



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

CITY OF ATHENS, TENNESSEE

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2023**

**Prepared by:
Department of Finance**

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INTRODUCTORY SECTION



FINANCE DEPARTMENT

Honorable Mayor,
Members of the City Council and
Citizens of the City of Athens, Tennessee

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Athens for the fiscal year ended June 30, 2023.

This report consists of management's representations concerning the finances of the City of Athens. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Athens has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Athens' financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Athens' comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Athens' financial statements have been audited by Neal, Scouten and McConnell, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Athens, for the fiscal year ended June 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Athens' financial statements, for the fiscal year ended June 30, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Athens' MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Athens

The City of Athens, incorporated in 1891, is located in the southeastern part of the state, midway between the metropolitan cities of Knoxville and Chattanooga. This unique location affords the citizens of the City of Athens the ability to quickly access the amenities of two metropolitan areas. In addition, its proximity to the mountains of East Tennessee, the Tennessee River, and whitewater rafting makes it attractive to a wide range of individuals. The City of Athens serves a population of 14,084 and occupies a land area of approximately 14 square miles.

The City of Athens operates under the council-manager form of government, as authorized under Chapter 455 of the Private Acts of 1953. The five council members are elected at large. All elections are non-partisan, and the terms are for four years. Elections are held every two years on the first Tuesday in November so that only two or three seats are up for election at any given time. The council members select the Mayor and Vice-Mayor every two years at the council meeting in November, following the election. Policy-making and legislative authority are vested in the council. The council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, hiring the city manager, and appointing the city attorney and city judge. The city manager is responsible for carrying out the policies and ordinances of the city council, for overseeing the City's day-to-day operations, and for appointing the heads of the various departments.

The City provides a full range of services which include police and fire protection; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In addition to general government activities, the governing body approves the annual budget, debt issues and provides significant funding for the Athens City Schools, which requires the inclusion of these activities in the financial statements. The governing body appoints the Athens Utilities Board and therefore, these activities are reported separately within the financial statements of the City of Athens. However, the Athens Housing Authority, the McMinn County Economic Development Authority, the E. G. Fisher Library, and the Athens Health and Educational Facilities Board have not met the established criteria for inclusion; and, accordingly, are excluded from this report.

The annual budget serves as the foundation for the City of Athens' financial planning and control. The council reviews capital outlay needs each year at their annual retreat in January/February. The finance department compiles budgetary information to be distributed to the departments by February 28. Budget requests are submitted to the finance director in March, at which time the finance department compiles the data and makes revenue estimates. Budget hearings are held in April of each year with the department heads. In early May, the City Manager and/or Director of Finance make a formal balanced budget presentation to the city council.

After much review and debate among the council, the budget is revised to include any recommendations of the city council. A revised budget is submitted to city council at the May council meeting. The council is required to hold a public hearing on the proposed budget and to adopt a final budget and tax rate by June 30 each year, which is the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), department (e.g., police) and division (e.g., patrol). Department heads may make transfers within a division, but transfers of appropriations between divisions and funds require approval of the city council. Budget to actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted.

Local Economy

The City of Athens enjoys a favorable economic environment and local indicators point to continued stability. Local sales tax and state shared sales tax revenues continue to increase and the unemployment rate is 4.7% as of June, 2023. Unfortunately, Staples closed its store but this resulted in the relocation of an existing appliance store to the Staples building and left an open space to be available for Aldi. Aldi is a supermarket chain that had expressed an interest in locating in Athens for some time. This spurred a renovation of the strip center where Aldi located and made it more attractive for lessees. Weigel's, a convenience store chain, is developing a site near Interstate 75 that will attract personal and commercial vehicles. Planet Fitness and Tidal Wave Auto Spa are developing sites to be opened in FY2023. Starr Regional Medical Center is expanding to begin providing cardiac catheterization services.

One area that Athens has lacked in development over the past decade has been the construction of single-family homes. DR Horton, a national home construction company, has constructed over 100 residences and continues to develop other sites with the total expected to exceed 150 new homes. Several other contractors are developing residential sites as well.

Major industries located within the City include several automotive parts suppliers, manufacturers of electrical components and plastics, and a producer of dairy products. Denso, the City's largest employer, has expanded three times in the past nine years and is currently adding warehouse space. There continues to be interest from several industries to locate in Athens. Aspen Dental and an Aldi grocery store opened during the fiscal year.

Athens and McMinn County have jointly participated in a tax abatement program for new and existing businesses. Capital investment and increased employment are two of the primary reasons for this program. Capital investment results in increased property taxes and the additional employees result in individuals having the means to spend dollars locally, helping the entire local economy.

Long-Term Financial Planning and Major Initiatives

Unassigned fund balance in the general fund has continued to grow for most of the past ten years. The current year resulted in an increase in the unassigned fund balance. The policy is to maintain an unassigned fund balance in the general fund that equals 75% of budgeted expenditures. After the fiscal year is closed, a recommendation is made to the City Council to transfer the excess amount to the capital improvement fund to accumulate funds for large capital items and grant matching funds.

In August of 2019, the voters in Athens approved a \$.75 increase in the local option sales tax. The City Council designated the first \$1,000,000 collected annually to go toward the school building project and the City Schools will contribute \$700,000 annually from savings due to the consolidation of four schools. The Council has approved borrowing up to \$40,000,000 to construct the new elementary school on the property at City Park. Bids were approved in early 2021 and construction began on the facility that will hold all pre-k to fifth grade students for the City Schools. The building opened in August of this year which resulted in the demolition of City Park Elementary as it was on the site used for the new school. Three remaining school buildings have been turned over to the City. Even though the new building was opened in August, construction is still being done on the exterior areas and athletic facilities and work is expected to be finished on the entire project in January, 2024.

The City issued \$7,350,000 in bonds in October, 2021 for road improvements around the new school, renovations to the public works facility, renovations to City Hall, a fire training tower and a new animal

shelter. The public works facility and fire training tower have been completed and the animal shelter and road improvements are expected to be completed by June of 2024.

The City completed a strategic plan during the prior year. During February of each year, a planning meeting is held with the City Council and the department heads to discuss needs of each department and establish priorities for the coming year. The strategic plan will continue to guide the Council in setting priorities for the next ten to twenty years.

Relevant Financial Policies

Revenue policies provide for the City to budget revenues conservatively so that the chance of a revenue shortage during the year is remote. The City will review annually all fees and charges to assure that they maintain their inflation-adjusted purchasing power. The City will make every effort to avoid becoming too dependent on one source of revenue in order to minimize serious fluctuation in any year. The City will consider market rates and rates of comparable cities in the region when changing tax rates, fees and charges. In this regard, the City will make every effort to maintain its favorable comparative position with other Tennessee cities which has contributed to our economic development success. A detailed multi-year revenue trend analysis is utilized to assist in the budget process.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Athens for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the thirty-first (31st) consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report was made possible by the dedicated service of the entire staff of the finance department. Credit must also be given to the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Athens' finances and we express our sincere appreciation to our independent certified public accountants for their technical expertise and assistance. Congratulations are also extended to our Parks and Recreation Director, Austin Fesmire, and Leslie McKee, the executive assistant to the City Manager, who both retired during FY2023. Austin had over 35 years in his position as director and we have worked jointly on a number of grants and construction projects for the City over the past 34 years. He provided a great deal of motivation and encouragement throughout that time. Leslie's experience in preparing agendas and minutes for City Council meetings as well as performing numerous other duties is missed by her fellow employees.

Respectfully submitted,



Michael L. Keith, CPA
Director of Finance

December 27, 2023



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

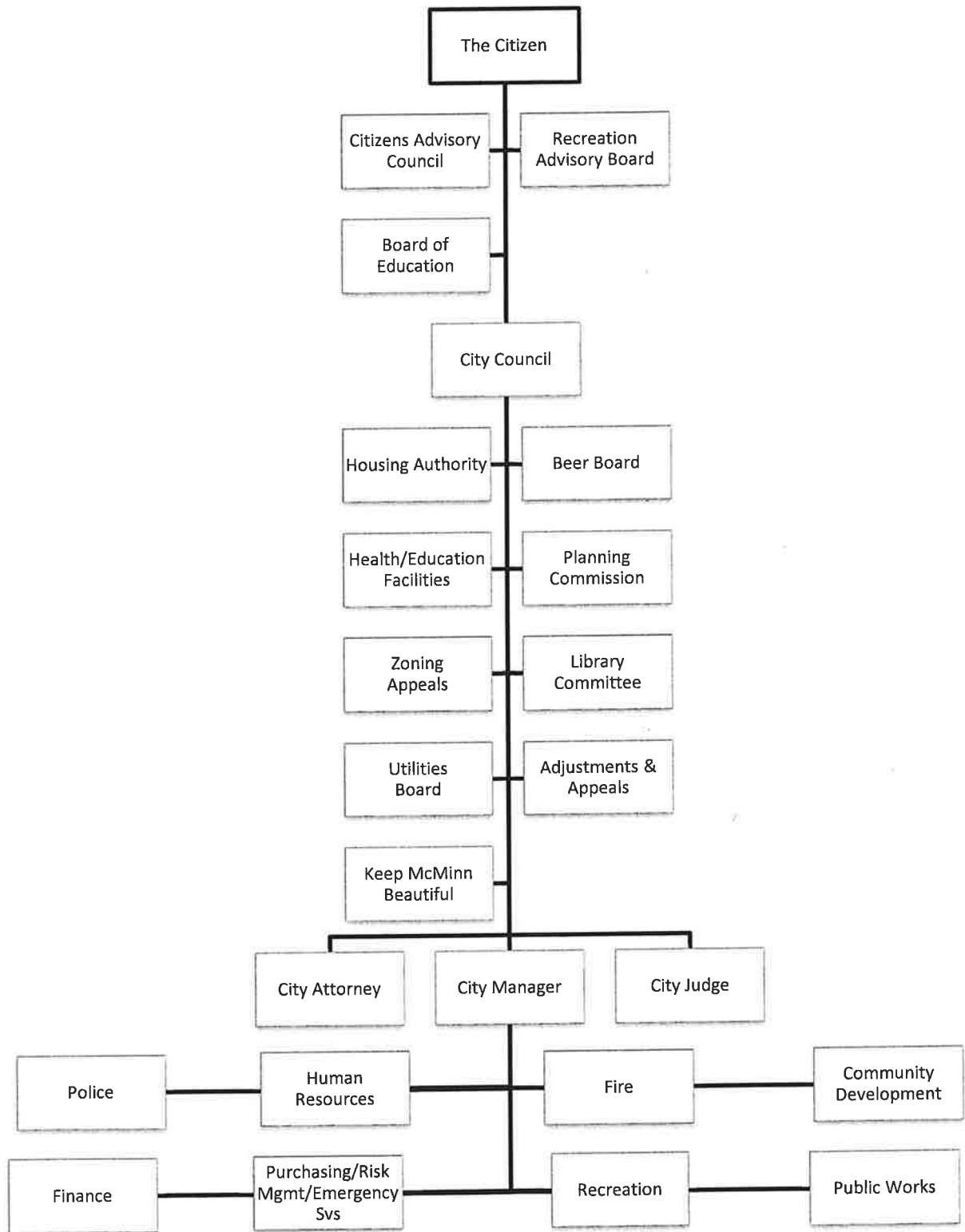
**City of Athens
Tennessee**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



CITY OF ATHENS, TENNESSEE
LIST OF PRINCIPAL OFFICIALS
June 30, 2023

City of Athens

Steven Sherlin
Larry Eaton
Jordan Curtis
Dick Pelley
Frances Witt-McMahan

Mayor
Vice-Mayor
Council Member
Council Member
Council Member

Vacant
Stephen Hatchett
Derek Green
Nina Edmonds
Anthony Casteel
Brandon Ainsworth
Matt Siniard
Michael L. Keith, CPA, CMFO
Ben Burchfield
Fred Schultz

City Manager
City Attorney
City Judge
Director of Human Resources
Director of Community Development
Fire Chief
Director of Parks & Recreation
Director of Finance
Director of Public Works
Police Chief

Athens City Board of Education

Chris Adams
Michael L. Bevins
Johnny Coffman
Emily Forrest
Beth Jackson
Abby Carroll

Chairman
Vice-Chairman
Board Member
Board Member
Board Member
Board Member

Robert Greene
Melody Armstrong
James McCullough
Andrew Kimball
Molly Mclean
Angie Newman
Robert Owens
Lisa Cranfill

Director of Schools
Supervisor of Instruction
Supervisor of Transportation
Supervisor of Federal Programs
Supervisor of Special Education
Supervisor of Food Services
Supervisor of Facilities and Attendance
Supervisor of Finance

Athens Utilities Board

Frank Snyder
Jeff Zabo
Larry Eaton
Shirley Woodcock
Patti Greek

Chairman
Vice-Chairman
Board Member
Board Member
Board Member

Eric Newberry
Michelle Millsaps
Kevin Goins
Craig Brymer
Wayne Scarbrough
Phil Graves

General Manager
Superintendent of Accounting
Superintendent of Power
Superintendent of Water/Wastewater/Gas
Assistant General Manager
Director of Management Service

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FINANCIAL SECTION

NEAL, SCOUTEN & McCONNELL, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
633 Chestnut Street
Suite 810 Republic Centre
Chattanooga, Tennessee 37450

Report of Independent Certified Public Accountants
on Financial Statements

To the City Council
City of Athens
Athens, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Athens, Tennessee, (the "City") 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Athens, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, General Purpose School Fund and Federal Projects Fund 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 and the standards applicable to financial audits contained in Government Auditing Standards, 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 Athens 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

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 Athens 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 generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Athens 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 Athens 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 on pages B-1 - B-10 and other required supplemental information on pages 95 - 105 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Athens basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the nonmajor budgetary comparison schedules, and schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, the budgetary comparison schedule, and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the nonmajor budgetary comparison schedules, and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If,

based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 27, 2023, on our consideration of the City of Athens internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Athens internal control over financial reporting and compliance.

Neul, Sauter & McConnell, P.C.

Chattanooga, Tennessee
December 27, 2023

City of Athens, Tennessee
Management's Discussion and Analysis
June 30, 2023

As management of the City of Athens, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Athens for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in pages A-1 to A-4 of this report.

Financial Highlights

- The assets and deferred outflows of the City of Athens exceeded its liabilities and deferred inflows at June 30, 2023 by \$87,553,220 (net position). Of this amount, \$49,800,457 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- Net position increased by \$8,296,982, an increase of 10.47% compared to fiscal year 2022 total net position. The City of Athens' changes in net position is detailed in the chart on page B-6 of this report. Total revenues increased \$1,205,541, primarily due to an increase in local sales taxes, state shared revenue and increased State funding for schools. Expenses increased \$6,110,555 primarily due to construction on the public works building, fire training tower, animal shelter and road improvements related to the new school building.
- The City's property tax rate remained at \$1.0078 per hundred dollars of assessment.
- The City's residential sanitation fee remained at \$9.50 per month.
- As of the close of the current fiscal year, the City of Athens' governmental funds reported combined ending fund balances of \$50,163,501.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$19,147,282 or 145.87% of total General Fund expenditures. Expenditures do not include transfers to other funds, which totaled \$7,846,000 in the City's General Fund. The percentage drops to 91.3% if transfers are included with the total expenditures. This demonstrates the City's fiscal discipline and places the City in a strong financial position to meet unexpected emergencies, uncertainties at the State level or slowdowns in the economy.

Overview of the Financial Statements

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

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

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

City of Athens, Tennessee
Management's Discussion and Analysis
June 30, 2023

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

Both of the government-wide financial statements distinguish functions of the City of Athens 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 of Athens include general government, public safety, highways and streets, education, economic development, and culture and recreation. The business-type activities of the City of Athens include the Conference Center Fund and the Sanitation Fund.

The government-wide financial statements include not only the City of Athens itself (which is the primary government) and the Athens Board of Education, but also the legally separate entity Athens Utilities Board. However, the Athens Housing Authority, the McMinn County Economic Development Authority, the E. G. Fisher Library, and the Athens Health and Educational Facilities Board are not legal entities of the City of Athens, and, accordingly are excluded from this report.

The government-wide financial statements can be found on pages 5-6 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 of Athens, 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 of Athens can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

City of Athens, Tennessee
Management's Discussion and Analysis
June 30, 2023

The City of Athens maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the General Purpose School Fund, the Federal Projects Fund, the Capital Improvement Fund, the School Construction Fund and the Education Capital Projects Fund which are considered to be major funds. Data from the other seven governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining and individual statements later in this report beginning on page 106.

The City of Athens adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund, the General Purpose School Fund and the Federal Projects Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 7-10 of this report.

Proprietary funds. The City of Athens maintains two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Athens uses enterprise funds to account for its Southeast Tennessee Trade and Conference Center operations and sanitation services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Athens' various functions. The City of Athens uses one internal service fund to account for its fleet of vehicles and another for employee medical benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the Southeast Tennessee Trade and Conference Center operations and the Sanitation Fund, both of which are considered to be major funds of the City of Athens. The internal service funds are presented in the proprietary fund financial statement. Individual data for each of the internal service funds is provided in the form of combining statements later in this report beginning on page 111.

The basic proprietary fund financial statements can be found on pages 17-19 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Athens' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Athens Pension Trust Fund is the one fiduciary maintained by the City and is shown on pages 20 and 21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-94 of this report.

City of Athens, Tennessee
Management's Discussion and Analysis
June 30, 2023

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Athens' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 95-105 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual nonmajor governmental fund statements and schedules are found on pages 106-110 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Athens, assets and deferred outflows exceeded liabilities and deferred inflows by \$87,553,220 at the close of this fiscal year.

The largest portion of the City of Athens net position (56.88%) is unrestricted net position and may be used to meet the government's ongoing obligations to its citizens and creditors. The City has also accumulated funds for capital project needs as approved by Council and debt service. The net investment in capital assets (30.41% of net position) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any debt used to acquire those assets that is still outstanding. The City of Athens uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City of Athens' 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. Restricted net position comprises 12.71% of net position. These resources are subject to external restrictions on how they may be used.

At June 30, 2023, the City of Athens is able to report positive balances in all categories of net position for the government as a whole. All of its separate governmental and business-type activities and its component units report positive balances in net position except for the School Construction Fund. Funding has been approved by the USDA for the project but had not been released to the City as of year end.

City of Athens, Tennessee
Management's Discussion and Analysis
June 30, 2023

City of Athens
Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 75,375,331	\$ 78,270,645	\$ 3,343,879	\$ 3,040,417	\$ 78,719,210	\$ 81,311,062
Capital assets	67,015,807	49,159,728	968,791	1,180,032	67,984,598	50,339,760
Total assets	<u>142,391,138</u>	<u>127,430,373</u>	<u>4,312,670</u>	<u>4,220,449</u>	<u>146,703,808</u>	<u>131,650,822</u>
Deferred outflows of resources:	<u>5,215,614</u>	<u>6,332,531</u>	<u>47,222</u>	<u>71,618</u>	<u>5,262,836</u>	<u>6,404,149</u>
Long-term liabilities	46,447,160	35,974,122	72,926	84,590	46,520,086	36,058,712
Other liabilities	<u>9,290,537</u>	<u>6,607,924</u>	<u>86,872</u>	<u>80,104</u>	<u>9,377,409</u>	<u>6,688,028</u>
Total liabilities	<u>55,737,697</u>	<u>42,582,046</u>	<u>159,798</u>	<u>164,694</u>	<u>55,897,495</u>	<u>42,746,740</u>
Deferred inflows of resources:	<u>8,515,929</u>	<u>16,051,376</u>	<u>-</u>	<u>617</u>	<u>8,515,929</u>	<u>16,051,993</u>
Net investment in capital assets	25,657,482	16,942,999	968,791	1,180,032	26,626,273	18,123,031
Restricted	11,126,490	20,408,267	-	-	11,126,490	20,408,267
Unrestricted	<u>46,569,154</u>	<u>37,778,216</u>	<u>3,231,303</u>	<u>2,946,724</u>	<u>49,800,457</u>	<u>40,724,940</u>
Total net position	<u>\$ 83,353,126</u>	<u>\$ 75,129,482</u>	<u>\$ 4,200,094</u>	<u>\$ 4,126,756</u>	<u>\$ 87,553,220</u>	<u>\$ 79,256,238</u>

Governmental activities. Governmental activities increased the City of Athens' net position by \$8,223,644 which accounts for the majority of the increase in the net position for the City of Athens. State sales tax and local sales tax continued the recent history of exceeding 5% growth and school funding continued to increase. The City received American Rescue Plan funds in excess of \$2,100,000 due to Covid-19.

Business-type activities. Business-type activities increased the City of Athens' net position by \$73,338. This increase was due primarily to the operations in the Sanitation Fund. The majority of the increase is the result of investment income increasing due to the increase in interest rates and the increase in the number of residential customers because of new homes built in the City.

City of Athens, Tennessee
Management's Discussion and Analysis
June 30, 2023

Key elements of this increase in net position are as follows:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 1,106,081	\$ 989,562	\$ 1,031,091	\$ 1,022,785	\$ 2,137,172	\$ 2,012,347
Operating grants and contributions	8,610,122	8,676,827	-	-	8,610,122	8,676,827
Capital grants and contributions	2,594,738	3,029,088	-	-	2,594,738	3,029,088
General revenues:						
Property taxes	7,629,706	8,296,297	-	-	7,629,706	8,296,297
Other taxes	11,994,270	11,043,650	-	-	11,994,270	11,043,650
Intergovernmental revenues not restricted to specific programs						
Other	14,178,869	13,593,663	-	-	14,178,869	13,593,663
	1,381,282	468,436	105,694	306,004	1,486,976	774,440
Total revenues	47,495,068	46,097,523	1,136,785	1,328,789	48,631,853	47,426,312
Expenses:						
General government	3,984,132	5,098,311	-	-	3,984,132	5,098,311
Public safety	6,232,860	5,096,312	-	-	6,232,860	5,096,312
Highways and streets	5,045,203	2,943,414	-	-	5,045,203	2,943,414
Culture and recreation	1,412,701	1,416,819	-	-	1,412,701	1,416,819
Education	21,023,660	18,100,091	-	-	21,023,660	18,100,091
Health and welfare	182,697	148,282	-	-	182,697	148,282
Interest on long-term debt	1,390,171	451,107	-	-	-	451,107
Conference center	-	-	86,066	82,546	86,066	82,546
Sanitation	-	-	977,381	887,434	977,381	887,434
Total expenses	39,271,424	33,254,336	1,063,447	969,980	40,334,871	34,224,316
Change in net position	8,223,644	12,843,187	73,338	358,809	8,296,982	13,201,996
Net position, beginning of year	75,129,482	62,286,295	4,126,756	3,767,947	79,256,238	66,054,242
Net position, end of year	\$ 83,353,126	\$ 75,129,482	\$ 4,200,094	\$ 4,126,756	\$ 87,553,220	\$ 79,256,238

Financial Analysis of the City's Funds

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

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

City of Athens, Tennessee
Management's Discussion and Analysis
June 30, 2023

As of the end of the current fiscal year, the City of Athens' governmental funds reported combined ending fund balances of \$50,163,501, an increase of \$249,572 in comparison to the prior year. Approximately 37.59% of this total amount (\$18,857,463) constitutes unassigned fund balance, which is available for spending at the government's discretion. Pursuant to GASB Statement No. 54, the remainder of fund balance is classified as to: nonspendable -\$332,264; restricted for a specific purpose by external constraint or enabling legislation -\$8,590,382 (law enforcement - \$88,959; City Schools - \$1,949 for career ladder and \$253,157 for stabilization reserve; General Obligation Bond Fund capital projects - \$4,374,542; Cemetery Perpetual Care - \$258,517; Debt Service Funds for City projects - \$44,923; Debt Service Fund for Schools - \$2,811,574; Hotel/Motel Tax Fund for tourism - \$482,006; Internal School Fund student activities - 162,115; Drug Fund - \$112,640); committed for a specific purpose per action of the City Council - \$12,508,534 (law enforcement - \$25,613; capital projects - \$12,467,331; Drug Fund - \$15,590); or assigned - intended by the City to be used for a specific purpose - \$9,874,858 (education - \$8,674,790; encumbrances - \$103,350; cafeteria operations - \$1,096,718).

The General Fund is the chief operating fund of the City of Athens. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$19,147,282. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents 146.63% of total fund expenditures, but represents 91.30% when compared to total fund expenditures and transfers to other funds (General Purpose School Fund, Debt Service Fund and Capital Improvement Fund).

The fund balance of the City of Athens' General Fund increased by \$807,094 during the current fiscal year. Revenues increased by \$779,226 while expenditures increased by \$418,795 before transfers to other funds. Property taxes decreased due to a decrease in the assessed value of personal property. Local and state sales tax continued to increase at higher than expected amounts. Interest earnings increased significantly due to the increase in interest rates. The transfer to the Capital Projects Fund increased by \$465,000.

The fund balance of the General Purpose School Fund increased by \$530,292. This was due to the increased funding from the State of Tennessee.

The Capital Improvement Fund has a total fund balance of \$12,467,331. The net increase was \$2,990,849. Capital items consisted primarily of renovations of the Public Works offices, building a fire training tower and improvements to recreation facilities.

Proprietary funds. The City of Athens' proprietary funds provide the same type of information in the government-wide financial statements, but with more detail.

Unrestricted net position at the end of the year amounted to \$49,542 for the Conference Center Fund, \$3,181,761 for the Sanitation Fund, \$5,552,123 for the Fleet Management Fund and \$394,337 for the Employee Medical Benefits Fund.

City of Athens, Tennessee
Management's Discussion and Analysis
June 30, 2023

General Fund Budgetary Highlights

Differences in the original budget and the final amended budget for revenues were \$500,000 and consisted of increases in local sales tax and recreation fees. Differences between the original budget and the final amended budgeted expenditures, including transfers, were \$3,400,000 and are summarized below:

\$47,000 for fuel, salaries and equipment maintenance in public works.

\$74,000 for program costs and liability insurance in parks and recreation.

\$122,000 for salaries in fire and additional fire equipment.

\$257,000 for miscellaneous line items in general government departments. These consisted primarily of liability insurance, legal fees and street lighting.

\$2,900,000 net increase in transfers due to transfers to the Capital Improvement Fund, which was related to excess fund balance,

Final actual revenues exceeded amended budgeted revenues by \$1,730,000 and significant variances are summarized below:

\$66,750 more in property taxes.

\$772,982 more in other local taxes primarily because of local sales tax, business tax and in lieu of taxes.

\$259,271 more in intergovernmental revenues due to state sales tax, state mixed drink taxes and state excise taxes.

\$197,717 more in charges for services due to building permits and recreation fees.

\$7,377 less in fines and forfeitures.

\$390,502 more in interest.

\$53,155 more in miscellaneous revenues.

Final amended budgeted expenditures, including transfers, exceeded actual expenditures by \$1,977,094 and are summarized below:

\$294,479 in general government expenditures, related primarily to less economic development expenditures, less contracted services, less computer equipment purchased and several vacant positions for portions of the year.

City of Athens, Tennessee
Management's Discussion and Analysis
June 30, 2023

\$641,876 in public safety expenditures, primarily due to vacancies in police and related employee benefits.

\$864,465 in highways and streets due to vacancies and related employee benefits, traffic signals not installed prior to year end, traffic signal loop repairs and annual paving not getting done before year end.

\$217,679 in parks and recreation primarily due to vacancies and related benefits and several maintenance projects not completed prior to year end.

\$7,673 due to multiple line items being under budget in animal control.

\$49,078 more in financing uses due to unrealized losses on investments.

Capital Asset and Debt Administration

Capital assets. The City of Athens' investment in capital assets for its governmental and business-type fund activities as of June 30, 2023, was \$67,984,598 (net of accumulated depreciation). This investment in capital assets includes land, buildings, other improvements, equipment, and infrastructure.

Major capital asset events during the current fiscal year consisted primarily of the purchase of machinery and equipment for the various city departments and school construction.

City of Athens
Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Buildings and improvements	\$ 22,178,084	\$ 23,707,469	\$ 1,517,930	\$ 1,517,930	\$ 23,696,014	\$ 25,225,399
Infrastructure	10,365,452	10,379,902	-	-	10,365,452	10,379,902
Furniture and office equipment	9,034,161	8,466,285	29,864	29,864	9,064,025	8,496,149
Machinery and equipment	7,177,214	7,104,009	1,678,915	1,678,915	8,856,129	8,782,924
Land	3,221,556	3,221,556	34,500	34,500	3,256,056	3,256,056
Construction in progress	45,411,153	26,633,590	-	-	45,411,153	26,633,590
	\$ 97,387,620	\$ 79,512,811	\$ 3,261,209	\$ 3,261,209	\$ 100,648,829	\$ 82,774,020

Additional information on the City of Athens' capital assets can be found in Note 2 on pages 38-41 of this report.

City of Athens, Tennessee
Management's Discussion and Analysis
June 30, 2023

Long-term debt. At the end of the current fiscal year, the City of Athens had a bond anticipation note outstanding with a balance of \$35,000,000. It is backed by the full faith and credit of the City. This short term financing will be converted to long term general obligation debt through the USDA in an amount not to exceed \$40,000,000 once the project is completed. These monies are being used to construct a new Pre-K to 5th grade school building, resulting in four schools being combined into one. \$3,325 is owed to the USDA due to an advance on the debt referred to above in order to lock in the interest rate for the debt. The City also has a 2021 general obligation bond debt outstanding in the amount of \$6,855,000. These funds will be used for a new animal shelter, a fire training facility, street improvements related to the new school being constructed and renovations to City Hall. The Athens Utilities Board has debt outstanding totaling \$17,594,594 to be repaid by user fees and Board funds. In the event of default, the City is required to establish ad valorem taxes to repay the outstanding debt. Detailed information on long-term debt activity can be found in Note 3 on pages 42 to 45 of this report.

State statutes do not limit the amount of general obligation bonded debt a governmental entity may issue.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the City of Athens is currently 4.7%, which is a decrease from the rate of 4.9% a year ago. Athens' rate is higher than the federal rate and the state rate.

The local option sales tax has grown in excess of 8% beginning in May, 2020 and the state shared sales tax growth has exceeded the local rate. Management has been conservative in estimating all revenues for 2023-2024. The property tax rate decreased to \$1.0078 (due to reappraisal) for the 2023 taxes and the monthly residential refuse fee remained at \$9.50. A classification/compensation study is expected to be completed to determine pay for the coming year due to changes in the labor market.

Requests for Information

This financial report is designed to provide a general overview of the City of Athens' 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 may be addressed to the City of Athens, Office of the Finance Director, 815 North Jackson Street, Athens, Tennessee 37303.

**BASIC FINANCIAL
STATEMENTS**

CITY OF ATHENS, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Proprietary
				Athens Utilities Board
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Cash and cash equivalents	\$ 10,656,524	\$ 263,046	\$ 10,919,570	\$ 27,126,745
Restricted cash	2,488,090	-	2,488,090	64,633
Investments	47,311,348	2,974,899	50,286,247	-
Receivables:				
Customers, net	-	23,847	23,847	6,662,288
Other	144,168	-	144,168	547,746
Property taxes, net	7,839,902	-	7,839,902	-
Other governments	4,017,094	-	4,017,094	-
Component unit/primary government	1,329	82,087	83,416	54,594
Prepaid expenses	100,000	-	100,000	97,845
Inventories	129,938	-	129,938	3,874,228
Net pension asset	2,433,781	-	2,433,781	-
Restricted stabilization reserve	253,157	-	253,157	-
Capital assets, net of depreciation	18,383,098	934,291	19,317,389	110,737,268
Nondepreciable capital assets	<u>48,632,709</u>	<u>34,500</u>	<u>48,667,209</u>	<u>4,646,849</u>
Total assets	142,391,138	4,312,670	146,703,808	153,812,196
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to OPEB	715,278	-	715,278	-
Deferred outflows related to pensions	<u>4,500,336</u>	<u>47,222</u>	<u>4,547,558</u>	<u>5,735,369</u>
Total assets and deferred outflows	<u>\$ 147,606,752</u>	<u>\$ 4,359,892</u>	<u>\$ 151,966,644</u>	<u>\$ 159,547,565</u>
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION				
LIABILITIES				
Accounts payable	\$ 3,199,382	\$ 86,872	\$ 3,286,254	\$ 4,795,261
Accrued payroll and withholdings	1,763,181	-	1,763,181	-
Retainage payable	1,988,090	-	1,988,090	77,081
Due to component unit/primary government	54,594	-	54,594	83,416
Other current liabilities	272,162	-	272,162	1,064,076
Unearned revenues	2,013,128	-	2,013,128	670,310
Customer deposits	-	-	-	1,017,350
Noncurrent liabilities due in more than one year:				
Net pension liability	1,969,813	72,926	2,042,739	8,472,051
OPEB liability	1,942,505	-	1,942,505	-
Long-term liabilities:				
Due within one year	1,236,620	-	1,236,620	1,679,044
Due in more than one year	<u>41,298,222</u>	<u>-</u>	<u>41,298,222</u>	<u>16,078,225</u>
Total liabilities	<u>55,737,697</u>	<u>159,798</u>	<u>55,897,495</u>	<u>33,936,814</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to property tax	7,391,032	-	7,391,032	-
Deferred inflows related to OPEB	593,164	-	593,164	-
Deferred inflows related to pensions	<u>531,733</u>	<u>-</u>	<u>531,733</u>	<u>267,408</u>
Total deferred inflows	<u>8,515,929</u>	<u>-</u>	<u>8,515,929</u>	<u>267,408</u>
NET POSITION				
Net investment in capital assets	25,657,482	968,791	26,626,273	97,777,076
Restricted for:				
Law enforcement	88,959	-	88,959	-
Drug	112,640	-	112,640	-
Education	164,064	-	164,064	-
Stabilization reserve	253,157	-	253,157	-
Tourism	482,006	-	482,006	-
Pension	2,433,781	-	2,433,781	-
Debt service	7,231,040	-	7,231,040	-
Cemetery perpetual care:				
Nonexpendable	102,326	-	102,326	-
Expendable	258,517	-	258,517	-
Unrestricted	<u>46,569,154</u>	<u>3,231,303</u>	<u>49,800,457</u>	<u>27,566,267</u>
Total net position	<u>83,353,126</u>	<u>4,200,094</u>	<u>87,553,220</u>	<u>125,343,343</u>
Total liabilities, deferred inflows, and net position	<u>\$ 147,606,752</u>	<u>\$ 4,359,892</u>	<u>\$ 151,966,644</u>	<u>\$ 159,547,565</u>

The Notes to Financial Statements are an integral part of this statement.

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**CITY OF ATHENS, TENNESSEE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023**

Functions/Programs	Net Revenues (Expenses) and Changes in Net Position																			
	Program Revenues			Primary Government				Component Unit												
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Athens Utilities	Board												
Primary government:																				
Governmental activities:																				
General government	\$ 3,984,132	\$ 251,579	\$ 1,670,606	\$ (2,016,306)	\$ -	\$ (2,016,306)	\$ -	\$ -	\$ (2,016,306)	\$ -										
Public safety	6,232,860	173,455	818,750	(5,188,515)	-	(5,188,515)	-	-	(5,188,515)	-										
Highways and streets	5,045,203	-	9,811	(4,524,752)	-	(4,524,752)	-	-	(4,524,752)	-										
Culture and recreation	1,412,701	154,170	-	(1,258,531)	-	(1,258,531)	-	-	(1,258,531)	-										
Education:																				
Instructional	11,982,201	50,822	-	(8,972,721)	-	(8,972,721)	-	-	(8,972,721)	-										
Support services	7,027,189	418,798	-	(3,199,950)	-	(3,199,950)	-	-	(3,199,950)	-										
Non-instructional	1,508,834	56,282	-	142,949	-	142,949	-	-	142,949	-										
Unallocated depreciation	505,436	-	-	(505,436)	-	(505,436)	-	-	(505,436)	-										
Health and welfare	182,697	975	95,571	(47,050)	-	(47,050)	-	-	(47,050)	-										
Interest on long-term debt	1,390,171	-	-	(1,390,171)	-	(1,390,171)	-	-	(1,390,171)	-										
Total governmental activities	39,271,424	1,106,081	2,594,738	(26,960,483)	-	(26,960,483)	-	-	(26,960,483)	-										
Business-type activities:																				
Conference center	86,066	36,126	-	(49,940)	-	(49,940)	-	-	(49,940)	-										
Sanitation	977,381	994,965	-	17,584	-	17,584	-	-	17,584	-										
Total Business-type activities	1,063,447	1,031,091	-	(32,356)	-	(32,356)	-	-	(32,356)	-										
Total primary government	\$ 40,334,871	\$ 2,137,172	\$ 2,594,738	(26,960,483)	\$ -	(26,960,483)	\$ -	\$ -	(26,992,839)	\$ -										
Component unit:																				
Utilities Board	\$ 77,263,948	\$ 80,470,676	\$ 488,410																	\$ 3,695,138
Total component unit	\$ 77,263,948	\$ 80,470,676	\$ 488,410																	\$ 3,695,138
General revenues:																				
Property taxes				7,629,706	-	7,629,706	-	-	7,629,706	-										
Local sales tax				8,714,639	-	8,714,639	-	-	8,714,639	-										
In lieu of taxes				1,170,854	-	1,170,854	-	-	1,170,854	-										
Wholesale beer tax				526,156	-	526,156	-	-	526,156	-										
Wholesale liquor tax				295,481	-	295,481	-	-	295,481	-										
Other local taxes				1,287,140	-	1,287,140	-	-	1,287,140	-										
Intergovernmental revenues not restricted to specific programs				14,178,869	-	14,178,869	-	-	14,178,869	-										
Investment income				1,351,535	-	1,351,535	-	-	1,351,535	-										
Gain (loss) on disposal of capital assets				(219,481)	-	(219,481)	-	-	(219,481)	-										
Unrealized gain (loss) on investments				34,352	-	34,352	-	-	34,352	-										
Insurance proceeds				1,600	-	1,600	-	-	1,600	-										
Miscellaneous				213,276	-	213,276	-	-	213,276	-										
Total general revenues				35,184,127		35,184,127			35,184,127											
Change in net position				8,223,644		8,223,644			8,223,644											
Net position, beginning of year				75,129,482		75,129,482			75,129,482											
Net position, end of year				\$ 83,353,126		\$ 83,353,126			\$ 83,353,126											
				\$ 4,200,094		\$ 4,200,094			\$ 4,200,094											
				\$ 87,553,220		\$ 87,553,220			\$ 87,553,220											

The Notes to Financial Statements are an integral part of this statement.

**CITY OF ATHENS, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023**

	General	General Purpose School	Federal Projects	Capital Projects Funds				Nonmajor Governmental Funds	Total Governmental Funds
				Capital Improvement	School Construction	Education Capital Projects			
ASSETS									
Cash and cash equivalents	\$ 862,845	\$ 6,450,839	\$ 100,878	\$ 367,258	\$ 1,322,239	\$ -	\$ 1,504,663	\$ 10,608,722	
Investments	17,315,811	4,026,543	-	11,909,463	-	-	8,160,870	41,412,687	
Receivables:									
Property taxes, net	7,122,870	717,032	-	-	-	-	-	7,839,902	
Other governments	1,954,911	1,005,367	865,310	105,024	-	-	86,482	4,017,094	
Interfund	5,318	1,034,520	-	305,396	-	-	4,690	1,349,924	
Other	81,756	-	25,150	-	-	-	37,262	144,168	
Component unit/primary government	1,329	-	-	-	-	-	-	1,329	
Inventories	109,257	-	-	-	-	-	20,681	129,938	
Prepaid expenses	100,000	-	59,983	164,983	2,235,476	-	-	100,000	
Restricted cash	-	-	-	-	-	-	-	2,488,090	
Restricted stabilization reserve	-	253,157	-	-	-	-	-	253,157	
Total assets	\$ 27,554,097	\$ 13,487,458	\$ 1,051,321	\$ 12,852,124	\$ 3,557,715	\$ -	\$ 9,842,296	\$ 68,345,011	
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES									
LIABILITIES									
Accounts payable	\$ 168,919	\$ 514,437	\$ 212,754	\$ 219,810	\$ 1,806,662	\$ -	\$ 276,800	\$ 3,199,382	
Retainage payable	-	-	59,983	164,983	1,735,476	-	27,648	1,988,090	
Interfund payable	430,000	10,007	604,520	-	305,396	-	-	1,349,923	
Accrued payroll and withholdings	280,657	1,254,581	171,727	-	-	-	56,216	1,763,181	
Due to component unit	54,594	-	-	-	-	-	-	54,594	
Unearned revenues	474,816	1,958,155	2,337	-	-	-	-	2,435,308	
Total liabilities	1,408,986	3,737,180	1,051,321	384,793	3,847,534	-	360,664	10,790,478	
DEFERRED INFLOWS OF RESOURCES									
Deferred inflows related to property taxes	6,674,000	717,032	-	-	-	-	-	7,391,032	
	8,082,986	4,454,212	1,051,321	384,793	3,847,534	-	360,664	18,181,510	
FUND BALANCES									
Nonspendable	209,257	-	-	-	-	-	123,007	332,264	
Restricted	88,959	255,106	-	-	-	-	8,246,317	8,590,382	
Committed	25,613	-	-	12,467,331	-	-	15,590	12,508,534	
Assigned	-	8,778,140	-	-	-	-	1,096,718	9,874,858	
Unassigned	19,147,282	-	-	-	(289,819)	-	-	18,857,463	
Total fund balances	19,471,111	9,033,246	-	12,467,331	(289,819)	-	9,481,632	50,163,501	
Total liabilities, deferred inflows, and fund balances	\$ 27,554,097	\$ 13,487,458	\$ 1,051,321	\$ 12,852,124	\$ 3,557,715	\$ -	\$ 9,842,296	\$ 68,345,011	

The Notes to Financial Statements are an integral part of this statement.

CITY OF ATHENS, TENNESSEE
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2023

Total fund balances		\$ 50,163,501
Amounts for governmental activities in the statement of net position are different because:		
Capital assets and related accumulated depreciation are not financial resources or uses and not reported in the funds.		
Capital assets	\$ 90,060,469	
Accumulated depreciation	<u>(26,521,208)</u>	63,539,261
Certain property taxes and intergovernmental revenues are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes	420,680	
Intergovernmental revenue	<u>1,500</u>	422,180
Net pension asset		2,433,781
Net pension liability		(1,969,813)
Deferred outflows related to pensions		4,500,336
Deferred inflows related to pensions		(531,733)
Deferred outflows related to OPEB		715,278
Deferred inflows related to OPEB		(593,164)
Certain liabilities are not considered a use of current financial resources in the funds.		
Compensated absences	(339,966)	
OPEB liability	(1,942,505)	
Long-term debt	(42,142,850)	
Accrued interest	(272,162)	
Sick leave liability	<u>(52,026)</u>	(44,749,509)
Internal service funds are used by management to charge the cost of internal services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
Cash	47,799	
Investments	5,898,661	
Capital assets	7,327,151	
Accumulated depreciation	<u>(3,850,605)</u>	9,423,006
Other		<u>2</u>
Net position		<u>\$ 83,353,126</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF ATHENS, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	General	Capital Projects Funds						Nonmajor Governmental Funds	Total Governmental Funds
		General Purpose School	Federal Projects	Capital Improvement	School Construction	Education Capital Projects			
REVENUES									
Property taxes	\$ 6,606,750	\$ 988,957	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,595,707	
Other local taxes	11,588,982	2,918,520	-	-	-	-	405,286	14,912,788	
Intergovernmental	2,571,271	10,668,799	4,927,333	-	-	-	1,577,739	17,412,547	
Charges for services	404,717	236,588	-	-	-	-	291,322	932,627	
Fines and forfeitures	142,623	-	-	-	-	-	30,831	173,454	
Investment and interest income	366,786	78,307	-	9,531	-	-	404,185	1,197,160	
Miscellaneous	93,155	6,467	-	-	-	-	79,854	234,035	
Total revenues	<u>21,774,284</u>	<u>14,897,638</u>	<u>4,927,333</u>	<u>2,987,648</u>	<u>9,531</u>	<u>-</u>	<u>2,789,217</u>	<u>42,458,318</u>	
EXPENDITURES									
Current:									
General government	3,238,221	-	-	-	-	-	256,884	3,495,105	
Public safety	5,790,424	-	-	-	-	-	-	5,790,424	
Highways and streets	2,687,935	-	-	-	-	-	-	2,687,935	
Culture and recreation	1,225,821	-	4,927,333	-	-	-	1,787,136	18,083,468	
Education	-	16,296,332	-	-	-	-	-	183,427	
Health and welfare	183,427	-	-	-	-	-	-	-	
Debt service:									
Principal	-	-	-	-	-	-	220,000	220,000	
Interest	-	-	-	-	-	-	1,307,766	1,307,766	
Bond issue cost	-	-	-	-	-	-	12,500	12,500	
Capital outlay	-	-	-	4,021,799	-	-	3,135,254	20,416,641	
Total expenditures	<u>13,125,828</u>	<u>16,296,332</u>	<u>4,927,333</u>	<u>4,021,799</u>	<u>13,259,588</u>	<u>13,259,588</u>	<u>6,719,540</u>	<u>53,423,087</u>	
	<u>8,648,456</u>	<u>(1,398,694)</u>	<u>-</u>	<u>(1,034,151)</u>	<u>9,531</u>	<u>(13,259,588)</u>	<u>(3,930,323)</u>	<u>(10,964,769)</u>	
REVENUES OVER (UNDER) EXPENDITURES									
OTHER FINANCING SOURCES (USES)									
Transfers	(7,846,000)	1,921,000	-	4,025,000	(12,759,588)	13,259,588	1,400,000	-	
Issuance of debt	-	-	-	-	11,200,000	-	-	11,200,000	
Proceeds from sale of property	4,638	7,986	-	-	-	-	117	12,741	
Insurance proceeds	-	-	-	-	-	-	1,600	1,600	
Total other financing sources (uses)	<u>(7,841,362)</u>	<u>1,928,986</u>	<u>-</u>	<u>4,025,000</u>	<u>(1,559,588)</u>	<u>13,259,588</u>	<u>1,401,717</u>	<u>11,214,341</u>	
NET CHANGE IN FUND BALANCES	807,094	530,292	-	2,990,849	(1,550,057)	-	(2,528,606)	249,572	
FUND BALANCES, beginning of year	<u>18,664,017</u>	<u>8,502,954</u>	<u>-</u>	<u>9,476,482</u>	<u>1,260,238</u>	<u>-</u>	<u>12,010,238</u>	<u>49,913,929</u>	
FUND BALANCES, end of year	<u>\$ 19,471,111</u>	<u>\$ 9,033,246</u>	<u>\$ -</u>	<u>\$ 12,467,331</u>	<u>\$ (289,819)</u>	<u>\$ -</u>	<u>\$ 9,481,632</u>	<u>\$ 50,163,501</u>	

The Notes to Financial Statements are an integral part of this statement.

CITY OF ATHENS, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

Net change in fund balances		\$ 249,572
Amounts for governmental activities included in the statement of activities are different because:		
Property taxes are recognized as revenue in the period for which they are levied in the statement of activities while funds recognize revenue when collected and available.		
Current year levy	\$ 6,394,713	
Fund revenue recognized	<u>(6,360,714)</u>	33,999
Funds report capital outlays as expenditures. Asset cost is capitalized and allocated over the estimated useful lives as depreciation expense in the statement of activities.		
Capital asset expenditures in the current period	19,890,604	
Net book value of capital assets retired	(291,528)	
Less current year depreciation	<u>(1,561,649)</u>	18,037,427
Internal service funds are used by management to charge the cost of internal services to individual funds. The change in net position of the internal service funds is reported with governmental activities.		
		717,624
Funds report proceeds from the issuance of long-term debt as financing sources and the related liabilities as expenditures when paid, but the proceeds and payments are recorded through a liability in the statement of net position.		
Proceeds from general obligation bonds issued	(11,200,000)	
Long-term debt payments	220,000	
Net change in accrued interest	(272,162)	
Net change in unamortized premium	(284,525)	
Net change in compensated absences	(2,971)	
Net change in sick leave liability	<u>1,740</u>	(11,537,918)
Pension expense in funds not expensed in government-wide		1,456,301
Pension expense not recognized in funds		(623,636)
OPEB expense not recognized in funds		(284,947)
OPEB expense in funds not expensed in government-wide		73,002
OPEB revenue in government-wide not in funds		104,569
Expense reported in government-wide not in funds		<u>(2,349)</u>
Change in net position		<u>\$ 8,223,644</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF ATHENS, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2023

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
PROPERTY TAXES				
Property taxes-current	\$ 6,225,000	\$ 6,225,000	\$ 6,360,714	\$ 135,714
Property taxes-prior	150,000	150,000	86,699	(63,301)
Property taxes-delinquent	80,000	80,000	79,810	(190)
Public utilities taxes	85,000	85,000	79,527	(5,473)
Total property taxes	<u>6,540,000</u>	<u>6,540,000</u>	<u>6,606,750</u>	<u>66,750</u>
OTHER LOCAL TAXES				
Penalty and interest on property tax-prior	20,000	20,000	18,740	(1,260)
Penalty and interest on property tax-delinquent	25,000	25,000	30,963	5,963
In lieu of taxes	1,090,000	1,090,000	1,123,002	33,002
TVA impact	-	-	47,851	47,851
Local sales tax	7,800,000	8,260,000	8,714,638	454,638
Wholesale beer tax	530,000	530,000	526,156	(3,844)
Wholesale liquor tax	280,000	280,000	295,481	15,481
Cable TV franchise tax	170,000	170,000	163,372	(6,628)
Business license fee	1,000	1,000	1,357	357
Business tax-state clerk fee	40,000	40,000	62,746	22,746
Business tax-state collected	400,000	400,000	604,676	204,676
Total other local taxes	<u>10,356,000</u>	<u>10,816,000</u>	<u>11,588,982</u>	<u>772,982</u>
INTERGOVERNMENTAL				
State sales tax	1,550,000	1,550,000	1,700,445	150,445
State beer tax	6,000	6,000	6,431	431
State income tax	-	-	153	153
State gas and motor fuel tax	480,000	480,000	490,953	10,953
State gasoline inspection tax	28,000	28,000	25,803	(2,197)
State mixed drink tax	60,000	60,000	95,713	35,713
State excise tax	40,000	40,000	72,233	32,233
State sportsbetting tax	8,000	8,000	22,971	14,971
Reimbursements-other government agencies	143,000	143,000	139,229	(3,771)
Grants	-	-	17,340	17,340
Total intergovernmental	<u>2,315,000</u>	<u>2,315,000</u>	<u>2,571,271</u>	<u>256,271</u>

(continued)

The Notes to Financial Statements are an integral part of this statement.

CITY OF ATHENS, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2023
(continued)

	Budget		Actual	Variance With Final Budget
	Original	Final		
CHARGES FOR SERVICES				
Utility damage reimbursements	\$ 25,000	\$ 25,000	\$ 21,744	\$ (3,256)
Animal control	1,000	1,000	975	(25)
Recreation fees	61,000	101,000	118,038	17,038
Building permits	50,000	50,000	227,828	177,828
Recreation concessions	30,000	30,000	36,132	6,132
Total charges for services	<u>167,000</u>	<u>207,000</u>	<u>404,717</u>	<u>197,717</u>
FINES AND FORFEITURES				
Court fines	150,000	150,000	111,792	(38,208)
Law enforcement forfeitures	-	-	30,831	30,831
Total fines and forfeitures	<u>150,000</u>	<u>150,000</u>	<u>142,623</u>	<u>(7,377)</u>
INTEREST	<u>30,000</u>	<u>30,000</u>	<u>420,502</u>	<u>390,502</u>
MISCELLANEOUS	<u>40,000</u>	<u>40,000</u>	<u>93,155</u>	<u>53,155</u>
Total revenues	<u>19,598,000</u>	<u>20,098,000</u>	<u>21,828,000</u>	<u>1,730,000</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Administrative:				
City Manager's Office	356,400	414,400	333,025	81,375
City Council	60,700	65,700	62,455	3,245
City Judge	13,000	13,000	12,918	82
City Attorney	40,000	70,000	60,740	9,260
Special appropriations	371,700	396,700	396,700	-
Athens Utilities Board	480,000	530,000	525,979	4,021
Finance	499,300	522,300	513,367	8,933
Personnel	231,300	231,300	196,473	34,827
Administrative services:				
Administration	185,100	185,100	100,157	84,943
City Hall	187,800	195,800	171,355	24,445
Information technology	320,900	335,900	313,627	22,273
Community development:				
Administration	186,800	186,800	181,745	5,055
Codes enforcement	309,300	346,300	338,707	7,593
Cemeteries	33,400	39,400	30,973	8,427
Total general government	<u>3,275,700</u>	<u>3,532,700</u>	<u>3,238,221</u>	<u>294,479</u>

(continued)

The Notes to Financial Statements are an integral part of this statement.

CITY OF ATHENS, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2023
(continued)

	Budget		Actual	Variance With Final Budget
	Original	Final		
PUBLIC SAFETY				
Police:				
Administration	\$ 325,900	\$ 325,900	\$ 271,922	\$ 53,978
Patrol	2,447,000	2,447,000	2,133,644	313,356
Special services	579,100	579,100	426,825	152,275
Fire:				
Administration	195,300	195,300	192,443	2,857
Prevention	116,100	120,100	111,065	9,035
Suppression	2,333,600	2,451,600	2,342,064	109,536
Administrative services:				
Communications	313,300	313,300	312,461	839
Total public safety	<u>6,310,300</u>	<u>6,432,300</u>	<u>5,790,424</u>	<u>641,876</u>
HIGHWAYS AND STREETS				
Public Works:				
Administration	369,400	379,400	362,640	16,760
Traffic control	234,000	234,000	175,474	58,526
Street maintenance	1,003,900	1,003,900	415,030	588,870
Street construction	596,100	596,100	477,001	119,099
Street cleaning	972,100	992,100	932,854	59,246
City garage	329,900	346,900	324,936	21,964
Total highways and streets	<u>3,505,400</u>	<u>3,552,400</u>	<u>2,687,935</u>	<u>864,465</u>
CULTURE AND RECREATION				
Parks and Recreation:				
Administration	257,500	257,500	199,989	57,511
Maintenance	748,700	778,700	655,067	123,633
Swimming pools	46,200	50,200	45,875	4,325
Program planning	317,100	357,100	324,890	32,210
Total culture and recreation	<u>1,369,500</u>	<u>1,443,500</u>	<u>1,225,821</u>	<u>217,679</u>
HEALTH AND WELFARE				
Public Works:				
Animal control	191,100	191,100	183,427	7,673
Total expenditures	<u>14,652,000</u>	<u>15,152,000</u>	<u>13,125,828</u>	<u>2,026,172</u>
REVENUES OVER EXPENDITURES	<u>4,946,000</u>	<u>4,946,000</u>	<u>8,702,172</u>	<u>3,756,172</u>

(continued)

The Notes to Financial Statements are an integral part of this statement.

CITY OF ATHENS, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2023
(continued)

	Budget		Actual	Variance With Final Budget
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfer to general purpose school fund	\$(2,421,000)	\$(2,421,000)	\$(2,421,000)	\$ -
Transfer to capital improvement fund	(1,125,000)	(4,025,000)	(4,025,000)	-
Transfer to debt service fund - schools	(1,000,000)	(1,000,000)	(1,000,000)	-
Transfer to debt service fund - city projects	(400,000)	(400,000)	(400,000)	-
Proceeds from sale of property	-	-	4,638	4,638
Unrealized loss on investments	-	-	(53,716)	(53,716)
	<u>(4,946,000)</u>	<u>(7,846,000)</u>	<u>(7,895,078)</u>	<u>(49,078)</u>
Total other financing sources (uses)				
Net change in fund balance	-	(2,900,000)	807,094	3,707,094
FUND BALANCE, beginning of year	<u>18,664,017</u>	<u>18,664,017</u>	<u>18,664,017</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$18,664,017</u>	<u>\$15,764,017</u>	<u>\$19,471,111</u>	<u>\$ 3,707,094</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF ATHENS, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL -
GENERAL PURPOSE SCHOOL FUND
Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 1,187,000	\$ 1,207,840	\$ 988,957	\$ (218,883)
County revenue	2,282,000	2,324,313	2,918,520	594,207
State funds	10,178,586	10,966,292	10,407,480	(558,812)
Federal funds received through state	271,131	271,131	261,319	(9,812)
Tuition	210,000	210,000	175,377	(34,623)
Other charges for services	-	-	61,211	61,211
Interest	23,000	23,000	78,307	55,307
Other	15,354	15,354	6,467	(8,887)
Total revenues	<u>14,167,071</u>	<u>15,017,930</u>	<u>14,897,638</u>	<u>(120,292)</u>
EXPENDITURES				
Current:				
Instruction				
Regular instruction	9,052,590	9,302,468	8,951,473	350,995
Special education	652,823	652,823	616,058	36,765
Early childhood education	704,918	723,582	720,747	2,835
Other instruction	5,500	5,500	1,688	3,812
	<u>10,415,831</u>	<u>10,684,373</u>	<u>10,289,966</u>	<u>394,407</u>
Support services				
Instructional support	931,108	1,108,222	908,130	200,092
Student support	466,861	474,288	216,840	257,448
Administration	1,811,834	2,838,395	1,716,327	1,122,068
Operation and maintenance of plant	1,314,662	1,401,666	1,367,692	33,974
Transportation	545,302	598,546	559,193	39,353
Other support services	1,021,963	1,313,833	847,784	466,049
	<u>6,091,730</u>	<u>7,734,950</u>	<u>5,615,966</u>	<u>2,118,984</u>
Non-instructional services				
Capital outlay	436,000	2,307,500	390,400	1,917,100
Total expenditures	<u>16,943,561</u>	<u>20,726,823</u>	<u>16,296,332</u>	<u>4,430,491</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,776,490)</u>	<u>(5,708,893)</u>	<u>(1,398,694)</u>	<u>4,310,199</u>
OTHER FINANCING SOURCES				
Transfer from general fund	2,421,000	2,421,000	2,421,000	-
Transfer to school construction fund	-	-	(500,000)	(500,000)
Proceeds from sale of assets	-	-	7,986	7,986
Total other financing sources (uses)	<u>2,421,000</u>	<u>2,421,000</u>	<u>1,928,986</u>	<u>(492,014)</u>
NET CHANGE IN FUND BALANCE	(355,490)	(3,287,893)	530,292	3,818,185
FUND BALANCE, beginning of year	<u>8,502,954</u>	<u>8,502,954</u>	<u>8,502,954</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 8,147,464</u>	<u>\$ 5,215,061</u>	<u>\$ 9,033,246</u>	<u>\$ 3,818,185</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF ATHENS, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FEDERAL PROJECTS FUND
Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Federal funds received through state	\$ 1,209,980	\$ 7,218,204	\$ 4,927,333	\$ (2,290,871)
Total revenues	<u>1,209,980</u>	<u>7,218,204</u>	<u>4,927,333</u>	<u>(2,290,871)</u>
EXPENDITURES				
Current:				
Instruction				
Regular instruction	462,397	2,893,741	1,386,493	1,507,248
Special education	<u>333,293</u>	<u>681,942</u>	<u>546,903</u>	<u>135,039</u>
	<u>795,690</u>	<u>3,575,683</u>	<u>1,933,396</u>	<u>1,642,287</u>
Support services				
Instructional support	342,494	528,486	503,918	24,568
Student support	71,796	2,895,881	2,357,328	538,553
Transportation	<u>-</u>	<u>218,154</u>	<u>132,691</u>	<u>85,463</u>
	<u>414,290</u>	<u>3,642,521</u>	<u>2,993,937</u>	<u>648,584</u>
Total expenditures	<u>1,209,980</u>	<u>7,218,204</u>	<u>4,927,333</u>	<u>2,290,871</u>
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	-	-
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ATHENS, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
				Internal Service Funds
	Conference Center	Sanitation	Total	
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 49,805	\$ 213,241	\$ 263,046	\$ 47,799
Investments	-	2,974,899	2,974,899	5,898,661
Accounts receivable	-	23,847	23,847	-
Due from component unit	-	82,087	82,087	-
Total current assets	<u>49,805</u>	<u>3,294,074</u>	<u>3,343,879</u>	<u>5,946,460</u>
Capital assets:				
Land	34,500	-	34,500	-
Other capital assets, net	<u>405,837</u>	<u>528,454</u>	<u>934,291</u>	<u>3,476,546</u>
Total capital assets	<u>440,337</u>	<u>528,454</u>	<u>968,791</u>	<u>3,476,546</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	<u>-</u>	<u>47,222</u>	<u>47,222</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 490,142</u>	<u>\$ 3,869,750</u>	<u>\$ 4,359,892</u>	<u>\$ 9,423,006</u>
LIABILITIES AND NET POSITION				
Current liabilities:				
Accounts payable	\$ 263	\$ 86,609	\$ 86,872	\$ -
Net pension liability	<u>-</u>	<u>72,926</u>	<u>72,926</u>	<u>-</u>
Total current liabilities	<u>263</u>	<u>159,535</u>	<u>159,798</u>	<u>-</u>
Total liabilities	<u>263</u>	<u>159,535</u>	<u>159,798</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	440,337	528,454	968,791	3,476,546
Unrestricted	<u>49,542</u>	<u>3,181,761</u>	<u>3,231,303</u>	<u>5,946,460</u>
Total net position	<u>489,879</u>	<u>3,710,215</u>	<u>4,200,094</u>	<u>9,423,006</u>
Total liabilities and net position	<u>\$ 490,142</u>	<u>\$ 3,869,750</u>	<u>\$ 4,359,892</u>	<u>\$ 9,423,006</u>

The Notes to Financial Statements are an integral part of this statement.

**CITY OF ATHENS, TENNESSEE
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2023**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Conference Center</u>	<u>Sanitation</u>	<u>Total</u>	<u>Internal Service Funds</u>
OPERATING REVENUES				
Charges for services	\$ -	\$ 994,965	\$ 994,965	\$ 969,900
Rental income	36,126	-	36,126	-
Miscellaneous	-	4,910	4,910	-
Total operating revenues	<u>36,126</u>	<u>999,875</u>	<u>1,036,001</u>	<u>969,900</u>
OPERATING EXPENSES				
Salaries and employee benefits	6,621	323,131	329,752	-
Operations	25,712	232,868	258,580	-
Maintenance	3,153	4,343	7,496	-
Depreciation	50,580	160,661	211,241	500,310
Landfill services	-	256,378	256,378	-
Total operating expenses	<u>86,066</u>	<u>977,381</u>	<u>1,063,447</u>	<u>500,310</u>
OPERATING INCOME (LOSS)	<u>(49,940)</u>	<u>22,494</u>	<u>(27,446)</u>	<u>469,590</u>
NONOPERATING REVENUES				
Gain on sale of assets	-	2,803	2,803	59,307
Interest income	-	97,981	97,981	188,727
Total nonoperating revenues	<u>-</u>	<u>100,784</u>	<u>100,784</u>	<u>248,034</u>
CHANGE IN NET POSITION	<u>(49,940)</u>	<u>123,278</u>	<u>73,338</u>	<u>717,624</u>
NET POSITION, beginning of year	<u>539,819</u>	<u>3,586,937</u>	<u>4,126,756</u>	<u>8,705,382</u>
NET POSITION, end of year	<u>\$ 489,879</u>	<u>\$ 3,710,215</u>	<u>\$ 4,200,094</u>	<u>\$ 9,423,006</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF ATHENS, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Conference Center	Sanitation	Total	Internal Service Funds
	Center	Sanitation	Total	Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 36,126	\$ 997,368	\$ 1,033,494	\$ 1,052,125
Payments to employees	(6,150)	(323,549)	(329,699)	-
Payments to suppliers and vendors	(29,549)	(477,897)	(507,446)	-
Net cash provided by operating activities	<u>427</u>	<u>195,922</u>	<u>196,349</u>	<u>1,052,125</u>
CASH FLOWS USED IN NONCAPITAL FINANCING ACTIVITIES	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	-	-	-	(322,355)
Proceeds from sale of assets	-	2,803	2,803	62,700
Net cash provided by (used in) noncapital financing activities	-	<u>2,803</u>	<u>2,803</u>	<u>(259,655)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment and interest earnings	-	97,981	97,981	189,464
Increase (decrease) in investments	-	(558,224)	(558,224)	(1,559,464)
Net cash provided by (used in) investing activities	-	<u>(460,243)</u>	<u>(460,243)</u>	<u>(1,370,000)</u>
Net increase in cash and cash equivalents	427	(261,518)	(261,091)	(577,530)
Cash and cash equivalents, beginning of year	49,378	474,759	524,137	625,329
Cash and cash equivalents, end of year	<u>\$ 49,805</u>	<u>\$ 213,241</u>	<u>\$ 263,046</u>	<u>\$ 47,799</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (49,940)	\$ 22,494	\$ (27,446)	\$ 469,590
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	50,580	160,661	211,241	500,310
Changes in assets and liabilities:				
Accounts receivable	-	(6,329)	(6,329)	82,225
Accounts payable	(213)	6,981	6,768	-
Deferred outflows related to pensions	-	24,396	24,396	-
Deferred inflows related to pensions	-	(617)	(617)	-
Net pension liability	-	(11,664)	(11,664)	-
Net cash provided by operating activities	<u>\$ 427</u>	<u>\$ 195,922</u>	<u>\$ 196,349</u>	<u>\$ 1,052,125</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF ATHENS, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
ATHENS PENSION TRUST FUND
FIDUCIARY FUND
June 30, 2023

ASSETS

Cash	\$ 356,108
Investments, at fair value:	
Mutual funds	15,445,433
U.S. treasury bonds	<u>1,022,629</u>
Total assets	<u>\$ 16,824,170</u>

NET POSITION

Net position restricted for pensions	<u>\$ 16,824,170</u>
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The Notes to Financial Statements are an integral part of this statement.

CITY OF ATHENS, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
ATHENS PENSION TRUST FUND
FIDUCIARY FUND
Year Ended June 30, 2023

ADDITIONS	
Employer contributions	\$ 600,000
Net investment income:	
Interest and dividend income	580,782
Net appreciation in fair value of investments	705,480
Other	<u>706</u>
Total additions	<u>1,886,968</u>
 DEDUCTIONS	
Benefits paid	1,283,388
Administrative expenses	<u>31,412</u>
Total deductions	<u>1,314,800</u>
CHANGE IN NET POSITION HELD IN TRUST FOR PENSION BENEFITS	572,168
NET POSITION , restricted for pensions, beginning of year	<u>16,252,002</u>
NET POSITION , restricted for pensions, end of year	<u>\$ 16,824,170</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies

The City of Athens, Tennessee (the City) was incorporated on March 25, 1891, by an act of the legislature of the Tennessee General Assembly. The City operates under the Council-Manager form of government as authorized under Chapter 455 of the Private Acts of 1953.

In accordance with GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments," the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities which are presented on a full accrual basis of accounting. The City's funds are reported as governmental activities or business-type activities. Fund financial statements are presented on a modified accrual basis of accounting for governmental activities and present information by individual major funds. Nonmajor funds are presented in total in one column.

The financial statements of the City have been prepared in accordance with U.S. generally accepted accounting principles as applied to governmental units. The City applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant accounting policies used by the City are described below.

A. Financial Reporting Entity

As required by generally accepted accounting principles, these financial statements present the City of Athens, Tennessee (the primary government) and its component units. The discretely presented component unit is presented in a separate column in the government-wide financial statements to emphasize their separate legal status from the primary government. The component units discussed below are included in the City's reporting entity as follows:

Blended Component Unit:

Athens City Board of Education

The Athens City Board of Education (Board of Education) is responsible for elementary education within the government's jurisdiction. The Board of Education consists of six publicly elected officials who appoint the Director of Schools. The Board of Education is considered a blended component unit since the City is responsible for approving and issuing debt for the Board of Education and the debt will be repaid with the resources of the City. The financial position and results of operations of the Board of Education are reported in the General Purpose School Fund, Federal Projects Fund, Education Capital Projects Fund, Centralized Cafeteria Fund, and Internal School Funds as governmental funds.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

Blended Component Unit: (continued)

Athens City Board of Education (continued)

The Athens City Board of Education issues separate financial statements that may be obtained at the Board of Education's administrative office at Athens City Schools, 943 Crestway Drive, Athens, Tennessee 37303.

Discretely Presented Component Unit:

Athens Utilities Board

The Athens Utilities Board (Utilities Board) provides power, fiber optics, water, gas and sewer services to residential, commercial and industrial customers located in Athens, Tennessee and surrounding areas. The Utilities Board is governed by a five-member commission appointed by the City Council. The City Council has authority over the Utilities Board and prescribes the rules and regulations with which the Utilities Board must comply. The Utilities Board reports as four separate accounting and reporting entities presenting divisional financial statements on its business-type activities in accordance with enterprise fund accounting requirements. Complete financial statements may be obtained at the Utilities Board's administrative office at Athens Utilities Board, 100 New Englewood Road, Athens, Tennessee 37303.

Other Related Organizations:

Athens Housing Authority

The Athens Housing Authority Board consists of five members appointed by the Mayor. The Department of Housing and Urban Development subsidizes Housing Authority operations and sets rates charged for housing. The debts of the Housing Authority are not secured by the City and deficits are not financed by the City.

McMinn County Economic Development Authority

This independent corporation is governed by a twenty-member board, only one of which is a City official. The activities of the Economic Development Authority include industrial recruitment, assistance in expansion of existing industries, and development of industrial parks. The Authority has the power to issue its own debt.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

Other Related Organizations: (continued)

E. G. Fisher Public Library

The City of Athens and McMinn County participate in the joint operation of E. G. Fisher Public Library. The McMinn County Library Board is responsible for administering the joint library. This Board consists of seven members, of which four are appointed by the County Commission and three are appointed by the City Council. The Board directs all the internal affairs of the library, and such assistants or employees as may be necessary.

Athens Health and Education Facilities Board

The Athens Health and Education Facilities Board's activities include acquiring, owning, leasing and disposing of property as well as issuing bonds to promote higher education and health in Athens. The City is not liable for the debt of the Health and Education Facilities Board nor does the City finance their deficits. The Board is directed by volunteer Board members appointed by the City.

B. Basic Financial Statements, Presentation, Basis of Accounting and Measurement Focus

Government-wide 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 City. As a general rule, the effect of interfund activity has been eliminated from these statements. Activity which represents services provided or used are not eliminated in the government-wide statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities rely to a significant extent on fees and charges for services.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This means that revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

B. Basic Financial Statements, Presentation, Basis of Accounting and Measurement Focus (continued)

Government-wide Financial Statements: (continued)

In applying the “susceptible to accrual” concept to intergovernmental revenues pursuant to GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions” (the City may act as either provider or recipient), the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met should be reported as advances by the provider and unearned revenue by the recipient. Certain nonexchange transactions where revenues are collected by other governments are not recognized in the statement of activities because they are not measurable at year end. The statement of activities reflects these transactions (bank excise tax and gross receipts tax) on the same basis as the fund financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. The City does not allocate indirect expenses to functions or activities in the statement of activities. Program revenues include: (1) charges to individuals who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not considered program revenues are reported as general revenues. When both restricted and unrestricted resources are available for use, the City’s policy is to use restricted resources first.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows, liabilities, deferred inflows, equity, revenues, and expenditures/expenses.

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 funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

B. Basic Financial Statements, Presentation, Basis of Accounting and Measurement Focus (continued)

Fund Financial Statements: (continued)

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. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property 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.

State and federal funding is recognized as revenue in the period the City is entitled to the resources and the amounts are available. Reimbursements from expenditure-driven programs are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. For governmental fund financial statements, unearned revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the unearned revenue liability is removed and revenue is recognized.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above. The two internal service funds of the City and the City’s two enterprise funds are included in the proprietary fund financial statements. Since the principal users of the internal services are the City’s governmental activities, financial statements of the internal service funds are consolidated into the governmental column when presented at the government-wide level. Proprietary funds report activity and transactions as operating if the transaction constitutes activity that is the funds’ principal ongoing operations. Activity not pertaining to the funds’ ongoing operations is reported as nonoperating.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

B. Basic Financial Statements, Presentation, Basis of Accounting and Measurement Focus (continued)

Fund Financial Statements: (continued)

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and employs accounting principles similar to proprietary funds. The City's fiduciary fund is presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to finance activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Governmental Funds:

The measurement focus of governmental funds is based upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income determination. These funds are maintained on the modified accrual basis of accounting. The following are the City's governmental fund types:

General Fund: The General Fund is the principal fund of the City and is used to account for the financial resources of the City which are not accounted for in other funds. The principal sources of revenues are taxes and state-shared revenue. Primary expenditures are for public safety, education and general administration.

Special Revenue Funds: The Special Revenue Funds are used to account for the proceeds of specific revenues which are legally restricted to finance specific functions or activities of the government and which, therefore, cannot be diverted to other uses.

Drug Fund: This fund was established expressly to account for financial activities related to drug revenues and expenditures. This includes revenues for drug fines and forfeitures and expenditures for drug enforcement, education and treatment.

General Purpose School Fund: This fund is used to account for the financial resources of the Board of Education, which are not accounted for in other Board of Education funds. The primary sources of revenues are taxes and state-shared revenue. Primary expenditures are for regular and special instruction, staff, and maintenance and operation of schools.

Hotel/Motel Tax Fund: This fund accounts for revenues and expenditures of the City's hotel/motel privilege tax. State law requires that hotel/motel taxes be used to promote tourism and tourism development.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

B. Basic Financial Statements, Presentation, Basis of Accounting and Measurement Focus (continued)

Fund Financial Statements: (continued)

Governmental Funds: (continued)

Special Revenue Funds: (continued)

Federal Projects Fund: This fund is used to account for federal awards received by the Board of Education.

Centralized Cafeteria Fund: This fund is used to account for the Board of Education's food services provided to preschool and school children. A substantial portion of the Centralized Cafeteria Fund's resources are derived from federal and state funding for child nutrition.

Internal School Funds: These funds are used to account for the Board of Education's school activity funds.

Capital Projects Funds: Resources designated for the construction or acquisition of major capital assets are accounted for in these funds. Revenues are derived primarily from capital grants and investment income.

Capital Improvement Fund: This fund is used to account for large capital projects as designated by City Council.

General Obligation Bond Fund: This fund is used to account for the proceeds of bonds issued in 2021.

Education Capital Projects Fund: This fund is used to account for the Board of Education's planned school construction and renovation to accommodate school consolidation. Resources consist of amounts committed by the School Board and amounts to be provided by the City through property tax and/or sales tax.

School Construction Fund: This fund is used for the City to account for school construction activity.

Permanent Fund: The Permanent Fund is used to account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support a specific government program.

Cemetery Perpetual Care Fund: This trust fund was established to provide for future maintenance of the City's cemeteries.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

B. Basic Financial Statements, Presentation, Basis of Accounting and Measurement Focus (continued)

Fund Financial Statements: (continued)

Governmental Funds: (continued)

Debt Service Funds: These two funds account for the payment of principal and interest on the City's general obligation long-term debt for school and city projects.

Proprietary Funds:

Proprietary funds include the Internal Service Funds and Enterprise Funds. The measurement focus is upon determination of net income, financial position, and changes in financial position. The generally accepted accounting principles used are those applicable to similar businesses in the private sector and, accordingly, these funds are maintained on the accrual basis of accounting. The following are the City's proprietary fund types:

Internal Service Funds: These funds account for operations that provide service to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

Fleet Management Fund: This fund is used to account for the acquisition and depreciation of motorized vehicles and equipment used by the City.

Employee Medical Benefits Fund: This fund was established to account for the potential health insurance changes required under the Affordable Health Care Act. Funds may be used for premiums paid for fully-insured health care coverage or to provide initial funding for claims paid through a self-insured plan.

Enterprise Funds: These funds account for the acquisition, operations and maintenance of City facilities and services which are entirely or predominantly self-supporting through user charges.

Conference Center Fund: This fund was established to provide a facility for recreational, cultural and educational activities and to promote regional awareness.

Sanitation Fund: This fund was established expressly to account for financial activities related to the management of solid waste. This includes the collection, transportation and disposal of industrial, commercial and residential refuse.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

B. Basic Financial Statements, Presentation, Basis of Accounting and Measurement Focus (continued)

Fund Financial Statements: (continued)

Fiduciary Funds:

Fiduciary funds include trust and agency funds. The following is the City's fiduciary fund type:

Trust Fund: This fund is used to account for assets held by the City in a trustee capacity.

Athens Pension Trust Fund: This fund is used to account for the accumulation of resources for pension benefit payments to qualified City retirees.

Funds are classified as major funds or nonmajor funds within the statements. An emphasis is placed on major funds with all nonmajor funds presented in total in one column on the governmental and proprietary funds financial statements.

The City's major governmental funds are the General Fund, General Purpose School Fund, Federal Projects Fund, Capital Improvement Fund, School Construction Fund, and Education Capital Project Fund. The City's major proprietary funds are the Conference Center Fund and Sanitation Fund.

C. Budgets and Budgetary Accounting

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

1. The City holds budget hearings in April of each year with all department heads submitting requests. The operating budget includes proposed expenditures and the means of financing them.
2. In early May, the City Manager and/or the Director of Finance makes a formal presentation to the City Council.
3. Prior to July 1, the Council will pass on second reading an ordinance to adopt the budget and set the tax rate.
4. Management may transfer budgeted amounts between line items within a department; however, any revision that alters the total expenditures of any department and/or fund must be approved by the City Council.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

C. Budgets and Budgetary Accounting (continued)

5. Formal budgets are adopted for the General Fund, the General Purpose School Fund, and most Special Revenue Funds on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts reflected in the accompanying budget and actual comparison are as originally adopted, unless amended by the City Council.
6. All appropriations which are not expensed or encumbered lapse at year end.

D. Use of Estimates in the Preparation of Financial Statements

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

E. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and certificates of deposit with original maturities of 90 days or less. In accordance with governmental accounting standards, certain restricted assets are considered cash equivalents for purposes of the statements of cash flows.

F. Investments

Investments are valued at fair value. Legal provisions require that all investments be properly insured or collateralized with a financial depository. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, equity securities, repurchase agreements, and pooled investment funds.

G. Inventories and Prepaid Items

Inventories consist primarily of supplies and gravesites, valued at weighted average cost, which approximates market value. The cost of inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Inventory recorded in the Centralized Cafeteria Fund consists of commodities granted by the United States Department of Agriculture (USDA), nonperishable food and nonfood supplies. All purchased inventory items are recorded at the lower of cost (first-in, first-out method) or market. Commodities are assigned values based on information provided by the USDA.

Prepaid items consist of payments to vendors for costs applicable to future accounting periods. These items are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditure/expenses when consumed rather than when purchased.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

G. Inventories and Prepaid Items (continued)

Reported inventories and prepaid items in governmental funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation even though they are a component of reported assets.

H. Capital Assets

In the government-wide financial statements, capital expenditures are accounted for as capital assets. Capital assets are defined by the City as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost, except for donated capital assets which are recorded at acquisition value at the date of donation. The City charges maintenance and repairs, including the costs of renewals of minor items of property, to maintenance expense accounts.

Capital asset depreciation is provided using the straight-line method over the estimated useful lives as follows:

<u>Assets at the City</u>		<u>Assets at Board of Education</u>	
Vehicles, machinery, and equipment	5-15 years	Furniture and equipment	6-20 years
Furniture and office equipment	5 years	Vehicles	6 years
Buildings and improvements	15-40 years	Buildings	50 years
Infrastructure	40 years	Infrastructure	20 years

In the fund financial statements, the acquisition of capital assets is accounted for as capital outlay expenditures and depreciation is not reported.

Component Unit - Athens Utilities Board:

The Athens Utilities Board uses group depreciation for many of its assets. Under this method, assets are aggregated into pools and depreciated over their estimated useful lives. In group depreciation, depreciation is not accumulated by individual assets; therefore, property subject to depreciation is retired at its average unit cost. In addition, accumulated depreciation of the same amount is retired with no gain or loss recognized on the disposal. Cost of removing retired assets less the salvage value recovered is also charged to accumulated depreciation.

The composite straight-line depreciation rate, expressed as a percentage of average depreciable plant, property and equipment, ranged from 2.67 to 3.40 percent. The depreciation and amortization in the Utilities Board's statement of revenues, expenses and changes in net position does not include depreciation on certain transportation equipment, which is allocated to other expense classifications based on relative usage.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

I. Debt Issue Costs

Debt issue costs are accounted for as expenditures when incurred.

J. Interfund Transactions

During the normal course of the City's operations, transactions occur between individual funds that are classified as transfers or as receivables/payables in the fund financial statements. These fund transactions are eliminated in the government-wide financial statements within the governmental activities column and the business-type activities column.

K. Long-Term Debt

Bonds and Notes Payable:

General obligation bonds and notes payable which have been issued to fund capital projects of the general government and the Board of Education are to be repaid from tax revenues of the City.

Compensated Absences:

Employees of the City are granted vacation and sick leave in varying amounts based on years of service. Sick leave is not vested and employees who resign or are dismissed from employment will lose any accrued sick leave benefits.

Vacation leave is vested and employees who resign or are dismissed from employment are compensated for unused vacation upon termination. Employees of the City may accrue vacation leave to a maximum of the leave earned in a one and one-half year period.

Accordingly, the City has accrued a liability for vacation leave which has been earned but not taken by City employees.

Vacation Pay and Sick Leave:

Board of Education employees are paid for vacation and absence due to sickness by prescribed formulas based on length of service with all unused vacation days expiring annually. Vacation and sick leave for employees are recorded as expenditures in the period used and considered payable from current financial resources.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

K. Long-Term Debt (continued)

Vacation Pay and Sick Leave: (continued)

Upon retirement, the Board will pay monetary compensation for unused sick days as follows:

- \$12 per day
 - Professional personnel with 5 full years with the Board of Education and a total of 25 years of teaching or administrative service.
 - Support staff with 25 years of service with the Board of Education.
- \$24 per day
 - Professional personnel with 5 full years with the Board of Education and a total of 30 years of teaching or administrative service.
 - Support staff with 30 years of service with the Board of Education.

An estimated liability for this unpaid sick leave is recorded in the government-wide financial statements.

The accounting treatment of long-term debt differs between the government-wide and governmental fund financial statements. All long-term debt to be repaid from governmental resources is reported as a liability in the government-wide statements. The fund financial statements for governmental funds report long-term debt principal and interest payments as expenditures and do not reflect a liability.

L. Net Position and Fund Balances

Net position in the government-wide financial statements are classified in three components:

- a. Net investment in capital assets – Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any related debt that is attributable to the acquisition, construction, or improvement of those assets. If there are unspent debt proceeds, these proceeds are not included in the calculation of net investment in capital assets.
- b. Restricted net position – Consists of assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Consists of all other assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

L. Net Position and Fund Balances (continued)

GASB No. 54 establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported.

Fund balance in the fund financial statements is reported in five classifications of fund balances based on the constraints imposed on the use of these resources.

Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form such as prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted fund balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolution of the City. Those committed amounts cannot be used for any other purpose unless the City removes the specified use by taking the same type of formal action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance – Assigned fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by formal action (approval of resolution) of the City Council.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other funds.

When an expenditure is incurred for purposes of which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has approved otherwise in its commitment or assignment actions.

**CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

Note 1. Summary of Significant Accounting Policies (continued)

M. Property Taxes

In the government-wide financial statements, property tax revenues are recognized as revenue in the fiscal year for which the taxes are levied. Property taxes are based on the assessed value of property as of January 1. Property taxes attach as an enforceable lien on the assessment date and are therefore recognized on this date. In October, property taxes are due and are considered delinquent if not paid before the first day of March. Amounts owed to the City as of year end, which are not available, are recorded as receivables and unearned revenue in the fund financial statements.

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. City property tax revenues are recognized when levied to the extent that they result in current receivables. Taxes not collected as of March 1 of the following year are considered delinquent and are subject to lien on March 1 of the succeeding year.

Assessed values are established by the State of Tennessee at the following rates of assumed market value:

Public Utility Property	55%	(Railroads 40%)
Industrial and Commercial Property:		
Real	40	
Personal	30	
Residential Property	25	

Taxes were levied at a rate of \$1.3476 and \$1.0078 per \$100 of assessed value for 2022 and 2023, respectively. An allowance has been established for delinquent taxes to the extent that their collectability is improbable. The allowance at June 30, 2023, for the 2022 tax levy was \$100,000. An allowance for doubtful collection of \$60,000 has been estimated and established for the 2023 levy at June 30, 2023. There are no current tax collections related to the 2023 levy.

N. Allowances for Doubtful Property Taxes

The following allowances have been established for uncollectible property taxes at June 30, 2023:

General Fund	\$ 160,000
General Purpose School Fund	37,739

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

O. Employee Retirement Plans

Employee Retirement Plan. Investments are reported at fair value. Asset statements are provided by Charles Schwab Trust Bank.

Public Employee Retirement Plan. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Athens City Board of Education's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS). Additions to/deductions from Athens City Board of Education's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan. Investments are reported at fair value.

Teacher Legacy Pension Plan. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System (TCRS). Additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Legacy Pension Plan. Investments are reported at fair value.

Teacher Retirement Plan. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan in the Tennessee Consolidated Retirement System (TCRS). Additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan. Investments are reported at fair value.

P. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, Athens City Board of Education recognizes benefit payments when due and payable in accordance with the benefit terms.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 2. Capital Assets

Primary government capital asset activity for the year is as follows:

	Governmental Activities At City of Athens			Balance June 30, 2023
	Balance July 1, 2022	Additions	Deletions	
Capital assets being depreciated:				
Buildings and improvements	\$ 6,958,412	\$ -	\$ -	\$ 6,958,412
Infrastructure	10,212,733	-	-	10,212,733
Furniture and office equipment	5,179,991	450,080	-	5,630,071
Machinery and equipment	7,104,009	136,995	63,790	7,177,214
Total depreciable capital assets	<u>29,455,145</u>	<u>587,075</u>	<u>63,790</u>	<u>29,978,430</u>
Accumulated depreciation:				
Buildings and improvements	4,918,764	160,845	-	5,079,609
Infrastructure	5,227,648	265,298	-	5,492,946
Furniture and office equipment	1,405,365	677,013	-	2,082,378
Machinery and equipment	4,761,242	246,748	60,397	4,947,593
Total accumulated depreciation	<u>16,313,019</u>	<u>1,349,904</u>	<u>60,397</u>	<u>17,602,526</u>
Net depreciable capital assets	<u>13,142,126</u>	<u>(762,829)</u>	<u>3,393</u>	<u>12,375,904</u>
Capital assets not being depreciated:				
Land	3,008,070	-	-	3,008,070
Construction in progress	1,791,778	4,141,713	-	5,933,491
Nondepreciable capital assets	<u>4,799,848</u>	<u>4,141,713</u>	<u>-</u>	<u>8,941,561</u>
Net capital assets	<u>\$ 17,941,974</u>	<u>\$ 3,378,884</u>	<u>\$ 3,393</u>	<u>\$ 21,317,465</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 2. Capital Assets (continued)

	Governmental Activities - At Board of Education			
	Balance	Additions	Deletions	Balance
	July 1, 2022			June 30, 2023
Capital assets being depreciated:				
Buildings and improvements	\$ 16,749,057	\$ 537,190	\$ 2,066,575	\$ 15,219,672
Infrastructure	167,169	-	14,450	152,719
Furniture, equipment, and vehicles	3,286,294	311,131	193,335	3,404,090
Total depreciable capital assets	<u>20,202,520</u>	<u>848,321</u>	<u>2,274,360</u>	<u>18,776,481</u>
Accumulated depreciation:				
Buildings and improvements	11,959,303	307,131	1,800,922	10,465,512
Infrastructure	27,847	6,668	7,842	26,673
Furniture, equipment, and vehicles	2,052,914	398,256	174,068	2,277,102
Total accumulated depreciation	<u>14,040,064</u>	<u>712,055</u>	<u>1,982,832</u>	<u>12,769,287</u>
Net depreciable capital assets	<u>6,162,456</u>	<u>136,266</u>	<u>291,528</u>	<u>6,007,194</u>
Capital assets not being depreciated:				
Land	213,486	-	-	213,486
Construction in progress	24,841,812	15,164,840	528,990	39,477,662
Nondepreciable capital assets	<u>25,055,298</u>	<u>15,164,840</u>	<u>528,990</u>	<u>39,691,148</u>
Net capital assets	<u>\$ 31,217,754</u>	<u>\$ 15,301,106</u>	<u>\$ 820,518</u>	<u>\$ 45,698,342</u>

	Total Governmental Activities Capital Assets			
	Balance	Additions	Deletions	Balance
	July 1, 2022			June 30, 2023
Capital assets being depreciated:				
Buildings and improvements	\$ 23,707,469	\$ 537,190	\$ 2,066,575	\$ 22,178,084
Infrastructure	10,379,902	-	14,450	10,365,452
Furniture, equipment and vehicles	8,466,285	761,211	193,335	9,034,161
Machinery and equipment	7,104,009	136,995	63,790	7,177,214
Total depreciable capital assets	<u>49,657,665</u>	<u>1,435,396</u>	<u>2,338,150</u>	<u>48,754,911</u>
Accumulated depreciation:				
Buildings and improvements	16,878,067	467,976	1,800,922	15,545,121
Infrastructure	5,255,495	271,966	7,842	5,519,619
Furniture, equipment and vehicles	3,458,279	1,075,269	174,068	4,359,480
Machinery and equipment	4,761,242	246,748	60,397	4,947,593
Total accumulated depreciation	<u>30,353,083</u>	<u>2,061,959</u>	<u>2,043,229</u>	<u>30,371,813</u>
Net depreciable capital assets	<u>19,304,582</u>	<u>(626,563)</u>	<u>294,921</u>	<u>18,383,098</u>
Capital assets not being depreciated:				
Land	3,221,556	-	-	3,221,556
Construction in progress	26,633,590	19,306,553	528,990	45,411,153
Nondepreciable capital assets	<u>29,855,146</u>	<u>19,306,553</u>	<u>528,990</u>	<u>48,632,709</u>
Net capital assets	<u>\$ 49,159,728</u>	<u>\$ 18,679,990</u>	<u>\$ 823,911</u>	<u>\$ 67,015,807</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 2. Capital Assets (continued)

	Total Business-type Activities Capital Assets			Balance June 30, 2023
	Balance July 1, 2022	Additions	Deletions	
Capital assets being depreciated:				
Buildings and improvements	\$ 1,517,930	\$ -	\$ -	\$ 1,517,930
Furniture and office equipment	29,864	-	-	29,864
Machinery and equipment	1,678,915	-	-	1,678,915
Total depreciable capital assets	3,226,709	-	-	3,226,709
Accumulated depreciation:				
Buildings and improvements	1,061,513	50,580	-	1,112,093
Furniture and office equipment	29,864	-	-	29,864
Machinery and equipment	989,800	160,661	-	1,150,461
Total accumulated depreciation	2,081,177	211,241	-	2,292,418
Net depreciable capital assets	1,145,532	(211,241)	-	934,291
Capital assets not being depreciated:				
Land	34,500	-	-	34,500
Net capital assets	\$ 1,180,032	\$ (211,241)	\$ -	\$ 968,791

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 76,851
Public safety	457,503
Highways and streets	561,869
Culture and recreation	253,681
Schools:	
Regular instruction	93,898
Administration	33,687
Operation and maintenance	4,227
Transportation	63,309
Food services	11,498
Unallocated depreciation	505,436
	\$ 2,061,959

Unallocated depreciation consists of depreciation related to the Board of Education buildings. Depreciation has not been allocated because the buildings serve multiple functions.

Business-type Activities	
Conference Center	\$ 50,580
Sanitation	160,661
	\$ 211,241

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 2. Capital Assets (continued)

Component unit capital asset activity for the year is as follows:

Utilities Board:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets being depreciated:				
Plant in service	\$ 175,924,045	\$ 5,141,152	\$ 1,640,618	\$ 179,424,579
Equipment and furniture	7,649,274	667,587	95,164	8,221,697
Transportation equipment	4,726,257	430,907	130,467	5,026,697
Leased asset	-	175,538	-	175,538
Capital assets-depreciated	<u>188,299,576</u>	<u>6,415,184</u>	<u>1,866,249</u>	<u>192,848,511</u>
Accumulated depreciation:				
Plant in service	70,009,425	5,139,518	1,746,499	73,402,444
Equipment and furniture	4,611,015	713,732	84,745	5,240,002
Transportation equipment	3,200,609	382,607	127,282	3,455,934
Lease amortization	-	12,863	-	12,863
Total accumulated depreciation	<u>77,821,049</u>	<u>6,248,720</u>	<u>1,958,526</u>	<u>82,111,243</u>
Net depreciable capital assets	<u>110,478,527</u>	<u>166,464</u>	<u>(92,277)</u>	<u>110,737,268</u>
Capital assets not being depreciated:				
Land	837,023	-	-	837,023
Construction in progress	2,500,322	7,912,076	6,602,572	3,809,826
Nondepreciable capital assets	<u>3,337,345</u>	<u>7,912,076</u>	<u>6,602,572</u>	<u>4,646,849</u>
Net capital assets	<u>\$ 113,815,872</u>	<u>\$ 8,078,540</u>	<u>\$ 6,510,295</u>	<u>\$ 115,384,117</u>

As described in Note 1, Athens Utilities Board uses group depreciation and no gain or loss is recognized on the disposal of assets. Additional costs of removing assets is charged to accumulated depreciation, resulting in accumulated depreciation exceeding the value of related assets.

Depreciation was charged as follows:

	Charged to Depreciation and Amortization	Charged to Other Accounts	Total Depreciation and Amortization
Power Division	\$ 2,592,692	\$ 225,319	\$ 2,818,011
Water Division	990,678	41,032	1,031,710
Gas Division	660,039	37,411	697,450
Department of Sewer	1,609,843	78,844	1,688,687
	<u>\$ 5,853,252</u>	<u>\$ 382,606</u>	<u>\$ 6,235,858</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 3. Long-Term Debt and Other Long-Term Liabilities

The City has approved \$40,000,000 for the School Consolidation Building Program discussed in Note 13. The City arranged for short-term construction financing through a General Obligation Anticipation Note, Series 2020, with Regions Capital Advantage, Inc. During 2023, this note was amended to extend the note to December 15, 2024. The loan is being disbursed on a monthly basis with variable interest based on BSBY rate calculation. During 2023, the interest rates were from 1.9860% - 5.0647%. Interest will be due semi-annually with principal due when permanent financing is utilized which will be no later than December 2024. Permanent financing will be through a \$40,000,000 USDA Community Facilities Loan. The 40-year loan will bear interest at 2.125% - 2.250%. An initial advance of \$3,325 was outstanding at June 30, 2023. For disclosure purposes, the bond anticipation note will be disclosed on the payment maturity terms of the permanent financing for the amount drawn.

During 2022, the City authorized the issuance of General Obligation Bonds, Series 2021 of \$7,350,000 to facilitate the renovations at city hall and traffic enhancements within the city.

Primary government long-term debt at June 30, 2023, consisted of the following:

	Balance 6/30/23	Due within one year
Governmental Activities		
General Obligation Anticipation Note, Series 2020; dated December 22, 2020; variable interest due semi-annually	\$ 35,000,000	\$ 739,595
USDA Community Facilities Loan Advance ; 2.125% - 2.250%	3,325	-
General Obligation Bonds, Series 2021; dated October 15, 2021; 2.00% - 3.00%; principal due annually on June 1; interest due semi-annually	6,855,000	225,000
Total long-term debt – governmental activities	41,858,325	964,595
Unamortized bond premium	284,525	-
Total long-term debt – primary government	\$ 42,142,850	\$ 964,595

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 3. Long-Term Debt and Other Long-Term Liabilities (continued)

All long-term debt of the primary government is related to governmental activities. Primary government long-term debt activity for the year is as follows:

	Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023	Due within one year
City of Athens:					
General Obligation Anticipation Note, Series 2020	\$ 23,800,000	\$ 11,200,000	\$ -	\$ 35,000,000	\$ 739,595
USDA Community Facilities Loan Advance	3,325	-	-	3,325	-
General Obligation Bonds, Series 2021	<u>7,075,000</u>	<u>-</u>	<u>220,000</u>	<u>6,855,000</u>	<u>225,000</u>
Total long-term debt	30,878,325	11,200,000	220,000	41,858,325	964,595
Other long-term liabilities:					
Compensated absences	<u>336,995</u>	<u>321,918</u>	<u>318,947</u>	<u>339,966</u>	<u>226,655</u>
	31,215,320	11,521,918	538,947	42,198,291	1,191,250
Board of Education:					
Sick leave	<u>53,766</u>	<u>30,851</u>	<u>32,591</u>	<u>52,026</u>	<u>45,370</u>
Total	<u>\$ 31,269,086</u>	<u>\$ 11,552,769</u>	<u>\$ 571,538</u>	<u>\$ 42,250,317</u>	<u>\$ 1,236,620</u>

The liability for compensated absences is typically liquidated in the General Fund. Sick leave liability is typically liquidated in the General Purpose School Fund. Postemployment benefit obligations and pension benefit obligations are generally liquidated by the General Fund, General Purpose School Fund, and the Pension Trust Fund.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 3. Long-Term Debt and Other Long-Term Liabilities (continued)

A summary of the maturities of principal and interest due on long-term debt drawn is as follows:

June 30	General Obligation Anticipation Note, Series 2020			USDA Community Facilities Loan Advance		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 739,595	\$ 787,500	\$ 1,527,095	\$ -	\$ -	\$ -
2025	756,236	770,859	1,527,095	3,325	144	3,469
2026	773,251	753,844	1,527,095	-	-	-
2027	790,649	736,446	1,527,095	-	-	-
2028	808,439	718,656	1,527,095	-	-	-
2029-2033	4,323,368	3,312,107	7,635,475	-	-	-
2034-2037	4,832,133	2,803,342	7,635,475	-	-	-
2038-2043	5,400,767	2,234,708	7,635,475	-	-	-
2044-2048	6,036,317	1,599,158	7,635,475	-	-	-
2049-2053	6,746,655	888,820	7,635,475	-	-	-
2054-2056	3,792,590	157,807	3,950,397	-	-	-
	<u>\$ 35,000,000</u>	<u>\$ 14,763,247</u>	<u>\$ 49,763,247</u>	<u>\$ 3,325</u>	<u>\$ 144</u>	<u>\$ 3,469</u>

June 30	General Obligation Bonds, Series 2021			Total All Issues		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 225,000	\$ 154,215	\$ 379,215	\$ 964,595	\$ 941,715	\$ 1,906,310
2025	235,000	147,465	382,465	994,561	918,468	1,913,029
2026	240,000	140,415	380,415	1,013,251	894,259	1,907,510
2027	245,000	133,215	378,215	1,035,649	869,661	1,905,310
2028	255,000	125,865	380,865	1,063,439	844,521	1,907,960
2029-2033	1,370,000	527,075	1,897,075	5,693,368	3,839,182	9,532,550
2034-2037	1,520,000	381,475	1,901,475	6,352,133	3,184,817	9,536,950
2038-2043	1,675,000	223,135	1,898,135	7,075,767	2,457,843	9,533,610
2044-2048	1,090,000	47,935	1,137,935	7,126,317	1,647,093	8,773,410
2049-2053	-	-	-	6,746,655	888,820	7,635,475
2054-2056	-	-	-	3,792,590	157,807	3,950,397
	<u>\$ 6,855,000</u>	<u>\$ 1,880,795</u>	<u>\$ 8,735,795</u>	<u>\$ 41,858,325</u>	<u>\$ 16,644,186</u>	<u>\$ 58,502,511</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 3. Long-Term Debt and Other Long-Term Liabilities (continued)

Component unit long-term debt and other long-term liabilities activities for the year is as follows:

Utilities Board:

	Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023	Due within one year
Revenue and tax bonds	\$ 1,125,368	\$ -	\$ 28,572	\$ 1,096,796	\$ 29,519
Notes payable	18,119,203	-	1,621,405	16,497,798	1,632,299
Lease liability	-	175,538	12,863	162,675	17,226
Total long-term debt liabilities	<u>\$ 19,244,571</u>	<u>\$ 175,538</u>	<u>\$ 1,662,840</u>	<u>\$ 17,757,269</u>	<u>\$ 1,679,044</u>

Certain of the above debt is payable from and secured by a first pledge of the revenues derived from the operation of the respective utility systems and is collateralized by a statutory lien on the system. The Utilities Board has agreed to pay all debt service under the agreements.

The principal and interest payments on all long-term debt were current as of June 30, 2023.

The Athens Utilities Board has debt issues and other liabilities with outstanding balances totaling \$17,757,269, of which \$17,594,594 represents debt issued by the City where the Utilities Board has assumed all responsibility through resolution. This long-term debt is reported in the Athens Utilities Board financial statements. The debt service is to be paid through user fees and Utilities Board funds. If Utilities Board funds are not sufficient to service the debt, the City is required to establish ad valorem taxes under each debt issue.

	Principal	Interest	Total
2024	\$ 1,679,044	\$ 521,148	\$ 2,200,192
2025	1,691,762	471,126	2,162,888
2026	1,704,718	420,739	2,125,457
2027	1,717,901	369,998	2,087,899
2028	1,732,319	318,896	2,051,215
2029-2033	7,261,389	822,693	8,084,082
2034-2038	1,435,173	175,105	1,610,278
2039-2043	257,183	67,777	324,960
2044-2048	277,780	22,328	300,108
	<u>\$ 17,757,269</u>	<u>\$ 3,189,810</u>	<u>\$ 20,947,079</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 4. Cash Deposits and Investments

Cash Deposits:

Primary Government

City of Athens:

State statutes require that all deposits with financial institutions must be collateralized in an amount equal to 105 percent of the face amount of uninsured deposits. Under these statutes, the deposits must be either covered by state or federal depository insurance, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third-party agents. At June 30, 2023, all the City's deposits were insured or collateralized.

Board of Education:

At June 30, 2023, all cash deposits of the Board were insured or collateralized in accordance with state statutes.

Component unit

At June 30, 2023, all cash deposits of the Athens Utilities Board were covered by state or federal depository insurance or collateralized with securities held by the Board's agents in the Board's name.

Investments:

Primary Government

The City's investment policy states that investments shall only be made in debt instruments of commercial banks or other investment institutions or other obligors having a Standard and Poor's (A) and Moody's (P) short-term credit rating of at least an A1 P1. For instruments not rated, deposits must be insured by the maximum authorized under the Federal Deposit Insurance Corporation or be covered by an institution that is a participant in the State of Tennessee's Bank Collateral Pool. Investments are carried at fair value, as determined by quoted market prices. It is the City's policy, generally, to hold investments until maturity. Investments will have an average maturity of less than one year and shall not exceed two years.

State statutes authorize the City to invest in obligations of the U.S. Treasury, its agents and instrumentalities, repurchase agreements, interest earning money market accounts, certificates of deposit, obligations of the state or any agency of the state, and the State of Tennessee Local Government Investment Pool (LGIP).

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 4. Cash Deposits and Investments (continued)

Investments: (continued)

Primary Government (continued)

As of June 30, 2023, the City had \$26,823,203 invested in the LGIP, \$10,999,847 in certificates of deposit and \$12,127,022 in U.S. Treasury Notes which represent all of the City's investments excluding those included in the Cemetery Perpetual Care Fund and the Athens Pension Trust Fund. The certificates of deposit included in investments had original maturity dates in excess of 90 days. At June 30, 2023, the investments of the LGIP had a weighted average maturity of 46 days. Investments in the LGIP are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with SEC Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. Regulatory oversight for the LGIP is provided by the State legislature, the State Comptroller and the State Funding Board.

Cemetery Perpetual Fund:

The Cemetery Perpetual Care Fund's investments are determined by Truist Bank, the Trustee. The Trustee is authorized to invest in all legal and prudent investments.

As of June 30, 2023, the Cemetery Perpetual Care Fund's investments consisted of the following:

	Fair Value
Money market funds - cash	\$ 24,668
Mutual funds	336,175
	\$ 360,843

There is not a formal policy to limit the credit risk exposure on these investments.

Athens Pension Trust Fund:

As of June 30, 2023, the Athens Pension Trust Fund's investments consisted of the following:

	Fair Value
Cash	\$ 356,109
Mutual funds	15,445,432
U.S. Treasury Bonds	1,022,629
	\$ 16,824,170

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 4. Cash Deposits and Investments (continued)

Investments: (continued)

Primary Government (continued)

The Athens Pension Trust Fund is authorized to invest in stocks and corporate bonds rated investment grade or above by Moody's Investor Services. The Retirement Committee's investment policy is to achieve a 40/60 government and corporate bonds/equities ratio. U.S. government and agency securities carry the explicit guarantee of the U.S. government. The City does not have any additional formal policy to limit its credit risk exposure.

The City does not have a formal policy to limit its exposure to fair value losses arising from rising interest rates.

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under GAAP are described below:

- **Level 1** – Unadjusted quoted prices in active markets for identical assets or liabilities the City has the ability to access.
- **Level 2** – Inputs (other than quoted prices within Level 1) such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or other inputs that can be corroborated by observable market data.
- **Level 3** – Inputs which are unobservable for the asset or liability and rely on management's own assumptions that market participants would use in pricing the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. In determining fair value, the City utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 4. Cash Deposits and Investments (continued)

Investments: (continued)

Primary Government (continued)

For the City, Level 1 investments are valued using prices quoted in active markets for those investments. Level 2 investments are valued based on the investments relationship to benchmark quoted prices. Level 3 investments are valued using either a discounted cash flow or market comparable entities technique.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the City's assets at fair value as of June 30, 2023:

<u>Investment type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Athens Pension Trust Fund:				
Cash and cash equivalents	\$ 356,109	\$ 356,109	\$ -	\$ -
Mutual funds	15,445,432	-	15,445,432	-
U.S Treasury Bonds	1,022,629	1,022,629	-	-
	<u>16,824,170</u>	<u>1,378,738</u>	<u>15,445,432</u>	<u>-</u>
Cemetery Perpetual Fund:				
Money market funds - cash	24,668	24,668	-	-
Mutual funds	336,175	-	336,175	-
	<u>360,843</u>	<u>24,668</u>	<u>336,175</u>	<u>-</u>
	<u>\$ 17,185,013</u>	<u>\$ 1,403,406</u>	<u>\$ 15,781,607</u>	<u>\$ -</u>

Note 5. Interfund Transactions

Interfund Balances:

At June 30, 2023, the General Purpose School Fund had interfund receivables that consist of \$430,000 due from the General Fund and \$604,520 due from the Federal Projects Fund. The General Purpose School Fund had an interfund payable of \$5,317 due to the General Fund, and \$4,690 due to the Cafeteria Fund. The Capital Improvement Fund had an interfund receivable of \$305,396 due from the School Construction Fund.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 5. Interfund Transactions (continued)

Interfund Balances: (continued)

Interfund transfers during the year consisted of the General Fund transferring \$2,421,000 to the Board of Education General Purpose Fund, \$4,025,000 to the Capital Improvement Fund, \$1,000,000 to the Debt Service Fund-Schools and \$400,000 to Debt Service Fund-City Projects. The School Construction Fund transferred \$13,259,588 to the Education Capital Projects Fund. The Board of Education General Purpose Fund transferred \$500,000 to the School Construction Fund.

Interfund transactions were for the purpose of funding annual appropriations, debt service requirements, capital outlay, and the school's building program. Interfund activity is netted in the government-wide financial statements within the governmental activities column.

Note 6. Component Unit Transactions

Utilities Board:

Generally, all transactions with the Utilities Board are as a result of services being provided. The Utilities Board provides utilities to the City. In addition, the Utilities Board bills and collects residential sanitation services for the City. At June 30, 2023, the Utilities Board has a due from the primary government of \$54,594 and a due to the primary government of \$83,416.

Note 7. Detail of Net Position and Fund Balances

Net Position:

Net position reported on the government-wide Statement of Net Position includes the following:

	Governmental Activities	Business- Type Activities	Total
Capital assets	\$ 97,387,620	\$ 3,261,209	\$ 100,648,829
Accumulated depreciation	(30,371,813)	(2,292,418)	(32,664,231)
Debt related to acquisition and construction of capital assets net of unspent cash	(39,370,235)	-	(39,370,235)
Retainage payable	(1,988,090)	-	(1,988,090)
Net investment in capital assets	25,657,482	968,791	26,626,273
Restricted	11,126,490	-	11,126,490
Unrestricted	46,569,154	3,231,303	49,800,457
Total net position	<u>\$ 83,353,126</u>	<u>\$ 4,200,094</u>	<u>\$ 87,553,220</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 7. Detail of Net Position and Fund Balances (continued)

Fund Balances:

Fund balances reported on the fund financial statements include the following:

Nonspendable	
General Fund-Inventory	\$ 109,257
General Fund-Prepaid expenses	100,000
Centralized Cafeteria Fund-Inventory	20,681
Cemetery Perpetual Care Fund-Nonexpendable	102,326
Total nonspendable fund balances	<u>332,264</u>
Restricted	
General Fund-Law Enforcement	88,959
General Purpose School Fund-Career Ladder	1,949
General Purpose School Fund-Stabilization Reserve	253,157
General Obligation Bond Fund	4,374,542
Cemetery Perpetual Care Fund-Expendable	258,517
Debt Service Fund-City Projects	44,923
Debt Service Fund-Schools	2,811,574
Hotel/Motel Tax Fund-Tourism	482,006
Internal School Funds-Student Activities	162,115
Drug Fund	112,640
Total restricted fund balances	<u>8,590,382</u>
Committed	
General Fund-Police benefit	25,613
Capital Improvement Fund-Capital Improvements	12,467,331
Drug Fund	15,590
Total committed fund balances	<u>12,508,534</u>
Assigned	
General Purpose School Fund -	
Education	8,674,790
Encumbrances	103,350
Centralized Cafeteria Fund	1,096,718
Total assigned fund balances	<u>9,874,858</u>
Unassigned	
School Construction Fund	(289,819)
General Fund	19,147,282
Total unassigned fund balances	<u>18,857,463</u>
Total fund balances	<u>\$ 50,163,501</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 7. Detail of Net Position and Fund Balances (continued)

Utilities Board

Net position of the Utilities Board consists of the following:

Net investment in capital assets	\$ 97,777,076
Unrestricted	27,566,267
	\$ 125,343,343

Note 8. Employee Retirement Plans

Primary Government (excluding employees of the Board of Education):

Employee Retirement Plan

Plan Description

Plan Administration: The City of Athens, Tennessee Pension Plan (the Plan) is a single-employer defined benefit pension plan that provides pensions to all eligible employees hired by the City prior to July 1, 2010. The City Council has the authority under the Plan to establish contribution rates, change benefit terms, or amend the Plan. USI Advisors, Inc. serves as the financial advisor and Charles Schwab Trust Bank serves as Trustee for the Plan. A three-member committee is charged with the general administration of the Plan and works in conjunction with the Plan's Trustee. The Committee consists of the Mayor, the City Manager, and a private city resident appointed by the City Council.

Plan Membership:

	<u>July 1, 2023</u>
Inactive Plan participants or beneficiaries currently receiving benefits	79
Inactive Plan participants entitled to deferred benefits	26
Active vested Plan participants	<u>23</u>
Total	<u>128</u>

The Plan does not issue a stand-alone financial report. The Plan is frozen and no new participants may enter if not hired by June 30, 2010. Individuals hired after June 30, 2010, are eligible to participate in the City of Athens 401(a) Retirement Plan, discussed later, after the probationary period.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (excluding employees of the Board of Education): (continued)

Employee Retirement Plan (continued)

Plan Provisions: Plan provisions in effect at June 30, 2023:

Eligibility and Benefits

Requirements	Minimum months of service: 12
Entry Dates	Day requirements are met. <i>The plan is frozen to anyone not hired by 6/30/10.</i>

Normal Retirement Date (NRD) First day of the month coinciding with or next following attainment of age 65 and 5 years of continuous service.

Normal Retirement Benefit
Benefit Formula

The annual normal retirement benefit, based on service to normal retirement date, is equal to the sum of (a) and (b) below,

- (a) 30% of average compensation, reduced by 1/10 for each year of continuous service less than 10 (reduced by 1/20 for each year of continuous service less than 20 for employees hired after 6/30/1999), plus
- (b) One percent of average compensation in excess of the average covered wage, given by the table below, for each year of service up to 35 years.

Participant's Year of Birth	Average Covered Wage	Participant's Year of Birth	Average Covered Wage
Before 1910	\$ 6,000	1926-1930	\$ 10,800
1910-1911	6,600	1931-1932	11,400
1912-1913	7,200	1933-1934	12,000
1914-1915	8,400	1935-1936	12,600
1916-1917	9,000	1937-1940	13,200
1918-1921	9,600	1941-1944	13,800
1922-1925	10,200	1945 and later	14,100

Minimum Benefit The minimum annual benefit is greater of (1) \$42 per year of service not to exceed 35 years, (2) the accrued benefit under the formula as of June 30, 1976, or (3) the accrued benefit under the formula as of June 30, 1988, or (4) the accrued benefit under the formula as of December 31, 1998.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (excluding employees of the Board of Education): (continued)

Employee Retirement Plan (continued)

<u>Average Compensation</u>	Average annual compensation, including overtime and bonuses, paid during the highest five consecutive calendar years of a participant's continuous service (from January 1, 1975, on) or during all continuous service if less than five years.
<u>Continuous Service</u>	Elapsed time based on completed years and months.
<u>Normal Form of Benefit</u>	Single life annuity.
<u>Accrued Benefit</u>	Normal retirement benefit, determined using continuous service projected to normal retirement, multiplied by the number of years of continuous service at termination divided by the projected service.
<u>Early Retirement Benefit</u>	Minimum Age: 55 Minimum Service: 15 Years Accrued benefit, reduced by 1/15 for each of the first five years and 1/30 for each of the next five years by which early retirement precedes normal retirement. Participants age 62 with 15 years of service or age 55 with 25 years of service are eligible for an unreduced benefit.
<u>Delayed Retirement</u>	A participant's delayed retirement benefit shall be equal to the greater of the accrued benefit at the delayed retirement date and the normal retirement benefit actuarially increased using the Plan's definition of actuarial equivalence.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (excluding employees of the Board of Education): (continued)

Employee Retirement Plan (continued)

Pre-Retirement Death Benefit

Effective January 1, 2009:

Minimum Age: 45

Minimum Service: 10 Years

Prior to January 1, 2009:

Minimum Age: 55

Minimum Service: 15 Years

The survivor benefit payable assuming the participant had retired on the day prior to death and elected a 100% (50% prior to 1/1/2009) Joint & Survivor Annuity.

Disability Benefit

A totally and permanently disabled participant with 10 years of continuous service may retire and receive his accrued benefit on the day of disability, reduced 1/15 for each of the first 5 years and 1/30 for each of the next 5 years by which disability precedes NRD and actuarially reduced for each additional year.

Vested Termination Benefit

Upon termination after 5 or more years of service, a participant shall be 100% vested in his accrued benefit.

Contribution Required

The City Council established contributions based on an actuarially determined contribution calculated by an independent actuary. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the actuarially determined rate.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (excluding employees of the Board of Education): (continued)

Employee Retirement Plan (continued)

Actuarially determined contributions to the Plan are determined each year as part of the actuarial valuation process. These contributions are determined according to the following contribution policy:

Actuarial Cost Method:	Entry age normal
Asset Valuation Method:	The asset smoothing method utilized for the Plan shall be that investment gains or losses will be recognized over 5 years, providing that the actuarial value of assets shall not be greater than 110% of market value, nor less than 90% of market value.
Amortization Method:	The amortization policy shall be that the UAAL, as of January 1, 2014 and any changes; thereafter, as a result of a change in assumptions or methods or benefit or plan changes, shall be amortized over a fixed period of 30 years beginning January 1, 2015. The amortization period for experience gains and losses shall be 10 years from the date of the actuarial valuation.

Investments

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the City of Athens City Council by a majority vote of its members. It is the policy of the City to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The Plan Trustee, Charles Schwab Trust Bank, is responsible for implementing the investment policy. The following was the Board's adopted asset allocation as of June 30, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	36 %
International equity	15
Fixed income	24
Hedge fund	10
Real estate	5
Cash and cash equivalents	<u>10</u>
Total	<u><u>100 %</u></u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (excluding employees of the Board of Education): (continued)

Employee Retirement Plan (continued)

Rate of return: For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.90 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability (Asset) of the City

The components of the net pension liability (asset) at June 30, 2023, was as follows:

Total pension liability	\$ 18,866,909
Plan fiduciary net position	<u>(16,824,170)</u>
City net pension liability (asset)	<u>\$ 2,042,739</u>
Plan fiduciary net position as a percentage of the total pension liability	89.17%
Covered payroll	\$ 1,319,571
Net pension liability (asset) as a percentage of covered payroll	154.80%

The Plan's fiduciary net position is reported in the Athens Pension Trust Fund as of June 30, 2023. The City's net pension liability (asset) is reported in the government-wide activities and enterprise funds as of the measurement date of June 30, 2023.

Actuarial Assumptions for Calculation of the Net Pension Liability (Asset)

- Measurement Date – June 30, 2023
- Valuation Date – July 1, 2023
- Mortality – Pre-Retirement and Post-Retirement: SOA RP-2014 Total Dataset Mortality Table adjusted to 2006 with Improvement Scale MP-2020
- Discount Rate – 7.00% per annum in previous years; 6.75 % per annum in current year
- Inflation – 2.24% per annum in previous years; 2.47% per annum in current year
- Salary Projection – 3.00% per annum
- Cost of Living Increase – N/A

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (excluding employees of the Board of Education): (continued)

Employee Retirement Plan (continued)

Retirement age – Terminated vested participants are assumed to retire at age 65. Active participants are assumed to retire at the following rates:

Age	Rate
55-61	5.0 %
62	75.0
63-64	50.0
65	100.0

Withdrawal rates: 150% of Table T-7

Age	Withdrawal	
	Male	Female
20	15.00 %	15.00 %
25	14.63	14.63
30	14.10	14.10
35	13.27	13.27
40	11.48	11.48
45	10.07	10.07
50	7.31	7.31
55	3.89	3.89
60	2.55	2.55

The actuarial assumptions used were based on the results of an actuarial experience study prepared in 2019 for the period January 1, 2014 through June 30, 2019.

Long-Term Expected Rate of Return on Pension Plan Investments

The long-term expected rate of return on pension plan investments was determined by the investment advisor, USI Advisors, Inc. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	6.56 %
International equity	7.07
Fixed income	2.64
Hedge fund	3.97
Real estate	4.89
Cash and cash equivalents	0.74

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (excluding employees of the Board of Education): (continued)

Employee Retirement Plan (continued)

Discount rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumes that plan member contributions will be made at the current contribution rate and the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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 plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate is the single rate that reflects (1) the long-term expected rate of return on Plan investments that are expected to be used to finance the payment of benefits, to the extent that the Plan's fiduciary net position is projected to be sufficient to make projected benefit payments and Plan assets are expected to be invested using a strategy to achieve that return, and (2) a yield or index rate for 20 year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale), to the extent that the conditions for use of the long-term expected rate of return are not met.

The projected cash flows are used to project the Plan's fiduciary net position at the beginning of each period. The Plan's projected fiduciary net position at the beginning of each period is compared to the amount of benefit payments projected to occur in that period. It is assumed that the Plan's fiduciary net position is expected to always be invested using a strategy to achieve the long-term expected rate of return on Plan investments. The benefit payments that are projected to occur in a period are discounted using the long-term expected rate of return on Plan investments if the amount of the Plan's beginning fiduciary net position is projected to be sufficient to make the benefit payments in that period. In periods in which the benefit payments are projected to be greater than the amount of the Plan's fiduciary net position, they are discounted using a municipal bond rate as described in the paragraph above.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

	1% Decrease <u>(5.75%)</u>	Current Discount <u>Rate (6.75%)</u>	1% Increase <u>(7.75%)</u>
City of Athens			
Net pension liability (asset)	\$ 3,942,244	\$ 2,042,739	\$ 424,178

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (excluding employees of the Board of Education): (continued)

Employee Retirement Plan (continued)

Additional Defined Benefit Plan disclosures for the City of Athens

The Defined Benefit Plan disclosures represent required disclosures for plans under GASB No. 67 “Financial Reporting for Pension Plans.” Certain of these disclosures also pertain to the employer. GASB No. 68 “Accounting and Financial Reporting for Pensions” requires additional employer disclosures not covered elsewhere as follows:

Additional City disclosures are made as of the measurement date, June 30, 2023, elected by the City under GASB No. 68.

Changes in the City’s net pension liability (asset) are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at June 30, 2022	\$ 18,586,283	\$ 16,262,377	\$ 2,323,906
Changes for the year:			
Service cost	69,248	-	69,248
Interest	1,216,641	-	1,216,641
Changes of benefit terms	-	-	-
Differences between expected and actual experience	278,126	-	278,126
Contributions - employer	-	600,000	(600,000)
Contributions - employee	-	-	-
Net investment income	-	1,286,969	(1,286,969)
Benefit payments, including refunds of employee contributions	(1,283,389)	(1,283,389)	-
Administrative expense	-	(41,787)	41,787
Other changes	-	-	-
Net changes	280,626	561,793	(281,167)
Balance at June 30, 2023	\$ 18,866,909	\$ 16,824,170	\$ 2,042,739

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (excluding employees of the Board of Education): (continued)

Employee Retirement Plan (continued)

The City recognized pension expense as follows under the City's defined benefit plan:

	Governmental Activities	Sanitation	Total
Pension expense	\$ 912,869	\$ 33,796	\$ 946,665

For the measurement period ended June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,322,753	-
Total	\$ 1,322,753	\$ -

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	\$ 391,275
2025	290,507
2026	683,636
2027	(42,665)

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Defined Contribution Plan:

Plan description – 401(a) Retirement Plan

The City of Athens established a Money Purchase Plan and Trust, The City of Athens 401(a) Retirement Plan on July 1, 2010. Full-time employees hired on or after July 1, 2010, are eligible to participate on the first day of the month after 60 days of employment. Participants are required to make a pretax contribution of 3% of their regular earnings, which is matched by the City. Participants may make an additional after tax contribution of up to 4% of their regular earnings, which the City also matches.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (excluding employees of the Board of Education): (continued)

Defined Contribution Plan: (continued)

The after tax contribution percentage can be adjusted annually by the City. Participants' interest in the contributions of the City vest at 100% upon 3 years of completed service. The Plan is established with ICMA Retirement Corporation as the Plan administrator. The City made Plan contributions of \$187,050 during 2023.

Primary Government (Board of Education employees)

Public Employee Retirement Plan

Plan description. Certain non-teacher employees of Athens City Board of Education are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (Board of Education employees): (continued)

Public Employee Retirement Plan (continued)

Employees covered by benefit terms. At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	76
Inactive employees entitled to but not yet receiving benefits	120
Active employees	78
	274

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Athens City Board of Education makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, employer contributions were \$222,149 based on a rate of 9.60 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Athens City Board of Education's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Athens City Board of Education's net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation
Cost of living adjustment	2.125%

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (Board of Education employees): (continued)

Public Employee Retirement Plan (continued)

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020, actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates 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 of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	4.88 %	31 %
Developed market international equity	5.37	14
Emerging market international equity	6.09	4
Private equity and strategic lending	6.57	20
U.S. fixed income	1.20	20
Real estate	4.38	10
Short-term securities	0.00	1
		<u>100 %</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the three factors described above.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (Board of Education employees): (continued)

Public Employee Retirement Plan (continued)

Discount rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Athens City Board of Education will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net pension liability (asset) are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at June 30, 2021	\$ 9,475,430	\$ 10,630,821	\$ (1,155,391)
Changes for the year:			
Service cost	218,404	-	218,404
Interest	638,996	-	638,996
Changes in benefit terms	-	-	-
Differences between expected and actual experience	84,289	-	84,289
Contributions - Employer	-	207,252	(207,252)
Contributions - Employees	-	107,945	(107,945)
Net investment income	-	(403,884)	403,884
Benefit payments, including refunds of employee contributions	(454,439)	(454,439)	-
Administrative expense	-	(7,737)	7,737
Net changes	487,250	(550,863)	1,038,113
Balance at June 30, 2022	\$ 9,962,680	\$ 10,079,958	\$ (117,278)

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (Board of Education employees): (continued)

Public Employee Retirement Plan (continued)

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of Athens City Board of Education calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Athens City Board of Education's net pension liability (asset)	\$ 1,149,655	\$ (117,278)	\$ (1,171,812)

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

Pension expense. For the year ended June 30, 2023, Athens City Board of Education recognized pension expense of \$118,062.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2023, Athens City Board of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 94,395	\$ 24,668
Net difference between projected and actual earnings on pension plan investments	19,705	-
Changes in assumptions	284,764	-
Contributions subsequent to the measurement date of June 30, 2022	222,149	-
Total	\$ 621,013	\$ 24,668

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (Board of Education employees): (continued)

Public Employee Retirement Plan (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The amount shown above for contributions subsequent to the measurement date of June 30, 2022, will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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	\$ 97,000
2025	124,703
2026	(70,811)
2027	223,304

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Teacher Legacy Pension Plan

Plan description. The Tennessee Consolidated Retirement System (TCRS) was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at:

<https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers employed by Athens City Board of Education with membership in TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost sharing, multiple-employer defined benefit plan.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (Board of Education employees): (continued)

Teacher Legacy Pension Plan (continued)

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 if vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Athens City Board of Education for the year ended June 30, 2023, to the Teacher Legacy Pension Plan were \$564,755, which is 8.69 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension liability (asset). At June 30, 2023, the Athens City Board of Education reported a liability (asset) of \$(2,260,998) for its proportionate share of net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. Athens City Board of Education's proportion of the net pension liability (asset) was based on Athens City Board of Education's employer share of contributions to the pension plan, relative to the contributions of all participating LEAs. At the June 30, 2022, measurement date, Athens City Board of Education's proportion was 0.184360 percent. The proportion measured as of June 30, 2021, was 0.177677 percent.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (Board of Education employees): (continued)

Teacher Legacy Pension Plan (continued)

Pension expense. For the year ended June 30, 2023, Athens City Board of Education recognized pension expense of \$1,827.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2023, Athens City Board of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 371,926	\$ 382,040
Changes in assumptions	1,416,406	-
Net difference between projected and actual earnings on pension plan investments	38,662	-
Changes in proportion of net pension liability (asset)	27,764	84,923
Contributions subsequent to the measurement date of June 30, 2022	564,755	-
Total	\$ 2,419,513	\$ 466,963

The amount shown above for contributions subsequent to the measurement date of June 30, 2022, will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period. 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	\$ 213,013
2025	403,555
2026	(422,125)
2027	1,193,352

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (Board of Education employees): (continued)

Teacher Legacy Pension Plan (continued)

Actuarial assumptions. The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation
Cost of living adjustment	2.125%

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020, actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates 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 of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88 %	31 %
Developed market international equity	5.37	14
Emerging market international equity	6.09	4
Private equity and strategic lending	6.57	20
U.S. fixed income	1.20	20
Real estate	4.38	10
Short-term securities	0.00	1
		<u>100 %</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (Board of Education employees): (continued)

Teacher Legacy Pension Plan (continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate. The following presents Athens City Board of Education's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what Athens City Board of Education's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Athens City Board of Education's proportionate share of the net pension liability (asset)	\$ 4,478,258	\$ (2,260,998)	\$ (7,874,350)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Teacher Retirement Plan

Plan description. The Tennessee Consolidated Retirement System (TCRS) was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at:

<https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (Board of Education employees): (continued)

Teacher Retirement Plan (continued)

Teachers employed by Athens City Board of Education with membership in the (TCRS) before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost sharing, multiple-employer defined benefit plan.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (Board of Education employees): (continued)

Teacher Retirement Plan (continued)

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. The actuarially determined contribution rate of 4 percent has been split between the Teacher Retirement Plan and TCRS Stabilization Reserve Trust. The Board placed the actuarially determined contribution rate of 2.01 percent of covered payroll into the Teacher Retirement Plan and 2.87 percent of covered payroll into the Teacher Retirement Plan and 1.13 percent of covered payroll into the TCRS Stabilization Reserve Trust. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2023, to the Teacher Retirement Plan were \$90,817, which is 2.87 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension liability (asset). At June 30, 2023, Athens City Board of Education reported a liability (asset) of (\$55,505) for its proportionate share of the net pension liability. The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. Athens City Board of Education's proportion of the net pension liability (asset) was based on Athens City Board of Education's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2022, Athens City Board of Education's proportion was 0.183229 percent. The proportion measured as of June 30, 2021, was 0.180937 percent.

Pension expense. For the year ended June 30, 2023, Athens City Board of Education recognized pension expense of \$78,793.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (Board of Education employees): (continued)

Teacher Retirement Plan (continued)

Pension Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2023, Athens City Board of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,035	\$ 33,723
Net difference between projected and actual earnings on pension plan investments	17,495	-
Changes in assumptions	65,021	-
Changes in proportion of net pension liability	7,911	6,379
LEA's contributions subsequent to the measurement date of June 30, 2022	<u>90,817</u>	<u>-</u>
Total	<u>\$ 184,279</u>	<u>\$ 40,102</u>

Athens City Board of Education's employer contributions of \$90,817 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension liability (asset) 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	\$ 1,625
2025	1,803
2026	(1,072)
2027	29,400
2028	3,565
Thereafter	18,039

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (Board of Education employees): (continued)

Teacher Retirement Plan (continued)

Actuarial assumptions. The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation
Cost of living adjustment	2.125%

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020, actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates 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 of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88 %	31 %
Developed market international equity	5.37	14
Emerging market international equity	6.09	4
Private equity and strategic lending	6.57	20
U.S. fixed income	1.20	20
Real estate	4.38	10
Short-term securities	0.00	1
		<u>100 %</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the three factors described above.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (Board of Education employees): (continued)

Teacher Retirement Plan (continued)

Discount rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate. The following presents Athens City Board of Education's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what Athens City Board of Education's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Athens City Board of Education's proportionate share of the net pension liability (asset)	\$ 291,367	\$ (55,505)	\$ (308,828)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

TCRS Stabilization Reserve Trust

Legal provisions. The Athens City Board of Education is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The Board has placed funds into the irrevocable trust as authorized by statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the Board.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (Board of Education employees): (continued)

TCRS Stabilization Reserve Trust (continued)

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Athens City Board of Education may not impose any restrictions on investments placed by the trust on their behalf.

Investment balances. Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value or amortized cost which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2023, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- **Level 1** - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- **Level 2** - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- **Level 3** - Valuations derived from valuation techniques in which significant inputs are unobservable.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (Board of Education employees): (continued)

TCRS Stabilization Reserve Trust (continued)

Investments where fair value is measured using the Net Asset Value (NAV) per share have no readily determinable fair value and have been determined using amortized cost which approximates fair value.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such, management of the TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes presented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade date having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute, or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type. Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (Board of Education employees): (continued)

TCRS Stabilization Reserve Trust (continued)

At June 30, 2023, the Athens City Board of Education had the following investments held by the trust on its behalf:

<u>Investment</u>	<u>Target Allocation</u>	<u>Fair Value</u>
Investments at fair value:		
U.S. equity	31 %	\$ 78,479
Developed market international equity	14	35,442
Emerging market international equity	4	10,126
U.S. fixed income	20	50,631
Real estate	10	25,316
Short-term securities	1	2,532
Investments at amortized cost using the NAV:		
Private equity and strategic lending	20	50,631
Total	<u>100 %</u>	<u>\$ 253,157</u>

<u>Investments by Fair Value Level</u>	<u>Total 6/30/2023</u>	<u>Fair Value Measurements Using</u>			<u>Amortized Cost</u>
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>NAV</u>
U.S. equity	\$ 78,479	\$ 78,479	\$ -	\$ -	\$ -
Developed market international equity	35,442	35,442	-	-	-
Emerging market international equity	10,126	10,126	-	-	-
U.S. fixed income	50,631	-	50,631	-	-
Real estate	25,316	-	-	25,316	-
Short-term securities	2,532	-	2,532	-	-
Private equity and strategic lending	50,631	-	-	-	50,631
Total	<u>\$ 253,157</u>	<u>\$ 124,047</u>	<u>\$ 53,163</u>	<u>\$ 25,316</u>	<u>\$ 50,631</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Primary Government (Board of Education employees): (continued)

TCRS Stabilization Reserve Trust (continued)

Risks and uncertainties. The trust's investments include various types of investment funds, which in turn invest in any combination of stocks, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of credit risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the Board's investment in a single issuer. The Board places no limit on the amount that may be invested in one issuer.

Custodial credit risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Board to pay retirement benefits of the Board's employees.

For further information concerning the Board's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at:

<https://comptroller.tn.gov/content/dam/cot/sa/advancedsearch/disclaimer/2020/ag19091.pdf>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Aggregation of All Pension Plans

The following is an aggregation of deferred outflows of resources and deferred inflows of resources related to the City's and the Board of Education's various pension plans:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 469,356	\$ 440,431
Changes in assumptions	1,766,191	-
Net difference between projected and actual earnings on pension plan investments	1,398,615	-
Changes in proportion of net pension liability (asset)	35,675	91,302
Employer contributions subsequent to the measurement date	<u>877,721</u>	<u>-</u>
Total	<u>\$ 4,547,558</u>	<u>\$ 531,733</u>

Deferred outflows of resources related to contributions to pension plans subsequent to the measurement date will be recognized as a reduction (increase) of the net pension liability (asset) in the subsequent measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources from all pension plans will be recognized in pension expense as follows:

Year Ended June 30:	
2024	\$ 702,913
2025	820,568
2026	189,628
2027	1,403,391
2028	3,565
Thereafter	18,039

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Employee Retirement Plans (continued)

Aggregation of All Pension Plans (continued)

The various retirement plans resulted in the following aggregate net pension liability (asset):

	Liability	(Asset)
City - Employee Retirement Plan	\$ 2,042,739	\$ -
Board of Education - Public Employee Retirement Plan	-	117,278
Board of Education - Teacher Legacy Pension Plan	-	2,260,998
Board of Education - Teacher Retirement Plan	-	55,505
Total aggregate net pension liability (asset)	\$ 2,042,739	\$ 2,433,781

Pension expense related to all plans were as follows:

City - Employee Retirement Plan	\$ 946,665
Board of Education - Public Employee Retirement Plan	118,062
Board of Education - Teacher Legacy Pension Plan	1,827
Board of Education - Teacher Retirement Plan	78,793
Total aggregate pension expense	\$ 1,145,347

Defined Contribution Plan

As a component of the Teacher Retirement Plan, a defined contribution plan has been established for all teachers hired on or after July 1, 2014. Athens City Board of Education is required to contribute 5 percent of salaries, while participants may contribute up to 2 percent of salary. Participants are immediately vested. The Plan is established with Great-West Financial as Plan Administrators. The Board contributed \$158,523 to the Plan in 2023.

In addition, the Board offers their employees deferred compensation plans created in accordance with Internal Revenue Code Sections 401 and 457. The Board makes no contributions to these plans.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9. Other Postemployment Benefits (OPEB)

Teacher Group OPEB Plan

Plan description. Employees of Athens City Board of Education (the Board), who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Teacher Group OPEB Plan (TGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be an agent multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired teachers, support staff and disability participants of local education agencies, who choose coverage, participate in the TGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits provided. The Board offers the TGOP to provide health insurance coverage to eligible pre-65 retired teachers, support staff and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the partnership promise preferred provider organization (PPO), standard PPO, limited PPO or the wellness healthsavings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the TGOP receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The Board does not directly subsidize the retiree premium. The state, as a governmental nonemployer contributing entity, provides a direct subsidy for eligible retirees premiums, based on years of service. Therefore, retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 20 percent of the scheduled premium. No subsidy is provided for enrollees of the healthsavings CDHP. The TGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms. At July 1, 2022, the following employees were covered by the benefit terms of the TGOP:

Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>138</u>
	<u>149</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9. Other Postemployment Benefits (OPEB) (continued)

Teacher Group OPEB Plan (continued)

An insurance committee, created in accordance with TCA 8-27-301, established the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During 2023, the Board paid \$73,002 to the TGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions. The collective total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement period, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44% to 8.72% based on age, including inflation, averaging 4.00%
Healthcare cost trend rates	8.37% for pre-65 in 2022, decreasing annually over a 7 year period to an ultimate rate of 4.50%. 8.99% for post-65 in 2022, decreasing annually over a 6 year period to an ultimate rate of 4.50%.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 – June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The pre-retirement mortality rates employed in this valuation are taken from the PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2020 from 2010. Post-retirement tables are Headcounted-weighted Teacher Below Median Healthy Annuitant and adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2020.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9. Other Postemployment Benefits (OPEB) (continued)

Teacher Group OPEB Plan (continued)

Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in IRS Ruling 96-7 for disabled lives with a 10 percent load, projected generationally from 2018 with MP-2020.

Changes in the collective total OPEB liability are as follows:

Balance at June 30, 2021	<u>\$ 3,217,139</u>
Changes for the year:	
Service cost	186,846
Interest	71,865
Differences between expected and actual experience	(49,326)
Changes in assumptions and other inputs	(318,961)
Benefit payments	<u>(154,600)</u>
Net changes	<u>(264,176)</u>
Balance at June 30, 2022	<u><u>\$ 2,952,963</u></u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 1,010,458
Employer's proportionate share of the collective total OPEB liability	\$ 1,942,505
Employer's proportion of the collective total OPEB liability	65.78%

The Board has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participation in the TGOP. The Board's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed (1.62) percent from the prior measurement date. The Board recognized \$103,734 of revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for Board retirees.

Funding

There are no assets accumulating in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 related to this OPEB Plan.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9. Other Postemployment Benefits (OPEB) (continued)

Teacher Group OPEB Plan (continued)

Changes in assumptions. The discount rate was changed from 2.16 percent as of the beginning of the measurement period to 3.54 percent as of June 30, 2022. This change in assumptions increased the total OPEB liability.

Sensitivity of proportionate share of the collective total OPEB liability to changes in the discount rate. The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total 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 (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Proportionate share of the collective total OPEB liability	\$ 2,099,805	\$ 1,942,505	\$ 1,794,077

Sensitivity of proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rate. The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease (7.37% / 7.99% decreasing to 3.50%)	Healthcare Cost Trend Rate (8.37% / 8.99% decreasing to 4.50%)	1% Increase (9.37% / 9.99% decreasing to 5.50%)
Proportionate share of the collective total OPEB liability	\$ 1,718,561	\$ 1,942,505	\$ 2,207,302

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

OPEB expense. For the year ended June 30, 2023, the Board recognized OPEB expense of \$284,112.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9. Other Postemployment Benefits (OPEB) (continued)

Teacher Group OPEB Plan (continued)

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 265,059	\$ 189,604
Changes in assumptions	309,014	283,559
Changes in proportion and difference between amounts paid as benefits came due and proportionate share certain amounts paid by the employer and nonemployer contributors as the benefits came due	68,203	120,001
Employer payments subsequent to the measurement date	73,002	-
Total	\$ 715,278	\$ 593,164

The amounts shown above for employer payments subsequent to the measurement date will be recognized as a reduction to total OPEB liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows.

Year ended June 30:	
2024	\$ 10,194
2025	10,194
2026	10,194
2027	10,194
2028	15,737
Thereafter	(7,401)

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9. Other Postemployment Benefits (OPEB) (continued)

Tennessee OPEB Plan

Plan description. Employees of Athens City Board of Education (the Board) who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits the Board through the closed Tennessee OPEB Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be an agent multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible post-65 retired teachers and disability participants of local educational agencies, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits provided. The Board offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TNP does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local government agencies who have reached age 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The Board does not directly subsidize the retiree premium. The state, as a governmental nonemployer contributing entity contributes to the premiums of eligible retirees of local education agencies based on years of service. Therefore, retirees with 30 or more years of service receive \$50 per month; 20 but less than 30 years, \$37.50; and 15 but less than 20 years, \$25. The TNP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms. At June 30, 2022, the following employees were covered by the benefit terms of the TNP:

Inactive employees or beneficiaries currently receiving benefits	79
Inactive employees entitled to but not yet receiving benefits	13
Active employees	<u>102</u>
	<u>194</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9. Other Postemployment Benefits (OPEB) (continued)

Tennessee OPEB Plan (continued)

In accordance with TCA 8-27-209, the state insurance committees established by TCA's 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the Board did not make any payments to the TNP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions. The collective total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement period, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44% to 8.72% based on age, including inflation, averaging 4.00%
Healthcare cost trend rates	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 – June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the headcount-weighted below median teachers PUB-2010 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2020. Post-retirement tables are adjusted with a 19% load for males and an 18% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in IRS Ruling 96-7 for disabled lives with a 10 percent load with mortality improvement projected to all future years using Scale MP-2020.

Discount rate. The discount rate used to measure the total OPEB liability was 3.54 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9. Other Postemployment Benefits (OPEB) (continued)

Tennessee OPEB Plan (continued)

Changes in the collective total OPEB liability are as follows:

Balance at June 30, 2021	\$ 644,440
Changes for the year:	
Service cost	7,973
Interest	13,658
Differences between expected and actual experience	(1,573)
Changes in assumptions and other inputs	(88,378)
Benefit payments	(40,404)
Net changes	(108,724)
Balance at June 30, 2022	<u>\$ 535,716</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 535,716
Employer's proportionate share of the collective total OPEB liability	\$ -
Employer's proportion of the collective total OPEB liability	- %

The Board has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participation in the TNP. The Board's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The Board's proportion of zero percent did not change from the prior measurement date. The Board recognized \$835 in revenue for support provided by nonemployer contributing entities for benefits paid to the TNP for the Board's retired employees.

Changes in assumptions. The discount rate was changed from 2.16 percent as of the beginning of the measurement period to 3.54 percent as of June 30, 2022. This change in assumptions decreased the total OPEB liability.

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

OPEB expense. For the year ended June 30, 2023, the Board recognized OPEB expense of \$835.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9. Other Postemployment Benefits (OPEB) (continued)

Aggregation of All OPEB Plans

The City has no OPEB plan. The following is an aggregation of deferred outflows of resources and deferred inflows of resources related to the Board of Education's various OPEB plans:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 265,059	\$ 189,604
Changes in assumptions	309,014	283,559
Changes in proportion and difference between amounts paid as benefits came due and proportionate share certain amounts paid by the employer and nonemployer contributors as the benefits came due	68,203	120,001
Employer payments subsequent to the measurement date	73,002	-
Total	\$ 715,278	\$ 593,164

Amounts reported as deferred outflows of resources and deferred inflows of resources from all OPEB plans will be recognized expense as follows:

Year ended June 30:	
2024	\$ 10,194
2025	10,194
2026	10,194
2027	10,194
2028	15,737
Thereafter	(7,401)

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9. Other Postemployment Benefits (OPEB) (continued)

Aggregation of All OPEB Plans (continued)

The OPEB plans resulted in the following aggregate OPEB liability:

Teacher Group OPEB Plan	\$ 1,942,505
Tennessee OPEB Plan	-
Total aggregate OPEB liability	<u>\$ 1,942,505</u>

OPEB expense related to all plans were as follows:

Teacher Group OPEB Plan	\$ 284,112
Tennessee OPEB Plan	<u>835</u>
Total aggregate OPEB expense	<u>\$ 284,947</u>

In addition, the Board of Education's Teacher Group OPEB Plan and Tennessee OPEB Plan recognized \$103,738 and \$835 of revenue, respectively.

Note 10. On-Behalf Payments

The State of Tennessee makes on-behalf payments to the State's Tennessee OPEB Plan and the Teacher Group OPEB Plan for retired teachers of Athens City Board of Education. GASB Statement No. 24 requires that on-behalf payments be recognized in the Board's financial statements. During the year ended June 30, 2023, the State of Tennessee made contributions to healthcare plans on behalf of the Board as follows:

Plan	Amount
Teacher Group OPEB Plan	\$ 40,644
Tennessee OPEB Plan	<u>39,273</u>
	<u>\$ 79,917</u>

These amounts were recognized as revenue and expenditure/expense in the General Purpose School Fund and in governmental activities on the government-wide financial statements. For more information regarding the above mentioned plans, see Note 9.

Note 11. Deferred Compensation

The City and the Utilities Board offer their employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 12. Tax Abatements

The City of Athens has an agreement with McMinn County and the Industrial Development Board of McMinn County for a Payment in Lieu of Taxes (PILOT) program, as authorized under Tennessee Code Annotated 7-53. The program offers real and personal property tax abatements to entice new and expanding companies to select Athens as the target of their investment for purposes of economic development.

The criteria for eligibility includes providing new capital investment and job growth in Athens. There are also provisions for retained jobs if certain criteria are met. Projects eligible for the abatement program include manufacturing companies, distribution centers, data center and service projects, research and development projects, and pollution control projects. The program provides for a 50% reduction in the real and personal property assessed values for a certain number of years depending on the level of investment and/or jobs created. There is also an option for a declining balance abatement for up to six years based on the same criteria, which provides for an abatement of 80% in year one, 60% in year two, 40% in year three, and 20% in years four through six.

Abatements may be recaptured in any year whereby the criteria are not met. Each agreement contains the methodology for calculating the percentage of repayment. The recovery payment is due with the annual report of the abatement.

The City has a tax abatement agreement with one entity as of June 30, 2023:

	Percentage of Taxes Abated during the Year	Amount of Taxes Abated during the Year
Denso Tennessee, Inc.	50%	\$ 73,255

Note 13. Consolidation of Schools - Building Program

The Athens City Board of Education (Board) has undertaken a school Building Program to reduce and consolidate the number of school facilities operated by the Board. Accordingly, the Board entered into a construction contract to construct a Pre-K-5 facility and perform other renovations. Construction was substantially complete in August 2023 and the five schools were consolidated into the middle school and the new Pre-K-5 facility.

The City of Athens has approved debt of \$40,000,000 to fund the Building Program. An agreement between the City and the Board requires the City to provide \$1,000,000 of annual debt payments from the 2019 increase in local option sales tax. The Board is to provide \$700,000 annually to the City based on anticipated savings from operating fewer facilities. These payments begin after certain construction is complete. During 2023, the Board transferred \$500,000 to the City to assist with the construction cost. The construction costs are being accounted for in the Education Capital Projects Fund. At June 30, 2023, the City's government-wide financial statements reflect construction in progress of \$37,923,191 related to the Building Program. Once the Building Program is complete, the Board will own the property.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 14. Commitments and Contingencies

The Athens Utilities Board has debt issues with outstanding balances totaling \$17,594,594 representing debt issued by the City where the Utilities Board has assumed all responsibility through resolution. This long-term debt is reported in the Athens Utilities Board financial statements. The debt service is to be paid through user fees and Board funds, but the City is required to establish ad valorem taxes under each debt issue if Utilities Board funds are not sufficient to service the debts.

The City is subject to lawsuits and claims arising out of its business nature. Management, after review and consultation with counsel, believes that any liability, not covered by insurance, from these lawsuits would not materially affect the financial position of the City.

The City has received several federal and state grants for specific purposes which are subject to review by the grantor agencies. Such reviews could lead to a request for reimbursement to the grantor agencies for any expenditures disallowed under the terms of the grants. Management believes that such disallowed costs, if any, would be immaterial.

Note 15. Risk Management

The City is exposed to various risks of loss to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government carries commercial insurance or participates in the Public Entity Partners Risk Management Pool. The Public Entity Partners Risk Management Pool is a public entity risk pool which provides coverage for a variety of risks to Tennessee governments. The City does not retain the risk of loss under coverages with the pool. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS
EMPLOYEE RETIREMENT PLAN
LAST NINE FISCAL YEARS
June 30, 2023**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	\$ 69,248	\$ 93,524	\$ 102,772	\$ 110,220	\$ 130,864	\$ 134,000	\$ 181,239	\$ 202,251	\$ 219,376
Interest	1,216,641	1,201,915	1,197,490	1,145,821	1,135,933	1,136,290	1,142,721	1,086,325	1,094,369
Changes of benefit terms	-	428,562	-	-	-	-	-	-	-
Differences between expected and actual experience	278,126	(259,104)	27,264	(59,268)	(234,506)	(249,085)	(460,714)	327,458	45,954
Changes in assumptions	-	-	(124,741)	1,304,306	-	-	-	-	277,477
Benefit payments	(1,283,389)	(1,163,472)	(1,093,628)	(1,148,642)	(1,095,290)	(953,466)	(863,801)	(717,399)	(668,078)
Other changes	-	-	-	251,133	-	-	-	-	-
Net change in total pension liability	280,626	301,425	109,157	1,603,570	(62,999)	67,739	(555)	898,635	969,098
Total pension liability - beginning	18,586,283	18,284,858	18,175,701	16,572,131	16,635,130	16,567,391	16,567,946	15,669,311	14,700,213
Total pension liability - ending (a)	\$ 18,866,909	\$ 18,586,283	\$ 18,284,858	\$ 18,175,701	\$ 16,572,131	\$ 16,635,130	\$ 16,567,391	\$ 16,567,946	\$ 15,669,311
Plan Fiduciary Net Position									
Contributions - employer	\$ 600,000	\$ 600,000	\$ 610,000	\$ 640,000	\$ 600,000	\$ 600,000	\$ 650,000	\$ 1,300,000	\$ 1,610,000
Contributions - employee	-	-	-	-	-	-	-	-	-
Net investment income	1,286,969	(2,354,156)	3,073,148	638,288	914,882	1,320,179	1,737,667	(116,640)	200,379
Benefit payments	(1,283,389)	(1,163,472)	(1,093,628)	(1,148,642)	(1,095,290)	(953,466)	(863,801)	(717,399)	(668,078)
Administrative expense	(41,787)	(41,500)	(26,062)	(73,971)	-	(64,193)	(55,593)	(55,550)	(66,580)
Net change in plan fiduciary net position	561,793	(2,959,128)	2,563,458	55,675	419,592	902,520	1,468,273	410,411	1,075,721
Plan fiduciary net position - beginning	16,262,377	19,221,505	16,658,047	16,602,372	16,182,780	15,280,260	13,811,987	13,401,576	12,325,855
Plan fiduciary net position - ending (b)	\$ 16,824,170	\$ 16,262,377	\$ 19,221,505	\$ 16,658,047	\$ 16,602,372	\$ 16,182,780	\$ 15,280,260	\$ 13,811,987	\$ 13,401,576
Net pension liability - ending (a) - (b)	\$ 2,042,739	\$ 2,323,906	\$ (936,647)	\$ 1,517,654	\$ (30,241)	\$ 452,350	\$ 1,287,131	\$ 2,755,959	\$ 2,267,735
Plan fiduciary net position as a percentage of the total pension liability	89.17%	87.50%	105.12%	91.65%	100.18%	97.28%	92.23%	83.37%	85.53%
Covered-employee payroll	\$ 1,319,571	\$ 1,475,902	\$ 1,788,153	\$ 1,826,067	\$ 2,097,532	\$ 2,217,599	\$ 2,445,296	\$ 3,067,660	\$ 3,406,196
Net pension liability (asset) as a percentage of covered-employee payroll	154.80%	157.46%	-52.38%	83.11%	-1.44%	20.40%	52.64%	89.84%	66.58%

Notes to Schedule

Changes in assumptions:

The June 30, 2018, total pension liability is based on census data as of June 30, 2018. Prior to June 30, 2018, the total pension liability as of each June 30 was based on data as of January 1st rolled forward using the discount rate in effect on June 30.

In 2020 - 2022, the investment return was 6.75% per annum. In 2015 - 2019, the investment return was 7.00% per annum. Prior to 2015, the investment return was 7.5% per annum.

This schedule will present 10 years of information as it becomes available.

**CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
EMPLOYEE RETIREMENT PLAN
LAST NINE FISCAL YEARS
June 30, 2023**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 70,052	\$ 108,656	\$ 496,551	\$ 404,526	\$ 398,633	\$ 393,842	\$ 359,139	\$ 359,396	\$ 465,803
Contributions in relation to the actuarially determined contribution	600,000	600,000	610,000	640,000	600,000	600,000	650,000	1,300,000	1,610,000
Contribution deficiency (excess)	\$ (529,948)	\$ (491,344)	\$ (113,449)	\$ (235,474)	\$ (201,367)	\$ (206,158)	\$ (290,861)	\$ (940,604)	\$ (1,144,197)
Covered-employee payroll	\$ 1,319,571	\$ 1,475,902	\$ 1,788,153	\$ 1,826,067	\$ 2,097,532	\$ 2,217,599	\$ 2,445,296	\$ 3,067,660	\$ 3,406,196
Contributions as a percentage of covered-employee payroll	45.47%	40.65%	34.11%	35.05%	28.61%	27.06%	26.58%	42.38%	47.27%

Notes to Schedule

Valuation date:

January 1. Since the plan year is equal to the calendar year, contributions are determined on a calendar year basis. The amount displayed represents the contribution for the plan year ending within the fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age normal, level percentage of compensation
Amortization method	Level dollar, closed
Remaining amortization period	30 years as of July 1, 2021
Asset valuation method	Five-year asset average spreading, 20% corridor around market value
Salary increases	3.00% per annum
Investment rate of return	6.75% per annum
Retirement age	5.00% at ages 55-61, 75% at age 62, 50% at ages 63-64, 100% at age 65
Mortality	SOA RP-2014 Total Datasets Mortality Table adjusted to 2006 with Improvement Scale MP-2020

Note: This schedule will present 10 years of information as it becomes available.

**CITY OF ATHENS, TENNESSEE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF INVESTMENT RETURNS
 EMPLOYEE RETIREMENT PLAN
 LAST TEN FISCAL YEARS
 June 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	7.90%	(12.26)%	18.21%	3.83%	6.08%	8.58%	12.38%	(0.85)%	1.57%	15.41%

**CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION
LIABILITY (ASSET) AND RELATED RATIOS
ATHENS CITY BOARD OF EDUCATION
PUBLIC EMPLOYEE PENSION PLAN
LAST NINE FISCAL YEARS
June 30, 2023**

	2014	2015	2016	2017	2018	2019	2020	2021	2022
TOTAL PENSION LIABILITY									
Service cost	\$ 183,637	\$ 192,930	\$ 202,468	\$ 197,805	\$ 217,353	\$ 189,989	\$ 200,990	\$ 194,715	\$ 218,404
Interest	456,115	470,972	507,194	525,704	537,932	567,606	591,597	611,951	638,996
Differences between expected and actual experience	(170,142)	108,969	(142,126)	(98,841)	112,311	(32,715)	(98,678)	62,356	84,289
Changes in assumptions	-	-	-	148,754	-	-	-	569,528	-
Benefit payments, including refunds of employee contributions	(277,253)	(284,381)	(314,496)	(317,667)	(447,523)	(414,358)	(395,571)	(418,219)	(454,439)
Net change in total pension liability	192,357	488,490	253,040	455,755	420,073	310,522	298,338	1,020,331	487,250
Total pension liability-beginning	6,036,524	6,228,881	6,717,371	6,970,411	7,426,166	7,846,239	8,156,761	8,455,099	9,475,430
Total pension liability-ending (a)	\$ 6,228,881	\$ 6,717,371	\$ 6,970,411	\$ 7,426,166	\$ 7,846,239	\$ 8,156,761	\$ 8,455,099	\$ 9,475,430	\$ 9,962,680
PLAN FIDUCIARY NET POSITION									
Contributions - employer	\$ 156,714	\$ 158,450	\$ 164,526	\$ 174,295	\$ 168,249	\$ 177,242	\$ 200,213	\$ 203,379	\$ 207,252
Contributions - employees	94,521	95,605	100,581	105,188	101,278	106,516	104,586	105,910	107,945
Net investment income	914,930	196,626	173,363	754,503	605,614	576,272	406,602	2,191,947	(403,884)
Benefit payments, including refunds of employee contributions	(277,253)	(284,381)	(314,496)	(317,667)	(447,523)	(414,358)	(395,571)	(418,219)	(454,439)
Administrative expense	(3,263)	(4,335)	(6,525)	(8,045)	(8,206)	(7,699)	(7,327)	(7,219)	(7,737)
Net change in plan fiduciary net position	885,649	161,965	117,449	708,274	419,412	437,973	308,503	2,075,798	(550,863)
Plan fiduciary net position-beginning	5,515,798	6,401,447	6,563,412	6,680,861	7,389,135	7,808,547	8,246,520	8,555,023	10,630,821
Plan fiduciary net position-ending (b)	\$ 6,401,447	\$ 6,563,412	\$ 6,680,861	\$ 7,389,135	\$ 7,808,547	\$ 8,246,520	\$ 8,555,023	\$ 10,630,821	\$ 10,079,958
Net pension liability (asset)-ending (a)-(b)	\$ (172,566)	\$ 153,959	\$ 289,550	\$ 37,031	\$ 37,692	\$ (89,759)	\$ (99,924)	\$ (1,155,391)	\$ (117,278)
Plan fiduciary net position as a percentage of the total pension liability	102.77%	97.71%	95.85%	99.50%	99.52%	101.10%	101.18%	112.19%	101.18%
Covered payroll	\$ 1,888,122	\$ 1,904,451	\$ 1,976,171	\$ 2,094,909	\$ 2,022,221	\$ 2,130,306	\$ 2,085,450	\$ 2,120,819	\$ 2,158,874
Net pension liability (asset) as a percentage of covered payroll	(9.14)%	8.08%	14.65%	1.77%	1.86%	(4.21)%	(4.79)%	(54.48)%	(5.43)%

Notes to Schedule
Changes in assumptions : In 2021, amounts reported as changes in assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, amounts reported as changes in assumptions resulted from changes to the inflation rate, investment rate of return, cost of living adjustment, salary growth, and mortality improvements.

This schedule will present 10 years of information as it becomes available.

**CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
ATHENS CITY BOARD OF EDUCATION
PUBLIC EMPLOYEE PENSION PLAN
LAST TEN FISCAL YEARS
June 30, 2023**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 156,714	\$ 158,450	\$ 164,526	\$ 174,295	\$ 168,249	\$ 177,242	\$ 200,213	\$ 203,379	\$ 207,706	\$ 222,149
Contributions in relation to the actuarially determined contribution	156,714	158,450	164,526	174,295	168,249	177,242	200,213	203,379	207,706	222,149
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,888,122	\$ 1,904,451	\$ 1,976,171	\$ 2,094,909	\$ 2,022,221	\$ 2,130,306	\$ 2,085,450	\$ 2,120,819	\$ 2,163,604	\$ 2,314,055
Contributions as a percentage covered payroll	8.30%	8.32%	8.33%	8.32%	8.32%	8.32%	9.60%	9.59%	9.60%	9.60%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates for 2023 were calculated based on the June 30, 2021, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20% corridor to market value
Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation averaging 4.00%
Investment rate of return	6.75%, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.125%

Changes in assumptions: In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost of living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

**CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)
ATHENS CITY BOARD OF EDUCATION
TEACHER LEGACY PENSION PLAN
LAST NINE FISCAL YEARS
June 30, 2023**

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Athens City Board of Education's proportion of the net pension liability (asset)	(0.188902)%	0.191783%	0.201213%	(0.195561)%	(0.189192)%	(0.193487)%	(0.183907)%	(0.177677)%	(0.184360)%
Athens City Board of Education's proportionate share of the net pension liability (asset)	\$ (30,696)	\$ 78,561	\$ 1,257,467	\$ (63,984)	\$ (665,750)	\$ (1,989,398)	\$ (1,402,423)	\$ (7,663,632)	\$ (2,260,998)
Athens City Board of Education's covered payroll	\$ 7,414,378	\$ 7,179,415	\$ 7,263,369	\$ 6,856,088	\$ 6,624,524	\$ 6,487,902	\$ 6,120,884	\$ 5,831,656	\$ 6,067,081
Athens City Board of Education's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(0.41)%	1.09%	17.31%	(0.93)%	(10.05)%	(30.66)%	(22.91)%	(131.41)%	(37.27)%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%	104.42%

Notes to Schedule

The amounts presented on this schedule were determined as of June 30 of the prior fiscal year. This schedule will present 10 years of information as it becomes available.

**CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
ATHENS CITY BOARD OF EDUCATION
TEACHER LEGACY PENSION PLAN
LAST TEN FISCAL YEARS
June 30, 2023**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 658,397	\$ 649,018	\$ 656,609	\$ 624,934	\$ 601,539	\$ 678,635	\$ 650,650	\$ 598,911	\$ 624,918	\$ 564,755
Contribution in relation to the contractually required contribution	658,397	649,018	656,609	624,934	601,539	678,635	650,650	598,911	624,918	564,755
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Athens City Board of Education's covered payroll	\$ 7,414,378	\$ 7,179,415	\$ 7,263,369	\$ 6,856,088	\$ 6,624,524	\$ 6,487,902	\$ 6,120,884	\$ 5,831,656	\$ 6,067,081	\$ 6,498,903
Contributions as a percentage of the Athens City Board of Education's covered payroll	8.88%	9.04%	9.04%	9.12%	9.08%	10.46%	10.63%	10.27%	10.30%	8.69%

Notes to Schedule

Changes in assumptions : In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost of living adjustment from 2.50 percent to 2.25 percent; decreased salary growth ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)
ATHENS CITY BOARD OF EDUCATION
TEACHER RETIREMENT PLAN
LAST EIGHT FISCAL YEARS
June 30, 2023

	2016	2017	2018	2019	2020	2021	2022	2023
Athens City Board of Education's proportion of the net pension liability (asset)	(0.339025)%	(0.199142)%	(0.168014)%	(0.186509)%	(0.178585)%	(0.184038)%	(0.180937)%	(0.183229)%
Athens City Board of Education's proportionate share of the net pension liability (asset)	\$ (13,926)	\$ (20,731)	\$ (44,329)	\$ (84,587)	\$ (100,809)	\$ (104,652)	\$ (195,993)	\$ (55,505)
Athens City Board of Education's covered payroll	\$ 719,244	\$ 876,231	\$ 1,159,644	\$ 1,629,866	\$ 1,892,758	\$ 2,322,420	\$ 2,611,312	\$ 3,128,975
Athens City Board of Education's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(1.94)%	(2.37)%	(3.82)%	(5.19)%	(5.33)%	(4.51)%	(7.51)%	(1.77)%
Plan fiduciary net position as a percentage of the total pension liability	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%	104.55%

Notes to Schedule

The amounts presented on this schedule were determined as of June 30 of the prior fiscal year. This schedule will present 10 years of information as it becomes available.

**CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
ATHENS CITY BOARD OF EDUCATION
TEACHER RETIREMENT PLAN
LAST NINE FISCAL YEARS
June 30, 2023**

	2015	2016	2017	2018	2019 ⁽¹⁾	2020 ⁽²⁾	2021 ⁽³⁾	2022 ⁽⁴⁾	2023 ⁽⁵⁾
Contractually required contribution	\$ 17,981	\$ 21,934	\$ 44,110	\$ 26,579	\$ 36,662	\$ 47,145	\$ 52,749	\$ 62,744	\$ 90,817
Contribution in relation to the contractually required contribution	28,770	35,049	44,110	65,195	36,662	47,145	52,749	62,744	90,817
Contribution deficiency (excess)	\$ (10,789)	\$ (13,115)	\$ -	\$ (38,616)	\$ -	\$ -	\$ -	\$ -	\$ -
Athens City Board of Education's covered payroll	\$ 719,244	\$ 876,231	\$ 1,159,644	\$ 1,629,866	\$ 1,892,758	\$ 2,322,420	\$ 2,611,312	\$ 3,121,588	\$ 3,164,352
Contributions as a percentage of Athens City Board of Education's covered payroll	4.00%	4.00%	3.80%	4.00%	1.94%	2.03%	2.02%	2.01%	2.87%

Notes to Schedule

- (1) In FY 2019, the Board placed the actuarially determined contribution rate, 1.94 percent of covered payroll into the pension plan and placed 2.06 percent of covered payroll into the TCRS Stabilization Reserve Trust.
- (2) In FY 2020, the Board placed the actuarially determined contribution rate, 2.03 percent of covered payroll into the pension plan and placed 1.97 percent of covered payroll into the TCRS Stabilization Reserve Trust.
- (3) In FY 2021, the Board placed the actuarially determined contribution rate, 2.02 percent of covered payroll into the pension plan and placed 1.98 percent of covered payroll into the TCRS Stabilization Reserve Trust.
- (4) In FY 2022, the Board placed the actuarially determined contribution rate, 2.01 percent of covered payroll into the pension plan and placed 1.99 percent of covered payroll into the TCRS Stabilization Reserve Trust.
- (5) In FY 2023, the Board placed the actuarially determined contribution rate, 2.87 percent of covered payroll into the pension plan and placed 1.13 percent of covered payroll into the TCRS Stabilization Reserve Trust.

Changes in assumptions : In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost of living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality. This schedule will present 10 years of information as it becomes available.

**CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL PROPORTIONATE SHARE OF
COLLECTIVE OPEB LIABILITY AND RELATED RATIOS
ATHENS CITY BOARD OF EDUCATION
TEACHER GROUP OPEB PLAN
June 30, 2023**

	2019	2020	2021	2022	2023
TOTAL OPEB LIABILITY					
Service cost	\$ 139,034	\$ 119,993	\$ 120,345	\$ 148,684	\$ 186,846
Interest	95,367	77,437	82,670	59,338	71,865
Changes of benefit terms	(190,235)	(79,869)	-	-	-
Differences between expected and actual experience	(433,868)	418,071	(26,071)	213,515	(49,326)
Changes in assumptions and other inputs	44,973	(170,842)	275,222	339,955	(318,961)
Benefit payments	<u>(196,195)</u>	<u>(157,028)</u>	<u>(140,860)</u>	<u>(160,397)</u>	<u>(154,600)</u>
Net change in total OPEB liability	(540,924)	207,762	311,306	601,095	(264,176)
Total OPEB liability-beginning	<u>2,637,900</u>	<u>2,096,976</u>	<u>2,304,738</u>	<u>2,616,044</u>	<u>3,217,139</u>
Total OPEB liability-ending	<u>\$ 2,096,976</u>	<u>\$ 2,304,738</u>	<u>\$ 2,616,044</u>	<u>\$ 3,217,139</u>	<u>\$ 2,952,963</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 619,403	\$ 738,685	\$ 799,934	\$ 1,048,708	\$ 1,010,458
Employer's proportionate share of the collective total OPEB liability	\$ 1,477,573	\$ 1,566,053	\$ 1,816,110	\$ 2,168,431	\$ 1,942,505
Covered employee payroll	\$ 9,945,181	\$ 10,238,579	\$ 10,496,012	\$ 10,012,017	\$ 11,926,955
Employer's proportionate share of collective total OPEB liability as a percentage of covered employee payroll	14.86%	15.30%	17.30%	21.66%	16.29%

Notes to Schedule

Valuation date: June 30, 2022

Measurement date: June 30, 2022

Methods and assumptions used to determine total OPEB liability:

Actuarial cost method Entry age normal

Inflation 2.25%

Discount rate 3.54%

Salary increases Assumed salary increases are the same as used by TCRS: 8.72% at age 20 graded to 3.44% at age 70 (with 4.00% weighted average).

Mortality Pre-retirement: PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2020 from 2010. Post-retirement: Headcount-weighted Teacher Below Median Healthy Annuitant and adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2020.

Disabled: Reflects those used by TCRS and are taken from the gender distinct table published in the IRS Revenue Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

Healthcare cost trend rates	Year	Pre-65	Post-65
	2019	6.03%	5.20%
2020	5.84%	5.03%	
2021	5.66%	4.85%	
2022	7.36%	7.32%	
2023	8.37%	8.99%	

Changes in assumptions: The discount rate was changed from 2.21% as of the beginning of the measurement period to 2.16% as of June 30, 2021. This change is reflected in the Schedule of Changes in Proportionate Share of Collective OPEB Liability and Related Ratios. Benefit changes reflect the change in the subsidy level of the Employer's premium subsidy.

There were no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

**CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL PROPORTIONATE SHARE OF
COLLECTIVE OPEB LIABILITY AND RELATED RATIOS
ATHENS CITY BOARD OF EDUCATION
TENNESSEE OPEB PLAN
June 30, 2023**

	2019	2020	2021	2022	2023
TOTAL OPEB LIABILITY					
Service cost	\$ 6,482	\$ 5,386	\$ 6,798	\$ 9,734	\$ 7,973
Interest	24,002	21,021	23,431	16,864	13,658
Differences between expected and actual experience	(79,587)	89,751	(6,589)	(16,813)	(1,573)
Changes in assumptions and other inputs	(3,957)	9,992	112,045	(97,303)	(88,378)
Benefit payments	(41,143)	(37,898)	(43,569)	(42,507)	(40,404)
Net change in total OPEB liability	(94,203)	88,252	92,116	(130,025)	(108,724)
Total OPEB liability-beginning	688,300	594,097	682,349	774,465	644,440
Total OPEB liability-ending	\$ 594,097	\$ 682,349	\$ 774,465	\$ 644,440	\$ 535,716
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 594,097	\$ 682,349	\$ 774,465	\$ 644,440	\$ 535,716
Employer's proportionate share of the collective total OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 10,381,280	\$ 10,547,888	\$ 10,637,843	\$ 10,181,329	\$ 12,239,012
Employer's proportionate share of collective total OPEB liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date: June 30, 2022

Measurement date: June 30, 2022

Methods and assumptions used to determine total OPEB liability:

Actuarial cost method	Entry age normal
Inflation	2.25%
Discount rate	3.54%
Salary increases	Assumed salary increases are the same as used by TCRS: 8.72% at age 20 graded to 3.44% at age 70 (with 4.00% weighted average).
Mortality	Pre-retirement: PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2020 from 2010. Post-retirement: Headcount-weighted Teacher Below Median Healthy Annuitant and adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2020. Disabled: Reflects those used by TCRS and are taken from the gender distinct table published in the IRS Revenue Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.
Healthcare cost trend rates	Premium subsidies provided by the State and the employer are assumed to remain unchanged for the projection.

Changes in assumptions: The discount rate was changed from 2.21% as of the beginning of the measurement period to 2.16% as of June 30, 2021. This change is reflected in the Schedule of Changes in Proportionate Share of Collective OPEB Liability and Related Ratios. There were no benefit changes during the measurement period.

There were no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

**NON-MAJOR
GOVERNMENTAL FUNDS**

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Fund

The Capital Projects Fund is designated for the construction or acquisition of major assets.

General Obligation Bond Fund: This fund is used to account for the proceeds from the issuance of bonds in 2021 for city capital projects.

Debt Service Funds

The Debt Service Funds are used for the accumulation of resources for, and payment of, principal and interest on general long-term debt for School and City projects.

Special Revenue Funds

The Special Revenue Fund is used to account for the proceeds of specific revenues which are, legally restricted to finance specific functions or activities of government and which, therefore, cannot be diverted to other uses.

Hotel/Motel Tax Fund: This fund accounts for the revenues and expenditures of the City's hotel/motel tax, and required to be used for tourism and tourism development.

Drug Fund: This fund was established expressly to account for financial activities related to drug revenues and expenditures. This includes revenues for drug fines and forfeitures for drug enforcement, education and treatment.

Centralized Cafeteria Fund: This fund is used to account for the revenues and expenditures of the Athens City Schools cafeterias.

Internal School Funds: These funds are used to account for the Board of Education's school activity funds.

Permanent Fund

The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Cemetery Perpetual Care Fund: This fund was established to provide for the future maintenance of city cemeteries. The interest income of the trust can be used for cemetery maintenance with no principal encroachment permitted.

**CITY OF ATHENS, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023**

	Special Revenue Funds										Total
	General Obligation Bond	Debt Service - City Projects	Debt Service - Schools	Hotel/ Motel Tax	Drug	Centralized Cafeteria	Internal School Funds	Permanent Fund		Nonmajor Governmental Funds	
								Cemetery Perpetual Care			
ASSETS											
Cash and cash equivalents	\$ 84,289	\$ 549	\$ 3,496	\$ 91,660	\$ 73,548	\$ 1,064,338	\$ 162,115	\$ 24,668		\$ 1,504,663	
Investments	4,565,765	44,374	2,808,078	356,002	50,476	-	-	336,175		8,160,870	
Accounts receivable	-	-	-	37,262	-	-	-	-	-	37,262	
Due from other governments	-	-	-	-	4,206	82,276	-	-	-	86,482	
Interfund receivable	-	-	-	-	-	4,690	-	-	-	4,690	
Inventories	-	-	-	-	-	20,681	-	-	-	20,681	
Restricted cash	27,648	-	-	-	-	-	-	-	-	27,648	
Total assets	<u>\$ 4,677,702</u>	<u>\$ 44,923</u>	<u>\$ 2,811,574</u>	<u>\$ 484,924</u>	<u>\$ 128,230</u>	<u>\$ 1,171,985</u>	<u>\$ 162,115</u>	<u>\$ 360,843</u>		<u>\$ 9,842,296</u>	

LIABILITIES AND FUND BALANCES

LIABILITIES											
Accounts payable	\$ 275,512	\$ -	\$ -	\$ 1,288	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 276,800	
Retainage payable	27,648	-	-	-	-	-	-	-	-	27,648	
Interfund payable	-	-	-	-	-	-	-	-	-	-	
Unearned revenue	-	-	-	-	-	-	-	-	-	-	
Accrued payroll and withholdings	-	-	-	1,630	-	54,586	-	-	-	56,216	
Total liabilities	<u>303,160</u>	<u>-</u>	<u>-</u>	<u>2,918</u>	<u>-</u>	<u>54,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>360,664</u>	
FUND BALANCES											
Nonspendable	-	-	-	-	-	20,681	-	102,326		123,007	
Restricted	4,374,542	44,923	2,811,574	482,006	112,640	-	162,115	258,517		8,246,317	
Committed	-	-	-	-	15,590	-	-	-		15,590	
Assigned	-	-	-	-	-	1,096,718	-	-		1,096,718	
Total fund balances	<u>4,374,542</u>	<u>44,923</u>	<u>2,811,574</u>	<u>482,006</u>	<u>128,230</u>	<u>1,117,399</u>	<u>162,115</u>	<u>360,843</u>		<u>9,481,632</u>	
Total liabilities and fund balances	<u>\$ 4,677,702</u>	<u>\$ 44,923</u>	<u>\$ 2,811,574</u>	<u>\$ 484,924</u>	<u>\$ 128,230</u>	<u>\$ 1,171,985</u>	<u>\$ 162,115</u>	<u>\$ 360,843</u>		<u>\$ 9,842,296</u>	

CITY OF ATHENS, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	General Obligation Bond	Special Revenue Funds						Internal School Funds	Permanent Fund Cemetery Perpetual Care	Total Nonmajor Governmental Funds
		Debt Service - City Projects	Debt Service - Schools	Hotel/ Motel Tax	Drug	Centralized Cafeteria				
REVENUES										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,577,739
Taxes	-	-	-	-	405,286	-	-	-	-	405,286
Fines and forfeitures	-	-	-	30,831	-	-	-	-	-	30,831
Investment and interest income (loss)	238,037	7,967	124,462	1,829	6,002	4,456	556	20,876	20,876	404,185
Charges for services	-	-	-	-	-	56,283	233,032	2,007	2,007	291,322
Miscellaneous	-	-	-	-	-	30,643	49,211	-	-	79,854
Total revenues	<u>238,037</u>	<u>7,967</u>	<u>124,462</u>	<u>32,660</u>	<u>411,288</u>	<u>1,669,121</u>	<u>282,799</u>	<u>22,883</u>	<u>22,883</u>	<u>2,789,217</u>
EXPENDITURES										
Current:										
Education	-	-	-	7,000	-	1,481,595	298,541	-	-	1,787,136
Tourism	-	-	-	-	251,145	-	-	-	-	251,145
Bank service charges	-	1,000	-	-	-	-	-	-	-	1,000
Professional supplies	-	-	-	4,739	-	-	-	-	-	4,739
Debt service:										
Principal	-	220,000	-	-	-	-	-	-	-	220,000
Interest	-	160,815	1,146,951	-	-	-	-	-	-	1,307,766
Bond issuance cost	-	-	12,500	-	-	-	-	-	-	12,500
Capital outlay	3,135,254	-	-	-	-	-	-	-	-	3,135,254
Total expenditures	<u>3,135,254</u>	<u>381,815</u>	<u>1,159,451</u>	<u>11,739</u>	<u>251,145</u>	<u>1,481,595</u>	<u>298,541</u>	<u>-</u>	<u>-</u>	<u>6,719,540</u>
REVENUES OVER (UNDER)	<u>(2,897,217)</u>	<u>(373,848)</u>	<u>(1,034,989)</u>	<u>20,921</u>	<u>160,143</u>	<u>187,526</u>	<u>(15,742)</u>	<u>22,883</u>	<u>(3,930,323)</u>	
OTHER FINANCING										
SOURCES (USES)										
Transfers in	-	400,000	1,000,000	-	-	-	-	-	-	1,400,000
Insurance proceeds	-	-	-	-	-	1,600	-	-	-	1,600
Proceeds from sale of assets	-	-	-	-	-	117	-	-	-	117
Total other financing sources (uses)	<u>-</u>	<u>400,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,401,717</u>
NET CHANGE IN FUND	<u>(2,897,217)</u>	<u>26,152</u>	<u>(34,989)</u>	<u>20,921</u>	<u>160,143</u>	<u>189,243</u>	<u>(15,742)</u>	<u>22,883</u>	<u>(2,528,606)</u>	
BALANCE										
FUND BALANCES,	<u>7,271,759</u>	<u>18,771</u>	<u>2,846,563</u>	<u>107,309</u>	<u>321,863</u>	<u>928,156</u>	<u>177,857</u>	<u>337,960</u>	<u>12,010,238</u>	
beginning of year										
FUND BALANCES,	<u>\$ 4,374,542</u>	<u>\$ 44,923</u>	<u>\$ 2,811,574</u>	<u>\$ 128,230</u>	<u>\$ 482,006</u>	<u>\$ 1,117,399</u>	<u>\$ 162,115</u>	<u>\$ 360,843</u>	<u>\$ 9,481,632</u>	
end of year										

**CITY OF ATHENS, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
HOTEL/MOTEL TAX FUND
Year Ended June 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Hotel/Motel tax	\$ 350,000	\$ 350,000	\$ 405,286	\$ 55,286
Investment and interest income	-	-	6,002	6,002
Total revenues	<u>350,000</u>	<u>350,000</u>	<u>411,288</u>	<u>61,288</u>
EXPENDITURES				
Personnel	40,000	40,000	37,198	2,802
Operations	50,000	50,000	28,884	21,116
Tourism	<u>260,000</u>	<u>260,000</u>	<u>185,063</u>	<u>74,937</u>
Total expenditures	<u>350,000</u>	<u>350,000</u>	<u>251,145</u>	<u>98,855</u>
REVENUES OVER (UNDER) EXPENDITURES				
	-	-	160,143	160,143
FUND BALANCE, beginning of year				
	<u>321,863</u>	<u>321,863</u>	<u>321,863</u>	-
FUND BALANCE, end of year				
	<u>\$ 321,863</u>	<u>\$ 321,863</u>	<u>\$ 482,006</u>	<u>\$ 160,143</u>

CITY OF ATHENS, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
DRUG FUND
Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Drug fines and forfeitures	\$ 20,000	\$ 20,000	\$ 30,831	\$ 10,831
Investment and interest income	-	-	1,829	1,829
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>32,660</u>	<u>12,660</u>
EXPENDITURES				
Drug investigation	5,000	5,000	1,000	4,000
Awareness, education and training	4,000	4,000	7,000	(3,000)
Professional supplies	-	-	3,739	(3,739)
Capital outlay	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total expenditures	<u>29,000</u>	<u>29,000</u>	<u>11,739</u>	<u>17,261</u>
REVENUES OVER (UNDER)				
EXPENDITURES	(9,000)	(9,000)	20,921	29,921
FUND BALANCE, beginning of year	<u>107,309</u>	<u>107,309</u>	<u>107,309</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 98,309</u>	<u>\$ 98,309</u>	<u>\$ 128,230</u>	<u>\$ 29,921</u>

**CITY OF ATHENS, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
CENTRALIZED CAFETERIA FUND
Year Ended June 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
State funds	\$ 14,000	\$ 14,000	\$ 10,621	\$ (3,379)
Federal funds received through state	1,285,854	1,285,854	1,567,118	281,264
Charges for services	67,000	67,000	56,283	(10,717)
Interest	3,500	3,500	4,456	956
Other	68,000	68,000	30,643	(37,357)
Total revenues	<u>1,438,354</u>	<u>1,438,354</u>	<u>1,669,121</u>	<u>230,767</u>
EXPENDITURES				
Food services	1,563,354	1,563,354	1,481,595	81,759
Total expenditures	<u>1,563,354</u>	<u>1,563,354</u>	<u>1,481,595</u>	<u>81,759</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(125,000)</u>	<u>(125,000)</u>	<u>187,526</u>	<u>312,526</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	1,600	1,600
Proceeds from sale of assets	-	-	117	117
Total other financing sources (used)	<u>-</u>	<u>-</u>	<u>1,717</u>	<u>1,717</u>
NET CHANGES IN FUND BALANCE	<u>(125,000)</u>	<u>(125,000)</u>	<u>189,243</u>	<u>314,243</u>
FUND BALANCE, beginning of year	<u>928,156</u>	<u>928,156</u>	<u>928,156</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 803,156</u>	<u>\$ 803,156</u>	<u>\$ 1,117,399</u>	<u>\$ 314,243</u>

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INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Fleet Management Fund: This fund is used to account for the acquisition and depreciation of motorized vehicles and equipment used by the City.

Employee Medical Benefits Fund: This fund was established to account for the potential health insurance changes required under the Affordable Health Care Act. Funds may be used for premiums paid for fully-insured health care coverage or to provide initial funding for claims paid through a self-insured plan.

CITY OF ATHENS, TENNESSEE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2023

	<u>Fleet Fund</u>	<u>Employee Medical Benefits Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 47,799	\$ -	\$ 47,799
Investments	<u>5,504,324</u>	<u>394,337</u>	<u>5,898,661</u>
Total current assets	<u>5,552,123</u>	<u>394,337</u>	<u>5,946,460</u>
Capital assets:			
Capital assets, net	<u>3,476,546</u>	<u>-</u>	<u>3,476,546</u>
Total assets	<u>\$ 9,028,669</u>	<u>\$ 394,337</u>	<u>\$ 9,423,006</u>
LIABILITIES AND NET POSITION			
LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION			
Net investment in capital assets	3,476,546	-	3,476,546
Unrestricted	<u>5,552,123</u>	<u>394,337</u>	<u>5,946,460</u>
Total net position	<u>9,028,669</u>	<u>394,337</u>	<u>9,423,006</u>
Total liabilities and net position	<u>\$ 9,028,669</u>	<u>\$ 394,337</u>	<u>\$ 9,423,006</u>

CITY OF ATHENS, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2023

	<u>Fleet Fund</u>	<u>Employee Medical Benefits Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 969,900	\$ -	\$ 969,900
OPERATING EXPENSES			
Depreciation	<u>500,310</u>	<u>-</u>	<u>500,310</u>
OPERATING INCOME	<u>469,590</u>	<u>-</u>	<u>469,590</u>
NONOPERATING REVENUES			
Gain on sale of capital assets	59,307	-	59,307
Interest income	<u>174,441</u>	<u>14,286</u>	<u>188,727</u>
Total nonoperating revenues	<u>233,748</u>	<u>14,286</u>	<u>248,034</u>
CHANGE IN NET POSITION	703,338	14,286	717,624
NET POSITION, beginning of year	<u>8,325,331</u>	<u>380,051</u>	<u>8,705,382</u>
NET POSITION, end of year	<u>\$ 9,028,669</u>	<u>\$ 394,337</u>	<u>\$ 9,423,006</u>

CITY OF ATHENS, TENNESSEE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2023

	<u>Fleet Fund</u>	<u>Employee Medical Benefits Fund</u>	<u>Total</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES			
Receipts from customers	\$ 1,052,125	\$ -	\$ 1,052,125
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(322,355)	-	(322,355)
Proceeds from sale of capital assets	62,700	-	62,700
Net cash provided by capital and related financing activities	<u>(259,655)</u>	<u>-</u>	<u>(259,655)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment and interest earnings	175,178	14,286	189,464
Purchase of investments	<u>(1,545,178)</u>	<u>(14,286)</u>	<u>(1,559,464)</u>
Net cash used in investing activities	<u>(1,370,000)</u>	<u>-</u>	<u>(1,370,000)</u>
Net increase in cash and cash equivalents	(577,530)	-	(577,530)
Cash and cash equivalents, beginning of year	<u>625,329</u>	<u>-</u>	<u>625,329</u>
Cash and cash equivalents, end of year	<u>\$ 47,799</u>	<u>\$ -</u>	<u>\$ 47,799</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 469,590	\$ -	\$ 469,590
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	500,310	-	500,310
Changes in assets and liabilities:			
Accounts receivable	<u>82,225</u>	<u>-</u>	<u>82,225</u>
Net cash provided by operating activities	<u>\$ 1,052,125</u>	<u>\$ -</u>	<u>\$ 1,052,125</u>

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OTHER

CITY OF ATHENS, TENNESSEE
SCHEDULE OF UNCOLLECTED DELINQUENT TAXES FILED
LAST TEN YEARS
June 30, 2023

<u>Tax Year</u>	<u>Delinquent Taxes Filed</u>	<u>July 1, 2022 Delinquent Taxes Receivable</u>	<u>Current Collections and Adjustments</u>	<u>June 30, 2023 Delinquent Taxes Receivable</u>
2012 and Prior	\$ *	\$ 22,930	\$ 123	\$ 22,807
2013	72,120	3,606	265	3,341
2014	83,863	14,084	456	13,628
2015	116,012	21,715	807	20,908
2016	94,263	23,328	888	22,440
2017	158,360	33,398	6,471	26,927
2018	154,831	36,979	9,402	27,577
2019	140,539	60,492	18,976	41,516
2020	104,186	85,180	32,124	53,056
2021	111,718	212,499	111,079	101,420

* Not available

CITY OF ATHENS, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
Year Ended June 30, 2023

	<u>Total</u>	<u>2023 Assessment</u>	<u>2022 Assessment</u>	<u>Prior Years</u>
PROPERTY TAXES RECEIVABLE				
July 1, 2022	<u>\$ 7,091,211</u>	<u>\$ -</u>	<u>\$ 6,577,000</u>	<u>\$ 514,211</u>
Add -				
Taxes assessed	6,734,000	6,734,000	-	-
Late listings	<u>82,141</u>	<u>-</u>	<u>82,141</u>	<u>-</u>
	<u>6,816,141</u>	<u>6,734,000</u>	<u>82,141</u>	<u>-</u>
Deduct -				
Collections	6,620,290	-	6,440,241	180,049
Adjustments and abatements	<u>4,192</u>	<u>-</u>	<u>3,650</u>	<u>542</u>
	<u>6,624,482</u>	<u>-</u>	<u>6,443,891</u>	<u>180,591</u>
PROPERTY TAXES RECEIVABLE				
June 30, 2023	<u>\$ 7,282,870</u>	<u>\$ 6,734,000</u>	<u>\$ 215,250</u>	<u>\$ 333,620</u>

CITY OF ATHENS, TENNESSEE
SCHEDULE OF INVESTMENTS
June 30, 2023

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Cost</u>	<u>Market Value</u>
<u>FUNDS GOVERNED BY THE CITY COUNCIL</u>				
Cemetery Perpetual Care Fund:				
Simmons Bank Money Market Fund			\$ 24,668	\$ 24,668
Mutual Funds:				
Baron Emerging Markets Institutional Fund	-	-	12,402	12,874
Columbia Dividend Income Institutional Fund	-	-	53,153	55,095
Columbia Overseas Value Fund	-	-	17,718	17,878
Federated Hermes International Growth Fund	-	-	17,718	17,810
Federated Hermes Institutional High Yield Bond Fund	-	-	21,887	21,887
Federated Hermes Total Return Bond Fund	-	-	50,026	48,989
Fidelity Mid-Cap Stock Fund	-	-	10,631	10,914
Fuller & Thaler Behavioral Small-Cap Equity Fund	-	-	12,402	12,913
Guggenheim Total Return Bond Fund Institutional Class	-	-	67,223	66,096
PIMCO International Bond Fund (U.S. Dollar-Hedged)	-	-	10,943	10,932
T. Rowe Price Large-Cap Growth Fund	-	-	53,153	60,787
Total mutual funds			<u>327,256</u>	<u>336,175</u>
Total Cemetery Perpetual Care Fund			<u>\$ 351,924</u>	<u>\$ 360,843</u>

(continued)

CITY OF ATHENS, TENNESSEE
SCHEDULE OF INVESTMENTS
June 30, 2023
(continued)

	Interest Rate	Maturity Date	Cost	Market Value
<u>FUNDS GOVERNED BY THE CITY COUNCIL</u>				
Athens Pension Trust Fund:				
Charles Schwab Trust Bank Sweep - Cash			\$ 354,026	\$ 354,026
Cash			<u>2,082</u>	<u>2,082</u>
Total cash and cash equivalents			<u>356,108</u>	<u>356,108</u>
Mutual Funds:				
Ab Small Cap Growth Port Class Z Fund	-	-	571,965	498,470
Cohen & Steers Realty Shares Fund	-	-	926,126	953,269
Columbia Dividend Income Institutional 3 Class Fund	-	-	1,634,389	1,944,409
Delaware Ivy Mid Cap Growth Fund	-	-	586,914	517,835
Eaton Vance Income Fund of Boston	-	-	509,861	471,215
Franklin Small Cap Value Fund	-	-	722,068	831,879
Goldman Sachs Global Core Fixed Income Fund	-	-	747,109	619,566
Goldman Sachs Short Duration Government Fund	-	-	1,827,069	1,688,927
Invesco Oppenheimer Developing Markets Fund	-	-	1,218,653	1,078,319
JP Morgan Large Cap Growth R6 Fund	-	-	1,035,569	1,050,603
K2 Alternative Strategies Fund	-	-	1,015,598	945,881
Merger Fund; Institutional	-	-	976,756	930,085
MFS Corporate Bond Class R6 Fund	-	-	593,595	464,951
MFS International Diversification Class R6 Fund	-	-	1,197,494	1,247,717
Touchstone Mid Cap Value Fund	-	-	1,018,238	1,129,817
Virtus Seix Core Bond Fund	-	-	<u>1,223,582</u>	<u>1,072,490</u>
Total mutual funds			<u>15,804,986</u>	<u>15,445,433</u>
U.S. Treasury Bonds:				
U.S. Treasury NT	0.50%	11/30/2023	718,825	735,234
U.S. Treasury BI	1.50%	2/29/2024	<u>288,110</u>	<u>287,395</u>
Total U.S. Treasury Bonds			<u>1,006,935</u>	<u>1,022,629</u>
Total Athens Pension Trust Fund			<u>\$17,168,029</u>	<u>\$16,824,170</u>

CITY OF ATHENS, TENNESSEE
SCHEDULE OF INVESTMENTS
June 30, 2023
(continued)

	Interest Rate	Maturity Date	Cost	Market Value
INVESTMENTS - OTHER FUNDS				
General Fund				
Participation in the State of Tennessee				
Local Government Investment Pool (LGIP)	-	-	\$ 9,826,416	\$ 9,826,416
U.S. Treasury Note	4.125%	1/31/2025	1,789,231	1,761,897
U.S. Treasury Note	3.875%	4/30/2025	1,550,566	1,524,755
Certificate of Deposit	4.01%	10/24/2023	<u>4,202,743</u>	<u>4,202,743</u>
			<u>\$17,368,956</u>	<u>\$17,315,811</u>
Drug Fund - LGIP	-	-	<u>\$ 50,476</u>	<u>\$ 50,476</u>
Capital Improvement Fund				
LGIP	-	-	\$ 4,563,273	\$ 4,563,273
U.S. Treasury Note	0.375%	10/31/2023	1,442,109	1,476,450
U.S. Treasury Note	2.5%	1/31/2024	1,464,609	1,475,100
U.S. Treasury Note	2.5%	4/30/2024	1,457,813	1,464,195
U.S. Treasury Note	2.125%	7/31/2024	1,442,695	1,448,550
U.S. Treasury Note	4.375%	10/31/2024	<u>1,501,172</u>	<u>1,481,895</u>
			<u>\$11,871,671</u>	<u>\$11,909,463</u>
Employee Medical Benefits Fund - LGIP	-	-	<u>\$ 394,337</u>	<u>\$ 394,337</u>
Sanitation Fund - LGIP	-	-	<u>\$ 2,974,899</u>	<u>\$ 2,974,899</u>
Debt Service Fund - Schools				
LGIP	-	-	\$ 1,313,898	\$ 1,313,898
U.S. Treasury Note	0.125%	7/31/2023	<u>1,454,414</u>	<u>1,494,180</u>
			<u>\$ 2,768,312</u>	<u>\$ 2,808,078</u>
Debt Service Fund - City Projects - LGIP	-	-	<u>\$ 44,374</u>	<u>\$ 44,374</u>
Fleet Fund				
LGIP	-	-	\$ 2,733,763	\$ 2,733,763
Certificate of Deposit	5.00%	5/9/2024	<u>2,770,561</u>	<u>2,770,561</u>
			<u>\$ 5,504,324</u>	<u>\$ 5,504,324</u>
General Obligation Bond Fund - LGIP	-	-	<u>\$ 4,565,765</u>	<u>\$ 4,565,765</u>
Hotel/Motel Tax Fund - LGIP	-	-	<u>\$ 356,002</u>	<u>\$ 356,002</u>
General Purpose School - Certificate of Deposit	4.162%	5/2/2024	<u>\$ 4,026,543</u>	<u>\$ 4,026,543</u>

**CITY OF ATHENS, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIREMENTS
June 30, 2023**

Fiscal Year Ending 6/30	General Obligation Anticipation Note, Series 2020			USDA Community Facilities Loan Advance			General Obligation Bonds, Series 2021			Total All Issues		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 739,595	\$ 787,500	\$ 1,527,095	\$ -	\$ -	\$ -	\$ 225,000	\$ 154,215	\$ 379,215	\$ 964,595	\$ 941,715	\$ 1,906,310
2025	756,236	770,859	1,527,095	3,325	144	3,469	235,000	147,465	382,465	994,561	918,468	1,913,029
2026	773,251	753,844	1,527,095	-	-	-	240,000	140,415	380,415	1,013,251	894,259	1,907,510
2027	790,649	736,446	1,527,095	-	-	-	245,000	133,215	378,215	1,035,649	869,661	1,905,310
2028	808,439	718,656	1,527,095	-	-	-	255,000	125,865	380,865	1,063,439	844,521	1,907,960
2029	826,629	700,466	1,527,095	-	-	-	260,000	118,215	378,215	1,086,629	818,681	1,905,310
2030	845,228	681,867	1,527,095	-	-	-	270,000	110,415	380,415	1,115,228	792,282	1,907,510
2031	864,246	662,849	1,527,095	-	-	-	275,000	105,015	380,015	1,139,246	767,864	1,907,110
2032	883,691	643,404	1,527,095	-	-	-	280,000	99,515	379,515	1,163,691	742,919	1,906,610
2033	903,574	623,521	1,527,095	-	-	-	285,000	93,915	378,915	1,188,574	717,436	1,906,010
2034	923,905	603,190	1,527,095	-	-	-	290,000	88,215	378,215	1,213,905	691,405	1,905,310
2035	944,693	582,402	1,527,095	-	-	-	300,000	82,415	382,415	1,244,693	664,817	1,909,510
2036	965,948	561,147	1,527,095	-	-	-	305,000	76,415	381,415	1,270,948	637,562	1,908,510
2037	987,682	539,413	1,527,095	-	-	-	310,000	70,315	380,315	1,297,682	609,728	1,907,410
2038	1,009,905	517,190	1,527,095	-	-	-	315,000	64,115	379,115	1,324,905	581,305	1,906,210
2039	1,032,628	494,467	1,527,095	-	-	-	320,000	57,815	377,815	1,352,628	552,282	1,904,910
2040	1,055,862	471,233	1,527,095	-	-	-	330,000	51,415	381,415	1,385,862	522,648	1,908,510
2041	1,079,619	447,476	1,527,095	-	-	-	335,000	44,815	379,815	1,414,619	492,291	1,906,910
2042	1,103,910	423,185	1,527,095	-	-	-	340,000	38,115	378,115	1,443,910	461,300	1,905,210
2043	1,128,748	398,347	1,527,095	-	-	-	350,000	30,975	380,975	1,478,748	429,322	1,908,070
2044	1,154,145	372,950	1,527,095	-	-	-	355,000	23,625	378,625	1,509,145	396,575	1,905,720
2045	1,180,113	346,982	1,527,095	-	-	-	365,000	16,170	381,170	1,545,113	363,152	1,908,265
2046	1,206,666	320,429	1,527,095	-	-	-	370,000	8,140	378,140	1,576,666	328,569	1,905,235
2047	1,233,816	293,279	1,527,095	-	-	-	-	-	-	1,233,816	293,279	1,527,095
2048	1,261,577	265,518	1,527,095	-	-	-	-	-	-	1,261,577	265,518	1,527,095
2049	1,289,962	237,133	1,527,095	-	-	-	-	-	-	1,289,962	237,133	1,527,095
2050	1,318,986	208,109	1,527,095	-	-	-	-	-	-	1,318,986	208,109	1,527,095
2051	1,348,663	178,432	1,527,095	-	-	-	-	-	-	1,348,663	178,432	1,527,095
2052	1,379,008	148,087	1,527,095	-	-	-	-	-	-	1,379,008	148,087	1,527,095
2053	1,410,036	117,059	1,527,095	-	-	-	-	-	-	1,410,036	117,059	1,527,095
2054	1,441,762	85,333	1,527,095	-	-	-	-	-	-	1,441,762	85,333	1,527,095
2055	1,474,201	52,894	1,527,095	-	-	-	-	-	-	1,474,201	52,894	1,527,095
2056	876,627	19,580	896,207	-	-	-	-	-	-	876,627	19,580	896,207
TOTAL	\$35,000,000	\$14,763,247	\$49,763,247	\$ 3,325	\$ 144	\$ 3,469	\$ 6,855,000	\$ 1,880,795	\$ 8,735,795	\$ 41,858,325	\$ 16,644,186	\$ 58,502,511

CITY OF ATHENS, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
June 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2022	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2023
Governmental Activities								
General Obligation Anticipation Note, Series 2020	\$ 23,800,000	Variable	12/22/2020	12/30/2024 *	\$ 23,800,000	\$ 11,200,000	\$ -	\$ 35,000,000
USDA Community Facilities Loan Advance	3,325	2.125-2.250%	12/22/2020	**	3,325	-	-	3,325
General Obligation Bonds, Series 2021	7,350,000	2.00-3.00	10/15/2021	6/1/2046	7,075,000	-	220,000	6,855,000
Total long-term debt					\$ 30,878,325	\$ 11,200,000	\$ 220,000	\$ 41,858,325

* The Bond Anticipation Note represents interim financing. Permanent financing is expected to be in place no later than 12/30/2024.

** This represents an advance on the permanent financing taken to ensure lower interest rates. The maturity date will depend on the construction completion date.

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STATISTICAL SECTION

STATISTICAL SECTION

The statistical section presents data to assist users of this report to assess the economic condition of the City. They are intended to provide a broader and more complete understanding of the City and its affairs than is possible from the financial statements, note disclosures and required supplementary information. Many of these schedules cover more than two fiscal years and present data from sources other than the accounting records. Therefore, the data contained in the Statistical Section has not been subjected to independent audit. The five categories of information are as follows:

Financial Trends

These schedules contain information to help the reader understand and assess how the City's financial position has changed over time.

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operation Information

These schedules contain information to help the reader understand the City's operations and resources.

THE FOLLOWING TABLES ARE INAPPLICABLE

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS: The City has made no special assessments during the last ten years.

COMPUTATION OF LEGAL DEBT MARGIN: The State of Tennessee imposes no legal debt margin on municipalities.

**CITY OF ATHENS, TENNESSEE
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

June 30, 2023

(Accrual Basis of Accounting)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 25,657,482	\$ 16,942,999	\$ 21,656,926	\$ 21,099,293	\$ 20,849,207	\$ 19,491,006	\$ 19,686,309	\$ 19,116,948	\$ 17,989,282	\$ 17,489,334
Restricted	11,126,490	20,408,267	5,663,685	3,842,600	1,344,567	918,557	942,859	1,037,679	1,322,190	1,344,973
Unrestricted	46,569,154	37,778,216	34,965,684	28,387,708	27,680,347	25,987,491	22,062,417	19,379,552	16,406,946	22,497,971
Total governmental activities net position	\$ 83,353,126	\$ 75,129,482	\$ 62,286,295	\$ 53,329,601	\$ 49,874,121	\$ 46,397,054	\$ 42,691,585	\$ 39,534,179	\$ 35,718,418	\$ 41,332,278
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 968,791	\$ 1,180,032	\$ 804,418	\$ 722,042	\$ 899,650	\$ 1,068,385	\$ 1,213,388	\$ 1,166,634	\$ 1,087,417	\$ 1,051,952
Restricted	-	-	34,375	-	-	-	-	-	-	-
Unrestricted	3,231,303	2,946,724	2,929,154	2,914,676	2,654,207	2,330,800	2,009,088	1,843,698	1,735,631	1,722,010
Total business-type activities net position	\$ 4,200,094	\$ 4,126,756	\$ 3,767,947	\$ 3,636,718	\$ 3,553,857	\$ 3,399,185	\$ 3,222,476	\$ 3,010,332	\$ 2,823,048	\$ 2,773,962
PRIMARY GOVERNMENT										
Net investment in capital assets	\$ 26,626,273	\$ 18,123,031	\$ 22,461,344	\$ 21,821,335	\$ 21,748,857	\$ 20,559,391	\$ 20,899,697	\$ 20,283,582	\$ 19,076,699	\$ 18,541,286
Restricted	11,126,490	20,408,267	5,698,060	3,842,600	1,344,567	918,557	942,859	1,037,679	1,322,190	1,344,973
Unrestricted	49,800,457	40,724,940	37,894,838	31,302,384	30,334,554	28,318,291	24,071,505	21,223,250	18,142,577	24,219,981
Total primary government net position	\$ 87,553,220	\$ 79,256,238	\$ 66,054,242	\$ 56,966,319	\$ 53,427,978	\$ 49,796,239	\$ 45,914,061	\$ 42,544,511	\$ 38,541,466	\$ 44,106,240

Source: Annual Comprehensive Financial Reports

**CITY OF ATHENS, TENNESSEE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

June 30, 2023

(Accrual Basis of Accounting)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
EXPENSES										
Governmental activities:										
General government	\$ 3,984,132	\$ 5,098,311	\$ 3,223,998	\$ 4,070,588	\$ 4,189,942	\$ 2,615,251	\$ 2,933,418	\$ 3,264,019	\$ 3,383,866	\$ 2,039,765
Public safety	6,232,860	5,096,312	5,090,333	5,259,541	4,571,553	4,258,395	3,766,146	3,872,018	3,842,422	4,290,714
Highways and streets	5,045,203	2,943,414	2,833,795	4,701,837	2,478,087	2,342,509	3,359,132	2,332,120	2,115,793	2,148,218
Culture and recreation	1,412,701	1,416,819	956,232	1,402,284	1,469,977	1,241,870	1,106,216	943,464	932,977	960,444
Education:										
Instructional	11,982,201	10,397,740	10,930,632	10,061,931	9,949,243	9,281,529	9,340,964	8,755,499	8,523,347	9,309,345
Support services	7,027,189	6,176,800	6,222,938	5,884,236	5,927,090	6,200,354	6,246,659	6,599,401	6,239,889	5,927,266
Non-instructional	1,508,834	1,182,944	1,305,943	1,304,117	1,171,125	1,223,957	1,240,285	1,239,669	1,243,551	1,287,497
Unallocated depreciation	505,436	342,607	348,418	354,713	359,427	326,260	319,797	295,880	304,666	294,918
Health and welfare	182,697	148,282	116,181	172,629	153,093	104,309	97,281	93,581	95,333	106,926
Interest on long-term debt	1,390,171	451,107	-	-	-	-	19,659	17,533	21,927	28,568
Passthrough grants	-	-	-	-	-	-	2,279,544	303,616	1,373,723	1,096,736
Total governmental activities expenses	39,271,424	33,254,336	31,028,470	33,211,876	30,269,537	27,594,434	30,709,101	27,716,800	28,077,494	27,490,397
Business-type activities:										
Conference center	86,066	82,546	74,705	78,597	77,790	74,280	72,597	70,222	78,224	70,788
Sanitation	977,381	887,434	821,271	880,695	827,025	759,581	719,514	725,701	721,393	750,605
Total business-type activities expenses	1,063,447	969,980	895,976	959,292	904,815	833,861	792,111	795,923	799,617	821,393
Total primary government expenses	\$ 40,334,871	\$ 34,224,316	\$ 31,924,446	\$ 34,171,168	\$ 31,174,352	\$ 28,428,295	\$ 31,501,212	\$ 28,512,723	\$ 28,877,111	\$ 28,311,790
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 251,579	\$ 144,763	\$ 172,156	\$ 137,479	\$ 89,789	\$ 189,261	\$ 134,040	\$ 109,955	\$ 166,047	\$ 91,301
Public safety	173,455	226,024	219,798	211,886	227,013	285,018	491,208	528,190	500,147	483,831
Culture and recreation	154,170	154,497	94,297	74,219	132,712	139,100	138,254	130,545	125,460	136,431
Education	525,902	462,838	328,966	203,331	315,139	272,035	282,624	273,801	280,239	419,058
Health and welfare	975	1,440	1,155	1,759	1,932	3,295	3,305	2,575	2,845	3,270

(continued)

**CITY OF ATHENS, TENNESSEE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

June 30, 2023

(Accrual Basis of Accounting)
(continued)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
PROGRAM REVENUES										
Governmental activities: (continued)										
Operating grants and contributions	\$ 8,610,122	\$ 8,676,827	\$ 6,722,509	\$ 4,420,432	\$ 4,201,316	\$ 5,011,745	\$ 4,953,863	\$ 5,204,178	\$ 4,824,958	\$ 4,532,151
Capital grants and contributions	2,594,738	3,029,088	123,701	786,445	1,459,594	344,456	2,465,099	389,535	1,492,666	1,289,952
Total governmental activities program revenues	12,310,941	12,695,477	7,662,582	5,835,551	6,427,495	6,244,910	8,468,393	6,638,779	7,392,362	6,955,994
Business-type activities:										
Charges for services:										
Conference center	36,126	36,215	35,832	23,428	41,739	25,355	27,490	25,785	23,281	24,024
Sanitation	994,965	986,570	975,945	969,683	966,090	955,903	909,285	932,616	893,352	868,330
Total business-type activities program revenues	1,031,091	1,022,785	1,011,777	993,111	1,007,829	981,258	936,775	958,401	916,633	892,354
Total primary government program revenues	\$ 13,342,032	\$ 13,718,262	\$ 8,674,359	\$ 6,828,662	\$ 7,435,324	\$ 7,226,168	\$ 9,405,168	\$ 7,597,180	\$ 8,308,995	\$ 7,848,348
NET (EXPENSES)/REVENUES										
Governmental activities	\$(26,960,483)	\$(20,558,859)	\$(23,365,888)	\$(27,376,325)	\$(23,842,042)	\$(21,349,524)	\$(22,240,708)	\$(21,078,021)	\$(20,685,132)	\$(20,534,403)
Business-type activities	(32,356)	52,805	115,801	33,819	103,014	147,397	144,664	162,478	117,016	70,961
Total primary government net expenses	\$(26,992,839)	\$(20,506,054)	\$(23,250,087)	\$(27,342,506)	\$(23,739,028)	\$(21,202,127)	\$(22,096,044)	\$(20,915,543)	\$(20,568,116)	\$(20,463,442)

(continued)

Table 2 (continued)

**CITY OF ATHENS, TENNESSEE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

June 30, 2023

(Accrual Basis of Accounting)
(continued)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Property taxes	\$ 7,629,706	\$ 8,296,297	\$ 8,381,814	\$ 8,516,240	\$ 8,194,198	\$ 7,916,052	\$ 7,498,856	\$ 7,580,694	\$ 6,057,188	\$ 5,830,296
Local sales tax	8,714,639	7,844,750	7,427,784	7,384,232	4,821,329	4,592,782	4,411,095	4,391,883	4,121,597	4,009,132
In lieu of taxes	1,170,854	1,209,781	1,174,091	1,230,379	1,201,185	1,184,317	1,190,047	1,155,672	1,099,075	1,073,663
Wholesale beer tax	526,156	539,233	548,395	514,165	493,351	478,662	477,240	499,443	504,260	500,748
Wholesale liquor tax	295,481	286,535	299,267	258,866	237,433	217,305	221,916	148,667	-	-
Business tax	668,779	597,181	512,075	442,594	474,994	498,806	492,395	425,161	364,399	432,454
Franchise tax	163,372	170,739	176,343	177,600	181,845	183,053	188,754	192,185	173,483	172,510
Hotel/Motel tax	405,286	321,863	-	-	-	-	-	-	-	-
Other local taxes	49,703	73,568	112,102	54,633	46,936	57,035	72,430	108,862	77,011	85,455
Intergovernmental revenues not restricted to specific programs	14,178,869	13,593,663	12,788,094	11,475,082	11,078,464	10,483,650	10,447,295	10,094,663	9,915,955	9,544,232
Insurance proceeds	1,600	375	101,463	165,553	3,594	13,220	84,021	15,593	3,769	2,479
Investment income	1,351,535	117,292	229,872	423,038	458,095	260,103	123,918	70,802	39,615	77,599
Gain (loss) on disposal of capital assets	(219,481)	260,852	(1,024)	23,770	(4,384)	7,578	21,145	75,185	29,846	44,158
Unrealized gain(loss) on investments	34,352	(60,066)	-	-	-	-	-	-	-	-
Miscellaneous	213,276	149,983	422,863	165,653	132,069	459,999	169,002	134,972	169,859	185,935
Total governmental activities	35,184,127	33,402,046	32,173,139	30,831,805	27,319,109	26,352,562	25,398,114	24,893,782	22,556,057	21,958,661
Business-type activities:										
Insurance proceeds	-	44,000	-	-	-	-	-	-	-	-
Investment income	97,981	7,474	9,447	41,649	44,842	22,194	10,409	6,555	1,458	1,229
Gain on disposal of capital assets	2,803	245,400	-	-	-	226	49,202	9,181	5,850	4,045
Miscellaneous	4,910	9,130	5,981	7,393	6,816	6,892	7,869	9,070	9,763	8,474
Total business type activities	105,694	306,004	15,428	49,042	51,658	29,312	67,480	24,806	17,071	13,748
Total primary government	\$ 35,289,821	\$ 33,708,050	\$ 32,188,567	\$ 30,880,847	\$ 27,370,767	\$ 26,381,874	\$ 25,465,594	\$ 24,918,588	\$ 22,573,128	\$ 21,972,409

(continued)

CITY OF ATHENS, TENNESSEE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
June 30, 2023
 (Accrual Basis of Accounting)
 (continued)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GOVERNMENTAL ACTIVITIES										
Prior period adjustments and restatements	\$ -	\$ -	\$ 149,443	\$ -	\$ -	\$ (1,297,569)	\$ -	\$ -	\$ (7,484,785)	\$ (11,725)
BUSINESS-TYPE ACTIVITIES										
Prior period adjustments and restatements	-	-	-	-	-	-	-	-	(85,001)	-
Total primary government	\$ -	\$ -	\$ 149,443	\$ -	\$ -	\$ (1,297,569)	\$ -	\$ -	\$ (7,569,786)	\$ (11,725)
CHANGES IN NET POSITION										
Governmental activities	\$ 8,223,644	\$ 12,843,187	\$ 8,807,251	\$ 3,455,480	\$ 3,477,067	\$ 5,003,038	\$ 3,157,406	\$ 3,815,761	\$ 1,870,925	\$ 1,424,258
Business-type activities	73,338	358,809	131,229	82,861	154,672	176,709	212,144	187,284	134,087	84,709
Total changes in net position	\$ 8,296,982	\$ 13,201,996	\$ 8,938,480	\$ 3,538,341	\$ 3,631,739	\$ 5,179,747	\$ 3,369,550	\$ 4,003,045	\$ 2,005,012	\$ 1,508,967

Source: Annual Comprehensive Financial Reports

**CITY OF ATHENS, TENNESSEE
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
June 30, 2023**
(Modified Accrual Basis of Accounting)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GENERAL FUND										
Nondurable	\$ 209,257	\$ 103,810	\$ 102,934	\$ 101,668	\$ 101,813	\$ 103,132	\$ 101,485	\$ 165,778	\$ 116,334	\$ 183,917
Restricted	88,959	120,028	120,313	120,785	89,567	98,684	103,424	108,395	111,441	111,363
Committed	25,613	24,036	22,463	21,383	20,782	20,164	19,855	20,673	20,343	20,079
Unassigned	19,147,282	18,416,143	17,507,197	13,640,768	13,947,862	11,713,042	9,214,911	8,495,582	7,579,861	7,881,265
Total General Fund	<u>\$ 19,471,111</u>	<u>\$ 18,664,017</u>	<u>\$ 17,752,907</u>	<u>\$ 13,884,604</u>	<u>\$ 14,160,024</u>	<u>\$ 11,935,022</u>	<u>\$ 9,439,675</u>	<u>\$ 8,790,428</u>	<u>\$ 7,827,979</u>	<u>\$ 8,196,624</u>
ALL OTHER GOVERNMENTAL FUNDS										
Nondurable	\$ 123,007	\$ 132,053	\$ 117,706	\$ 131,094	\$ 111,155	\$ 265,700	\$ 254,797	\$ 203,719	\$ 166,829	\$ 168,636
Restricted	8,501,423	11,173,687	2,941,970	1,454,610	391,403	629,950	739,554	868,076	1,163,466	1,186,327
Committed	12,482,921	10,752,310	6,839,727	6,961,283	6,290,801	7,276,622	6,946,587	3,673,665	2,219,063	1,607,235
Assigned	9,874,858	9,191,862	7,039,030	5,023,621	4,049,095	4,594,290	3,762,204	6,108,592	6,778,853	7,711,584
Unassigned	(289,819)	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 30,692,390</u>	<u>\$ 31,249,912</u>	<u>\$ 16,938,433</u>	<u>\$ 13,570,608</u>	<u>\$ 10,842,454</u>	<u>\$ 12,766,562</u>	<u>\$ 11,703,142</u>	<u>\$ 10,854,052</u>	<u>\$ 10,328,211</u>	<u>\$ 10,673,782</u>

Source: Annual Comprehensive Financial Reports

**CITY OF ATHENS, TENNESSEE
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
June 30, 2023**
(Modified Accrual Basis of Accounting)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
REVENUES										
Property taxes	\$ 7,595,707	\$ 8,373,059	\$ 8,509,904	\$ 8,450,913	\$ 8,071,449	\$ 7,846,742	\$ 7,522,044	\$ 7,568,597	\$ 6,009,899	\$ 5,848,755
Other local taxes	14,912,788	13,738,942	12,596,938	10,622,979	8,873,397	8,486,616	8,339,742	8,152,947	7,504,028	7,382,746
Intergovernmental	22,339,880	22,188,260	17,200,732	15,958,132	14,982,511	14,512,526	16,545,054	14,351,909	15,014,618	14,257,121
Charges for services and tuition	932,627	763,538	596,573	416,789	539,572	603,691	558,223	516,877	574,590	650,060
Fines and forfeitures	173,454	226,024	219,797	211,887	227,013	285,018	491,208	528,190	500,148	483,831
Investment and interest income	1,197,160	43,264	206,666	337,182	366,618	212,246	102,114	57,162	36,950	52,655
Miscellaneous	234,035	204,941	346,240	185,384	136,427	369,798	173,200	230,364	203,915	205,043
Total revenues	47,385,651	45,538,028	39,676,850	36,183,266	33,196,987	32,316,637	33,731,585	31,406,046	29,844,148	28,880,211
EXPENDITURES										
General government	3,495,105	3,008,074	2,897,265	2,863,820	2,660,795	2,499,327	2,318,846	2,347,339	2,404,328	2,281,359
Public safety	5,790,424	5,698,241	5,520,150	5,185,452	5,209,693	4,606,257	4,239,143	4,676,698	4,899,076	4,429,497
Highways and streets	2,687,935	2,785,761	2,522,289	4,490,059	2,399,538	2,264,670	2,998,764	2,467,023	2,245,781	1,976,925
Culture and recreation	1,225,821	1,319,275	1,258,051	1,266,971	1,432,126	1,161,941	1,015,966	985,544	956,090	875,887
Education	23,010,801	21,579,867	19,332,065	17,581,844	18,671,508	17,614,052	17,587,158	18,047,303	16,947,592	16,554,903
Health and welfare	183,427	152,161	123,404	169,818	165,051	108,927	105,316	106,498	110,614	110,326
Bond issue cost	12,500	143,353	50,000	-	-	-	-	-	-	-
Capital outlay	20,416,641	20,900,973	6,888,509	2,355,701	2,605,176	516,126	2,425,843	525,497	2,230,090	1,667,273
Debt service:										
Principal	220,000	275,000	-	-	-	-	1,610,000	770,000	747,000	725,000
Interest and fiscal charges	1,307,766	263,188	7,178	-	-	-	19,660	17,533	21,927	28,568
Total expenditures	58,350,420	56,125,893	38,598,911	33,913,665	33,143,887	28,771,300	32,320,696	29,943,435	30,562,498	28,649,738
REVENUES OVER (UNDER) EXPENDITURES	(10,964,769)	(10,587,865)	1,077,939	2,269,601	53,100	3,545,337	1,410,889	1,462,611	(718,350)	230,473

(continued)

Table 4 (continued)

**CITY OF ATHENS, TENNESSEE
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

June 30, 2023

(Modified Accrual Basis of Accounting)
(continued)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
OTHER FINANCING SOURCES										
(USES)										
Capital contributions	\$ -	\$ 250,000	\$ -	\$ -	\$ 244,000	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers	-	-	-	-	-	-	-	-	-	(41,031)
Issuance of debt	11,200,000	25,556,329	5,903,325	-	-	-	-	-	-	-
Proceeds from the sale of capital assets	12,741	3,750	3,958	17,586	200	210	3,427	10,086	365	6,531
Insurance proceeds	1,600	375	101,463	165,553	3,594	13,220	84,021	15,593	3,769	2,479
	<u>11,214,341</u>	<u>25,810,454</u>	<u>6,008,746</u>	<u>183,139</u>	<u>247,794</u>	<u>13,430</u>	<u>87,448</u>	<u>25,679</u>	<u>4,134</u>	<u>(32,021)</u>
Total other financing sources (uses)										
NET CHANGE IN FUND BALANCES	<u>\$ 249,572</u>	<u>\$ 15,222,589</u>	<u>\$ 7,086,685</u>	<u>\$ 2,452,740</u>	<u>\$ 300,894</u>	<u>\$ 3,558,767</u>	<u>\$ 1,498,337</u>	<u>\$ 1,488,290</u>	<u>\$ (714,216)</u>	<u>\$ 198,452</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	3.97%	1.56%	0.00%	0.00%	0.00%	0.00%	5.14%	2.72%	2.57%	2.71%

Source: Annual Comprehensive Financial Reports

**CITY OF ATHENS, TENNESSEE
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 June 30, 2023**

Fiscal Year	Real Property	Personal Property	Public Utility Property	Total Taxable Assessed Value	Estimated Market Value	City Property Tax Rate	Taxable Assessed Value as a % of Actual Taxable Value
	Property	Property	Property	Assessed Value	Market Value	Tax Rate	Actual Taxable Value
2014	\$ 290,338,620	\$ 85,473,263	\$ 7,053,398	\$ 382,865,281	\$ 1,204,540,874	\$ 1.1328	31.8%
2015	300,454,640	99,320,541	8,479,395	408,254,576	1,289,031,476	1.4770	31.7
2016	301,608,970	104,469,997	8,847,818	414,926,785	1,310,260,486	1.3628	31.7
2017	307,557,565	104,159,884	8,626,091	420,343,540	1,324,491,242	1.3628	31.7
2018 (1)	342,899,510	119,882,970	9,066,486	471,848,966	1,488,482,543	1.2676	31.7
2019	359,859,615	148,380,544	7,977,436	516,217,595	1,621,870,015	1.2676	31.8
2020	354,793,495	148,130,932	8,276,948	511,201,375	1,681,302,672	1.2676	30.4
2021	357,939,265	141,295,083	8,151,434	507,385,782	1,662,642,356	1.3476	30.5
2022	360,211,030	121,889,523	7,306,198	489,406,751	1,711,362,887	1.3476	28.6
2023 (1)	502,534,155	163,239,503	8,944,195	674,717,853	2,165,424,645	1.0078	31.2

Note: City rate for 2023 is 1.0078 and the county rate is 1.0823.

Source: McMinn County Tax Assessor's Office

(1) Reappraisal

**CITY OF ATHENS, TENNESSEE
DIRECT AND OVERLAPPING
PROPERTY TAX RATES
(PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS
June 30, 2023**

<u>Tax Year</u>	<u>City (Direct Rate)</u>	<u>County (Overlapping Rate)</u>	<u>Total</u>
2014	\$ 1.1328	\$ 1.6155	\$ 2.7483
2015	1.4770	1.6155	3.0925
2016	1.3628	1.6155	2.9783
2017	1.3628	1.6155	2.9783
2018 (1)	1.2676	1.5469	2.8145
2019	1.2676	1.5469	2.8145
2020	1.2676	1.5469	2.8145
2021	1.3476	1.5469	2.8945
2022	1.3476	1.5469	2.8945
2023 (1)	1.0078	1.0823	2.0901

Sources: Minutes of City Council and County Commission meetings

(1) Reappraisal

**CITY OF ATHENS, TENNESSEE
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO
June 30, 2023**

2023		2014					
Taxpayer	Type of Business	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxpayer	Type of Business	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Denso Tennessee Inc.	Automotive parts manufacturer	\$ 91,827,915	13.6 %	Denso Tennessee, Inc.	Automotive parts manufacturer	\$ 4,505,604	11.8 %
E&E Manufacturing	Automotive parts supplier	16,697,272	2.5	MIG Enterprises/ Johnson Controls, Inc.	Automotive seating manufacturer	12,235,699	3.2
Starr Regional Medical Center	Healthcare	14,668,901	2.2	Dean Foods/Mayfield Dairy Farms, Inc.	Dairy products	9,946,063	2.6
ABB	Electrical component manufacturer	11,292,087	1.7	Athens Regional Medical Center/Lifepoint	Healthcare	9,850,636	2.6
HP Pelzer	Automotive parts supplier	9,746,443	1.4	MCR Acquisition	Electrical component manufacturer	6,095,516	1.6
Adient	Automotive seating	8,881,104	1.3	Walmart	Retail	5,904,661	1.5
Heil Trailer International	Trailer tanks	7,514,725	1.1	Heil Company	Trailer tanks manufacturer	3,762,800	1.0
Dean Foods/Mayfield Dairy Farms, Inc.	Dairy products	7,374,544	1.1	Plastic Industries	Plastic component manufacturer	3,709,040	1.0
Walmart	Retail	6,671,684	1.0	Lowe's	Home improvement retailer	3,160,487	0.8
A&R Lobasco	Real estate investment	6,404,280	0.9	BRE Retail	Real estate investment	3,157,040	0.8

NOTE: Total assessed valuations for 2023 and 2014 are \$674,717,853 and \$382,865,281, respectively.
Source: Official records of the Department of Finance

**CITY OF ATHENS, TENNESSEE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

June 30, 2023

(Modified Accrual Basis of Accounting)

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 4,359,762	\$ 4,161,945	95.46 %	\$ 185,307	\$ 4,347,252	99.71 %
2015	4,412,937	4,207,109	95.34	186,826	4,393,935	99.57
2016	5,965,875	5,729,519	96.04	215,379	5,944,898	99.65
2017	5,706,737	5,525,863	96.83	155,628	5,681,491	99.56
2018	6,059,372	5,818,967	96.03	169,846	5,988,813	98.84
2019	6,401,548	6,063,563	94.72	327,857	6,391,420	99.84
2020	6,484,702	6,161,920	95.02	280,427	6,442,347	99.35
2021	6,468,677	6,152,881	95.12	258,437	6,411,318	99.11
2022	6,927,796	6,715,296	96.93	111,079	6,826,375	98.54
2023	6,654,949	6,440,241	96.77	-	6,440,241	96.77

Source: Official records of Department of Finance

**CITY OF ATHENS, TENNESSEE
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
June 30, 2023**

Fiscal Year	General Debt Outstanding				Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes Payable	Primary Government	Total		
2014	\$ -	\$ 3,127,000	\$ 3,127,000	\$ 3,127,000	0.72 %	\$ 232
2015	-	2,380,000	2,380,000	2,380,000	0.52	177
2016	-	1,610,000	1,610,000	1,610,000	0.35	120
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	5,903,325	5,903,325	5,903,325	0.96	419
2022	7,075,000	23,803,325	30,878,325	30,878,325	4.89	2,192
2023	6,855,000	35,003,325	41,858,325	41,858,325	6.47	2,972

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

Source: Official records of Department of Finance

Source: Percentage of personal income and per capita data from Table 14

**CITY OF ATHENS, TENNESSEE
RATIO OF GENERAL DEBT OUTSTANDING
LAST TEN FISCAL YEARS
June 30, 2023**

Fiscal Year	General Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Notes Payable	Total		
2014	\$ -	\$ 3,127,000	\$ 3,127,000	0.82 %	\$ 232
2015	-	2,380,000	2,380,000	0.58	177
2016	-	1,610,000	1,610,000	0.39	120
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	5,903,325	5,903,325	1.16	419
2022	7,075,000	23,803,325	30,878,325	4.86	2,192
2023	6,855,000	35,003,325	41,858,325	5.19	2,972

Note: Details regarding the City's outstanding debt can be found in the notes to financial statements. The notes payable shown above are backed by a pledge of the City's property taxes.

Source: Official records of Department of Finance

Source: Per capita data from Table 14

Source: Actual taxable value of property data from Table 5

CITY OF ATHENS, TENNESSEE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2023

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
City of Athens (direct debt)	<u>\$41,858,325</u>	100 %	<u>\$ 41,858,325</u>
Total direct and overlapping debt	<u>\$41,858,325</u>		<u>\$ 41,858,325</u>

Source: Official records of Department of Finance

**CITY OF ATHENS, TENNESSEE
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
June 30, 2023**

The State of Tennessee imposes no legal debt margin on municipalities. The City of Athens has not established a legal debt margin; therefore, this schedule is inapplicable.

**CITY OF ATHENS, TENNESSEE
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
June 30, 2023**

All debt for the City of Athens is general obligation debt; therefore, this schedule is inapplicable.

**CITY OF ATHENS, TENNESSEE
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS
 June 30, 2023**

Fiscal Year	Population	Personal Income		Per Capita Personal Income	Median Age	School Enrollment	Civilian Labor Force	Unemployment Rate
		Personal Income	Income					
2014	13,458	\$ 432,378,624	\$ 32,128	39.1	1,592	10,691	8.20 %	
2015	13,458	448,272,522	33,309	39.1	1,563	10,720	7.10	
2016	13,458	455,136,102	33,819	39.1	1,546	10,692	5.60	
2017	13,458	472,093,182	35,079	39.1	1,556	10,800	4.80	
2018	13,458	492,239,808	36,576	39.1	1,609	10,850	4.70	
2019	13,458	510,623,436	37,942	39.1	1,620	10,870	4.60	
2020	13,458	548,453,874	40,753	39.1	1,615	10,885	9.80	
2021	14,084	615,682,060	43,715	42.7	1,557	10,900	6.40	
2022	14,084	631,075,872	44,808	42.7	1,634	10,850	4.90	
2023	14,084	646,849,952	45,928	42.7	1,650	10,950	4.70	

Sources: U.S. Census, U.S. Bureau of Economic Analysis, Tennessee Department of Labor Market Reports, Athens City Schools, and ESRI Research

**CITY OF ATHENS, TENNESSEE
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO
June 30, 2023**

2023		2014	
Employer	Taxable Employees	Employer	Taxable Employees
	Percentage of Total City Employment		Percentage of Total City Employment
Denso Tennessee, Inc.	1,600	Denso Tennessee, Inc.	1,300
McMinn County Board of Education	750	Manufacturers Industrial Group	995
Starr Regional Medical Center	740	McMinn County Board of Education	650
Adient	440	Heil Trailer International	443
E & E Manufacturing	435	Dean Foods/Mayfield Dairy Farms, Inc.	330
Dean Foods/Mayfield Dairy Farms, Inc.	350	Walmart	325
ABB	335	Athens Regional Medical Center	290
Walmart	300	Thomas & Betts	287
Heil Trailer International	269	Dynasty Spas	246
HP Pelzer	200	E & E Manufacturing	187
	<u>5,419</u>		<u>5,053</u>
	<u>49.50 %</u>		<u>49.66 %</u>

Sources: McMinn County Economic Development Authority, McMinn County School System, Athens City Schools and local businesses.

**CITY OF ATHENS, TENNESSEE
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
June 30, 2023**

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City Manager	2	2	2	2	2	2	2	2	2	3
Finance	5	5	5	5	5	5	5	5	5	5
Human Resources	2	2	2	2	2	2	2	2	2	2
Purchasing	1	1	1	1	1	1	1	1	1	1
Information Technology	-	-	-	-	-	1	1	1	2	2
Community Development	4	4	4	4	5	5	5	5	5	5
Police	33	33	33	33	33	34	34	36	36	36
Fire	22	22	22	22	22	22	22	23	24	24
Parks and Recreation	9	9	9	9	10	10	10	10	10	10
Public Works	31	31	33	33	33	34	34	33	34	34
	<u>109</u>	<u>109</u>	<u>111</u>	<u>111</u>	<u>113</u>	<u>116</u>	<u>116</u>	<u>118</u>	<u>121</u>	<u>122</u>

Source: City Finance Department

**CITY OF ATHENS, TENNESSEE
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
June 30, 2023**

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
Community Development:										
Number of building permits	347	313	318	370	374	355	315	288	372	713
Police:										
Number of arrests	1,097	1,292	997	1,017	1,353	1,648	992	1,038	1,466	1,653
Number of traffic citations issued	7,729	6,561	6,473	5,096	2,973	2,126	1,417	2,114	1,862	1,979
Fire:										
Total calls	515	567	631	659	670	780	846	1,741	2,138	2,249
Inspections	773	806	668	1,350	248	264	289	121	312	462
Business-type Activities:										
Conference center rentals	125	121	130	195	149	178	124	201	187	179

Source: Various City Departments

**CITY OF ATHENS, TENNESSEE
INFRASTRUCTURE STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
June 30, 2023**

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	15	15	15	15	15	15	15	15	15	15
Fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Fire trucks	6	6	6	6	6	6	6	6	6	6
Parks and recreation:										
Parks	10	10	10	10	10	10	10	10	10	10
Park acreage	233	233	233	233	233	233	233	233	233	233
Tennis courts	13	13	13	13	13	13	13	13	13	13
Softball fields	5	5	5	5	5	5	5	5	5	5
Baseball fields	3	3	3	3	3	3	3	3	3	3
Conference center	1	1	1	1	1	1	1	1	1	1
Soccer fields	3	3	3	3	3	3	3	3	3	3
Public works:										
Streets (miles)	126	126	126	126	126	126	126	126	126	126
Square feet of sidewalks	824,360	824,360	824,360	824,360	824,360	824,360	824,360	824,360	824,360	824,360

Source: Various City Departments

**CITY OF ATHENS, TENNESSEE
SCHEDULE OF BONDS OF PRINCIPAL OFFICIALS
June 30, 2023**

CITY OF ATHENS

Council members and management are covered under a \$150,000 crime policy. The Finance Director is covered under an additional \$100,000 bond.

Name	Office
Steven Sherlin	Mayor
Larry Eaton	Vice-Mayor
Dick Pelley	Council Member
Frances Witt-McMahan	Council Member
Jordan Curtis	Council Member
Vacant	City Manager
Michael L. Keith, CPA	Interim City Manager/ Finance Director/CMFO designee

BOARD OF EDUCATION

Board Members and Administrative Staff are covered under a Surety blanket bond of \$400,000 for each loss.

BOARD MEMBERS

Chris Adams	Chairman
Michael Bevins	Vice-Chairman
Johnny Coffman	Member
Emily Forrest	Member
Beth Jackson	Member
Abby Carroll	Member

ADMINISTRATIVE STAFF

Robert Greene	Director of Schools
Melody Armstrong	Supervisor of Instruction
James McCullough	Supervisor of Transportation
Andrew Kimball	Supervisor of Federal Programs
Molly McLean	Supervisor of Special Education
Angie Newman	Supervisor of Food Services
Robert Owens	Supervisor of Maintenance
Lisa Cranfill	Supervisor of Finance

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SINGLE AUDIT SECTION

CITY OF ATHENS, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Grantor's Number	Accrued (Unearned) Grant Revenues July 1, 2022	Grant Revenues Received	Expenditures	Accrued (Unearned) Grant Revenues June 30, 2023
PRIMARY GOVERNMENT:						
CITY OF ATHENS						
FEDERAL AWARDS						
U.S. DEPARTMENT OF TRANSPORTATION						
Passed through TN Department of Transportation:						
Highway Planning and Construction	20.205	STP-M-9201 (15)	\$ 4,613	\$ 4,613	-	-
Resurfacing Streets	20.205	STP-M-9201 (16)	13,556	23,367	9,811	-
Highway Planning and Construction	20.607	Z-23-THS-009	-	12,642	14,258	1,616
Resurfacing Streets	20.607	Z-22-THS-009	1,836	2,918	1,082	-
Tennessee Highway Safety Office			20,005	43,540	25,151	1,616
Alcohol Open Container						
Tennessee Highway Safety Office						
Alcohol Open Container						
U.S. DEPARTMENT OF THE TREASURY						
COVID-19- Coronavirus Relief Fund	21.019	N/A	(259,324)	2,079,961	2,339,285	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Passed through TN Department of Economic and Community Development:						
Community Development	14.228	33004-09421	2,047	144,959	245,685	102,773
Community Development Block Grants			(237,272)	2,268,460	2,610,121	104,389
Total Federal Awards - Primary Government City of Athens			\$ (237,272)	\$ 2,268,460	\$ 2,610,121	\$ 104,389
Total Primary Government City of Athens						

CITY OF ATHENS, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2023
(continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Grantor's Number	Accrued (Uncrained) Grant Revenues July 1, 2022	Grant Revenues Received	Expenditures	Accrued (Uncrained) Grant Revenues June 30, 2023
PRIMARY GOVERNMENT:						
ATHENS CITY BOARD OF EDUCATION						
FEDERAL AWARDS						
U.S. DEPARTMENT OF AGRICULTURE						
Passed through the East Tennessee Human Resource Agency:						
Child and Adult Food Care Program	10.558	N/A	\$ -	\$ 81,813	\$ 81,813	\$ -
Passed through the TN Department of Education:						
COVID-19-PEBT Local Level Admin Cost	10.649	N/A	-	3,256	3,256	-
Child Nutrition Cluster:						
National School Lunch Program	10.555	N/A	59,651	1,019,285	1,022,604	62,970
School Breakfast Program	10.553	N/A	8,401	332,524	336,716	12,593
Summer Food Service Program for Children	10.559	N/A	-	97,639	97,639	-
Passed through the TN Department of Agriculture:						
Food Distribution	10.555	N/A	-	97,195	97,195	-
			<u>68,052</u>	<u>1,631,712</u>	<u>1,639,223</u>	<u>75,563</u>
U.S. DEPARTMENT OF EDUCATION						
Passed through the Tennessee Department of Education:						
Education Stabilization Fund Subprograms:						
COVID-19-Literacy Grant Early	84.425B	N/A	-	15,000	30,000	15,000
COVID-19-Literacy Grant Early	84.425B	N/A	-	3,000	4,000	1,000
COVID-19-B Best if All	84.425B	N/A	-	175,000	175,000	-
COVID-19-Math Implementation Support	84.425B	N/A	-	71,250	71,250	-
COVID-19-Fiscal Pre-Monitoring	84.425D	N/A	26,471	44,477	18,006	-
COVID-19-Elementary and Secondary School Emergency Relief (ESSER I) Fund	84.425D	N/A	5,813	131,018	125,205	-
COVID-19-Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	N/A	459,071	459,071	-	-
COVID-19-American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425D	N/A	174,654	2,152,675	2,633,653	655,632
COVID-19-American Rescue Plan Homeless 2.0	84.425W	N/A	312	21,546	21,414	180
COVID-19-Early Literacy Network	84.425	N/A	-	40,000	40,000	-
COVID-19-TN All Corp	84.425	N/A	-	123,146	171,596	48,450
			<u>666,321</u>	<u>3,236,183</u>	<u>3,290,124</u>	<u>720,262</u>
Special Education Cluster:						
Special Education - Grants to States	84.027	N/A	-	386,639	507,601	120,962
COVID-19-American Rescue Plan IDEA Part B	84.027X	N/A	-	89,526	89,526	-
Special Education - Preschool Grants	84.173	N/A	-	23,821	23,821	-
			-	499,986	620,948	120,962
Title I - Grants to Local Educational Agencies	84.010	N/A	115,970	793,832	677,902	40
Twenty-First Century Community Learning Centers	84.287	N/A	49,071	251,691	260,009	57,389
Title II, Part A - Improving Teacher Quality - State Grants	84.367	N/A	-	62,766	60,467	(2,299)
Title III - English Language Acquisition-State Grants	84.365	N/A	8,066	16,331	10,351	2,086
Title IV - Safe and Drug-Free Schools and Communities - State Grants	84.186	N/A	878	1,350	434	(38)
Title V - Innovative Program	84.298	N/A	2,681	48,309	47,932	2,304
COVID-19-High Quality IM Literacy	84.371C	N/A	29,604	112,856	83,252	-
Total U.S. Department of Education			<u>872,591</u>	<u>5,023,304</u>	<u>5,051,419</u>	<u>900,706</u>

CITY OF ATHENS, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2023
(continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Grantor's Number	Accrued (Unearned) Grant Revenues July 1, 2022	Grant Revenues Received	Expenditures	Accrued (Unearned) Grant Revenues June 30, 2023
PRIMARY GOVERNMENT:						
ATHENS CITY BOARD OF EDUCATION						
FEDERAL AWARDS						
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	N/A	\$ 51,663	\$ 119,431	\$ 87,424	\$ 19,656
Public Health Emergency Response: Cooperative Agreement for Emergency Response : Public Crisis	93.354	N/A	<u>51,663</u>	<u>63,124</u> <u>182,555</u>	<u>63,124</u> <u>150,548</u>	<u>-</u> <u>19,656</u>
Total Federal Awards - Primary Government Athens City Board of Education			<u>992,306</u>	<u>6,837,571</u>	<u>6,841,190</u>	<u>995,925</u>
STATE AWARDS						
Passed through Tennessee Department of Education:						
Coordinated School Health		N/A	8,654	93,654	85,000	-
Early Childhood Education - Lottery		N/A	-	648,455	648,455	-
Learning Camps - Bridge Camp		N/A	59,650	59,650	-	-
Family Resource Centers		N/A	10,494	40,106	41,351	11,739
Learning Camps - Transportation		N/A	45,018	45,018	19,691	19,691
Learning Camps - Summer Learning Camps		N/A	164,538	165,695	267,153	265,996
Learning Camps - STREAM Mini Camps		N/A	45,967	45,967	-	-
Career Ladder Salary Supplement		N/A	1,179	24,857	24,492	814
Safe Schools		N/A	-	33,880	33,880	-
Total State Awards - Primary Government Athens City Board of Education			<u>335,500</u>	<u>1,157,282</u>	<u>1,120,022</u>	<u>298,240</u>
Total Primary Government Athens City Board of Education			<u>\$ 1,327,806</u>	<u>\$ 7,994,853</u>	<u>\$ 7,961,212</u>	<u>\$ 1,294,165</u>
PRIMARY GOVERNMENT:						
Total Federal Awards			\$ 755,034	\$ 9,106,031	\$ 9,451,311	\$ 1,100,314
Total State Awards			<u>335,500</u>	<u>1,157,282</u>	<u>1,120,022</u>	<u>298,240</u>
TOTAL AWARDS			<u>\$ 1,090,534</u>	<u>\$ 10,263,313</u>	<u>\$ 10,571,333</u>	<u>\$ 1,398,554</u>

Note 1 The City of Athens received federal awards which required the City to have a "Single Audit" in accordance with the Uniform Guidance for the year ended June 30, 2023. The Schedule of Expenditures of Federal and State Awards includes the federal and state grant activity of the City of Athens and its blended component unit, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 2 The Athens City Board of Education, a blended component unit of the City of Athens, received federal awards which made it subject to audit under the Uniform Guidance for the year ended June 30, 2023. The Athens City Board of Education awards have been reported on in the separately issued financial statements of the Athens City Board of Education. The Athens City Board of Education awards have been included in the Schedule of Expenditures of Federal and State Awards to reflect the entire reporting entity. See separately issued Athens City Board of Education financial report regarding the Board's Schedule of Expenditures of Federal and State Awards.

Note 3 Expenditures under the U.S. Department of Agriculture Food Distribution grant received by the Athens City Board of Education represent receipts and expenditures of noncash commodities as valued based on equivalent purchased product.

Note 4 The City of Athens and the Athens City Board of Education have elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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NEAL, SCOUTEN & McCONNELL, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
633 Chestnut Street
Suite 810 Republic Centre
Chattanooga, Tennessee 37450

Report of Independent Certified Public Accountants on
Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
the Financial Statements Performed in Accordance
with Government Auditing Standards

To the City Council
City of Athens
Athens, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Athens, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Athens, Tennessee's basic financial statements, and have issued our report thereon dated December 27, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Neel, Scorton & McLennell, P.C.

Chattanooga, Tennessee
December 27, 2023

NEAL, SCOUTEN & McCONNELL, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
633 Chestnut Street
Suite 810 Republic Centre
Chattanooga, Tennessee 37450

Report of Independent Certified Public Accountants
on Compliance for Each Major Program
and on Internal Control over Compliance
Required by the Uniform Guidance

To the City Council
City of Athens
Athens, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Athens, Tennessee's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of City of Athens, Tennessee's major federal programs for the year ended June 30, 2023. City of Athens, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Athens, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Athens, Tennessee and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provided a legal determination of City of Athens, Tennessee's compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City of Athens, Tennessee's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Athens, Tennessee's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Athens, Tennessee's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Athens, Tennessee's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Athens, Tennessee's internal control over compliance relevant to the audit in order of design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Athens, Tennessee's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Neul, Souter & McConnell, P.C.

Chattanooga, Tennessee
December 27, 2023

CITY OF ATHENS, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	___ yes <u> X </u> no	
Significant deficiency identified not considered to be material weaknesses?	___ yes <u> X </u> no	None reported
Noncompliance material to financial statements noted?	___ yes <u> X </u> no	
Noncompliance and other matters required to be reported?	___ yes <u> X </u> no	

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	___ yes <u> X </u> no	
Significant deficiency identified not considered to be material weaknesses?	___ yes <u> X </u> no	None reported
Type of auditor’s report issued on compliance for major programs:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, 2 CFR Section 200.516(a)?	___ yes <u> X </u> no	

Identification of major programs:	Assistance Listing Number	<u>Name of Federal Program or Cluster</u>
	21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
Auditee qualified as low risk auditee?	___ yes <u> X </u> no

CITY OF ATHENS, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2023

Questioned
Costs

SECTION II – FINANCIAL STATEMENT FINDINGS

2022-001: Compliance with Establishing Required Retainage Escrow Account

Condition: The City of Athens did not establish a separate interest bearing retainage account in the amount of \$43,142.56 for a contract over \$500,000.

Criteria: Tennessee Code Annotated §66-34-104 requires the retainage portion of the contract price to be retained in a separate interest bearing escrow account with a third party for all contracts over \$500,000.

Cause: Failure to establish a separate interest bearing account was an oversight by the City.

Effect: The City has not followed State laws as it relates to retainage accounts.

Recommendation: We recommend proper controls should be in place to ensure escrow retainage accounts are established in a timely manner.

\$ - 0 -

Management Response: This will be corrected and escrow funds will be established as required.

Status: Resolved

(continued)

CITY OF ATHENS, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2023
(continued)

Questioned
Costs

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

2022-002: Hotel/Motel Fund Budget Not Prepared

Condition: The City established the Hotel/Motel Fund during the year to facilitate revenues and expenditures arising from Hotel/Motel tax. The fund anticipated only revenues during the year; and therefore, no budget was adopted for the fund.

Criteria: Tennessee Code Annotated §6-56-203 requires that a budget be established for special revenue funds which should include estimates of anticipated revenue of the municipality from all sources including current and delinquent taxes.

Cause: The fund was established during the year and no expenditures were anticipated in the current year. The State of Tennessee budgetary focus has always been on expenditure control. The City believed with no current year expenditures that a budget was not required.

Effect: A budget was not prepared for the Hotel/Motel Fund during the year, thus the City was not in compliance with Tennessee Code Annotated §6-56-203.

Recommendation: We recommend that all budgets required under State law be prepared and approved annually.

\$ - 0 -

Management Response: This has been corrected for 2023 as a budget was approved by the City Council for this fund.

Status: Resolved

(continued)

CITY OF ATHENS, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2023
(continued)

Questioned
Costs

SECTION II – FINANCIAL STATEMENT FINDINGS

2022-003: Compliance with Establishing Required Retainage Escrow Account

Condition: The Athens Board of Education did not establish a separate interest bearing retainage account in the amount of \$8,319.55 for a contract over \$500,000.

Criteria: Tennessee Code Annotated §66-34-104 requires the retainage portion of the contract price to be retained in a separate interest bearing escrow account with a third party for all contracts over \$500,000.

Cause: Oversight in recording retainage properly when the invoice was paid caused the Board to fail to establish an escrow account for the retainage in a timely manner.

Effect: Failure to establish an escrow retainage account in a timely manner could result in a penalty paid to the contractor (owner of the funds) of up to \$300.00 per day for each day that such retained funds are not deposited.

Recommendation: We recommend proper controls be implemented to determine if escrow retainage accounts should be established in compliance with contracts and applicable state statutes. When escrow retainage accounts are required, we recommend such accounts be established and recorded in a timely manner in the appropriate amounts.

\$ - 0 -

Management Response: Due to COVID-19 pandemic, we were awarded Federal Funds that we were able to use for Capital Projects. Since this was the first time in several years that we had a contract over \$500,000 with the retainage account requirement along with new management in the Finance Department, we were unaware of the state requirement. Additional training has been conducted with the Finance Department. We understand we are to establish a separate interest-bearing account for contracts over \$500,000.

Status: Resolved

(continued)

CITY OF ATHENS, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2023
(continued)

SECTION III – FEDERAL AWARDS

NONE REPORTED

(continued)

CITY OF ATHENS, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2023

PRIOR YEAR FINANCIAL STATEMENT FINDINGS (GRID)

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>	<u>Origination</u>
2022-001	Compliance with Establishing Required Retainage Escrow Account	Resolved	6/30/22
2022-002	Hotel/Motel Fund Budget not Prepared	Resolved	6/30/22
2022-003	Board of Education - Compliance with Establishing Required Retainage Escrow Account	Resolved	6/30/22

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