

**PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 12, 2024**

**NEW ISSUE**  
**(Book-Entry Only)**

**RATING**  
**Standard & Poor's: AAA**  
See "MISCELLANEOUS - Rating" herein.

Interest on the Series 2024 Bonds is included in gross income for federal income tax purposes and therefore is not exempt from federal income taxation. See "LEGAL MATTERS - Certain U.S. Federal Tax Consequences of Owning Series 2024 Bonds" herein.

In the opinion of Bond Counsel, under existing law, interest on the Series 2024 Bonds is exempt from State of Georgia income taxation. See "LEGAL MATTERS - Opinion of Bond Counsel" herein.

**\$16,295,000\***  
**DOWNTOWN SMYRNA**  
**DEVELOPMENT AUTHORITY (GEORGIA)**  
**Revenue Bonds, Federally Taxable Series 2024**

**Dated: Date of Delivery**

**Due: February 1, as shown below**

The Revenue Bonds, Federally Taxable Series 2024 (the "Series 2024 Bonds") are being issued by the Downtown Smyrna Development Authority (the "Authority") for the purpose of financing the costs of acquiring and renovating or demolishing properties located at 1275 Church Street in Smyrna, Georgia, to be held for sale for redevelopment for commercial and residential uses or to be rented for event purposes (the "Properties"). The Authority will agree to acquire and renovate or demolish the Properties to be held for sale for redevelopment for commercial and residential uses or to be rented for event purposes pursuant to an Intergovernmental Economic Development Agreement, to be dated as of \_\_\_\_\_ 1, 2024 (the "Contract"), between the Authority and the City of Smyrna (the "City"). See "PLAN OF FINANCING" herein.

The Series 2024 Bonds are **special limited obligations** of the Authority payable solely from and secured by a pledge of and lien on payments to be made by the City to the Authority pursuant to the Contract. Under the terms of the Contract, the City will agree to make installment payments to the Authority in amounts sufficient in time and amount to enable the Authority to pay the principal of, premium, if any, and interest on the Series 2024 Bonds when due. The City's obligation to make the payments required by the Contract is a general obligation of the City to which its full faith and credit and limited taxing power are unconditionally pledged. The Series 2024 Bonds will be issued and secured on a parity with any additional revenue bonds of the Authority hereafter issued on a parity with the Series 2024 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS" herein.

Interest on the Series 2024 Bonds is payable semiannually on February 1 and August 1 of each year, commencing on February 1, 2025. All Series 2024 Bonds bear interest from their date of delivery. See "INTRODUCTION - Description of the Series 2024 Bonds" herein.

The Series 2024 Bonds will be issued as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), to which payments of principal, premium, if any, and interest will be made. Purchasers will acquire beneficial interests in the Series 2024 Bonds in book-entry form only. DTC will remit such payments to its participants who will be responsible for remittance to beneficial owners. See "INTRODUCTION - Description of the Series 2024 Bonds" herein.

The Series 2024 Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See "THE SERIES 2024 BONDS - Redemption" herein.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES OR YIELDS, AND CUSIPS**

<u>Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP†</u>	<u>Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP†</u>
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† CUSIP data herein is provided by Standard & Poor's CUSIP Services Bureau, a division of the McGraw-Hill Companies, Inc. The Authority is not responsible for the selection of CUSIP numbers, nor is any representation made as to their correctness on the Series 2024 Bonds or as indicated above.

**This cover page contains certain information for quick reference only. It is not a summary of this Official Statement. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.**

The Series 2024 Bonds are offered when, as, and if issued by the Authority and accepted by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice, and are subject to the approving opinion of Nelson Mullins Riley & Scarborough LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed on for the Authority by its general counsel, Cochran & Edwards, LLC, Smyrna, Georgia, for the City by its general counsel, Cochran & Edwards, LLC, Smyrna, Georgia, and for the City by its disclosure counsel, Nelson Mullins Riley & Scarborough LLP, Atlanta, Georgia. The Series 2024 Bonds are expected to be available for delivery in book-entry form only through the facilities of DTC in New York, New York on or about \_\_\_\_\_, 2024.

Dated: \_\_\_\_\_, 2024



\* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

## **DOWNTOWN SMYRNA DEVELOPMENT AUTHORITY**

### **MEMBERS**

Derek Norton, *Chairman*  
Kevin Drawe, *Vice Chairman*  
Heather Bacon, *Secretary/Treasurer*  
Ron Davis  
Jim Duelmer  
Tarun Ganerwal  
Kimberly Gangemi  
Jason Saliba

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### **CITY OF SMYRNA**

#### **ELECTED OFFICIALS**

##### **Mayor**

Derek Norton

##### **Councilmembers**

Tim Gould, *Mayor Pro Tem., Ward 6*  
Glenn Pickens, *Ward 1*  
Latonia P. Hines, *Ward 2*  
Travis Lindley, *Ward 3*  
Charles Welch, *Ward 4*  
Susan Wilkinson, *Ward 5*  
Rickey N. Oglesby Jr., *Ward 7*

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#### **APPOINTED OFFICIALS**

Joseph Bennett, *City Administrator*  
Heather K. Peacon-Corn, *City Clerk*  
Kristin Robinson, *Finance Director*  
Scott A. Cochran, *City Attorney*

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#### **SPECIAL SERVICES**

##### **Auditors**

Nichols, Cauley & Associates, LLC  
Kennesaw, Georgia

##### **Bond Counsel and Disclosure Counsel**

Nelson Mullins Riley & Scarborough LLP  
Atlanta, Georgia

##### **Authority's Counsel**

Cochran & Edwards, LLC  
Smyrna, Georgia

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# OFFICIAL STATEMENT

of

## DOWNTOWN SMYRNA DEVELOPMENT AUTHORITY (GEORGIA)

relating to its

\$16,295,000\*

### REVENUE BONDS, FEDERALLY TAXABLE SERIES 2024

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#### INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish certain information in connection with the sale by the Downtown Smyrna Development Authority of \$16,295,000\* in aggregate principal amount of its Revenue Bonds, Federally Taxable Series 2024 (the “Series 2024 Bonds”). Definitions of certain terms used in this Official Statement and not otherwise defined herein are set forth in Appendix B to this Official Statement under the heading “DEFINITIONS.”

*This Introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices hereto, and the documents summarized or described herein. Potential investors should fully review the entire Official Statement. The offering of the Series 2024 Bonds to potential investors is made only by means of the entire Official Statement, including the Appendices hereto. No person is authorized to detach this Introduction from the Official Statement or to otherwise use it without the entire Official Statement, including the Appendices hereto.*

#### The Authority

The Downtown Smyrna Development Authority (the “Authority”), the issuer of the Series 2024 Bonds, is a body corporate and politic and public corporation created and existing under the laws of the State of Georgia. For more complete information, see “THE AUTHORITY” herein.

#### The City

The City of Smyrna (the “City”) is a municipal corporation of the State of Georgia created by an Act of the General Assembly of the State of Georgia on August 23, 1872. The City is located in Cobb County in the northwestern portion of the State of Georgia approximately 10 miles northwest of the City of Atlanta. For more complete information, see “THE CITY” herein.

#### Purposes of the Series 2024 Bonds

The proceeds of the Series 2024 Bonds will be used, together with other available funds, (1) to finance the costs of acquiring and renovating or demolishing properties located at 1275 Church Street in Smyrna, Georgia, to be held for sale for redevelopment for commercial and residential uses or to be rented for event purposes (the “Properties”) and (2) to finance a portion of the costs of issuing the Series 2024 Bonds. For more complete information, see “PLAN OF FINANCING” herein.

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\* Throughout this Preliminary Official Statement, the asterisk indicates information that is preliminary and subject to change.

## **Security and Sources of Payment for the Series 2024 Bonds**

The Series 2024 Bonds are special limited obligations of the Authority payable solely from and secured by a pledge of and lien on installment payments to be made by the City to the Authority pursuant to an Intergovernmental Economic Development Agreement, to be dated as of \_\_\_\_\_ 1, 2024 (the “Contract”), to be entered into between the Authority and the City. The Series 2024 Bonds will be equally and ratably secured on a parity basis with any additional revenue bonds of the Authority hereafter issued on a parity basis with the Series 2024 Bonds. The Series 2024 Bonds and any additional revenue bonds of the Authority hereafter issued on a parity basis with the Series 2024 Bonds are collectively referred to as the “Bonds” in this Official Statement.

Under the terms of the Contract, the Authority will agree to acquire and renovate or demolish the Properties, to be held for sale for redevelopment for commercial and residential uses or to be rented for event purposes at the direction of the City.

The Contract will obligate the City to make periodic payments to the Authority in amounts calculated to be sufficient to enable the Authority to pay the principal of, premium, if any, and interest on the Bonds when due. The City’s obligation to make the payments required by the Contract is a general obligation of the City to which its full faith and credit and limited taxing power (within the three (3) mill limit authorized by Georgia law and within the fifteen (15) mill limit prescribed by the City’s Charter) are unconditionally pledged. To secure its obligations under the Bonds, the Authority adopted a Master Bond Resolution on July 23, 2024, as supplemented and amended by a Supplemental Series 2024 Bond Resolution adopted by the Authority on \_\_\_\_\_, 2024 (collectively the “Bond Resolution”), pursuant to which the Authority has assigned and pledged for the benefit of the owners of the Bonds all of its right, title, interest, and remedies (except Unassigned Rights) in and to the Contract, including all payments to be made by the City thereunder.

Neither the Authority nor the City is eligible for federal bankruptcy protection under current Georgia law.

For more complete and detailed information, see “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS**” herein.

### **Description of the Series 2024 Bonds**

**Redemption.** The Series 2024 Bonds are subject to optional redemption prior to maturity. The Series 2024 Bonds maturing on or after February 1, \_\_\_\_ are redeemable at the option of the Authority, upon the request of the City, not earlier than February 1, \_\_\_\_, at the prices and on the terms described in this Official Statement. The Series 2024 Bonds maturing on February 1, \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ are subject to scheduled mandatory redemption prior to maturity in part by lot. For more complete information, see “**THE SERIES 2024 BONDS - Redemption**” herein.

**Denominations.** The Series 2024 Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

**Book-Entry Bonds.** Each of the Series 2024 Bonds will be issued as fully registered bonds in the denomination of one bond per aggregate principal amount of the stated maturity thereof, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York, an automated depository for securities and clearing house for securities transactions, which will act as securities depository for the Series 2024 Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2024 Bonds purchased. Purchases of beneficial interests in the Series 2024 Bonds will be made in book-entry only form (without certificates), in authorized denominations, and, under certain circumstances as more fully described in this Official Statement, such beneficial interests are exchangeable for one or more fully registered bonds of like principal amount and maturity in authorized denominations. For more complete information, see “**THE SERIES 2024 BONDS – Book-Entry Only System**” herein.

**Payments.** So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2024 Bonds, payments of the principal of, premium, if any, and interest on the Series 2024 Bonds will be made directly to Cede & Co., which will remit such payments to the DTC participants, which will in turn remit such payments to the beneficial owners of the Series 2024 Bonds.

For a more complete description of the Series 2024 Bonds, see “**THE SERIES 2024 BONDS**” herein.

### **Tax Consequences**

Interest on the Series 2024 Bonds is included in gross income for federal income tax purposes and therefore is not exempt from federal income taxation. For a more complete discussion of certain federal tax consequences of

owning the Series 2024 Bonds, see “**LEGAL MATTERS - Certain U.S. Federal Tax Consequences of Owning Series 2024 Bonds**” herein.

In the opinion of Bond Counsel, under existing law, interest on the Series 2024 Bonds is exempt from State of Georgia income taxation. See Appendix C hereto for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2024 Bonds. For a more complete discussion of such opinion and certain other tax consequences of owning the Series 2024 Bonds, see “**LEGAL MATTERS - Opinion of Bond Counsel**” herein.

### **Bond Registrar, Paying Agent, Custodian, and Depository**

Regions Bank, Atlanta, Georgia, will act as bond registrar and as paying agent for the Series 2024 Bonds under the Bond Resolution. Regions Bank, Atlanta, Georgia, will act as custodian of the Sinking Fund created under the Bond Resolution. Truist Bank, Smyrna, Georgia, will act as depository of the Project Fund created under the Bond Resolution.

### **Professionals Involved in the Offering**

Certain legal matters pertaining to the Authority and its authorization and issuance of the Series 2024 Bonds are subject to the approving opinion of Nelson Mullins Riley & Scarborough LLP, Atlanta, Georgia, Bond Counsel. Copies of such opinion will be available at the time of delivery of the Series 2024 Bonds, and a copy of the proposed form of such opinion is attached hereto as Appendix C. Certain legal matters will be passed on for the Authority by its general counsel, Cochran & Edwards, LLC, Smyrna, Georgia, for the City by its general counsel, Cochran & Edwards, LLC, Smyrna, Georgia, and for the City by its disclosure counsel, Nelson Mullins Riley & Scarborough LLP, Atlanta, Georgia. The basic financial statements of the City as of June 30, 2023 and for the year then ended, attached hereto as Appendix A, have been audited by Nichols, Cauley & Associates, LLC, Kennesaw, Georgia, independent certified public accountants, to the extent and for the period indicated in its report thereon, which appears in Appendix A hereto. See “**MISCELLANEOUS - Independent Auditors**” herein.

### **Legal Authority**

The Series 2024 Bonds are being issued and secured in accordance with the Constitution of the State of Georgia and pursuant to the authority granted by the laws of the State of Georgia. For more complete information, see “**THE SERIES 2024 BONDS - Legal Authority**” herein.

### **Offering and Delivery of the Series 2024 Bonds**

The Series 2024 Bonds are offered when, as, and if issued by the Authority and accepted by Raymond James & Associates, Inc. (the “Underwriter”), subject to prior sale and to withdrawal or modification of the offer without notice. The Series 2024 Bonds are expected to be available for delivery in book-entry form only through the facilities of DTC in New York, New York on or about \_\_\_\_\_, 2024.

### **Continuing Disclosure**

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold, or sell the Series 2024 Bonds, and the Authority will not provide any such information. The City has undertaken all responsibilities for any continuing disclosure to beneficial owners of the Series 2024 Bonds as described below, and the Authority will have no liability to the beneficial owners of the Series 2024 Bonds or any other person with respect to such disclosures.

The City has covenanted in the Contract and a Continuing Disclosure Certificate (the “Disclosure Certificate”) for the benefit of the beneficial owners of the Series 2024 Bonds to provide certain financial information and operating data relating to the City (the “Annual Report”) by not later than 270 days after the end of each fiscal year of the City, commencing with fiscal year 2024, and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the City with the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB (which, as of the date hereof, is the Electronic Municipal Market Access (“EMMA”) system of the MSRB). The notices of enumerated events will be filed by the City with the MSRB in an electronic format as prescribed by the MSRB (which, as of the date hereof, is EMMA). The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is summarized in Appendix B hereto under the caption “**THE CONTINUING DISCLOSURE CERTIFICATE.**” These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

## Ad Valorem Tax Coverage of Debt Service

Set forth below are the pro forma ratios of (a) estimated revenues that would be produced by the levy of a three mill tax to (b) maximum annual debt service on obligations supported by the three mill tax (consisting of only the Series 2024 Bonds), for the years ended December 31, 2019 to 2023.

### Debt Service Coverage Ratios Based Upon Ad Valorem Tax Levy

	Years Ended December 31				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Pro Forma Debt Service Coverage Ratio*	4.42x	4.53x	4.84x	5.53x	6.25x

For more complete information, see “CITY AD VALOREM TAXATION - Ad Valorem Tax Coverage of Debt Service” herein.

### Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change without notice.

This Official Statement contains forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “budgeted,” and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this Official Statement. The Authority and the City each disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Authority, the City, the Series 2024 Bonds, the Contract, the Bond Resolution, the Disclosure Certificate, and the security and sources of payment for the Series 2024 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Contract, the Bond Resolution, the Disclosure Certificate, and other documents are intended as summaries only and are qualified in their entirety by reference to such laws and documents, and references herein to the Series 2024 Bonds are qualified in their entirety to the form thereof included in the Bond Resolution. Copies of the Contract, the Bond Resolution, the Disclosure Certificate, and other documents and information are available, upon request and upon payment to the City of a charge for copying, mailing, and handling, from Joseph Bennett, City Administrator, City of Smyrna, 2800 King Street, S.E., Smyrna, Georgia 30080-3506, telephone (770) 434-6600. During the period of the offering of the Series 2024 Bonds, copies of such documents are also available, upon request and upon payment to the Underwriter of a charge for copying, mailing, and handling, from Tom Owens, Raymond James & Associates, Inc., Two Buckhead Plaza, 3050 Peachtree Road, N.W., Suite 702, Atlanta, Georgia 30305, telephone (404) 240-6854.

The Series 2024 Bonds and their underlying obligations have not been registered under the Securities Act of 1933, and the Bond Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2024 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Authority, the City, or the Underwriter to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Authority, the City, or the Underwriter. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Authority and the City. The information set forth herein has been obtained by the Authority and the City from sources that are believed to be reliable. The Authority has not provided information regarding the City or DTC and does not certify as to the accuracy or sufficiency of the disclosure practices of or content of the information provided by the City or DTC and is not responsible for the information provided by the City or DTC. The Underwriter has provided the following sentence for inclusion in this Official Statement. The



Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information contained herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Authority, the City, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

In connection with this offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the market prices of the Series 2024 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

Neither the United States Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Series 2024 Bonds or reviewed or passed upon the adequacy or accuracy of this Official Statement. Any representation to the contrary may be a criminal offense.

The order and placement of information in this Official Statement, including the appendices, are not an indication of relevance, materiality, or relative importance, and this Official Statement, including the appendices, must be read in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit, or describe the scope or intent, or affect the meaning or construction, of any provision or section in this Official Statement.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM (“ORIGINAL BOUND FORMAT”) OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: [www.onlinemunis.com](http://www.onlinemunis.com). THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITE.

## PLAN OF FINANCING

### Estimated Sources and Applications of Funds

The sources and applications of funds in connection with the issuance of the Series 2024 Bonds are estimated below.

Estimated Sources of Funds:

- Proceeds of Series 2024 Bonds<sup>1</sup>
- Interest Earnings on Proceeds of Series 2024 Bonds<sup>2</sup>
- Funds Contributed By City

Total Sources of Funds

Estimated Applications of Funds:

- Cost of Properties<sup>3</sup>
- Funded Interest<sup>4</sup>
- Costs of Issuance<sup>5</sup>
- Underwriting Discount<sup>6</sup>

Total Applications of Funds

<sup>1</sup> After adding net premium of \$\_\_\_\_\_.

<sup>2</sup> Represents interest estimated to be earned on unspent proceeds of the Series 2024 Bonds at an investment rate of \_\_\_\_\_% over a period of \_\_\_ months.

<sup>3</sup> See “**PLAN OF FINANCING - The Properties**” herein.

<sup>4</sup> Represents interest on the Series 2024 Bonds for approximately \_\_\_ months.

<sup>5</sup> Includes legal and accounting fees, initial Bond Registrar’s and Paying Agent’s fees, printing costs, validation court costs, and other costs of issuance.

<sup>6</sup> \_\_\_\_\_% of the aggregate principal amount of the Series 2024 Bonds. See “**MISCELLANEOUS - Underwriting**” herein.

## The Properties

The Properties being financed by the Series 2024 Bonds consist of approximately nine acres of land and two buildings located thereon, which are presently used by the First Baptist Church of Smyrna.

The Authority, at the direction of the City, will demolish the buildings other than the stone chapel constructed in 1924 and then enter into development agreements with private developers to redevelop such portion of the Properties for residential or commercial uses.

The Authority, at the direction of the City, also plans to renovate the stone chapel constructed in 1924 and rent it to private groups for event purposes.

The City has requested and received proposals to develop a Master Plan for the Properties, together with the adjacent former Presbyterian church property already owned by the City. The Authority and the City expect to solicit public comments on the Master Plan until the summer of 2025 and to adopt the Master Plan in the summer of 2025 and then enter into development agreements with private developers to redevelop the Properties. The redevelopment of the Properties is part of an initiative known as “Downtown the Downtown.”

For a discussion of restrictions that apply to the use and investment of the proceeds of the Series 2024 Bonds, see “**THE BOND RESOLUTION - Funds Created by the Bond Resolution and Flow of Funds - Project Fund and - Investments**” in Appendix B hereto.

## THE SERIES 2024 BONDS

### Description

The Series 2024 Bonds, as initially issued, will be dated the date of their issuance and delivery and will bear interest at the rates per annum set forth on the cover page of this Official Statement, computed on the basis of a 360-day year consisting of twelve 30-day months, payable on February 1, 2025 and semiannually thereafter on August 1 and February 1 of each year (each an “Interest Payment Date”) and will mature on the dates and in the amounts set forth on the cover page of this Official Statement, unless earlier called for redemption.

Each Series 2024 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Series 2024 Bond will bear interest from such Interest Payment Date, or unless such date of authentication is prior to the first Interest Payment Date, in which event such Series 2024 Bond will bear interest from its dated date; provided, however, that if at the time of authentication of any Series 2024 Bond, interest is in default on such Series 2024 Bond, such Series 2024 Bond will bear interest from the Interest Payment Date to which interest has been paid or if no interest has theretofore been paid on such Series 2024 Bond, from its dated date.

The Series 2024 Bonds are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof. Purchases of beneficial ownership interests in the Series 2024 Bonds will be made in book-entry form, and purchasers will not receive certificates representing interests in the Series 2024 Bonds so purchased. If the book-entry system is discontinued, Series 2024 Bonds will be delivered as described in the Bond Resolution, and beneficial owners will become the registered owners of the Series 2024 Bonds. See “**THE SERIES 2024 BONDS - Book-Entry Only System**” herein.

### Redemption

#### *Optional Redemption of Series 2024 Bonds*

The Series 2024 Bonds maturing on and after February 1, \_\_ are subject to optional redemption prior to maturity by the Authority upon the written request of the City pursuant to the Contract, in whole or in part on any day (and if in part in an authorized denomination), in either case on or after February 1, \_\_, at the redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to such redemption date and without premium, all in the manner provided in the Bond Resolution.

#### *Mandatory Redemption of Series 2024 Bonds*

The Series 2024 Bonds maturing on February 1, \_\_\_\_, February 1, \_\_\_\_, and February 1, \_\_\_\_ are subject to mandatory redemption prior to maturity, in part by lot, in specified amounts as described below at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, but without premium, in the following years:

Series 2024 Bonds Maturing February 1, \_\_\_\_\_

<u>February 1 of the Year</u>	<u>Principal Amount</u>
-----------------------------------	-----------------------------

(Leaving \$ \_\_\_\_\_ to mature February 1, \_\_\_\_)

Series 2024 Bonds Maturing February 1, \_\_\_\_\_

<u>February 1 of the Year</u>	<u>Principal Amount</u>
-----------------------------------	-----------------------------

(Leaving \$ \_\_\_\_\_ to mature February 1, \_\_\_\_)

Series 2024 Bonds Maturing February 1, \_\_\_\_\_

<u>February 1 of the Year</u>	<u>Principal Amount</u>
-----------------------------------	-----------------------------

(Leaving \$ \_\_\_\_\_ to mature February 1, \_\_\_\_)

*Selection of Series 2024 Bonds to be Redeemed*

If less than all of the Series 2024 Bonds of like maturity are called for redemption, the particular Series 2024 Bonds, or portions of Series 2024 Bonds, to be redeemed will be selected by lot by the Authority (at the direction of the City) or in such other manner as the Authority (at the direction of the City) may deem proper. The portion of any Series 2024 Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or an integral multiple thereof and, in selecting portions of such Series 2024 Bonds for redemption, the Authority will treat each such Series 2024 Bond as representing that number of Series 2024 Bonds which is obtained by dividing the principal amount of such Series 2024 Bond to be redeemed in part by \$5,000.

*Redemption Notices*

Unless waived by any owner of Series 2024 Bonds to be redeemed, official notice of any redemption of Series 2024 Bonds will be given by the Bond Registrar on behalf of the Authority by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Series 2024 Bond or Series 2024 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

Official notice having been given in the manner and under the conditions described above, and moneys for payment of the redemption price being held by the Paying Agent as provided in the Bond Resolution, the Series 2024 Bonds or portions of Series 2024 Bonds so called for redemption will, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Series 2024 Bonds on such date, and interest on the Series 2024 Bonds or portions of Series 2024 Bonds so called for redemption will cease to accrue, such Series 2024 Bonds or portions of Series 2024 Bonds will cease to be entitled to any lien, benefit, or security under the Bond Resolution, and the owners of such Series 2024 Bonds or portions of Series 2024 Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

**Book-Entry Only System**

The Depository Trust Company (“DTC”), New York, New York, or its successor, will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2024 Bond certificate will be issued for each maturity of the Series 2024 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

So long as DTC or its nominee is the registered owner of the Series 2024 Bonds, payments of the principal and redemption premium of and interest due on the Series 2024 Bonds will be payable directly to DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024 Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2024 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2024 Bond documents. For example, Beneficial Owners of Series 2024 Bonds may wish to ascertain that the nominee holding the Series 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2024 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Paying Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, and interest payments on the Series 2024 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants

to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2024 Bonds at any time by giving reasonable notice to the Authority or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2024 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2024 Bond certificates will be printed and delivered to DTC.

The information concerning DTC and DTC’s book-entry system set forth above has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE SOLE BONDHOLDER, THE AUTHORITY SHALL TREAT CEDE & CO. AS THE ONLY BONDHOLDER FOR ALL PURPOSES, INCLUDING RECEIPT OF ALL PRINCIPAL AND PREMIUM OF AND INTEREST ON THE SERIES 2024 BONDS, RECEIPT OF NOTICES, VOTING, AND REQUESTING OR DIRECTING THE AUTHORITY TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS. THE AUTHORITY HAS NO RESPONSIBILITY OR OBLIGATION TO THE DIRECT OR INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT; (B) THE PAYMENT BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AND PREMIUM OF AND INTEREST ON THE SERIES 2024 BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND RESOLUTION TO BE GIVEN TO BONDHOLDERS; OR (D) OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS BONDHOLDER.

Beneficial Owners of the Series 2024 Bonds may experience some delay in their receipt of distributions of principal and interest on the Series 2024 Bonds because such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of Direct Participants, which will thereafter credit them to the accounts of Beneficial Owners either directly or indirectly through Indirect Participants.

Issuance of the Series 2024 Bonds in book-entry form may reduce the liquidity of the Series 2024 Bonds in the secondary trading market because some investors may be unwilling to purchase Series 2024 Bonds for which they cannot obtain physical certificates. In addition, because transactions in the Series 2024 Bonds can be effected only through DTC, Direct Participants, Indirect Participants, and certain banks, the ability of a Beneficial Owner to pledge Series 2024 Bonds to persons or entities that do not participate in the DTC system, or otherwise to take action in respect of such Series 2024 Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will not be recognized by the Paying Agent as registered owners for purposes of the Bond Resolution, and Beneficial Owners will be permitted to exercise the rights of registered owners only indirectly through DTC and the Direct or Indirect Participants.

### **Legal Authority**

The Series 2024 Bonds are being issued and secured pursuant to the authority granted by an amendment to Article VII, Section VII, Paragraph I of the Constitution of the State of Georgia of 1945 (1970 Ga. Laws 1117 to 1119, inclusive), now specifically continued as a part of the Constitution of the State of Georgia of 1983 pursuant to Article XI, Section I, Paragraph IV of the Constitution of the State of Georgia of 1983 and an Act of the General Assembly of the State of Georgia (1986 Ga. Laws 3957 to 3958, inclusive), as implemented by an Act of the General Assembly of the State of Georgia (1989 Ga. Laws 4382 to 4396, inclusive) (collectively the “Act”). The Series 2024 Bonds are being issued under the provisions of the Bond Resolution.

The Authority is authorized by the Act:

- (1) to issue revenue bonds and use the proceeds thereof for the purpose of paying all or any part of the cost of any “project,” which includes the acquisition, construction, remodeling, altering, renovating, equipping, maintaining, and operating of buildings, both private and public, and the usual and convenient facilities appertaining to such undertakings and extension and improvement of such buildings; the acquisition of parking facilities or parking areas in connection therewith; and the construction, reconstruction, alteration, changing, and

closing of streets, roads, and alleys, and to secure the repayment of any such money so borrowed by the terms of the resolution authorizing such financing;

(2) to construct, erect, purchase, acquire, own, repair, remodel, renovate, rehabilitate, maintain, extend, improve, sell, equip, expand, add to, operate, or manage projects;

(3) to make and execute contracts and other instruments necessary or convenient to exercise the powers of the Authority, including, but not limited to, contracts for construction of projects, leases of projects, contracts for sale of projects, and contracts with respect to the use of projects;

(4) to contract for any period not exceeding 50 years with any municipality of the State of Georgia for the use by such municipality of any facilities or services of the Authority, provided that such contracts shall deal with such activities and transactions as the Authority and any such municipality are by law authorized to undertake; and

(5) as security for repayment of its revenue bonds, to pledge, convey, assign, hypothecate, or otherwise encumber any property of the Authority and to execute any agreement for the sale of its revenue bonds, security agreement, assignment, or other instrument as may be necessary or desirable, in the judgment of the Authority, to secure any such revenue bonds.

The Act provides that the terms, conditions, covenants, and provisions contained in any resolution of the governing body of the Authority authorizing the issuance of revenue bonds of the Authority shall bind said governing body then in office and its successors thereof; that the resolution providing for the issuance of such bonds may set forth the rights and remedies of the bondholders and may prescribe the procedure by which bondholders may enforce their rights and may also contain provisions concerning the conditions, if any, upon which additional revenue bonds may be issued *pari passu* with the revenue bonds initially issued pursuant to such resolution; and that any resolution adopted by the Authority may contain such terms and provisions as the Authority shall approve, such approval of the Authority to be conclusively established by the execution of any such resolution by the Chairman or Vice Chairman of the Authority and the attestation of such execution by the Secretary/Treasurer or any Assistant Secretary/Treasurer of the Authority.

Article IX, Section III, Paragraph I(a) of the Constitution of the State of Georgia of 1983 authorizes the City to contract for any period not exceeding fifty years with the Authority for joint services, for the provision of services, or for the joint or separate use of facilities or equipment, if such contract deals with activities, services, or facilities that the contracting parties are authorized by law to undertake or provide.

Section 48-5-350 of the Official Code of Georgia Annotated authorizes the City to levy and collect municipal taxes upon all taxable property within the limits of the City to provide for financial assistance to the Authority for the purpose of developing trade, commerce, industry, and employment opportunities; provided the tax levied for the purposes provided in that code section shall not exceed three (3) mills per dollar upon the assessed value of the property.

The execution, delivery, and performance of the Contract by the City was authorized and approved pursuant to a resolution adopted by the Mayor and Council of the City on August 12, 2024.

### **Investments**

For a description of how the proceeds of the Series 2024 Bonds are to be invested pending their use, the provisions governing those investments, the conditions that must be satisfied before the proceeds of the Series 2024 Bonds may be applied to their intended use, and other provisions governing the investment of the proceeds of the Series 2024 Bonds and the amounts held to pay debt service on the Series 2024 Bonds, see “**THE BOND RESOLUTION - Funds Created by the Bond Resolution and Flow of Funds and - Investments**” in Appendix B hereto.

### **Principal and Interest Requirements**

Set forth below are the principal and interest payment requirements with respect to the Series 2024 Bonds for the years shown below. For purposes of calculating the principal payable in any year, the relevant maturity or mandatory redemption amount is used. A description of the debt service requirements of the City is set forth herein under “**CITY DEBT STRUCTURE - Debt Service Requirements.**”

<u>Year Ending</u> <u>February 1</u>	<u>Principal*</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u> <u>Requirements</u>
2025	\$ --		
2026	--		
2027	--		
2028	--		
2029	1,015,000.00		
2030	1,065,000.00		
2031	1,115,000.00		
2032	1,170,000.00		
2033	1,235,000.00		
2034	1,295,000.00		
2035	1,365,000.00		
2036	1,440,000.00		
2037	1,520,000.00		
2038	1,600,000.00		
2039	1,690,000.00		
2040	<u>1,785,000.00</u>		
Total	<u>\$16,295,000.00</u>		

## SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS

### Contract

Pursuant to the Contract, the City has agreed to pay to the Authority periodic installment payments in such amounts and at such times as will be sufficient to enable the Authority to pay the principal of, premium, if any, and interest on the Bonds, as and when the same become due and payable. See **“THE CONTRACT - Amounts Payable by the City”** in Appendix B hereto.

The obligation of the City to make the payments required by the Contract is a general obligation of the City, to which its full faith and credit and limited taxing power are pledged. See **“THE CONTRACT - Source of Funds for City’s Payment Obligations”** in Appendix B hereto.

The City has agreed in the Contract to levy, to the extent necessary, an annual ad valorem tax on all taxable property located within the corporate limits of the City, as now existent and as the same may hereafter be extended, at such rate or rates, within the three (3) mill limit authorized pursuant to Section 48-5-350 of the Official Code of Georgia Annotated and within the fifteen (15) mill limit prescribed by Section 50 of the City’s Charter (as described in **“CITY AD VALOREM TAXATION - Annual Tax Levy and Limitation on Annual Tax Levy”** herein) or within such greater millage limit as may hereafter be authorized by applicable law, as may be necessary to produce in each year revenues that will be sufficient to fulfill the City’s obligations under the Contract, from which revenues the City agreed to appropriate sums sufficient to pay in full when due all of the City’s obligations under the Contract.

The Contract creates a lien in favor of the Authority on any and all revenues realized by the City from such tax, to make the payments that are required under the Contract, which lien is superior to any that can hereafter be created, except that this lien may be extended to cover any additional parity obligations that may be hereafter created, as permitted by the Contract. See **“THE CONTRACT -Additional Contracts”** in Appendix B hereto. In addition, this lien will be of equal priority with prior liens on such revenues realized from such tax within the three (3) and fifteen (15) mill limits described above that the City created and granted in favor of the Authority pursuant to existing intergovernmental contracts with the Authority, which are pledged to the payment of revenue bonds issued by the Authority. See **“CITY DEBT STRUCTURE - Summary of City Debt by Category”** herein.

The City has also agreed in the Contract that in order to make funds available for such purpose in each fiscal year, it will, in its general revenue, appropriation, and budgetary measures through which its tax funds or revenues and the allocation thereof are controlled or provided for, include sums sufficient to satisfy any such payments that may be required to be made under the Contract, whether or not any other sums are included in such measure, until all payments so required to be made under the Contract shall have been made in full.

The City's obligation to make the payments required under the Contract is absolute and unconditional and will not expire so long as any of the Series 2024 Bonds remain outstanding and unpaid. See **"THE CONTRACT - Obligations of City Absolute and Unconditional"** in Appendix B hereto.

The obligations of the City under the Contract have been determined by the Superior Court of Cobb County, Georgia to be legal, valid, binding, and enforceable obligations of the City. See **"LEGAL MATTERS - Validation Proceedings"** herein.

### **Bond Resolution**

To secure its obligations under the Bonds, the Authority has adopted the Bond Resolution, pursuant to which the Authority has collaterally assigned and pledged for the benefit of the owners of the Bonds all Pledged Revenues. Pledged Revenues consist of all of the Authority's right, title, interest, and remedies in and to the Contract, including all installment payments to be received thereunder (except for the Unassigned Rights). The Bond Resolution provides that the lien of this pledge is valid and binding against the Authority and against all other persons having claims against the Authority, whether such claims arise in tort, contract, or otherwise and irrespective of whether such parties have notice of the lien created by the Bond Resolution. The Authority has covenanted in the Bond Resolution not to create or suffer to be created any lien, security interest, or charge upon the Pledged Revenues or the Contract, other than the pledge and assignment created by the Bond Resolution. See **"THE BOND RESOLUTION - Liens"** in Appendix B hereto.

**The Authority has not granted any lien on or security interest in the Properties or any other assets of the Authority or the revenues therefrom (other than the Pledged Revenues and the Contract) to secure the Bonds.**

The Bond Resolution permits the issuance of additional parity bonds, which, if issued, would be equally and ratably secured on a parity basis with the Series 2024 Bonds. See **"THE BOND RESOLUTION - Additional Bonds"** in Appendix B hereto.

The obligations of the Authority under the Bond Resolution have been determined by the Superior Court of Cobb County, Georgia to be legal, valid, binding, and enforceable obligations of the Authority. See **"LEGAL MATTERS - Validation Proceedings"** herein.

The Authority has issued and may issue other bonds for the purpose of financing unrelated projects, which are not and will not be secured by the Bond Resolution or the Contract. Such bonds, except any parity bonds issued under the Bond Resolution, will be secured by instruments separate and apart from the Bond Resolution and the Contract.

### **Limited Obligations**

The Series 2024 Bonds are special limited obligations of the Authority payable solely from installment payments to be made by the City to the Authority pursuant to the Contract. The Series 2024 Bonds are not payable from and are not secured by a charge, lien, or encumbrance upon any funds or assets of the Authority other than the Pledged Revenues, the Contract, and the funds created and held under the Bond Resolution.

**The Series 2024 Bonds, however, do not constitute direct obligations of the City and are not directly secured by the general faith and credit or the taxing power of the City, the Authority, the State of Georgia, or any other political subdivision of the State of Georgia, and the Series 2024 Bonds will not be or be deemed to constitute a debt of the State of Georgia or the City or any other political subdivision of the State of Georgia within the meaning of any pertinent constitutional or statutory limitation on indebtedness. The Authority has no legal right to receive appropriations from the State of Georgia or the City, except under the Contract. No owner of any Series 2024 Bond shall, by virtue of being such an owner and without regard to any rights such owner may have under other instruments and agreements, including the Contract, ever have the right to compel the exercise of the taxing power of the State of Georgia or any political subdivision thereof, including the City, or the Authority to pay such Series 2024 Bond or the interest thereon, or to enforce the payment thereof against any property of the Authority (other than property assigned and pledged under the Bond Resolution), the State of Georgia, or any political subdivision thereof, including the City.**

### **Enforceability of Remedies**

The realization of value from the pledge of the Pledged Revenues and the taxing power of the City under the Contract upon any default will depend upon the exercise of various remedies specified by the Bond Resolution and the Contract. These and other remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The enforceability of rights and remedies with respect to the Series 2024 Bonds may be limited by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, reorganization, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. A court may decide not to order the specific performance of the covenants contained in the Bond Resolution or the Contract.



The various legal opinions to be delivered concurrently with the delivery of the Series 2024 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, insolvency, reorganization, fraudulent conveyance, or other similar laws affecting the enforcement of creditors' rights generally.

Section 36-80-5 of the Official Code of Georgia Annotated presently provides that no authority or municipality created under the Constitution or laws of the State of Georgia shall be authorized to file a petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities. Section 36-80-5 of the Official Code of Georgia Annotated also presently provides that no chief executive, mayor, city council, or other governmental officer, governing body, or organization shall be empowered to cause or authorize the filing by or on behalf of any authority or municipality created under the Constitution or laws of the State of Georgia of any petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities. Section 36-80-5 of the Official Code of Georgia Annotated does not constitute a statutory covenant with the owners of any Series 2024 Bonds and may be amended or repealed at any time without the consent of any owners of the Series 2024 Bonds.

## THE AUTHORITY

The Downtown Smyrna Development Authority is a body corporate and politic and public corporation created and existing under the laws of the State of Georgia, particularly the Act. **THE AUTHORITY HAS NO LEGAL RIGHT TO RECEIVE APPROPRIATIONS OR OTHER PAYMENTS FROM THE CITY OR ANY OTHER GOVERNMENTAL BODY, EXCEPT FOR THE PAYMENTS THE CITY HAS CONTRACTED TO MAKE UNDER THE CONTRACT.**

The Authority has authorized the use of this Official Statement but has not participated in the preparation of this Official Statement and, except for the information under the captions “**THE AUTHORITY**” and “**LEGAL MATTERS - Pending Litigation**” pertaining to the Authority, has not provided or made any investigation with respect to any of the information contained in this Official Statement, and does not assume any responsibility for the accuracy or completeness of the information contained herein.

The affairs of the Authority are conducted by the Mayor of the City, ex officio, and seven members. The Mayor and Council of the City appoint the members of the Authority for terms of office of one year.

Information concerning the current members of the Authority is set forth below.

<u>Name and Office Held</u>	<u>Expiration of Term</u>	<u>Principal Occupation</u>
Derek Norton, <i>Chairman</i>	December 31, 2027	Owner of Government Affairs Firm
Kevin Drawe, <i>Vice Chairman</i>	December 31, 2024	Restaurateur
Heather Bacon, <i>Secretary/Treasurer</i>	December 31, 2024	Banker
Ron Davis	December 31, 2024	Retired
Jim Duelmer	December 31, 2024	Mortgage Broker
Tarun Ganerwal	December 31, 2024	Business Owner/Consultant
Kimberly Gangemi	December 31, 2024	Business Owner/Interior Design
Jason Saliba	December 31, 2024	Deputy Chief Assistant District Attorney

## THE CITY

### Introduction

The City is a municipal corporation created and existing under the laws of the State of Georgia and has as its formal name the “City of Smyrna.” The City was originally chartered on August 23, 1872. The City is located in the northwestern portion of the State of Georgia approximately 10 miles northwest of Atlanta, Georgia. The City is located in the southeastern portion of Cobb County, which is the third largest Georgia county by population, approximately 10 miles southeast of the City of Marietta, the county seat of Cobb County. The City presently has a land area of approximately 15.4 square miles. The City is part of the Atlanta-Sandy Springs-Roswell, Ga. Standard Metropolitan Statistical Area, as designated by the Bureau of the Census of the U.S. Department of Commerce. The City’s elevation averages 1,000 feet above sea level, and the City’s terrain is rolling.

### City Administration and Officials

The affairs of the City are conducted by a Mayor and a Council consisting of seven members. Under the City’s Charter, all corporate powers are vested in the Mayor and the Council. The Mayor and members of the Council serve four-year terms of office. No person is eligible to serve as Mayor or as a member of the Council unless he or she has been a resident of the City for not less than one year immediately preceding his or her qualification for office, is a qualified and registered voter, eligible to vote in the municipal elections of the City for such officers, is over 21 years of age, and has not been convicted of any crime involving moral turpitude.

The City is divided into seven wards, and the members of the Council are elected only by the voters of the ward from which he or she offers for election. A candidate for the Council must be a resident of the ward from which he or she offers for election and must remain a resident of such ward during his or her term of office. The Mayor is elected at large.

The Mayor is the chief executive officer of the City. The Mayor presides at all meetings of the Mayor and Council and has a vote only in the case of a tie vote by the members of the Council. The Mayor has the right to veto any resolution or ordinance of the Council, which veto may be overridden only upon the affirmative vote of two-thirds of the members of the Council.

Under the City’s Charter, the City Administrator, who is appointed by and serves at the pleasure of the Mayor and Council, is the head of the administrative branch of the municipal government of the City and is responsible for the efficient administration of all departments of such municipal government, subject to the control, direction, and supervision of the Mayor and Council.

Information concerning the current Mayor and the other councilmembers is set forth below:

<u>Name and Office Held</u>	<u>Expiration of Term</u>	<u>Number of Years in Office</u>	<u>Age</u>	<u>Principal Occupation</u>
Derek Norton, <i>Mayor</i>	December 31, 2027	8 <sup>1</sup>	47	Owner of Government Affairs Firm
Tim Gould, <i>Mayor Pro Tem., Ward 6</i>	December 31, 2027	5	56	Manufacturing Equipment Sales
Glenn Pickens, <i>Ward 1</i>	December 31, 2027	4	36	Grant Manager
Latonia P. Hines, <i>Ward 2</i>	December 31, 2027	2	48	Prosecutor
Travis Lindley, <i>Ward 3</i>	December 31, 2027	4	49	Business Owner
Charles Welch, <i>Ward 4</i>	December 31, 2027	12	65	Engineer
Susan Wilkinson, <i>Ward 5</i>	December 31, 2027	12	67	Designer
Rickey N. Oglesby Jr., <i>Ward 7</i>	December 31, 2027	1	47	Banking

<sup>1</sup> Includes years of service both as a councilmember and as Mayor.

*Joseph Bennett* has served as City Administrator of the City since 2020 and is responsible for the day-to-day operations of the City. Mr. Bennett served as Police Chief for the City prior to being appointed City Administrator. He began his employment with the City’s Police Department in March of 1995. During his tenure, he held various positions within the Police Department, which include Uniform Patrol Division, Community Oriented Policing Unit, Street Crimes Unit, Assistant Commander of the Criminal Investigations Division, E-911 Director, and Commander of the Administrative Services Division. He served as a Marksman on the Police Department’s SWAT Team for 10

years and was the Commander of the Team for three years. Mr. Bennett was named Optimist International Law Enforcement Officer of the Year in 1997. He currently holds active memberships in the Georgia Association of Chiefs of Police, FBI National Academy Associates, and the Georgia 911 Directors Association. Mr. Bennett received a Bachelor's Degree in Organizational Management and Leadership from Reinhardt College and a Master's Degree in Public Safety Administration from Columbus State University. He is currently pursuing a Doctorate in Public Administration from Valdosta State University. Mr. Bennett is a graduate of the Mercer University Public Safety Leadership Institute, Class 50 of the Georgia Law Enforcement Command College, the 248th Session of the FBI National Academy, and the Senior Executives in State and Local Government Program at Harvard University's Kennedy School of Government.

*Kristin Robinson* has served as the Finance Director of the City since 2016. Ms. Robinson began her employment with the City in January 2013, serving as the Controller and the Interim Finance Director before becoming the Finance Director. She currently holds active memberships in the Georgia Society of Certified Public Accountants, the Government Finance Officers Association, and the Georgia Government Finance Officers Association. She received a Bachelor of Business Administration in Accounting degree from the University of West Georgia. She became a Certified Public Accountant in Georgia in 2006.

### **City Services**

The City provides a full range of municipal government services to its residents. The City provides water service and sewer service to residents of the City, the cost of which is entirely financed by charges to the City's water and sewer customers. The City provides police and fire protection services to residents of the City, the cost of which is financed by general fund revenues. The City provides garbage collection services to residents of the City, the cost of which is entirely financed by general fund revenues. The City transports the garbage it collects to a landfill owned by GFI. The City also provides traffic control, library, recreational, municipal court, and cultural services to its residents and acquires, constructs, and maintains roads, traffic signals, and infrastructure, the cost of which is financed by general fund revenues. The City also provides 911 services to its residents, the cost of which is financed by both general fund revenues and 911 fees.

### **City Facilities**

The City maintains approximately 384 miles of streets, 540 traffic lights, and 340 street lights. The City police department had, as of September 1, 2024, one police station, 96 sworn police officers, 13 civilian employees, and 109 vehicles. The City fire department had, as of September 1, 2024, five fire stations, 27 vehicles, 87 certified firefighters, and three civilian employees. The National Board of Fire Underwriters' fire insurance rating for the City is Class 2. The City sanitation department has 18 vehicles and 34 employees. The City owns and maintains 32 parks containing approximately 312 acres, two gymnasiums, three racquetball courts, two indoor fitness areas, two outdoor fitness areas, two dog parks, six lighted tennis courts, one indoor therapeutic swimming pool and one outdoor twenty-five meter pool with diving well, 10 lighted baseball fields, two lighted softball fields, two recreation centers, 18 playgrounds, 18 picnic areas, one lighted sand volleyball court and one unlit sand volleyball court, one mountain bike playground, four miles of mountain bike trail, and 12 lighted multi-purpose fields. The City has a use agreement with the U.S. Department of Defense for 76.13 acres of park land. Currently the land is under contract management and is used as an executive golf course with driving range. Additionally, the City has a joint use agreement with the Cobb County School District for the use of Rose Garden Park and Argo Park, which consist of two lighted tennis courts, two playgrounds, two lighted basketball courts, two lighted tennis courts, an unlit sand volleyball court, one unlit multipurpose field, and one restroom on 9.85 acres.

The City owns and operates a water distribution system that serves an area that includes the corporate limits of the City. The City's water system serves approximately 16,309 customers. The average consumption of water from the City's water system for fiscal year 2024 was approximately 3.6 million gallons per day. The City purchases all of its water, already treated, ready for use, and delivered with pressure, from the Cobb County-Marietta Water Authority pursuant to a contract dated April 18, 2002 and expiring on April 18, 2052. The major assets of the City's water system consist of approximately 250 miles of distribution pipelines.

The City owns and operates a wastewater collection system that serves the corporate limits of the City. The City contracts with Cobb County to treat all of its wastewater. The major assets of the City's sewer system consist of approximately 140 miles of sanitary sewers.

### **Cybersecurity**

The City, like similar local governments, relies on complex technology infrastructure to conduct its operations and faces multiple cybersecurity threats, including, but not limited to, hacking, viruses, malware, and other attacks. Cybersecurity incidents could result from unintentional events or from deliberate attacks by unauthorized individuals attempting to gain access to the City's computer or digital systems for the purpose of stealing assets or information or causing operational disruption and damage.

To mitigate the risk to its operations from cybersecurity incidents, the City has adopted information security policies and maintains an active information security program, which has been reviewed by independent third-party consultants engaged by the City. The City has a dedicated information technology team responsible for annual updates to the City's information security policies and who are charged with identifying and monitoring threats to City computer systems and educating staff concerning vulnerabilities to those systems. The City's information security policies include policies intended to support network, computer, and mobile device security (both digital and physical), e-mail security, anti-virus requirements, operating system and application patching, encryption requirements, and secure computing asset disposal. The City's information technology team also must approve all hardware and software purchases and system installations to ensure that City systems are not compromised.

The City purchases liability insurance covering cyber-losses. See "**CITY FINANCIAL INFORMATION - Insurance Coverage and Governmental Immunity**" herein.

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## Demographic Information

The City is located in southeastern Cobb County. Set forth below is selected demographic data for the City and Cobb County.

Year	City		Cobb County			
	Population <sup>1</sup>	Median Household Income <sup>1</sup>	Population <sup>1</sup>	Per Capita Income <sup>1</sup>	Median Household Income <sup>1</sup>	Median Age <sup>1</sup>
2023	n/a	n/a	776,743	\$51,744	\$99,382	37.9
2022	55,863	\$92,258	771,952	49,525	97,084	37.6
2021	55,460	83,029	766,802	44,969	88,029	37.7
2020	55,663	77,713	776,149	41,480	80,830	36.8
2010	50,242	54,603	677,402	33,110	59,471	34.9
2000	55,829	47,572	607,751	27,863	58,289	33.2
1990	30,981	33,863	447,745	19,166	41,279	31.6

Source:

<sup>1</sup> U.S. Department of Commerce, Bureau of the Census. All population figures for years other than 1990, 2000, 2010, and 2020 are estimates by the U.S. Department of Commerce, Bureau of the Census.

## Economic Information

The following information is provided to give prospective investors an overview of the general economic conditions in the City and Cobb County. These statistics have not been adjusted to reflect economic trends.

### Business Licenses Issued by the City

Year	Number of New Licenses	Number of Total Licenses
2023	288	2,746
2022	282	2,654
2021	342	3,424
2020	343	3,182
2019	286	2,839

### Summary of City Building Permits

Year	Commercial/Industrial/Other		Residential			
	Permits	Value <sup>1</sup>	Single Family Permits	Single Family Value <sup>1</sup>	Multi-Family Units	Multi-Family Value <sup>1</sup>
2023	227	\$ 84,560,391	658	\$58,753,689	-0-	\$ -0-
2022	122	116,992,344	599	45,987,649	332	47,969,409
2021	131	21,427,123	748	67,274,255	-0-	-0-
2020	132	30,891,471	667	57,404,369	270	38,400,000
2019	157	60,768,562	666	52,894,049	-0-	-0-

<sup>1</sup> The value of City building permits is determined based on square footage.

Set forth below are the percentages of land use for various purposes within the City, computed based upon the assessed values of the various categories of land use for ad valorem property tax purposes.

Year	Category of Land Use				
	Residential	Commercial	Industrial	Utility	Other <sup>1</sup>
2023	68.10%	29.96%	0.63%	0.92%	0.39%
2022	66.78	31.18	0.69	0.96	0.39
2021	65.75	31.45	0.76	1.00	1.04
2020	64.58	33.00	0.78	0.98	0.66
2019	63.02	34.14	0.78	1.14	0.92

<sup>1</sup> Includes agricultural, preferential conservation use, and miscellaneous.

Source: State of Georgia Department of Revenue, Property Tax Division.

Following is a table showing the percentage of the 2022 payroll distribution in Cobb County for each major sector of the local economy.

Percentage of 2022 Payroll  
Distribution in Cobb County by Sector

<u>Industry</u>	<u>Percentage of Payroll Distribution<sup>1</sup></u>
Accommodation and food services	3%
Administrative and support and waste management and remediation services	5
Agriculture, forestry, fishing, and hunting	0
Arts, entertainment, and recreation	2
Construction	10
Educational services	1
Finance and insurance	8
Health care and social assistance	10
Industries not classified	0
Information	4
Management of companies and enterprises	12
Manufacturing	6
Mining, quarrying, and oil and gas extraction	0
Other services (except public administration)	2
Professional, scientific, and technical services	16
Real estate and rental and leasing	3
Retail trade	5
Transportation and warehousing	3
Utilities	0
Wholesale trade	9
Total for all sectors	<u>100%</u>

<sup>1</sup> Excludes the government sector.

Source: U.S. County Business Patterns, U.S. Department of Commerce, Bureau of the Census.

Set forth below are the ten largest private employers located in the City as of June 30, 2024, their industries, and their approximate number of employees. There can be no assurance that any employer listed below will continue to be located in the City or will continue employment at the level stated. No independent investigation has been made of, and no representation can be made as to, the stability or financial condition of the companies listed below.

<u>Employer</u>	<u>Industry</u>	<u>Employees</u>
RCAA Administrative Services, Inc.	Office Administrative Services	2500
United Distributors, Inc.	Alcoholic Beverage Wholesaler	831
Publix Super Markets	Grocery Stores	714
GLOCK, Inc.	Firearms Manufacturing	655
UCB Inc.	Pharmaceutical Preparation	
COMCAST	Manufacturing	468
	Cable Programming	425
	Psychiatric and Substance Abuse	
Ridgeview Institute	Hospital	361
DPR Construction	General Contractor	320
	General Freight Trucking, Long-	
FedEx Freight, Inc.	Distance	279
Crown Bakeries LLC	Commercial Bakery	220

The largest public employer, other than the City, located in the City as of June 30, 2024 is the Cobb County School District, which employs approximately 1,393 full-time employees at its twelve public schools located in the City.

Set forth below are labor statistics for the City for the past five years, with comparative data for Cobb County and the State of Georgia.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Employment	33,982	31,760	33,393	34,284	34,856
Unemployment	1,058	2,036	1,184	942	1,065
Total Labor Force	35,040	33,796	34,577	35,226	35,921
City Unemployment Rate	3.0%	6.0%	3.4%	2.7%	3.0%
Cobb County Unemployment Rate	3.1%	5.9%	3.3%	2.7%	2.8%
State Unemployment Rate	3.6%	6.5%	3.9%	3.1%	3.2%

Source: State of Georgia Department of Labor.

According to the State of Georgia Department of Labor, the preliminary July 2024 unemployment rate for the City was 3.2%, compared to 3.4% for Cobb County and 3.4% for the State of Georgia.

Set forth below are total deposits in financial institutions located in the City for the past five years.

Total Deposits in City Financial  
Institutions as of June 30 (in thousands)

<u>Year</u>	<u>Total Deposits</u>
2024	\$1,524,733
2023	1,577,035
2022	2,170,702
2021	2,036,251
2020	1,823,551

Source: Federal Deposit Insurance Corporation.

According to the Federal Deposit Insurance Corporation, the City had eight financial institutions with a total of twelve branch offices as of June 30, 2024.

**Employees, Employee Relations,  
and Labor Organizations**

The City employed 484 persons in all departments of government as of June 30, 2024, consisting of 405 full-time employees and 79 part-time and temporary employees. Other than the City's firefighters who are members of the Georgia Firefighter's Association, no employees of the City are represented by labor organizations. In addition, no employees of the City, including any of the City's firefighters, are covered by collective bargaining agreements. Although City employees are entitled to join labor organizations, the City is not obligated under Georgia law nor does the City intend to recognize any labor organization as a collective bargaining unit for City employees. The City is not aware of any union organizing efforts at the present time. The City Administrator believes that employee relations are good.

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## CITY DEBT STRUCTURE

### Summary of City Debt by Category

Set forth below is information concerning debt of the City as of June 30, 2024. The information set forth below should be read in conjunction with the City's financial statements included as Appendix A hereto.

<u>Category of Debt</u>	<u>Amount Authorized But Unissued</u>	<u>Amount Outstanding (less Sinking Fund Installments Paid)</u>	<u>Amount To Be Outstanding Upon Issuance of Series 2024 Bonds</u>
Intergovernmental Contracts			
The Authority (securing the Series 2024 Bonds)	\$-0-	\$ -0-	\$16,295,000*
The Authority (securing its Revenue Bonds) <sup>1</sup>	-0-	20,655,000	20,655,000
The Authority (securing its Revenue Bonds) <sup>2</sup>	-0-	11,400,000	11,400,000
Lease and Installment Purchase Agreements <sup>3</sup>	-0-	11,993,100	11,993,100
Tax Allocation Bonds <sup>4</sup>	<u>-0-</u>	<u>6,195,000</u>	<u>6,195,000</u>
	<u>\$-0-</u>	<u>\$50,243,100</u>	<u>\$66,538,100*</u>

<sup>1</sup> General obligations of the City to which its full faith and credit and limited taxing power are pledged. Each of these obligations is represented by one or more intergovernmental contracts with the named public entity pledged to the payment of one or more series of revenue bonds issued by such public entity. These obligations do not constitute debt of the City for purposes of the constitutional debt limit described in “**CITY DEBT STRUCTURE - Limitations on City Debt**” herein and do not count against the City’s debt limitation. The City’s obligation to levy an ad valorem tax to make payments under these contracts is limited by the City’s Charter to 15 mills a year.

<sup>2</sup> General obligations of the City to which its full faith and credit and unlimited taxing power are pledged. Each of these obligations is represented by one or more intergovernmental contracts with the named public entity pledged to the payment of one or more series of revenue bonds issued by such public entity. These obligations do not constitute debt of the City for purposes of the constitutional debt limit described in “**CITY DEBT STRUCTURE - Limitations on City Debt**” herein and do not count against the City’s debt limitation.

<sup>3</sup> The financial obligations of the City under these contracts do not constitute general obligations of the City to which its faith and credit or taxing power are pledged, but are subject to and dependent upon lawful appropriations of general revenues being made by the Mayor and Council to make the payments due in each fiscal year under these contracts. The City’s obligations under these contracts are from year to year only and do not constitute a mandatory payment obligation of the City in any fiscal year in which funds are not appropriated by the Mayor and Council to make the payments due in such fiscal year. The City’s obligations under these contracts do not constitute debt of the City for purposes of the constitutional debt limit described in “**CITY DEBT STRUCTURE - Limitations on City Debt**” herein and do not count against the City’s debt limitation.

<sup>4</sup> Limited obligations of the City payable solely from tax allocation increment derived from the relevant tax allocation district.

Reference is made to Note 9 in the notes to the basic financial statements of the City included as Appendix A for a discussion of the commitments and contingent liabilities of the City.

In the past 25 years, there has not been a default in payment of the principal of or interest on any general obligation debt issued by the City or any revenue bonds issued by another entity for the benefit of the City and secured by an intergovernmental contract of the City or a nonappropriation or default on payments due under financing leases of the City or other contracts used by the City in financing transactions.

### Proposed Debt

The City has in the past periodically entered into lease and installment purchase agreements to finance equipment and vehicles, and the City expects to continue to do so in the future. The City has no other present plans to incur additional debt during its next five fiscal years.

## Debt Service Requirements

Set forth below are the debt service requirements of the City for all categories of debt upon the issuance of the Series 2024 Bonds.

Year Ending June 30	Intergovernmental Contracts				Lease and Installment Purchase Agreements <sup>4</sup>	Tax Allocation Bonds	Combined Total Debt Service Requirements*
	The Series 2024 Bonds <sup>1*</sup>	Authority's Revenue Bonds (Limited Tax) <sup>2</sup>	Authority's Revenue Bonds (Unlimited Tax) <sup>3</sup>				
2025	\$ 342,628.63	\$4,251,977.00	\$2,934,250.00	\$ 585,270.14	\$326,117.50	\$ 8,440,253.27	
2026	874,796.50	4,662,882.00	3,235,162.50	1,692,487.78	322,467.50	10,787,795.78	
2027	874,796.50	4,019,682.00	3,234,475.00	1,748,708.39	318,817.50	10,196,480.39	
2028	874,796.50	3,895,200.00	3,231,175.00	1,609,327.48	315,167.50	9,925,667.48	
2029	1,889,796.50	609,700.00	---	1,548,014.04	311,517.50	4,359,028.04	
2030	1,889,351.00	608,700.00	---	1,549,623.65	307,867.50	4,355,542.15	
2031	1,886,314.00	607,100.00	---	1,551,281.51	304,217.50	4,348,913.01	
2032	1,884,672.00	609,900.00	---	1,547,969.38	300,567.50	4,343,108.88	
2033	1,889,651.00	606,900.00	---	1,494,360.00	296,917.50	4,287,828.50	
2034	1,885,060.50	608,300.00	---	1,494,360.00	293,267.50	4,280,988.00	
2035	1,886,684.50	608,900.00	---	1,494,360.00	289,617.50	4,279,562.00	
2036	1,888,247.50	608,700.00	---	373,590.00	285,967.50	3,156,505.00	
2037	1,889,335.50	607,950.00	---	---	282,317.50	2,779,603.00	
2038	1,885,279.50	611,750.00	---	---	278,667.50	2,775,697.00	
2039	1,885,999.50	609,950.00	---	---	275,017.50	2,770,967.00	
2040	<u>1,885,852.50</u>	<u>607,700.00</u>	<u>---</u>	<u>---</u>	<u>4,866,367.50</u>	<u>7,359,920.00</u>	
Totals	<u>\$25,613,262.13</u>	<u>\$24,135,291.00</u>	<u>\$12,635,062.50</u>	<u>\$16,689,352.37</u>	<u>\$9,374,880.00</u>	<u>\$88,447,859.50</u>	

<sup>1</sup> Represents the Contract, which is pledged to the payment of the Series 2024 Bonds. Amounts shown are net of funded interest.

<sup>2</sup> Represents intergovernmental contracts between the Authority and the City, securing revenue bonds issued by the Authority in 2016 and 2021 for the benefit of the City. The City's obligation to levy an ad valorem tax to make payments under these contracts is limited by the City's Charter to 15 mills a year.

<sup>3</sup> Represents an intergovernmental contract between the Authority and the City, securing revenue bonds issued by the Authority in 2005 for the benefit of the City. The City's obligation to levy an ad valorem tax to make payments under this contract is unlimited.

<sup>4</sup> Includes payments estimated to commence on October 1, 2025, pursuant to a Master Agreement for Energy Related Services with Georgia Power Company, with a principal component of \$10,735,243.

## Overlapping Debt

In addition to the City's debt obligations, property owners in the City are responsible for any debt obligations of other taxing entities in the proportion to which the jurisdiction of the City overlaps such entities. Set forth below is the estimated overlapping general obligation debt and estimated overlapping property tax supported or guaranteed revenue debt of the City as of September 30, 2023. Although the City has attempted to obtain accurate information as to the outstanding overlapping debt, it does not warrant its completeness or accuracy, as there is no central reporting entity that has this information available, and the amounts are based on information supplied by others.

<u>Name of Overlapping Entity</u>	<u>Amount of Authorized But Unissued Debt</u>	<u>Amount of Outstanding Debt (Less Sinking Fund)</u>	<u>Percent of Outstanding Debt Chargeable to Property in the City<sup>1</sup></u>
Cobb County			
Intergovernmental Contracts <sup>2</sup>	-0-	\$373,485,000	7.79%
Notes <sup>3</sup>	-0-	78,650,434	7.79
Lease and Installment Purchase Agreements	<u>-0-</u>	<u>7,066,605</u>	7.79
Total	<u>\$-0-</u>	<u>\$459,202,039</u>	

<sup>1</sup> The percentage of each overlapping entity's outstanding debt chargeable to property in the City is calculated by dividing the gross assessed valuation of property in the City by the gross assessed valuation of property in the overlapping entity.

<sup>2</sup> General obligations (represented by separate contracts with public entities, which are pledged to the payment of revenue bonds issued by such public entities) of Cobb County to which its full faith and credit and taxing power are pledged. These obligations do not constitute debt of Cobb County for purposes of the constitutional debt limit and do not count against Cobb County's debt limitation.

<sup>3</sup> General obligations of Cobb County payable to the Georgia Environmental Finance Authority. Although Cobb County may pay these obligations from revenues of the water and sewer system of Cobb County, these obligations constitute general obligations of Cobb County to which its full faith and credit and taxing power are pledged.

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## Debt Ratios

Set forth below is the property tax supported debt per capita of the City as of the end of each of the City's past five fiscal years.

<u>Fiscal Year Ended June 30</u>	<u>Direct Tax Supported Debt</u>	<u>Overlapping Tax Supported Debt</u>	<u>Overall Tax Supported Debt</u>
2024	\$789	\$640	\$1,429
2023	741	713	1,454
2022	848	881	1,729
2021	1,021	891	1,912
2020	764	923	1,687

Set forth below is the property tax supported debt of the City expressed as a percentage of total assessed value of taxable property within the City as of the end of each of the City's past five fiscal years.

<u>Fiscal Year Ended June 30</u>	<u>Direct Tax Supported Debt</u>	<u>Overlapping Tax Supported Debt</u>	<u>Overall Tax Supported Debt</u>
2024	1.11%	0.90%	2.01%
2023	1.18	1.13	2.31
2022	1.54	1.60	3.14
2021	1.97	1.72	3.69
2020	1.51	1.83	3.34

Set forth below is the property tax supported debt of the City expressed as a percentage of total estimated market value of taxable property within the City as of the end of each of the City's past five fiscal years.

<u>Fiscal Year Ended June 30</u>	<u>Direct Tax Supported Debt</u>	<u>Overlapping Tax Supported Debt</u>	<u>Overall Tax Supported Debt</u>
2024	0.44%	0.36%	0.80%
2023	0.47	0.45	0.92
2022	0.62	0.64	1.26
2021	0.79	0.69	1.48
2020	0.60	0.73	1.33

## Debt History

Set forth below is information concerning long-term and short-term liabilities (excluding interfund payables) of the City outstanding as of the end of each of its five fiscal years from 2019 through 2023.

<u>Category of Liabilities</u>	<u>Amount Outstanding as of June 30 (Audited)</u>				
	<u>2019<sup>1</sup></u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Short-Term	\$ 6,066,278	\$ 7,168,162	\$ 23,643,923	\$14,070,580	\$ 23,797,815
Long-Term	<u>87,097,117</u>	<u>86,219,798</u>	<u>90,874,778</u>	<u>73,465,136</u>	<u>82,816,903</u>
Total	<u>\$93,163,395</u>	<u>\$93,387,960</u>	<u>\$114,518,701</u>	<u>\$87,535,716</u>	<u>\$106,614,718</u>

<sup>1</sup> As restated.

## Limitations on City Debt

The Constitution of the State of Georgia provides that the City may not incur long-term obligations unconditionally payable out of taxes without the approval of a majority of the qualified voters of the City voting at an election called to approve the obligations. In addition, under the Constitution of the State of Georgia, the City may

not incur long-term obligations unconditionally payable out of taxes in excess of 10 percent of the assessed value of all taxable property within the City.

Neither the Contract nor the Series 2024 Bonds are considered debt of the City for purposes of the foregoing constitutional limitations. Therefore, no vote was required to be held with respect to the Contract or the Series 2024 Bonds, and neither the Contract nor the Series 2024 Bonds count against the City’s debt limitations.

Short-term obligations (those payable within the same calendar year in which they are incurred), lease and installment purchase obligations subject to annual appropriation (such as the lease and installment purchase agreements described in “**CITY DEBT STRUCTURE - Summary of City Debt by Category**” herein), and intergovernmental obligations (such as the Contract and the other intergovernmental contracts described under the heading “**CITY DEBT STRUCTURE - Summary of City Debt by Category**” herein) are not subject to the legal limitations described above. In addition, refunded obligations cease to count against the City’s debt limitation upon being refunded. Georgia law provides, however, that no lease or installment purchase contract subject to annual appropriation (excluding intergovernmental contracts such as the Contract and the other intergovernmental contracts described under the heading “**CITY DEBT STRUCTURE - Summary of City Debt by Category**” herein) may be delivered if the principal portion of such contract, when added to the amount of debt subject to the debt limitation described above, exceeds 10 percent of the assessed value of all taxable property within the City. Georgia law also provides that no lease or installment purchase contract subject to annual appropriation (excluding intergovernmental contracts such as the Contract and the other intergovernmental contracts described under the heading “**CITY DEBT STRUCTURE - Summary of City Debt by Category**” herein) with respect to real property may be developed and executed or renewed, refinanced, or restructured if the lesser of either of the following is exceeded:

- (1) the average annual payments on the aggregate of all such outstanding contracts exceed 7.5 percent of the governmental fund revenues of the City for the calendar year preceding the delivery of such contract plus any available special county one percent sales and use tax proceeds collected; or
- (2) the outstanding principal balance on the aggregate of all such outstanding contracts exceeds \$25 million.

As computed in the table below, based upon the 2023 assessed value of taxable property within the City, the City could incur (upon necessary voter approval) approximately \$453,082,426 of long-term obligations unconditionally payable out of taxes (or general obligation bonds).

Computation of Legal Debt Margin

General Obligation Bond Tax Digest as of December 31, 2023	<u>\$4,530,824,256</u>
Debt Limit (10% of Assessed Value)	\$453,082,426
Amount of Debt Applicable to Debt Limit	<u>-0-</u>
Legal Debt Margin	<u>\$453,082,426</u>

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# CITY AD VALOREM TAXATION

## Introduction

An important source of revenue to fund the operations of the City is ad valorem property taxes. Ad valorem property taxes accounted for an annual average of approximately 58.6% of City General Fund revenues for the fiscal years ended June 30, 2020 to 2024 and are budgeted to account for approximately 64.9% of General Fund revenues for the fiscal year ending June 30, 2025.

Ad valorem property taxes are levied annually in mills (one tenth of one percent) upon each dollar of assessed property value.

## Property Subject to Taxation

Ad valorem property taxes are levied, based upon assessed value, on real and personal property within the City. There are, however, certain classes of property that are exempt from taxation, including public property; religious property; charitable property; property of nonprofit hospitals, nonprofit homes for the aged, and nonprofit homes for the mentally handicapped; college and certain educational property; public library property; certain farm products; certain air and water pollution control property; and personal effects.

In addition, Georgia law allows exemptions from ad valorem taxation for City purposes of (1) homesteads, or owner-occupied residences, of disabled persons with net income from all sources (including the spouse's net income) not exceeding \$12,000, up to \$22,000 of assessed value; (2) homesteads, or owner-occupied residences, of persons who are 62 years of age or older, up to \$10,000 of assessed value (this exemption, however, is inapplicable to taxes levied to pay bonded indebtedness); (3) the inventory of companies that manufacture or warehouse goods in the City; (4) homesteads, or owner-occupied residences, of all persons, in the amount equal to the amount by which the current year assessed value of that homestead exceeds the base year (meaning the taxable year immediately preceding the taxable year in which this exemption is first granted to the most recent owner of such homestead) assessed value of that homestead; (5) homesteads, or owner-occupied residences, of disabled veterans and certain un-remarried surviving spouses or minor children of any such disabled veteran or of members of the armed forces of the United States killed in the line of duty, in the amount not to exceed the greater of \$32,500 or an amount determined under federal law (currently \$117,014) of the assessed value of that homestead; and (6) homesteads, or owner-occupied residences, of un-remarried surviving spouses of peace officers or firefighters who were killed in the line of duty, for the full value of that homestead.

## Assessed Value

Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated as a percentage of fair market value. Georgia law requires all municipalities to use the fair market value finally determined for county ad valorem tax purposes in determining the fair market value of property within their respective tax jurisdictions for purposes of municipal ad valorem property taxation. Georgia law requires Cobb County to furnish without charge to the Mayor and Council of the City the final determinations of the fair market value of property within the City as soon as such information is available.

Georgia law requires taxable tangible property to be assessed, with certain exceptions, at 40 percent of its fair market value and to be taxed on a levy made by each tax jurisdiction according to 40 percent of the property's fair market value. Georgia law requires certain agricultural real property to be assessed for ad valorem property tax purposes at 75 percent of the value of which other real property is assessed, requires certain historical property to be valued at a lower fair market value for ad valorem property tax purposes, and requires certain agricultural, timber, and environmentally sensitive real property (otherwise known as conservation use property) and certain single-family real property located in transitional developing areas to be valued at their "current uses" (as opposed to fair market value).

The chief appraiser of Cobb County is required to submit a certified list of assessments for all taxable property, except motor vehicles and property owned by public utilities, within Cobb County to the Cobb County Board of Tax Assessors. The chief appraiser of Cobb County is required to present the tax returns of Cobb County to the Cobb County Board of Tax Assessors by April 1 of each year. The Cobb County Board of Tax Assessors is required to complete its revision and assessment of returns by August 1 of each year and to forward a copy of the completed digest to the State of Georgia Revenue Commissioner for examination and approval. The State of Georgia Revenue Commissioner has the authority to examine the digest for the purpose of determining if the valuations of property are reasonably uniform and equalized between and within counties. Assessments may also be subject to review at various stages by the Cobb County Board of Equalization and the state courts.

The State of Georgia Motor Vehicle Tax Unit assesses the value of motor vehicles titled prior to March 1, 2013 by make, model, and year by county and provides this information to each county tax office. Motor vehicles titled on and after March 1, 2013 are not subject to ad valorem property taxation, but are instead subject to a seven percent one-

time state and local title fee, which is distributed among state and local governments by formula. The State of Georgia Property Tax Unit assesses the value of the property of public utilities and divides the assessment into two parts, assessed value of property and assessed value of franchise, and provides these amounts to the Tax Commissioner of Cobb County, which bills these taxes to the utilities.

### **Annual Tax Levy and Limitation on Annual Tax Levy**

The City determines a rate of levy for each fiscal year by computing a rate which, when levied upon the assessed value of taxable property within its corporate limits, will produce the necessary amount of property tax revenues. The City then levies its ad valorem property taxes by ordinance.

The Charter of the City provides that the maximum millage rate at which ad valorem taxes may be levied for the purpose of raising revenue for the support and maintenance of the City is fifteen (15) mills on each dollar of taxable value of property that may be lawfully taxed by the City. This limitation does not apply to ad valorem taxes levied for the purpose of paying the principal of and interest on its bonded indebtedness or lease payment obligations on buildings, facilities, or equipment. The Mayor and Council of the City may, if it wishes, change or remove this millage limitation under home rule powers granted to all municipalities under Georgia law.

### **Property Tax Collections**

The City bills and collects the property taxes of the City, with the exception of taxes on motor vehicles, which are billed and collected by Cobb County on behalf of the City. Real and personal property taxes, except motor vehicle taxes, are normally levied in August of each year on the assessed value listed as of January 1. Taxes levied by the City in August are normally billed by September 30 of each year and are normally payable on or before November 15. Motor vehicle taxes on motor vehicles titled prior to March 1, 2013 are levied, due, and collected on a staggered basis throughout the entire calendar year. Interest of 12% per annum accrues on taxes paid after the due date, and a one-time penalty of 10% applies to taxes paid more than 90 days after the due date.

All taxes levied on real and personal property, together with interest thereon and penalties for late payment, constitute a perpetual lien on and against the property taxed arising after January 1 in the year in which taxed. The lien becomes enforceable 90 days after the due date of the taxes. Georgia law provides that taxes must be paid before any other debt, lien, or claim of any kind, except for certain claims against the estate of a decedent and except that the title and operation of a security deed is superior to the taxes assessed against the owner of property when the tax represents an assessment upon property of the owner other than the property specifically subject to the title and operation of the security deed.

Collection of delinquent real property taxes is enforceable by tax sale of the realty. Delinquent personal property taxes are similarly enforceable by seizure and sale of the taxpayer's personal property. There can be no assurance, however, that the value of property sold, in the event of a tax sale, will be sufficient to produce the amount required to pay in full the delinquent taxes, including any interest or penalties thereon.

At any time after the last day for the payment of taxes has arrived, the tax collector may notify the taxpayer in writing of the fact that the taxes have not been paid and that, unless paid, an execution will be issued. At any time after 30 days from giving the notice described in the preceding sentence, the City Clerk may issue an execution for nonpayment of taxes. The Chief of Police may then publish a notice of the sale in a local newspaper weekly for four weeks and give the taxpayer ten days written notice by registered or certified mail or statutory overnight delivery. A public sale of the property may then be made by the Chief of Police at City Hall on the first Tuesday of the month after the required notices are given.

## Historical Property Tax Data

Set forth below is information concerning the assessed (40% of fair market value) value of taxable property and property exempt from ad valorem taxation within the City for calendar years 2019 through 2023.

Calendar Year	Assessed Values				Gross Tax Digest	Bond Exemptions <sup>2</sup>	General Obligation Bond Tax Digest <sup>3</sup>	Maintenance & Operation Exemptions	Maintenance & Operation Tax Digest <sup>4</sup>	Assessed Value of Exempt Property
	Residential	Commercial & Industrial	Public Utilities	Other <sup>1</sup>						
2019	\$1,975,070,069	\$1,094,505,335	\$35,784,857	\$28,898,239	\$3,134,258,500	\$-0-	\$3,134,258,500	\$321,807,502	\$2,812,450,998	\$51,789,588
2020	2,098,529,882	1,097,600,270	31,982,933	21,427,859	3,249,540,944	-0-	3,249,540,944	369,665,854	2,879,875,090	51,759,309
2021	2,270,379,898	1,112,334,637	34,605,358	35,937,705	3,453,257,598	-0-	3,453,257,598	375,532,857	3,077,724,741	51,376,976
2022	2,617,916,092	1,249,636,563	37,741,206	15,192,329	3,920,486,190	-0-	3,920,486,190	403,969,873	3,516,516,317	52,101,841
2023	3,085,342,714	1,386,139,866	41,677,517	17,664,159	4,530,824,256	-0-	4,530,824,256	552,616,599	3,978,207,657	53,244,925

<sup>1</sup> Includes motor vehicles titled before March 1, 2013; mobile homes; and historical, agricultural, brownfield, and conservation use property.

<sup>2</sup> Bond exemptions were not calculated for calendar years 2019 through 2023.

<sup>3</sup> Total assessed value, after deducting exemptions, for purposes of levying tax for City's general obligation bonds.

<sup>4</sup> Total assessed value, after deducting exemptions, for purposes of levying tax for City maintenance and operation, including payments under the Contract.

Source: State of Georgia Department of Revenue, Local Government Services Division.

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Set forth below is information concerning the rate of levy of property taxes per \$1,000 of assessed value, or millage rates, of the City and all overlapping governments that levied property taxes for calendar years 2019 through 2023.

Calendar Year	City			Cobb County <sup>1</sup>	Cobb County School District	Fire District	City-Wide Total
	Maintenance and Operation	Debt Service	Total				
2019	8.99	-0-	8.99	8.59	18.90	2.86	30.35
2020	8.99	-0-	8.99	8.59	18.90	2.86	30.35
2021	8.99	-0-	8.99	8.59	18.90	2.86	30.35
2022	8.99	-0-	8.99	8.46	18.90	2.99	30.35
2023	8.99	-0-	8.99	8.46	18.70	2.99	30.15

<sup>1</sup> Millage rates for incorporated areas of Cobb County.

Source: State of Georgia Department of Revenue, Local Government Services Division.

Set forth below is information concerning property tax levies and collections (excluding motor vehicles and mobile homes and excluding interest and penalties) of the City for the past five fiscal years of the City.

Fiscal Year <sup>1</sup>	Tax Levy	Tax Collections			Percentage of Collection of Current Year's Levy to Tax Levy	Percentage of Total Tax Collections to Tax Levy	Delinquent Taxes Outstanding as of Year End
		Current Year's Levy	Prior Years	Total			
2020	\$24,241,986	\$23,961,620	\$ 36,713	\$23,998,333	98.84%	98.99%	\$403,277
2021	25,292,026	25,012,147	131,665	25,143,812	98.89	99.41	545,027
2022	27,586,446	27,405,162	276,205	27,681,367	99.34	100.34	438,996
2023	30,573,623	30,370,584	128,425	30,499,009	99.34	99.76	490,729
2024	33,200,579	32,795,715	71,104	32,866,819	98.78	98.99	822,190

<sup>1</sup> Tax levy is for prior calendar year.

Set forth below is the estimated value of total tax title liens (or fi fas) owned by the City as of the end of its past five fiscal years. The amounts set forth below are cumulative amounts from all preceding years.

Estimated Value as of June 30				
<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$403,277	\$545,027	\$438,996	\$490,729	\$822,190

Delinquent property taxes of the City are written off when the statute of limitations for their collection (7 years) expires or if no property is found to levy upon, if earlier. The delinquent taxes written off are usually for personal property, which are more difficult to collect than taxes on real property.

## Ten Largest Taxpayers

Set forth below are the ten largest taxpayers of the City for calendar year 2023. A determination of the largest taxpayers within the City can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels may have an aggregate assessment in excess of those set forth in the table below. Furthermore, the taxpayers shown in the table below may own additional parcels within the City. No independent investigation has been made of, and consequently no representation can be made as to, the financial condition of any of the taxpayers listed below, and no assurance can be given that such taxpayers will continue to maintain their status as major taxpayers in the City.

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Taxes Levied</u>	<u>Net Assessed Valuation</u>	<u>Percent of Net Tax Digest<sup>1</sup></u>
Lake Park Partners Phase 4 LLC	Multifamily Housing	\$ 402,233	\$44,742,308	1.12%
Lake Park Partners Phase 3 LLC	Multifamily Housing	321,247	35,733,760	0.90
GC Alcove Owner LLC	Multifamily Housing	270,394	30,077,180	0.76
Avonlea Square LLC	Multifamily Housing	247,045	27,480,000	0.69
Belmont Rec LLC	Multifamily Housing	234,945	26,134,000	0.66
Windy Ridge Multifamily Partners LLC	Multifamily Housing	219,592	24,426,240	0.61
6255 Riverview LLC	Multifamily Housing	212,431	23,629,680	0.59
Lake Park Partners Phase 1 LLC	Multifamily Housing	212,036	23,585,720	0.59
Cumberland Pointe Apartments Holdings	Multifamily Housing	209,575	23,312,000	0.59
Sync at Jonquil LP	Multifamily Housing	201,016	22,360,000	0.56
Totals		<u>\$2,530,514</u>	<u>\$281,480,888</u>	<u>7.07%</u>

<sup>1</sup> Represents percentage of assessed valuation as compared to the total value of the City's maintenance and operation tax digest for calendar year 2023 (\$3,978,207,657).

## Ad Valorem Tax Coverage of Debt Service

The City has made calculations to demonstrate the Debt Service Coverage Ratios, based upon estimated revenues that would be produced by the levy of a three mill tax, that would have occurred for the years ended December 31, 2019 to 2023 (i) had the Series 2024 Bonds been outstanding during such periods, (ii) had no other obligations supported by the three mill tax been outstanding during such periods, and (iii) had the maximum annual debt service payable on the Series 2024 Bonds been paid during such periods. Set forth below is the pro forma ratios of estimated revenues that would be produced by the levy of a three mill tax to maximum annual debt service on obligations supported by the three mill tax (consisting of only the Series 2024 Bonds), for the years ended December 31, 2019 to 2023.

### Pro Forma Debt Service Coverage Ratios Based Upon Ad Valorem Tax Levy

	<u>Years Ended December 31</u>				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Estimated Revenues from Three Mill Tax <sup>1</sup>	\$8,352,979	\$8,553,229	\$9,140,842	\$10,444,053	\$11,815,277
Maximum Annual Debt Service*	<u>1,889,797</u>	<u>1,889,797</u>	<u>1,889,797</u>	<u>1,889,797</u>	<u>1,889,797</u>
Pro Forma Debt Service Coverage Ratio*	<u>4.42x</u>	<u>4.53x</u>	<u>4.84x</u>	<u>5.53x</u>	<u>6.25x</u>

<sup>1</sup> See "CITY AD VALOREM TAXATION - Historical Property Tax Data" herein. The estimated revenues generated are based upon an assumed collection rate of 99% of taxes levied.

## **CITY FINANCIAL INFORMATION**

### **Accounting System and Policies**

The accounting practices and policies of the City conform to generally accepted accounting principles as applied to governments. The City's accounting system is organized and operated on a fund basis. The City's funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. The City's primary fund is the General Fund, which contains all City revenues except those that are specifically allocated for other purposes. The City may appropriate money from the General Fund for all ordinary City expenses. The Authority is accounted for as a blended component unit of the City. The City also maintains several other funds to account for specific activities or to attain certain objectives.

The funds of the City are grouped into three broad categories:

(1) Governmental Funds - This category includes the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Funds. The General Fund is the principal operating fund of the City and is used to account for all activities of the City not otherwise accounted for in a specified fund. The City has seven Special Revenue Funds, which account for specific revenues that are legally restricted to expenditures for particular purposes. The City has one Debt Service Fund, which is the Tax Allocation District Fund. The Tax Allocation District Fund accounts for taxes restricted for the principal and interest payments on the City's tax allocation bonds. The City has six Capital Projects Funds, which account for the acquisition and construction of major capital facilities, other than those financed by the Proprietary Funds.

(2) Proprietary Funds - This category includes the Enterprise Fund. The City has one Enterprise Fund, which is the Water and Sewer System Fund. The Enterprise Fund accounts for City operations that are designed to be self-supporting.

(3) Fiduciary Funds - This category includes the Trust Funds, which account for assets held by the City in a fiduciary capacity. The City has one Trust Fund, the OPEB Trust Fund.

Note 1 of the basic financial statements of the City included as Appendix A to this Official Statement contains a detailed discussion of the City's significant accounting policies.

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## Five Year General Fund History

Set forth below is an historical, comparative summary of selected balance sheet data for the City's General Fund for the five fiscal years 2019 through 2023. Information in the following table has been extracted from audited financial statements of the City for the years ended June 30, 2019 through 2023. Although taken from audited financial statements, no representation is made that the information is comparable from year to year, or that the information as shown taken by itself presents fairly the financial condition of the City for the fiscal years shown. For more complete information, reference is made to the audited financial statements for fiscal years 2019 through 2023, copies of which are available from the City upon request.

### General Fund Balance Sheet

	Years Ended June 30 (Audited)				
	2019	2020	2021	2022	2023
<b>Assets:</b>					
Cash	\$22,819,255	\$25,617,569	\$31,287,009	\$34,601,192	\$37,209,323
Receivables, net:					
Trade	1,171,120	1,442,305	1,913,709	976,547	977,542
Taxes	228,859	342,533	378,338	266,047	304,992
Other	9,004	4,252	434	--	--
Due from other funds	--	143,907	30,530	--	58,523
Due from other governments	423,197	484	484	--	--
Inventories	340,684	336,930	308,859	360,201	341,251
Prepaid items	131,471	12,961	133,451	232,887	287,615
Restricted cash	<u>1,076,950</u>	<u>1,089,942</u>	<u>1,183,496</u>	<u>1,396,818</u>	<u>2,547,107</u>
Total assets	<u>\$26,200,540</u>	<u>\$28,990,883</u>	<u>\$35,236,310</u>	<u>\$37,833,692</u>	<u>\$41,726,353</u>
<b>Liabilities, deferred inflows of resources, and fund balances:</b>					
<b>Liabilities</b>					
Accounts payable	\$ 1,821,493	\$ 1,562,256	\$ 2,240,485	\$ 1,398,374	\$ 1,647,173
Accrued liabilities	789,018	882,647	987,529	274,851	394,796
Unearned revenue	66,611	118,127	484,167	34,558	34,558
Customer deposits	<u>520,550</u>	<u>538,678</u>	<u>548,770</u>	<u>562,383</u>	<u>594,748</u>
Total liabilities	<u>3,197,672</u>	<u>3,101,708</u>	<u>4,260,951</u>	<u>2,270,166</u>	<u>2,671,275</u>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	<u>199,014</u>	<u>282,192</u>	<u>219,878</u>	<u>192,457</u>	<u>282,842</u>
Total deferred inflows of resources	<u>199,014</u>	<u>282,192</u>	<u>219,878</u>	<u>192,457</u>	<u>282,842</u>
<b>Fund Balances:</b>					
Nonspendable	472,155	349,891	442,310	593,088	628,866
Restricted	556,400	551,264	634,726	834,435	1,952,359
Committed	3,326,606	2,926,606	2,826,606	2,726,606	2,626,606
Assigned	341,218	245,534	207,787	325,996	383,118
Unassigned	<u>18,107,475</u>	<u>21,533,688</u>	<u>26,644,052</u>	<u>30,890,944</u>	<u>33,181,287</u>
Total fund balances	<u>22,803,854</u>	<u>25,606,983</u>	<u>30,755,481</u>	<u>35,371,069</u>	<u>38,772,236</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$26,200,540</u>	<u>\$28,990,883</u>	<u>\$35,236,310</u>	<u>\$37,833,692</u>	<u>\$41,726,353</u>

Set forth below is an historical, comparative summary of the revenues, expenditures, and changes in fund balance of the City's General Fund for the five fiscal years 2019 through 2023. Information in the following table has been extracted from audited financial statements of the City for the years ended June 30, 2019 through 2023. Although taken from audited financial statements, no representation is made that the information is comparable from year to year, or that the information as shown taken by itself presents fairly the financial condition of the City for the fiscal years shown. For more complete information, reference is made to the audited financial statements for fiscal years 2019 through 2023, copies of which are available from the City upon request.

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**General Fund Statement of Revenues,  
Expenditures, and Changes in Fund Balance**

	Years Ended June 30 (Audited)				
	2019	2020	2021	2022	2023
<b>Revenues:</b>					
Taxes	\$33,833,639	\$34,664,452	\$36,976,725	\$38,983,748	\$42,119,895
Charges for services	9,700,611	8,667,181	8,706,635	9,247,378	7,638,966
Licenses and permits	2,806,610	2,976,193	3,016,393	3,047,026	4,161,537
Fines and forfeitures	1,296,472	1,086,228	1,814,710	1,608,216	1,140,364
Intergovernmental	1,554,938	1,592,635	1,596,657	1,611,736	1,647,949
Investment earnings	3,405	3,686	3,717	4,268	3,885
Miscellaneous revenue	<u>780,113</u>	<u>700,446</u>	<u>616,992</u>	<u>875,968</u>	<u>2,008,203</u>
<b>Total revenues</b>	<b><u>49,975,788</u></b>	<b><u>49,690,821</u></b>	<b><u>52,731,829</u></b>	<b><u>55,378,340</u></b>	<b><u>58,720,799</u></b>
<b>Expenditures:</b>					
Current:					
General government	15,238,337	13,828,226	16,256,899	15,100,059	17,227,388
Judicial	379,874	499,857	543,197	634,066	670,500
Public safety	14,298,446	14,283,488	14,328,205	15,082,082	16,358,232
Public works	7,580,175	8,146,883	8,522,170	8,080,173	7,853,224
Culture and recreation	4,157,292	4,083,973	3,757,647	4,535,795	5,366,718
Housing and development	989,550	1,053,857	970,408	1,176,940	1,352,701
Debt service					
Principal, interest, and fees	<u>115,185</u>	<u>1,485</u>	<u>828</u>	<u>1,907</u>	<u>267,043</u>
<b>Total expenditures</b>	<b><u>42,758,859</u></b>	<b><u>41,897,769</u></b>	<b><u>44,379,354</u></b>	<b><u>44,611,022</u></b>	<b><u>49,095,806</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>7,216,929</b>	<b>7,793,052</b>	<b>8,352,475</b>	<b>10,767,318</b>	<b>9,624,993</b>
<b>Other financing sources (uses)</b>					
Transfers in <sup>1</sup>	2,004,354	1,962,400	3,586,388	2,232,431	2,501,527
Insurance reimbursements	20,103	83,459	55,915	80,124	769,589
Sale of capital assets	142,039	125,952	49,624	12,585	19,866
Issuance of debt	--	--	--	--	2,009,326
Transfers out <sup>2</sup>	<u>(10,207,280)</u>	<u>(7,161,734)</u>	<u>(6,895,904)</u>	<u>(8,476,870)</u>	<u>(11,524,134)</u>
<b>Total other financing sources (uses):</b>	<b><u>(8,040,784)</u></b>	<b><u>(4,989,923)</u></b>	<b><u>(3,203,977)</u></b>	<b><u>(6,151,730)</u></b>	<b><u>(6,223,826)</u></b>
<b>Net change in fund balance</b>	<b>(823,855)</b>	<b>2,803,129</b>	<b>5,148,498</b>	<b>4,615,588</b>	<b>3,401,167</b>
<b>Fund balance at beginning of year</b>	<b><u>23,627,709</u></b>	<b><u>22,803,854</u></b>	<b><u>25,606,983</u></b>	<b><u>30,755,481</u></b>	<b><u>35,371,069</u></b>
<b>Fund balance at end of year</b>	<b><u>\$22,803,854</u></b>	<b><u>\$25,606,983</u></b>	<b><u>\$30,755,481</u></b>	<b><u>\$35,371,069</u></b>	<b><u>\$38,772,236</u></b>

<sup>1</sup> Represents primarily transfers from the City's Water and Sewer Fund to its General Fund to reimburse the General Fund for expenses accounted for in the General Fund that are allocable to the water and sewer system and transfers from the Hotel/Motel Premium Tax Fund for the General Fund's 3% share of the 8% taxes collected.

<sup>2</sup> Represents transfers for payments on intergovernmental contracts securing revenue bonds of the Authority and transfers to Capital Projects Funds and the Emergency 911 Telephone Fund.

## **Management Comments Concerning Material Trends in Revenues and Expenditures**

For a narrative overview and analysis of the financial performance of the City for fiscal year 2023, see “**Management’s Discussion and Analysis**” included as part of Appendix A to this Official Statement. Generally accepted accounting principles require the Management’s Discussion and Analysis, among other things, to 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The City’s auditors applied certain limited procedures to the required supplementary information in accordance with generally accepted auditing standards but did not express an opinion or provide any assurance on the information because the limited procedures did not provide them with sufficient evidence to express an opinion or provide any assurance.

As of June 30, 2024, fiscal year 2024 unaudited General Fund revenues totaled \$63,590,410, which was \$821,777 greater than fiscal year 2023 General Fund revenues and was 101.3% of fiscal year 2024 budgeted General Fund revenues. As of June 30, 2024, fiscal year 2024 unaudited General Fund expenditures totaled \$64,512,514, which was \$4,172,592 greater than fiscal year 2023 General Fund expenditures and was 95.3% of fiscal year 2024 budgeted General Fund expenditures. The fiscal year 2024 amounts set forth in this paragraph were prepared by the staff of the City without audit and are preliminary and are subject to adjustment in the audit process to be conducted later this year.

### **Budgetary Process**

Georgia law requires each municipality to adopt by ordinance or resolution and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund in use by the municipality. Georgia law also requires each municipality to adopt by ordinance or resolution and operate under a project-length balanced budget for each capital projects fund in use by the municipality. A budget ordinance or resolution is balanced when the sum of estimated revenues and appropriated fund balances is equal to appropriations.

The City adopts annual appropriated budgets for all of its Governmental Funds, with the exception of Capital Projects Funds for which project length budgets are adopted. The City uses the modified accrual basis of accounting in its adopted General Fund budget, which is consistent with the basis of accounting used in the City’s General Fund financial statements, except debt service expenditures are budgeted in the department the expenditures relates to and the expenditures of donations and special fees are budgeted together rather than in the function the donation or fee relates to.

In March of each year, information is transmitted to the various departments to enable them to prepare their operating budget requests for the next fiscal year. Prior to mid-March of each year, the budgetary requests are returned and are reviewed by the City Administrator. The City Administrator then prepares a proposed line item operating budget and submits it to the Mayor and Council by May 1. The proposed operating budget includes proposed expenditures and the means for financing them. Public hearings are then conducted in the City in order to obtain taxpayer comments on the proposed budget. The budget is legally adopted no later than June 30 through passage of an ordinance by the Mayor and Council. Budget amendments must be authorized by the Mayor and Council through a budget revision.

Budgetary control (the level at which expenditures may not legally exceed appropriations) is maintained at the department appropriation level. The City’s department heads, with the approval of the City Administrator and the Finance Director, are authorized, with certain exceptions, to transfer amounts within departmental budgets. Expenditures that would increase total departmental appropriations require the approval of the Mayor and Council. The City also prepares monthly financial statements comparing budgeted and actual amounts.

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

### **General Fund Budget**

Set forth below is a summary of the City’s adopted budget, as amended, for its General Fund for the year ending June 30, 2025. This budget is based upon certain assumptions and estimates of the City regarding future events, transactions, and circumstances. Realization of the results projected in this budget will depend upon implementation

by management of the City of policies and procedures consistent with the assumptions. There can be no assurance that actual events will correspond with such assumptions, that uncontrollable factors will not affect such assumptions, or that the projected results will be achieved. Accordingly, the actual results achieved could materially vary from those projected in the budget set forth below.

General Fund Budget<sup>1</sup>

	<u>Year Ending June 30, 2025</u>
<b>Revenues</b>	
Property Taxes	\$42,711,000
Charges for Services	9,143,300
Other Taxes	6,476,000
Licenses & Permits	2,811,250
Interfund Transfers	2,961,725
Fines & Forfeitures	1,317,500
Miscellaneous	<u>414,900</u>
Total Revenues	<u>65,835,675</u>
<b>Expenditures</b>	
Public Works	11,072,281
Insurance & Other Benefits	11,387,100
Police & Jail Services	10,438,733
Fire Services	8,131,264
General Government	7,255,908
Debt Payments	5,671,862
Parks & Recreation	4,780,000
Transfer to Capital Projects	1,000,000
Transfer to Vehicle Replacement	1,549,000
Community & Economic Development	2,052,824
Library	1,185,582
Transfer to E-911 Fund	796,890
Environmental Services	409,209
Museum	<u>105,022</u>
Total Expenditures	<u>65,835,675</u>
<b>Excess (Deficiency) of Revenues</b>	
<b>Over (Under) Expenditures</b>	<u>\$ -0-</u>

<sup>1</sup> Prepared using a basis of accounting consistent with generally accepted accounting principles, with some deviations. See “CITY FINANCIAL INFORMATION - Budgetary Process” herein.



The City has not conformed to its General Fund budgets in a few instances for the fiscal years ended June 30, 2019 to 2023. Set forth below is a summary of unfavorable variances between budgeted and actual amounts for the General Fund for the fiscal years ended June 30, 2019 to 2023.

General Fund Unfavorable Variances

	Years Ended June 30				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Revenues:</b>					
Charges for services	\$ --	\$ (907,819)	\$ (576,765)	\$ (5,622)	\$ --
Fines and forfeitures	(179,428)	(231,772)	--	(19,284)	(527,136)
Intergovernmental revenues	--	(7,365)	(3,343)	--	--
Investment income	--	(121,314)	(121,283)	--	--
Miscellaneous revenue	--	--	(41,408)	--	--
<b>Other Financing Sources (Uses):</b>					
Transfers in	(363,858)	(491,726)	--	(349,596)	--
Insurance reimbursements	(45,897)	(38,379)	--	--	--
Sale of capital assets	--	--	(376)	(37,415)	(30,134)
Issuance of debt	--	--	--	--	(11,280)
Transfers out	(253,018)	--	--	--	--
<b>Net Cumulative Variance Favorable (Unfavorable)</b>					
	\$3,082,428	\$3,858,869	\$8,312,075	\$7,540,304	\$8,097,949

The City amended its adopted General Fund budget two times to date during fiscal year 2025. The City expects to further amend its adopted General Fund budget during fiscal year 2025 as circumstances warrant. The City expects to conform in all material respects to its adopted budget, as amended, for its General Fund for fiscal year 2025.

**Capital Improvements**

The City has in effect a five year capital improvements plan, which allows the City to plan, on a long-term basis, for future capital needs. Each year the plan is updated to cover the next five years.

The following table summarizes historical capital outlays for the City's governmental activities capital assets (excluding capital assets accounted for in the Enterprise Funds) for the City's five fiscal years 2019 through 2023.

Type of Capital Expenditure	Years Ended June 30 (Audited)				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Land	\$ 312,457	\$18,616,904	\$ 4,785,966	\$ 136,329	\$ --
Construction in progress	8,472,020	2,752,090	5,978,964	6,849,308	13,801,345
Infrastructure	11,901,058	4,437,283	1,659,367	1,212,577	2,593,195
Buildings and improvements	778,386	5,406,161	624,700	847,163	663,872
Motorized and heavy equipment	365,770	288,852	237,659	543,145	263,917
Office furniture and equipment	--	--	7,594	61,588	114,516
Computer equipment	662,298	150,355	311,876	113,636	119,372
Motor vehicles	2,161,985	1,257,285	1,124,544	402,085	1,436,612
Nonmotorized equipment	495,120	237,593	175,162	1,756,181	683,502
Lease assets	--	--	--	--	483,462
Subscription-based information technology arrangement assets	--	--	--	--	1,525,864
<b>Total Costs</b>	<u>\$25,149,094</u>	<u>\$33,146,523</u>	<u>\$14,905,832</u>	<u>\$11,922,012</u>	<u>\$21,685,657</u>

Set forth below is a summary of the City's five year capital improvements plan for its General Fund.

Type of Capital Expenditure	Years Ending June 30					Total
	2025	2026	2027	2028	2029	
General Government	\$131,000	\$186,000	\$566,000	\$146,000	\$368,000	\$1,397,000
Parks and Recreation	40,000	1,208,000	1,080,000	625,000	329,000	3,282,000
Public Safety	--	125,000	45,000	9,051,000	390,000	9,611,000
Public Works	1,513,000	2,933,000	3,350,000	2,795,000	2,065,000	12,656,000
Vehicles/ Machinery	<u>915,000</u>	<u>2,790,600</u>	<u>1,325,000</u>	<u>2,294,000</u>	<u>2,101,000</u>	<u>9,425,600</u>
Total Costs	<u>\$2,599,000</u>	<u>\$7,242,600</u>	<u>\$6,366,000</u>	<u>\$14,911,000</u>	<u>\$5,253,000</u>	<u>\$36,371,600</u>
Type of Funding Source						
General Fund	<u>\$2,599,000</u>	<u>\$7,242,600</u>	<u>\$6,366,000</u>	<u>\$14,911,000</u>	<u>\$5,253,000</u>	<u>\$36,371,600</u>
Total Sources	<u>\$2,599,000</u>	<u>\$7,242,600</u>	<u>\$6,366,000</u>	<u>\$14,911,000</u>	<u>\$5,253,000</u>	<u>\$36,371,600</u>

### Sources of Governmental Funds Tax Revenues

Set forth below are the City's Governmental Funds tax revenues by source for each of its five fiscal years 2019 through 2023.

#### Governmental Funds Tax Revenues By Source

Fiscal Year	Property Tax	Motor Vehicle Title Fees <sup>1</sup>	Insurance Premium Tax	Alcoholic Beverage Tax	Intangible Tax	Franchise Taxes	Other	Total
2019	\$22,928,402	\$2,303,345	\$3,669,901	\$916,806	\$542,596	\$3,602,130	\$2,030,458	\$35,993,638
2020	24,352,272	1,485,785	3,897,186	924,895	714,055	3,652,292	1,859,231	36,885,716
2021	25,657,385	2,117,859	4,098,857	1,019,343	1,036,653	3,429,377	1,663,709	39,023,183
2022	27,116,588	2,371,163	4,218,710	1,112,870	978,456	3,563,930	2,353,409	41,715,126
2023	29,986,507	2,578,162	4,562,981	1,072,360	511,766	4,038,262	2,448,729	45,198,767

<sup>1</sup> Motor vehicles titled after March 1, 2013 are not subject to ad valorem property taxation, but are instead subject to a one-time state and local title fee. Amounts shown represent proceeds of motor vehicle title fees received by the City. For more information, see "CITY AD VALOREM TAXATION - Property Subject to Taxation" herein.

### Employee Benefits

The City furnishes for all full-time employees (over 40 hours a week) a defined benefit pension plan through the Georgia Municipal Employees Benefit System ("GMEBS") Retirement Fund. GMEBS is an agent multiple employer pension plan administered by the Georgia Municipal Association for approximately 275 municipalities in Georgia. The day-to-day management of those assets and activities is handled by GMEBS. The City joined GMEBS on August 17, 2003. Actuarial valuations are performed annually by an actuarial firm for GMEBS. Reference is made to Note 11 of the basic financial statements of the City included as Appendix A and Notes 1 and 2 to the required supplementary information to the basic financial statements of the City included as Appendix A for a description of this plan, the benefits provided by this plan, the plan membership, the contributions to this plan by the City and its employees, the pension liability of the City for this plan, the actuarial assumptions for this plan, the discount rate used to measure the liability of the City for this plan, the sensitivity of the City's liability for this plan to changes in the discount rate, and the pension expense of the City for this plan. In addition, reference is made to the following required supplementary information to the basic financial statements of the City included as Appendix A for additional information about this plan: (1) Schedule of Changes in the City's Net Pension Liability and Related Ratios and (2) Schedule of Pension Contributions.

In addition to pension benefits, the City provides certain health care benefits for retired employees of the City and their dependents through contributions to the City's Post-Employment Health Benefit Fund, a cost-sharing, single-employer defined benefit post-employment healthcare plan that covers retired employees of the City, which is administered by the City. Reference is made to Note 12 of the basic financial statements of the City included as Appendix A and Notes 1 and 2 to the required supplementary information to the basic financial statements of the City included as Appendix A for a description of this post-employment healthcare plan, the benefits provided by this plan,

the contributions to this plan by the City, the liability and expense of the City for this plan, the actuarial assumptions for this plan, the discount rate used to measure the liability of the City for this plan, the sensitivity of the City's liability for this plan to changes in the discount rate, and the sensitivity of the City's liability for this plan to changes in the healthcare cost trend rate. In addition, reference is made to the following required supplementary information to the basic financial statements of the City included as Appendix A for additional information about this plan: (1) Schedule of Changes in the City's Net OPEB Liability and Related Ratios, (2) Schedule of OPEB Contributions, and (3) Schedule of OPEB Investment Returns.

City employees accrue vacation and sick leave in different amounts, depending upon the period of time the City has employed them. The maximum amount of vacation leave that employees may accumulate is 240 hours. The City pays accrued vacation leave upon termination of employment and has reflected a liability for accumulated vacation pay in its financial statements. As of June 30, 2024, accrued vacation pay in the City's governmental funds totaled \$1,501,988. The maximum amount of sick leave that City employees may accumulate is 480 hours. The City does not pay accrued sick leave upon termination of employment, but does pay accrued sick leave of up to 240 hours upon retirement. Accumulated sick leave is not reflected as a liability in the City's financial statements.

### **Insurance Coverage and Governmental Immunity**

The General Assembly of the State of Georgia has declared, in Section 36-33-1 of the Official Code of Georgia Annotated, that it is the public policy of the State of Georgia that there is no waiver of the sovereign immunity of municipal corporations and that municipal corporations shall be immune from liability for damages. This policy is applicable to actions based upon tort but is not applicable to actions based upon written contracts. The City, however, may be unable to rely upon the defense of sovereign immunity and may be subject to liability in the event of suits alleging causes of action founded upon various federal laws, such as suits filed pursuant to 42 U.S.C. §1983 alleging the deprivation of federal constitutional or statutory rights of an individual and suits alleging anti-competitive practices and violations of the federal antitrust laws by the City in the exercise of its delegated powers. Section 36-33-1 of the Official Code of Georgia Annotated also provides that a municipal corporation shall not waive its immunity by the purchase of liability insurance, except for vehicular liability insurance or unless the insurance policy covers an occurrence for which the defense of sovereign immunity is available, but the waiver is limited to the extent of the limits of the insurance policy. Section 36-33-1 of the Official Code of Georgia Annotated also provides that municipal corporations are not liable for failure to perform or for errors in performing their legislative or judicial powers but are liable for neglect to perform or improper or unskillful performance of their ministerial duties.

Section 36-92-2 of the Official Code of Georgia Annotated provides that the sovereign immunity of municipal corporations for a loss arising out of claims for the negligent use of a motor vehicle is waived up to \$500,000 because of bodily injury or death of any one person in any one occurrence, an aggregate amount of \$700,000 because of bodily injury or death of two or more persons in any one occurrence, and \$50,000 because of injury to or destruction of property in any one occurrence. The waiver provided by this statute is increased to the extent that coverage obtained by the City's membership in the interlocal risk management agency described below exceeds the amount of the waiver set forth above.

The City carries (1) liability insurance for the types of claims and in amounts that are customary for similar entities for those categories of claims that are not subject to the defense of sovereign immunity and (2) property and casualty damage insurance on buildings and other physical assets, in each case through the Georgia Interlocal Risk Management Agency ("GIRMA"), which is a risk sharing arrangement among Georgia municipal corporations administered by the Georgia Municipal Association. The City carries workers compensation and employers liability insurance through the Georgia Municipal Association Group Self Insurance Workers' Compensation Fund, whereby the risk is pooled with other entities.

Present insurance coverage is summarized below:

<u>Type</u>	<u>Amount in Force</u>
Property (Building and Contents)	\$86,060,988
Crime:	500,000
Blanket Employee Dishonesty	500,000
Forgery or Alteration	500,000
Theft of Money and Securities	500,000
Cyber Liability	1,000,000

<u>Type</u>	<u>Limits of Liability</u>	
	<u>Each Occurrence</u>	<u>Aggregate</u>
General Liability	\$1,000,000	\$3,000,000
Law Enforcement Liability	1,000,000	3,000,000
Employee Benefits Liability	1,000,000	3,000,000
Public Officials Errors and Omissions	1,000,000	3,000,000
Automobile Liability	1,000,000	None
Workers' Compensation	1,000,000	None
Public Officials & Employment Practices Liability	1,000,000	3,000,000
Public Official Bond (City Clerk)	500,000	None
Crime Bond	500,000	None

The City is self-insured on a limited basis for group health and medical coverage and pays for such claims as they become due. Reference is made to Note 14 of the City's basic financial statements included as Appendix A for a discussion of the City's risk management program. The City requires payment and performance surety bonds and builders' risk insurance of all contractors and subcontractors involved in its public works projects. The City requires the surety bonds to be issued by surety firms listed on the U.S. Treasury-approved list and the builders' risk insurance to be in the amount of the contract sums.

## LEGAL MATTERS

### Pending Litigation

The City, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The City, after reviewing the current status of all pending and threatened litigation with its general counsel, Cochran & Edwards, LLC, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits that have been filed and of any actions or claims pending or threatened against the City or its officials in such capacity are adequately covered by insurance or will not have a material adverse effect upon the financial position or results of operations of the City.

There is no litigation now pending or, to the knowledge of the Authority or the City, threatened against the Authority or the City that (i) restrains or enjoins the issuance or delivery of the Series 2024 Bonds, the provision of the security for the payment of the Series 2024 Bonds, or the use of the proceeds of the Series 2024 Bonds or that (ii) questions or contests the validity of the Series 2024 Bonds or the proceedings and authority under which they are to be issued and secured. Neither the creation, organization, or existence of the Authority or the City, nor the title of the present members or other officials of the Authority or the City to their respective offices, is being contested or questioned. There is no litigation pending or, to the knowledge of the Authority, threatened that in any manner questions the right of the Authority to adopt the Bond Resolution, to enter into the Contract, or to secure the Series 2024 Bonds in the manner provided in the Bond Resolution. No litigation and no proceedings are pending against the City or its officials, or to their knowledge are threatened against them, that would affect the sale of the Series 2024 Bonds, the security therefor, or the ability of the City to enter into and perform its obligations under the Contract.

### Opinion of Bond Counsel

Certain legal matters incident to the authorization, validity, and issuance of the Series 2024 Bonds are subject to the unqualified approving opinion of Nelson Mullins Riley & Scarborough LLP, Atlanta, Georgia, Bond Counsel, whose opinion will be available at the time of delivery of the Series 2024 Bonds. It is anticipated that the approving opinion will be in substantially the form attached to this Official Statement as Appendix C.

Bond Counsel is of the opinion that interest on the Series 2024 Bonds is exempt from State of Georgia income taxation, although the Series 2024 Bonds and the interest thereon may be included in the measure of certain State of Georgia business excise and franchise taxes.

Bond Counsel expresses no opinion regarding any other State of Georgia tax consequences arising with respect to the Series 2024 Bonds.

### **Certain U.S. Federal Tax Consequences of Owning Series 2024 Bonds**

#### *In General*

Bond Counsel will be rendering no legal opinions with respect to any federal tax consequences of purchasing, owning, or disposing of Series 2024 Bonds.

The following constitutes a summary of certain of the U.S. federal income tax consequences of the purchase, ownership, and disposition of the Series 2024 Bonds. It is based on existing law, which is subject to change, with or without retroactive effect. This summary is presented for informational purposes only and is intended to be a discussion primarily of the U.S. federal income tax consequences to owners who are U.S. Holders. It should not be considered as legal or tax advice to prospective purchasers of the Series 2024 Bonds.

A U.S. Holder is a beneficial owner that is a United States person, meaning (i) an individual citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or of any state thereof or of the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of source, or (iv) a trust subject to the control of a U.S. fiduciary and the primary jurisdiction of a U.S. court. A Non-U.S. Holder is any other beneficial owner of Series 2024 Bonds.

It is not practicable to address all aspects of the U.S. federal tax laws that may affect an owner's purchase of the Series 2024 Bonds. In addition, state, local, and foreign tax consequences are not addressed in this summary. Also not addressed are any particular tax consequences to U.S. Holders that may be subject to specialized treatment under U.S. federal income tax laws, such as financial institutions; insurance companies; regulated investment companies; tax-exempt organizations; individual retirement and other tax-deferred accounts; dealers in securities or currencies; individuals subject to the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), applicable to certain U.S. expatriates; holders that hold Series 2024 Bonds as a position in a hedge, straddle, constructive sale transaction, conversion transaction, "synthetic security," or other integrated transaction for U.S. federal income tax purposes; and U.S. Holders the functional currency of which is not the U.S. dollar. The tax consequences for any such U.S. Holder will vary with each purchaser, depending upon its particular situation.

#### *Inclusion of Interest in U.S. Federal Gross Income*

Interest on the Series 2024 Bonds will be includable in the gross income of U.S. Holders for federal income tax purposes.

#### *Series 2024 Bonds Not Purchased at the Initial Offering Prices*

There may be certain additional tax considerations relevant to those U.S. Holders who either purchase Series 2024 Bonds after their issuance or at a price other than the initial offering price for Series 2024 Bonds. Neither the opinion of Bond Counsel nor this Official Statement purports to address the likelihood or effect of any such potential events or such other tax considerations, and purchasers of the Series 2024 Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Series 2024 Bonds.

#### *U.S. Federal Tax Withholding*

Interest payments with respect to the Series 2024 Bonds will be reported to the owners and the IRS. Such amounts will normally not be subject to withholding of federal income tax. The Paying Agent, however, may be required to withhold federal income tax at a rate of 24% from payments to certain owners ("backup withholding"). This tax may be withheld from certain payments if (i) an owner fails to furnish the Paying Agent with his or her TIN certified under penalties of perjury, (ii) the Paying Agent is notified by the IRS that the TIN furnished by an owner is incorrect, (iii) the IRS notifies the Paying Agent that an owner has failed to report properly certain income to the IRS, or (iv) when required to do so, an owner fails to certify under penalty of perjury that he or she is not subject to backup withholding.

### *Non-U.S. Holders*

Purchasers of Series 2024 Bonds who are Non-U.S. Holders should consult their own tax advisors with respect to the tax consequences of ownership of the Series 2024 Bonds, including, without limitation, the possible exemption or applicability of United States withholding and other taxes on interest payments and other amounts received in respect to the Series 2024 Bonds.

### **Validation Proceedings**

The State of Georgia instituted proceedings in the Superior Court of Cobb County, Georgia to validate the Series 2024 Bonds and the security therefor. The State of Georgia was the plaintiff in the proceeding, and the Authority and the City were the defendants. A final judgment confirming and validating the Series 2024 Bonds and the security therefor was entered on November 12, 2024. Under Georgia law, the judgment of validation will be forever conclusive with respect to the validity of the Series 2024 Bonds and the security therefor against the Authority and the City. The judgment entered by the Superior Court of Cobb County held, among other things, that the Authority and the City are authorized to enter into the Contract; that the Contract, when executed and delivered, will constitute a valid, binding, and enforceable obligation of the Authority and the City; and that the City is authorized to make all payments required by the Contract and to levy and collect taxes, within the limitations prescribed by Section 48-5-350 of the Official Code of Georgia Annotated and Section 50 of the City's Charter, for the purpose of making all payments required under the Contract.

### **Closing Certificates**

At closing of the sale of the Series 2024 Bonds by the Underwriter, the Authority and the City will each deliver to the Underwriter a certificate that no litigation is pending or threatened against it that would have a material effect on the issuance or validity of the Series 2024 Bonds or performance under the Contract or the Bond Resolution or, in the case of the City, on the financial condition of the City. In addition, the City will deliver to the Underwriter a certificate that the information contained in this Official Statement does not contain any misstatement of a material fact and does not omit to state any material fact necessary to make the statements herein contained, in light of the circumstances under which they were made, not misleading.

## **MISCELLANEOUS**

### **Rating**

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, has assigned a rating of "AAA" to the Series 2024 Bonds. The rating reflects only the view of the rating agency, and any desired explanation of the significance of the rating should be obtained from the rating agency at the following address: S&P Global Ratings, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance that such rating will remain unchanged for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the liquidity and market price of the Series 2024 Bonds.

### **Underwriting**

The Series 2024 Bonds will be purchased for re-offering at negotiated sale by the Underwriter from the Authority at an aggregate purchase price of \_\_\_\_\_ percent of the aggregate principal amount of the Series 2024 Bonds plus accrued interest to the date of delivery. The Underwriter will enter into a Bond Purchase Agreement that provides that the Underwriter will purchase all of the Series 2024 Bonds, if any are purchased. The obligation of the Underwriter to accept delivery of the Series 2024 Bonds will be subject to various conditions contained in the Bond Purchase Agreement.

The Underwriter intends to offer the Series 2024 Bonds to the public initially at the offering prices set forth on the cover page of this Official Statement, which offering prices may subsequently be changed from time to time by the Underwriter without any requirement of prior notice. The offering prices set forth on the cover page of this Official Statement average \$ \_\_\_ per \$1,000 principal amount of the Series 2024 Bonds in excess of the purchase price to be paid to the Authority by the Underwriter. The Underwriter will receive no fee (other than the anticipated profits described in the preceding sentence) from the Authority for underwriting the Series 2024 Bonds. The Underwriter has reserved the right to permit other securities dealers who are members of the Financial Industry Regulatory Authority Inc. to assist in selling the Series 2024 Bonds. The Underwriter may offer and sell the Series 2024 Bonds to certain dealers (including dealers depositing Series 2024 Bonds into investment trusts) at prices lower than the

public offering prices set forth on the cover page of this Official Statement or otherwise allow concessions to such dealers who may re-allow concessions to other dealers. Any discounts or commissions that may be received by such dealers in connection with the sale of the Series 2024 Bonds will be deducted from the Underwriter's underwriting profits or fees.

**Independent Auditors**

The basic financial statements of the City as of June 30, 2023 and for the year then ended, attached hereto as Appendix A, have been audited by Nichols, Cauley & Associates, LLC, Kennesaw, Georgia, independent certified public accountants, to the extent and for the period indicated in its report thereon, which appears in Appendix A. Such financial statements have been included herein in reliance upon the report of Nichols, Cauley & Associates, LLC.

**Additional Information**

Use of the words "shall," "must," or "will" in this Official Statement in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as a contract with the owners of the Series 2024 Bonds.

**RESPONSIBILITY FOR OFFICIAL STATEMENT**

The execution and delivery of this Official Statement, and its distribution and use by the Underwriter, have been duly authorized and approved by the Authority and the City. The contents of this Official Statement are the responsibility of the City, except that the Authority is responsible for the statements contained under the caption "THE AUTHORITY" and the information with respect to the Authority appearing under the caption "LEGAL MATTERS - Pending Litigation" herein, and, with the exception of the foregoing information for which the Authority is responsible, the Authority makes no representation as to the accuracy or completeness of any information contained herein.

**DOWNTOWN SMYRNA DEVELOPMENT  
AUTHORITY**

By: \_\_\_\_\_  
Chairman

**CITY OF SMYRNA**

By: \_\_\_\_\_  
Mayor

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## **APPENDIX A**

### **FINANCIAL STATEMENTS OF THE CITY**

The basic financial statements of the City as of June 30, 2023, and for the year then ended, included as this Appendix A, have been audited by Nichols, Cauley & Associates, LLC, Kennesaw, Georgia, independent certified public accountants, to the extent and for the period indicated in its report thereon, which appears in this Appendix A. Such financial statements have been included herein in reliance upon the report of Nichols, Cauley & Associates, LLC.

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# **FINANCIAL SECTION**

**CITY OF SMYRNA, GEORGIA**

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## NICHOLS, CAULEY & ASSOCIATES, LLC

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### INDEPENDENT AUDITOR'S REPORT

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

#### Report on the Audit of the Financial Statements

##### *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 City of Smyrna, Georgia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Smyrna, Georgia, as of June, 30, 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 Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Smyrna, Georgia and to meet 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 audit opinions.

### ***Responsibilities of Management for the Financial Statements***

The City of Smyrna, Georgia's management is responsible for the preparation and fair presentation of the 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 City of Smyrna, Georgia'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.

### ***Auditor's 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 auditor's 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 GAAS and GAS 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.

In performing an audit in accordance with GAAS and GAS, 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 City of Smyrna, Georgia'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 City of Smyrna, Georgia'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.

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

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, the Schedule of Changes in the City’s Net Pension Liability and Related Ratios, the Schedule of Pension Contributions, Schedule of Changes in the City’s Net OPEB Liability and Related Ratios, the Schedule of OPEB Contributions, and the Schedule of OPEB Investment Returns on pages 12-22 and 61-72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Smyrna, Georgia’s basic financial statements. The combining and individual fund financial statements and schedules and compliance section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### ***Other Information***

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the

financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2023, on our consideration of the City of Smyrna, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Smyrna, Georgia's internal control over financial reporting and compliance.

*Richards, Cauley + Associates, LLC*

Kennesaw, Georgia  
December 19, 2023

## Management's Discussion and Analysis

As management of the City of Smyrna, Georgia, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the information in the financial statements and the notes to the financial statements.

### Financial Highlights

Key financial highlights for 2023 are as follows:

- ◆ The City's combined net position increased \$33.1 million to \$307.5 million from \$274.5 million in 2022 (after restatement).
- ◆ The City's total assets increased \$28.6 million compared to 2022. Total liabilities increased \$19.1 million compared to 2022.
- ◆ The City's deferred outflows of resources increased \$6.3 million to \$16.7 million from \$10.4 million in 2022. The deferred inflows decreased by \$9 million to \$2.7 million from \$11.7 in 2022.
- ◆ Combined revenue increased \$1.5 million to \$112.1 million in 2023, of which governmental activities totaled \$89.3 million and business-type activities totaled \$22.8 million.
- ◆ Overall expenses increased \$9.7 million to \$79 million of which governmental activities totaled \$62.5 million and business-type activities totaled \$16.5 million.
- ◆ As of June 30, 2023, the City's governmental funds reported combined ending fund balances of \$99.7 million. Approximately 32.11% is available for use (unassigned fund balance).
- ◆ As of June 30, 2023, unassigned fund balance for the general fund was \$33.2 million, or 67.58% of total general fund expenditures.
- ◆ As of June 30, 2023, total governmental funds reported an increase in total assets of \$10.2 million. These funds reported an increase in total liabilities of \$8.5 million.
- ◆ As of June 30, 2023, total governmental funds deferred inflows of resources increased \$90 thousand.

### Overview of the Financial Statements

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

## Government-wide Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 23-24 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 25-28 of this report.

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

The basic proprietary fund financial statements can be found on pages 29-31 of this report.

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

The fiduciary fund financial statements can be found on pages 32 and 33.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34-60 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the budgetary comparison for the General Fund and American Rescue Plan Act (ARPA) Grant Fund, Pension Liability and Contributions, and OPEB liability and related notes. Required supplementary information can be found on pages 61-72 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position (government and business-type activities) totaled \$307.5 million at June 30, 2023.

The following table provides a summary of the City's governmental and business-type net position for fiscal years 2023 and 2022:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets:</b>						
Current and other assets	\$ 52,157,784	\$ 47,932,896	\$ 24,030,879	\$ 22,339,066	\$ 76,188,663	\$ 70,271,962
Capital assets	218,592,932	204,432,990	44,910,299	42,258,701	263,503,231	246,691,691
Restricted assets - non current	59,914,117	54,115,993	616,131	587,475	60,530,248	54,703,468
Total assets	330,664,833	306,481,879	69,557,309	65,185,242	400,222,142	371,667,121
Deferred outflows of resources:	15,772,426	9,894,390	879,181	548,589	16,651,607	10,442,979
<b>Liabilities:</b>						
Current liabilities	21,773,330	12,063,396	2,024,485	2,007,184	23,797,815	14,070,580
Long-term liabilities outstanding	80,978,186	72,521,768	1,838,717	943,368	82,816,903	73,465,136
Total liabilities	102,751,516	84,585,164	3,863,202	2,950,552	106,614,718	87,535,716
Deferred inflows of resources:	2,582,388	11,113,008	133,479	605,342	2,715,867	11,718,350
<b>Net position:</b>						
Net investment in capital assets	188,128,140	173,848,250	44,910,299	42,229,961	233,038,439	216,078,211
Restricted	39,587,120	28,492,519	-	-	39,587,120	28,492,519
Unrestricted	13,388,095	18,337,328	21,529,510	19,947,976	34,917,605	38,285,304
Total net position	\$ 241,103,355	\$ 220,678,097	\$ 66,439,809	\$ 62,177,937	\$ 307,543,164	\$ 282,856,034

Total assets for the City at June 30, 2023 had a \$28.6 million increase over 2022. The City's assets increased in each classification in 2023. The largest increase was an increase related to capital assets of \$16.8 million (6.81% increase over 2022).

Deferred outflows related to OPEB and pension increased \$6.2 million and deferred inflows related to OPEB and pension decreased \$9 million.

Total liabilities increased by \$19.1 million over 2022. The largest increases were an increase of \$16.9 million in OPEB and pension related liabilities and an increase of \$6.5 million in unearned revenue in 2023. These large increases were offset by a decrease in outstanding debt of \$6.1 million in 2023.

The largest portion of the City's net position (75.8%) reflects its investment in capital assets such as land, buildings, equipment and infrastructure, less any related debt used to acquire those assets that is still outstanding. Net investment in capital assets increased by \$17 million.

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

An additional portion of the City's net position (12.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (11.35%) may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2023, the City is able to report positive balances in net position for the governmental and business-type activities. For fiscal year 2023, the City's net position increased \$33.1 million.

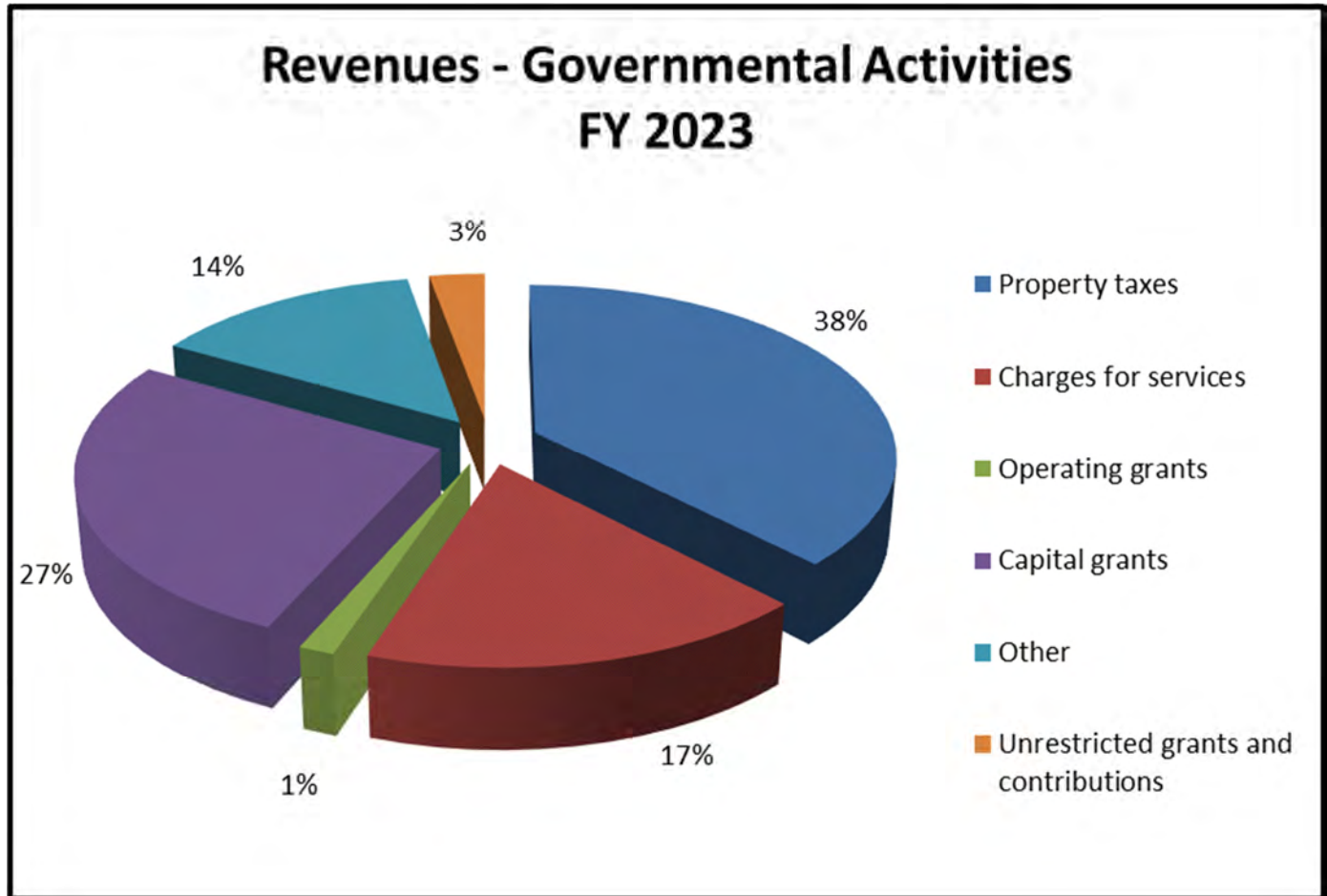
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 15,531,629	\$ 16,239,987	\$ 22,737,479	\$ 21,989,707	\$ 38,269,108	\$ 38,229,694
Operating grants and contributions	1,244,396	65,509			1,244,396	65,509
Capital grants and contributions	23,811,623	27,554,841	-	96,800	23,811,623	27,651,641
General revenues:						
Property taxes	33,669,825	31,040,706	-	-	33,669,825	31,040,706
Other	11,619,327	10,727,123	-	-	11,619,327	10,727,123
Grants and contributions not restricted to specific programs						
	2,543,176	2,473,536	-	-	2,543,176	2,473,536
Unrestricted investment earnings	87,581	39,246	96,009	2,689	183,590	41,935
Gain on sale of capital assets	769,589	407,497	-	-	769,589	407,497
<b>Total revenues</b>	<b>89,277,146</b>	<b>88,548,445</b>	<b>22,833,488</b>	<b>22,089,196</b>	<b>112,110,634</b>	<b>110,637,641</b>
<b>Expenses:</b>						
General government	9,641,599	7,724,484	-	-	9,641,599	7,724,484
Judicial	862,502	857,514	-	-	862,502	857,514
Public safety	24,719,512	21,630,548	-	-	24,719,512	21,630,548
Public works	14,609,307	13,632,755	-	-	14,609,307	13,632,755
Housing and development	1,771,530	1,390,932	-	-	1,771,530	1,390,932
Culture and recreation	8,944,845	6,656,828	-	-	8,944,845	6,656,828
Water and sewer	-	-	16,533,383	15,102,187	16,533,383	15,102,187
Interest & fiscal charges	1,941,888	2,295,183	-	-	1,941,888	2,295,183
<b>Total expenses</b>	<b>62,491,183</b>	<b>54,188,244</b>	<b>16,533,383</b>	<b>15,102,187</b>	<b>79,024,566</b>	<b>69,290,431</b>
Change in net position before transfers						
	26,785,963	34,360,201	6,300,105	6,987,009	33,086,068	41,347,210
Transfers	2,006,321	1,799,342	(2,006,321)	(1,799,342)	-	-
<b>Change in net position</b>	<b>28,792,284</b>	<b>36,159,543</b>	<b>4,293,784</b>	<b>5,187,667</b>	<b>33,086,068</b>	<b>41,347,210</b>
Net position- beginning, before restatement	220,678,097	184,518,554	62,177,937	56,990,270	282,856,034	241,508,824
Restatement	(8,367,026)	-	(31,912)	-	(8,398,938)	-
<b>Net position- beginning, after restatement</b>	<b>212,311,071</b>	<b>184,518,554</b>	<b>62,146,025</b>	<b>56,990,270</b>	<b>274,457,096</b>	<b>241,508,824</b>
<b>Net position - ending</b>	<b>\$ 241,103,355</b>	<b>\$ 220,678,097</b>	<b>\$ 66,439,809</b>	<b>\$ 62,177,937</b>	<b>\$ 307,543,164</b>	<b>\$ 282,856,034</b>

**Governmental Activities.** Governmental activities increased the City's net position by \$28.8 million. Increases in property values and continued development within the City provided increased tax revenue which was a large contributor to this increase. The City continued receiving revenues from the 2022 Special Purpose Local Option Sales Tax (SPLOST) in excess of initial estimates that will fund future capital projects.

Property tax revenue increased 8.5% as the result of increased property taxes and growth in the digest. Revenue for charges for services decreased 4.4% mainly due to a full fiscal year with the complete outsourcing of commercial sanitation. Capital grants and contributions decreased by 13.6% due to fluctuations in federal funds received.

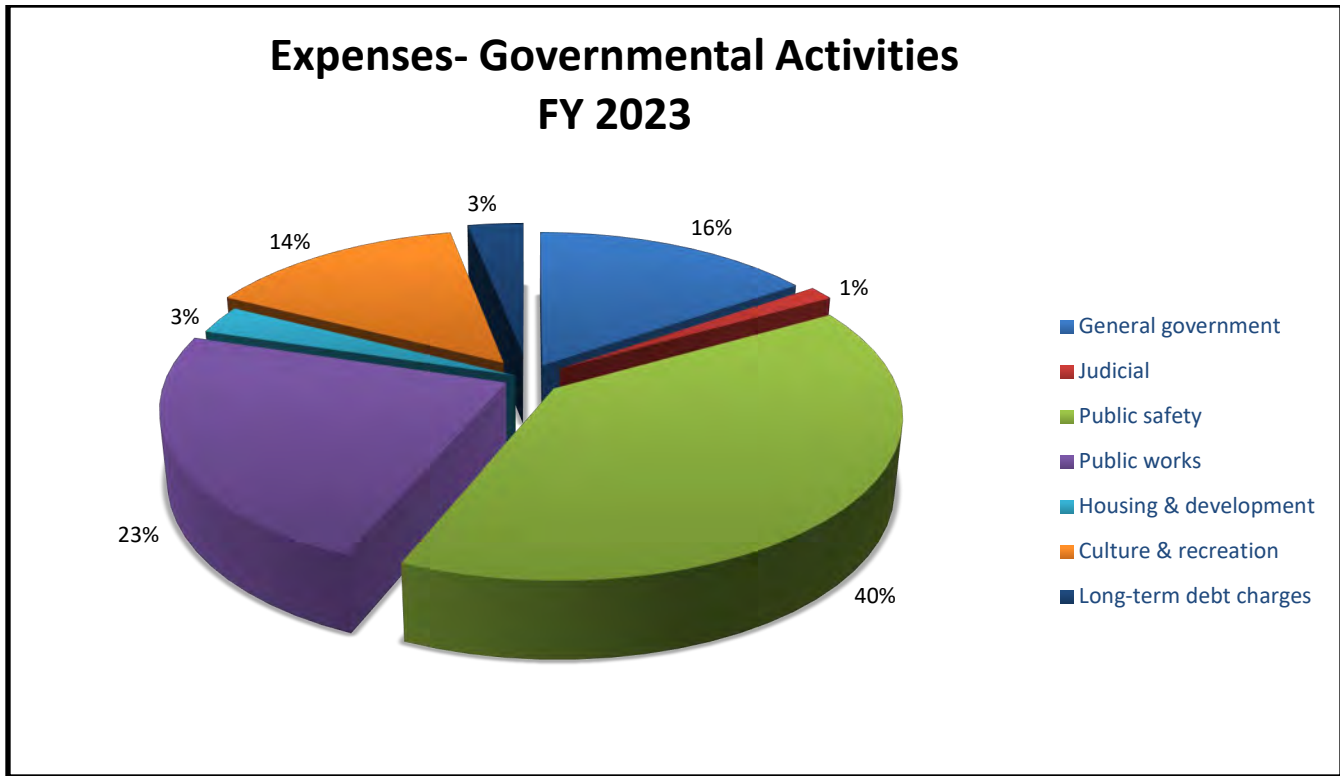
General government expenses increased by 24.8% over 2022 amounts from the combination of new personnel in positions that had remained vacant in 2022 and additional personnel related costs from across the board raises and benefit changes. The City saw increases in Public Safety of 14.3% and in Public Works of 7.2% mainly due to vacancies being filled and the across the board compensation and benefit

changes. The City also saw a decrease in interest and fiscal charges of 15.4% due to less outstanding debt accruing interest in 2023.



Governmental activity revenues are generated from a variety of sources including fees, grants, intergovernmental transfers and taxes. Taxes accounted for the majority of revenue for the City at 37.7% of total revenue. Capital grants accounted for 26.7% of revenue source, and charges for services accounted for 17.4% of total revenue for 2023.





Governmental activity expenses are generated by providing a variety of services to Smyrna’s citizens. The largest use of funds is for public safety (fire and police) which accounts for 39.6% of the City’s expenses. Public works (streets, traffic engineering, sanitation and Environmental Services) is the second largest use of funds accounting for 30.7% of total expenses. General government which includes administrative activities such as human resources, information technology, finance, community relations, etc., and maintenance of government property accounts for 15.4%. Culture and Recreation accounts for 7.0%.

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

**Business-Type Activities.** Business type revenues exceeded expenses (including transfers out of \$2 million) resulting in an increase in net position of \$4.3 million in 2023 which decreased \$0.9 million compared with 2022. Increased utility rates accounted for the operating revenue increase in FY 2023. Rates are scheduled to increase as needed on an ongoing annual basis as the City faces increases in wholesale purchase rates.

#### **Financial Analysis of the Government’s Funds**

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

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

As of June 30, 2023, the City's governmental funds reported combined ending fund balances of \$99.7 million. Of this total, \$32 million or 32.1% constitutes *unassigned fund balance*, which is available for spending in the coming year. The remainder of fund balance is *Nonspendable, Restricted, Committed, or Assigned* to indicate that it is not available for new spending because it is not in spendable form (\$1,821,038), restricted (\$56,141,841), committed (\$9,331,177), or assigned (\$383,118) for a particular purpose.

### **Major Governmental Funds**

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, Unassigned Fund Balance of the General Fund was \$33.2 million, and total fund balance was \$38.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both the Unassigned Fund Balance and total Fund Balance to total fund expenditures. Unassigned Fund Balance represents 67.6% of total general fund expenditures and total fund balance represents 78.97% of that same amount.

In FY 2023, the total fund balance of the General Fund increased \$3.4 million.

The key factors to this increase were:

- ◆ The City receives most of its revenue from property taxes and the City saw an increase due to the large revaluation of property values and also maintained a collection rate consistent with the past several years.
- ◆ The City conservatively budgeted license and permit fees and other user related fees due to uncertainty with development within the City and rebounding of businesses. These revenues came in stronger than anticipated.
- ◆ The City received a large contribution from a donor's estate to be used for the library.
- ◆ The City continued to experience staff vacancies in a few departments throughout the year which reduced wage expense and other related costs of employment for the second year in a row for those departments.
- ◆ The City planned and budgeted for several operational items that were not able to complete during the fiscal year.
- ◆ The City was able to make changes to insurance that resulted in savings and better claims experience in 2023.

The American Rescue Plan Act (ARPA) Fund is used to account for projects the City will fund with the pandemic relief funds it is receiving from the Federal government. The City has used these federal funds to fund the Capital Improvement Plan (CIP) in the past two fiscal years to provide relief for the General Fund; the General Fund usually funds the CIP plan. The fund balance increased \$22 thousand in 2023. The beginning fund balance of this fund was restated because the City determined grant revenues had incorrectly been recognized as revenue.

The 1% Road Improvement Tax (SPLOST) Fund is used to account for financial resources collected and

used for construction and enhancement of the city's infrastructure. The fund balance increased \$5.1 million from \$43.8 million to \$48.9 million. This increase mainly relates to collections above budgeted amounts and the timing of projects beginning throughout the City.

### **Non-Major Governmental Funds**

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

*The Debt Service Funds* are used to account for the resources restricted for the principal and interest on long term obligations. Included in this classification is the Tax Allocation District fund.

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

Non-major governmental funds revenues and other financing sources totaled \$14.7 million for the fiscal year ended June 30, 2023. Non-major governmental funds expenditures and other financing uses totaled \$13.9 million. The net change in fund balance for all non-major governmental funds was an increase of \$800 thousand.

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

The *Unrestricted* Net Position for Water and Sewer is \$21.5 million. Total net position increased \$4.3 million. The *Restricted* Cash Balance totals \$0.6 million as of June 30, 2023.

### **General Fund Budgetary Highlights**

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level within funds. The most significant budgeted fund is the General Fund. The original budget of \$49,051,395 was amended to \$53,786,792 in a series of budget amendments. These amendments were necessary to meet changing economic conditions. Tax revenue exceeded the budgeted amount as a result of a higher than anticipated increase in the digest and collection rate. Licenses and permit revenue exceeded the budgeted amount due to continued development within the City. Charges for services revenue decreased due to the full outsourcing of commercial sanitation. General Government went through a series of adjustments related to vacancies in personnel and movement of personnel between divisions within departments.

## Capital Assets and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2023 amounts to \$263.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the city, such as roads, bridges, sidewalks, drainage, curb and gutter and the water and sewer systems.

The net increase in the City's investment in capital assets for fiscal year 2023 was 6.8% from \$246.7 million to \$263.5 million, an increase of \$16.8 million. Additional information on the City's capital assets can be found in Note 7 of the notes to the financial statements of this report.

**Long-term obligations.** As of June 30, 2023, the City of Smyrna had a net of \$91.7 million in outstanding long-term obligations, which does not include interest expense. The City has no general obligation debt. Additional information on the City's long-term obligations can be found in Note 8 of the notes to the financial statements of this report.

## Economic Factors

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

During the year ended June 30, 2023, City management continued to evaluate the City's budgeted expenditures and future needs. Management maintained a conservative approach for non-essential operating expenses and capital expenses throughout much of the year. During the year, Management made salary band adjustments based on the ECI for governmental employees that had a big budget impact and had to make decisions to offset these increases and to be conservative as we move forward in subsequent fiscal years. Because of these decisions by Management, the City was able to not only maintain our reserves, but we were also able to add to those reserves. These reserves are planned to help the City make several long-term maintenance related investments to aging infrastructure throughout the City and continue with adding new amenities to attract business and residential interest in the City.

The City's top priorities will continue to be the redevelopment of older neighborhoods and aging commercial areas, parks and recreation, public safety, and road and transportation improvements. During the 2023 fiscal year, the City's focus was on development to bring new industry and new additions to the City for our residents. There are several major financial issues for FY 2023 and beyond:

- **Commercial redevelopment.** Consistent with previous years, the City continues to see both public and private projects City-wide that are in various stages of redevelopment. The City continues to see interest in future projects in Smyrna and anticipates these projects will have a positive economic impact on Smyrna and its surrounding areas. These new projects and the completion of other long-term development, once completed, will provide major commercial and residential development to downtown Smyrna and surrounding areas. The City continues to look to smart growth and development that will be beneficial to the City as a whole. The City had continued benefit from projects on the borders of Smyrna having a positive impact on the City. Changing

economic conditions, increased costs to redevelop, and a slowing of development continue to be a concern of the City and will be a key factor to monitor over the next year.

- Continued transportation improvements to roads, sidewalks and traffic issues using the Cobb County 1% Special Local Option Sales Tax (SPLOST) approved by voters in 2016 and again in 2022. The construction of a significant roadway project continued this fiscal year, and the City anticipates the construction to continue through the next fiscal year. This project should greatly improve one of Cobb County and Smyrna's key corridors upon completion. In addition to this major project, the City has continued to fund, and will continue to fund, other road resurfacing and sidewalk project throughout the City to enhance the mobility of our citizens. City Council and Management have committed to increased funding for these projects in the next several years.
- There has been an increased focus on greenspace and redevelopment of the downtown. The City began the redevelopment of the downtown area during 2022 and continued this project through the current year. These projects are expected to be complete in the next year and the City anticipates this to be a catalyst for growth in the surrounding area. This focus on greenspace has been the focus of many capital improvement projects throughout the City this year and is evident in the long term capital planning.

### **Request for Information**

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

**CITY OF SMYRNA, GEORGIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Cash	\$ 43,949,372	\$ 21,376,223	\$ 65,325,595
Receivables, net:			
Trade	977,542	2,640,653	3,618,195
Taxes	398,031	-	398,031
Other	128,288	-	128,288
Due from other governments	4,774,026	-	4,774,026
Inventories	341,251	-	341,251
Prepaid items	1,479,787	14,003	1,493,790
Restricted assets	59,914,117	616,131	60,530,248
Fair value of interest rate swap agreement	109,487	-	109,487
Capital assets, nondepreciated	85,782,752	641,330	86,424,082
Capital assets, depreciated, net	132,810,180	44,268,969	177,079,149
<b>Total assets</b>	<b>330,664,833</b>	<b>69,557,309</b>	<b>400,222,142</b>
<b>Deferred outflows of resources:</b>			
Related to pensions	11,020,925	629,102	11,650,027
Related to OPEB	4,751,501	250,079	5,001,580
<b>Total deferred outflows of resources</b>	<b>15,772,426</b>	<b>879,181</b>	<b>16,651,607</b>
<b>Liabilities:</b>			
Accounts payable and other current liabilities	4,893,027	1,408,354	6,301,381
Unearned revenue	6,506,052	-	6,506,052
Deposits payable	594,748	616,131	1,210,879
Accrued interest payable	894,306	-	894,306
Noncurrent liabilities:			
Due within one year:			
Long-term obligations	8,885,197	-	8,885,197
Due in more than one year:			
Net pension liability	21,265,806	1,213,905	22,479,711
Net OPEB liability	11,871,435	624,812	12,496,247
Long-term obligations	47,840,945	-	47,840,945
<b>Total liabilities</b>	<b>102,751,516</b>	<b>3,863,202</b>	<b>106,614,718</b>
<b>Deferred inflows of resources:</b>			
Related to pensions	747,306	42,658	789,964
Related to OPEB	1,725,595	90,821	1,816,416
Accumulated fair value of hedge transaction	109,487	-	109,487
<b>Total deferred inflows of resources</b>	<b>2,582,388</b>	<b>133,479</b>	<b>2,715,867</b>
<b>Net position:</b>			
Net investment in capital assets	188,128,140	44,910,299	233,038,439
Restricted for:			
Healthcare	79,583	-	79,583
Retirement plans	37,470	-	37,470
Culture and recreation	2,601,849	-	2,601,849
Debt service	169,380	-	169,380
Housing and development	1,866,547	-	1,866,547
Completion of projects	34,193,616	-	34,193,616
Public safety	638,675	-	638,675
Unrestricted	13,388,095	21,529,510	34,917,605
<b>Total net position</b>	<b>\$ 241,103,355</b>	<b>\$ 66,439,809</b>	<b>\$ 307,543,164</b>

See Accompanying Notes to Financial Statements.

**CITY OF SMYRNA, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Primary Government</b>							
Governmental activities:							
General government	\$ 9,641,599	\$ 3,008,103	\$ 4,250	\$ 1,317,960	\$ (5,311,286)	\$ -	\$ (5,311,286)
Judicial	862,502	1,761,080	-	-	898,578	-	898,578
Public safety:							
Police	13,536,511	149,963	239,214	904,280	(12,243,054)	-	(12,243,054)
Fire	9,154,343	87,448	-	-	(9,066,895)	-	(9,066,895)
Emergency 911	1,915,852	1,529,092	-	45,000	(341,760)	-	(341,760)
Other	112,806	-	-	-	(112,806)	-	(112,806)
Public works	14,609,307	5,155,042	-	16,891,082	7,436,817	-	7,436,817
Culture and recreation	8,944,845	1,902,608	1,000,932	4,653,301	(1,388,004)	-	(1,388,004)
Housing and development	1,771,530	1,938,293	-	-	166,763	-	166,763
Interest & fiscal charges on long-term debt	1,941,888	-	-	-	(1,941,888)	-	(1,941,888)
Total governmental activities	62,491,183	15,531,629	1,244,396	23,811,623	(21,903,535)	-	(21,903,535)
Business-type activities:							
Water and Sewer	16,533,383	22,737,479	-	-	-	6,204,096	6,204,096
Total business-type activities	16,533,383	22,737,479	-	-	-	6,204,096	6,204,096
Total Primary Government	\$ 79,024,566	\$ 38,269,108	\$ 1,244,396	\$ 23,811,623	(21,903,535)	6,204,096	(15,699,439)
General revenues:							
Property taxes					33,669,825	-	33,669,825
Hotel, motel tax					1,767,801	-	1,767,801
Insurance premium tax					4,562,981	-	4,562,981
Franchise taxes					4,038,262	-	4,038,262
Alcohol taxes					1,072,359	-	1,072,359
Miscellaneous taxes					177,924	-	177,924
Insurance reimbursement					769,589	-	769,589
Operating grants not restricted to a specific program					2,543,176	-	2,543,176
Unrestricted investment earnings					87,581	96,009	183,590
Transfers					2,006,321	(2,006,321)	-
Total general revenues and transfers					50,695,819	(1,910,312)	48,785,507
Change in net position					28,792,284	4,293,784	33,086,068
Net position - beginning, before restatement					220,678,097	62,177,937	282,856,034
Restatement					(8,367,026)	(31,912)	(8,398,938)
Net position - beginning, after restatement					212,311,071	62,146,025	274,457,096
Net position - ending					\$ 241,103,355	\$ 66,439,809	\$ 307,543,164

**CITY OF SMYRNA, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	General Fund	ARPA Grant Fund	1% Road Improvement Tax Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash	\$ 37,209,323	\$ -	\$ -	\$ 6,740,049	\$ 43,949,372
Receivables, net:					
Trade	977,542	-	-	-	977,542
Taxes	304,992	-	-	93,039	398,031
Other	-	-	-	128,288	128,288
Due from other funds	58,523	-	-	-	58,523
Due from other governments	-	-	4,713,685	60,341	4,774,026
Inventories	341,251	-	-	-	341,251
Prepaid items	287,615	1,179,656	-	12,516	1,479,787
Restricted cash	2,547,107	5,363,186	46,733,525	3,388,538	58,032,356
Restricted investments	-	-	-	1,881,761	1,881,761
<b>Total assets</b>	<b>\$ 41,726,353</b>	<b>\$ 6,542,842</b>	<b>\$ 51,447,210</b>	<b>\$ 12,304,532</b>	<b>\$ 112,020,937</b>
<b>Liabilities, deferred inflows of resources and fund balances:</b>					
<b>Liabilities</b>					
Accounts payable	\$ 1,647,173	\$ 54,820	\$ 1,344,856	\$ 205,903	\$ 3,252,752
Accrued liabilities	394,796	-	-	19,760	414,556
Retainage payable	-	-	1,223,262	2,457	1,225,719
Unearned revenue	34,558	6,465,181	-	6,313	6,506,052
Due to other funds	-	-	-	58,523	58,523
Customer deposits	594,748	-	-	-	594,748
<b>Total liabilities</b>	<b>2,671,275</b>	<b>6,520,001</b>	<b>2,568,118</b>	<b>292,956</b>	<b>12,052,350</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	282,842	-	-	-	282,842
<b>Total deferred inflows of resources</b>	<b>282,842</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>282,842</b>
<b>Fund Balances:</b>					
Nonspendable:					
Prepays	287,615	1,179,656	-	12,516	1,479,787
Inventories	341,251	-	-	-	341,251
Restricted for:					
Healthcare	79,583	-	-	-	79,583
Retirement plans	37,470	-	-	-	37,470
Capital projects	-	-	48,879,092	1,881,761	50,760,853
Public safety	51,175	-	-	581,173	632,348
Culture and recreation	1,323,805	-	-	1,271,855	2,595,660
Housing and development	460,326	-	-	1,406,221	1,866,547
Debt service	-	-	-	169,380	169,380
Committed for:					
Healthcare	500,000	-	-	-	500,000
Retirement plans	307,379	-	-	-	307,379
Capital projects	900,000	-	-	6,704,571	7,604,571
Debt service	919,227	-	-	-	919,227
Assigned for:					
General government	19,410	-	-	-	19,410
Public safety	21,841	-	-	-	21,841
Culture and recreation	341,867	-	-	-	341,867
Unassigned	33,181,287	(1,156,815)	-	(15,901)	32,008,571
<b>Total fund balances</b>	<b>38,772,236</b>	<b>22,841</b>	<b>48,879,092</b>	<b>12,011,576</b>	<b>99,685,745</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 41,726,353</b>	<b>\$ 6,542,842</b>	<b>\$ 51,447,210</b>	<b>\$ 12,304,532</b>	<b>\$ 112,020,937</b>

See Accompanying Notes to Financial Statements.



**CITY OF SMYRNA, GEORGIA**  
**RECONCILIATION OF THE BALANCE SHEET OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

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

Total fund balances - governmental funds	\$ 99,685,745
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	218,592,932
The cumulative inflow from effective hedge transactions are deferred and reported as deferred inflows in the statement of net position	(109,487)
Other long-term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported or reported as unavailable in the funds:	
Property taxes	282,842
Deferred outflows related to OPEB	4,751,501
Deferred outflows related to pension	11,020,925
Fair value of interest rate swap agreement	109,487
Long-term liabilities and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds:	
Unmatured bonds payable	(46,165,000)
Unamortized debt premium	(4,294,636)
Accrued interest payable	(894,306)
Financed purchase	(986,968)
Lease liability	(441,140)
Subscription liability	(1,328,285)
Certificates of participation	(1,756,000)
Accrued compensated absences	(1,754,113)
Deferred inflows of resources related to pension	(747,306)
Deferred inflows of resources related to OPEB	(1,725,595)
Net OPEB liability	(11,871,435)
Net pension liability	<u>(21,265,806)</u>
Net position of governmental activities	<u>\$ 241,103,355</u>

**CITY OF SMYRNA, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General Fund	ARPA Grant Fund	1% Road Improvement Tax Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 42,119,895	\$ -	\$ -	\$ 3,078,872	\$ 45,198,767
Charges for services	7,638,966	-	-	1,529,092	9,168,058
Licenses and permits	4,161,537	-	-	-	4,161,537
Fines and forfeitures	1,140,364	-	-	-	1,140,364
Intergovernmental	1,647,949	1,295,526	22,038,810	1,332,762	26,315,047
Investment earnings	3,885	22,434	141,532	83,696	251,547
Miscellaneous revenue	2,008,203	-	-	58,649	2,066,852
<b>Total revenues</b>	<b>58,720,799</b>	<b>1,317,960</b>	<b>22,180,342</b>	<b>6,083,071</b>	<b>88,302,172</b>
<b>Expenditures:</b>					
Current:					
General government	17,227,388	194,513	-	-	17,421,901
Judicial	670,500	-	-	-	670,500
Public safety					
Police	9,142,762	5,689	-	85,865	9,234,316
Fire	7,102,664	-	-	-	7,102,664
Emergency 911	-	-	-	1,894,045	1,894,045
Other	112,806	-	-	-	112,806
Public works	7,853,224	287,530	-	-	8,140,754
Culture and recreation	5,366,718	807,794	-	1,829,240	8,003,752
Housing and development	1,352,701	-	-	-	1,352,701
Capital outlay	-	-	15,918,235	3,232,852	19,151,087
Debt service					
Principal, interest, and fees	267,043	-	4,403,357	6,020,862	10,691,262
<b>Total expenditures</b>	<b>49,095,806</b>	<b>1,295,526</b>	<b>20,321,592</b>	<b>13,062,864</b>	<b>83,775,788</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>9,624,993</b>	<b>22,434</b>	<b>1,858,750</b>	<b>(6,979,793)</b>	<b>4,526,384</b>
<b>Other financing sources (uses):</b>					
Transfers in	2,501,527	-	3,266,123	8,631,152	14,398,802
Insurance reimbursements	769,589	-	-	-	769,589
Sale of capital assets	19,866	-	-	17,092	36,958
Issuance of debt	2,009,326	-	-	-	2,009,326
Transfers out	(11,524,134)	-	-	(868,347)	(12,392,481)
<b>Total other financing sources (uses)</b>	<b>(6,223,826)</b>	<b>-</b>	<b>3,266,123</b>	<b>7,779,897</b>	<b>4,822,194</b>
<b>Net change in fund balance</b>	<b>3,401,167</b>	<b>22,434</b>	<b>5,124,873</b>	<b>800,104</b>	<b>9,348,578</b>
<b>Fund balance, beginning of year before restatement</b>	<b>35,371,069</b>	<b>7,761,114</b>	<b>43,754,219</b>	<b>11,211,472</b>	<b>98,097,874</b>
<b>Restatement</b>	<b>-</b>	<b>(7,760,707)</b>	<b>-</b>	<b>-</b>	<b>(7,760,707)</b>
<b>Fund balance at beginning of year after restatement</b>	<b>35,371,069</b>	<b>407</b>	<b>43,754,219</b>	<b>11,211,472</b>	<b>90,337,167</b>
<b>Fund balance at end of year</b>	<b>\$ 38,772,236</b>	<b>\$ 22,841</b>	<b>\$ 48,879,092</b>	<b>\$ 12,011,576</b>	<b>\$ 99,685,745</b>

See Accompanying Notes to Financial Statements.

**CITY OF SMYRNA, GEORGIA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Net change in fund balances - total governmental funds \$ 9,348,578

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. When assets are sold or retired, the difference between the sales proceeds, if any, and the net book value of the assets is reported in the Statement of Activities as a gain or loss.

Disposal of capital assets	(48,033)	
Depreciation expense	(6,903,829)	
Capital outlays	<u>20,996,804</u>	14,044,942

Donations of capital assets is not reported in the fund financial statements 115,000

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

Property taxes 90,385

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

Issuance of debt (2,009,326)

Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position. 7,550,000

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

Net pension liability	(11,949,720)	
Net OPEB liability	(2,930,487)	
Deferred outflows of resources related to pensions	4,767,937	
Deferred inflows of resources related to pensions	6,141,820	
Deferred outflows related to OPEB	2,117,563	
Deferred inflows of resources related to OPEB	782,168	
Subscription liability	719,860	
Accrued compensated absences	(475,950)	
Accrued interest expense	146,051	
Amortization of deferred loss, debt premium, and debt discount	<u>333,463</u>	<u>(347,295)</u>

Change in net position of governmental activities \$ 28,792,284

**CITY OF SMYRNA, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2023**

	<u>Water and Sewer Enterprise Fund</u>
<b>Assets:</b>	
Current assets:	
Cash	\$ 21,376,223
Trade receivables, net	2,640,653
Prepaid expenses	14,003
Total current assets	<u>24,030,879</u>
Noncurrent assets	
Restricted assets:	
Cash	616,131
Property, plant and equipment, net	44,910,299
Total noncurrent assets	<u>45,526,430</u>
<b>Total assets</b>	<u>69,557,309</u>
<b>Deferred outflows of resources:</b>	
Related to pensions	629,102
Related to OPEB	250,079
<b>Total deferred outflows of resources</b>	<u>879,181</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	1,333,058
Accrued liabilities	75,296
Customer deposits	616,131
Total current liabilities	<u>2,024,485</u>
Long-term liabilities (net of current portion):	
Net pension liability	1,213,905
Net OPEB liability	624,812
Total noncurrent liabilities	<u>1,838,717</u>
<b>Total liabilities</b>	<u>3,863,202</u>
<b>Deferred inflows of resources:</b>	
Related to pensions	42,658
Related to OPEB	90,821
<b>Total deferred inflows of resources</b>	<u>133,479</u>
<b>Net position:</b>	
Net investment in capital assets	44,910,299
Unrestricted	21,529,510
<b>Total net position</b>	<u>\$ 66,439,809</u>

See Accompanying Notes to Financial Statements.

**CITY OF SMYRNA, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Water and Sewer Enterprise Fund
<b>Operating revenues:</b>	
Charges for services	\$ 22,728,129
Other revenues	9,350
	<b>22,737,479</b>
<b>Operating expenses:</b>	
Personal services and employee benefits	1,832,616
Other operating expenses	12,968,558
Depreciation	1,732,209
	<b>16,533,383</b>
<b>Operating income</b>	<b>6,204,096</b>
<b>Nonoperating revenues (expenses):</b>	
Interest income	96,009
	<b>96,009</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>6,300,105</b>
<b>Transfers:</b>	
Transfers out	(2,006,321)
	<b>(2,006,321)</b>
<b>Change in net position</b>	<b>4,293,784</b>
<b>Net positon, beginning of year before restatement</b>	62,177,937
<b>Restatement</b>	(31,912)
<b>Net positon, beginning of year after restatement</b>	<b>62,146,025</b>
<b>Net position, end of year</b>	<b>\$ 66,439,809</b>

See Accompanying Notes to Financial Statements.

**CITY OF SMYRNA, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Water and Sewer Enterprise Fund
<b>Cash flows from (to) operating activities:</b>	
Cash received from customers	\$ 23,205,885
Cash payments to suppliers for goods and services	(13,006,597)
Cash payments for employee services and fringe benefits	(1,748,209)
<b>Net cash from (to) operating activities</b>	<b>8,451,079</b>
<b>Cash flows from (to) noncapital financing activities:</b>	
Transfers out	(2,006,321)
<b>Net cash from (to) noncapital financing activities</b>	<b>(2,006,321)</b>
<b>Cash flows from (to) capital and related financing activities:</b>	
Acquisition and construction of capital assets	(4,383,807)
<b>Net cash from (to) capital and related financing activities</b>	<b>(4,383,807)</b>
<b>Cash flows from (to) investing activities:</b>	
Interest earned on assets	96,009
<b>Net cash from (to) investing activities</b>	<b>96,009</b>
<b>Net increase (decrease) in cash</b>	<b>2,156,960</b>
<b>Cash at beginning of year (including \$587,475 in restricted accounts)</b>	<b>19,835,394</b>
<b>Cash at end of year (including \$616,131 in restricted accounts)</b>	<b>\$ 21,992,354</b>
<b>Reconciliation of operating income to net cash from operating activities:</b>	
Operating income	\$ 6,204,096
Adjustments to reconcile operating income to net cash from (to) operating activities:	
Depreciation	1,732,209
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	439,750
(Increase) decrease in prepaid expenses	(3,259)
(Increase) decrease in deferred outflows of resources	(383,617)
Increase (decrease) in accounts payable	(34,780)
Increase (decrease) in customer deposits	28,656
Increase (decrease) in net OPEB liability	154,236
Increase (decrease) in net pension liability	682,120
Increase (decrease) in accrued liabilities	23,425
Increase (decrease) in deferred inflows of resources	(391,757)
<b>Net cash from (to) operating activities</b>	<b>\$ 8,451,079</b>

See Accompanying Notes to Financial Statements.

**CITY OF SMYRNA, GEORGIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**JUNE 30, 2023**

	<u>OPEB Trust Fund</u>
<b>Assets:</b>	
Current assets:	
Investments - money market mutual funds	\$ 4,492,280
<b>Total assets</b>	<u>4,492,280</u>
<b>Net position:</b>	
Restricted for OPEB	<u>4,492,280</u>
<b>Net position</b>	<u><u>\$ 4,492,280</u></u>

**CITY OF SMYRNA, GEORGIA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>OPEB Trust Fund</u>
<b>Additions:</b>	
Contributions:	
Employer	\$ 928,101
Total contributions	<u>928,101</u>
Investment earnings:	
Net appreciation (depreciation) in fair value of assets	382,925
Less investment expense	<u>(4,233)</u>
Net investment earnings	378,692
<b>Total additions</b>	<u>1,306,793</u>
<b>Deductions:</b>	
Benefits and claims	<u>928,102</u>
<b>Total deductions</b>	<u>928,102</u>
<b>Change in net position</b>	378,691
<b>Net position held in trust, beginning of year</b>	<u>4,113,589</u>
<b>Net position held in trust, end of year</b>	<u><u>\$ 4,492,280</u></u>



**CITY OF SMYRNA, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

**A. Reporting Entity**

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

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

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

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

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

**B. Government-Wide and Fund Financial Statements**

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

**CITY OF SMYRNA, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

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

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

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

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

The government reports the following major governmental funds:

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

American Rescue Plan Act (ARPA) Grant Fund – The ARPA Grant Fund is used to account for the ARPA grant proceeds.

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

**CITY OF SMYRNA, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The government reports the following major proprietary fund:

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

Additionally, the government reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Fund – The Tax Allocation District Fund is used to account for the resources restricted for the principal and interest payments on the tax allocation district long-term obligations.

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

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

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

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

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

**D. Budgets and Budgetary Accounting**

Detailed information pertaining to the budget is included in the Required Supplementary Information section.

**E. Cash and Investments**

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

Investments are stated at fair value. Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated “AA” or better by Moody’s

**CITY OF SMYRNA, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Investors Service, Inc., negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association, repurchase agreements when collateralized by U.S. Government or agency obligations, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds. See Note 2 for additional information regarding Cash and Investments.

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

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

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

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

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

**G. Inventories**

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

**H. Prepaid Items**

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

**I. Capital Assets**

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

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

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

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

**CITY OF SMYRNA, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

**J. Compensated Absences**

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

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

**K. Long-Term Obligations**

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

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

**L. Deferred Outflows/Inflows of Resources**

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

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

**CITY OF SMYRNA, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

and in the proprietary funds statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**M. Nature and Purpose of Classifications of Fund Equity**

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

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

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

**N. Use of Estimates**

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

**(2) DEPOSITS AND INVESTMENTS**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City reduces its exposure to this risk by requiring deposits to be collateralized in accordance with State law. As of June 30, 2023, the City was not exposed to custodial credit risk.

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Per the City's investment policy, the City manages its exposure to custodial risk by requiring full collateralization on two certain types of investments: certificates of deposits and repurchase

**CITY OF SMYRNA, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

agreements. As of June 30, 2023, none of the government's investments were exposed to custodial credit risk.

Investments of the City are comprised of money market mutual funds in the City's OPEB Trust fund and guaranteed investment contracts in the City's non-major governmental funds. As of June 30, 2023, money market mutual funds had a fair value of \$4,492,280 and were not rated. The money market funds had investment maturities of less than one year. The guaranteed investment contract had a fair value of \$1,881,761 as of June 30, 2023. The contract was rated "A1" by Moody's Investor Services, Inc. and has a maturity date of June 1, 2028.

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

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

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

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

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

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

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

**(3) RECEIVABLES**

Receivables at June 30, 2023 consist of the following:

	Trade	Taxes	Other	Allowance for Uncollectibles	Net Receivables
General Fund	\$ 1,025,803	\$ 762,383	\$ -	\$ (505,652)	\$ 1,282,534
Non-major Governmental Funds	-	92,902	128,425	-	221,327
Water and Sewer Fund	2,794,517	-	-	(153,864)	2,640,653
<b>Total</b>	<b>\$ 3,820,320</b>	<b>\$ 855,285</b>	<b>\$ 128,425</b>	<b>\$ (659,516)</b>	<b>\$ 4,144,514</b>

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**(4) DUE FROM OTHER GOVERNMENTS**

	Cobb		Total
	County, GA	Other	
1% Road Improvement Tax Fund	\$ 4,713,685	\$ -	\$ 4,713,685
Non-major Funds:			
Multiple Grant Fund	-	33,084	33,084
HUD CDBG Fund	27,257	-	27,257
	<u>\$ 4,740,942</u>	<u>\$ 33,084</u>	<u>\$ 4,774,026</u>

**(5) INTERFUND RECEIVABLES**

Interfund receivable and payable balances for the fiscal year ended June 30, 2023 are summarized as follows:

Receivable To	Payable From	
	Non-major Governmental Funds	Total
General Fund	\$ 58,523	\$ 58,523
Total	<u>\$ 58,523</u>	<u>\$ 58,523</u>

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds. These balances are expected to be repaid within one year.

**(6) INTERFUND TRANSFERS**

Interfund transfers for the current year were as follows:

Transfer In To	Transfer Out From			Total
	General Fund	Non-major Governmental Funds	Water and Sewer Fund	
General Fund	\$ -	\$ 625,206	\$ 1,876,321	\$ 2,501,527
1% Road Improvement Tax Fund	3,266,123	-	-	3,266,123
Non-major Governmental Funds	8,258,011	243,141	130,000	8,631,152
Total	<u>\$ 11,524,134</u>	<u>\$ 868,347</u>	<u>\$ 2,006,321</u>	<u>\$ 14,398,802</u>

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



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**(7) RESTRICTED ASSETS**

The City's restricted assets at June 30, 2023, consist of the following:

**Governmental Funds:**

General fund:

Customer deposits	\$ 594,748
Healthcare	117,053
Public safety	51,175
Culture and recreation	1,323,805
Housing and development	460,326
	<u>2,547,107</u>

1% Road Improvement Tax:

Completion of projects	<u>46,733,525</u>
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ARPA Grant fund:

Unspent grant money	<u>5,363,186</u>
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Non-major governmental funds:

Law enforcement	278,732
Tourism	1,190,859
Unspent grant money	118,481
E911 operations	218,521
Tax allocation district	169,380
Completion of projects	1,888,098
Housing and development	1,406,221
Culture and recreation	7
	<u>5,270,299</u>

**Total governmental funds** \$ 59,914,117

**Proprietary Funds**

Water and Sewer Enterprise Fund:

Customer deposits	<u>\$ 616,131</u>
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**Total proprietary funds** \$ 616,131

**CITY OF SMYRNA, GEORGIA**  
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**(8) CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023 was as follows:

<b>Governmental activities</b>	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 48,728,283	\$ -	\$ -	\$ 48,728,283
Construction in progress	23,826,977	13,801,345	(573,853)	37,054,469
Total capital assets not being depreciated	<u>72,555,260</u>	<u>13,801,345</u>	<u>(573,853)</u>	<u>85,782,752</u>
Capital assets, being depreciated:				
Infrastructure	179,499,611	2,593,195	-	182,092,806
Buildings and improvements	77,956,097	663,872	(75,000)	78,544,969
Motorized and heavy equipment	2,349,683	263,917	(96,746)	2,516,854
Office furniture and equipment	857,705	114,516	-	972,221
Computer equipment	3,969,289	119,372	-	4,088,661
Motor vehicles	14,024,546	1,436,612	(547,899)	14,913,259
Nonmotorized equipment	5,411,258	683,502	(102,937)	5,991,823
Total capital assets being depreciated	<u>284,068,189</u>	<u>5,874,986</u>	<u>(822,582)</u>	<u>289,120,593</u>
Less accumulated depreciation for:				
Infrastructure	(113,114,378)	(3,484,274)	-	(116,598,652)
Buildings and improvements	(18,545,781)	(1,030,016)	29,062	(19,546,735)
Motorized and heavy equipment	(1,443,691)	(303,963)	81,964	(1,665,690)
Office furniture and equipment	(798,114)	(19,819)	-	(817,933)
Computer equipment	(3,265,003)	(279,051)	-	(3,544,054)
Motor vehicles	(11,481,831)	(705,189)	71,608	(12,115,412)
Nonmotorized equipment	(3,541,661)	(841,616)	591,915	(3,791,362)
Total accumulated depreciation	<u>(152,190,459)</u>	<u>(6,663,928)</u>	<u>774,549</u>	<u>(158,079,838)</u>
Total capital assets being depreciated, net	<u>131,877,730</u>	<u>(788,942)</u>	<u>(48,033)</u>	<u>131,040,755</u>
Lease assets				
Buildings and improvements	-	396,287	-	396,287
Motorized and heavy equipment	-	34,930	-	34,930
Nonmotorized equipment	-	52,245	-	52,245
Total lease assets being amortized	<u>-</u>	<u>483,462</u>	<u>-</u>	<u>483,462</u>
Less accumulated amortization for:				
Buildings and improvements	-	(25,220)	-	(25,220)
Motorized and heavy equipment	-	(4,187)	-	(4,187)
Nonmotorized equipment	-	(12,915)	-	(12,915)
Total accumulated amortization	<u>-</u>	<u>(42,322)</u>	<u>-</u>	<u>(42,322)</u>
Total lease assets being amortized, net	<u>-</u>	<u>441,140</u>	<u>-</u>	<u>441,140</u>
Subscription-based information technology arrangement assets	<u>-</u>	<u>1,525,864</u>	<u>-</u>	<u>1,525,864</u>
Less accumulated amortization for:				
Subscription-based information technology arrangements	<u>-</u>	<u>(197,579)</u>	<u>-</u>	<u>(197,579)</u>
Total subscription-based information technology arrangement assets being amortized, net	<u>-</u>	<u>1,328,285</u>	<u>-</u>	<u>1,328,285</u>
Governmental activities capital assets, net	<u>\$ 204,432,990</u>	<u>\$ 14,781,828</u>	<u>\$ (621,886)</u>	<u>\$ 218,592,932</u>

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	Beginning			Ending
<b>Business-type activities</b>	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 194,226	\$ 550,100	\$ (102,996)	\$ 641,330
Total capital assets not being depreciated	<u>194,226</u>	<u>550,100</u>	<u>(102,996)</u>	<u>641,330</u>
Capital assets, being depreciated:				
Infrastructure and improvements	62,416,658	3,860,983	-	66,277,641
Buildings and improvements	118,550	-	-	118,550
Machinery and equipment	9,317,542	-	-	9,317,542
Motor vehicles	889,287	75,720	-	965,007
Total capital assets being depreciated	<u>72,742,037</u>	<u>3,936,703</u>	<u>-</u>	<u>76,678,740</u>
Less accumulated depreciation for:				
Infrastructure and improvements	(22,323,667)	(1,459,208)	-	(23,782,875)
Buildings and improvements	(5,374)	(1,576)	-	(6,950)
Machinery and equipment	(7,772,387)	(73,603)	-	(7,845,990)
Motor vehicles	(576,134)	(197,822)	-	(773,956)
Total accumulated depreciation	<u>(30,677,562)</u>	<u>(1,732,209)</u>	<u>-</u>	<u>(32,409,771)</u>
Total capital assets being depreciated, net	<u>42,064,475</u>	<u>2,204,494</u>	<u>-</u>	<u>44,268,969</u>
Business-type activities capital assets, net	<u>\$ 42,258,701</u>	<u>\$ 2,754,594</u>	<u>\$ (102,996)</u>	<u>\$ 44,910,299</u>

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

Governmental activities:	
General government	\$ 566,133
Public safety	1,228,930
Public works, including depreciation of general infrastructure	4,243,803
Culture and recreation	<u>864,963</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 6,903,829</u>
Business-type activities:	
Water and sewer	<u>\$ 1,732,209</u>

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**(9) LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended June 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Debt:					
Revenue bonds	\$ 44,145,000	\$ -	\$ (5,920,000)	\$ 38,225,000	\$ 6,170,000
Premium	4,628,099	-	(333,463)	4,294,636	-
Financed purchase	1,466,927		(479,959)	986,968	490,078
Leases	-	483,462	(42,322)	441,140	46,583
Subscriptions	-	1,525,864	(197,579)	1,328,285	539,247
Tax Allocation District bonds	9,570,000	-	(1,630,000)	7,940,000	100,000
Certificates of participation	1,756,000	-	-	1,756,000	-
Total Debt	61,566,026	2,009,326	(8,603,323)	54,972,029	7,345,908
Compensated absences	1,278,163	1,434,572	(958,622)	1,754,113	1,539,289
Total Governmental activities	<u>\$ 62,844,189</u>	<u>\$ 3,443,898</u>	<u>\$ (9,561,945)</u>	<u>\$ 56,726,142</u>	<u>\$ 8,885,197</u>

For Governmental Activities compensated absences, pension, and OPEB liabilities are typically liquidated in the General Fund.

**Governmental Activities:**

Revenue bonds have been issued for governmental activities and are comprised of the following individual issues at June 30, 2023:

\$22,000,000 Series 2005 Downtown Smyrna Development Authority bonds, serviced through lease payments from the City, due in annual installments commencing on August 1, 2005 of \$220,000 to \$3,070,000 through February 1, 2028; interest at 3.00% to 5.25% (\$13,905,000 outstanding). The bonds were issued for acquiring, construction, and renovation of parks and recreation facilities.

\$3,855,000 Series 2016B Downtown Smyrna Development Authority Economic Refunding Revenue bonds, serviced through lease payments from the City, due in annual installments commencing on August 1, 2005 of \$10,000 to \$770,000 through February 1, 2027; interest at 1.86% (\$2,390,000 outstanding). The bonds were issued to refund the Series 2014B Downtown Smyrna Development Authority bonds. The advance refunding reduced total debt service payments over the remaining years by \$344,210. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$357,056.

\$24,735,000 Series 2021 Downtown Smyrna Development Authority Revenue bonds, serviced through lease payments from the City, due in annual installments commencing on February 1, 2022 of \$400,000 to \$3,510,000 through February 1, 2040; interest at 3.00% to 5.00% (\$21,930,000 outstanding). The bonds were issued to finance the cost of acquiring, constructing, and installing various capital projects.

The City and the Smyrna Downtown Development Authority have entered into intergovernmental contracts which obligate the City to make lease payments directly to the Authority for the purpose of paying the

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principal and interest on the outstanding balance of the Series 2005, 2016B, and 2021 Revenue Bonds issued by the Authority. The contracts will not expire until full payment of the bonds. The contracts enable the City to lease from the Authority the facilities constructed by the Authority. The leases are a direct financing lease in accordance with generally accepted accounting principles. The Authority has no obligation for the debt beyond the resources provided by the City under the contract; therefore the obligation for the bonds is not reported on the financial statements of the Smyrna Downtown Development Authority.

Year Ending June 30,	Principal	Interest	Total
2024	\$ 6,170,000	\$ 1,754,517	\$ 7,924,517
2025	6,440,000	1,492,454	7,932,454
2026	6,710,000	1,188,045	7,898,045
2027	6,385,000	869,157	7,254,157
2028	6,580,000	546,375	7,126,375
2029-2033	2,160,000	882,300	3,042,300
2034-2038	2,615,000	430,600	3,045,600
2039-2040	1,165,000	52,650	1,217,650
Total	<u>\$ 38,225,000</u>	<u>\$ 7,216,098</u>	<u>\$ 45,441,098</u>

Financed Purchase (Direct Borrowing/Placements)

The City is obligated under a financed purchase agreement covering equipment. The total of the City's financed assets are recorded at a cost of \$1,466,927, less accumulated amortization of \$479,959. Future debt service payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 490,078	\$ 13,719	\$ 503,797
2025	496,890	6,907	503,797
Total	<u>\$ 986,968</u>	<u>\$ 20,626</u>	<u>\$ 1,007,594</u>

Leases

The City, as a lessee, has entered into lease agreements involving buildings and equipment. The total of the City's lease assets are recorded at a cost of \$483,462, less accumulated amortization of \$42,322. Future lease payments under the lease agreements are as follows:

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Year Ending June 30,	Principal	Interest	Total
2024	\$ 46,583	\$ 9,537	\$ 56,120
2025	52,767	22,447	75,214
2026	53,074	17,092	70,166
2027	49,110	13,537	62,647
2028	41,040	10,880	51,920
2029-2032	198,566	20,054	218,620
<b>Total</b>	<b>\$ 441,140</b>	<b>\$ 93,547</b>	<b>\$ 534,687</b>

Subscriptions

The City has entered into subscription based information technology arrangements (SBITA) involving desktop and server software subscriptions, finance and human resource services software, and communication services software. The total of the City's subscription assets are recorded at a cost of \$1,525,864, less accumulated amortization of \$197,579. Future subscription payments under SBITAs are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 539,247	\$ 84,156	\$ 623,403
2025	323,651	49,269	372,920
2026	350,518	21,198	371,716
2027	57,707	5,594	63,301
2028	57,162	2,858	60,020
<b>Total</b>	<b>\$ 1,328,285</b>	<b>\$ 163,075</b>	<b>\$ 1,491,360</b>

Tax Allocation District Bonds (Direct Borrowing/Placements)

During 2020, the City refunded \$12,444,154 in notes payable to undertake certain redevelopment projects within a tax allocation district established by the City. The issuance is an obligation of the City, not secured by the full faith and credit of the City, but is secured solely by, and payable solely from, pledged revenues. The pledged revenues are defined as the tax allocation increments, the amount of property taxes generated within the district area which exceed the amount collected from the same area prior to development, from the City and Cobb County. The property tax increments are pledged until the bonds are paid in full in fiscal year 2040. The tax allocation increments are projected to produce 100% of the debt service requirements over the life of the bonds. For the current year, total principal and interest paid and total tax allocation increments were \$1,979,305 and \$1,977,446, respectively. The refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,122,027.

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Year Ending June 30,	Principal	Interest	Total
2024	\$ 100,000	\$ 345,655	\$ 445,655
2025	100,000	342,005	442,005
2026	100,000	338,355	438,355
2027	100,000	334,705	434,705
2028	100,000	377,775	477,775
2029 - 2033	500,000	1,474,600	1,974,600
2034 - 2038	500,000	1,401,600	1,901,600
2039 - 2040	6,440,000	671,600	7,111,600
Total	<u>\$ 7,940,000</u>	<u>\$ 5,286,295</u>	<u>\$ 13,226,295</u>

Certificates of Participation (Direct Borrowing/Placements)

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ -	\$ 83,410	\$ 83,410
2025	-	83,410	83,410
2026	-	83,410	83,410
2027	-	83,410	83,410
2028	1,756,000	83,410	1,839,410
Total	<u>\$ 1,756,000</u>	<u>\$ 417,050</u>	<u>\$ 2,173,050</u>

As part of the issuance of the certificates of participation, the City entered into an interest rate swap agreement. Under the swap agreement, the City is required to (a) pay a semiannual floating rate of interest based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index to, or behalf of, the swap counterparty; and the swap counterparty will pay to, or on behalf of, the City a semi-annual payment based on a rate equal to the fixed rate on the certificates of participation (4.75%) times a notional amount specified in the swap agreement, but generally equal to the outstanding unpaid principal portion of such contract, less the amount originally deposited in the reserve fund relating to the contract, and (b) a one-time swap premium to be paid on the effective date of the swap agreement. The semiannual payments from the swap counterparty with respect to the City are structured, and expected to be sufficient to make all interest payments due under the contract, and related distributions of interest on the

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certificates. Monthly interest payments between the City, the holders of the certificates of participation, and the swap counterparty can be made in a net settlement form as part of this agreement. Under the swap agreement, the City's obligation to pay floating payments to the swap counterparty in any calendar year may not exceed an amount equal to the SIFMA Municipal Swap Index plus 5% to be determined on the first business day of December in the preceding year. This agreement also matures on June 1, 2028. This derivative qualifies as a fair market hedge.

In the unlikely event that the swap counterparty becomes insolvent, or fails to make payments as specified in the swap agreement, the City would be exposed to credit risk in the amount of the swap's fair value. To minimize this risk, the City executed this agreement with counterparties of appropriate credit strength. At June 30, 2023, the fair value of this agreement is \$109,487, a decrease of \$84,613 from the market value at the end of the previous fiscal year. The market value of the hedge was determined using settlement prices at the end of the day on June 30, 2023 based on the derivative contract. This market value is reported as an asset in the statement of net position. This derivative is an effective hedge and qualifies for hedge accounting. Therefore, the inflow from the hedge (any change in fair value from inception until fiscal year end) is deferred and reported as deferred inflows of resources in the statement of net position.

Legal Debt Margin

The City is subject to a debt limit that is 10% of its total assessed taxable property valuation. At June 30, 2023 that amount was \$377,892,086. As of June 30, 2023 the total outstanding debt applicable to the limit was \$0.

**(10) PROPERTY TAXES**

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

Property taxes are levied in September of each year on the assessed valuation of property as of the preceding January 1. Taxes were levied on September 15, 2022. The billings are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending 60 days after the tax bill mailing. At that later date, generally mid-November, the bill becomes delinquent, subject to lien, and penalties and interest may be assessed by the City.

Assessed values are established by the Cobb County Tax Assessor's office and are currently calculated at 40% of the market value. The net assessed values of real and personal property (excluding public utility franchise motor vehicles, heavy duty equipment and mobile home taxes) at January 1, 2023 were \$3,925,575,501

Based on the 2022 millage levy of 8.99, a property owner would pay \$8.99 per \$1,000 of assessed valuation. Current tax collections of \$30,370,584 for the fiscal year ended June 30, 2023 were 99.34% of the tax levy.

**(11) EMPLOYEE RETIREMENT SYSTEM**

General Information about the Pension Plan

The City has established a defined benefit pension plan ("Plan") and contributes to the Georgia Municipal Employees Benefit System ("GMEBS"), an agent multi-employer public employee retirement system that



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acts as a common investment and administrative agent for cities in the state of Georgia. The benefit provisions and all other requirements are established by GMEBS and the Adoption Agreement executed by the City.

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

At January 1, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	246
Inactive employees entitled to but not yet receiving benefits	80
Active employees	372
Elected officials	<u>11</u>
Total	<u><u>709</u></u>

All employees are covered under the early retirement benefit and are required by the City to contribute between 2.50% - 5.00% based on retirement class. Contributions are determined under the projected unit credit actuarial cost method. The GMEBS Board of Trustees has adopted an actuarial funding policy for determination of annual contributions. For the year ended June 30, 2023, the actuarially determined rate was 13.98% of annual pay. The January 1, 2020 valuation is used to determine the recommended contribution for the fiscal year 2023. During the plan year, total pension contributions were \$2,794,515 from the City.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023.

The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.00% - 8.50% including inflation
Investment rate of return	7.375%

Mortality rates were based on the sex distinct Pri-2012 head-count weighted Mortality Tables. The mortality and actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period of January 1, 2015 to June 30, 2019.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45.00%	6.40%
International equity	20.00%	6.80%
Global fixed income	5.00%	0.46%
Domestic fixed income	20.00%	0.40%
Real estate	10.00%	3.90%
Total	<u>100.00%</u>	

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

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at 9/30/2021	\$ 76,865,053	\$ 67,017,182	\$ 9,847,871
Changes for the year:			
Service cost	1,050,889	-	1,050,889
Interest	5,536,124	-	5,536,124
Differences between expected and actual experience	(987,455)	-	(987,455)
Contributions - employer	-	2,747,642	(2,747,642)
Contributions - employee	-	934,584	(934,584)
Net investment income	-	(10,586,645)	10,586,645
Benefit payments, including refunds of employee contributions	(5,699,708)	(5,699,708)	-
Administrative expense	-	(127,863)	127,863
Other	-	-	-
Net changes	<u>(100,150)</u>	<u>(12,731,990)</u>	<u>12,631,840</u>
Balances at 9/30/2022	<u>\$ 76,764,903</u>	<u>\$ 54,285,192</u>	<u>\$ 22,479,711</u>

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

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

	1% Decrease (6.375%)	Current Discount (7.375%)	1% Increase (8.375%)
Net pension liability	\$ 30,652,060	\$ 22,479,711	\$ 15,551,736

Pension Plan Fiduciary Net Position

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

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

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

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

For the year ended June 30, 2023, the City recognized pension expense of \$3,893,758. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,106,888	\$ (789,964)
Changes of assumptions	558,110	-
Net difference between projected and actual earnings on pension plan investments	6,888,893	
Employer contributions to the pension plan subsequent to the measurement date of the net pension liability	2,096,136	-
Total	<u>\$ 11,650,027</u>	<u>\$ (789,964)</u>

\$2,096,136 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2024	\$ 2,827,318
2025	1,498,289
2026	1,545,800
2027	2,892,520
2028	-
Thereafter	-

**(12) POST EMPLOYMENT HEALTH CARE PLAN**

Plan Description

The City of Smyrna OPEB Plan is a single-employer defined benefit healthcare plan administered by the City of Smyrna. The OPEB Plan is administered through an equivalent trust agreement. The Trust is an irrevocable trust established pursuant to Section 115 of the Internal Revenue Code for the purpose of pre-funding other postemployment health benefits. Contributions and earnings to the trust are irrevocable, dedicated to providing OPEB to plan members in accordance with benefit terms, and are legally protected from creditors of the City and from the City. The trust was established June 1, 2009, by the City Council to pre-fund medical and prescription drug benefits for retirees and their eligible dependents who are eligible for such benefits under existing City policy. The City Council has the authority to establish and amend the benefit terms. The City provides medical, prescription drug, dental, and life insurance benefits to retirees. Retirees' spouses are eligible for the same benefits as the retiree. Substantially all of the City's employees may become eligible for those benefits if they retire on or after the age of 65 with 10 years of service, or provided that the employee's age (minimum age of 55) plus completed years of service with the City at the time of the employee's retirement is equal to or greater than 80. As of January 1, 2023, there were 37 and 174 inactive plan members or beneficiaries receiving benefit payments for medical and life, respectively, 0 inactive plan members entitled to but not yet receiving benefits, and 383 active plan members.

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**NOTES TO FINANCIAL STATEMENTS**  
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Summary of Significant Accounting Policies

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

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

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

Funding Policy

The contribution requirements are established and may be amended by the City. The required contribution was determined by an actuarial valuation. During the fiscal year 2023, the City contributed \$928,101 to the plan. For the year ended June 30, 2023, the City's contribution was 4.56% of covered payroll. The cost of benefits for retirees is paid by the City and by the retiree. Currently, retirees contribute between 16.00% and 90.00% of the cost of premiums. The retirees' contribution is based on their enrollment in a City sponsored wellness program, as well as their smoker/nonsmoker status. Total retiree contributions to the plan during the fiscal year 2023 totaled \$218,869.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was (9.31)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The net OPEB liability reported by the City at June 30, 2023 is based on the measurement date of June 30, 2023 and determined by an actuarial valuation as of January 1, 2023. The components of the net OPEB liability as June 30, 2023 are as follows:

Total OPEB Liability	\$ 16,988,527
Plan Fiduciary Net Position	4,492,280
Net OPEB Liability	<u>\$ 12,496,247</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	26.44%

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Changes in the Net OPEB Liability

The changes in net OPEB liability were as follows:

	Increase (Decrease)		
	Total OPEB Liability  (a)	Plan Fiduciary Net Position  (b)	Net OPEB Liability  (a) - (b)
Balances at 6/30/2022	\$13,525,113	\$ 4,113,589	\$ 9,411,524
Changes for the year:			
Service cost	380,889	-	380,889
Interest	867,200	-	867,200
Change in benefit terms	15,044	-	15,044
Differences between expected and actual experience	4,093,497	-	4,093,497
Change in assumptions	(746,246)	-	(746,246)
Contributions - employer	-	928,101	(928,101)
Net investment income	-	378,692	(378,692)
Benefit payments, including refunds of employee contributions	<u>(1,146,970)</u>	<u>(928,102)</u>	<u>(218,868)</u>
Net changes	<u>3,463,414</u>	<u>378,691</u>	<u>3,084,723</u>
Balances at 6/30/2023	<u>\$16,988,527</u>	<u>\$ 4,492,280</u>	<u>\$ 12,496,247</u>

The total OPEB liability was determined by an actuarial valuation as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	2.25% plus serviced based merit increases
Discount rate	6.50%
Healthcare cost trend rates	7.00% trended down to 4.50% by 2033
Healthy mortality rates	Sex-Distinct Pri-2012 Tables with adjustments and mortality improvement from 2012.

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

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

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target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	62.33%	6.91%
Domestic fixed income	35.50%	1.61%
Cash and short-term	2.17%	0.71%
	100.00%	

The discount rate used to measure the Total OPEB Liability (TOL) was 6.50%. The projection of cash flows used to determine the discount rate assume that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to fully cover the projected benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to the periods of projected benefit payments that were covered by the City contributions.

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

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

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability	\$ 14,297,481	\$ 12,496,247	\$ 10,960,223

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

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

	6.00% grading to 3.50%	7.00% grading to 4.50%	8.00% grading to 5.50%
Net OPEB liability	\$ 11,766,765	\$ 12,496,247	\$ 13,345,646

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NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$960,475. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,770,766	\$ (837,982)
Change in assumptions	1,023,520	(978,434)
Net difference between project and actual earnings on OPEB plan investments	207,294	-
	\$ 5,001,580	\$ (1,816,416)

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

2024	\$	677,718
2025		652,970
2026		765,238
2027		531,362
2028		557,876
Thereafter		-

The plan does not issue separate financial statements.

**(13) DEFINED CONTRIBUTION PLAN**

Prior to the amendment dated January 17, 2023, the City contributed to the City of Smyrna 401(a) Plan, a defined contribution pension plan, for all employees hired after April 1, 2010. Empower is the administrator for the City's plan. Benefit terms, including contribution requirements, for the plan are established and may be amended by the City Council. Prior to the amendment dated January 17, 2023, the City of Smyrna matched 50.00% of an employee's voluntary contributions to the City's 457(b) plan, up to 4.00% of their income in the 401(a) plan. Effective January 17, 2023, the City no longer makes a matching contribution. Employees are eligible to participate immediately upon employment. Employees are permitted to make contributions to the 457(b) plan up to \$22,500 or 100% of salary, whichever is less. Participants become fully vested after 5 years of service. For the year ended June 30, 2023, the City contributed \$71,559 to the 401(a) plan.



**CITY OF SMYRNA, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**(14) RISK MANAGEMENT**

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

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

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

To select a person to serve as a Member representative.

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

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

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

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

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

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

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

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

**(15) JOINT VENTURE**

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

**(16) COMMITMENTS AND CONTINGENCIES**

Cobb County Water System

The City entered into an agreement with Cobb County, Georgia (the "County") in April 2005. The term of the agreement is 30 years. The agreement provides for the County to take and treat wastewater from the City and requires the purchase of the County's water in certain circumstances. The County is authorized to establish rates and charges. The City purchased water and wastewater treatment services totaling \$11,649,050 from the County during the fiscal year ended June 30, 2023.

Encumbrances

Encumbrances outstanding at year end totaled \$21,854,030 (\$800,191 in the General Fund, \$1,475,270 in the ARPA Grant Fund, \$17,671,777 in the 1% Road Improvement Tax Fund, and \$1,906,792 in the non-major funds).

**CITY OF SMYRNA, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**(17) FUND BALANCE DEFICITS**

The Multiple Grant Fund reports a deficit of \$15,901. The deficit will be funded by future transfers in from other funds.

**(18) RESTATEMENT**

During 2023, the City determined grant revenues had incorrectly been recognized as revenue. The City also changed the measurement date of the OPEB liability and related deferred inflows and outflows of resources from one year prior to the City’s fiscal year end to the City’s fiscal year end. The table below summarizes the effect of the restatement to beginning net position and fund balance.

	Governmental Activities	Business-Type Activities	ARPA Grant Fund	Water & Sewer Fund
Beginning net position/fund balance before restatement	\$ 220,678,097	\$ 62,177,937	\$ 7,761,114	\$ 62,177,937
Restatement - grant revenues	(7,760,707)	-	(7,760,707)	-
Restatement - OPEB	(606,319)	(31,912)	-	(31,912)
Beginning net position/fund after restatement	<u>\$ 212,311,071</u>	<u>\$ 62,146,025</u>	<u>\$ 407</u>	<u>\$ 62,146,025</u>

The table below summaries the effect of the restatements to previously reported changes in net position and changes in fund balances.

	Governmental Activities	Business-Type Activities	ARPA Grant Fund	Water & Sewer Fund
Changes in net position/fund balance as previously reported	\$ 36,159,543	\$ 5,187,667	\$ 7,761,114	\$ 5,187,667
Restatement - grant revenues	(7,760,707)	-	(7,760,707)	-
Restatement - OPEB	(606,319)	(31,912)	-	(31,912)
Changes in net position/fund balance as restated	<u>\$ 27,792,517</u>	<u>\$ 5,155,755</u>	<u>\$ 407</u>	<u>\$ 5,155,755</u>

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total pension liability</b>									
Service cost	\$ 933,885	\$ 875,072	\$ 878,764	\$ 964,817	\$ 972,158	\$ 956,672	\$ 1,009,700	\$ 999,045	\$ 1,050,889
Interest	4,075,477	4,112,198	4,315,482	4,523,856	4,657,925	4,869,430	5,161,080	5,289,862	5,536,124
Differences between expected and actual experience	(182,608)	2,157,281	1,798,490	663,986	1,925,234	1,455,483	840,920	2,465,703	(987,455)
Changes of assumptions	(326,563)	-	-	1,078,584	-	2,790,550	-	-	-
Changes of benefit terms	53,852	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(3,359,424)	(4,801,033)	(4,242,011)	(4,366,083)	(4,574,055)	(4,865,471)	(5,274,820)	(5,234,898)	(5,699,708)
<b>Net change in total pension liability</b>	<b>1,194,619</b>	<b>2,343,518</b>	<b>2,750,725</b>	<b>2,865,160</b>	<b>2,981,262</b>	<b>5,206,664</b>	<b>1,736,880</b>	<b>3,519,712</b>	<b>(100,150)</b>
<b>Total pension liability - beginning</b>	<b>54,266,513</b>	<b>55,461,132</b>	<b>57,804,650</b>	<b>60,555,375</b>	<b>63,420,535</b>	<b>66,401,797</b>	<b>71,608,461</b>	<b>73,345,341</b>	<b>76,865,053</b>
<b>Total pension liability - ending (a)</b>	<b>\$55,461,132</b>	<b>\$57,804,650</b>	<b>\$60,555,375</b>	<b>\$63,420,535</b>	<b>\$66,401,797</b>	<b>\$71,608,461</b>	<b>\$73,345,341</b>	<b>\$76,865,053</b>	<b>\$76,764,903</b>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 2,155,027	\$ 3,499,154	\$ 1,599,088	\$ 1,997,898	\$ 2,070,684	\$ 2,202,145	\$ 2,387,093	\$ 2,687,184	\$ 2,747,642
Contributions - employee	632,129	705,776	743,536	740,826	787,313	856,526	861,833	893,018	934,584
Net investment income	4,410,989	502,934	4,642,702	6,642,488	4,872,030	1,519,944	4,894,361	13,231,528	(10,586,645)
Benefit payments including refunds of employee contributions	(3,359,424)	(4,801,033)	(4,242,011)	(4,366,083)	(4,574,055)	(4,865,471)	(5,274,820)	(5,234,898)	(5,699,708)
Administrative expense	(53,811)	(69,270)	(66,209)	(127,313)	(120,740)	(114,649)	(118,974)	(122,400)	(127,863)
<b>Net change in plan fiduciary net position</b>	<b>3,784,910</b>	<b>(162,439)</b>	<b>2,677,106</b>	<b>4,887,816</b>	<b>3,035,232</b>	<b>(401,505)</b>	<b>2,749,493</b>	<b>11,454,432</b>	<b>(12,731,990)</b>
<b>Plan fiduciary net position - beginning</b>	<b>38,992,137</b>	<b>42,777,047</b>	<b>42,614,608</b>	<b>45,291,714</b>	<b>50,179,530</b>	<b>53,214,762</b>	<b>52,813,257</b>	<b>55,562,750</b>	<b>67,017,182</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$42,777,047</b>	<b>\$42,614,608</b>	<b>\$45,291,714</b>	<b>\$50,179,530</b>	<b>\$53,214,762</b>	<b>\$52,813,257</b>	<b>\$55,562,750</b>	<b>\$67,017,182</b>	<b>\$54,285,192</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$12,684,085</b>	<b>\$15,190,042</b>	<b>\$15,263,661</b>	<b>\$13,241,005</b>	<b>\$13,187,035</b>	<b>\$18,795,204</b>	<b>\$17,782,591</b>	<b>\$ 9,847,871</b>	<b>\$22,479,711</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>77.13%</b>	<b>73.72%</b>	<b>74.79%</b>	<b>79.12%</b>	<b>80.14%</b>	<b>73.75%</b>	<b>75.75%</b>	<b>87.19%</b>	<b>70.72%</b>
<b>Covered payroll</b>	<b>\$16,751,826</b>	<b>\$16,942,753</b>	<b>\$17,565,791</b>	<b>\$18,184,267</b>	<b>\$18,861,638</b>	<b>\$19,150,927</b>	<b>\$19,087,936</b>	<b>\$19,757,351</b>	<b>\$20,143,106</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>75.72%</b>	<b>89.66%</b>	<b>86.89%</b>	<b>72.82%</b>	<b>69.91%</b>	<b>98.14%</b>	<b>93.16%</b>	<b>49.84%</b>	<b>111.60%</b>

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

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 1,966,855	\$ 1,734,147	\$ 1,790,463	\$ 2,038,041	\$ 2,173,074	\$ 2,294,669	\$ 2,671,260	\$ 2,732,463	\$ 2,793,515
Contributions in relation to the actuarially determined contribution	<u>1,972,737</u>	<u>1,734,272</u>	<u>1,790,463</u>	<u>2,038,041</u>	<u>2,173,074</u>	<u>2,302,400</u>	<u>2,671,517</u>	<u>2,732,463</u>	<u>2,794,515</u>
Contribution deficiency (excess)	<u>\$ (5,882)</u>	<u>\$ (125)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,731)</u>	<u>\$ (257)</u>	<u>\$ -</u>	<u>\$ (1,000)</u>
Covered payroll	\$ 18,460,213	\$ 19,141,675	\$ 19,443,143	\$ 20,032,942	\$ 21,232,918	\$ 21,475,831	\$ 21,904,176	\$ 22,964,755	\$ 25,272,698
Contributions as a percentage of covered payroll	10.69%	9.06%	9.21%	10.17%	10.23%	10.72%	12.20%	11.90%	11.06%

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

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

	2017	2018	2019	2020	2021	2022	2023
<b>Total OPEB liability</b>							
Service cost	\$ 478,095	\$ 465,098	\$ 550,405	\$ 308,295	\$ 346,363	\$ 345,565	\$ 380,889
Interest	668,317	770,227	679,073	1,055,525	988,285	903,622	867,200
Changes of benefit terms	(844,938)	-	(41,766)	(168,063)	(1,930,453)	-	15,044
Differences between expected and actual experience	(820,492)	(564,222)	1,465,162	1,078,549	(1,241,582)	(325,789)	4,093,497
Changes of assumptions	1,415,095	1,201,076	(4,558,288)	(1,069,691)	1,639,681	305,518	(746,246)
Benefit payments	(439,363)	(689,164)	(689,164)	(923,912)	(1,480,431)	(525,352)	(1,146,970)
<b>Net change in total OPEB liability</b>	456,714	1,183,015	(2,594,578)	280,703	(1,678,137)	703,564	3,463,414
<b>Total OPEB liability - beginning</b>	15,173,832	15,630,546	16,813,561	14,218,983	14,499,686	12,821,549	13,525,113
<b>Total OPEB liability - ending (a)</b>	<u>\$ 15,630,546</u>	<u>\$ 16,813,561</u>	<u>\$ 14,218,983</u>	<u>\$ 14,499,686</u>	<u>\$ 12,821,549</u>	<u>\$ 13,525,113</u>	<u>\$ 16,988,527</u>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 699,363	\$ 949,164	\$ 949,164	\$ 1,183,912	\$ 1,740,431	\$ 525,352	\$ 928,101
Contributions - employer	-	-	-	-	-	-	-
Net investment income	213,607	149,285	143,949	120,470	823,281	(519,636)	378,692
Benefit payments	(439,363)	(689,164)	(689,164)	(923,912)	(1,480,431)	(482,019)	(928,102)
Administrative expense	-	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	473,607	409,285	403,949	380,470	1,083,281	(476,303)	378,691
<b>Plan fiduciary net position - beginning</b>	1,839,300	2,312,907	2,722,192	3,126,141	3,506,611	4,589,892	4,113,589
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 2,312,907</u>	<u>\$ 2,722,192</u>	<u>\$ 3,126,141</u>	<u>\$ 3,506,611</u>	<u>\$ 4,589,892</u>	<u>\$ 4,113,589</u>	<u>\$ 4,492,280</u>
<b>Net OPEB liability - ending (a) - (b)</b>	<u>\$ 13,317,639</u>	<u>\$ 14,091,369</u>	<u>\$ 11,092,842</u>	<u>\$ 10,993,075</u>	<u>\$ 8,231,657</u>	<u>\$ 9,411,524</u>	<u>\$ 12,496,247</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	14.80%	16.19%	21.99%	24.18%	35.80%	30.41%	26.44%
<b>Covered payroll</b>	\$ 17,280,347	\$ 17,280,347	\$ 18,861,638	\$ 19,150,927	\$ 19,581,823	\$ 19,595,208	\$ 20,342,437
<b>Net OPEB liability as a percentage of covered payroll</b>	77.07%	81.55%	58.81%	57.40%	42.04%	48.03%	61.43%

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

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution	\$ 451,794	\$ 466,133	\$ 481,283	\$ 683,053	\$ 633,646	\$ 375,747	\$ 496,000
Contributions in relation to the actuarially determined contribution	<u>699,363</u>	<u>949,164</u>	<u>1,183,912</u>	<u>1,480,431</u>	<u>1,398,858</u>	<u>525,352</u>	<u>928,101</u>
Contribution deficiency (excess)	<u>\$ (247,569)</u>	<u>\$ (483,031)</u>	<u>\$ (702,629)</u>	<u>\$ (797,378)</u>	<u>\$ (765,212)</u>	<u>\$ (149,605)</u>	<u>\$ (432,101)</u>
 Covered payroll	 \$17,280,347	 \$17,280,347	 \$18,861,638	 \$ 19,150,927	 \$19,581,823	 \$19,595,208	 \$20,342,437
Contributions as a percentage of covered payroll	4.05%	5.49%	6.28%	7.73%	7.14%	2.68%	4.56%

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

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Annual money-weighted rate of return, net of investment expense	10.85%	6.11%	5.05%	3.70%	22.64%	-11.17%	9.31%

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



**CITY OF SMYRNA, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 41,293,000	\$ 41,580,000	\$ 42,119,895	\$ 539,895
Charges for services	7,577,000	7,577,000	7,638,966	61,966
Licenses and permits	2,541,750	2,541,750	4,161,537	1,619,787
Fines and forfeitures	1,667,500	1,667,500	1,140,364	(527,136)
Intergovernmental revenues	1,600,000	1,600,000	1,647,949	47,949
Investment income	3,500	3,500	3,885	385
Miscellaneous revenue	571,400	731,400	2,008,203	1,276,803
<b>Total revenues</b>	<b>55,254,150</b>	<b>55,701,150</b>	<b>58,720,799</b>	<b>3,019,649</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government</b>				
Governing body	558,082	558,638	504,868	53,770
Chief executive	922,800	974,091	940,899	33,192
Financial administration	643,723	670,664	663,088	7,576
Data processing	1,550,583	3,128,871	3,059,867	69,004
Human resources	784,858	832,205	751,174	81,031
Buildings and plant	13,146,258	13,457,051	11,509,673	1,947,378
<b>Judicial</b>				
Recorders court	660,560	675,100	670,500	4,600
<b>Public safety</b>				
Police	9,357,661	10,152,005	9,159,793	992,212
<b>Fire</b>				
Fire administration	5,881,569	6,193,274	6,181,267	12,007
Fire prevention	522,277	553,266	553,172	94
Fire training	298,959	311,602	252,557	59,045
Emergency management	112,762	120,362	112,806	7,556
<b>Public works</b>				
Highways and streets	2,764,208	2,850,672	2,753,488	97,184
Traffic engineering	1,024,403	1,365,947	1,084,912	281,035
Sanitary administration	2,222,393	2,552,177	2,551,747	430
Recyclable collections	605,002	628,947	628,736	211
Public education	365,630	383,623	340,379	43,244
Maintenance and shop	488,912	505,341	481,171	24,170
<b>Culture and recreation</b>				
Administration	1,590,897	1,675,041	1,452,283	222,758
Participant recreation	778,339	810,126	715,123	95,003
Recreation center	310,980	333,111	332,927	184
Park areas	227,793	260,962	249,176	11,786
Library administration	1,011,699	1,049,807	1,049,335	472
Park maintenance	1,173,193	1,430,915	1,161,170	269,745
Smyrna History Museum	128,962	144,502	105,291	39,211
<b>Housing and development</b>				
Protective inspection administration	1,638,892	1,683,996	1,352,701	331,295
Donations and special fees	280,000	484,496	477,703	6,793
<b>Total expenditures</b>	<b>49,051,395</b>	<b>53,786,792</b>	<b>49,095,806</b>	<b>4,690,986</b>

Continued on next page.

**CITY OF SMYRNA, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Excess (deficiency) of revenues over expenditures	6,202,755	1,914,358	9,624,993	7,710,635
Other financing sources (uses):				
Transfers in	2,426,446	2,426,446	2,501,527	75,081
Insurance reimbursements	50,000	740,000	769,589	29,589
Sale of capital assets	50,000	50,000	19,866	(30,134)
Issuance of debt	-	2,020,606	2,009,326	(11,280)
Transfers out	(8,829,202)	(11,848,192)	(11,524,134)	324,058
Total other financing sources (uses)	(6,302,756)	(6,611,140)	(6,223,826)	387,314
Net change in fund balance	\$ (100,001)	\$ (4,696,782)	3,401,167	\$ 8,097,949
Fund balance at beginning of year- GAAP basis			35,371,069	
Fund balance at end of year- GAAP basis			\$ 38,772,236	

**CITY OF SMYRNA, GEORGIA**  
**ARPA GRANT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ 1,250,000	\$ 1,295,526	\$ 45,526
Investment earnings	-	20,000	22,434	2,434
Total Revenues	-	1,270,000	1,317,960	47,960
Expenditures:				
Current:				
General government	142,000	197,000	194,513	2,487
Public safety:				
Police	213,700	213,700	5,689	208,011
Public works	238,000	288,000	287,530	470
Culture and recreation	1,225,000	1,237,268	807,794	429,474
Total Expenditures	1,818,700	1,935,968	1,295,526	640,442
Excess (deficiency) of revenues over expenditures	(1,818,700)	(665,968)	22,434	688,402
Net change in fund balance	\$ (1,818,700)	\$ (665,968)	22,434	\$ 688,402
Fund balance at beginning of year-GAAP basis, as restated			407	
Fund balance at end of year-GAAP basis			\$ 22,841	

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

## **1. Changes in Assumptions**

### Changes in Assumptions for Pension Plan:

Amounts reported for fiscal years ending in 2020 and later reflect the following assumption changes based on an actuarial study conducted in November and December of 2019:

- The mortality table for healthy retirees and beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for disabled participants was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table to the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for active participants, terminated vested participants, and deferred beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
- Future mortality improvement is based on projecting generationally from 2012 using 60% of the sex-distinct rates under the 2019 OASDI Trustees Report used for the intermediate alternative. Previously future mortality improvements were not explicitly projected.
- The prior retirement assumption was based on the Plan's normal retirement eligibility. If normal retirement eligibility was only available on or after age 65, the prior assumption was 60% at ages 65 to 69 and 100% at age 70 and older. If normal retirement eligibility was available prior to age 65, the rates were 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70 and older as long as a participant was at least eligible for early retirement.
- The new assumption relates to when a given participant is eligible for normal retirement (either regular normal retirement or alternative normal retirement). Retirement rates do not apply if a participant is not eligible for either early or normal retirement. The retirement rates where normal retirement is available on or after age 65 are 5% at ages 55 to 59, 7% at ages 60 and 61, 20% at age 62, 10% at ages 63 and 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older.
- Where normal retirement is available to a given participant at age 62, 63, or 64, the new retirement rates are 3% when first eligible for early retirement through age 60, 10% at ages 61 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 30%.
- Where normal retirement is available at age 60 or 61, the new retirement rates are 3% when first eligible for early retirement through age 59, 10% at ages 60 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 20%.
- Where normal retirement is available prior to age 60, the new retirement rates are 3% when first eligible for early retirement through the year prior to normal retirement eligibility, 10% from normal retirement eligibility through age 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at age 65, 25% at ages 66 to 71 and 100% at ages 72

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

and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 10%.

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

Changes in Assumptions for OPEB Plan:

Amounts reported in the Schedule of Changes in the City's Total OPEB Liability and Related Ratios for the fiscal year ending June 30, 2023 reflect the following assumption changes based on an actuarial study conducted in November and December of 2019:

- Healthcare cost trend rates were changed from 6.75% trended down to 4.50% by 2031 to 7.00% trended down to 4.50% by 2033.
- The actuarial factors used to estimate individual retiree and spouse cost by age and by gender were updated.

**2. Methods and Assumptions to Determine Contribution Rates**

Methods and Assumptions to Determine Contribution Rates for Fiscal Year 2023 Pension Plan:

Valuation date – January 1, 2022

Actuarial cost method – Projected unit credit

Amortization method – Closed level dollar for remaining unfunded liability

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

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

Projected salary increase – 2.25% plus service based merit increases

Investment rate of return – 7.375%

Retirement Age –

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

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

Mortality - Sex-distinct Pri-2012 head-count weighted Mortality Table.

Methods and Assumptions to Determine Contribution Rates for Fiscal Year 2023 OPEB Plan:

Valuation date – Prospectively actuarially determined contribution rates are determined 30 months prior to the end of the fiscal year in which contributions are reported.

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

Amortization method – Closed 25 years, level dollar

Remaining amortization method – 18 years as of July 1, 2022

Asset valuation method - Market value

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

Investment rate of return – 7.00%

The demographic assumptions used in the valuation (including mortality, disability, turnover, retirement, percent married and relative ages of spouses) were approved by the GMEBS Board in December 2019 based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019.

Mortality - Sex-distinct Pri-2012 tables with adjustments and mortality improvement from 2012.

### **3. Budgetary Data**

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

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

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

expenditures of donations and special fees are budgeted together rather than in the function the donation or fee relates to.

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

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

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

Unencumbered appropriations lapse at year end.

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

**CITY OF SMYRNA, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	Special Revenue Funds					
	Confiscated Assets	Hotel/Motel Premium Tax	Multiple Grant	Auto Rental Tax	Emergency 911 Telephone	HUD CDBG
<b>Assets:</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	93,039	-	-	128,288	-
Due from other governments	-	-	33,084	-	-	27,257
Prepaid items	-	6,189	-	-	6,327	-
Restricted cash	278,732	1,190,859	9,538	7	218,521	108,943
Restricted investments	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 278,732</b>	<b>\$ 1,290,087</b>	<b>\$ 42,622</b>	<b>\$ 7</b>	<b>\$ 353,136</b>	<b>\$ 136,200</b>
<b>Liabilities:</b>						
Accounts payable	\$ 10,996	\$ 131,356	\$ -	\$ -	\$ 16,252	\$ 14,254
Retainage payable	-	-	-	-	-	-
Accrued liabilities	-	2,640	-	-	17,120	-
Unearned revenue	-	-	-	-	-	-
Due to other funds	-	-	58,523	-	-	-
<b>Total liabilities</b>	<b>10,996</b>	<b>133,996</b>	<b>58,523</b>	<b>-</b>	<b>33,372</b>	<b>14,254</b>
<b>Fund balances:</b>						
Nonspendable:						
Prepays	-	6,189	-	-	6,327	-
Restricted for:						
Capital projects	-	-	-	-	-	-
Public safety	267,736	-	-	-	313,437	-
Culture and recreation	-	1,149,902	-	7	-	121,946
Housing and development	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Committed for capital projects	-	-	-	-	-	-
Unassigned	-	-	(15,901)	-	-	-
<b>Total fund balance</b>	<b>267,736</b>	<b>1,156,091</b>	<b>(15,901)</b>	<b>7</b>	<b>319,764</b>	<b>121,946</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 278,732</b>	<b>\$ 1,290,087</b>	<b>\$ 42,622</b>	<b>\$ 7</b>	<b>\$ 353,136</b>	<b>\$ 136,200</b>



**CITY OF SMYRNA, GEORGIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023**

Debt Service Fund	Capital Projects Funds					Total
Tax Allocation District	Downtown Smyrna				Bio Diesel	Non-Major Governmental Funds
	Capital	Development Authority	Parks and Recreation	Capital Projects		
\$ -	\$ -	\$ -	\$ -	\$ 6,740,049	\$ -	\$ 6,740,049
-	-	-	-	-	-	221,327
-	-	-	-	-	-	60,341
-	-	-	-	-	-	12,516
169,380	-	1,406,221	-	-	6,337	3,388,538
-	1,881,761	-	-	-	-	1,881,761
<u>\$ 169,380</u>	<u>\$ 1,881,761</u>	<u>\$ 1,406,221</u>	<u>\$ -</u>	<u>\$ 6,740,049</u>	<u>\$ 6,337</u>	<u>\$ 12,304,532</u>
\$ -	\$ -	\$ -	\$ -	\$ 33,045	\$ -	\$ 205,903
-	-	-	-	2,457	-	2,457
-	-	-	-	-	-	19,760
-	-	-	-	-	6,313	6,313
-	-	-	-	-	-	58,523
-	-	-	-	35,502	6,313	292,956
-	-	-	-	-	-	12,516
-	1,881,761	-	-	-	-	1,881,761
-	-	-	-	-	-	581,173
-	-	-	-	-	-	1,271,855
-	-	1,406,221	-	-	-	1,406,221
169,380	-	-	-	-	-	169,380
-	-	-	-	6,704,547	24	6,704,571
-	-	-	-	-	-	(15,901)
<u>169,380</u>	<u>1,881,761</u>	<u>1,406,221</u>	<u>-</u>	<u>6,704,547</u>	<u>24</u>	<u>12,011,576</u>
<u>\$ 169,380</u>	<u>\$ 1,881,761</u>	<u>\$ 1,406,221</u>	<u>\$ -</u>	<u>\$ 6,740,049</u>	<u>\$ 6,337</u>	<u>\$ 12,304,532</u>

**CITY OF SMYRNA, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds					
	Confiscated Assets	Hotel / Motel Premium Tax	Multiple Grant	Auto Rental Tax	Emergency 911 Telephone	HUD CDBG
<b>Revenues:</b>						
Taxes	\$ -	\$ 1,767,801	\$ -	\$ 228,852	\$ -	\$ -
Charges for services	-	-	-	-	1,529,092	-
Intergovernmental	196,327	-	42,887	-	45,000	153,321
Investment earnings	799	3,990	16	570	391	389
Other revenues	-	58,649	-	-	-	-
<b>Total revenues</b>	<u>197,126</u>	<u>1,830,440</u>	<u>42,903</u>	<u>229,422</u>	<u>1,574,483</u>	<u>153,710</u>
<b>Expenditures:</b>						
Current:						
Public safety:						
Police	26,948	-	58,917	-	-	-
Emergency 911	-	-	-	-	1,894,045	-
Culture and recreation	-	1,675,915	-	-	-	153,322
Capital outlay	-	-	-	-	-	-
Debt service						
Principal, interest, and fees	-	-	-	-	-	-
<b>Total expenditures</b>	<u>26,948</u>	<u>1,675,915</u>	<u>58,917</u>	<u>-</u>	<u>1,894,045</u>	<u>153,322</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>170,178</u>	<u>154,525</u>	<u>(16,014)</u>	<u>229,422</u>	<u>(319,562)</u>	<u>388</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	229,422	-	-	320,000	-
Sale of capital assets	-	-	-	-	-	-
Transfers out	-	(625,206)	-	(229,422)	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(395,784)</u>	<u>-</u>	<u>(229,422)</u>	<u>320,000</u>	<u>-</u>
<b>Net change in fund balance</b>	170,178	(241,259)	(16,014)	-	438	388
<b>Fund balance (deficit) at beginning of year</b>	<u>97,558</u>	<u>1,397,350</u>	<u>113</u>	<u>7</u>	<u>319,326</u>	<u>121,558</u>
<b>Fund balance (deficit) at end of year</b>	<u>\$ 267,736</u>	<u>\$ 1,156,091</u>	<u>\$ (15,901)</u>	<u>\$ 7</u>	<u>\$ 319,764</u>	<u>\$ 121,946</u>

**CITY OF SMYRNA, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Debt Service Fund	Capital Projects Funds					Total
Tax Allocation District	Downtown Smyrna			Capital Projects	Bio Diesel	Non-Major Governmental Funds
	Capital	Development Authority	Parks and Recreation			
\$ 1,082,219	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,078,872
-	-	-	-	-	-	1,529,092
895,227	-	-	-	-	-	1,332,762
1,605	71,849	-	-	4,064	23	83,696
-	-	-	-	-	-	58,649
<u>1,979,051</u>	<u>71,849</u>	<u>-</u>	<u>-</u>	<u>4,064</u>	<u>23</u>	<u>6,083,071</u>
-	-	-	-	-	-	85,865
-	-	-	-	-	-	1,894,045
-	-	-	3	-	-	1,829,240
-	-	-	-	3,232,852	-	3,232,852
<u>1,979,305</u>	<u>-</u>	<u>4,027,838</u>	<u>-</u>	<u>13,719</u>	<u>-</u>	<u>6,020,862</u>
<u>1,979,305</u>	<u>-</u>	<u>4,027,838</u>	<u>3</u>	<u>3,246,571</u>	<u>-</u>	<u>13,062,864</u>
<u>(254)</u>	<u>71,849</u>	<u>(4,027,838)</u>	<u>(3)</u>	<u>(3,242,507)</u>	<u>23</u>	<u>(6,979,793)</u>
-	-	4,048,088	-	4,033,642	-	8,631,152
-	-	-	-	17,092	-	17,092
-	(13,719)	-	-	-	-	(868,347)
<u>-</u>	<u>(13,719)</u>	<u>4,048,088</u>	<u>-</u>	<u>4,050,734</u>	<u>-</u>	<u>7,779,897</u>
<u>(254)</u>	<u>58,130</u>	<u>20,250</u>	<u>(3)</u>	<u>808,227</u>	<u>23</u>	<u>800,104</u>
<u>169,634</u>	<u>1,823,631</u>	<u>1,385,971</u>	<u>3</u>	<u>5,896,320</u>	<u>1</u>	<u>11,211,472</u>
<u>\$ 169,380</u>	<u>\$ 1,881,761</u>	<u>\$ 1,406,221</u>	<u>\$ -</u>	<u>\$ 6,704,547</u>	<u>\$ 24</u>	<u>\$ 12,011,576</u>

**CITY OF SMYRNA, GEORGIA**  
**CONFISCATED ASSETS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 100,423	\$ 196,327	\$ 95,904
Investment earnings	-	799	799
Total Revenues	<u>100,423</u>	<u>197,126</u>	<u>96,703</u>
Expenditures:			
Current:			
Police	<u>106,259</u>	<u>26,948</u>	<u>79,311</u>
Total Expenditures	<u>106,259</u>	<u>26,948</u>	<u>79,311</u>
Net change in fund balance	<u>\$ (5,836)</u>	170,178	<u>\$ 176,014</u>
Fund balance at beginning of year-GAAP basis		<u>97,558</u>	
Fund balance at end of year-GAAP basis		<u>\$ 267,736</u>	

**CITY OF SMYRNA, GEORGIA**  
**HOTEL/MOTEL PREMIUM TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 1,493,537	\$ 1,767,801	\$ 274,264
Investment earnings	-	3,990	3,990
Miscellaneous revenue	-	58,649	58,649
Total Revenues	<u>1,493,537</u>	<u>1,830,440</u>	<u>336,903</u>
Expenditures:			
Current:			
Culture and recreation	<u>1,682,356</u>	<u>1,675,915</u>	<u>6,441</u>
Total Expenditures	<u>1,682,356</u>	<u>1,675,915</u>	<u>6,441</u>
Excess (deficiency) of revenues over expenditures	<u>(188,819)</u>	<u>154,525</u>	<u>343,344</u>
Other financing sources (uses):			
Transfers in	180,000	229,422	49,422
Transfers out	<u>(620,125)</u>	<u>(625,206)</u>	<u>(5,081)</u>
Total other financing sources (uses)	<u>(440,125)</u>	<u>(395,784)</u>	<u>44,341</u>
Net change in fund balance	<u>\$ (628,944)</u>	<u>(241,259)</u>	<u>\$ 387,685</u>
Fund balance at beginning of year-GAAP basis		<u>1,397,350</u>	
Fund balance at end of year-GAAP basis		<u>\$ 1,156,091</u>	

**CITY OF SMYRNA, GEORGIA**  
**MULTIPLE GRANT FUND SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 69,000	\$ 42,887	\$ (26,113)
Investment earnings	-	16	16
	69,000	42,903	(26,097)
Total Revenues	69,000	42,903	(26,097)
Expenditures:			
Current:			
Public Safety:			
Police	69,000	58,917	10,083
	69,000	58,917	10,083
Total Expenditures	69,000	58,917	10,083
Excess (deficiency) of revenues over expenditures	-	(16,014)	(16,014)
Net change in fund balance	\$ -	(16,014)	\$ (16,014)
Fund balance at beginning of year-GAAP basis		113	
Fund balance at end of year-GAAP basis		\$ (15,901)	

**CITY OF SMYRNA, GEORGIA**  
**AUTO RENTAL TAX FUND SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 229,500	\$ 228,852	\$ (648)
Investment earnings	-	570	570
	<u>229,500</u>	<u>229,422</u>	<u>(78)</u>
Other financing sources (uses):			
Transfers out	<u>(229,500)</u>	<u>(229,422)</u>	<u>78</u>
Total other financing sources (uses)	<u>(229,500)</u>	<u>(229,422)</u>	<u>78</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance at beginning of year-GAAP basis		<u>7</u>	
Fund balance at end of year-GAAP basis		<u>\$ 7</u>	

**CITY OF SMYRNA, GEORGIA**  
**EMERGENCY 911 TELEPHONE SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Charges for services	\$ 1,430,000	\$ 1,529,092	\$ 99,092
Intergovernmental	75,000	45,000	(30,000)
Investment earnings	3,000	391	(2,609)
	<u>1,508,000</u>	<u>1,574,483</u>	<u>66,483</u>
Expenditures:			
Current:			
Public Safety:			
Emergency 911	<u>2,151,825</u>	<u>1,894,045</u>	<u>257,780</u>
Total Expenditures	<u>2,151,825</u>	<u>1,894,045</u>	<u>257,780</u>
Excess (deficiency) of revenues over expenditures	<u>(643,825)</u>	<u>(319,562)</u>	<u>324,263</u>
Other financing sources (uses):			
Transfers in	<u>662,024</u>	<u>320,000</u>	<u>(342,024)</u>
Total other financing sources (uses)	<u>662,024</u>	<u>320,000</u>	<u>(342,024)</u>
Net change in fund balance	<u>\$ 18,199</u>	438	<u>\$ (17,761)</u>
Fund balance at beginning of year-GAAP basis		<u>319,326</u>	
Fund balance at end of year-GAAP basis		<u>\$ 319,764</u>	



**CITY OF SMYRNA, GEORGIA**  
**HUD COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 261,000	\$ 153,321	\$ (107,679)
Investment earnings	-	389	389
	<u>261,000</u>	<u>153,710</u>	<u>(107,290)</u>
Total Revenues			
Expenditures:			
Current:			
Culture and recreation	423,140	153,322	269,818
	<u>423,140</u>	<u>153,322</u>	<u>269,818</u>
Total Expenditures			
Net change in fund balance	<u>\$ (162,140)</u>	388	<u>\$ 162,528</u>
Fund balance at beginning of year-GAAP basis		<u>121,558</u>	
Fund balance at end of year-GAAP basis		<u>\$ 121,946</u>	

**CITY OF SMYRNA, GEORGIA**  
**TAX ALLOCATION DISTRICT DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:			
Taxes	\$ 1,020,000	\$ 1,082,219	\$ 62,219
Intergovernmental	974,000	895,227	(78,773)
Investment earnings	-	1,605	1,605
	<u>1,994,000</u>	<u>1,979,051</u>	<u>(14,949)</u>
Total Revenues			
Expenditures:			
Debt Service	<u>1,994,000</u>	<u>1,979,305</u>	<u>14,695</u>
Total Expenditures	<u>1,994,000</u>	<u>1,979,305</u>	<u>14,695</u>
Net change in fund balance	<u>\$ -</u>	<u>(254)</u>	<u>\$ (254)</u>
Fund balance at beginning of year-GAAP basis		<u>169,634</u>	
Fund balance at end of year-GAAP basis		<u>\$ 169,380</u>	

## **APPENDIX B**

### **DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS**

This Appendix B has been prepared by Nelson Mullins Riley & Scarborough LLP, Atlanta, Georgia, Bond Counsel.

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## DEFINITIONS

Certain words and terms used in this Official Statement are defined herein. In addition to the words and terms defined elsewhere herein, the following words and terms are defined in this Official Statement.

“**Act**” means an amendment to Article VII, Section VII, Paragraph I of the Constitution of the State of Georgia of 1945 (1970 Ga. Laws 1117 to 1119, inclusive), now specifically continued as a part of the Constitution of the State of Georgia of 1983 pursuant to Article XI, Section I, Paragraph IV of the Constitution of the State of Georgia of 1983 and an Act of the General Assembly of the State of Georgia (1986 Ga. Laws 3957 to 3958, inclusive), as implemented by an Act of the General Assembly of the State of Georgia (1989 Ga. Laws 4382 to 4396, inclusive), and as the same may be from time to time supplemented and amended.

“**Additional Bonds**” means the additional parity Bonds authorized to be issued by the Authority pursuant to the terms and conditions of the Bond Resolution described under the heading “**THE BOND RESOLUTION - Additional Bonds**” herein.

“**Additional Contract**” means a contract or supplemental agreement entered into after the date of the Contract binding the City pursuant to Article IX, Section III, Paragraph I of the Constitution of the State of Georgia of 1983, pursuant to the terms of which a payment obligation is created or expanded from the City to the other party to such contract, except for any such contract or supplemental agreement that obligates the City to levy an annual ad valorem tax on all taxable property located within the corporate limits of the City, as now existent and as the same may hereafter be extended, at such rate or rates, without limitation as to rate or amount, as may be necessary to produce in each year revenues that will be sufficient to fulfill the City’s obligations under such contract or supplemental agreement.

“**Additional Economic Development Contract**” means any Additional Contract that obligates the City to levy the municipal tax authorized by Section 48-5-350 of the Official Code of Georgia Annotated or any successor provision, to provide revenues to fulfill the City’s obligations under such Additional Contract.

“**Authority**” means the Downtown Smyrna Development Authority, a body corporate and politic and public corporation created and existing under the laws of the State of Georgia, and its successors and assigns.

“**Authorized Authority Representative**” means the person at the time designated to act on behalf of the Authority by written certificate furnished to the City and the Project Fund Depository, containing the specimen signature of such person and signed on behalf of the Authority by its Chairman or Vice Chairman. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

“**Authorized City Representative**” means the person at the time designated to act on behalf of the City by written certificate furnished to the Authority and the Project Fund Depository, containing the specimen signature of such person and signed on behalf of the City by its Mayor or Mayor Pro Tem. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

“**Bond Counsel**” means any firm of nationally recognized bond counsel experienced in matters relating to tax-exempt financing, appointed by the Authority at the direction of the City.

“**Bond Registrar**” means the commercial bank appointed by the Authority to maintain, in accordance with the provisions of the Bond Resolution, the registration books of the Authority for any series of Bonds. Regions Bank, Atlanta, Georgia, is the initial Bond Registrar for the Series 2024 Bonds.

“**Bond Resolution**” means the Master Resolution, as supplemented and amended by a Supplemental Series 2024 Bond Resolution adopted by the Authority on \_\_\_\_\_, 2024, and as it may from time to time be modified, supplemented, or amended by Supplemental Resolutions.

“**Bondholders**” means the Persons in whose names any of the Bonds are registered on the books kept and maintained by the Bond Registrar.

“**Bonds**” means the Series 2024 Bonds and all series of Additional Bonds from time to time authenticated and delivered under the Bond Resolution.

“**City**” means the City of Smyrna and its successors and assigns.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Contract**” means the Intergovernmental Economic Development Agreement, to be dated as of \_\_\_\_\_ 1, 2024, between the Authority and the City, as it may be supplemented and amended from time to time in accordance with the provisions thereof.

“**Contracts**” means this Contract, the Prior Contracts, and all Additional Contracts.

“**Event of Default**” means any of the events described as such in “**THE BOND RESOLUTION - Events of Defaults**” in this Appendix B.

“**Fiscal Year**” means any period of twelve consecutive months adopted by the City as its fiscal year for financial reporting purposes and initially means the period beginning on July 1 of each calendar year and ending on June 30 of the following calendar year.

“**Government Obligations**” means direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury of the United States of America) or obligations the payment of and interest on which when due are fully and unconditionally guaranteed by the United States of America.

“**Interest Payment Date**” means August 1 and February 1 of each year.

“**Investment Earnings**” means all interest received on and profits derived from investments made with Pledged Revenues or any moneys in the funds and accounts established under the Bond Resolution.

“**Master Resolution**” means the Master Bond Resolution adopted by the members of the Authority on July 23, 2024 authorizing the issuance and sale of the Bonds and the provision of the security therefor.

“**Moody’s**” means Moody’s Investors Service, Inc. or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Authority at the direction of the City.

“**Outstanding Bonds**” or “**Bonds Outstanding**” or “**Outstanding**” means all Bonds that have been duly authenticated and delivered by the Bond Registrar under the Bond Resolution, except:

- (a) Bonds theretofore cancelled or required to be cancelled by the Bond Registrar,
- (b) Bonds that are deemed to have been paid in accordance with the provisions of the Bond Resolution described in “**THE BOND RESOLUTION - Defeasance**” in this Appendix B, and
- (c) Bonds in substitution for which other Bonds have been authenticated and delivered under the Bond Resolution.

If the Bond Resolution is discharged pursuant to the provisions of the Bond Resolution described in “**THE BOND RESOLUTION - Defeasance**” in this Appendix B, no Bonds will be deemed to be outstanding within the meaning of this provision.

“**Paying Agent**” means the commercial bank or banks appointed by the Authority to serve as paying agent in accordance with the terms of the Bond Resolution for any series of Bonds, and their successors and assigns. Regions Bank, Atlanta, Georgia, is the initial Paying Agent for the Series 2024 Bonds.

“**Permitted Investments**” means obligations in which the Authority is permitted to invest moneys of the Authority pursuant to applicable law that have (or are collateralized by obligations that have) a Rating by any Rating Agency which is equal to or greater than the third highest long-term Rating of such Rating Agency, or that bears (or are collateralized by obligations that bear) the second highest short-term Rating of such Rating Agency.

“**Person**” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a joint venture, a trust, an unincorporated organization, a governmental unit or an agency, a political subdivision or instrumentality thereof, or any other group or organization of individuals.

“**Pledged Revenues**” means the revenues received by the Authority constituting payments pursuant to the Contract.

“**Prior Contracts**” means (1) the Agreement of Sale, dated as of July 1, 2001, between the Issuer and the City, (2) the Agreement of Sale, dated as of September 1, 2016, between the Issuer and the City, and (3) the Agreement of Sale, dated as of June 1, 2021, between the Issuer and the City.

“**Project Fund**” means the fund created in the Bond Resolution and referred to as the “Downtown Smyrna Development Authority Project Fund.”

“**Project Fund Depository**” means initially Truist Bank, Smyrna, Georgia, and its successors and assigns, or any successor depository for the Project Fund hereafter appointed by the Authority at the direction of the City; provided, however, the Project Fund Depository must at all times be a commercial bank.

“**Properties**” means properties located in downtown Smyrna, Georgia to be held for sale for redevelopment for commercial and residential uses or to be rented for event purposes.

“**Rating**” means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.

“**Rating Agencies**” or “**Rating Agency**” means Moody’s and S&P or any successors thereto and any other nationally recognized credit rating agency then maintaining a rating on any Bonds at the request of the Authority at the direction of the City. If at any time a particular Rating Agency does not have a rating outstanding with respect to the relevant Bonds, then a reference to Rating Agency or Rating Agencies will not include such Rating Agency.

“**Series 2024 Bonds**” means the revenue bonds designated “Downtown Smyrna Development Authority Revenue Bonds, Federally Taxable Series 2024,” dated the date of issuance thereof, in the aggregate principal amount of \$ \_\_\_\_\_, to be issued pursuant to the Bond Resolution.

“**Series 2024 Disclosure Certificate**” means the Continuing Disclosure Certificate, dated the date of issuance of the Series 2024 Bonds, of the City, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“**Series Resolution**” means a bond resolution or bond resolutions (which may be supplemented by one or more bond resolutions) to be adopted prior to the delivery of any series of Additional Bonds. Such a bond resolution as supplemented must establish the date or dates of the pertinent series of Additional Bonds, the schedule of maturities thereof, the name of the purchaser or purchasers of each series of Additional Bonds, the purchase price thereof, the rate or rates of interest to be borne thereby, whether fixed or variable, and the terms and conditions, if any, under which such Bonds may be made subject to redemption (mandatory or optional) prior to maturity, and such other details as the Authority may determine.

“**Sinking Fund**” means the fund created in the Bond Resolution and referred to as the “Downtown Smyrna Development Authority Sinking Fund.”

“**Sinking Fund Custodian**” means initially Regions Bank, Atlanta, Georgia, and its successors and assigns, or any successor custodian for the Sinking Fund hereafter appointed by the Authority at the direction of the City; provided, however, the Sinking Fund Custodian must at all times be a commercial bank.

“**S&P**” means S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, or, if such company is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Authority at the request of the City.

“**Supplemental Resolution**” means (a) any Series Resolution and (b) any modification, amendment, or supplement to the Bond Resolution other than a Series Resolution.

“**Underwriter**” means, for purposes of the Series 2024 Bonds, Raymond James & Associates, Inc.

## THE BOND RESOLUTION

### Introduction

The Master Bond Resolution adopted by the Authority on July 23, 2024, as supplemented and amended by the Supplemental Series 2024 Bond Resolution adopted by the Authority on \_\_\_\_\_, 2024, is a contract for the benefit of the owners of the Bonds that specifies the terms and details of the Bonds and that defines the security for the Bonds.

The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Bond Resolution. Reference is made to the Bond Resolution in its entirety for a complete recital of the detailed provisions thereof, copies of which are available from the Authority upon request.

## **Pledge of Revenues and Assignment of Contract**

Under the terms of the Bond Resolution, all Pledged Revenues are pledged by the Authority to the prompt payment of the principal of, redemption premium, if any, and interest on the Bonds. Such moneys will immediately be subject to the lien of this pledge for the benefit of the Bondholders without any physical delivery thereof or further act, and the lien of this pledge will be valid and binding against the Authority and against all other persons having claims against the Authority, whether such claims have arisen in tort, contract, or otherwise and irrespective of whether such parties have notice thereof. Under the terms of the Bond Resolution, this pledge will rank superior to all other pledges that may hereafter be made of any of the funds and accounts pledged in the Bond Resolution.

Under the terms of the Bond Resolution, in order to secure the Authority's obligations under the Bonds, the Authority has collaterally assigned, for the benefit of the Bondholders, all of the right, title, and interest of the Authority in and to the Contract (except for certain unassigned rights that are specified in the Contract), and all extensions and renewals of the term thereof, if any, and all amounts encumbered thereby, including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive, and make receipt for payments and other sums of money payable, receivable, or to be held thereunder; to bring any actions and proceedings thereunder or for the enforcement thereof; and to do any and all other things that the Authority is or may become entitled to do under the foregoing, provided that the assignment made by the Bond Resolution must not impair or diminish any obligation of the Authority under the provisions of the Contract or impair or diminish the right of the Authority to enforce compliance with the obligations of the City under the Contract.

## **Funds Created by the Bond Resolution and Flow of Funds**

Under the terms of the Bond Resolution, the Authority has established the following funds and accounts, and the moneys deposited in such funds and accounts must be held in trust for the purposes set forth in the Bond Resolution:

- (1) the Sinking Fund; and
- (2) the Project Fund.

The Sinking Fund must be maintained by the Sinking Fund Custodian, and the Project Fund must be maintained by the Project Fund Depository.

### *Sinking Fund*

Under the terms of the Bond Resolution, all Pledged Revenues must be deposited in the Sinking Fund from time to time as received by the Authority. No further payments need be made into the Sinking Fund whenever the amount available therein is sufficient to retire all Bonds then Outstanding and to pay all unpaid interest accrued and to accrue prior to such retirement.

The payments provided for in the Contract are to be remitted directly to the Sinking Fund Custodian for the account of the Authority and deposited in the Sinking Fund. Moneys in the Sinking Fund must be used solely as a fund for the payment of the principal of, premium, if any, and interest on the Bonds, for the redemption of the Bonds at or prior to maturity, and to purchase Bonds in the open market pursuant to the Bond Resolution; provided, however, that moneys in the Sinking Fund may be invested in Permitted Investments maturing or redeemable at the option of the holder prior to the next succeeding Interest Payment Date.

### *Project Fund*

The Bond Resolution requires the Authority to establish within the Project Fund a separate account for each series of Bonds. The Authority has established the Series 2024 Account, into which the proceeds of the Series 2024 Bonds will be deposited. Moneys in the Project Fund must be held by the Project Fund Depository and applied to the payment of costs in accordance with and subject to the provisions and restrictions set forth in the Bond Resolution and in the related Series Bond Resolution. The Authority will not cause or permit to be paid from the Project Fund any sums except in accordance with such provisions and restrictions; provided, however, that any moneys in the Project Fund not needed for the payment of current obligations during the course of acquisition, construction, or renovation may be invested in Permitted Investments maturing not later than (i) the date upon which such moneys will be needed according to a schedule of anticipated payments from the Project Fund filed with the Project Fund Depository by the Authority, as modified from time to time by supplemental filings made by the



Authority, or (ii) in the absence of such schedule, 24 months from the date of purchase, in either case upon written direction of the Authority.

Moneys in each account in the Project Fund must be used for the payment of any costs and expenses for the Properties financed by the related series of Bonds and for the costs of issuing such Bonds that are permitted to be paid by the Authority under the Act.

Moneys deposited in the Project Fund will be paid out from time to time by the Project Fund Depository on the requisition of the Authority and the City, in order to pay, or as reimbursement for payment made, for the costs of any related Properties, in each case within five (5) banking days after receipt by the Project Fund Depository of a requisition described below together with bills of sale, invoices, or other evidence satisfactory to the Project Fund Depository that such costs are due and owing or have been incurred and previously paid by or on behalf of the City or the Authority. Each requisition must be signed by the Authorized Authority Representative and the Authorized City Representative and must certify:

- (1) the item number of such requisition, the name of the Person to whom each such payment is due, each amount to be paid or reimbursed, the general classification of the costs for which each obligation to be paid was incurred, and that such costs were incurred for or in connection with the applicable Properties;
- (2) that such costs have been incurred by, or on behalf of, the Authority and are presently due and payable or have been paid by the City or the Authority and are reimbursable under the Bond Resolution and each item thereof is a proper charge against the applicable account of the Project Fund and has not been paid or reimbursed, as the case may be;
- (3) that no part of such costs was included in any other requisition previously filed with the Project Fund Depository under the provisions of the Bond Resolution;
- (4) that there has not been filed with or served upon the City or the Authority any notice of any lien, right to a lien, or attachment upon or claim affecting the right of any Person to receive payment of the respective amount stated in such requisition; and
- (5) that the necessary permits and approvals, if any, required for that portion of the Properties for which such withdrawal is to be made have been issued and are in full force and effect.

Withdrawals for investment purposes only may be made by the Project Fund Depository to comply with written directions from the Authorized Authority Representative without any requisition other than such direction.

### **Investments**

Moneys in the funds and accounts established under the Bond Resolution must be invested and reinvested at the highest rates reasonably available, in accordance with the Bond Resolution. Investment Earnings in each fund and account must remain in such fund or account and serve as a credit against amounts otherwise required to be paid into such fund or account. Moneys in each of such funds must be accounted for as a separate and special fund apart from all other Authority or City funds. All investments made under the Bond Resolution must, for purposes of the Bond Resolution, be carried at cost plus amortized discount.

### **Additional Bonds**

The Bond Resolution provides that no other revenue bonds or other obligations may be issued that are payable from or enjoy a lien on the Pledged Revenues prior to the lien created for the payment of the Series 2024 Bonds. Under the terms of the Bond Resolution, Additional Bonds may be issued by the Authority, however, from time to time, ranking as to lien on the Pledged Revenues on a parity with the Series 2024 Bonds, provided all of the following conditions are met:

- (a) None of the Outstanding Bonds are in default as to payment of principal or interest.
- (b) The Authority is in compliance with the terms and conditions of the Bond Resolution and the Contract and the City is in compliance with the terms and conditions of the Contract.
- (c) The payments to be made into the Sinking Fund must have been made in the full amounts required.
- (d) The Authority and the City must amend the Contract and reaffirm all applicable provisions of the Contract, under the terms of which amendment the City must obligate itself to pay to the Authority payments sufficient to enable the Authority to pay the principal of, premium, if any, and interest on the

Outstanding Bonds and the Additional Bonds proposed to be issued as the same become due and payable, either at maturity or by proceedings for mandatory redemption.

- (e) The Authority must pass proper proceedings reciting that all of the above requirements have been met; must authorize the issuance of the Additional Bonds; and must provide in such proceedings, among other things, the date or dates of such Additional Bonds, the rate or rates of interest that such Additional Bonds will bear, the maturity dates of such Additional Bonds, redemption provisions for such Additional Bonds, and provisions for registration of such Additional Bonds. In addition, the proceedings of the Authority must establish any additional accounts, if any, required in funds established pursuant to the Bond Resolution. The interest on the Additional Bonds of any such issue must fall due on August 1 and February 1 of each year, and the principal amount of such Additional Bonds must mature in installments on August 1 or February 1, or both, but, as to principal on such Bonds, not necessarily in each year or in equal installments. The proceedings for such Additional Bonds may contain additional restrictions on the issuance of Additional Bonds, which restrictions must, so long as, but only so long as, such Additional Bonds remain Outstanding, be for the benefit of any other Bonds secured by the Bond Resolution. Any such proceeding or proceedings must ratify and reaffirm, by reference, all of the applicable terms, conditions, and provisions of the Bond Resolution.
- (f) The Authority must furnish the City with a duly certified copy of the Series Resolution authorizing the issuance of such Additional Bonds, and the City, acting by and through its Mayor and Council, must acknowledge receipt of the certified copy of such Series Resolution, retain such Series Resolution in its permanent records, and authorize the issuance of such Additional Bonds.
- (g) The requirements of the Contract described in “**THE CONTRACT - Additional Bonds**” in this Appendix B have been satisfied.
- (h) Such Additional Bonds and all proceedings relative thereto, and the security therefor, must be validated as prescribed by law.

#### **Liens**

The Authority has covenanted in the Bond Resolution not to create or permit to be created any lien, security interest, or charge upon the Pledged Revenues or the Contract, other than the pledge and assignment created by the Bond Resolution.

#### **Events of Default**

Under the terms of the Bond Resolution, each of the following events is an “Event of Default”: (a) payment of the principal of and redemption premium, if any, on any of the Bonds is not made when the same becomes due and payable, either at maturity or by proceedings for redemption; or (b) payment of any installment of interest on any Bond is not made when the same becomes due and payable; or (c) the Authority, for any reason, is rendered incapable of fulfilling its obligations under the Bond Resolution; or (d) the City or the Authority default in the due and punctual performance of any other of the covenants, conditions, agreements, or provisions contained in the Bonds, the Contract, or the Bond Resolution, on the part of the City or the Authority to be performed, and such default continues for thirty (30) days after written notice, specifying such default and requiring the same to be remedied, is given to the City and the Authority by any Bondholder.

#### **Remedies**

Upon the happening and continuance of any Event of Default, then and in every such case any Bondholder may proceed, subject to the provisions described in the next paragraph, to protect and enforce the rights of the Bondholders under the Bond Resolution by a suit, action, or special proceedings in equity, or at law, for the specific performance of any covenant or agreement contained in the Bond Resolution or in aid or execution of any power granted in the Bond Resolution, or contained in the Contract or granted in the Contract, or for the enforcement of any proper legal or equitable remedy as such Bondholder deems most effectual to protect and enforce the rights aforesaid, insofar as such may be authorized by law.

No one or more owners of the Bonds secured by the Bond Resolution will have any right in any manner whatever by its or their action to affect, disturb, or prejudice the security granted and provided for in the Bond Resolution, or to enforce any right under the Bond Resolution, except in the manner provided in the Bond Resolution, and all proceedings at law or in equity must be instituted, had, and maintained for the equal benefit of all owners of such Outstanding Bonds.

## **Supplemental Resolutions**

The Authority, from time to time and at any time, subject to the conditions and restrictions in the Bond Resolution, may adopt one or more resolutions, which thereafter will form a part of the Bond Resolution, for any one or more or all of the following purposes:

- (a) to add to the covenants and agreements of the Authority in the Bond Resolution other covenants and agreements thereafter to be observed or to surrender, restrict, or limit any right or power reserved in the Bond Resolution to or conferred upon the Authority (including but not limited to the right to issue Additional Bonds);
- (b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting, or supplementing any defective provision contained in the Bond Resolution, or in regard to matters or questions arising under the Bond Resolution, as the Authority may deem necessary or desirable and not inconsistent with the Bond Resolution and which will not have a material adverse effect on the interests of the Bondholders;
- (c) to provide for the issuance of Additional Bonds, in accordance with the provisions of the Bond Resolution;
- (d) to grant to or confer any additional rights, remedies, powers, or authorities that may be lawfully granted to or conferred upon the owners of the Bonds;
- (e) to subject to the lien and pledge of the Bond Resolution additional revenues, receipts, properties, or other collateral;
- (f) to evidence the appointment of successors to the Project Fund Depository, the Sinking Fund Custodian, the Paying Agent, or the Bond Registrar;
- (g) to modify, amend, or supplement the Bond Resolution or any proceedings supplemental to the Bond Resolution in such manner as to permit the qualification of the Bond Resolution under the Trust Indenture Act of 1939 or any federal statute hereafter in effect, and similarly to add to the Bond Resolution, or to any proceedings supplemental to the Bond Resolution, such other terms, conditions, and provisions as may be permitted or required by the Trust Indenture Act of 1939 or any similar federal statute;
- (h) to make any modification or amendment of the Bond Resolution, not adverse to the interests of the Bondholders, required in order to make the Bonds eligible for acceptance by The Depository Trust Company or any similar holding institution or to permit the issuance of the Bonds or interests therein in book-entry or certificated form; or
- (i) to make changes and modifications, and to add such provisions, as are necessary to obtain or maintain an investment grade rating for the Bonds.

Any Supplemental Resolution described above may be adopted by the Authority without the consent of or notice to any of the owners of the Bonds at the time Outstanding.

In addition to Supplemental Resolutions described above, the Authority may, with the consent of the owners of at least 65% of the aggregate principal amount of the Bonds then Outstanding, from time to time and at any time adopt a Supplemental Resolution for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Bond Resolution; provided, however, that no such Supplemental Resolution may: (1) extend the maturity date of any Bond or the due date of any mandatory sinking fund redemption with respect to any Bond; (2) reduce or extend the time of payment of the principal of, redemption premium, or interest on any Bond; (3) reduce any premium payable upon the redemption of any Bond or advance the date upon which any Bond may first be called for redemption prior to its stated maturity date; (4) give to any Bond or Bonds a preference over any other Bond or Bonds; (5) reduce the percentage of owners of the Bonds required to approve any such Supplemental Resolution; or (6) deprive the owners of the Bonds (except as aforesaid) of the right to payment of the Bonds from the Pledged Revenues, in each case without the consent of the owners of all the Bonds then Outstanding.

## **Amendment of Contract**

The City and the Authority, from time to time and at any time, subject to the conditions and restrictions in the Bond Resolution, may amend, change, or modify the Contract as may be required:

- (a) by the provisions of the Contract;
- (b) to cure any ambiguity, or cure, correct, or supplement any defective provision contained in the Contract, or in regard to matters or questions arising under the Contract, as the Authority may deem necessary or desirable and not inconsistent with the Bond Resolution and which will not have a material adverse effect on the interests of the Bondholders;
- (c) to make such changes and modifications, and to add such provisions, as are necessary to obtain or maintain an investment grade rating for the Bonds; or
- (d) to conform the Contract to any changes made to the Bond Resolution by a Supplemental Resolution permitted by the provisions of the Bond Resolution described in the first paragraph under the caption “**THE BOND RESOLUTION - Supplemental Resolutions**” in this Appendix B.

Except for the amendments, modifications, or changes to the Contract described above, neither the Authority nor the City may amend, change, or modify the Contract unless the owners of at least 65% of the aggregate principal amount of the Bonds then Outstanding have filed with the Authority and the City within three months after the date of adoption of resolutions approving such amendment, change, or modification properly executed instruments approving the execution of such amendment, change, or modification; provided, however, nothing contained in the Bond Resolution permits, or should be construed as permitting, any amendment, change, or modification of the City’s unconditional obligation to make the payments required under the Contract to the Authority or the pledge of the City’s full faith and credit and taxing power to secure such payments, without the consent of every owner of Bonds affected thereby.

**Defeasance**

Bonds for the payment or redemption of which sufficient moneys or sufficient Government Obligations have been deposited with or for the account of the Paying Agent (whether upon or prior to the maturity or the redemption date of such Bonds) will be deemed to be paid and no longer Outstanding under the Bond Resolution; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption must have been duly given as provided in the Bond Resolution or firm and irrevocable arrangements must have been made for the giving thereof. Government Obligations will be considered sufficient for purposes of the Bond Resolution only (i) if such Government Obligations are not callable by the issuer of the Government Obligations prior to their stated maturity and (ii) if such Government Obligations fall due and bear interest in such amounts and at such times as will assure sufficient cash (whether or not such Government Obligations are redeemed by the Authority pursuant to any right of redemption) to pay currently maturing interest and to pay principal of and redemption premiums, if any, on the Bonds when due.

**THE CONTRACT**

**Introduction**

The Intergovernmental Economic Development Agreement, to be dated as of \_\_\_\_\_ 1, 2024, between the Authority and the City, provides for the undertaking of the Properties by the Authority and secures the Authority’s obligations under the Bonds.

The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Contract. Reference is made to the Contract in its entirety for a complete recital of the detailed provisions thereof, copies of which are available from the Authority upon request.

**Undertaking of the Properties**

The Authority agreed in the Contract that title to the Properties will be vested in and will be the sole property of the Authority, subject to any liens, leases, or licenses that the Authority, with the written consent of the City, may create during the term of the Contract. The Contract obligates the Authority, as directed by the City, to negotiate sales, leases, and licenses of the Properties and to work with prospective purchasers and prospective tenants and licensees of the Properties upon such terms and conditions as are directed by the City and as are permitted by the Act. The Authority agreed in the Contract that the proceeds of any sale, lease, license, or other disposition of any of the Properties will be deposited or disposed of as directed by the City (including, if directed by the City, transferred to the City).

## **Amounts Payable by the City**

The City agreed in the Contract to pay to the Authority, by making such payments directly to the Sinking Fund Custodian for the account of the Authority for deposit in the Sinking Fund held under the Bond Resolution on or before January 25 and July 25 of each year, an amount sufficient, when added to funds held at the time of such payment in the Sinking Fund, to cause the balance held therein to equal the full amount of principal of, premium, if any, and interest on the Bonds coming due on the next succeeding interest payment date with respect to the Bonds.

The Contract provides that if, for any reason, on the business day preceding any interest payment date and any redemption date with respect to the Bonds, there is not on deposit in the Sinking Fund moneys sufficient to pay the total principal, interest, and premium coming due on the Bonds on such interest payment date or redemption date (whether by mandatory redemption, maturity, or otherwise), the City must on such date pay to the Authority, by making such payments directly to the Sinking Fund Custodian for the account of the Authority for deposit into the Sinking Fund, an amount equal to the amount by which the total principal, interest, and premium coming due on the Bonds (whether by mandatory redemption, maturity, or otherwise) on the next interest payment date or redemption date exceeds the amount in the Sinking Fund (and not being held for the payment of Bonds not yet presented for payment or interest checks not cashed).

The Contract also obligates the City to pay to the Authority an amount equal to any costs incurred by the Authority in connection with the issuance and carrying of any series of Bonds and the renovation of the Properties to the extent such costs are not paid from proceeds of such Bonds.

In addition to and over and above the sums described above, the Contract obligates the City to pay additional monthly payments to the Authority as may be necessary to assure the continuous operation of the Properties and to provide reasonable reserves for contingencies and for the maintenance and repair of the properties constituting, and the services provided by, the Properties.

## **Source of Funds for City's Payment Obligations**

As security for the payments required to be made and the obligations required to be performed by the City under the Contract, the City in the Contract pledged to the Authority its full faith and credit and taxing power for such payment and performance. The City has agreed that, in order to make any payments when due from its general funds to the extent required under the Contract, the City will exercise its power of taxation to the extent necessary to pay the amounts required to be paid under the Contract and will make available and use for such payments all taxes levied and collected for that purpose together with funds received from any other sources. The City has also agreed that in order to make funds available for such purpose in each Fiscal Year, it will, in its general revenue, appropriation, and budgetary measures through which its tax funds or revenues and the allocation thereof are controlled or provided for, include sums sufficient to satisfy any such payments that may be required to be made under the Contract, whether or not any other sums are included in such measure, until all payments so required to be made under the Contract are made in full. The obligation of the City to make any payments that may be required to be made under the Contract from its general funds constitutes a general obligation of the City and a pledge of the full faith and credit of the City to provide the funds required to fulfill any such obligation.

The City has further agreed that it will, to the extent necessary, levy an annual ad valorem tax on all taxable property located within the corporate limits of the City, as now existent and as the same may hereafter be extended, at such rate or rates, within the three (3) mill limit authorized pursuant to Section 48-5-350 of the Official Code of Georgia Annotated and within the fifteen (15) mill limit prescribed by Section 50 of the City's Charter or within such greater millage as may hereafter be prescribed by applicable law, as may be necessary to produce in each year revenues that will be sufficient to fulfill the City's obligations under the Contract, from which revenues the City agreed to appropriate sums sufficient to pay in full when due all of the City's obligations under the Contract. The City in the Contract created and granted a lien in favor of the Authority on any and all revenues realized by the City from such tax, to make the payments that are required under the Contract, which lien is superior to any that can hereafter be created, except that this lien may be extended to cover any Additional Contracts, as permitted by the provisions of the Contract described in "**THE CONTRACT - Additional Contracts**" in this Appendix B. Nothing contained in the Contract, however, should be construed as limiting the right of the City to make the payments called for by the Contract out of any funds lawfully available to it for such purpose, from whatever source derived (including general funds and collections of special purpose local option sales tax).

The Contract provides that the City's obligation to levy an annual ad valorem tax within the three (3) mill limit authorized by Section 48-5-350 of the Official Code of Georgia Annotated and within the fifteen (15) mill limit prescribed by Section 50 of the City's Charter, or such greater millage hereafter authorized by law, for the purpose of providing funds to meet the City's payment obligations under the Contract shall not be junior and subordinate, but shall be superior or equal to the City's obligation to levy an annual ad valorem tax at such rate or rates within such

three (3) mill limit and such fifteen (15) mill limit, or such greater millage as hereafter prescribed by law, pursuant to any applicable provisions of the Prior Contracts and any Additional Contract. The Contract provides, however, that the City shall not be required to levy a tax in any year at a rate or rates exceeding in the aggregate the maximum three (3) mills now authorized by Section 48-5-350 of the Official Code of Georgia Annotated, the maximum fifteen (15) mill limit prescribed by Section 50 of the City's Charter, or any greater millage hereafter prescribed by law, in order to meet its obligations under the Contracts.

### **Additional Contracts**

The Contract provides that during the term of the Contract, the City may not:

- (1) enter into an Additional Contract that creates a lien on the revenues to be derived from the tax to be levied thereunder by the City to fulfill its obligations thereunder, which is superior to the lien created thereunder;
- (2) enter into any other contract or agreement creating a lien on such tax revenues for any purpose other than debt service payments (including creation and maintenance of reasonable reserves therefor) superior to or on a parity with the lien created thereon to fulfill the obligations of the City thereunder;
- (3) enter into any Additional Economic Development Contract that provides for payment to be made by the City from moneys derived from the levy of a tax within the maximum millage now or hereafter authorized by law if each annual payment of all amounts payable with respect to debt service or which are otherwise fixed in amount or currently budgeted in amount under all Contracts then in existence that obligate the City to levy the municipal tax authorized by Section 48-5-350 of the Official Code of Georgia Annotated or any successor provision, together with each annual payment to be made under the proposed Additional Economic Development Contract, in each future Fiscal Year, would exceed the amount then capable of being produced by a levy of a tax within the maximum millage now or hereafter authorized by law on the taxable value of property located within the corporate limits of the City subject to taxation for such purposes, as shown by the latest tax digest available immediately preceding the execution of any such Additional Economic Development Contract; and
- (4) enter into any Additional Contract that provides for payment to be made by the City from moneys derived from the levy of a tax within the maximum millage now or hereafter authorized by law if each annual payment of all amounts payable with respect to debt service or which are otherwise fixed in amount or currently budgeted in amount under all Contracts then in existence, together with each annual payment to be made under the proposed Additional Contract, in each future Fiscal Year, would exceed the amount then capable of being produced by a levy of a tax within the maximum millage now or hereafter authorized by law on the taxable value of property located within the corporate limits of the City subject to taxation for such purposes, as shown by the latest tax digest available immediately preceding the execution of any such Additional Contract.

The Contract further expressly provides that during the term of the Contract, the City shall not thereafter enter into any Additional Economic Development Contract for the purpose of debt service payments (including creation and maintenance of reserves therefor), unless the amount then capable of being produced by the levy of a municipal tax within the maximum millage then authorized under Section 48-5-350 of the Official Code of Georgia Annotated or any successor provision on all taxable property within the corporate limits of the City, as shown by the latest tax digest available immediately preceding the execution of such Additional Economic Development Contract, is equal to at least one and twenty-five hundredths (1.25) times the maximum combined amount payable in any future Fiscal Year with respect to debt service under all existing Contracts that obligate the City to levy the municipal tax authorized by Section 48-5-350 of the Official Code of Georgia Annotated or any successor provision and any such Additional Economic Development Contract. The Contract obligates the City to furnish the Authority, not less than five (5) nor more than sixty (60) days prior to the date of execution and delivery of any such Additional Economic Development Contract, a report of an independent certified public accountant to the effect that, based upon an affidavit of the Tax Commissioner of Cobb County as to the taxable value of property located within the corporate limits of the City, the requirements of the Contract described in this paragraph have been met.

The Contract further expressly provides that during the term of the Contract, the City shall not thereafter enter into any Additional Contract for the purpose of debt service payments (including creation and maintenance of reserves therefor), unless the amount then capable of being produced by the levy of an ad valorem tax within the maximum millage then prescribed by the City's Charter or any successor provision on all taxable property within the corporate limits of the City, as shown by the latest tax digest available immediately preceding the execution of such Additional Contract, is equal to at least one and twenty-five hundredths (1.25) times the maximum combined amount payable in any future Fiscal Year with respect to debt service under all existing Contracts and any such Additional Contract. The Contract obligates the City to furnish the Authority, not less than five (5) nor more than

sixty (60) days prior to the date of execution and delivery of any such Additional Contract, a report of an independent certified public accountant to the effect that, based upon an affidavit of the Tax Commissioner of Cobb County as to the taxable value of property located within the corporate limits of the City, the requirements of the Contract described in this paragraph have been met.

Debt service for purposes of the provisions of the Contract described above means required payments of principal, including principal to be paid through mandatory redemption, interest, and amounts required to be paid for creation and maintenance of reasonable debt service reserves and to establish and maintain mandatory investment programs, less principal and interest received or to be received from investment of any of the foregoing amounts (except funds on hand or to be on hand in any debt service reserve) required to be applied to debt service in each Fiscal Year.

### **Additional Bonds**

The Contract provides that Additional Bonds may be issued by the Authority to provide funds to pay any one or more of the following: (i) the costs of acquiring, constructing, and installing any capital improvements to the Properties as the City may deem necessary or desirable and as will not impair the nature of the Properties; (ii) to refund any Bonds; and (iii) the costs of the issuance and sale of the Bonds and capitalized or funded interest for such period and such other costs reasonably related to the financing as shall be agreed upon by the City and the Authority.

If the City is not in default under the Contract, the Authority agreed, on request of the City, from time to time in its sole discretion to issue the amount of Additional Bonds specified by the City; provided, that the sale of any Additional Bonds will be the sole responsibility of the City, and provided further that the City and the Authority must have entered into an amendment to the Contract to provide for additional payments in an amount at least sufficient to enable the Authority to pay principal of and interest on the Additional Bonds when due and to provide for any additional terms or changes to the Contract required because of such Additional Bonds, and provided further that the Authority must have otherwise complied with the provisions of the Bond Resolution described under the heading “**THE BOND RESOLUTION - Additional Bonds**” in this Appendix B with respect to the issuance of such Additional Bonds.

### **Continuing Disclosure**

The City agreed that it will comply with and carry out all of the provisions of the Series 2024 Disclosure Certificate. Notwithstanding any other provision of the Contract, failure of the City to comply with the Series 2024 Disclosure Certificate will not be considered a default under the Contract; however, any beneficial owner of the Series 2024 Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations described in the preceding sentence.

### **Term**

The term of the Contract will commence with its execution and delivery and will extend until 91 days after the principal of, premium, if any, and interest on the Bonds have been paid in full or until provision has been duly made therefor, but in no event shall the term exceed fifty years.

### **Obligations of City Absolute and Unconditional**

The Contract provides that it will constitute security for the benefit of the Bondholders and that the obligations of the City under the Contract will be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment, or counterclaim, except for payment, it may otherwise have against the Authority. The City has agreed that it will not (i) withhold, suspend, abate, reduce, abrogate, diminish, postpone, modify, or discontinue any payments provided for in the Contract; (ii) fail to observe any of its other agreements contained in the Contract; or (iii) terminate its obligations under the Contract for any contingency, act of God, event, or cause whatsoever.

## **THE CONTINUING DISCLOSURE CERTIFICATE**

### **Introduction**

The Continuing Disclosure Certificate of the City specifies the terms and details of the City’s continuing disclosure obligations in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

The following is a summary, which does not purport to be comprehensive or definitive, of certain provisions of the Series 2024 Disclosure Certificate. Reference is made to the Series 2024 Disclosure Certificate in its entirety for a complete recital of the detailed provisions thereof, copies of which are available from the Authority upon request.

## Definitions

The following capitalized terms have the following meanings for purposes of the Series 2024 Disclosure Certificate:

**“Annual Report”** means any Annual Report provided by the City pursuant to the provisions of the Series 2024 Disclosure Certificate described herein under the caption **“THE CONTINUING DISCLOSURE CERTIFICATE - Provision of Annual Reports and - Content of Annual Reports.”**

**“Beneficial Owner”** of Series 2024 Bonds is determined pursuant to Rule 13d-3 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time, and includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, has or shares:

- (1) voting power, which includes the power to vote, or to direct the voting of, any Series 2024 Bond; or
- (2) investment power, which includes the power to dispose, or to direct the disposition of, any Series 2024 Bond.

**“Bondholders”** means the registered owners of the Series 2024 Bonds.

**“Dissemination Agent”** means any Dissemination Agent designated in writing by the City and that has filed with the City a written acceptance of such designation.

**“EMMA”** means the Electronic Municipal Market Access system maintained by the MSRB for purposes of the Rule.

**“Financial Obligation”** means a:

- (A) debt obligation;
- (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or
- (C) guarantee of an obligation described in clause (A) or (B).

The term financial obligation does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**“Fiscal Year”** means any period of twelve consecutive months adopted by the City as its fiscal year for financial reporting purposes and initially means the period beginning on July 1 of each calendar year and ending on June 30 of the following calendar year.

**“Listed Events”** means any of the events listed in the provisions of the Series 2024 Disclosure Certificate described herein under the caption **“THE CONTINUING DISCLOSURE CERTIFICATE - Reporting of Significant Events.”**

**“MSRB”** means the Municipal Securities Rulemaking Board or any successor thereto for purposes of the Rule.

**“Rule”** means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

## Means of Dissemination

All information disseminated pursuant to the Series 2024 Disclosure Certificate will be provided to the MSRB in an electronic format as prescribed by the MSRB. As of the date of the Series 2024 Disclosure Certificate, EMMA is the electronic format prescribed by the MSRB. All documents provided to the MSRB pursuant to the Series 2024 Disclosure Certificate will be accompanied by identifying information as prescribed by the MSRB.



## Provision of Annual Reports

The City has agreed in the Series 2024 Disclosure Certificate to, or to cause the Dissemination Agent to, not later than 270 days after the end of each Fiscal Year, commencing with Fiscal Year 2024, provide to the MSRB an Annual Report that is consistent with the requirements of the provisions of the Series 2024 Disclosure Certificate described below under the caption “**THE CONTINUING DISCLOSURE CERTIFICATE - Content of Annual Reports.**” Not later than fifteen business days prior to such date, the City has agreed to provide the Annual Report to the Dissemination Agent (if other than the City). The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in the provisions of the Series 2024 Disclosure Certificate described below under the caption “**THE CONTINUING DISCLOSURE CERTIFICATE - Content of Annual Reports**”; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report.

If the City is unable to provide to the MSRB an Annual Report by the date required as described above, the City must, in a timely manner, send a notice of such failure to the MSRB. The Dissemination Agent is required to:

- (i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB for filing with the MSRB, the proper form for such filing, and the proper identifying information prescribed by the MSRB to accompany such filing; and
- (ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to the Series 2024 Disclosure Certificate, to the MSRB in an electronic format as prescribed by the MSRB, accompanied by identifying information prescribed by the MSRB, and stating the date it was provided.

The City is required to promptly file a notice of any change in its Fiscal Year with the MSRB. If the audit report specified in clause (1) of the provisions of the Series 2024 Disclosure Certificate described below under the caption “**THE CONTINUING DISCLOSURE CERTIFICATE - Content of Annual Reports**” is not submitted as part of the Annual Report to the MSRB pursuant to the Series 2024 Disclosure Certificate, the City agreed to, or to cause the Dissemination Agent to, provide to the MSRB such audit report, together with the audited basic financial statements to which such audit report relates, when and if they are available to the City.

## Content of Annual Reports

The Series 2024 Disclosure Certificate requires the City’s Annual Report to contain or incorporate by reference the following:

- (1) the City’s basic financial statements for the preceding Fiscal Year, which must be prepared in accordance with generally accepted accounting principles, as in effect from time to time, and which must be accompanied by an audit report, if available at the time of submission of the Annual Report to the MSRB pursuant to the Series 2024 Disclosure Certificate, resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards;
- (2) if generally accepted accounting principles have changed since the last Annual Report was submitted pursuant to the Series 2024 Disclosure Certificate and if such changes are material to the City, a narrative explanation describing the impact of such changes on the City; and
- (3) information for the preceding Fiscal Year regarding the following categories of financial information and operating data of the City: (A) the legal debt margin of the City, (B) the property tax digest of the City, (C) the millage rates of the City, (D) the property tax levies and collections of the City, (E) the estimated value of total tax title liens (or fi fas) owned by the City, (F) the ten largest taxpayers of the City, (G) the ad valorem tax coverage of debt service of the three mill tax, (H) the City’s governmental funds tax revenues by source, and (I) the insurance coverage of the City.

Any or all of the items listed above may be incorporated by specific reference from other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB’s Internet website or filed with the Securities and Exchange Commission. The City must clearly identify each such other document so incorporated by reference.

## Reporting of Significant Events

The Series 2024 Disclosure Certificate governs the giving of notices of the occurrence of any of the following events with respect to the Series 2024 Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Series 2024 Bonds, or other material events affecting the tax status of the Series 2024 Bonds;
- (7) Modifications to rights of Bondholders, if material;
- (8) Series 2024 Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Series 2024 Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the City;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect Bondholders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

For purposes of the event identified in clause (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

If the City obtains knowledge of the occurrence of a Listed Event, the City has agreed to file in a timely manner, not in excess of ten business days after the occurrence of the Listed Event, a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in clauses (8) (other than tender offers) and (9) need not be given under the Series 2024 Disclosure Certificate any earlier than the notice (if any) of the underlying event is given to the Bondholders pursuant to the Bond Resolution.

### **Termination of Reporting Obligation**

The City's obligations under the Series 2024 Disclosure Certificate will terminate upon the legal defeasance in full, prior redemption in full, or payment in full of all of the Series 2024 Bonds.

## **Dissemination Agent**

The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Series 2024 Disclosure Certificate, and the City may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not a designated Dissemination Agent, the City will be the Dissemination Agent.

## **Amendment; Waiver**

Notwithstanding any other provision of the Series 2024 Disclosure Certificate, the City may amend the Series 2024 Disclosure Certificate, and any provision of the Series 2024 Disclosure Certificate may be waived, if:

- (a) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements; change in law; or change in the identity, nature, or status of the obligor on the Series 2024 Bonds, or type of business conducted by such obligor;
- (b) such amendment or waiver does not materially impair the interests of the Beneficial Owners, as determined either by an unqualified opinion of nationally recognized bond counsel filed with the City or by the approving vote of the Bondholders owning more than two-thirds in aggregate principal amount of the Series 2024 Bonds outstanding at the time of such amendment or waiver; and
- (c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings in the Series 2024 Disclosure Certificate to violate the Rule if such amendment or waiver had been effective on the date of the Series 2024 Disclosure Certificate but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

If any provision of the Series 2024 Disclosure Certificate described herein under the caption “**THE CONTINUING DISCLOSURE CERTIFICATE - Content of Annual Reports**” is amended or waived, the first Annual Report containing any amended, or omitting any waived, operating data or financial information must explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

If the provisions of the Series 2024 Disclosure Certificate described herein under the caption “**THE CONTINUING DISCLOSURE CERTIFICATE - Content of Annual Reports**” specifying the accounting principles to be followed in preparing the City’s financial statements are amended or waived, the Annual Report for the Fiscal Year in which the change is made must present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison must include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to the Beneficial Owners to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison must also be quantitative. The City must file a notice of the change in the accounting principles with the MSRB on or before the effective date of any such amendment or waiver.

## **Additional Information**

Nothing in the Series 2024 Disclosure Certificate will prevent the City from disseminating any other information, using the means of dissemination set forth in the Series 2024 Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Series 2024 Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Series 2024 Disclosure Certificate, the City will have no obligation under the Series 2024 Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

## **Default**

In the event of a failure of the City to comply with any provision of the Series 2024 Disclosure Certificate, any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under the Series 2024 Disclosure Certificate. A default under the Series 2024 Disclosure Certificate will not be deemed an “event of default” or “default” under the Bond Resolution or the Contract, and the sole remedy under the Series 2024 Disclosure Certificate in the event of any failure of the City to comply with the Series 2024 Disclosure Certificate

will be an action to compel performance. The cost to the City of performing its obligations under the Series 2024 Disclosure Certificate will be paid solely from funds lawfully available to the City for such purpose.

## **APPENDIX C**

### **FORM OF LEGAL OPINION**

The form of Legal Opinion included as this Appendix C has been prepared by Nelson Mullins Riley & Scarborough LLP, Atlanta, Georgia, Bond Counsel, and is substantially the form to be given in connection with the delivery of the Series 2024 Bonds.

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\_\_\_\_\_, 2024

Downtown Smyrna  
Development Authority  
Smyrna, Georgia

Re: \$\_\_\_\_\_ Downtown Smyrna Development Authority Revenue Bonds,  
Federally Taxable Series 2024

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and delivery on this date by the Downtown Smyrna Development Authority (the “Authority”) of \$\_\_\_\_\_ in original aggregate principal amount of revenue bonds designated “Downtown Smyrna Development Authority Revenue Bonds, Federally Taxable Series 2024,” dated the date hereof (the “Series 2024 Bonds”).

We have examined the law and such certified proceedings and other papers authorizing and relating to the Series 2024 Bonds as we deem necessary to render this opinion, including the following:

1. An amendment to Article VII, Section VII, Paragraph I of the Constitution of the State of Georgia of 1945 (1970 Ga. Laws 1117 to 1119, inclusive), now specifically continued as a part of the Constitution of the State of Georgia of 1983 pursuant to Article XI, Section I, Paragraph IV of the Constitution of the State of Georgia of 1983 and an Act of the General Assembly of the State of Georgia (1986 Ga. Laws 3957 to 3958, inclusive), as implemented by an Act of the General Assembly of the State of Georgia (1989 Ga. Laws 4382 to 4396, inclusive) (collectively the “Act”).
2. Certified copy of a Master Bond Resolution of the Authority adopted on July 23, 2024, as supplemented and amended by a Supplemental Series 2024 Bond Resolution of the Authority adopted on \_\_\_\_\_, 2024 (collectively the “Bond Resolution”).
3. Certified transcript of the validation proceedings in the Superior Court of Cobb County, Georgia, resulting in a final judgment entered on November 12, 2024, validating and confirming the Series 2024 Bonds and the security therefor.

4. A certified copy of an Authorizing Resolution of the City of Smyrna (the “City”) adopted on August 12, 2024.

5. Fully executed counterpart of the Intergovernmental Economic Development Agreement, dated as of \_\_\_\_\_ 1, 2024 (the “Contract”), between the Authority and the City.

The Series 2024 Bonds are being issued under and pursuant to the Act and the Bond Resolution for the purpose of financing the costs of acquiring and renovating or demolishing properties located at 1275 Church Street in Smyrna, Georgia to be held for sale for redevelopment for commercial and residential uses or to be rented for event purposes (the “Properties”). The Authority will acquire and renovate or demolish the Properties to be held for sale for redevelopment for commercial and residential uses or to be rented for event purposes pursuant to the Contract, under the terms of which the City (1) has agreed to make payments to the Authority in amounts sufficient to enable the Authority to pay the principal of, premium, if any, and interest on the Series 2024 Bonds when due and (2) has agreed to levy an annual ad valorem tax on all taxable property located within the corporate limits of the City, at such rates within the three (3) mill limit authorized pursuant to Section 48-5-350 of the Official Code of Georgia Annotated and within the fifteen (15) mill limit prescribed by Section 50 of the City’s Charter or such greater millage limit hereafter authorized under applicable law, as may be necessary to produce in each year revenues that are sufficient to fulfill the City’s obligations under the Contract.

As to questions of fact material to our opinion, we have relied upon the following items, without undertaking to verify any of them by independent investigation: (a) certified proceedings and other certifications of public officials furnished to us, (b) certifications furnished to us by or on behalf of the Authority and the City, and (c) representations of the Authority and the City contained in such proceedings and in documents delivered in connection with the issuance of the Series 2024 Bonds.

In our capacity as Bond Counsel, we have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or any other offering material relating to the Series 2024 Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Based upon the foregoing, it is our opinion, as of the date hereof and under existing law, that:

(1) The Authority was duly created and is validly existing as a body corporate and politic and public corporation under the Constitution and statutes of the State of Georgia, including particularly the Act, and has all requisite power and authority (i) to adopt and perform its obligations under the Bond Resolution; (ii) to issue, sell, and deliver the Series 2024 Bonds and use the proceeds thereof for the purposes and upon the terms and conditions set forth in the Bond Resolution; and (iii) to enter into and perform its obligations under the Contract.



(2) The Bond Resolution has been duly adopted by the Authority and constitutes the legal, valid, and binding obligation of the Authority enforceable upon the Authority. The Contract has been duly authorized, executed, and delivered by the Authority and constitutes the legal, valid, and binding obligation of the Authority enforceable upon the Authority.

(3) Pursuant to the Act, the Bond Resolution creates a valid and enforceable lien on the funds pledged by the Bond Resolution to secure the Series 2024 Bonds, on a parity with any other Bonds (as defined in the Bond Resolution) issued or to be issued by the Authority under the Bond Resolution, subject to no prior lien granted under the Act.

(4) The Series 2024 Bonds have been duly authorized, executed, issued, and delivered by the Authority and are the legal, valid, and binding special or limited obligations of the Authority, payable solely from the amounts pledged under the Bond Resolution, which include amounts paid to the Authority by the City under the Contract.

(5) The Contract has been duly authorized, executed, and delivered by the City and constitutes the legal, valid, and binding obligation of the City enforceable upon the City. The Contract obligates the City to levy an annual ad valorem tax on all taxable property located within the corporate limits of the City within the three (3) mill limit authorized pursuant to Section 48-5-350 of the Official Code of Georgia Annotated and within the fifteen (15) mill limit prescribed by Section 50 of the City's Charter or such greater millage limit hereafter authorized under applicable law, sufficient in amount to pay the City's obligations under the Contract, to the extent the necessary funds are not provided from other sources.

(6) The Series 2024 Bonds are exempt from local property taxes in the State of Georgia and the interest on the Series 2024 Bonds is exempt from State of Georgia income taxation, although the Series 2024 Bonds and the interest thereon may be included in the measure of certain State of Georgia business excise and franchise taxes.

The rights of the owners of the Series 2024 Bonds and the enforceability of the Series 2024 Bonds, the Bond Resolution, and the Contract (i) may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the enforcement of creditors' rights; (ii) may be subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law); and (iii) may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is limited to the matters expressly set forth above, and no opinion is implied or may be inferred beyond the matters so stated. We expressly disclaim any duty to update this opinion in the future for any changes of fact or law that may affect any of the opinions expressed herein.

Very truly yours,

**NELSON MULLINS RILEY &  
SCARBOROUGH LLP**

By: \_\_\_\_\_  
Earle R. Taylor, III, Partner

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**\$16,295,000\***

**DOWNTOWN SMYRNA  
DEVELOPMENT AUTHORITY  
(GEORGIA)**

**Revenue Bonds, Federally Taxable  
Series 2024**

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**OFFICIAL STATEMENT**

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**No dealer, broker, salesman, or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Authority, the City, or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2024 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The delivery of this Official Statement at any time does not imply that the information herein is correct as of any time subsequent to this date.**

**RAYMOND JAMES®**

Dated: \_\_\_\_\_, 2024

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<sup>1</sup> See detailed "TABLE OF CONTENTS" on pages (i) to (ii).

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\* Preliminary; subject to change.