>3,099,848</u>	<u>3,271,181</u>	<u>1,090,730</u>	<u>1,115,951</u>	<u>4,190,578</u>	<u>4,387,132</u>
Liabilities:						
Non-current liabilities	27,107,623	25,040,154	25,021,346	16,536,518	52,128,969	41,576,672
Other liabilities	4,284,231	6,000,298	5,025,563	4,769,149	9,309,794	10,769,447
Total Liabilities	<u>31,391,854</u>	<u>31,040,452</u>	<u>30,046,909</u>	<u>21,305,667</u>	<u>61,438,763</u>	<u>52,346,119</u>
Deferred Inflows of Resources	<u>3,959,405</u>	<u>6,311,907</u>	<u>1,164,026</u>	<u>1,305,996</u>	<u>5,123,431</u>	<u>7,617,903</u>
Net position:						
Net investment in capital assets	24,193,270	21,071,086	35,682,120	35,783,650	59,875,390	56,854,736
Restricted	2,092,542	1,717,166	483,722	336,298	2,576,264	2,053,464
Unrestricted (deficit)	<u>(17,449,102)</u>	<u>(19,965,275)</u>	<u>2,625,141</u>	<u>6,359,917</u>	<u>(14,823,961)</u>	<u>(13,605,358)</u>
TOTAL NET POSITION	<u>\$ 8,836,710</u>	<u>\$ 2,822,977</u>	<u>\$ 38,790,983</u>	<u>\$ 42,479,865</u>	<u>\$ 47,627,693</u>	<u>\$ 45,302,842</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 (five percent) represents resources that are subject to restrictions on how they may be used.

The Town's net position increased by \$2,324,851 during the current year.

- **Governmental Activities.** Governmental activities increased the Town's net position by \$6,013,733. This is primarily due to transfers of \$6,002,800 from the Business-type activities. Additionally, the Town received \$3.2 million of property contributions in form of new development infrastructure.
- **Business-type Activities.** Business-type activities decreased the Town's net position by \$3,688,882. This is also due to the transfers of \$6,002,800 to the Governmental activities.

**TOWN OF SMYRNA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
DECEMBER 31, 2023**

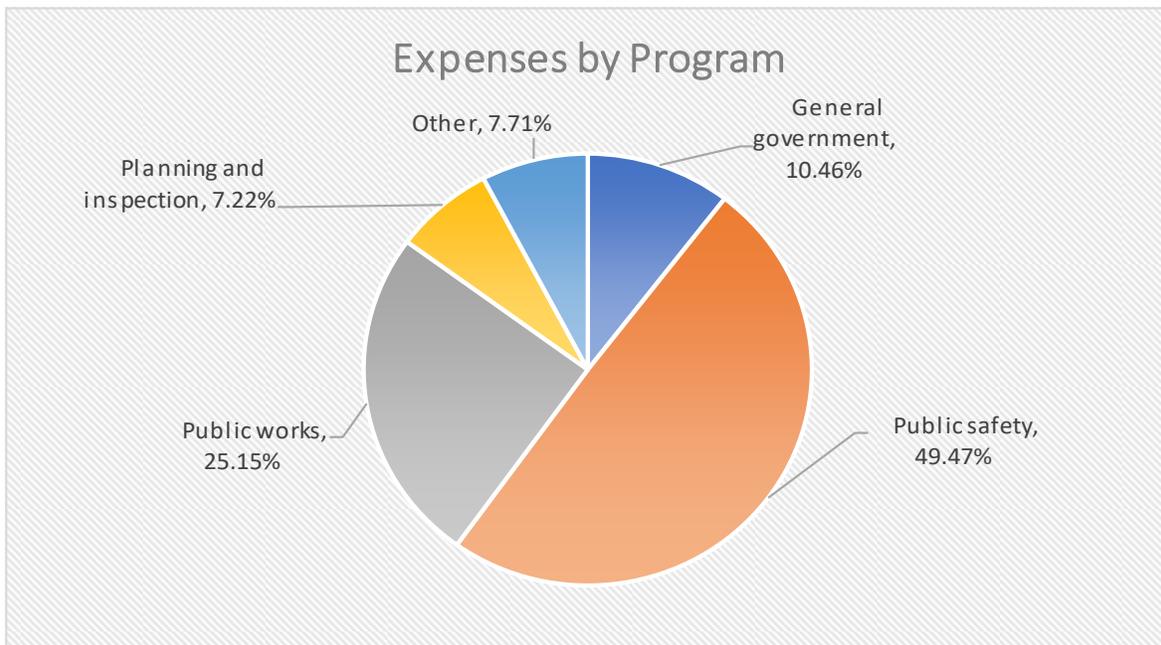
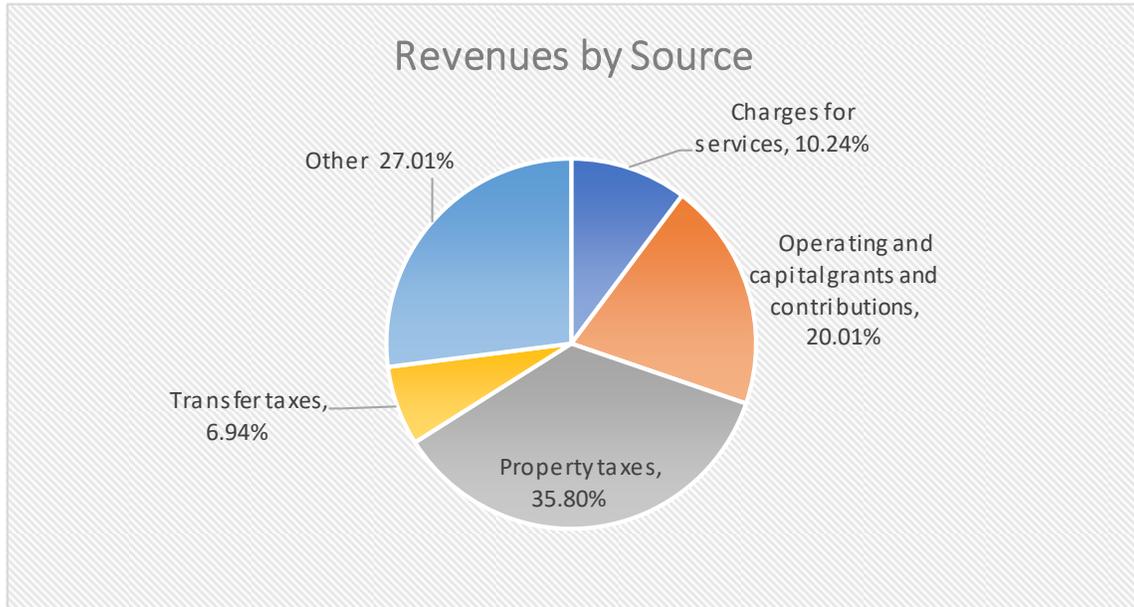
Changes in the net position of the Town are highlighted in the table presented below.

STATEMENT OF CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues:						
Charges for services	\$ 1,425,439	\$ 1,659,119	\$ 23,125,085	\$ 23,803,293	\$ 24,550,524	\$ 25,462,412
Operating grants and contributions	1,758,144	1,376,446	-	-	1,758,144	1,376,446
Capital grants and contributions	1,028,714	1,671,818	306,543	530,019	1,335,257	2,201,837
General revenues:						
Real estate taxes	4,985,661	4,403,019	-	-	4,985,661	4,403,019
Real estate transfer taxes	966,337	1,469,351	-	-	966,337	1,469,351
Franchise fees	135,905	242,155	-	-	135,905	242,155
Investment earnings	321,177	(177,631)	-	-	321,177	(177,631)
Gain on sale of capital assets	-	155,455	-	-	-	155,455
Miscellaneous	60,871	-	-	-	60,871	-
Other - Property Contribution	3,243,105	-	-	-	3,243,105	-
TOTAL REVENUES	13,925,353	10,799,732	23,431,628	24,333,312	37,356,981	35,133,044
EXPENSES						
General government	1,456,085	2,457,655	-	-	1,456,085	2,457,655
Public safety	6,882,777	5,435,425	-	-	6,882,777	5,435,425
Public works	3,499,322	2,796,357	-	-	3,499,322	2,796,357
Planning and inspection	1,003,946	758,370	-	-	1,003,946	758,370
Library	360,574	329,724	-	-	360,574	329,724
Culture and recreation	508,437	576,303	-	-	508,437	576,303
Interest on long-term debt	203,278	170,882	-	-	203,278	170,882
Electric	-	-	14,313,630	13,985,744	14,313,630	13,985,744
Water/Sewer	-	-	5,257,667	4,682,878	5,257,667	4,682,878
Smyrna Slum Clearance	-	-	1,546,413	1,500,563	1,546,413	1,500,563
TOTAL EXPENSES	13,914,419	12,524,716	21,117,710	20,169,185	35,032,129	32,693,901
Change in net position before transfers	10,934	(1,724,984)	2,313,918	4,164,127	2,324,852	2,439,143
Transfers	6,002,800	461,782	(6,002,800)	(461,782)	-	-
CHANGE IN NET POSITION	6,013,734	(1,263,202)	(3,688,882)	3,702,345	2,324,852	2,439,143
NET POSITION, BEGINNING OF YEAR, RESTATED	2,822,977	3,960,674	42,479,865	38,777,520	45,302,842	42,738,194
PRIOR PERIOD ADJUSTMENT	-	125,505	-	-	-	125,505
NET POSITION, END OF YEAR	\$ 8,836,711	\$ 2,822,977	\$ 38,790,983	\$ 42,479,865	\$ 47,627,694	\$ 45,302,842

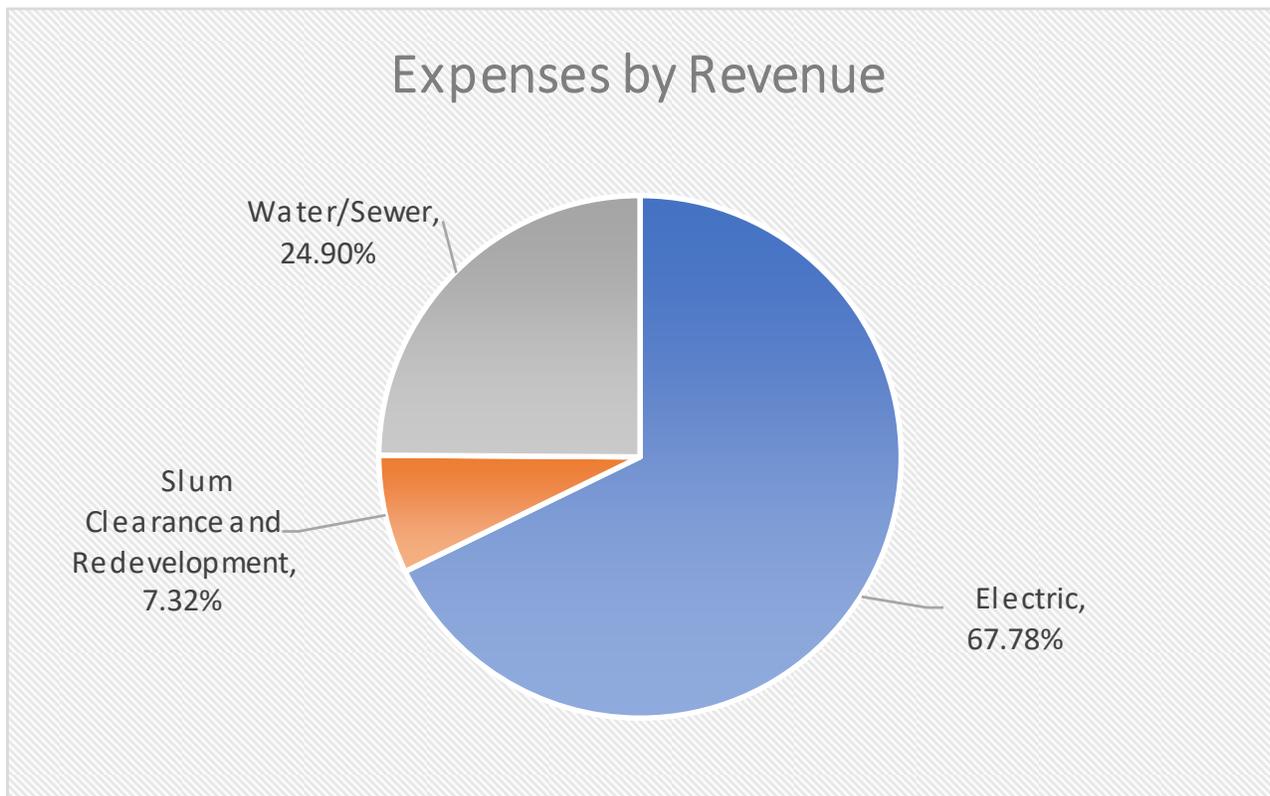
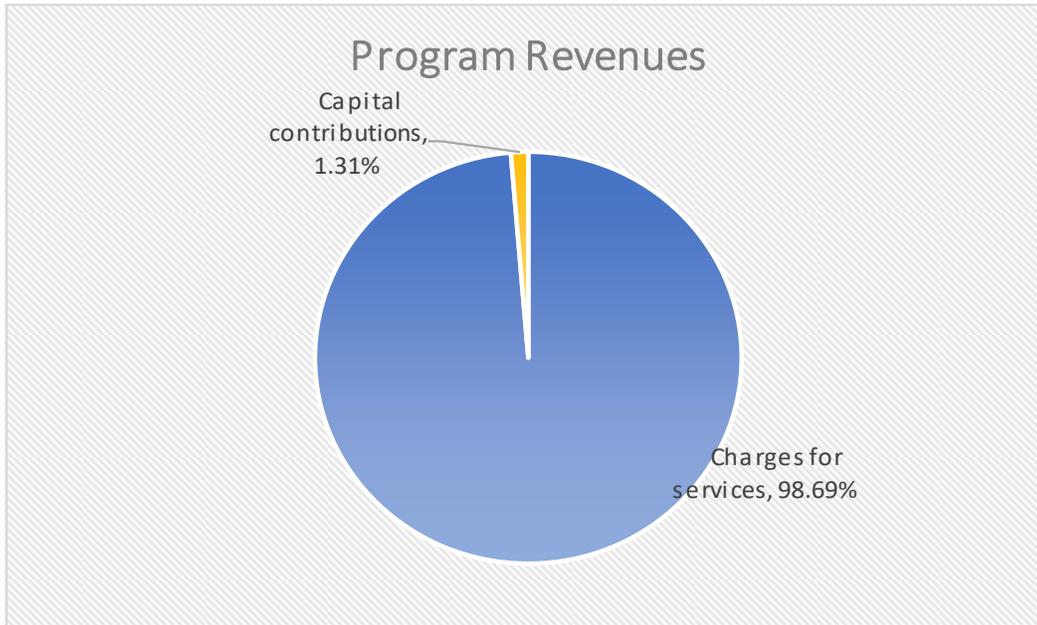
**TOWN OF SMYRNA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
DECEMBER 31, 2023**

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 - CONTINUED
DECEMBER 31, 2023**

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



**TOWN OF SMYRNA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
DECEMBER 31, 2023**

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 \$4,838,775. The primary component of this figure is the fund balance of the General Fund at \$4,697,231, of which \$1,942,392 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 \$4,697,231, of which \$0 is committed to the Town's budget reserve.

The fund balance of the Town's General Fund increased by \$2,873,833 during the current fiscal year. This increase represents the excess of total transfers-in and operating revenue over operating expenses for the year ended December 31, 2023.

The fund balance of the Town's Capital Improvement Fund decreased by \$360,407 during the current fiscal year. This decrease is primarily due to an increase in capital outlays.

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, Trash Fund and the RDF at the end of the year amounted to \$2,625,141. The change in net position for the Electric Fund was a decrease of \$2,994,625, for the Water and Sewer Fund a decrease of \$1,056,064, and for the non-major funds an increase of \$361,807. 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 25. A summary of variations between budget amounts and actual results is as follows:

- Actual revenues exceeded budgeted revenues by \$193,589 primarily due to receiving more in property taxes, and intergovernmental revenues than was anticipated and budgeted.
- Actual expenditures were \$777,095 under budget primarily due to General Governmental Services spending less than budgeted. Capital Outlays, which are not budgeted, accounted for \$651,678 of expenditures.

**TOWN OF SMYRNA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
DECEMBER 31, 2023**

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, 2023, amounts to \$85,469,623 (net of accumulated depreciation). The following table shows the breakdown of this figure.

	CAPITAL ASSETS					
	(Net of Depreciation)					
	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 2,106,457	\$ 2,010,323	\$ 685,957	\$ 685,957	\$ 2,792,414	\$ 2,696,280
Construction-in-progress	760,765	968,192	7,137,060	2,052,246	7,897,825	3,020,438
Land improvements	1,550,946	271,274	8,725	-	1,559,671	271,274
Buildings and improvements	8,758,626	8,937,266	1,831,652	1,893,148	10,590,278	10,830,414
Infrastructure	15,286,659	13,185,462	44,085,463	45,736,584	59,372,122	58,922,046
Machinery and equipment	2,520,051	2,188,363	737,262	895,676	3,257,313	3,084,039
TOTAL	\$ 30,983,504	\$ 27,560,880	\$ 54,486,119	\$ 51,263,611	\$ 85,469,623	\$ 78,824,491

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

- General infrastructure put in service in 2023 was \$3,086,490 which consisted mainly of developers' contributions of infrastructure assets to the Town. Other asset additions included approximately \$800,000 of Machinery and Equipment, \$1,370,000 of Land Improvements and \$750,000 of Construction in Progress.

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

- Water/Sewer infrastructure put in service in 2023 was \$39,973 and Construction in Progress additions totaled \$5,044,840, due to continued growth in Smyrna.
- Electrical infrastructure put in service in 2023 was \$27,620 and Construction in Progress additions totaled \$199,839.

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

Debt Administration. The Town issued General Obligation Bonds, Series of 2023, in the amount of \$9,690,000 which will be used to finance municipal projects to improve, upgrade, and expand the Town's general infrastructure, water, wastewater, and electric systems and pay certain costs of issuance. The bonds mature on March 1, 2047 and bear interest at 4%. The following table shows the Town's outstanding debt as of December 31, 2023.

**TOWN OF SMYRNA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
DECEMBER 31, 2023**

	OUTSTANDING DEBT	
	Bonds and Loans Payable	
	2023	2022
Governmental activities	\$ 6,335,675	\$ 6,011,161
Business-type activities	23,281,716	15,215,267
TOTAL	\$ 29,617,391	\$ 21,226,428

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

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 2024 budget in December 2023. This General Fund budget totaled \$13,828,121 in revenues and \$16,354,829 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 sixty-five percent and an increase in budgeted expenditures of nineteen percent. Property tax rates for 2024 were increased to \$0.9400 cents per \$100 of assessed value. The Electric and Water and Sewer Fund user fee rates have been increased in 2024.
- The majority of the Town's limits are in Kent County, whose unemployment rate for the County was reported at 4.7% in October 2023. The State's unemployment rate was reported at 3.9%.
- The Town's total population in December 2022 is currently estimated at 13,277, an increase from the 2020 census, which placed the Town's total population at 12,883.

**TOWN OF SMYRNA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
DECEMBER 31, 2023**

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, 2023
(With Summarized Comparative Data for December 31, 2022)

	Governmental	Business-Type	Totals	
	Activities	Activities	2023	2022
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 7,268,023	\$ 734,796	\$ 8,002,819	\$ 10,375,543
Investments	3,664,699	7,388	3,672,087	3,437,160
Taxes receivable	218,725	-	218,725	154,287
Accounts receivable, net	718,728	3,518,081	4,236,809	4,451,067
Lease receivable	92,865	-	92,865	66,378
Loans receivable	-	36,155	36,155	36,155
Grants receivable	-	-	-	30,000
Due to / due from balance	(3,064,940)	3,064,940	-	-
Inventory	34,741	1,124,699	1,159,440	1,000,229
Prepaid expenses	21,274	-	21,274	21,272
Restricted Assets:				
Meter deposits	-	1,008,757	1,008,757	965,603
Unspent bond proceeds	-	4,856,209	4,856,209	-
Total Current Assets	8,954,115	14,351,025	23,305,140	20,537,694
Noncurrent Assets:				
Lease receivable	1,150,502	-	1,150,502	1,306,011
Loans receivable	-	47,618	47,618	-
Net pension asset	-	-	-	211,536
Net OPEB asset	-	26,426	26,426	-
Capital assets, net:				
Land	2,106,457	685,957	2,792,414	2,696,280
Construction-in-progress	760,765	7,137,060	7,897,825	3,020,438
Land improvements	1,550,946	8,725	1,559,671	271,274
Buildings and improvements	8,758,626	1,831,652	10,590,278	10,830,414
Infrastructure	15,286,659	44,085,463	59,372,122	58,922,046
Machinery and equipment	2,520,051	737,262	3,257,313	3,084,039
Total Noncurrent Assets	32,134,006	54,560,163	86,694,169	80,342,038
TOTAL ASSETS	41,088,121	68,911,188	109,999,309	100,879,732

The accompanying notes are an integral part of these financial statements.

TOWN OF SMYRNA
STATEMENT OF NET POSITION - CONTINUED
DECEMBER 31, 2023
(With Summarized Comparative Data for December 31, 2022)

	Governmental Activities	Business-Type Activities	Totals	
			2023	2022
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	\$ 1,740,957	\$ 917,295	\$ 2,658,252	\$ 3,150,251
Deferred outflows - OPEB	1,358,891	173,435	1,532,326	1,236,881
Total Deferred Outflows of Resources	3,099,848	1,090,730	4,190,578	4,387,132
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	\$ 44,187,969	\$ 70,001,918	\$ 114,189,887	\$ 105,266,864
LIABILITIES AND NET POSITION				
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 597,643	\$ 2,311,080	\$ 2,908,723	\$ 2,813,408
Accrued salaries and benefits	181,943	68,892	250,835	251,571
Accrued interest	49,273	156,460	205,733	115,976
Developer deposits	16,836	456,152	472,988	353,776
Unearned revenue	2,919,202	-	2,919,202	4,327,897
Current portion of bonds payable	358,230	147,300	505,530	496,042
Current portion of loans payable	-	843,869	843,869	1,069,961
Current portion of leases payable	69,419	33,053	102,472	271,304
Accrued compensated absences	91,685	-	91,685	103,909
Current Liabilities Payable from Restricted Assets:				
Meter deposits	-	1,008,757	1,008,757	965,603
Total Current Liabilities	4,284,231	5,025,563	9,309,794	10,769,447
Noncurrent Liabilities:				
Portions due or payable after one year				
Accrued compensated absences	825,165	211,884	1,037,049	935,176
Leases payable	385,140	111,216	496,356	419,567
Bonds payable	5,977,445	11,630,199	17,607,644	8,127,714
Loans payable	-	10,660,348	10,660,348	11,532,711
Net OPEB liability	10,579,545	1,243,881	11,823,426	10,515,000
Net pension liability	9,340,328	1,163,818	10,504,146	10,046,504
Total Noncurrent Liabilities	27,107,623	25,021,346	52,128,969	41,576,672
TOTAL LIABILITIES	31,391,854	30,046,909	61,438,763	52,346,119
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	314,099	638,355	952,454	2,918,044
Deferred inflows - Lease receivable	1,166,033	-	1,166,033	1,262,030
Deferred inflows - OPEB	2,479,273	525,671	3,004,944	3,437,829
Total Deferred Inflows of Resources	3,959,405	1,164,026	5,123,431	7,617,903
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
	35,351,259	31,210,935	66,562,194	59,964,022

The accompanying notes are an integral part of these financial statements.

TOWN OF SMYRNA
STATEMENT OF NET POSITION - CONTINUED
DECEMBER 31, 2023
(With Summarized Comparative Data for December 31, 2022)

	Governmental Activities	Business-Type Activities	Totals	
			2023	2022
NET POSITION				
Net investment in capital assets	\$ 24,193,270	\$ 35,682,120	\$ 59,875,390	\$ 56,854,736
Restricted for police	200,199	-	200,199	47,995
Restricted for Library	440,196	-	440,196	137,500
Restricted for public works	1,435,868	-	1,435,868	1,530,024
Restricted for federal program	16,279	-	16,279	1,647
Restricted for rural economic development	-	483,722	483,722	336,298
Unrestricted (deficit)	(17,449,102)	2,625,141	(14,823,961)	(13,605,358)
TOTAL NET POSITION	8,836,710	38,790,983	47,627,693	45,302,842
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 44,187,969	\$ 70,001,918	\$ 114,189,887	\$ 105,266,864

The accompanying notes are an integral part of these financial statements.

TOWN OF SMYRNA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Summarized Comparative Data for the Year Ended December 31, 2022)

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating	Capital	Primary Government		Totals	
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	2023	2022
GOVERNMENTAL ACTIVITIES								
General government	\$ 1,456,085	\$ 527,623	\$ 541,083	\$ -	\$ (387,379)	\$ -	\$ (387,379)	\$ (1,597,380)
Public safety	6,882,777	115,276	533,635	-	(6,233,866)	-	(6,233,866)	(4,802,148)
Public works	3,499,322	-	254,203	1,028,714	(2,216,405)	-	(2,216,405)	(931,089)
Planning and inspection	1,003,946	751,493	-	-	(252,453)	-	(252,453)	6,467
Library	360,574	8,475	429,223	-	77,124	-	77,124	213,702
Culture and recreation	508,437	22,572	-	-	(485,865)	-	(485,865)	(536,003)
Interest on long-term debt	203,278	-	-	-	(203,278)	-	(203,278)	(170,882)
TOTAL GOVERNMENTAL ACTIVITIES	13,914,419	1,425,439	1,758,144	1,028,714	(9,702,122)	-	(9,702,122)	(7,817,333)
BUSINESS-TYPE ACTIVITIES								
Electric	14,313,630	15,604,419	-	205,785	-	1,496,574	1,496,574	2,322,682
Water/Sewer	5,257,667	5,753,914	-	100,758	-	597,005	597,005	1,640,448
Nonmajor Proprietary Funds	1,546,413	1,766,752	-	-	-	220,339	220,339	200,997
TOTAL BUSINESS-TYPE ACTIVITIES	21,117,710	23,125,085	-	306,543	-	2,313,918	2,313,918	4,164,127
TOTAL PRIMARY GOVERNMENT	\$ 35,032,129	\$ 24,550,524	\$ 1,758,144	\$ 1,335,257	(9,702,122)	2,313,918	(7,388,204)	(3,653,206)
GENERAL REVENUES								
Real estate taxes					4,985,660	-	4,985,660	4,403,019
Real estate transfer taxes					966,337	-	966,337	1,469,351
Property Contribution					3,243,105	-	3,243,105	-
Franchise fees					135,905	-	135,905	242,155
Investment earnings					321,177	-	321,177	(177,631)
Miscellaneous					60,871	-	60,871	155,455
Transfers					6,002,800	(6,002,800)	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					15,715,855	(6,002,800)	9,713,055	6,092,349
CHANGE IN NET POSITION					6,013,733	(3,688,882)	2,324,851	2,439,143
NET POSITION, BEGINNING OF YEAR					2,822,977	42,479,865	45,302,842	42,738,194
PRIOR PERIOD ADJUSTMENT					-	-	-	125,505
NET POSITION, END OF YEAR					\$ 8,836,710	\$ 38,790,983	\$ 47,627,693	\$ 45,302,842

The accompanying notes are an integral part of these financial statements.

TOWN OF SMYRNA
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2023
(With Summarized Comparative Data for the Year Ended December 31, 2022)

	Major Funds				Totals	
	General	Capital	ARPA	Nonmajor	2023	2022
		Improvement				
	Fund	Fund	Funds			
ASSETS						
Cash and cash equivalents	\$ 1,464,607	\$ -	\$ 4,517,372	\$ 1,286,044	\$ 7,268,023	\$ 6,969,391
Investments	2,609,726	512,177	-	542,796	3,664,699	3,429,772
Taxes receivable	218,725	-	-	-	218,725	154,287
Accounts receivable	553,381	-	-	165,347	718,728	540,453
Grants receivable	-	-	-	-	-	30,000
Due from other funds	1,136,086	452,776	-	-	1,588,862	-
Prepaid items	21,274	-	-	-	21,274	21,272
Inventory	34,741	-	-	-	34,741	29,946
Lease receivable	1,243,367	-	-	-	1,243,367	1,288,616
TOTAL ASSETS	\$ 7,281,907	\$ 964,953	\$ 4,517,372	\$ 1,994,187	\$ 14,758,419	\$ 12,463,737
LIABILITIES						
Accounts payable	\$ 566,939	\$ 7,656	\$ 300	\$ 22,748	\$ 597,643	\$ 794,041
Accrued salaries and benefits	181,943	-	-	-	181,943	182,299
Due to other funds	-	2,468,099	1,913,673	272,030	4,653,802	3,324,514
Unearned revenue	332,082	-	2,587,120	-	2,919,202	4,327,897
Developer deposits	16,836	-	-	-	16,836	16,836
TOTAL LIABILITIES	\$ 1,097,800	\$ 2,475,755	\$ 4,501,093	\$ 294,778	\$ 8,369,426	\$ 8,645,587
DEFERRED INFLOWS OF RESOURCES						
Leases	\$ 1,166,033	\$ -	\$ -	\$ -	\$ 1,166,033	\$ 1,262,030
Unavailable revenue	320,843	-	-	63,342	384,185	303,451
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 1,486,876	\$ -	\$ -	\$ 63,342	\$ 1,550,218	\$ 1,565,481
FUND BALANCES						
Nonspendable	\$ 133,349	\$ -	\$ -	\$ -	\$ 133,349	\$ 169,857
Restricted for police	-	-	-	200,199	200,199	47,995
Restricted for library	440,196	-	-	-	440,196	137,500
Restricted for public works	-	-	-	1,435,868	1,435,868	1,530,024
Restricted for federal program	-	-	16,279	-	16,279	1,647
Committed to budget reserve	2,181,294	-	-	-	2,181,294	-
Committed to capital projects	1,942,392	-	-	-	1,942,392	1,751,469
Unassigned (Deficit)	-	(1,510,802)	-	-	(1,510,802)	(1,385,823)
TOTAL FUND BALANCES	\$ 4,697,231	\$ (1,510,802)	\$ 16,279	\$ 1,636,067	\$ 4,838,775	\$ 2,252,669

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, 2023

TOTAL GOVERNMENTAL FUND BALANCES		\$ 4,838,775
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.		30,983,504
Some of the Town's assets are not available to pay for current expenditures, and therefore, are not reported in the funds.		
Unavailable revenue		384,185
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	\$ 1,740,957	
Deferred outflows of resources - OPEB	1,358,891	
Deferred inflows of resources - pensions	(314,099)	
Deferred inflows of resources - OPEB	<u>(2,479,273)</u>	306,476
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	\$ (5,746,319)	
Bond premium	(589,356)	
Lease payable	(454,559)	
Total OPEB liability	(10,579,545)	
Net pension liability	(9,340,328)	
Accrued interest	<u>(49,273)</u>	(26,759,380)
Compensated absences that are not due and payable in the current period are not reported in the funds.		<u>(916,850)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 8,836,710</u></u>

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, 2023
(With Summarized Comparative Data for the Year Ended December 31, 2022)

	Major Funds			Nonmajor Governmental Funds	Totals	
	General	Capital	ARPA		2023	2022
	Fund	Improvement Fund	Fund			
REVENUES						
Taxes:						
Property taxes	\$ 4,904,926	\$ -	\$ -	\$ -	\$ 4,904,926	\$ 4,582,651
Transfer taxes	966,337	-	-	-	966,337	1,469,351
Special assessment/impact fees	287,556	-	-	-	287,556	257,893
Charges for services	40,803	-	-	-	40,803	130,551
Intergovernmental	846,856	-	1,408,696	495,745	2,751,297	2,831,749
Licenses, fees, and permits	498,120	-	-	-	498,120	585,187
Fines and forfeits	179,430	-	-	-	179,430	158,705
Franchise fees	135,905	-	-	-	135,905	242,155
Investment income	177,472	20,205	14,633	23,838	236,148	82,288
Rental Income	99,310	-	-	-	99,310	100,949
Miscellaneous	404,994	-	-	-	404,994	692,172
TOTAL REVENUES	8,541,709	20,205	1,423,329	519,583	10,504,826	11,133,651
EXPENDITURES						
Current:						
General government	1,772,346	-	388,452	-	2,160,798	2,317,950
Public safety	5,934,703	-	-	89,338	6,024,041	5,655,035
Public works	1,655,940	520,941	-	41,818	2,218,699	1,633,490
Planning and inspection	986,465	-	-	-	986,465	729,831
Library	343,061	-	-	-	343,061	331,176
Culture and recreation	419,198	-	-	-	419,198	550,027
Debt service:						
Principal	560,542	-	-	-	560,542	603,758
Interest	199,610	-	-	-	199,610	205,550
Capital outlay	651,678	1,005,825	-	330,379	1,987,882	1,426,507
TOTAL EXPENDITURES	12,523,543	1,526,766	388,452	461,535	14,900,296	13,453,324
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,981,834)	(1,506,561)	1,034,877	58,048	(4,395,470)	(2,319,673)
OTHER FINANCING SOURCES (USES)						
Proceeds from bonds issued	-	650,000	-	-	650,000	-
Proceeds from bond premium	-	7,174	-	-	7,174	-
Proceeds from leases	224,968	-	-	-	224,968	-
Unrealized gain on investments	85,030	-	-	-	85,030	(259,920)
Proceeds from sale of capital asset	11,604	-	-	-	11,604	17,049
Transfers in	6,878,645	488,980	-	-	7,367,625	1,809,160
Transfers out	(344,580)	-	(1,020,245)	-	(1,364,825)	(1,347,378)
TOTAL OTHER FINANCING SOURCES	6,855,667	1,146,154	(1,020,245)	-	6,981,576	218,911
NET CHANGES IN FUND BALANCES	2,873,833	(360,407)	14,632	58,048	2,586,106	(2,100,762)
FUND BALANCES, BEGINNING OF YEAR	1,823,398	(1,150,395)	1,647	1,578,019	2,252,669	4,353,431
FUND BALANCES, END OF YEAR	\$ 4,697,231	\$ (1,510,802)	\$ 16,279	\$ 1,636,067	\$ 4,838,775	\$ 2,252,669

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, 2023

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 2,586,106

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 (\$1,808,365) exceeded capital outlay (\$1,987,882). 179,517

Contributions were from private developers. These transactions are not reported in the governmental funds. 3,243,105

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. 80,736

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	\$ (657,175)	\$ 311,500	(345,675)
Capital leases	(224,968)	249,042	24,074
	\$ (882,143)	\$ 560,542	

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. 34,668

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	\$ (84,077)	
Accrued interest	(3,668)	
Net OPEB expense	971,198	883,453

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. (672,251)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 6,013,733

The accompanying notes are an integral part of these financial statements.

TOWN OF SMYRNA
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES				
Taxes:				
Property taxes	\$ 4,606,000	\$ 4,606,000	\$ 4,904,926	\$ 298,926
Transfer taxes	1,750,000	1,750,000	966,337	(783,663)
Special assessment/impact fees	355,000	355,000	287,556	(67,444)
Charges for services	70,000	70,000	40,803	(29,197)
Intergovernmental	180,000	180,000	846,856	666,856
Licenses, fees, and permits	481,500	481,500	498,120	16,620
Fines and forfeits	135,000	135,000	179,430	44,430
Franchise fees	280,000	280,000	135,905	(144,095)
Investment income	321,620	321,620	177,472	(144,148)
Rental Income	90,000	90,000	99,310	9,310
Miscellaneous	79,000	79,000	404,994	325,994
TOTAL REVENUES	8,348,120	8,348,120	8,541,709	193,589
EXPENDITURES				
Current:				
General government	2,773,621	3,460,558	1,772,346	1,688,212
Public safety	5,944,371	5,965,130	5,934,703	30,427
Public works	2,631,968	1,584,749	1,655,940	(71,191)
Planning and inspection	969,582	900,474	986,465	(85,991)
Library	402,940	376,683	343,061	33,622
Culture and recreation	521,905	510,055	419,198	90,857
Debt service:				
Principal	351,292	311,500	560,542	(249,042)
Interest	92,700	191,489	199,610	(8,121)
Capital outlay	-	-	651,678	(651,678)
TOTAL EXPENDITURES	13,688,379	13,300,638	12,523,543	777,095
DEFICIENCY OF REVENUES				
UNDER EXPENDITURES	(5,340,259)	(4,952,518)	(3,981,834)	970,684
OTHER FINANCING SOURCES (USES)				
Proceeds from leases	-	-	224,968	224,968
Unrealized gain on investments	-	-	85,030	85,030
Proceeds from sale of capital asset	-	11,604	11,604	-
Transfers in	6,684,065	6,684,065	6,684,065	-
Transfers out	-	(150,000)	(150,000)	-
TOTAL OTHER FINANCING SOURCES	6,684,065	6,545,669	6,855,667	309,998
NET CHANGES IN FUND BALANCE	1,343,806	1,593,151	2,873,833	1,280,682
FUND BALANCE, BEGINNING OF YEAR	1,823,398	1,823,398	1,823,398	-
FUND BALANCE, END OF YEAR	\$ 3,167,204	\$ 3,416,549	\$ 4,697,231	\$ 1,280,682

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, 2023
(With Summarized Comparative Data for the Year Ended December 31, 2022)

	Electric Fund	Water and Sewer Fund	Nonmajor Proprietary Funds	Totals	
				2023	2022
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 64,137	\$ -	\$ 670,659	\$ 734,796	\$ 3,406,152
Investments	7,388	-	-	7,388	7,388
Accounts receivable, net	2,299,047	945,307	273,727	3,518,081	3,910,614
Loans receivable	-	-	36,155	36,155	36,155
Due from other funds	1,495,507	1,569,433	-	3,064,940	3,324,514
Inventory	1,021,999	102,700	-	1,124,699	970,283
Restricted Assets:					
Meter deposits	996,489	12,268	-	1,008,757	965,603
Unspent Bond Proceeds	2,191,138	2,665,071	-	4,856,209	-
Total Current Assets	8,075,705	5,294,779	980,541	14,351,025	12,620,709
Noncurrent Assets:					
Loan receivable	-	-	47,618	47,618	83,773
Net pension asset	-	-	-	-	7,484
Net OPEB asset	-	-	26,426	26,426	48,023
Capital assets, net	11,922,473	42,563,646	-	54,486,119	51,263,611
Total Noncurrent Assets	11,922,473	42,563,646	74,044	54,560,163	51,402,891
TOTAL ASSETS	19,998,178	47,858,425	1,054,585	68,911,188	64,023,600
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - pensions	473,483	392,903	50,909	917,295	991,228
Deferred outflows - OPEB	124,840	47,460	1,135	173,435	124,723
Total Deferred Outflows of Resources	598,323	440,363	52,044	1,090,730	1,115,951
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 20,596,501	\$ 48,298,788	\$ 1,106,629	\$ 70,001,918	\$ 65,139,551

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, 2023
(With Summarized Comparative Data for the Year Ended December 31, 2022)

				<u>Totals</u>	
	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Nonmajor Proprietary Funds</u>	<u>2023</u>	<u>2022</u>
LIABILITIES AND NET POSITION					
Current Liabilities:					
Accounts payable	\$ 1,100,770	\$ 1,101,656	\$ 108,654	\$ 2,311,080	\$ 2,019,367
Accrued salaries and benefits	39,753	24,408	4,731	68,892	69,272
Accrued interest	45,342	111,118	-	156,460	70,371
Developer deposits	456,152	-	-	456,152	336,940
Current portion of lease payable	25,777	7,276	-	33,053	67,698
Current portion of bonds payable	140,800	6,500	-	147,300	149,874
Current portion of loans payable	61,487	782,382	-	843,869	1,069,961
Meter deposits	996,489	12,268	-	1,008,757	965,603
Total Current Liabilities	2,866,570	2,045,608	113,385	5,025,563	4,749,086
Noncurrent Liabilities:					
Accrued compensated absences	131,374	68,970	11,540	211,884	206,312
Lease payable	14,679	96,537	-	111,216	144,540
Bonds payable	5,123,753	6,506,446	-	11,630,199	2,462,721
Loans payable	70,311	10,590,037	-	10,660,348	11,532,711
Net OPEB liability	822,302	421,579	-	1,243,881	1,040,129
Net pension liability	587,027	546,514	30,277	1,163,818	1,218,191
Total Noncurrent Liabilities	6,749,446	18,230,083	41,817	25,021,346	16,604,604
TOTAL LIABILITIES	9,616,016	20,275,691	155,202	30,046,909	21,353,690
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pensions	324,171	312,419	1,765	638,355	701,698
Deferred inflows - OPEB	361,324	117,501	46,846	525,671	604,298
TOTAL DEFERRED INFLOWS OF RESOURCES	685,495	429,920	48,611	1,164,026	1,305,996
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	10,301,511	20,705,611	203,813	31,210,935	22,659,686
NET POSITION					
Net investment in capital assets	8,676,804	27,005,316	-	35,682,120	35,783,650
Restricted for rural economic development	-	-	483,722	483,722	336,298
Unrestricted	1,618,186	587,861	419,094	2,625,141	6,359,917
TOTAL NET POSITION	10,294,990	27,593,177	902,816	38,790,983	42,479,865
TOTAL LIABILITIES AND NET POSITION	\$ 20,596,501	\$ 48,298,788	\$ 1,106,629	\$ 70,001,918	\$ 65,139,551

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, 2023
(With Summarized Comparative Data for the Year Ended December 31, 2022)

	Electric Fund	Water and Sewer Fund	Nonmajor Proprietary Funds	Totals	
				2023	2022
OPERATING REVENUES					
User service charges	\$ 15,593,020	\$ 5,753,914	\$ 1,752,259	\$ 23,099,193	\$ 23,735,894
Other operating revenue	11,399	-	14,493	25,892	67,399
TOTAL OPERATING REVENUES	15,604,419	5,753,914	1,766,752	23,125,085	23,803,293
OPERATING EXPENSES					
Electric purchased	9,865,303	-	-	9,865,303	9,397,455
Sewer charges	-	1,274,067	-	1,274,067	1,078,026
Trash fees	-	-	1,240,423	1,240,423	1,024,568
System maintenance	508,565	395,941	7,831	912,337	668,082
Salaries and wages	1,244,825	817,008	170,491	2,232,324	2,499,722
Employee benefits	415,863	286,339	70,346	772,548	560,055
Depreciation and amortization	918,247	997,988	-	1,916,235	1,964,895
Supplies and maintenance	244,453	389,470	12,680	646,603	1,052,521
Insurance	139,024	105,256	1,405	245,685	161,925
Administration expenses	287,872	175,781	30,800	494,453	676,272
Professional services	515,473	361,790	73	877,336	648,813
Grant-in-aid - Façade Program	-	-	12,364	12,364	18,869
TOTAL OPERATING EXPENSES	14,139,625	4,803,640	1,546,413	20,489,678	19,751,203
OPERATING INCOME	1,464,794	950,274	220,339	2,635,407	4,052,090
NONOPERATING REVENUES (EXPENSES)					
Interest expense	(162,505)	(454,027)	-	(616,532)	(348,982)
Intergovernmental (expenses)	(11,500)	-	-	(11,500)	(70,000)
Intergovernmental revenues	-	100,758	-	100,758	325,067
Total Nonoperating Revenues (Expenses)	(174,005)	(353,269)	-	(527,274)	(93,915)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS					
	1,290,789	597,005	220,339	2,108,133	3,959,175
Transfers in	-	531,265	150,000	681,265	1,146,670
Transfers out	(4,491,199)	(2,184,334)	(8,532)	(6,684,065)	(1,608,452)
Capital contributions	205,785	-	-	205,785	204,952
CHANGE IN NET POSITION	(2,994,625)	(1,056,064)	361,807	(3,688,882)	3,702,345
NET POSITION, BEGINNING OF YEAR	13,289,615	28,649,241	541,009	42,479,865	38,777,520
NET POSITION, END OF YEAR	\$ 10,294,990	\$ 27,593,177	\$ 902,816	\$ 38,790,983	\$ 42,479,865

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, 2023
(With Summarized Comparative Data for the Year Ended December 31, 2022)

	Electric Fund	Water and Sewer Fund	Nonmajor Proprietary Funds	Totals	
				2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:					
Received from customers	\$ 15,919,626	\$ 5,882,580	\$ 1,794,725	\$ 23,596,931	\$ 22,989,566
Paid to suppliers for goods and services	(11,756,633)	(2,643,141)	(1,265,727)	(15,665,501)	(13,711,105)
Paid to employees for services	(1,611,402)	(1,104,346)	(222,221)	(2,937,969)	(3,297,486)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,551,591	2,135,093	306,777	4,993,461	5,980,975
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in / (out)	(4,491,199)	(2,184,334)	141,468	(6,534,065)	(1,608,451)
Intergovernmental revenues (expenses)	(11,500)	100,758	-	89,258	(39,333)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(4,502,699)	(2,083,576)	141,468	(6,444,807)	(1,647,784)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Repayment of bonds, loans, and capital leases payable	(130,916)	(1,157,559)	-	(1,288,475)	(1,049,260)
Debt proceeds	2,782,729	6,532,049	-	9,314,778	633,079
Developer capital contributions	324,997	-	-	324,997	453,128
Acquisition and construction of capital assets	(232,894)	(4,168,183)	-	(4,401,077)	(194,833)
Interest paid	(136,708)	(401,737)	-	(538,445)	(324,492)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	2,607,208	804,570	-	3,411,778	(482,378)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Repayments from other funds	-	267,575	-	267,575	(3,324,514)
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	-	267,575	-	267,575	(3,324,514)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	656,100	1,123,662	448,245	2,228,007	526,299
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,595,664	1,553,677	222,414	4,371,755	3,845,456
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,251,764	\$ 2,677,339	\$ 670,659	\$ 6,599,762	\$ 4,371,755

The accompanying notes are an integral part of these financial statements.

TOWN OF SMYRNA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Summarized Comparative Data for the Year Ended December 31, 2022)

	Electric Fund	Water and Sewer Fund	Nonmajor Proprietary Funds	Totals	
				2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating income	\$ 1,464,794	\$ 950,274	\$ 220,339	\$ 2,635,407	\$ 4,053,090
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation and amortization	918,247	997,988	-	1,916,235	1,964,895
Bad debt expense	-	-	-	-	47,664
Changes in assets and liabilities:					
(Increase) Decrease in accounts receivable	273,253	127,466	(8,186)	392,533	(931,573)
(Increase) Decrease in Loan receivable	-	-	36,155	36,155	36,158
(Increase) Decrease in inventory	(154,416)	-	-	(154,416)	(3,326)
(Increase) Decrease in net pension asset	4,985	2,499	-	7,484	-
(Increase) Decrease in net OPEB asset	-	-	21,597	21,597	(48,023)
(Increase) Decrease in deferred outflow pension items	29,506	41,926	-	71,432	(678,205)
(Increase) Decrease in deferred outflow OPEB items	(35,902)	(11,675)	4,266	(43,311)	(19,487)
Increase (Decrease) in accounts payable	(41,527)	59,164	39,853	57,490	997,786
Increase (Decrease) in accrued salaries and benefits	752	(2,126)	994	(380)	19,456
Increase (Decrease) in customer deposits	41,954	1,200	-	43,154	34,025
Increase (Decrease) in deferred inflow pension items	3,876	(31,831)	-	(27,955)	(103,922)
Increase (Decrease) in deferred inflow OPEB items	(88,132)	(16,579)	(12,204)	(116,915)	526,676
Increase (Decrease) in net pension liability	(19,634)	(32,848)	(1,891)	(54,373)	405,377
Increase (Decrease) in net OPEB liability	153,752	50,000	-	203,752	(416,823)
Increase (Decrease) in compensated absences	83	(365)	5,854	5,572	97,207
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 2,551,591	\$ 2,135,093	\$ 306,777	\$ 4,993,461	\$ 5,980,975
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Capital assets received from ARPA fund	\$ -	\$ 531,265	\$ -	\$ 531,265	\$ 1,039,605
Capital assets included in accounts payable	-	234,223	-	234,223	58,329
TOTAL NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	\$ -	\$ 765,488	\$ -	\$ 765,488	\$ 1,097,934
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:					
Cash and cash equivalents	\$ 64,137	\$ -	\$ 670,659	\$ 734,796	\$ 3,406,152
Unspent Bond Proceeds	2,191,138	2,665,071	-	4,856,209	-
Meter deposits, restricted	996,489	12,268	-	1,008,757	965,603
TOTAL CASH AND CASH EQUIVALENTS	\$ 3,251,764	\$ 2,677,339	\$ 670,659	\$ 6,599,762	\$ 4,371,755

The accompanying notes are an integral part of these financial statements.

TOWN OF SMYRNA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2023
(With Summarized Comparative Data for the Year Ended December 31, 2022)

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 742,726	\$ 1,056,515
Prepaid expense	70,811	65,798
Accounts receivable	60,825	60,825
Investments at fair value		
Mutual funds	8,045,954	6,637,899
Fixed income	435,138	2,032,536
Exchange-traded funds	2,175,705	454,478
Insurance contracts	1,865,996	1,908,332
TOTAL ASSETS	\$ 13,397,155	\$ 12,216,383
LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts Payable	\$ 238,815	\$ 208,887
NET POSITION		
Restricted for pension	13,158,340	12,007,496
TOTAL LIABILITIES AND NET POSITION	\$ 13,397,155	\$ 12,216,383

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, 2023
(With Summarized Comparative Data for the Year Ended December 31, 2022)

	2023	2022
ADDITIONS:		
Contributions:		
Employer contribution	\$ 568,048	\$ 753,448
Employee contribution	58,270	60,213
Total Contributions	626,318	813,661
Investment Income:		
Interest and dividends	269,495	339,923
Net appreciation in fair value of investments	1,365,712	(2,074,398)
Total Investment Income	1,635,207	(1,734,475)
Less: investment expense	102,051	117,689
Net Investment Income	1,533,156	(1,852,164)
TOTAL ADDITIONS	2,159,474	(1,038,503)
DEDUCTIONS:		
Benefits paid	1,006,628	959,174
Administrative expenses	2,002	7,209
TOTAL DEDUCTIONS	1,008,630	966,383
CHANGE IN NET POSITION	1,150,844	(2,004,886)
NET POSITION, BEGINNING OF YEAR	12,007,496	14,012,382
NET POSITION, END OF YEAR	\$ 13,158,340	\$ 12,007,496

The accompanying notes are an integral part of these financial statements.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023

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.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

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 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.

ARPA Fund - This fund is used to account for the proceeds received from the United State Treasury's American Rescue Plan Act.

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 non-operating 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 non-operating revenues and expenses.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

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.

Nonmajor Proprietary Funds - 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. The Trash Fund is used to account for trash services provided to the town's residential properties. The Town's trash activities were formally reported in the Town's General Fund. Effective January 1, 2022 the Town began to separately report the Trash activities in a separate business type fund.

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.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deposits and Investments - Continued

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.

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, 2023, the Town allowance for uncollectible electric accounts and trash accounts was \$379,425 and \$47,818, respectively. 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.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred Inflows and Deferred Outflows of Resources - Continued

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 service 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 including lease 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 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.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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 up to 260 sick leave days (2,080 hours). One-half of the full amount accumulated up to 45 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 from 12 days per year up to a maximum of 24 days per year for 20 years of service and over. Accrued vacation is capped at 35 days. 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.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Employee Benefits - Continued

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 number of sick days. If the employee is terminated in good standing, retires, or dies, the maximum number of days paid shall be equivalent one-half accrued sick time up to 20 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. Uniformed employees earn vacation leave based on tenure from 12 work days to 24 work days per year for uniformed employees with over 20 years of service. A workday is 12 hours and paid at the employee's straight time rate. Uniform employees' vacation and compensatory time is accumulated as combined Personal Time Off (PTO) balance. PTO is limited to the following: for employees that are not retiring at departure, PTO is limited to one-year's accrual; for retiring employees, PTO is limited to 1,440 hours.

Non-uniformed Employee Bargaining Units

Vacation leave is accrued based on years of service and is cumulative from year to year, however, total accumulated vacation time shall never exceed the lesser of: (i) two times an amount of time equal to the employee's maximum vacation leave which could be earned in the current year of service; (ii) or 35 days. Vacation is accrued for each month of work performed. The accrual rate increases with years of service from 12 days per year up to a maximum of 24 days per year for 20 years of service and over.

Sick leave is accrued at the rate of one (1) day per month of full-time employment up to a maximum of twelve (12) days per year. Sick leave shall accrue to a maximum of 2,080 hours (260) days. If an employee is pensioned off under the conditions of the Pension Plan of the Town, is terminated, or dies, he or his estate shall be paid for one-half (1/2) of accrued sick time; provided, however, that the maximum amount to be paid under the collective bargaining agreement shall be equivalent to one hundred and sixty (160) hours' pay.

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, 2023

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 non-spendable 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, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Balance - 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 2% 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 2023 was 47 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.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Budgetary Information - Continued

- 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 non-major 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 non-major governmental funds would not be meaningful and has not been presented in the accompanying financial statements.
- 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 2023, there were no amendments to the legally adopted budgets.

New Accounting Pronouncements

GASB Statement No. 94, “Public-Private and Private-Public Partnerships and Availability Payment Arrangements,” was adopted effective for the year ended December 31, 2023. 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 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.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

New Accounting Pronouncements - Continued

GASB Statement No. 96, “Subscription-Based Information Technology Arrangements,” was adopted for the year ended December 31, 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. 100, “Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62”, will be effective for reporting periods beginning after June 15, 2023. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101, “Compensated Absences”, will be effective for the Town for the periods beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

GASB Statement No. 102, “Certain Risk Disclosures”, will be effective for the Town for the periods beginning after June 15, 2024. State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints.

GASB Statement No. 103, “Financial Reporting Model Improvements”, will be effective for the Town for the periods beginning after June 15, 2025. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues with Management's Discussion and Analysis, Unusual or Infrequent Items, Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position, Major Component Unit Information and Budgetary Comparison Information.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

New Accounting Pronouncements - Continued

GASB Statement No. 104, "Disclosure of Certain Capital Assets", will be effective for the Town for the periods beginning after June 15, 2025. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures. Lease assets, Leases, and intangible right-to-use assets, Public-Private and Public-Public Partnerships and Availability Payment arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

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 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.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting for the Effects of Electric Rate Regulation - Continued

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 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, 2023, from which the summarized information was derived.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations

For the year ended December 31, 2023, the General Fund’s legal budget was not exceeded. Expenditures in excess of appropriations were incurred in the following functions:

Function	Expenditures Over Budget
Public Works	\$ 71,191
Planning and Inspection	85,991
Debt Service	
Principal	249,042
Interest	8,121
Capital Outlay	651,678

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

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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, 2023, the carrying amount of the Town's deposits was \$13,867,785 and the bank balance was \$14,836,658. 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, 2023, \$912,610 was covered by federal depository insurance, and \$12,955,175 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, 2023, the Town had the following investments:

	Fair Value	Level 1
Money market funds	\$ 2,494,412	\$ 2,494,412
Exchange traded funds - fixed income	104,294	104,294
Exchange traded funds - equity	206,814	206,814
Mutual funds - fixed income	594,551	594,551
Mutual funds - equity	272,016	272,016
	\$ 3,672,087	\$ 3,672,087

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, 2023

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.

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, 2023

NOTE 4: CAPITAL ASSETS

The capital asset activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities</i>				
Capital assets not being depreciated:				
Land	\$ 2,010,323	\$ 96,134	\$ -	\$ 2,106,457
Construction in progress	968,192	754,083	961,510	760,765
Total capital assets not being depreciated	2,978,515	850,217	961,510	2,867,222
Capital assets being depreciated:				
Buildings and improvements	12,411,855	86,115	-	12,497,970
Infrastructure	27,704,286	3,086,491	-	30,790,777
Land improvements	996,848	1,371,604	-	2,368,452
Machinery and equipment	7,017,859	796,724	24,782	7,789,801
Total capital assets being depreciated	48,130,848	5,340,934	24,782	53,447,000
Less: accumulated depreciation for				
Buildings and improvements	3,474,589	264,754	-	3,739,343
Infrastructure	14,518,824	985,294	-	15,504,118
Land improvements	725,574	91,933	-	817,507
Machinery and equipment	4,829,496	465,036	24,782	5,269,750
Total accumulated depreciation	23,548,483	1,807,017	24,782	25,330,718
Total capital assets, being depreciated, net	24,582,365	3,533,917	-	28,116,282
Governmental activities capital assets, net	\$ 27,560,880	\$ 4,384,134	\$ 961,510	\$ 30,983,504

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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	2,052,246	5,044,840	(39,973)	7,137,059
Total capital assets, not being depreciated	<u>2,738,203</u>	<u>5,044,840</u>	<u>(39,973)</u>	<u>7,823,016</u>
Capital assets being depreciated:				
Buildings and improvements	3,265,334	-	-	3,265,334
Infrastructure	67,482,857	76,051	-	67,558,908
Machinery and equipment	3,050,302	22,075	-	3,072,377
Total capital assets, being depreciated	<u>73,798,493</u>	<u>98,126</u>	<u>-</u>	<u>73,896,619</u>
Less: accumulated depreciation for				
Buildings and improvements	1,372,186	61,496	-	1,433,682
Infrastructure	21,790,470	1,674,249	-	23,464,719
Machinery and equipment	2,154,626	180,489	-	2,335,115
Total accumulated depreciation	<u>25,317,282</u>	<u>1,916,234</u>	<u>-</u>	<u>27,233,516</u>
Total capital assets being depreciated, net	<u>48,481,211</u>	<u>(1,818,108)</u>	<u>-</u>	<u>46,663,103</u>
Business-Type activities assets, net	<u>\$ 51,219,414</u>	<u>\$ 3,226,732</u>	<u>\$ (39,973)</u>	<u>\$ 54,486,119</u>

Depreciation expense was charged to the functions as follows:

Government Activities:	
General government	\$ 96,120
Public safety	343,897
Public works	1,238,121
Planning and inspection	25,724
Library	18,825
Culture and recreation	84,330
Total depreciation expense	<u>\$ 1,807,017</u>
Business-Type Activities:	
Electric	\$ 918,247
Water and sewer	997,988
Total depreciation expense	<u>\$ 1,916,235</u>

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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	\$ 5,387,137	\$ 650,000	\$ 311,500	\$ 5,725,637	\$ 322,700
Bond premium	624,024	7,175	21,161	610,038	35,530
Capital lease payable	478,633	224,968	249,042	454,559	69,419
Compensated absences	832,773	492,136	408,059	916,850	91,685
Net OPEB liability	9,522,894	1,056,651	-	10,579,545	-
Net pension liability	8,849,793	490,535	-	9,340,328	-
	<u>\$ 25,695,254</u>	<u>\$ 2,921,465</u>	<u>\$ 989,762</u>	<u>\$ 27,626,957</u>	<u>\$ 519,334</u>
<i>Business-Type Activities</i>					
Bonds payable	\$ 2,317,863	\$ 9,040,000	\$ 133,500	\$ 11,224,363	\$ 147,300
Bond premium	294,732	286,227	27,823	553,136	-
Loans payable	12,602,672	-	1,098,455	11,504,217	843,869
Capital lease payable	212,238	-	67,969	144,269	33,053
Compensated absences	206,312	35,487	29,915	211,884	-
Net OPEB liability	992,106	251,775	-	1,243,881	-
Net pension liability	1,218,191	-	54,373	1,163,818	-
	<u>\$ 17,844,114</u>	<u>\$ 9,613,489</u>	<u>\$ 1,412,035</u>	<u>\$ 26,045,568</u>	<u>\$ 1,024,222</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, 2023

NOTE 5: LONG-TERM LIABILITIES - CONTINUED

Bonds and Loans Payable

Governmental Activities

The Town issued General Obligation Bonds, Series of 2023, which were used to finance a number of municipal projects to improve, upgrade, and expand the Town's general infrastructure, water, wastewater and electric systems and pay certain costs of issuance. The bonds mature on March 1, 2047 and bear interest at 4% payable on March 1 and September 1. \$ 650,000

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 September 1. 5,075,637

General Obligation Bonds, Series of 2020 and 2023, Premiums amortized over the term of the bonds. 610,038

Total Government Activities \$ 6,335,675

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

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 322,700	\$ 190,638	\$ 513,338
2025	336,700	177,450	514,150
2026	347,200	163,772	510,972
2027	368,550	149,457	518,007
2028	390,250	134,281	524,531
2029 - 2033	1,819,650	483,543	2,303,193
2034 - 2038	1,521,450	232,498	1,753,948
2039 - 2043	476,700	57,376	534,076
2044 - 2047	142,437	14,560	156,997
	<u>\$ 5,725,637</u>	<u>\$ 1,603,575</u>	<u>\$ 7,329,212</u>

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 5: LONG-TERM LIABILITIES - CONTINUED

Business-Type Activities:

<p>The Town issued General Obligation Bonds, Series of 2023, which were used to finance a number of municipal projects to improve, upgrade, and expand the Town’s general infrastructure, water, wastewater and electric systems and pay certain costs of issuance. The bonds mature on March 1, 2047 and bear interest at 4% payable on March 1 and September 1.</p>	<p>\$ 9,040,000</p>
<p>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.</p>	<p>54,411</p>
<p>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.</p>	<p>371,866</p>
<p>Loan payable issued by the Delaware Department of Natural Resources and Environmental Control in the total amount of \$5,975,000 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.</p>	<p>1,630,525</p>
<p>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.</p>	<p>854,831</p>
<p>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.</p>	<p>83,042</p>
<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>	<p>1,544,306</p>
<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>	<p>704,319</p>

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 5: LONG-TERM LIABILITIES - CONTINUED

Business-Type Activities - Continued:

<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>	<p>\$ 157,245</p>
<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>	<p>89,817</p>
<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>	<p>299,345</p>
<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% payable on April 1 and October 1.</p>	<p>351,376</p>
<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>	<p>543,894</p>
<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>	<p>608,775</p>
<p>Loan payable issued 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 loan will have a 20 year term, will bear an interest rate of 2.0% payable on January 1 and July 1, with all outstanding principal and interest due on January 1, 2039.</p>	<p>1,070,286</p>
<p>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% payable on January 1 and July 1, with all outstanding principal and interest due on January 1, 2039.</p>	<p>1,538,911</p>

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 5: LONG-TERM LIABILITIES - CONTINUED

Business-Type Activities - Continued:

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% payable on January 1 and July 1, with all outstanding principal and interest due on July 1, 2039.	\$ 1,601,268
The Town issued General Obligation Bonds, Series of 2020, which were 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.	2,184,363
General Obligation Bonds, Series of 2020 and 2023, Premiums amortized over the term of the bonds.	<u>553,136</u>
Total Business-Type activities	<u><u>\$ 23,281,716</u></u>

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

Business-Type Activities

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 991,169	\$ 633,372	\$ 1,624,541
2025	1,148,629	632,746	1,781,375
2026	1,174,272	605,381	1,779,653
2027	1,198,822	576,281	1,775,103
2028	1,226,484	546,280	1,772,764
2029 - 2033	6,405,162	2,249,068	8,654,230
2034 - 2038	4,873,918	1,338,257	6,212,175
2039 - 2043	2,747,828	732,585	3,480,413
2044 - 2048	2,725,838	210,628	2,936,466
2049	262,235	607	262,842
	<u>\$ 22,754,357</u>	<u>\$ 7,525,205</u>	<u>\$ 30,279,562</u>

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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, 2023.

The Town received a binding commitment letter on June 14, 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, 2023.

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, 2023, the Town has utilized a total of \$225,306 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, 2023, the line of credit does not have a balance. 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 May 28, 2024.

Compensated Absences

At December 31, 2023, accrued compensated absences for governmental activities totaled \$916,850. This total is comprised of accrued vacation leave and paid time off of \$748,741, and accrued sick leave of \$168,109. In addition, at December 31, 2023, accrued compensated absences in the business-type activities and proprietary funds totaled \$211,884. This total is comprised of accrued vacation leave of \$139,898 and accrued sick leave of \$71,986.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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	\$ 1,563,699	\$ 407,588	\$ 1,971,287
Less: accumulated depreciation	(711,908)	(166,155)	(878,063)
	\$ 851,791	\$ 241,433	\$ 1,093,224

The governmental activities minimum lease payment amounted to \$477,276 in 2023. In the business-type activities, the minimum lease payments amounted to \$144,540 in 2023.

The Governmental Activities future lease payments under the capital lease at December 31, 2023, are as follows:

	2024	\$ 197,200
	2025	168,766
	2026	48,914
	2027	22,277
	2028	22,276
Less: Amount representing interest		(4,874)
Present value of future minimum lease payments		\$ 454,559

The Business-Type Activities future lease payments under the capital lease at December 31, 2023, are as follows:

	2024	\$ 71,278
	2025	58,370
	2026	18,842
	2027	-
	2028	-
Less: Amount representing interest		(4,221)
Present value of future minimum lease payments		\$ 144,269

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 6: INTERFUND BALANCE AND TRANSFERS

The composition of interfund transfers for the year ended December 31, 2023, was as follows:

Interfund Transfer	Transfer to Other Funds	Transfer from Other Funds
General fund	\$ 344,580	\$ 6,878,645
Capital improvement fund	-	488,980
ARPA fund	1,020,245	-
Non-major funds	-	-
Electric fund	4,491,199	
Water and sewer fund	2,184,334	531,265
Non-major proprietary funds	8,532	150,000
Total	\$ 8,048,890	\$ 8,048,890

All 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 years ending December 31:

2024	\$ 31,273
2025	30,000
2026	22,500
2027	-
2028	-
	\$ 83,773

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 8: RENTAL INCOME

As of December 31, 2023, there were no impaired lease assets. When a contract contains a lease or a lease contains a non-cancellable term in excess of 12 months (including any options to extend or terminate the lease when exercise is reasonably certain), the Town records a lease receivable and a deferred inflow of resources which is calculated based on the discounted value of future lease payments over the term of the lease. Whenever the interest rate implicit in the lease is not explicit, the Town may apply the guidance for imputation of interest as a means of determining the interest rate. The Town currently had the following significant lease agreements during the year ended December 31, 2023:

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 2023 totaled \$54,673.

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 2023 totaled \$34,434.

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 2023 totaled \$10,196.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 8: RENTAL INCOME - CONTINUED

The following is a schedule of minimum future annual lease income for the rental lease agreements:

	Principal	Interest
2024	\$ 92,865	\$ 25,553
2025	76,513	23,968
2026	80,928	22,288
2027	87,848	20,511
2028	92,677	18,584
2029 - 2033	289,896	69,371
2034 - 2038	265,257	43,291
2039 - 2043	110,659	20,507
2044 - 2048	84,340	12,535
2049 - 2051	62,384	2,715
	\$ 1,243,367	\$ 259,323

NOTE 9: FUND BALANCE

As of December 31, 2023, fund balances are composed of the following:

	General Fund	Capital Improvement Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Inventory	\$ 133,349	\$ -	\$ -	\$ -	\$ 133,349
Prepaid Expenses	-	-	-	-	-
Lease Receivable	-	-	-	-	-
Restricted					
Library	440,196	-	-	-	440,196
Police	-	-	-	200,199	200,199
Public works	-	-	-	1,435,868	1,435,868
ARPA	-	-	16,279	-	16,279
Committed					
Budget Reserve	2,181,294	-	-	-	2,181,294
Capital projects	1,942,392	-	-	-	1,942,392
Unassigned	-	(1,510,802)	-	-	(1,510,802)
Total fund balances	\$ 4,697,231	\$ (1,510,802)	\$ 16,279	\$ 1,636,067	\$ 4,838,775

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 9: FUND BALANCE - CONTINUED

During 2013, the Town established a Budget Reserve Account as passed by Town Ordinance. The Budget Reserve Account is to 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, 2023, Unassigned Fund Balance was \$0 and the Budget Reserve Account had a balance of \$0. As of December 31, 2023, the Town had a \$1,942,392 fund balance committed to capital projects.

NOTE 10: NET INVESTMENT IN CAPITAL ASSETS

A schedule of net investment in capital assets as of December 31, 2023, is as follows:

Governmental activities	
Total capital assets, net	\$ 30,983,504
Less: outstanding debt	<u>(6,790,234)</u>
Total net investment in capital assets	<u>\$ 24,193,270</u>
Business-type activities:	
Total capital assets, net	\$ 54,486,119
Less: outstanding debt	(23,425,985)
Less: Accrued construction cost	(234,224)
Plus: Unspent bond funds	<u>4,856,209</u>
Total net investment in capital assets	<u>\$ 35,682,119</u>

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.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 11: DEFINED BENEFIT PENSION PLANS - CONTINUED

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.

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, 2023

	Police Pension Trust Fund	Employee Pension Trust Fund	Totals
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 225,847	\$ 516,879	\$ 742,726
Prepaid expense	24,895	45,916	70,811
Accounts receivable	-	60,825	60,825
Interest receivable	-	-	-
Investments, at fair value			
Equities	-	435,138	435,138
Mutual funds	847,925	7,198,029	8,045,954
Fixed income	-	2,175,705	2,175,705
Exchange-traded funds	-	-	-
Insurance contracts	1,321,147	544,849	1,865,996
	<u>1,321,147</u>	<u>544,849</u>	<u>1,865,996</u>
TOTAL ASSETS	<u>\$ 2,419,814</u>	<u>\$ 10,977,341</u>	<u>\$ 13,397,155</u>
LIABILITIES AND NET POSITION			
LIABILITIES			
Accounts payable	\$ 151,524	\$ 87,291	\$ 238,815
NET POSITION			
Restricted for pension benefits	<u>2,268,290</u>	<u>10,890,050</u>	<u>13,158,340</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,419,814</u>	<u>\$ 10,977,341</u>	<u>\$ 13,397,155</u>

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 11: DEFINED BENEFIT PENSION PLANS - CONTINUED

COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Police Pension Trust Fund	Employee Pension Trust Fund	Totals
ADDITIONS			
Contributions			
Employer contribution	\$ 204,341	\$ 363,707	\$ 568,048
Employee contribution	19,710	38,560	58,270
Total Contributions	<u>224,051</u>	<u>402,267</u>	<u>626,318</u>
Investment income			
Interest and dividends	81,384	188,111	269,495
Net appreciation (depreciation) in fair value of investments	113,943	1,251,769	1,365,712
Total Investment Income	195,327	1,439,880	1,635,207
Less: investment expense	22,829	79,222	102,051
Net Investment Income	<u>172,498</u>	<u>1,360,658</u>	<u>1,533,156</u>
TOTAL ADDITIONS	<u>396,549</u>	<u>1,762,925</u>	<u>2,159,474</u>
DEDUCTIONS			
Benefits paid	399,934	606,694	1,006,628
Administrative expenses	1,335	667	2,002
TOTAL DEDUCTIONS	<u>401,269</u>	<u>607,361</u>	<u>1,008,630</u>
CHANGE IN NET POSITION	(4,720)	1,155,564	1,150,844
NET POSITION, Beginning of Year	<u>2,273,010</u>	<u>9,734,486</u>	<u>12,007,496</u>
NET POSITION, End of Year	<u>\$ 2,268,290</u>	<u>\$ 10,890,050</u>	<u>\$ 13,158,340</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, 2023

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 (“Police 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 2023, the police officer contributions totaled \$19,710. Employer contributions to the plan totaled \$204,341 in 2023.

The Police 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, 2023, the date of the most recent actuarial report, Plan membership consisted of the following:

Active employees	3
Terminated vested participants	3
Retirees and beneficiaries currently receiving benefits	16
	22
	22

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 12: POLICE PENSION PLANS - CONTINUED

Plan benefit provisions are as follows:

Except for active officers, the Police 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 Police 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 Police 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, 2023, before assessment of any outstanding service fees calculated using the current basis for computing Market Value Adjustments for the contracts. The Police 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, 2023

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 Police Plan’s deposits may not be returned. At December 31, 2023, the carrying amount of the Police Plan’s deposits was \$225,847 and the bank balance was \$246,436. Of this amount, \$6,972 was insured or registered and the securities held by the Town or its agent in the Town’s name, and \$218,875 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 Police 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, 2023, the Plan had the following investments:

<u>Investments Held at Fair Value</u>	<u>Fair Value</u>	<u>Level 1</u>
Mutual and exchange trade funds	\$ 847,925	\$ 847,925
<u>Investments Measured at Contract Value</u>		
Fixed income insurance contracts	1,321,147	
	\$ 1,321,147	

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, 2023

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, 2023, 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, 2023, the ADC was \$655,009.

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, 2023, 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:

Category Allocation	Target Allocation	Long-Term Expected Rate of Return
Cash	1.0%	0.8%
Fixed income	70.5%	2.3%
Mutual funds	24.8%	6.2%
Real Estate Investment Trusts	2.3%	6.4%
Commodities	1.4%	3.2%
	100.0%	

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 12: POLICE PENSION PLANS - CONTINUED

Discount Rate

The discount rate is 3.37%, which was changed from the 2022 discount rate of 3.82%. The Police Plan’s discount rate was changed because the Plan’s Fiduciary net position was not projected to be available to make all projected future benefit payments. The Plan’s long-term rate of return and assumed discount rate is 5.5%. The Municipal Bond rate as of December 31, 2023 was 3.26%.

Net Pension Liability

The Police Plan’s net pension liability was determined using a measurement date of December 31, 2023. The total pension liability was determined by an actuarial valuation as of January 1, 2023, calculated based on the discount rate and actuarial assumptions, and was then projected forward to the measurement date. The net pension liability of \$8,406,710 is measured as the difference between the total pension liability of \$10,675,000 and the fiduciary net position of \$2,268,290.

The components of the net pension liability of the Plan at December 31, 2023, are as follows:

Total pension liability	\$ 10,675,000
Fiduciary net pension	<u>2,268,290</u>
Net pension liability	<u>\$ 8,406,710</u>
Plan fiduciary net pension as a percentage of the total pension liability	21.25%

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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, 2023, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2022	\$ 9,999,000	\$ 2,273,010	\$ 7,725,990
Changes for the year			
Service cost	100,175	-	100,175
Interest on total pension liability	378,222	-	378,222
Effect of economic/demographic gains or losses	(61,545)	-	(61,545)
Effect of assumption changes or inputs	659,082	-	659,082
Benefits payments	(399,934)	(399,934)	-
Employer contributions	-	204,341	(204,341)
Member contributions	-	19,710	(19,710)
Net investment income	-	172,498	(172,498)
Administrative expenses	-	(1,335)	1,335
Net changes	676,000	(4,720)	680,720
Balance at December 31, 2023	\$ 10,675,000	\$ 2,268,290	\$ 8,406,710

As of December 31, 2023, the net pension liability of \$8,406,710 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 3.37%, 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 (2.37%) or 1 percentage point higher (4.37%) than the current rate.

	1% Decrease 2.37%	Current Discount Rate 3.37%	1% Increase 4.37%
Net pension liability	\$ 10,142,710	\$ 8,406,710	\$ 7,026,710

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, 2023

NOTE 12: POLICE PENSION PLANS - CONTINUED

Money-Weighted Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on the Police Plan investments, net of investment expense was 7.90%. 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, 2023, the Police Plan recognized a net negative pension expense of \$321,544. At December 31, 2023, the Town reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between actual and projected investment returns	\$ -	\$ 130,689

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

<u>Year Ending December 31</u>	
2024	\$ 52,066
2025	52,337
2026	36,745
2027	(10,459)
	\$ 130,689

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 12: POLICE PENSION PLANS - CONTINUED

The following actuarial methods and assumptions were used in the January 1, 2023 actuarial valuation.

Actuarial Methods and Significant Assumptions	
Valuation date	January 1, 2023
Actuarial cost method	Entry Age Normal (GASB Statement No. 67 version)
Amortization method	Level Dollar Amortization
Remaining amortization method	13 years as of Jan. 1, 2023
Amortization period	Closed
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment rate of return	5.50%, net of investment expense including inflation of 3.00%
Discount rate	3.37%
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	None
Mortality	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.
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	5.50%
Unfunded benefits discount rate	3.26% - at the Bond Buyer General Obligation 20-Year Bond Municipal Bond Index

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 12: POLICE PENSION PLANS - CONTINUED

The above information regarding the Plan was taken from the January 1, 2023 Actuarial Valuation presented by Milliman, Inc., dated October 30, 2024.

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 DPERS Police 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, 2023, the Town's membership in this plan is comprised of 22 active employees, including three employees that are vested.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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 11.34% for the period January to June 2023, and 12.74% for the period June to December 2023. The Town's contributions of \$257,504 for 2023 were equal to the required contribution for the year. Total eligible full-time wages covered by the DPERS Police Plan for the year totaled \$2,139,217.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 12: POLICE PENSION PLANS - CONTINUED

Contributions - 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, 2023, the Town reported a liability of \$272,803 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2022, with updated procedures used to roll forward the total pension asset to June 30, 2023. The Town's proportionate share of the net pension liability was based on the percentage of actual contributions and was measured as the difference between its proportionate share of the total pension liability \$11,615,214 and its proportionate share of the DPERS Police Plan's fiduciary net position \$11,342,411. As of December 31, 2023, the Town's proportionate share of the net pension liability of \$272,803 is a liability related to the governmental funds and is only recorded in the governmental activities in the government-wide statement of net position. At June 30, 2023, the Town's proportion of the collective net pension liability was 1.90%.

For the year ended December 31, 2023, the DPERS Police Plan recognized a pension expense of \$313,245. At December 31, 2023, 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	\$ 64,174	\$ 500,913
Difference between actual and expected investment returns	-	536,738
Changes of assumptions	133,814	53,838
Changes in proportions	115,678	24,857
Contributions made subsequent to the measurement date	<u>-</u>	<u>135,734</u>
	<u>\$ 313,666</u>	<u>\$ 1,252,080</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, 2024.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 12: POLICE PENSION PLANS - CONTINUED

Net Pension Liability, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions - 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>	
2024	\$ 14,174
2025	58,624
2026	591,632
2027	86,884
2028	10,961
Thereafter	<u>40,405</u>
	<u>\$ 802,680</u>

The following actuarial methods and assumptions were used in the June 30, 2022, 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	Pub-2010 mortality tables with gender adjustments for employees, healthy annuitants, and disabled retirees as well as an adjusted version on MP-2020 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, 2023

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	33.80%	5.70%
International equity	15.90%	5.70%
Fixed income	25.20%	2.00%
Alternative investments	19.30%	7.80%
Cash and equivalents	5.80%	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, 2023

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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	6.00%	7.00%	8.00%
Net pension liability (asset)	<u>\$ 1,940,125</u>	<u>\$ 272,803</u>	<u>\$ (1,090,873)</u>

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.

NOTE 13: EMPLOYEES' PENSION PLANS

Town Employee Pension Plan

Plan Description and Provisions

The Town's Full-Time Employees Pension Plan ("Employee 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 \$38,560 in 2023. The Town is required to contribute an actuarially determined rate. The employer contribution totaled \$363,707 in 2023.

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, 2023

NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED

Town Employee Pension Plan - Continued

Plan Description and Provisions - Continued

The Employee Plan is administered by the Committee ("Plan Administration"), which is comprised of the Mayor and Town Council. The Committee is fully responsible for the Employee 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 LPL Financial as of December 31, 2023.

The Employee 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, 2023, the date of the most recent actuarial report, Employee Plan membership consisted of the following:

Active employees	23
Terminated vested participants	18
Retirees and beneficiaries currently receiving benefits	34
	75

Plan benefit provisions are as follows:

All full-time employees are eligible to participate in the Employee 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, 2011	2.50%	2.50%
January 1, 2012 - February 29, 2012	1.67%	2.50%
March 1, 2012 and after	1.67%	2.25%

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED

Town Employee Pension Plan - Continued

Plan Description and Provisions - Continued

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

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 Employee 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 Employee 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, 2023, before assessment of any outstanding service fees calculated using the current basis for computing Market Value Adjustments for the contracts. The Employee 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, 2023

NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED

Town Employee Pension Plan - Continued

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Employee Plan's deposits may not be returned. At December 31, 2023, the carrying amount of the Employee Plan's deposits was \$516,879, and the bank balance was \$516,879. Of this amount, \$299,039 was insured or registered and the securities held by the Town or its agent in the Town's name, and \$217,840 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 Employee 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, 2022, the Employee 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	\$ 7,198,029	\$ 7,198,029	\$ -
Equities	435,138	435,138	-
Fixed income	<u>2,175,705</u>	<u>-</u>	<u>2,175,705</u>
	9,808,872	<u>\$ 7,633,167</u>	<u>\$ 2,175,705</u>
<u>Investments Measured at Contract Cost</u>			
Fixed income insurance contracts	<u>544,849</u>		
	<u>\$ 10,353,721</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.

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

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED

Town Employee Pension Plan - Continued

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, 2023, 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, 2023, the ADC was \$346,158.

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, 2023, 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:

<u>Category Allocation</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	1.90%	0.81%
Fixed Income	38.25%	2.58%
Mutual Funds	51.61%	6.07%
Real Estate Investment Trusts	4.75%	6.38%
Commodities	2.85%	3.16%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the Town's total pension liability is 6.25%. The Employee Plan's fiduciary net position not 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 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 Employee 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.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED

Town Employee Pension Plan - Continued

Net Pension Liability

The Employee Plan's net pension liability was determined using a measurement date of December 31, 2023. The total pension liability was determined by an actuarial valuation as of January 1, 2023, 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 \$1,729,950 and is measured as the difference between the total pension liability of \$12,620,000 and the fiduciary net position of \$10,890,950. The components of the net pension liability of the Employee Plan at December 31, 2023, are as follows:

Total pension liability	\$ 12,620,000
Fiduciary net position	<u>10,890,050</u>
Net pension liability	<u>\$ 1,729,950</u>
Plan fiduciary net position as a percentage of the total pension liability	86.29%

The Employee Plan's change in total pension liability, plan fiduciary net position, and net pension liability for the year ended December 31, 2023, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2022	\$ 12,055,000	\$ 9,734,486	\$ 2,320,514
Changes for the year:			
Service cost	150,038	-	150,038
Interest on total pension liability	744,143	-	744,143
Effect of economic or demographic gains or losses	277,513	-	277,513
Effect of assumption changes or inputs	-	-	-
Benefit payments	(606,694)	(606,694)	-
Employer contributions	-	363,707	(363,707)
Member contributions	-	38,560	(38,560)
Net investment income	-	1,360,658	(1,360,658)
Administrative expenses	-	(667)	667
Net Changes	<u>565,000</u>	<u>1,155,564</u>	<u>(590,564)</u>
Balance at December 31, 2023	<u>\$ 12,620,000</u>	<u>\$ 10,890,050</u>	<u>\$ 1,729,950</u>

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED

Town Employee Pension Plan - Continued

Net Pension Liability - Continued

As of December 31, 2023, \$923,826 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 \$806,124 of the net pension liability is recorded as a liability in the Water and Sewer Fund for \$391,057, the Electric Fund for \$422,220 and an asset in the Nonmajor Proprietary funds for \$7,153 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 6.25%, 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 (5.25%) or 1 percentage point higher (7.25%) than the current rate.

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
Net pension liability	<u>\$ 3,319,950</u>	<u>\$ 1,729,950</u>	<u>\$ 397,950</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.

Money-Weighted Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on the Employee Plan investments, net of investment expense was 14.12%. 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.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED

Town Employee Pension Plan - Continued

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

For the year ended December 31, 2023, the Town recognized pension expense of \$2,060. At December 31, 2023, the Town reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between actual and expected experience	\$ -	\$ 172,433
Change of assumptions	552,156	-
Difference between actual and projected investment returns	-	619,737
Total Deferred Outflows and Inflows	<u>\$ 552,156</u>	<u>\$ 792,170</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>	
2024	\$ (189,236)
2025	271,115
2026	309,848
2027	(151,713)
	<u>\$ 240,014</u>

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED

Town Employee Pension Plan - Continued

The following actuarial methods and assumptions were used in the January 1, 2023, funding valuation.

Actuarial Methods and Significant Assumptions	
Valuation date	January 1, 2023
Actuarial cost method	Entry Age Normal (GASB Statement No. 67 version)
Amortization method	Level Dollar Amortization
Remaining amortization period	13 year (15 years as of January 1, 2021.)
Amortization method	Closed
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment rate of return	6.25%
Discount rate	6.25%
Projected salary increases	3.5% Compensation is based on assumed inflation of 2.4% per year plus assumed productivity growth of 0.8% per year plus assumed merit raises of 0.3%
Cost of living adjustments	0.00%
Mortality	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 above information regarding the Employee Plan was taken from the January 1, 2023 Actuarial Valuation presented by Milliman, Inc., dated October 30, 2024.

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

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED

County and Municipal Other Employees' Pension Plan - Continued

Plan Description - Continued

enacted legislation to provide for the plan and is responsible for setting benefits, contributions, and amending plan provisions.

This is a contributory plan with the employee contributing 3% of earnings in excess of \$6,000. For the year ended December 31, 2023, \$3,266,865 in payroll earnings were reported to and covered by the plan.

The Town's contribution percentages were 5.55% for the period January 1, 2023 through June 30, 2023, and 5.59% for the period July 1, 2023 through December 31, 2023. The Town's contributions to the plan for the year ended December 31, 2023, totaled \$182,005 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, 2023, the Town's membership in this plan is comprised of 55 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 5.55% and 6.78% of earnings for plan fiscal years 2023 and 2022, respectively.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED

County and Municipal Other Employees' Pension Plan - Continued

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

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

At December 31, 2023, the Town reported a liability of \$94,683 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2022. The Town's proportionate share of the net pension liability was based on the percentage of actual contributions, and was measured as the difference between its proportionate share of the total pension liability \$4,303,140 and its proportionate share of the DPERS Employee Plan's fiduciary net position \$4,397,823. At June 30, 2023, the Town's proportion of the collective net pension liability was 4.58%.

As of December 31, 2023, \$52,419 of the net pension liability is a liability related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position. The remaining \$16,027 of the net pension liability is recorded as a liability in the Electric Fund, the Water and Sewer Fund for \$1,209, and in the Nonmajor proprietary funds for \$25,028 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, 2023, the Town recognized a government-wide pension expense of \$209,917 related to the DPERS Employee Plan. At December 31, 2023, the Town reported deferred inflows and outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between actual and expected experience	\$ 128,306	\$ 36,722
Difference between actual and expected investment returns	214,750	-
Changes of assumptions	19,807	20,650
Changes in proportions	23,235	28,885
Contributions made subsequent to the measurement date	<u>97,215</u>	<u>-</u>
	<u>\$ 483,313</u>	<u>\$ 86,257</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, 2023.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED

County and Municipal Other Employees' Pension Plan - Continued

Net Pension Liability, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions - 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>	
2024	\$ 19,621
2025	18,658
2026	213,178
2027	26,769
2028	10,179
Thereafter	<u>11,436</u>
	<u>\$ 299,841</u>

The following actuarial methods and assumptions were used in the June 30, 2023, 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	Pub-2010 mortality tables with gender adjustments for employees, healthy annuitants, and disabled retirees as well as an adjusted version on MP-2020 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.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED

County and Municipal Other Employees' Pension Plan - Continued

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.

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	33.8%	5.7%
International equity	15.9%	5.7%
Fixed income	25.2%	2.0%
Alternative investments	19.3%	7.8%
Cash and equivalents	5.8%	0.0%
	100.0%	

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, 2023

NOTE 13: EMPLOYEES' PENSION PLANS - CONTINUED

County and Municipal Other Employees' Pension Plan - 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:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net pension liability (asset)	\$ 784,491	\$ 94,683	\$ (468,570)

DPERS Employee Pension Plan Management

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.

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:

	Net Pension Liability	Net Pension Asset	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Police (See note 12)	\$ 8,406,710	\$ -	\$ 130,689	\$ -	\$ (321,544)
DPERS Police (See note 12)	272,803	-	1,252,080	313,666	313,245
Employee (See note 13)	1,729,950	-	792,170	552,531	2,060
DPERS Employee (See note 13)	94,683	-	483,313	86,257	209,917
	\$ 10,504,146	\$ -	\$ 2,658,252	\$ 952,454	\$ 203,678

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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 difference in 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, 2023

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

Plan Description - 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, 2023:

	Non-Uniformed Employees	Police	Total
Active employees	55	24	79
Retirees	11	7	18
Spouses of retirees	1	2	3

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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, 2023, totaled \$150,134..

Actuarial Methods and Significant Assumptions:

Discount Rate: 3.72% per annum as of January 1, 2023 and 3.26% per annum as of December 31, 2023 based on the applicable Bond Buyer General Obligation 20-Bond Municipal Bond Index of 2.06% per annum as of December 31, 2021 and 3.72% per annum as of December 31, 2022.

Compensation Increases (Non-uniformed): 3.5% per year. Compensation is based on assumed inflation of 2.3% per year plus assumed productivity growth of 0.75% 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 Society of Actuaries (SOA) developed and regularly updates a long-term medical trend model based on detailed research performed by a committee of economists and actuaries, which included a representative from Milliman. Milliman uses this model as the foundation for the trend that it recommends to our clients for post-retirement medical valuations, with certain adjustments designed to produce trends that are appropriate for employer plans. These adjustments include incorporating assumed administrative cost trend and removing the impact of age and gender related morbidity (since age and gender related morbidity assumptions are applied separately in the valuation when applicable). Ultimate trend rates were determined considering historic and projected rates of real growth, long-term inflation and additional growth attributable to technology, and medical costs as a component of gross domestic product (GDP). 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.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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

Monthly Per Capita Claims Cost: Pre-Medicare claim costs were calculated using the average of the reported premiums for the Comprehensive PPO plan option for the periods July 1, 2021 through June 30, 2022 and July 1, 2022 through June 30, 2023. Medicare claim costs were calculated using the reported premiums for the period January 1, 2022 through December 31, 2022. Standard demographics from Milliman’s Health Cost Guidelines (HCGs)¹ were used to reflect the average demographic distribution of lives for each medical plan. Age and gender related morbidity factors based on Milliman’s HCGs were used to adjust the average age cost per life into per life costs over a range of ages, separately by gender and status (retiree and dependents), for each of the plans.

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.

Health Plan Election: It is assumed that all retirees electing coverage participate in the Comprehensive PPO Plan (pre-Medicare) and Medicfill with Prescription (Medicare).

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%

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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

Mortality (Non-uniformed): For healthy lives, Pri-2012 Amount-Weighted Mortality Tables, further adjusted to reflect Mortality Improvement Scale MP-2021 from the 2012 base year and projected forward using MP-2021 on a generational basis, with sex-distinct employee rates before benefit commencement and healthy annuitant rates after benefit commencement. For disabled lives, Pri-2012 Amount-Weighted Disabled Mortality Tables, further adjusted to reflect Mortality Improvement Scale MP-2021 from the 2012 base year and projected forward using MP-2021 on a 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-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.

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

Changes since Prior Actuarial Valuation: The changes listed below reflect differences from the January 1, 2020 actuarial valuation to the January 1, 2022 actuarial valuation.

- The discount rate was decreased from 3.72% per year to 3.26% per year as of December 31, 2023. This discount rate is based on the Bond Buyer GO 20-Year Bond Municipal Bond Index as of December 31, 2023 (3.26%), in accordance with GASB Statements 74 and 75.
- The healthcare trend was updated to reflect more recent experience.

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.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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

OPEB Liability

The Town's OPEB liability has been measured as of December 31, 2023. The total OPEB liability was determined by an actuarial valuation as of January 1, 2022, 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, 2022	\$ 10,541,426
Service cost	497,000
Interest on total OPEB liability	406,147
Effect of assumption changes or inputs	568,687
Benefit payments	(150,134)
Implicit rate subsidy payments	(39,700)
Net Changes	1,282,000
Balance at December 31, 2023	\$ 11,823,426

Sensitivity Analysis

The following presents the total OPEB liability of the Town, calculated using the discount rate of 3.72%, 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 (2.72%) or one percentage point higher (4.72%) than the current rate.

	1% Decrease 2.26%	Discount Rate 3.26%	1% Increase 4.26%
Total OPEB liability	\$ 13,692,000	\$ 11,823,426	\$ 10,249,000

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.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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

Sensitivity Analysis - Continued

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 9,838,000</u>	<u>\$ 11,823,426</u>	<u>\$ 14,302,000</u>

OPEB expense and deferred inflows related to OPEB.

For the year ended December 31, 2023, the Town recognized OPEB expense of \$747,413. At December 31, 2023, the Town had deferred inflows of resources related to the OPEB plan from the following source:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 418,096	\$ -
Change in assumptions	<u>2,586,848</u>	<u>1,532,326</u>
Total	<u>\$ 3,004,944</u>	<u>\$ 1,532,326</u>

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>	
2024	\$ (155,734)
2025	(155,734)
2026	(155,734)
2027	(155,731)
2028	(61,057)
Thereafter	<u>(788,628)</u>
	<u>\$ (1,472,618)</u>

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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.

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.

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

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 may experience increased volatility and fluctuations in fair value. Changes in market value and possible changes to the actuarial assumptions used in determining the net pension liability, such as discount rates, rates of retirement, and termination 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 any loss contingencies with respect to litigation as of December 31, 2023.

As of the date of the financial statements, the Town has not complied with its responsibility to complete an annual audit and to submit financial information required by its bond and loan agreements to its lender by posting on the Electronic Municipal Market Access. The Town has not submitted its financial statements as required by its agreements. On March 12, 2025, Moody's Investors Service, Inc. withdrew its underlying rating of "Aa3" on the Bonds due to lack of sufficient information; specifically, the timely availability of the Town's financial audit for the fiscal year ended December 31, 2023.

NOTE 19: RISK MANAGEMENT

The Town maintains commercial insurance coverage for risk of losses relating to general, automotive, police professionals, public officials, crime, and workers compensation. However, during 2022, the Town joined a public entity risk pool for workers compensation insurance. The public entity risk pool has annual audits, actuarial studies and maintains a self-insurance bond. There have been no other significant changes 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 payments of impact fees totaling \$257,893 in the General Fund that were an enforceable legal claim in 2022, (at the point the fees become nonrefundable). In 2021 there was a balance of \$202,466 that had been classified as a liability and will be recognized as revenue over time as the Town is able to establish an enforceable

TOWN OF SMYRNA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 20: UNEARNED REVENUES - CONTINUED

legal claim to these resources. As of December 31, 2023, \$196,511 remains outstanding and will be recognized over time as it becomes legally enforceable.

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 and \$3,188,812 was received in 2022. These federal funds are earned when spent on qualifying expenditures. Qualifying expenditures were \$6,889,868 through December 31, 2023, leaving an unearned balance of \$2,587,120.

NOTE 21: MODIFIED OPINION - CASH AND 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, 2023, because of the absence of adequate identifying financial information.

As of December 31, 2022, the Town was unable to reconcile its cash and cash equivalents resulting in an unreconciled difference of \$113,390. The unreconciled overstatement is included in cash and cash equivalents and remains unreconciled as of December 31, 2023.

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 and unreconciled cash balances.

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,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY										
Service cost	\$ 100,175	\$ 273,112	\$ 242,662	\$ 125,415	\$ 111,578	\$ 109,465	\$ 104,549	\$ -	\$ 331,406	\$ 327,657
Interest on total pension liability	378,222	274,611	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	(61,545)	259,319	296,746	236,413	102,802	338,389	78,215	1,056	(498,285)	44,041
Effect of assumption changes or inputs	659,082	(2,859,173)	503,133	3,064,000	121,768	-	-	(387,469)	1,372,943	-
Benefit payments	(399,934)	(427,869)	(289,061)	(312,351)	(316,751)	(331,371)	(340,874)	(340,874)	(338,363)	(359,975)
Net change in total pension liability	676,000	(2,480,000)	1,034,000	3,471,000	360,000	437,000	155,000	722,000	(3,616,000)	580,701
Total pension liability, beginning	9,999,000	12,479,000	11,445,000	7,974,000	7,614,000	7,177,000	7,022,000	6,300,000	9,916,000	9,335,299
Total pension liability, ending (a)	\$ 10,675,000	\$ 9,999,000	\$ 12,479,000	\$ 11,445,000	\$ 7,974,000	\$ 7,614,000	\$ 7,177,000	\$ 7,022,000	\$ 6,300,000	\$ 9,916,000
FIDUCIARY NET POSITION										
Employer contributions	\$ 204,341	\$ 83,400	\$ 50,712	\$ 60,000	\$ -	\$ -	\$ -	\$ 49,032	\$ 480,531	\$ 743,174
Member contributions	19,710	19,308	30,489	28,876	28,145	22,802	22,704	-	102,816	94,055
Investment income (loss) net of investment expenses	172,498	(122,480)	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	(399,934)	(427,869)	(289,061)	(312,351)	(316,751)	(331,371)	(340,874)	(340,874)	(338,363)	(359,975)
Administrative expenses	(1,335)	(3,459)	(1,306)	(3,515)	(2,215)	(2,060)	(1,944)	(1,866)	(1,728)	(5,035)
Net change in fiduciary net position	(4,720)	(451,100)	(161,913)	(96,469)	(103,259)	(229,044)	(192,707)	586,229	(4,360,330)	635,327
Fiduciary net position, beginning	2,273,010	2,724,110	2,886,023	2,982,492	3,085,751	3,314,795	3,507,502	2,921,273	7,281,603	6,646,276
Fiduciary net position, ending (b)	\$ 2,268,290	\$ 2,273,010	\$ 2,724,110	\$ 2,886,023	\$ 2,982,492	\$ 3,085,751	\$ 3,314,795	\$ 3,507,502	\$ 2,921,273	\$ 7,281,603
Net pension liability [(a) - (b)]	\$ 8,406,710	\$ 7,725,990	\$ 9,754,890	\$ 8,558,977	\$ 4,991,508	\$ 4,528,249	\$ 3,862,205	\$ 3,514,498	\$ 3,378,727	\$ 2,634,397
Plan fiduciary net position as a percentage of the total pension liability	21.25%	22.73%	21.83%	25.22%	37.40%	40.53%	46.19%	49.95%	46.37%	46.37%
Covered payroll	\$ 271,059	\$ 453,507	\$ 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	3,101.43%	1,703.61%	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	7.90%	-4.94%	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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY										
Service cost	\$ 150,038	\$ 199,431	\$ 195,805	\$ 259,375	\$ 234,363	\$ 270,693	\$ 294,515	\$ 275,113	\$ 291,036	\$ 307,110
Interest on total pension liability	744,143	687,311	662,635	615,698	630,191	594,895	582,060	564,540	530,764	500,216
Effect of economic/demographic (gain) or loss	277,513	101,031	150,975	2,320	(215,736)	248,783	(250,777)	135,050	163,217	(34,663)
Effect of assumption changes or inputs	-	(1,656,468)	93,910	(1,350,400)	1,483,394	-	-	1,032,549	(81,634)	-
Benefit payments	(606,694)	(531,305)	(541,325)	(507,993)	(449,212)	(363,371)	(351,798)	(345,252)	(304,383)	(194,963)
Net change in total pension liability	565,000	(1,200,000)	562,000	(981,000)	1,683,000	751,000	274,000	1,662,000	599,000	577,700
Total pension liability, beginning	12,055,000	13,255,000	12,693,000	13,674,000	11,991,000	11,240,000	10,966,000	9,304,000	8,705,000	8,127,300
Total pension liability, ending (a)	\$ 12,620,000	\$ 12,055,000	\$ 13,255,000	\$ 12,693,000	\$ 13,674,000	\$ 11,991,000	\$ 11,240,000	\$ 10,966,000	\$ 9,304,000	\$ 8,705,000
FIDUCIARY NET POSITION										
Employer contributions	\$ 363,707	\$ 670,048	\$ 432,775	\$ 546,486	\$ 529,975	\$ 279,021	\$ 139,510	\$ 136,425	\$ 305,054	\$ 282,736
Member contributions	38,560	40,905	41,871	39,676	40,302	46,479	49,954	52,423	56,961	60,579
Investment income (loss) net of investment expenses	1,360,658	(1,729,683)	748,840	841,002	1,167,156	(194,613)	670,461	320,021	(163,460)	83,666
Benefit payments	(606,694)	(531,305)	(541,325)	(507,993)	(449,212)	(363,371)	(351,798)	(345,252)	(304,383)	(194,963)
Administrative expenses	(666)	(3,752)	(2,547)	(4,421)	(3,183)	(2,723)	(2,510)	(2,456)	(1,949)	(4,159)
Net change in fiduciary net position	1,155,565	(1,553,787)	679,614	914,750	1,285,038	(235,207)	505,617	161,161	(107,777)	227,859
Fiduciary net position, beginning	9,734,485	11,288,272	10,608,658	9,693,908	8,408,870	8,644,077	8,138,460	7,977,299	8,085,076	7,857,217
Fiduciary net position, ending (b)	\$ 10,890,050	\$ 9,734,485	\$ 11,288,272	\$ 10,608,658	\$ 9,693,908	\$ 8,408,870	\$ 8,644,077	\$ 8,138,460	\$ 7,977,299	\$ 8,085,076
Net pension liability [(a) - (b)]	\$ 1,729,950	\$ 2,320,515	\$ 1,966,728	\$ 2,084,342	\$ 3,980,092	\$ 3,582,130	\$ 2,595,923	\$ 2,827,540	\$ 1,326,701	\$ 619,924
Plan fiduciary net position as a percentage of the total pension liability	86.29%	80.75%	85.16%	83.58%	70.89%	70.13%	76.90%	74.22%	85.74%	92.88%
Covered payroll	\$ 1,456,558	\$ 1,495,216	\$ 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	118.77%	155.20%	133.45%	134.72%	218.10%	176.67%	126.12%	123.27%	56.04%	25.34%
Annual money-weighted return, net of investment expenses	14.12%	-15.62%	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

PROPORTIONATE SHARE OF NET PENSION LIABILITY AS OF DECEMBER 31,	2023	2022	2021	2020	2019	2018	2017
Reporting Date Measurement	June 30, 2022	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	1.90%	1.46%	1.56%	1.41%	1.48%	1.76%	1.00%
Town's proportion of the net pension liability (asset) - dollar value	\$ 272,803	\$ (2,015,707)	\$ 239,640	\$ 403,856	\$ 341,272	\$ 177,377	\$ 158,206
Covered payroll - plan year	2,202,023	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	12.39%	-143.29%	16.91%	32.69%	27.73%	12.27%	21.82%
Plan fiduciary net position as a percentage of the total pension liability	-98.00%	-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 present a 10-year trend is available.

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

PROPORTIONATE SHARE OF NET PENSION LIABILITY AS OF DECEMBER 31,	2023	2022	2021	2020	2019	2018	2017	2016
Measurement Date - June 30,	2023	2022	2021	2020	2019	2018	2017	2016
Town's proportionate share of the net pension liability	4.58%	4.26%	3.71%	2.56%	2.46%	2.57%	2.57%	2.01%
Town's proportion of the net pension liability (asset) - dollar value	\$ 94,683	\$ (28,915)	\$ (777,082)	\$ 54,375	\$ 112,865	\$ 80,815	\$ 166,558	\$ 124,341
Covered payroll	\$ 2,929,887	\$ 2,573,457	\$ 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	3.23%	-1.12%	-39.11%	4.36%	10.31%	8.67%	17.94%	23.14%
Plan fiduciary net position as a percentage of the total pension liability	-98.00%	-100.79%	-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
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%
2022	702,274	83,400	618,874	453,507	18.39%
2023	655,009	204,341	450,668	271,059	75.39%

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	13 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 2023	Market value
Actuarial assumptions:	
Investment rate of return	5.50%
Discount rate	3.37% in 2023; 3.82% in 2022; 2.19% in 2021.
Projected salary increases	Varies by years of employment. Underlying 3% wage inflation reflecting wage progression and longevity increases.
Cost of living adjustments	N/A
Mortality - 2019 through 2023:	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.
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
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%
2022	318,380	670,048	(351,668)	1,495,216	44.81%
2023	346,158	363,707	(17,549)	1,456,558	24.97%

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	13 years (15 years starting January 1, 2021)
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 - 2021 through 2023	6.25%
Investment rate of return - 2020	5.25%
Investment rate of return - 2019	4.50%
Investment rate of return - through 2018	5.25%
Discount rate - 2022 - 2023	6.25%
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 2023: 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, 2023 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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 257,504	\$ 270,044	\$ 245,448	\$ 237,937	\$ 230,454	\$ 173,357	\$ 161,375	\$ 207,487
Contributions in relation to the contractually required contribution	<u>257,504</u>	<u>270,044</u>	<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	\$ 2,139,217	\$ 2,014,705	\$ 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	12.04%	13.40%	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, 2023</u>	<u>December 31, 2022</u>	<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>
Contractually required contribution	\$ 182,005	\$ 165,329	\$ 161,578	\$ 114,135	\$ 82,923	\$ 77,775	\$ 65,561
Contributions in relation to the contractually required contribution	<u>182,005</u>	<u>165,329</u>	<u>161,578</u>	<u>114,135</u>	<u>82,923</u>	<u>77,775</u>	<u>65,561</u>
Contribution excess	<u>\$ -</u>						
Covered payroll	\$ 3,266,865	\$ 2,692,843	\$ 2,338,458	\$ 1,595,929	\$ 956,687	\$ 920,240	\$ 922,197
Contributions as a percentage of covered payroll	5.57%	6.14%	6.91%	7.15%	8.67%	8.45%	7.11%

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

	2023	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY						
Service cost	\$ 497,000	\$ 712,476	\$ 619,000	\$ 574,674	\$ 432,000	\$ 488,480
Interest on total OPEB liability	406,147	280,877	270,217	329,180	388,236	338,523
Effect of economic/demographic gains or losses	-	(503,736)	-	(27,196)	-	-
Effect of assumption changes or inputs	568,687	(2,769,956)	157,909	54,530	1,803,493	(946,757)
Benefit payments	(163,408)	(164,761)	(198,626)	(169,788)	(207,729)	(183,491)
Implicit rate subsidy payments	-	(87,900)	(52,500)	(65,400)	-	-
NET CHANGE IN TOTAL OPEB LIABILITY	1,308,426	(2,533,000)	796,000	696,000	2,416,000	(303,245)
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	10,515,000	13,048,000	12,252,000	11,556,000	9,140,000	9,443,245
TOTAL OPEB LIABILITY, END OF YEAR	<u>\$ 11,823,426</u>	<u>\$ 10,515,000</u>	<u>\$ 13,048,000</u>	<u>\$ 12,252,000</u>	<u>\$ 11,556,000</u>	<u>\$ 9,140,000</u>
Covered payroll	\$ 4,933,824	\$ 4,933,824	\$ 4,589,632	\$ 4,589,632	\$ 4,453,460	\$ 4,453,460
OPEB liability as a percentage of covered payroll	239.64%	213.12%	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, 2022 measurement date to the December 31, 2023 measurement date.

The discount rate decreased from 3.72% per year to 3.26% per year as of December 31, 2023. This discount rate is based on the Bond Buyer GO 20-Year Bond Municipal Bond Index as of December 31, 2023 (3.26%), in accordance with GASB Statements 74 and 75.

The healthcare trend was updated to reflect more recent experience.

The changes listed below reflect differences from the December 31, 2021 measurement date to the December 31, 2022 measurement date.

The discount rate was increased from 2.06% per year to 3.72% per year as of December 31, 2022. 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, 2022.

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, 2023

	Municipal Street Aid Fund	Police Grant Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 833,032	\$ 453,012	\$ 1,286,044
Accounts receivable	126,584	38,763	165,347
Investments	542,796	-	542,796
TOTAL ASSETS	\$ 1,502,412	\$ 491,775	\$ 1,994,187
LIABILITIES			
Accounts payable	\$ 3,202	\$ 19,546	\$ 22,748
Due to other funds	-	272,030	272,030
TOTAL LIABILITIES	\$ 3,202	\$ 291,576	\$ 294,778
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	\$ 63,342	\$ -	\$ 63,342
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 63,342	\$ -	\$ 63,342
FUND BALANCES:			
Restricted for:			
Police expenditures	\$ -	\$ 200,199	\$ 200,199
Public works expenditures	1,435,868	-	1,435,868
TOTAL FUND BALANCES	1,435,868	200,199	1,636,067
TOTAL LIABILITIES, DEFERRED INFLOWS, OF RESOURCES, AND NET POSITION AND FUND BALANCES	\$ 1,502,412	\$ 491,775	\$ 1,994,187

TOWN OF SMYRNA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Municipal Street Aid Fund	Police Grant Fund	Total
REVENUES			
Intergovernmental	\$ 254,203	\$ 241,542	\$ 495,745
Investment income	23,838	-	23,838
TOTAL REVENUES	<u>278,041</u>	<u>241,542</u>	<u>519,583</u>
EXPENDITURES			
Current:			
Public safety	-	89,338	89,338
Public works	41,818	-	41,818
Capital outlay	330,379	-	330,379
TOTAL EXPENDITURES	<u>372,197</u>	<u>89,338</u>	<u>461,535</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(94,156)</u>	<u>152,204</u>	<u>58,048</u>
NET CHANGES IN FUND BALANCE	(94,156)	152,204	58,048
FUND BALANCES, BEGINNING OF YEAR	<u>1,530,024</u>	<u>47,995</u>	<u>1,578,019</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,435,868</u>	<u>\$ 200,199</u>	<u>\$ 1,636,067</u>

TOWN OF SMYRNA
COMBINING SCHEDULE OF NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Summarized Comparative Data for the Year Ended December 31, 2022)

	2023			2022
	Trash Fund	Smyrna Slum Clearance and Redevelopment Authority	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 270,637	\$ 400,022	\$ 670,659	\$ 222,414
Accounts receivable, net	273,727	-	273,727	265,541
Loans receivable	-	36,155	36,155	36,155
Total Current Assets	544,364	436,177	980,541	524,110
Noncurrent Assets:				
Loan receivable	-	47,618	47,618	83,773
Net OPEB asset	26,426	-	26,426	48,023
Total Noncurrent Assets	26,426	47,618	74,044	131,796
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	50,909	-	50,909	53,410
Deferred outflows - OPEB	1,135	-	1,135	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	52,044	-	52,044	53,410
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 622,834	\$ 483,795	\$ 1,106,629	\$ 709,316
LIABILITIES AND NET POSITION				
Current Liabilities:				
Accounts payable	\$ 108,581	\$ 73	\$ 108,654	\$ 68,801
Accrued salaries and benefits	4,731	-	4,731	3,737
Total Current Liabilities	113,312	73	113,385	72,538
Noncurrent Liabilities:				
Accrued compensated absences	11,540	-	11,540	5,686
Net pension liability	30,277	-	30,277	32,168
Total Noncurrent Liabilities	41,817	-	41,817	37,854
TOTAL LIABILITIES	155,129	73	155,202	110,392

TOWN OF SMYRNA
COMBINING SCHEDULE OF NET POSITION - PROPRIETARY FUNDS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Summarized Comparative Data for the Year Ended December 31, 2022)

	2023			2022
	Trash Fund	Smyrna Slum Clearance and Redevelopment Authority	Total	
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	\$ 1,765	\$ -	\$ 1,765	\$ -
Deferred inflows - OPEB	46,846	-	46,846	57,915
TOTAL DEFERRED INFLOWS OF RESOURCES	48,611	-	48,611	57,915
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	203,740	73	203,813	168,307
NET POSITION				
Restricted for rural economic development	-	483,722	483,722	336,298
Unrestricted	419,094	-	419,094	204,711
TOTAL NET POSITION	419,094	483,722	902,816	541,009
TOTAL LIABILITIES AND NET POSITION	\$ 622,834	\$ 483,795	\$ 1,106,629	\$ 709,316

TOWN OF SMYRNA
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Summarized Comparative Data for the Year Ended December 31, 2022)

	2023			2022
	Trash Fund	Smyrna Slum Clearance and Redevelopment Authority	Total	
OPERATING REVENUES				
User service charges	\$ 1,752,259	\$ -	\$ 1,752,259	\$ 1,684,253
Other operating revenue	-	14,493	14,493	17,307
TOTAL OPERATING REVENUES	1,752,259	14,493	1,766,752	1,701,560
OPERATING EXPENSES				
Trash Fees	1,240,423	-	1,240,423	1,024,568
System maintenance	7,831	-	7,831	134,527
Salaries and wages	170,491	-	170,491	132,556
Employee benefits	70,346	-	70,346	51,629
Supplies and maintenance	12,680	-	12,680	11,867
Insurance	1,405	-	1,405	11,912
Administration expenses	26,168	4,632	30,800	40,559
Professional services	-	73	73	74,076
Grant-in-aide - Façade Program	-	12,364	12,364	18,869
TOTAL OPERATING EXPENSES	1,529,344	17,069	1,546,413	1,500,563
INCOME (LOSS) BEFORE TRANSFERS	222,915	(2,576)	220,339	200,997
NONOPERATING REVENUES (EXPENSES)				
Transfer in	-	150,000	150,000	-
Transfer out	(8,532)	-	(8,532)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(8,532)	150,000	141,468	-
CHANGE IN NET POSITION	214,383	147,424	361,807	200,997
NET POSITION, BEGINNING OF YEAR	204,711	336,298	541,009	340,012
NET POSITION, END OF YEAR	\$ 419,094	\$ 483,722	\$ 902,816	\$ 541,009

TOWN OF SMYRNA
COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2023
(With summarized comparative data for 2022)

	Police Pension Trust Fund	Employee Pension Trust Fund	Totals	
			2023	2022
ASSETS				
Cash and cash equivalents	\$ 225,847	\$ 516,879	\$ 742,726	\$ 1,056,515
Prepaid expense	24,895	45,916	70,811	65,798
Accounts receivable	-	60,825	60,825	60,825
Investments at fair value				
Mutual funds	847,925	7,198,029	8,045,954	6,637,899
Fixed income	-	435,138	435,138	2,032,536
Exchange-traded funds	-	2,175,705	2,175,705	454,478
Insurance contracts	1,321,147	544,849	1,865,996	1,908,332
TOTAL ASSETS	\$ 2,419,814	\$ 10,977,341	\$ 13,397,155	\$ 12,216,383
LIABILITIES AND NET POSITION				
LIABILITIES				
Accounts payable	\$ 151,524	\$ 87,291	\$ 238,815	\$ 208,887
NET POSITION				
Restricted for pension benefits	2,268,290	10,890,050	13,158,340	12,007,496
TOTAL LIABILITIES AND NET POSITION	\$ 2,419,814	\$ 10,977,341	\$ 13,397,155	\$ 12,216,383

TOWN OF SMYRNA
COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Summarized Comparative Data for the Year Ended December 31, 2022)

	Police Pension Trust Fund	Employee Pension Trust Fund	Totals	
			2023	2022
ADDITIONS:				
Contributions:				
Employer contribution	\$ 204,341	\$ 363,707	\$ 568,048	\$ 753,448
Employee contribution	19,710	38,560	58,270	60,213
Total Contributions	224,051	402,267	626,318	813,661
Investment Income:				
Interest and dividends	81,384	188,111	269,495	339,923
Net appreciation/(depreciation) in fair value of investments	113,943	1,251,769	1,365,712	(2,074,398)
Total Investment Income	195,327	1,439,880	1,635,207	(1,734,475)
Less: investment expense	22,829	79,222	102,051	117,689
Net Investment Income	172,498	1,360,658	1,533,156	(1,852,164)
TOTAL ADDITIONS	396,549	1,762,925	2,159,474	(1,038,503)
DEDUCTIONS:				
Benefits paid	399,934	606,694	1,006,628	959,174
Administrative expenses	1,335	667	2,002	7,209
TOTAL DEDUCTIONS	401,269	607,361	1,008,630	966,383
CHANGE IN NET POSITION	(4,720)	1,155,564	1,150,844	(2,004,886)
NET POSITION, BEGINNING OF YEAR	2,273,010	9,734,486	12,007,496	14,012,382
NET POSITION, END OF YEAR	\$ 2,268,290	\$ 10,890,050	\$ 13,158,340	\$ 12,007,496