



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

CITY OF ATHENS, TENNESSEE

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2022**

**Prepared by:
Department of Finance**

CONTENTS

	<u>Page No.</u>
INTRODUCTORY SECTION	
Letter of Transmittal	A-1 – A-4
GFOA Certificate of Achievement	A-5
Organizational Chart	A-6
List of Principal Officials	A-7
FINANCIAL SECTION	
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON FINANCIAL STATEMENTS	
	1-4
MANAGEMENT’S DISCUSSION AND ANALYSIS	
	B-1 - B-10
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of net position	5
Statement of activities	6
Fund Financial Statements:	
Balance sheet - governmental funds	7
Reconciliation of the governmental funds balance sheet to the statement of net position	8
Statement of revenues, expenditures and changes in fund balances - governmental funds	9
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	10
Statement of revenues, expenditures and changes in fund balance - budget and actual - General Fund	11-14
Statement of revenues, expenditures and changes in fund balance - budget and actual - General Purpose School Fund	15
Statement of net position - proprietary funds	16
Statement of revenues, expenses and changes in fund net position - proprietary funds	17
Statement of cash flows - proprietary funds	18
Statement of fiduciary net position - Athens Pension Trust Fund - fiduciary fund	19
Statement of changes in fiduciary net position - Athens Pension Trust Fund - fiduciary fund	20
Notes to financial statements	21-93

REQUIRED SUPPLEMENTAL INFORMATION

Schedule of changes in the net pension liability (asset) and related ratios - Employee Retirement Plan	94
Schedule of contributions - Employee Retirement Plan	95
Schedule of investment returns - Employee Retirement Plan	96
Schedule of changes in the net pension liability (asset) and related ratios - Athens City Board of Education - Public Employee Pension Plan	97
Schedule of contributions - Athens City Board of Education - Public Employee Pension Plan	98
Schedule of proportionate share of the net pension liability (asset) - Athens City Board of Education - Teacher Legacy Pension Plan	99
Schedule of contributions - Athens City Board of Education - Teacher Legacy Pension Plan	100
Schedule of proportionate share of the net pension liability (asset) - Athens City Board of Education - Teacher Retirement Plan	101
Schedule of contributions - Athens City Board of Education - Teacher Retirement Plan	102
Schedule of changes in total proportionate share of collective OPEB liability and related ratios - Athens City Board of Education - Teacher Group OPEB Plan	103
Schedule of changes in total proportionate share of collective OPEB liability and related ratios - Athens City Board of Education - Teacher OPEB Plan	104

SUPPLEMENTAL INFORMATION

Combining balance sheet - nonmajor governmental funds	105
Combining statement of revenues, expenditures and changes in fund balance - nonmajor governmental funds	106
Budgetary comparison schedule - Federal Projects Fund	107
Budgetary comparison schedule - Drug Fund	108
Budgetary comparison schedule - Centralized Cafeteria Fund	109
Combining statement of net position - Internal Service Funds	110
Combining statement of revenues, expenses and changes in fund net position - Internal Service Funds	111
Combining statement of cash flows - Internal Service Funds	112

Schedule No.

FINANCIAL SCHEDULES

Schedule of uncollected delinquent taxes filed - last ten years	1	113
Schedule of changes in property taxes receivable	2	114
Schedule of investments	3	115-117
Schedule of debt service requirements	4	118
Schedule of changes in long-term debt by individual issue	5	119

STATISTICAL SECTION

Net position by component - last ten fiscal years	1	120
Changes in net position - last ten fiscal years	2	121-124
Fund balances, governmental funds - last ten fiscal years	3	125
Changes in fund balances, governmental funds - last ten fiscal years	4	126-127
Assessed and estimated actual value of taxable property - last ten fiscal years	5	128
Direct and overlapping property tax rates - last ten fiscal years	6	129
Principal property taxpayers - current fiscal year and nine years ago	7	130
Property tax levies and collections - last ten fiscal years	8	131
Ratio of outstanding debt by type - last ten fiscal years	9	132
Ratio of general debt outstanding - last ten fiscal years	10	133
Direct and overlapping governmental activities debt	11	134
Legal debt margin information - last ten fiscal years	12	135
Pledged revenue coverage - last ten fiscal years	13	136
Demographic and economic statistics - last ten fiscal years	14	137
Principal employers - current fiscal year and nine years ago	15	138
Full-time equivalent city government employees by function/program - last ten fiscal years	16	139
Operating indicators by function/program - last ten fiscal years	17	140
Infrastructure statistics by function - last ten fiscal years	18	141
Schedule of bonds of principal officials	19	142

SINGLE AUDIT

Schedule of expenditures of federal and state awards	143-145
--	---------

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	146-147
---	---------

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	148-150
---	---------

Schedule of findings and questioned costs	151-155
---	---------

Schedule of prior year findings and questioned costs	156
--	-----

MANAGEMENT'S CORRECTIVE ACTION PLAN	157-158
--	---------

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, 2022.

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, 2022, 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, 2022, 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 4.9% as of June, 2022. 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 15 residences on one site and continues to develop other sites. Several other contractors are developing residential sites as well. Total projected new homes exceed 170 from all of these locations.

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 eight years. There continues to be interest from several industries to locate in Athens. This increased employment by over 400 employees for this one industry. An Aspen Dental and Aldi grocery store will open during the next six months.

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 City Schools anticipate the building will be opened in August, 2023. This will result in the closing of at least 3 older school buildings.

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. All of these, with the exception of City Hall, are expected to be completed by December, 2023.

The City completed a strategic plan during the current 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 be used in the coming year's planning meeting to set 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, 2021. This was the thirtieth (30th) 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, and the city manager for their unflinching support for maintaining the highest standards of professionalism in the management of the City of Athens' finances. We also wish to 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, who is retiring on December 31 with over 35 years in this position. We have worked jointly on a number of grants and construction projects for the City over the past 34 years and he has provided motivation and encouragement throughout that time.

Respectfully submitted,



Michael L. Keith, CPA
Director of Finance

December 21, 2022



Government Finance Officers Association

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

Presented to

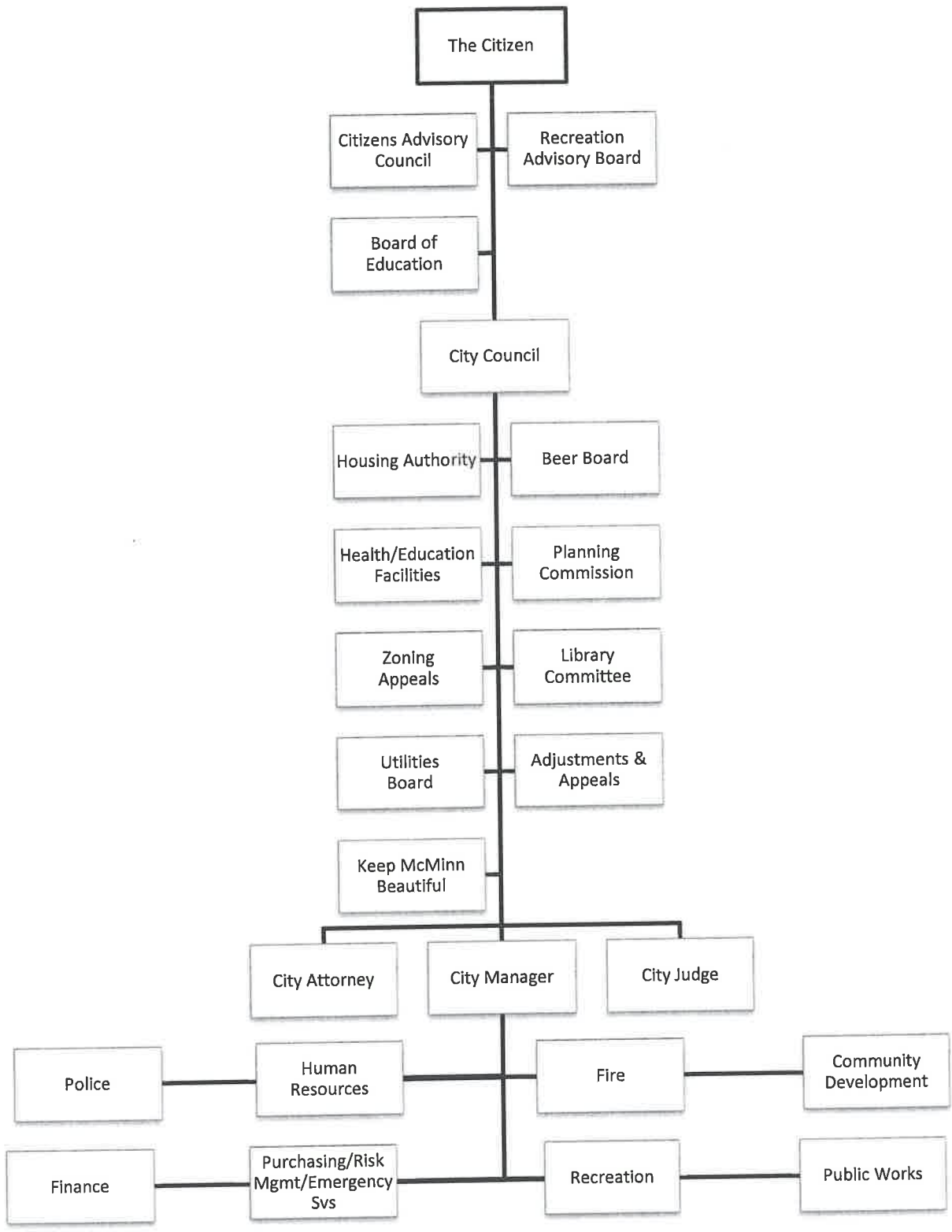
**City of Athens
Tennessee**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



CITY OF ATHENS, TENNESSEE
LIST OF PRINCIPAL OFFICIALS
June 30, 2022

City of Athens

William Bo Perkinson
Mark Lockmiller
Jordan Curtis
Dick Pelley
Frances Witt-McMahan

Mayor
Vice-Mayor
Council Member
Council Member
Council Member

C. Seth Sumner
H. Chris Trew
Derek Green
Nina Edmonds
Anthony Casteel
Brandon Ainsworth
Austin Fesmire
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

Michael L. Bevins
Chris Adams
Johnny Coffman
Dr. Amy Sullins
Beth Jackson
Abby Carroll

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

Robert Greene
Melody Armstrong
Bob Harrison
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
Bob Seigny
William Bo Perkinson
Lisa Dotson
Jeff Zabo

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

This page intentionally left blank.

FINANCIAL SECTION

NEAL, SCOUTEN & McCONNELL, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
633 Chestnut Street
Suite 1440 Republic Centre
Chattanooga, Tennessee 37450-1440

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, 2022, 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and General Purpose School 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's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Athens's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages B-1 - B-10 and other required supplemental information on pages 94 - 104 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's 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, and is also 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 21, 2022, on our consideration of the City of Athens's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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's internal control over financial reporting and compliance.

Neal, Scouten, & McConnell, P.C.

Chattanooga, Tennessee
December 21, 2022

City of Athens, Tennessee
Management's Discussion and Analysis
June 30, 2022

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, 2022. 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, 2022 by \$79,256,238 (net position). Of this amount, \$40,724,940 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- Net position increased by \$13,201,996, an increase of 19.99% compared to fiscal year 2021 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 \$6,563,386, primarily due to an increase in local sales taxes, state shared revenue and increased Federal, State and McMinn County funding for schools. Expenses increased \$2,299,870 primarily due to paving and construction on the public works building.
- The City's property tax rate remained at \$1.2676 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 \$49,913,929.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$18,416,143 or 144.93% of total General Fund expenditures. Expenditures do not include transfers to other funds, which totaled \$7,381,000 in the City's General Fund. The percentage drops to 91.68% 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, 2022

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.

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 Capital

City of Athens, Tennessee
Management's Discussion and Analysis
June 30, 2022

Improvement Fund, the School Construction Fund and the Education Capital Projects Fund which are considered to be major funds. Data from the other eight 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 105.

The City of Athens adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund and the General Purpose School 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 110.

The basic proprietary fund financial statements can be found on pages 16-18 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 19 and 20 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 21-93 of this report.

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 94-104 of this report. The combining statements referred to earlier in connection with nonmajor

City of Athens, Tennessee
Management's Discussion and Analysis
June 30, 2022

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 105-109 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 exceeded liabilities by \$79,256,238 at the close of this fiscal year.

The largest portion of the City of Athens net position (51.38%) 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 (22.87% 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 25.75% of net position. These resources are subject to external restrictions on how they may be used.

At June 30, 2022, the City of Athens is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities and its component units.

City of Athens, Tennessee
Management's Discussion and Analysis
June 30, 2022

City of Athens
Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$78,270,645	\$55,684,691	\$3,040,417	\$3,061,111	\$81,311,062	\$58,745,802
Capital assets	49,159,728	27,562,090	1,180,032	804,418	50,339,760	28,366,508
Total assets	127,430,373	83,246,781	4,220,449	3,865,529	131,650,822	87,112,310
Deferred outflows of resources:	6,332,531	2,151,557	71,618	248	6,404,149	2,151,805
Long-term liabilities	35,974,122	8,088,954	84,590	-	36,058,712	8,088,954
Other liabilities	6,607,924	4,531,841	80,104	51,238	6,688,028	4,583,079
Total liabilities	42,582,046	12,620,795	164,694	51,238	42,746,740	12,672,033
Deferred inflows of resources:	16,051,376	10,491,248	617	46,592	16,051,993	10,537,840
Net investment in capital assets	16,942,999	21,656,926	1,180,032	804,418	18,123,031	22,461,344
Restricted	20,408,267	5,663,685	-	34,375	20,408,267	5,698,060
Unrestricted	37,778,216	34,965,684	2,946,724	2,929,154	40,724,940	37,894,838
Total net position	\$75,129,482	\$62,286,295	\$4,126,756	\$3,767,947	\$79,256,238	\$66,054,242

Governmental activities. Governmental activities increased the City of Athens' net position by \$12,843,187 which accounts for the majority of the increase in the net position for the City of Athens. The City issued General Obligation Bonds in the amount of \$7,350,000 for various projects to be done during the next two fiscal years. The City received American Rescue Plan funds in excess of \$2,100,000 due to Covid-19. State sales tax increased by 14% and local sales tax increased over 5%.

Business-type activities. Business-type activities increased the City of Athens' net position by \$358,809. This increase was due primarily to the operations in the Sanitation Fund. The majority of the increase is the result of selling older equipment that was replaced and insurance proceeds from a piece of equipment destroyed by fire. Sales prices for used equipment increased dramatically in the last year due to the difficulty in finding new equipment.

City of Athens, Tennessee
Management's Discussion and Analysis
June 30, 2022

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$989,562	\$816,372	\$1,022,785	\$1,011,777	\$2,012,347	\$1,828,149
Operating grants and contributions	8,676,827	6,722,509	-	-	8,676,827	6,722,509
Capital grants and contributions	3,029,088	123,701	-	-	3,029,088	123,701
General revenues:						
Property taxes	8,296,297	8,381,814	-	-	8,296,297	8,381,814
Other taxes	11,043,650	10,250,057	-	-	11,043,650	10,250,057
Intergovernmental revenues not restricted to specific programs						
Other	468,436	753,174	306,004	15,428	774,440	768,602
Total revenues	46,097,523	39,835,721	1,328,789	1,027,205	47,426,312	40,862,926
Expenses:						
General government	5,098,311	3,216,820	-	-	5,098,311	3,216,820
Public safety	5,096,312	5,090,333	-	-	5,096,312	5,090,333
Highways and streets	2,943,414	2,833,795	-	-	2,943,414	2,833,795
Culture and recreation	1,416,819	956,232	-	-	1,416,819	956,232
Education	18,100,091	18,807,931	-	-	18,100,091	18,807,931
Health and welfare	148,282	116,181	-	-	148,282	116,181
Interest on long-term debt	451,107	7,178	-	-	-	7,178
Conference center	-	-	82,546	74,705	82,546	74,705
Sanitation	-	-	887,434	821,271	887,434	821,271
Total expenses	33,254,336	31,028,470	969,980	895,976	34,224,316	31,924,446
Change in net position	12,843,187	8,807,251	358,809	131,229	13,201,996	8,938,480
Net position, beginning of year (restated)	62,286,295	53,479,044	3,767,947	3,636,718	66,054,242	57,115,762
Net position, end of year	\$75,129,482	\$62,286,295	\$4,126,756	\$3,767,947	\$79,256,238	\$66,054,242

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

City of Athens, Tennessee
Management's Discussion and Analysis
June 30, 2022

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.

As of the end of the current fiscal year, the City of Athens' governmental funds reported combined ending fund balances of \$49,913,929, an increase of \$15,222,589 in comparison to the prior year. Approximately 36.90% of this total amount (\$18,416,143) 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 -\$235,863; restricted for a specific purpose by external constraint or enabling legislation -\$11,293,715 (law enforcement - \$86,368; Animal Shelter - \$33,660; City Schools - \$1,335 for career ladder and \$205,396 for stabilization reserve; General Obligation Bond Fund capital projects - \$7,271,759; Cemetery Perpetual Care - \$238,424; Debt Service Funds for City projects - \$18,771; Debt Service Fund for Schools - \$2,846,563; Hotel/Motel Tax Fund for tourism - \$321,863; Internal School Fund student activities - \$177,857; Drug Fund - \$91,719); committed for a specific purpose per action of the City Council - \$10,776,346 (law enforcement - \$24,036; capital projects - \$9,476,482; School Construction Fund - \$1,260,238; Drug Fund - \$15,590); or assigned - intended by the City to be used for a specific purpose - \$9,191,862 (education - \$8,296,223; cafeteria operations - \$895,639).

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 \$18,416,143. 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 144.93% of total fund expenditures, but represents 91.68% 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 \$911,110 during the current fiscal year. Revenues increased by \$527,420 while expenditures increased by \$385,874 before transfers to other funds. Property taxes increased due to an .08 cent rate increase for 2021 taxes. Local and state sales tax increased as a result of the pandemic. State grants decreased due to one time funding in FY21 and interest earnings decreased due to rate decreases. The transfer to the Athens City Schools decreased \$60,000, the debt service transfer increased \$400,000 and the transfer to the Capital Projects Fund increased by \$2,660,000.

The fund balance of the General Purpose School Fund increased by \$1,958,041. Expenditures continued to be less than revenues due to the increased funding from McMinn County and the State of Tennessee.

The Capital Improvement Fund has a total fund balance of \$9,476,482. The net increase was \$2,989,802. Capital items consisted primarily of paving, equipment for new fire pumpers, purchasing a building to replace the current animal shelter and renovations of the Public Works offices.

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 \$48,902 for the Conference Center Fund, \$2,897,882 for the Sanitation Fund, \$4,667,437 for the Fleet Management Fund and \$380,051 for the Employee Medical Benefits Fund.

City of Athens, Tennessee
Management's Discussion and Analysis
June 30, 2022

General Fund Budgetary Highlights

Differences in the original budget and the final amended budget for revenues were \$420,000 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 \$2,920,000 and are summarized below:

\$50,000 for equipment repairs in public works.

\$105,500 for program and concession costs and equipment replacement in parks and recreation.

\$79,500 for salaries in police and fire and additional fire equipment.

\$65,000 for miscellaneous line items in general government departments.

\$2,620,000 net increase in transfers due to transfers to the Capital Improvement Fund. \$2,500,00 was related to excess fund balance and a \$120,000 increase in the debt service transfer.

Final actual revenues exceeded amended budgeted revenues by \$1,573,018 and significant variances are summarized below:

\$116,876 more in property taxes.

\$665,788 more in other local taxes primarily because of local sales tax, business tax, in lieu of taxes, wholesale beer taxes and wholesale liquor taxes.

\$537,183 more in intergovernmental revenues due to state sales tax, state gas taxes and state grants for police.

\$106,496 more in charges for services due to building permits and recreation fees.

\$100,598 more in fines and forfeitures.

\$2,900 less in interest.

\$48,977 more in miscellaneous revenues.

Final amended budgeted expenditures, including transfers, exceeded actual expenditures by \$1,833,967 and are summarized below:

\$285,226 in general government expenditures, related primarily to less economic development expenditures, less contracted services, less computer equipment purchased and less travel and registration fees.

\$433,259 in public safety expenditures, primarily due to vacancies in police and related employee benefits and fewer repairs on vehicles.

**City of Athens, Tennessee
Management's Discussion and Analysis
June 30, 2022**

\$985,518 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.

\$119,025 in parks and recreation primarily due to less seasonal employees and several maintenance projects not completed prior to year end.

\$10,939 due to multiple line items being under budget in animal control.

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, 2022, was \$50,339,760 (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	
	2022	2021	2022	2021	2022	2021
Buildings and improvements	\$23,707,469	\$22,321,354	\$1,517,930	\$1,517,930	\$25,225,399	\$23,839,284
Infrastructure	10,379,902	10,258,178	-	-	10,379,902	10,258,178
Furniture and office equipment	8,466,285	5,766,360	29,864	29,864	8,496,149	5,796,224
Machinery and equipment	7,104,009	8,387,171	1,678,915	1,748,771	8,782,924	10,135,942
Land	3,221,556	3,221,556	34,500	34,500	3,256,056	3,256,056
Construction in progress	26,633,590	7,627,837	-	-	26,633,590	7,627,837
	<u>\$79,512,811</u>	<u>\$57,582,456</u>	<u>\$3,261,209</u>	<u>\$3,331,065</u>	<u>\$82,774,020</u>	<u>\$60,913,521</u>

Additional information on the City of Athens' capital assets can be found in Note 2 on pages 37-40 of this report.

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 \$23,803,325. 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. The City also has a 2021

City of Athens, Tennessee
Management's Discussion and Analysis
June 30, 2022

general obligation bond debt outstanding in the amount of \$7,075,000. 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 \$19,244,571 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 41 to 44 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 4.9%, which is a decrease from the rate of 6.4% 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 2022-2023. The property tax rate remained at \$1.3476 for the 2022 taxes and the monthly residential refuse fee remained at \$9.50. A 5% salary increase was budgeted for full time employees due to the increase in the rate of inflation. American Rescue Plan funds in excess of \$2,100,000 are expected to be received and these funds will be used for capital improvements in the City.

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, 2022

Component Unit
Proprietary

	Primary Government			Athens Utilities Board
	Governmental Activities	Business-type Activities	Total	
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Cash and cash equivalents	\$ 17,937,334	\$ 524,137	\$ 18,461,471	\$ 26,290,644
Restricted cash	1,156,967	-	1,156,967	-
Investments	37,783,985	2,416,675	40,200,660	-
Receivables:				
Customers, net	-	18,464	18,464	7,113,173
Other	203,768	-	203,768	120,667
Property taxes, net	7,916,274	-	7,916,274	-
Other governments	3,909,896	-	3,909,896	-
Component unit/primary government	5,682	81,141	86,823	55,516
Prepaid expenses	-	-	-	78,237
Inventories	136,328	-	136,328	3,170,781
Net pension asset	9,015,016	-	9,015,016	-
Restricted stabilization reserve	205,396	-	205,396	-
Capital assets, net of depreciation	19,304,582	1,145,532	20,450,114	110,478,527
Nondepreciable capital assets	29,855,146	34,500	29,889,646	3,337,345
Total assets	<u>127,430,374</u>	<u>4,220,449</u>	<u>131,650,823</u>	<u>150,644,890</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to OPEB	864,873	-	864,873	-
Deferred outflows related to pensions	5,467,657	71,618	5,539,275	3,852,768
Total assets and deferred outflows	<u>\$ 133,762,904</u>	<u>\$ 4,292,067</u>	<u>\$ 138,054,971</u>	<u>\$ 154,497,658</u>
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION				
LIABILITIES				
Accounts payable	\$ 3,254,183	\$ 80,104	\$ 3,334,287	\$ 5,289,975
Accrued payroll and withholdings	1,639,343	-	1,639,343	-
Retainage payable	1,156,967	-	1,156,967	-
Due to component unit/primary government	55,516	-	55,516	86,823
Other current liabilities	189,757	-	189,757	963,986
Unearned revenues	312,158	-	312,158	144,460
Customer deposits	-	-	-	1,050,360
Noncurrent liabilities due in more than one year:				
Net pension liability	2,239,316	84,590	2,323,906	4,919,394
OPEB liability	2,168,431	-	2,168,431	-
Long-term liabilities:				
Due within one year	1,483,082	-	1,483,082	1,649,402
Due in more than one year	30,083,293	-	30,083,293	17,595,169
Total liabilities	<u>42,582,046</u>	<u>164,694</u>	<u>42,746,740</u>	<u>31,699,569</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to property tax	7,487,863	-	7,487,863	-
Deferred inflows related to OPEB	409,457	-	409,457	-
Deferred inflows related to pensions	8,154,056	617	8,154,673	1,331,420
Total deferred inflows	<u>16,051,376</u>	<u>617</u>	<u>16,051,993</u>	<u>1,331,420</u>
NET POSITION				
Net investment in capital assets	16,942,999	1,180,032	18,123,031	94,571,302
Restricted for:				
Law enforcement	86,368	-	86,368	-
Animal shelter	33,660	-	33,660	-
Drug	91,719	-	91,719	-
Education	179,192	-	179,192	-
Stabilization reserve	205,396	-	205,396	-
Tourism	321,863	-	321,863	-
Pension	9,015,016	-	9,015,016	-
Debt service	10,137,093	-	10,137,093	-
Cemetery perpetual care:				
Nonexpendable	99,536	-	99,536	-
Expendable	238,424	-	238,424	-
Unrestricted	<u>37,778,216</u>	<u>2,946,724</u>	<u>40,724,940</u>	<u>26,895,367</u>
Total net position	<u>75,129,482</u>	<u>4,126,756</u>	<u>79,256,238</u>	<u>121,466,669</u>
Total liabilities, deferred inflows, and net position	<u>\$ 133,762,904</u>	<u>\$ 4,292,067</u>	<u>\$ 138,054,971</u>	<u>\$ 154,497,658</u>

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

This page intentionally left blank.

CITY OF ATHENS, TENNESSEE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Functions/Programs	Net Revenues (Expenses) and Changes in Net Position						
	Program Revenues			Primary Government		Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Govern-mental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 5,098,311	\$ 144,763	\$ 224,810	\$ 286,204	\$ (4,442,534)	\$ -	\$ (4,442,534)
Public safety	5,096,312	226,024	75,786	1,072,057	(3,722,445)	-	(3,722,445)
Highways and streets	2,943,414	-	525,233	954,356	(1,463,825)	-	(1,463,825)
Culture and recreation	1,416,819	154,497	-	-	(1,262,322)	-	(1,262,322)
Education:							
Instructional	10,397,740	56,137	2,882,249	-	(7,459,354)	-	(7,459,354)
Support services	6,176,800	348,321	3,295,086	-	(2,533,393)	-	(2,533,393)
Non-instructional	1,182,944	58,380	1,644,876	-	520,312	-	520,312
Unallocated depreciation	342,607	-	-	-	(342,607)	-	(342,607)
Health and welfare	148,282	1,440	28,787	716,471	598,416	-	598,416
Interest on long-term debt	451,107	-	-	-	(451,107)	-	(451,107)
Total governmental activities	33,254,336	989,562	8,676,827	3,029,088	(20,558,859)	-	(20,558,859)
Business-type activities:							
Conference center	82,546	36,215	-	-	(46,331)	-	(46,331)
Sanitation	887,434	986,570	-	-	99,136	-	99,136
Total Business-type activities	969,980	1,022,785	-	-	52,805	-	52,805
Total primary government	\$ 34,224,316	\$ 2,012,347	\$ 8,676,827	\$ 3,029,088	(20,558,859)	\$ -	(20,506,054)
Component unit:							
Utilities Board	\$ 71,005,155	\$ 73,846,691	\$ -	\$ 125,581	-	-	\$ 2,967,117
Total component unit	\$ 71,005,155	\$ 73,846,691	\$ -	\$ 125,581	(20,558,859)	\$ -	2,967,117
General revenues:							
Property taxes					8,296,297	-	8,296,297
Local sales tax					7,844,750	-	7,844,750
In lieu of taxes					1,209,781	-	1,209,781
Wholesale beer tax					539,233	-	539,233
Wholesale liquor tax					286,535	-	286,535
Other local taxes					1,163,351	-	1,163,351
Intergovernmental revenues not restricted to specific programs					13,593,663	-	13,593,663
Investment income					117,292	7,474	124,766
Gain on disposal of capital assets					260,852	245,400	506,252
Unrealized gain (loss) on investments					(60,066)	-	(60,066)
Insurance proceeds					375	44,000	44,375
Miscellaneous					149,983	9,130	159,113
Total general revenues					33,402,046	306,004	33,708,050
Change in net position					12,843,187	358,809	13,201,996
Net position, beginning of year					62,286,295	3,767,947	66,054,242
Net position, end of year					\$ 75,129,482	\$ 4,126,756	\$ 79,256,238

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

CITY OF ATHENS, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General	General Purpose School	Capital Projects Funds			Nonmajor Governmental Funds	Total Governmental Funds
			Capital Improvement	School Construction	Education Capital Projects		
ASSETS							
Cash and cash equivalents	\$ 3,770,561	\$ 7,644,994	\$ 708,911	\$ 3,640,788	\$ -	\$ 1,546,751	\$ 17,312,005
Investments	13,769,883	-	9,116,305	-	-	10,558,600	33,444,788
Receivables:							
Property taxes, net	6,945,411	970,863	-	-	-	-	7,916,274
Other governments	1,842,335	1,096,257	24,995	-	-	946,309	3,909,896
Interfund	4,446	1,237,037	382,991	-	-	4,690	1,629,164
Other	78,805	-	-	-	-	42,000	120,805
Component unit/primary government	5,682	-	-	-	-	-	5,682
Inventories	103,810	-	-	-	-	32,517	136,327
Restricted cash	-	-	43,143	1,105,504	-	8,320	1,156,967
Restricted stabilization reserve	-	205,396	-	-	-	-	205,396
Total assets	<u>\$ 26,520,933</u>	<u>\$ 11,154,547</u>	<u>\$ 10,276,345</u>	<u>\$ 4,746,292</u>	<u>\$ -</u>	<u>\$ 13,139,187</u>	<u>\$ 65,837,304</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 171,001	\$ 506,561	\$ 497,396	\$ 1,997,559	\$ -	\$ 81,666	\$ 3,254,183
Retainage payable	-	-	43,143	1,105,504	-	8,320	1,156,967
Interfund payable	430,000	9,136	-	382,991	-	807,037	1,629,164
Accrued payroll and withholdings	242,384	1,165,033	-	-	-	231,926	1,639,343
Due to component unit	55,516	-	-	-	-	-	55,516
Unearned revenues	441,015	-	259,324	-	-	-	700,339
Total liabilities	<u>1,339,916</u>	<u>1,680,730</u>	<u>799,863</u>	<u>3,486,054</u>	<u>-</u>	<u>1,128,949</u>	<u>8,435,512</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to property taxes	6,517,000	970,863	-	-	-	-	7,487,863
	<u>7,856,916</u>	<u>2,651,593</u>	<u>799,863</u>	<u>3,486,054</u>	<u>-</u>	<u>1,128,949</u>	<u>15,923,375</u>
FUND BALANCES							
Nonspendable	103,810	-	-	-	-	132,053	235,863
Restricted	120,028	206,731	-	-	-	10,966,956	11,293,715
Committed	24,036	-	9,476,482	1,260,238	-	15,590	10,776,346
Assigned	-	8,296,223	-	-	-	895,639	9,191,862
Unassigned	18,416,143	-	-	-	-	-	18,416,143
Total fund balances	<u>18,664,017</u>	<u>8,502,954</u>	<u>9,476,482</u>	<u>1,260,238</u>	<u>-</u>	<u>12,010,238</u>	<u>49,913,929</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 26,520,933</u>	<u>\$ 11,154,547</u>	<u>\$ 10,276,345</u>	<u>\$ 4,746,292</u>	<u>\$ -</u>	<u>\$ 13,139,187</u>	<u>\$ 65,837,304</u>

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, 2022

Total fund balances		\$ 49,913,929
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	\$ 72,476,981	
Accumulated depreciation	<u>(26,975,147)</u>	45,501,834
Certain property taxes and intergovernmental revenues are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes	386,681	
Intergovernmental revenue	<u>1,500</u>	388,181
Net pension asset		9,015,016
Net pension liability		(2,239,316)
Deferred outflows related to pensions		5,467,658
Deferred inflows related to pensions		(8,154,056)
Deferred outflows related to OPEB		864,873
Deferred inflows related to OPEB		(409,457)
Certain liabilities are not considered a use of current financial resources in the funds.		
Compensated absences	(336,995)	
OPEB liability	(2,168,431)	
Long-term debt	(31,175,614)	
Accrued interest	(189,757)	
Sick leave liability	<u>(53,765)</u>	(33,924,562)
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	625,329	
Accounts receivable	82,225	
Interest receivable	737	
Investments	4,339,197	
Capital assets	7,035,830	
Accumulated depreciation	<u>(3,377,936)</u>	<u>8,705,382</u>
Net position		<u>\$ 75,129,482</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, 2022

	General	General Purpose School	Capital Projects Funds			Nonmajor Governmental Funds	Total Governmental Funds
			Capital Improvement	School Construction	Education Capital Projects		
REVENUES							
Property taxes	\$ 6,981,876	\$ 1,391,183	\$ -	\$ -	\$ -	\$ -	\$ 8,373,059
Other local taxes	10,721,788	2,695,291	-	-	-	321,863	13,738,942
Intergovernmental	2,681,183	10,382,640	2,781,089	-	-	6,343,348	22,188,260
Charges for services	293,496	161,267	-	-	-	308,775	763,538
Fines and forfeitures	200,598	-	-	-	-	25,426	226,024
Investment and interest income (loss)	27,100	20,419	18,692	-	-	(22,947)	43,264
Miscellaneous	88,977	6,327	59,197	-	-	50,440	204,941
Total revenues	20,995,018	14,657,127	2,858,978	-	-	7,026,905	45,538,028
EXPENDITURES							
Current:							
General government	3,007,574	-	-	-	-	500	3,008,074
Public safety	5,698,241	-	-	-	-	-	5,698,241
Highways and streets	2,529,782	-	-	-	-	255,979	2,785,761
Culture and recreation	1,319,275	-	-	-	-	-	1,319,275
Education	-	15,144,333	-	-	-	6,435,534	21,579,867
Health and welfare	152,161	-	-	-	-	-	152,161
Debt service:							
Principal	-	-	-	-	-	275,000	275,000
Interest	-	-	-	-	-	263,188	263,188
Capital outlay	-	-	3,679,176	-	17,216,787	5,010	20,900,973
Total expenditures	12,707,033	15,144,333	3,679,176	-	17,216,787	7,235,211	55,982,540
REVENUES OVER (UNDER) EXPENDITURES	8,287,985	(487,206)	(820,198)	-	(17,216,787)	(208,306)	(10,444,512)
OTHER FINANCING SOURCES (USES)							
Transfers	(7,381,000)	2,445,247	3,560,000	(17,216,787)	17,192,540	1,400,000	-
Proceeds from debt issuance	-	-	-	17,900,000	-	7,656,329	25,556,329
Bond issue cost	-	-	-	-	-	(143,353)	(143,353)
Proceeds from sale of property	3,750	-	-	-	-	-	3,750
Contributed capital	-	-	250,000	-	-	-	250,000
Insurance proceeds	375	-	-	-	-	-	375
Total other financing sources (uses)	(7,376,875)	2,445,247	3,810,000	683,213	17,192,540	8,912,976	25,667,101
NET CHANGE IN FUND BALANCES	911,110	1,958,041	2,989,802	683,213	(24,247)	8,704,670	15,222,589
FUND BALANCES, beginning of year	17,752,907	6,544,913	6,486,680	577,025	24,247	3,305,568	34,691,340
FUND BALANCES, end of year	\$18,664,017	\$8,502,954	\$9,476,482	\$ 1,260,238	\$ -	\$ 12,010,238	\$49,913,929

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, 2022

Net change in fund balances		\$ 15,222,589
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	\$ 6,529,093	
Fund revenue recognized	<u>(6,605,855)</u>	(76,762)
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	21,740,487	
Net book value of capital assets retired	(18,032)	
Less current year depreciation	<u>(1,311,828)</u>	20,410,627
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.		
		747,379
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	(25,250,000)	
Long-term debt payments	275,000	
Net change in accrued interest	(187,918)	
Net change in unamortized premium	(297,289)	
Net change in compensated absences	(18,068)	
Net change in sick leave liability	<u>(3,174)</u>	(25,481,449)
Pension expense in funds not expensed in government-wide		850,807
Negative pension expense not recognized in funds		1,254,997
OPEB expense not recognized in funds		(295,727)
OPEB expense in funds not expensed in government-wide		100,191
OPEB revenue in government-wide not in funds		111,070
Expense reported in government-wide not in funds		<u>(535)</u>
Change in net position		<u>\$ 12,843,187</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, 2022

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
PROPERTY TAXES				
Property taxes-current	\$ 6,550,000	\$ 6,550,000	\$ 6,605,855	\$ 55,855
Property taxes-prior	150,000	150,000	190,734	40,734
Property taxes-delinquent	80,000	80,000	86,833	6,833
Public utilities taxes	85,000	85,000	98,454	13,454
Total property taxes	<u>6,865,000</u>	<u>6,865,000</u>	<u>6,981,876</u>	<u>116,876</u>
OTHER LOCAL TAXES				
Penalty and interest on property tax-prior	20,000	20,000	37,635	17,635
Penalty and interest on property tax-delinquent	25,000	25,000	35,934	10,934
In lieu of taxes	1,150,000	1,150,000	1,209,781	59,781
Local sales tax	7,100,000	7,500,000	7,844,750	344,750
Wholesale beer tax	500,000	500,000	539,233	39,233
Wholesale liquor tax	250,000	250,000	286,535	36,535
Cable TV franchise tax	170,000	170,000	170,739	739
Business license fee	1,000	1,000	1,252	252
Business tax-state clerk fee	40,000	40,000	55,826	15,826
Business tax-state collected	400,000	400,000	540,103	140,103
Total other local taxes	<u>9,656,000</u>	<u>10,056,000</u>	<u>10,721,788</u>	<u>665,788</u>
INTERGOVERNMENTAL				
State sales tax	1,250,000	1,250,000	1,630,622	380,622
State beer tax	6,000	6,000	6,433	433
State income tax	-	-	2,236	2,236
State gas and motor fuel tax	450,000	450,000	495,785	45,785
State gasoline inspection tax	28,000	28,000	25,844	(2,156)
State mixed drink tax	50,000	50,000	76,139	26,139
State excise tax	40,000	40,000	71,768	31,768
State sportsbetting tax	8,000	8,000	13,526	5,526
Reimbursements-other government agencies	143,000	143,000	146,261	3,261
Grants	169,000	169,000	212,569	43,569
Total intergovernmental	<u>2,144,000</u>	<u>2,144,000</u>	<u>2,681,183</u>	<u>537,183</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, 2022
(continued)

	Budget		Actual	Variance
	Original	Final		With Final Budget
CHARGES FOR SERVICES				
Utility damage reimbursements	\$ 25,000	\$ 25,000	\$ 37,267	\$ 12,267
Animal control	1,000	1,000	1,440	440
Recreation fees	61,000	81,000	113,576	32,576
Building permits	50,000	50,000	100,292	50,292
Recreation concessions	30,000	30,000	40,921	10,921
Total charges for services	<u>167,000</u>	<u>187,000</u>	<u>293,496</u>	<u>106,496</u>
FINES AND FORFEITURES				
Court fines	100,000	100,000	175,172	75,172
Law enforcement forfeitures	-	-	25,426	25,426
Total fines and forfeitures	<u>100,000</u>	<u>100,000</u>	<u>200,598</u>	<u>100,598</u>
INTEREST	<u>30,000</u>	<u>30,000</u>	<u>27,100</u>	<u>(2,900)</u>
MISCELLANEOUS	<u>40,000</u>	<u>40,000</u>	<u>88,977</u>	<u>48,977</u>
Total revenues	<u>19,002,000</u>	<u>19,422,000</u>	<u>20,995,018</u>	<u>1,573,018</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Administrative:				
City Manager's Office	346,900	346,900	335,185	11,715
City Council	53,500	53,500	40,749	12,751
City Judge	13,000	13,000	12,918	82
City Attorney	40,000	70,000	29,163	40,837
Special appropriations	377,100	377,100	377,100	-
Athens Utilities Board	480,000	510,000	509,594	406
Finance	480,500	485,500	480,099	5,401
Personnel	229,900	229,900	206,329	23,571
Administrative services:				
Administration	143,900	143,900	136,603	7,297
City Hall	185,400	185,400	159,149	26,251
Information technology	358,700	358,700	237,044	121,656
Community development:				
Administration	189,600	189,600	173,200	16,400
Codes enforcement	295,100	295,100	277,817	17,283
Cemeteries	34,200	34,200	32,624	1,576
Total general government	<u>3,227,800</u>	<u>3,292,800</u>	<u>3,007,574</u>	<u>285,226</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, 2022
(continued)

	Budget		Actual	Variance With Final Budget
	Original	Final		
PUBLIC SAFETY				
Police:				
Administration	\$ 352,600	\$ 352,600	\$ 221,725	\$ 130,875
Patrol	2,333,000	2,303,000	2,171,188	131,812
Special services	553,800	553,800	490,182	63,618
Fire:				
Administration	177,400	187,400	184,027	3,373
Prevention	97,400	101,900	100,900	1,000
Suppression	2,235,500	2,330,500	2,232,571	97,929
Administrative services:				
Communications	302,300	302,300	297,648	4,652
Total public safety	<u>6,052,000</u>	<u>6,131,500</u>	<u>5,698,241</u>	<u>433,259</u>
HIGHWAYS AND STREETS				
Public Works:				
Administration	330,700	330,700	319,363	11,337
Traffic control	296,200	296,200	173,906	122,294
Street maintenance	994,600	994,600	395,792	598,808
Street construction	578,700	628,700	446,926	181,774
Street cleaning	942,300	942,300	913,715	28,585
City garage	322,800	322,800	280,080	42,720
Total highways and streets	<u>3,465,300</u>	<u>3,515,300</u>	<u>2,529,782</u>	<u>985,518</u>
CULTURE AND RECREATION				
Parks and Recreation:				
Administration	246,500	246,500	245,831	669
Maintenance	733,800	783,800	693,183	90,617
Swimming pools	43,600	56,100	53,129	2,971
Program planning	308,900	351,900	327,132	24,768
Total culture and recreation	<u>1,332,800</u>	<u>1,438,300</u>	<u>1,319,275</u>	<u>119,025</u>
HEALTH AND WELFARE				
Public Works:				
Animal control	163,100	163,100	152,161	10,939
Total expenditures	<u>14,241,000</u>	<u>14,541,000</u>	<u>12,707,033</u>	<u>1,833,967</u>
REVENUES OVER EXPENDITURES	<u>4,761,000</u>	<u>4,881,000</u>	<u>8,287,985</u>	<u>3,406,985</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, 2022
(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	(940,000)	(3,560,000)	(3,560,000)	-
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	-	-	3,750	3,750
Insurance proceeds	-	-	375	375
	<u>(4,761,000)</u>	<u>(7,381,000)</u>	<u>(7,376,875)</u>	<u>4,125</u>
Total other financing sources (uses)	<u>(4,761,000)</u>	<u>(7,381,000)</u>	<u>(7,376,875)</u>	<u>4,125</u>
Net change in fund balance	-	(2,500,000)	911,110	3,411,110
FUND BALANCE, beginning of year	<u>17,752,907</u>	<u>17,752,907</u>	<u>17,752,907</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$17,752,907</u>	<u>\$15,252,907</u>	<u>\$18,664,017</u>	<u>\$ 3,411,110</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, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 1,147,000	\$ 1,147,000	\$ 1,391,183	\$ 244,183
County revenue	2,052,000	2,052,000	2,695,291	643,291
State funds	9,598,519	9,897,707	10,121,987	224,280
Federal funds received through state	248,200	248,200	259,863	11,663
Direct federal funds	-	-	790	790
Tuition	210,000	210,000	161,267	(48,733)
Interest	23,000	23,000	20,419	(2,581)
Other	16,000	16,000	6,327	(9,673)
Total revenues	<u>13,294,719</u>	<u>13,593,907</u>	<u>14,657,127</u>	<u>1,063,220</u>
EXPENDITURES				
Current:				
Instruction				
Regular instruction	8,781,572	9,048,837	8,522,165	526,672
Special education	624,305	624,305	576,448	47,857
Early childhood education	660,576	651,274	628,731	22,543
Other instruction	5,500	5,500	1,238	4,262
	<u>10,071,953</u>	<u>10,329,916</u>	<u>9,728,582</u>	<u>601,334</u>
Support services				
Instructional support	996,537	996,537	842,419	154,118
Student support	276,807	276,807	247,507	29,300
Administration	1,748,002	1,753,865	1,611,497	142,368
Operation and maintenance of plant	1,225,950	1,230,640	1,178,470	52,170
Transportation	480,683	525,966	496,188	29,778
Other support services	914,249	922,373	743,797	178,576
	<u>5,642,228</u>	<u>5,706,188</u>	<u>5,119,878</u>	<u>586,310</u>
Non-instructional services				
Capital outlay	550,000	550,000	295,873	254,127
Total expenditures	<u>16,264,181</u>	<u>16,586,104</u>	<u>15,144,333</u>	<u>1,441,771</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,969,462)</u>	<u>(2,992,197)</u>	<u>(487,206)</u>	<u>2,504,991</u>
OTHER FINANCING SOURCES				
Transfer from general fund	2,421,000	2,421,000	2,421,000	-
Transfer from education capital projects	-	-	24,247	24,247
Total other financing sources	<u>2,421,000</u>	<u>2,421,000</u>	<u>2,445,247</u>	<u>24,247</u>
NET CHANGE IN FUND BALANCE	(548,462)	(571,197)	1,958,041	2,529,238
FUND BALANCE, beginning of year	6,544,913	6,544,913	6,544,913	-
FUND BALANCE, end of year	<u>\$ 5,996,451</u>	<u>\$ 5,973,716</u>	<u>\$ 8,502,954</u>	<u>\$ 2,529,238</u>

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

**CITY OF ATHENS, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022**

	<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>
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 49,378	\$ 474,759	\$ 524,137	\$ 625,329
Investments	-	2,416,675	2,416,675	4,339,197
Accounts receivable	-	18,464	18,464	82,225
Interest receivable	-	-	-	737
Due from component unit	-	81,141	81,141	-
Total current assets	<u>49,378</u>	<u>2,991,039</u>	<u>3,040,417</u>	<u>5,047,488</u>
Capital assets:				
Land	34,500	-	34,500	-
Other capital assets, net	<u>456,417</u>	<u>689,115</u>	<u>1,145,532</u>	<u>3,657,894</u>
Total capital assets	<u>490,917</u>	<u>689,115</u>	<u>1,180,032</u>	<u>3,657,894</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	-	<u>71,618</u>	<u>71,618</u>	-
Total assets and deferred outflows	<u>\$ 540,295</u>	<u>\$ 3,751,772</u>	<u>\$ 4,292,067</u>	<u>\$ 8,705,382</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
Current liabilities:				
Accounts payable	\$ 476	\$ 79,628	\$ 80,104	\$ -
Net pension liability	-	<u>84,590</u>	<u>84,590</u>	-
Total current liabilities	<u>476</u>	<u>164,218</u>	<u>164,694</u>	-
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	-	<u>617</u>	<u>617</u>	-
Total liabilities and deferred inflows	<u>476</u>	<u>164,835</u>	<u>165,311</u>	-
NET POSITION				
Net investment in capital assets	490,917	689,115	1,180,032	3,657,894
Unrestricted	<u>48,902</u>	<u>2,897,822</u>	<u>2,946,724</u>	<u>5,047,488</u>
Total net position	<u>539,819</u>	<u>3,586,937</u>	<u>4,126,756</u>	<u>8,705,382</u>
Total liabilities, deferred inflows, and net position	<u>\$ 540,295</u>	<u>\$ 3,751,772</u>	<u>\$ 4,292,067</u>	<u>\$ 8,705,382</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, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities
	Conference Center	Sanitation	Total	Internal Service Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OPERATING REVENUES				
Charges for services	\$ -	\$ 986,570	\$ 986,570	\$ 924,900
Rental income	36,215	-	36,215	-
Miscellaneous	-	9,130	9,130	-
Total operating revenues	<u>36,215</u>	<u>995,700</u>	<u>1,031,915</u>	<u>924,900</u>
OPERATING EXPENSES				
Salaries and employee benefits	7,292	301,553	308,845	-
Operations	22,909	170,983	193,892	-
Maintenance	1,765	2,481	4,246	-
Depreciation	50,580	153,730	204,310	466,599
Landfill services	-	258,687	258,687	-
Total operating expenses	<u>82,546</u>	<u>887,434</u>	<u>969,980</u>	<u>466,599</u>
OPERATING INCOME (LOSS)	<u>(46,331)</u>	<u>108,266</u>	<u>61,935</u>	<u>458,301</u>
NONOPERATING REVENUES				
Gain on sale of assets	-	245,400	245,400	275,118
Insurance proceeds	-	44,000	44,000	-
Interest income	-	7,474	7,474	13,960
Total nonoperating revenues	<u>-</u>	<u>296,874</u>	<u>296,874</u>	<u>289,078</u>
CHANGE IN NET POSITION	(46,331)	405,140	358,809	747,379
NET POSITION, beginning of year	<u>586,150</u>	<u>3,181,797</u>	<u>3,767,947</u>	<u>7,958,003</u>
NET POSITION, end of year	<u>\$ 539,819</u>	<u>\$ 3,586,937</u>	<u>\$ 4,126,756</u>	<u>\$ 8,705,382</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, 2022**

	Business-type Activities - Enterprise Funds			Governmental Activities
	Conference Center	Sanitation	Total	Internal Service Funds
	<u>Center</u>	<u>Sanitation</u>	<u>Total</u>	<u>Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 36,215	\$ 996,875	\$ 1,033,090	\$ 842,675
Payments to employees	(6,777)	(300,308)	(307,085)	-
Payments to suppliers and vendors	(24,766)	(403,333)	(428,099)	-
Net cash provided by operating activities	<u>4,672</u>	<u>293,234</u>	<u>297,906</u>	<u>842,675</u>
CASH FLOWS USED IN NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	-	(579,924)	(579,924)	(283,286)
Proceeds from sale of capital assets	-	245,400	245,400	290,050
Proceeds from insurance	-	44,000	44,000	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(290,524)</u>	<u>(290,524)</u>	<u>6,764</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment and interest earnings	-	7,474	7,474	14,507
Increase (decrease) in investments	-	149,227	149,227	(338,729)
Net cash provided by (used in) investing activities	<u>-</u>	<u>156,701</u>	<u>156,701</u>	<u>(324,222)</u>
Net increase in cash and cash equivalents	4,672	159,411	164,083	525,217
Cash and cash equivalents, beginning of year	44,706	315,348	360,054	100,112
Cash and cash equivalents, end of year	<u>\$ 49,378</u>	<u>\$ 474,759</u>	<u>\$ 524,137</u>	<u>\$ 625,329</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (46,331)	\$ 108,266	\$ 61,935	\$ 458,301
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	50,580	153,730	204,310	466,599
Changes in assets and liabilities:				
Accounts receivable	-	1,175	1,175	(82,225)
Accounts payable	423	28,443	28,866	-
Deferred outflows	-	(71,370)	(71,370)	-
Deferred inflows	-	(45,975)	(45,975)	-
Net pension liability/asset	<u>-</u>	<u>118,965</u>	<u>118,965</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 4,672</u>	<u>\$ 293,234</u>	<u>\$ 297,906</u>	<u>\$ 842,675</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, 2022

ASSETS

Cash	\$ 327,085
Investments, at fair value:	
Money market funds	<u>15,935,292</u>
Total assets	<u>\$ 16,262,377</u>

LIABILITIES AND NET POSITION

Accounts payable	\$ 10,375
------------------	-----------

NET POSITION

Net position restricted for pensions	<u>16,252,002</u>
Total liabilities and net position	<u>\$ 16,262,377</u>

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, 2022

ADDITIONS	
Employer contributions	\$ 600,000
Net investment income (loss):	
Interest and dividend income	929,967
Net depreciation in fair value of investments	(3,286,653)
Other	<u>3,568</u>
Total additions (losses)	<u>(1,753,118)</u>
 DEDUCTIONS	
Benefits paid	1,164,510
Administrative expenses	<u>41,500</u>
Total deductions	<u>1,206,010</u>
CHANGE IN NET POSITION HELD IN TRUST FOR PENSION BENEFITS	(2,959,128)
NET POSITION , restricted for pensions, beginning of year	<u>19,211,130</u>
NET POSITION , restricted for pensions, end of year	<u>\$ 16,252,002</u>

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

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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, 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, 2022

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). The Internal School Funds and Hotel/Motel Tax Fund did not have formal budgets adopted for 2022. 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, 2022

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:

Assets at the City		Assets at Board of Education	
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 2.91 to 3.29 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, 2022

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, 2022

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, 2022

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, 2022

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 per \$100 of assessed value for 2021 and 2022, respectively. An allowance has been established for delinquent taxes to the extent that their collectability is improbable. The allowance at June 30, 2022, for the 2021 tax levy was \$85,800. An allowance for doubtful collection of \$60,000 has been estimated and established for the 2022 levy at June 30, 2022. There are no current tax collections related to the 2022 levy.

N. Allowances for Doubtful Property Taxes

The following allowances have been established for uncollectible property taxes at June 30, 2022:

General Fund	\$ 145,800
General Purpose School Fund	128,642

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022

Note 2. Capital Assets

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

	Governmental Activities At City of Athens			Balance June 30, 2022
	Balance July 1, 2021	Additions	Deletions	
Capital assets being depreciated:				
Buildings and improvements	\$ 6,942,717	\$ 26,195	\$ 10,500	\$ 6,958,412
Infrastructure	10,220,528	-	7,795	10,212,733
Furniture and office equipment	2,827,766	2,400,701	48,476	5,179,991
Machinery and equipment	8,387,171	53,641	1,336,803	7,104,009
Total depreciable capital assets	<u>28,378,182</u>	<u>2,480,537</u>	<u>1,403,574</u>	<u>29,455,145</u>
Accumulated depreciation:				
Buildings and improvements	4,766,849	162,415	10,500	4,918,764
Infrastructure	4,967,745	267,698	7,795	5,227,648
Furniture and office equipment	907,366	543,879	45,880	1,405,365
Machinery and equipment	5,794,029	278,494	1,311,281	4,761,242
Total accumulated depreciation	<u>16,435,989</u>	<u>1,252,486</u>	<u>1,375,456</u>	<u>16,313,019</u>
Net depreciable capital assets	<u>11,942,193</u>	<u>1,228,051</u>	<u>28,118</u>	<u>13,142,126</u>
Capital assets not being depreciated:				
Land	3,008,070	-	-	3,008,070
Construction in progress	128,670	1,791,778	128,670	1,791,778
Nondepreciable capital assets	<u>3,136,740</u>	<u>1,791,778</u>	<u>128,670</u>	<u>4,799,848</u>
Net capital assets	<u>\$ 15,078,933</u>	<u>\$ 3,019,829</u>	<u>\$ 156,788</u>	<u>\$ 17,941,974</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 2. Capital Assets (continued)

	Governmental Activities - At Board of Education			
	Balance	Additions	Deletions	Balance
	July 1, 2021			June 30, 2022
Capital assets being depreciated:				
Buildings and improvements	\$ 15,378,637	\$ 1,370,420	\$ -	\$ 16,749,057
Infrastructure	37,650	129,519	-	167,169
Furniture, equipment, and vehicles	2,938,594	422,789	75,089	3,286,294
Total depreciable capital assets	<u>18,354,881</u>	<u>1,922,728</u>	<u>75,089</u>	<u>20,202,520</u>
Accumulated depreciation:				
Buildings and improvements	11,526,116	433,187	-	11,959,303
Infrastructure	26,914	933	-	27,847
Furniture, equipment, and vehicles	2,031,347	91,821	70,254	2,052,914
Total accumulated depreciation	<u>13,584,377</u>	<u>525,941</u>	<u>70,254</u>	<u>14,040,064</u>
Net depreciable capital assets	<u>4,770,504</u>	<u>1,396,787</u>	<u>4,835</u>	<u>6,162,456</u>
Capital assets not being depreciated:				
Land	213,486	-	-	213,486
Construction in progress	7,499,167	17,394,996	52,351	24,841,812
Nondepreciable capital assets	<u>7,712,653</u>	<u>17,394,996</u>	<u>52,351</u>	<u>25,055,298</u>
Net capital assets	<u>\$ 12,483,157</u>	<u>\$18,791,783</u>	<u>\$ 57,186</u>	<u>\$ 31,217,754</u>
		Total Governmental Activities Capital Assets		
	Balance	Additions	Deletions	Balance
	July 1, 2021			June 30, 2022
Capital assets being depreciated:				
Buildings and improvements	\$ 22,321,354	\$ 1,396,615	\$ 10,500	\$ 23,707,469
Infrastructure	10,258,178	129,519	7,795	10,379,902
Furniture, equipment and vehicles	5,766,360	2,823,490	123,565	8,466,285
Machinery and equipment	8,387,171	53,641	1,336,803	7,104,009
Total depreciable capital assets	<u>46,733,063</u>	<u>4,403,265</u>	<u>1,478,663</u>	<u>49,657,665</u>
Accumulated depreciation:				
Buildings and improvements	16,292,965	595,602	10,500	16,878,067
Infrastructure	4,994,659	268,631	7,795	5,255,495
Furniture, equipment and vehicles	2,938,713	635,700	116,134	3,458,279
Machinery and equipment	5,794,029	278,494	1,311,281	4,761,242
Total accumulated depreciation	<u>30,020,366</u>	<u>1,778,427</u>	<u>1,445,710</u>	<u>30,353,083</u>
Net depreciable capital assets	<u>16,712,697</u>	<u>2,624,838</u>	<u>32,953</u>	<u>19,304,582</u>
Capital assets not being depreciated:				
Land	3,221,556	-	-	3,221,556
Construction in progress	7,627,837	19,186,774	181,021	26,633,590
Nondepreciable capital assets	<u>10,849,393</u>	<u>19,186,774</u>	<u>181,021</u>	<u>29,855,146</u>
Net capital assets	<u>\$ 27,562,090</u>	<u>\$ 21,811,612</u>	<u>\$ 213,974</u>	<u>\$ 49,159,728</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 2. Capital Assets (continued)

	Total Business-type Activities Capital Assets			
	Balance	Additions	Deletions	Balance
	July 1, 2021			June 30, 2022
Capital assets being depreciated:				
Buildings and improvements	\$ 1,517,930	\$ -	\$ -	\$ 1,517,930
Furniture and office equipment	29,864	-	-	29,864
Machinery and equipment	1,748,771	579,924	649,780	1,678,915
Total depreciable capital assets	3,296,565	579,924	649,780	3,226,709
Accumulated depreciation:				
Buildings and improvements	1,010,933	50,580	-	1,061,513
Furniture and office equipment	29,864	-	-	29,864
Machinery and equipment	1,485,850	153,730	649,780	989,800
Total accumulated depreciation	2,526,647	204,310	649,780	2,081,177
Net depreciable capital assets	769,918	375,614	-	1,145,532
Capital assets not being depreciated:				
Land	34,500	-	-	34,500
Net capital assets	\$ 804,418	\$ 375,614	\$ -	\$ 1,180,032

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 76,196
Public safety	404,239
Highways and streets	524,809
Culture and recreation	247,242
Schools:	
Regular instruction	86,811
Administration	32,019
Operation and maintenance	3,170
Transportation	54,246
Food services	7,088
Unallocated depreciation	342,607
	\$ 1,778,427

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	153,730
	\$ 204,310

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 2. Capital Assets (continued)

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

Utilities Board:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets being depreciated:				
Plant in service	\$ 173,124,024	\$ 4,780,030	\$ 1,980,009	\$ 175,924,045
Equipment and furniture	8,671,653	491,058	1,513,437	7,649,274
Transportation equipment	4,695,396	323,869	293,008	4,726,257
Total depreciable capital assets	<u>186,491,073</u>	<u>5,594,957</u>	<u>3,786,454</u>	<u>188,299,576</u>
Accumulated depreciation:				
Plant in service	66,795,234	5,246,995	2,032,804	70,009,425
Equipment and furniture	5,417,134	707,318	1,513,437	4,611,015
Transportation equipment	3,141,490	352,127	293,008	3,200,609
Total accumulated depreciation	<u>75,353,858</u>	<u>6,306,440</u>	<u>3,839,249</u>	<u>77,821,049</u>
Net depreciable capital assets	<u>111,137,215</u>	<u>(711,483)</u>	<u>(52,795)</u>	<u>110,478,527</u>
Capital assets not being depreciated:				
Land	837,023	-	-	837,023
Construction in progress	3,282,667	5,047,854	5,830,199	2,500,322
Nondepreciable capital assets	<u>4,119,690</u>	<u>5,047,854</u>	<u>5,830,199</u>	<u>3,337,345</u>
Net capital assets	<u>\$ 115,256,905</u>	<u>\$ 4,336,371</u>	<u>\$ 5,777,404</u>	<u>\$ 113,815,872</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	\$ 2,420,694	\$ 212,981	\$ 2,633,675
Water Division	978,750	30,819	1,009,569
Gas Division	713,769	36,888	750,657
Department of Sewer	1,841,100	71,439	1,912,539
	<u>\$ 5,954,313</u>	<u>\$ 352,127</u>	<u>\$ 6,306,440</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 has arranged for short-term construction financing through a General Obligation Anticipation Note, Series 2020, with Regions Capital Advantage, Inc. The loan is being disbursed on a monthly basis with variable interest based on LIBOR or Prime Index calculation. During 2022, the calculation yielded interest rates from 0.99% - 1.61%. Interest will be due semi-annually with principal due when permanent financing is utilized which is expected to be 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%. For disclosure purposes, the bond anticipation note will be disclosed on the payment paid 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. Bond issuance cost of \$143,353 were incurred related to this issue and expensed in the General Obligation Bond Fund.

Primary government long-term debt at June 30, 2022, consisted of the following:

	<u>Balance 6/30/22</u>	<u>Due within one year</u>
Governmental Activities		
General Obligation Anticipation Note, Series 2020; dated December 22, 2020; 0.99% - 1.61%; interest due semi-annually	\$ 23,803,325	\$ 991,520
General Obligation Bonds, Series 2021; dated October 15, 2021; 2.00% - 3.00%; principal due annually on June 1; interest due semi-annually	<u>7,075,000</u>	<u>220,000</u>
Total long-term debt – governmental activities	30,878,325	1,211,520
Unamortized bond premium	<u>297,289</u>	<u>-</u>
Total long-term debt – primary government	<u>\$ 31,175,614</u>	<u>\$ 1,211,520</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 7/1/2021	Additions	Reductions	Balance 6/30/2022	Due within one year
City of Athens:					
General Obligation Anticipation Note, Series 2020	\$ 5,903,325	\$ 17,900,000	\$ -	\$ 23,803,325	\$ 991,520
General Obligation Bonds, Series 2021	-	7,350,000	275,000	7,075,000	220,000
Total long-term debt	5,903,325	25,250,000	275,000	30,878,325	1,211,520
Other long-term liabilities:					
Compensated absences	318,927	289,408	271,340	336,995	224,675
	6,222,252	25,539,408	546,340	31,215,320	1,436,195
Board of Education:					
Sick leave	50,592	30,001	26,827	53,766	46,887
Total	<u>\$ 6,272,844</u>	<u>\$ 25,569,409</u>	<u>\$ 573,167</u>	<u>\$ 31,269,086</u>	<u>\$ 1,483,082</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, 2022

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			General Obligation Bonds, Series 2021		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 991,520	\$ 535,575	\$ 1,527,095	\$ 220,000	\$ 160,815	\$ 380,815
2024	1,013,830	513,265	1,527,095	225,000	154,215	379,215
2025	1,036,641	490,454	1,527,095	235,000	147,465	382,465
2026	1,059,965	467,130	1,527,095	240,000	140,415	380,415
2027	1,083,814	443,281	1,527,095	245,000	133,215	378,215
2028-2032	5,796,019	1,839,456	7,635,475	1,340,000	559,025	1,899,025
2033-2037	6,478,082	1,157,393	7,635,475	1,490,000	411,275	1,901,275
2038-2042	6,343,454	395,068	6,738,522	1,640,000	256,275	1,896,275
2043-2046	-	-	-	1,440,000	78,910	1,518,910
	<u>\$ 23,803,325</u>	<u>\$ 5,841,622</u>	<u>\$ 29,644,947</u>	<u>\$ 7,075,000</u>	<u>\$ 2,041,610</u>	<u>\$ 9,116,610</u>

Total All Issues			
June 30	Principal	Interest	Total
2023	\$ 1,211,520	\$ 696,390	\$ 1,907,910
2024	1,238,830	667,480	1,906,310
2025	1,271,641	637,919	1,909,560
2026	1,299,965	607,545	1,907,510
2027	1,328,814	576,496	1,905,310
2028-2032	7,136,019	2,398,481	9,534,500
2033-2037	7,968,082	1,568,668	9,536,750
2038-2042	7,983,454	651,343	8,634,797
2043-2046	1,440,000	78,910	1,518,910
	<u>\$ 30,878,325</u>	<u>\$ 7,883,232</u>	<u>\$ 38,761,557</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Component unit long-term debt activity for the year is as follows:

Utilities Board:

	Balance 7/1/2021	Additions	Reductions	Balance 6/30/2022	Due within one year
Revenue and tax bonds	\$ 1,156,997	\$ -	\$ 31,629	\$ 1,125,368	\$ 28,572
Notes payable	19,729,264	-	1,610,061	18,119,203	1,620,830
Total	<u>\$ 20,886,261</u>	<u>\$ -</u>	<u>\$ 1,641,690</u>	<u>\$ 19,244,571</u>	<u>\$ 1,649,402</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, 2022.

The Athens Utilities Board has debt issues with outstanding balances totaling \$19,244,571, 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 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
2023	\$ 1,649,402	\$ 231,090	\$ 1,880,492
2024	1,661,818	213,219	1,875,037
2025	1,674,450	195,101	1,869,551
2026	1,687,319	176,718	1,864,037
2027	1,700,415	158,080	1,858,495
2028-2032	8,520,618	503,121	9,023,739
2033-2037	1,758,998	167,165	1,926,163
2038-2042	258,927	76,041	334,968
2043-2047	293,010	31,950	324,960
2048	39,614	526	40,140
	<u>\$ 19,244,571</u>	<u>\$ 1,753,011</u>	<u>\$ 20,997,582</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022, all the City's deposits were insured or collateralized.

Board of Education:

At June 30, 2022, all cash deposits of the Board were insured or collateralized in accordance with state statutes.

Component unit

At June 30, 2022, 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, 2022

Note 4. Cash Deposits and Investments (continued)

Investments: (continued)

Primary Government (continued)

As of June 30, 2022, the City had \$33,104,717 invested in the LGIP and \$6,772,750 in certificates of deposit 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, 2022, the investments of the LGIP had a weighted average maturity of 44 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, 2022, the Cemetery Perpetual Care Fund's investments consisted of the following:

	Fair Value
Money market funds - cash	\$ 14,767
Mutual funds	323,193
	\$ 337,960

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

Athens Pension Trust Fund:

As of June 30, 2022, the Athens Pension Trust Fund's investments consisted of the following:

	Fair Value
Bank sweep - cash	\$ 327,085
Mutual funds	15,935,292
	\$ 16,262,377

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022:

Investment type	Fair Value	Level 1	Level 2	Level 3
Athens Pension Trust Fund:				
Money market funds - cash	\$ 327,085	\$ 327,085	\$ -	\$ -
Mutual funds	15,935,292	-	15,935,292	-
	<u>16,262,377</u>	<u>327,085</u>	<u>15,935,292</u>	<u>-</u>
Cemetery Perpetual Fund:				
Money market funds - cash	14,767	14,767	-	-
Mutual funds	323,193	-	323,193	-
	<u>337,960</u>	<u>14,767</u>	<u>323,193</u>	<u>-</u>
	<u>\$ 16,600,337</u>	<u>\$ 341,852</u>	<u>\$ 16,258,485</u>	<u>\$ -</u>

Note 5. Interfund Transactions

Interfund Balances:

At June 30, 2022, the General Purpose School Fund had interfund receivables that consist of \$430,000 due from the General Fund and \$807,037 due from the Federal Projects Fund. The General Purpose School Fund had an interfund payable of \$4,446 due to the General Fund, and \$4,690 due to the Cafeteria Fund. The Capital Improvement Fund had an interfund receivable of \$382,991 due from the School Construction Fund.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, \$3,560,000 to the Capital Improvement Fund, \$1,000,000 to the Debt Service Fund-Schools and \$400,000 to Debt Service Fund-City Projects. The Education Capital Projects Fund transferred \$24,247 to the General Purpose Fund. The School Construction Fund transferred \$17,216,787 to the Education Capital Projects 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, 2022, the Utilities Board has a due from the primary government of \$55,516 and a due to the primary government of \$86,823.

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	\$ 79,512,811	\$ 3,261,209	\$ 82,774,020
Accumulated depreciation	(30,353,083)	(2,081,177)	(32,434,260)
Debt related to acquisition and construction of capital assets	(30,878,325)	-	(30,878,325)
Retainage payable and accrued interest	(1,338,404)	-	(1,338,404)
Net investment in capital assets	16,942,999	1,180,032	18,123,031
Restricted	20,408,267	-	20,408,267
Unrestricted	37,778,216	2,946,724	40,724,940
Total net position	<u>\$ 75,129,482</u>	<u>\$ 4,126,756</u>	<u>\$ 79,256,238</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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	\$ 103,810
Centralized Cafeteria Fund-Inventory	32,517
Cemetery Perpetual Care Fund-Nonexpendable	99,536
Total nonspendable fund balances	<u>235,863</u>
Restricted	
General Fund-Law Enforcement	86,368
General Fund-Animal Shelter	33,660
General Purpose School Fund-Career Ladder	1,335
General Purpose School Fund-Stabilization Reserve	205,396
General Obligation Bond Fund	7,271,759
Cemetery Perpetual Care Fund-Expendable	238,424
Debt Service Fund-City Projects	18,771
Debt Service Fund-Schools	2,846,563
Hotel/Motel Tax Fund-Tourism	321,863
Internal School Funds-Student Activities	177,857
Drug Fund	91,719
Total restricted fund balances	<u>11,293,715</u>
Committed	
General Fund-Police benefit	24,036
Capital Improvement Fund-Capital Improvements	9,476,482
School Construction Fund	1,260,238
Drug Fund	15,590
Total committed fund balances	<u>10,776,346</u>
Assigned	
General Purpose School Fund-Education	8,296,223
Centralized Cafeteria Fund	895,639
Total assigned fund balances	<u>9,191,862</u>
Unassigned	
General Fund	18,416,143
Total fund balances	<u>\$ 49,913,929</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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	\$ 94,571,302
Unrestricted	<u>26,895,367</u>
	<u><u>\$ 121,466,669</u></u>

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, 2022</u>
Inactive Plan participants or beneficiaries currently receiving benefits	75
Inactive Plan participants entitled to deferred benefits	29
Active vested Plan participants	<u>26</u>
Total	<u><u>130</u></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, 2022

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, 2022:

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.

<u>Participant's Year of Birth</u>	<u>Average Covered Wage</u>	<u>Participant's Year of Birth</u>	<u>Average Covered Wage</u>
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, 2022

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, 2022

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, 2022

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, 2022:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	36 %
International equity	21
Fixed income	18
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, 2022

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, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (12.26) 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, 2022, was as follows:

Total pension liability	\$ 18,586,283
Plan fiduciary net position	<u>(16,262,377)</u>
City net pension liability (asset)	<u>\$ 2,323,906</u>
Plan fiduciary net position as a percentage of the total pension liability	87.50%
Covered payroll	\$ 1,475,902
Net pension liability (asset) as a percentage of covered payroll	157.46%

The Plan's fiduciary net position is reported in the Athens Pension Trust Fund as of June 30, 2022. 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, 2022.

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

- Measurement Date – June 30, 2022
- Valuation Date – July 1, 2022
- 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
- Salary Projection – 3.00% per annum
- Cost of Living Increase – N/A

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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:

<u>Age</u>	<u>Rate</u>
55-61	5.0%
62	75.0
63-64	50.0
65	100.0

Withdrawal rates: 150% of Table T-7

<u>Age</u>	<u>Withdrawal</u>	
	<u>Male</u>	<u>Female</u>
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, 2022, (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	6.11 %
International equity	5.31
Fixed income	1.80
Hedge fund	3.39
Real estate	5.29
Cash and cash equivalents	-0.32

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City of Athens'			
Net pension liability (asset)	\$ 4,226,406	\$ 2,323,906	\$ 707,285

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022, 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, 2021	\$ 18,284,858	\$ 19,221,505	\$ (936,647)
Changes for the year:			
Service cost	93,524	-	93,524
Interest	1,201,915	-	1,201,915
Changes of benefit terms	428,562	-	428,562
Differences between expected and actual experience	(259,104)	-	(259,104)
Contributions - employer	-	600,000	(600,000)
Net investment income (loss)	-	(2,354,156)	2,354,156
Benefit payments, including refunds of employee contributions	(1,163,472)	(1,163,472)	-
Administrative expense	-	(41,500)	41,500
Net changes	301,425	(2,959,128)	3,260,553
Balance at June 30, 2022	\$ 18,586,283	\$ 16,262,377	\$ 2,323,906

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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	\$ 623,636	\$ 23,558	\$ 647,194

For the measurement period ended June 30, 2022, 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	\$ -	\$ 16,951
Net difference between projected and actual earnings on pension plan investments	1,967,535	-
Total	\$ 1,967,535	\$ 16,951

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:	
2023	\$ 457,165
2024	433,942
2025	333,174
2026	726,303

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, 2022

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 \$181,972 during 2022.

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, 2022

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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	69
Inactive employees entitled to but not yet receiving benefits	128
Active employees	<u>77</u>
	<u>274</u>

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, 2022, employer contributions were \$207,706 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, 2021, 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, 2021, 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, 2022

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, 2021, 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.

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.

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, 2022

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, 2020	\$ 8,455,099	\$ 8,555,023	\$ (99,924)
Changes for the year:			
Service cost	194,715	-	194,715
Interest	611,951	-	611,951
Differences between expected and actual experience	62,356	-	62,356
Changes in assumptions	569,528	-	569,528
Contributions - Employer	-	203,379	(203,379)
Contributions - Employees	-	105,910	(105,910)
Net investment income	-	2,191,947	(2,191,947)
Benefit payments, including refunds of employee contributions	(418,219)	(418,219)	-
Administrative expense	-	(7,219)	7,219
Net changes	<u>1,020,331</u>	<u>2,075,798</u>	<u>(1,055,467)</u>
Balance at June 30, 2021	<u>\$ 9,475,430</u>	<u>\$ 10,630,821</u>	<u>\$ (1,155,391)</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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)	\$ 58,176	\$ (1,155,391)	\$ (2,163,743)

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

Pension expense. For the year ended June 30, 2022, Athens City Board of Education recognized pension expense (negative pension expense) of \$(91,914).

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2022, 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	\$ 46,767	\$ 57,516
Net difference between projected and actual earnings on pension plan investments	-	1,169,504
Changes in assumptions	427,146	-
Contributions subsequent to the measurement date of June 30, 2021	207,706	-
Total	\$ 681,619	\$ 1,227,020

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2021, 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:	
2023	\$ (170,882)
2024	(147,373)
2025	(119,670)
2026	(315,182)

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, 2022

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, 2022, to the Teacher Legacy Pension Plan were \$625,833 which is 10.30 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, 2022, the Athens City Board of Education reported a liability (asset) of \$(7,633,632) for its proportionate share of net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021, 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, 2021, measurement date, Athens City Board of Education's proportion was 0.177677 percent. The proportion measured as of June 30, 2020, was 0.183907 percent.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022, Athens City Board of Education recognized pension expense (negative pension expense) of \$(1,187,361).

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2022, 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	\$ 25,754	\$ 639,172
Changes in assumptions	2,047,594	-
Net difference between projected and actual earnings on pension plan investments	-	6,111,576
Changes in proportion of net pension liability (asset)	45,179	5,710
LEA's contributions subsequent to the measurement date of June 30, 2021	<u>625,833</u>	<u>-</u>
Total	<u>\$ 2,744,360</u>	<u>\$ 6,756,458</u>

The amount shown above for contributions subsequent to the measurement date of June 30, 2021, 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:	
2023	\$(1,098,763)
2024	(1,036,616)
2025	(853,213)
2026	(1,649,339)

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, 2022

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, 2021, 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, 2021, 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, 2022**

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)	\$ (1,363,869)	\$ (7,663,632)	\$ (12,906,292)

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, 2022

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, 2022

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 1.99 percent of covered payroll into the TCRS Stabilization Reserve Trust. By law, employer contributions for the Teacher Retirement Plan are required to be paid. 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, 2022, to the Teacher Retirement Plan were \$62,744 which is 2.01 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, 2022, Athens City Board of Education reported a liability (asset) of (\$195,993) for its proportionate share of the net pension liability. The net pension liability (asset) was measured as of June 30, 2021, 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, 2021, Athens City Board of Education's proportion was 0.180937 percent. The proportion measured as of June 30, 2020, was 0.184038 percent.

Pension expense. For the year ended June 30, 2022, Athens City Board of Education recognized pension expense of \$24,278.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022, 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	\$ 3,410	\$ 35,863
Net difference between projected and actual earnings on pension plan investments	-	112,819
Changes in assumptions	70,693	-
Changes in proportion of net pension liability	8,914	5,562
LEA's contributions subsequent to the measurement date of June 30, 2021	62,744	-
Total	\$ 145,761	\$ 154,244

Athens City Board of Education's employer contributions of \$62,744 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, 2023. 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:	
2023	\$ (24,303)
2024	(23,685)
2025	(23,509)
2026	(26,348)
2027	3,743
Thereafter	22,875

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, 2022

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, 2021, 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, 2021, 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, 2022

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:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Athens City Board of Education's proportionate share of the net pension liability (asset)	\$ 67,377	\$ (195,993)	\$ (390,237)

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, 2022

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, 2022, 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, 2022

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.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 8. Employee Retirement Plans (continued)

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

TCRS Stabilization Reserve Trust (continued)

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.

At June 30, 2022, 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 %	\$ 63,673
Developed market international equity	14	28,755
Emerging market international equity	4	8,216
U.S. fixed income	20	41,079
Real estate	10	20,540
Short-term securities	1	2,054
Investments at amortized cost using the NAV:		
Private equity and strategic lending	20	41,079
Total	<u>100 %</u>	<u>\$ 205,396</u>

<u>Investments by Fair Value Level</u>	<u>Total 6/30/2022</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	\$ 63,673	\$ 63,673	\$ -	\$ -	\$ -
Developed market international equity	28,755	28,755	-	-	-
Emerging market international equity	8,216	8,216	-	-	-
U.S. fixed income	41,079	-	41,079	-	-
Real estate	20,540	-	-	20,540	-
Short-term securities	2,054	-	2,054	-	-
Private equity and strategic lending	41,079	-	-	-	41,079
Total	<u>\$ 205,396</u>	<u>\$ 100,644</u>	<u>\$ 43,133</u>	<u>\$ 20,540</u>	<u>\$ 41,079</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022

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	\$ 75,931	\$ 749,502
Changes in assumptions	2,545,433	-
Net difference between projected and actual earnings on pension plan investments	1,967,535	7,393,899
Changes in proportion of net pension liability (asset)	54,093	11,272
Employer contributions subsequent to the measurement date	<u>896,283</u>	<u>-</u>
Total	<u>\$ 5,539,275</u>	<u>\$ 8,154,673</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:	
2023	\$ (836,783)
2024	(773,732)
2025	(663,218)
2026	(1,264,566)
2027	3,743
Thereafter	22,875

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, 2022

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	\$ 2,323,906	\$ -
Board of Education - Public Employee Retirement Plan	-	(1,155,391)
Board of Education - Teacher Legacy Pension Plan	-	(7,663,632)
Board of Educaiton - Teacher Retirement Plan	-	(195,993)
Total aggregate net pension liability (asset)	\$ 2,323,906	\$ (9,015,016)

Pension expense (negative pension expense) related to all plans were as follows:

City - Employee Retirement Plan	\$ 647,194
Board of Education - Public Employee Retirement Plan	(91,914)
Board of Education - Teacher Legacy Pension Plan	(1,187,361)
Board of Education - Teacher Retirement Plan	24,278
Total aggregate negative pension expense	\$ (607,803)

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 \$124,835 to the Plan in 2022.

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, 2022

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, 2021, the following employees were covered by the benefit terms of the TGOP:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>135</u>
	<u>149</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 2022, the Board paid \$100,191 to the TGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions. The collective total OPEB liability in the June 30, 2021, 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	7.36% for pre-65 in 2021, decreasing annually over a 7 year period to an ultimate rate of 4.50%. 7.32% for post-65 in 2021, decreasing annually over an 8 year year period to an ultimate rate of 4.50%.
Retiree's share of benefit-related	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, 2021, 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, 2022

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.

Discount rate. The discount rate used to measure the total OPEB liability was 2.16 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.

Changes in the collective total OPEB liability are as follows:

Balance at June 30, 2020	<u>\$ 2,616,044</u>
Changes for the year:	
Service cost	148,684
Interest	59,338
Differences between expected and actual experience	213,515
Changes in assumptions and other inputs	339,955
Benefit payments	<u>(160,397)</u>
Net changes	<u>601,095</u>
Balance at June 30, 2021	<u><u>\$ 3,217,139</u></u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 1,048,708
Employer's proportionate share of the collective total OPEB liability	\$ 2,168,431
Employer's proportion of the collective total OPEB liability	67.40%

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 (2.02) percent from the prior measurement date. The Board recognized \$91,294 of revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for Board retirees.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Teacher Group OPEB Plan (continued)

Changes in assumptions. The discount rate was changed from 2.21 percent as of the beginning of the measurement period to 2.16 percent as of June 30, 2021. 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 (1.16 percent) or 1 percentage point higher (3.16 percent) than the current discount rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Proportionate share of the collective total OPEB liability	\$ 2,332,719	\$ 2,168,431	\$ 2,011,487

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 (6.36%/6.32% decreasing to 3.50%)	Healthcare Cost Trend Rate (7.36%/7.32% decreasing to 4.50%)	1% Increase (8.36% /8.32% decreasing to 5.50%)
Proportionate share of the collective total OPEB liability	\$ 1,914,925	\$ 2,168,431	\$ 2,470,149

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

OPEB expense. For the year ended June 30, 2022, the Board recognized OPEB expense of \$275,951.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Teacher Group OPEB Plan (continued)

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

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 318,249	\$ 194,683
Changes in assumptions	366,110	120,927
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	80,323	93,847
Employer payments subsequent to the measurement date	<u>100,191</u>	<u>-</u>
Total	<u>\$ 864,873</u>	<u>\$ 409,457</u>

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:	
2023	\$ 44,445
2024	44,445
2025	44,445
2026	44,445
2027	44,445
Thereafter	133,000

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, 2022

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, 2021, the following employees were covered by the benefit terms of the TNP:

Inactive employees or beneficiaries currently receiving benefits	82
Inactive employees entitled to but not yet receiving benefits	15
Active employees	<u>100</u>
	<u>197</u>

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2021, 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, 2021, 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 2.16 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, 2022

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, 2020	\$ 774,465
Changes for the year:	
Service cost	9,734
Interest	16,864
Differences between expected and actual experience	(16,813)
Changes in assumptions and other inputs	(97,303)
Benefit payments	(42,507)
Net changes	<u>(130,025)</u>
Balance at June 30, 2021	<u>\$ 644,440</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 644,440
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 \$19,776 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 2.21 percent as of the beginning of the measurement period to 2.16 percent as of June 30, 2021. 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, 2022, the Board recognized OPEB expense of \$19,776.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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	\$ 318,249	\$ 194,683
Changes in assumptions	366,110	120,927
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	80,323	93,847
Employer payments subsequent to the measurement date	100,191	-
Total	\$ 864,873	\$ 409,457

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:	
2023	\$ 44,445
2024	44,445
2025	44,445
2026	44,445
2027	44,445
Thereafter	133,000

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, 2022

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	\$ 2,168,431
Tennessee OPEB Plan	<u>-</u>
Total aggregate OPEB liability	<u>\$ 2,168,431</u>

OPEB expense related to all plans were as follows:

Teacher Group OPEB Plan	\$ 275,951
Tennessee OPEB Plan	<u>19,776</u>
Total aggregate OPEB expense	<u>\$ 295,727</u>

In addition, the Board of Education's Teacher Group OPEB Plan and Tennessee OPEB Plan recognized \$91,294 and \$19,776 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, 2022, the State of Tennessee made contributions to healthcare plans on behalf of the Board as follows:

<u>Plan</u>	<u>Amount</u>
Teacher Group OPEB Plan	<u>\$ 54,409</u>
Tennessee OPEB Plan	<u>40,404</u>
	<u>\$ 94,813</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, 2022

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, 2022:

	Percentage of Taxes Abated during the Year	Amount of Taxes Abated during the Year
Denso Tennessee, Inc.	50%	\$ 90,110

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 has entered a construction contract with an estimated cost of \$36,340,000 to construct a Pre-K-5 facility and perform other renovations. Upon completion, the current five schools will be consolidated into the current 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. Construction is expected to be completed by the summer of 2023. The Board will own the property. The construction costs are being accounted for in the Education Capital Projects Fund. At June 30, 2022, the City's government-wide financial statements reflect construction in progress of \$24,663,603 related to the Building Program.

CITY OF ATHENS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 14. Commitments and Contingencies

The Athens Utilities Board has debt issues with outstanding balances totaling \$19,244,571, 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

In March 2020, the World Health Organization declared a pandemic related to the rapidly spreading coronavirus (COVID-19) outbreak, which has led to a global health emergency. Events that unfold as a part of the COVID-19 pandemic could materially impact the City's net position, however, the ultimate impact, if any, cannot be reasonably estimated at this time.

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.

Note 16. Subsequent Events

The City Manager resigned effective November 14, 2022, subject to the City Council agreeing to honor the terms specified in his employment agreement. This resulted in the payment of salary for six months in the amount of \$60,247 and vacation pay earned of \$10,826. The payment was made in a lump sum on November 15, 2022. The Director of Finance was appointed to serve as the interim City Manager until this position is filled on a permanent basis. On November 15, 2022, the City Council voted to terminate the City Attorney and appointed another attorney to serve for three months until a permanent attorney is appointed.

**REQUIRED SUPPLEMENTAL
INFORMATION**

**CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS
EMPLOYEE RETIREMENT PLAN
LAST EIGHT FISCAL YEARS
June 30, 2022**

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service cost	\$ 93,524	\$ 102,772	\$ 110,220	\$ 130,864	\$ 134,000	\$ 181,239	\$ 202,251	\$ 219,376
Interest	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	(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	(1,163,472)	(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	<u>301,425</u>	<u>109,157</u>	<u>1,603,570</u>	<u>(62,999)</u>	<u>67,739</u>	<u>(555)</u>	<u>898,635</u>	<u>969,098</u>
Total pension liability - beginning	<u>18,284,858</u>	<u>18,175,701</u>	<u>16,572,131</u>	<u>16,635,130</u>	<u>16,567,391</u>	<u>16,567,946</u>	<u>15,669,311</u>	<u>14,700,213</u>
Total pension liability - ending (a)	<u>\$ 18,586,283</u>	<u>\$ 18,284,858</u>	<u>\$ 18,175,701</u>	<u>\$ 16,572,131</u>	<u>\$ 16,635,130</u>	<u>\$ 16,567,391</u>	<u>\$ 16,567,946</u>	<u>\$ 15,669,311</u>
Plan Fiduciary Net Position								
Contributions - employer	\$ 600,000	\$ 610,000	\$ 640,000	\$ 600,000	\$ 600,000	\$ 650,000	\$ 1,300,000	\$ 1,610,000
Net investment income (loss)	(2,354,156)	3,073,148	638,288	914,882	1,320,179	1,737,667	(116,640)	200,379
Benefit payments	(1,163,472)	(1,093,628)	(1,148,642)	(1,095,290)	(953,466)	(863,801)	(717,399)	(668,078)
Administrative expense	(41,500)	(26,062)	(73,971)	-	(64,193)	(55,593)	(55,550)	(66,580)
Net change in plan fiduciary net position	<u>(2,959,128)</u>	<u>2,563,458</u>	<u>55,675</u>	<u>419,592</u>	<u>902,520</u>	<u>1,468,273</u>	<u>410,411</u>	<u>1,075,721</u>
Plan fiduciary net position - beginning	<u>19,221,505</u>	<u>16,658,047</u>	<u>16,602,372</u>	<u>16,182,780</u>	<u>15,280,260</u>	<u>13,811,987</u>	<u>13,401,576</u>	<u>12,325,855</u>
Plan fiduciary net position - ending (b)	<u>\$ 16,262,377</u>	<u>\$ 19,221,505</u>	<u>\$ 16,658,047</u>	<u>\$ 16,602,372</u>	<u>\$ 16,182,780</u>	<u>\$ 15,280,260</u>	<u>\$ 13,811,987</u>	<u>\$ 13,401,576</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 2,323,906</u>	<u>\$ (936,647)</u>	<u>\$ 1,517,654</u>	<u>\$ (30,241)</u>	<u>\$ 452,350</u>	<u>\$ 1,287,131</u>	<u>\$ 2,755,959</u>	<u>\$ 2,267,735</u>
Plan fiduciary net position as a percentage of the total pension liability	87.50%	105.12%	91.65%	100.18%	97.28%	92.23%	83.37%	85.53%
Covered payroll	\$ 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 payroll	157.46%	-52.38%	83.11%	-1.44%	20.40%	52.64%	89.84%	66.58%
Notes to Schedule								
<i>Changes in assumptions:</i>								
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 SUPPLEMENTAL INFORMATION
SCHEDULE OF CONTRIBUTIONS
EMPLOYEE RETIREMENT PLAN
LAST EIGHT FISCAL YEARS
June 30, 2022**

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 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	610,000	640,000	600,000	600,000	650,000	1,300,000	1,610,000
Contribution deficiency (excess)	\$ (491,344)	\$ (113,449)	\$ (235,474)	\$ (201,367)	\$ (206,158)	\$ (290,861)	\$ (940,604)	\$ (1,144,197)
Covered payroll	\$ 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 payroll	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	24.5 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 SUPPLEMENTAL INFORMATION
 SCHEDULE OF INVESTMENT RETURNS
 EMPLOYEE RETIREMENT PLAN
 LAST NINE FISCAL YEARS
 June 30, 2022**

	<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	(12.26)%	18.21%	3.83%	6.08%	8.58%	12.38%	(0.85)%	1.57%	15.41%

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

CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION
LIABILITY (ASSET) AND RELATED RATIOS
ATHENS CITY BOARD OF EDUCATION
PUBLIC EMPLOYEE PENSION PLAN
LAST EIGHT FISCAL YEARS
June 30, 2022

	2014	2015	2016	2017	2018	2019	2020	2021
TOTAL PENSION LIABILITY								
Service cost	\$ 183,637	\$ 192,930	\$ 202,468	\$ 197,805	\$ 217,353	\$ 189,989	\$ 200,990	\$ 194,715
Interest	456,115	470,972	507,194	525,704	537,932	567,606	591,597	611,951
Differences between expected and actual experience	(170,142)	108,969	(142,126)	(98,841)	112,311	(32,715)	(98,678)	62,356
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)
Net change in total pension liability	192,357	488,490	253,040	455,755	420,073	310,522	298,338	1,020,331
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
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
PLAN FIDUCIARY NET POSITION								
Contributions - employer	\$ 156,714	\$ 158,450	\$ 164,526	\$ 174,295	\$ 168,249	\$ 177,242	\$ 200,213	\$ 203,379
Contributions - employees	94,521	95,605	100,581	105,188	101,278	106,516	104,586	105,910
Net investment income	914,930	196,626	173,363	754,503	605,614	576,272	406,602	2,191,947
Benefit payments, including refunds of employee contributions	(277,253)	(284,381)	(314,496)	(317,667)	(447,523)	(414,358)	(395,571)	(418,219)
Administrative expense	(3,263)	(4,335)	(6,525)	(8,045)	(8,206)	(7,699)	(7,327)	(7,219)
Net change in plan fiduciary net position	885,649	161,965	117,449	708,274	419,412	437,973	308,503	2,075,798
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
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
Net pension liability (asset)-ending (a)-(b)	\$ (172,566)	\$ 153,959	\$ 289,550	\$ 37,031	\$ 37,692	\$ (89,759)	\$ (99,924)	\$ (1,155,391)
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%
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
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)%

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 SUPPLEMENTAL INFORMATION
SCHEDULE OF CONTRIBUTIONS
ATHENS CITY BOARD OF EDUCATION
PUBLIC EMPLOYEE PENSION PLAN
LAST NINE FISCAL YEARS
June 30, 2022**

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 156,714	\$ 158,450	\$ 164,526	\$ 174,295	\$ 168,249	\$ 177,242	\$ 200,213	\$ 203,379	\$ 207,706
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
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
Contributions as a percentage covered payroll	8.30%	8.32%	8.33%	8.32%	8.32%	8.32%	9.60%	9.59%	9.60%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates for 2022 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.

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

**CITY OF ATHENS, TENNESSEE
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF
 THE NET PENSION LIABILITY (ASSET)
 ATHENS CITY BOARD OF EDUCATION
 TEACHER LEGACY PENSION PLAN
 LAST EIGHT FISCAL YEARS
 June 30, 2022**

	2015	2016	2017	2018	2019	2020	2021	2022
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)%
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)
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
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)%
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%

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 SUPPLEMENTAL INFORMATION
SCHEDULE OF CONTRIBUTIONS
ATHENS CITY BOARD OF EDUCATION
TEACHER LEGACY PENSION PLAN
LAST NINE FISCAL YEARS
June 30, 2022

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 658,397	\$ 649,018	\$ 656,609	\$ 624,934	\$ 601,539	\$ 678,635	\$ 650,650	\$ 598,911	\$ 625,833
Contribution in relation to the contractually required contribution	<u>658,397</u>	<u>649,018</u>	<u>656,609</u>	<u>624,934</u>	<u>601,539</u>	<u>678,635</u>	<u>650,650</u>	<u>598,911</u>	<u>625,833</u>
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	\$ 6,076,045
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%

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.

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

CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)
ATHENS CITY BOARD OF EDUCATION
TEACHER RETIREMENT PLAN
LAST SEVEN FISCAL YEARS
June 30, 2022

	2016	2017	2018	2019	2020	2021	2022
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)%
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)
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
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)%
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%

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 SUPPLEMENTAL INFORMATION
SCHEDULE OF CONTRIBUTIONS
ATHENS CITY BOARD OF EDUCATION
TEACHER RETIREMENT PLAN
LAST EIGHT FISCAL YEARS**

June 30, 2022

	2015	2016	2017	2018	2019*	2020**	2021***	2022****
Contractually required contribution	\$ 17,981	\$ 21,934	\$ 44,110	\$ 26,579	\$ 36,662	\$ 47,145	\$ 52,749	\$ 62,744
Contribution in relation to the contractually required contribution	28,770	35,049	44,110	65,195	36,662	47,145	52,749	62,744
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
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%

Notes to Schedule

* 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.

** 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.

*** 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.

**** 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.

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.

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

**CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTAL 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, 2022**

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

Notes to Schedule

Valuation date: June 30, 2021

Measurement date: June 30, 2021

Methods and assumptions used to determine total OPEB liability:

Actuarial cost method	Entry age normal		
Inflation	2.25%		
Discount rate	2.16%		
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	5.14%	6.16%

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 SUPPLEMENTAL 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, 2022

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

Notes to Schedule

Valuation date: June 30, 2021

Measurement date: June 30, 2021

Methods and assumptions used to determine total OPEB liability:

Actuarial cost method Entry age normal

Inflation 2.25%

Discount rate 2.16%

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.

This page intentionally left blank.

**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.

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

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, 2022**

	Special Revenue Funds										Permanent Fund		Total Nonmajor Governmental Funds
	General Obligation Bond	Debt Service - City Projects	Debt Service - Schools	Hotel/ Motel Tax	Federal Projects	Drug	Centralized Cafeteria	Internal School Funds	Cemetery Perpetual Care	Cemetery Perpetual Care	Total		
											\$	\$	
ASSETS													
Cash and cash equivalents	\$ 19,016	\$ 3,365	\$ 2,947	\$ 279,863	\$ 109,991	\$ 55,588	\$ 883,357	\$ 177,857	\$ 14,767	\$ 14,767	\$ 1,546,751		
Investments	7,327,738	15,406	2,843,616	42,000	48,647	-	-	-	323,193	323,193	10,558,600		
Accounts receivable	-	-	-	-	-	-	-	-	-	-	42,000		
Due from other governments	-	-	-	-	875,183	3,074	68,052	-	-	-	946,309		
Interfund receivable	-	-	-	-	-	-	4,690	-	-	-	4,690		
Inventories	-	-	-	-	-	-	32,517	-	-	-	32,517		
Restricted cash	-	-	-	-	8,320	-	-	-	-	-	8,320		
Total assets	<u>\$ 7,346,754</u>	<u>\$ 18,771</u>	<u>\$ 2,846,563</u>	<u>\$ 321,863</u>	<u>\$ 993,494</u>	<u>\$ 107,309</u>	<u>\$ 988,616</u>	<u>\$ 177,857</u>	<u>\$ 337,960</u>	<u>\$ 337,960</u>	<u>\$ 13,139,187</u>		
LIABILITIES AND FUND BALANCES													
LIABILITIES													
Accounts payable	\$ 74,995	\$ -	\$ -	\$ -	\$ 6,671	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,666		
Retainage payable	-	-	-	-	8,320	-	-	-	-	-	8,320		
Interfund payable	-	-	-	-	807,037	-	-	-	-	-	807,037		
Accrued payroll and withholdings	-	-	-	-	171,466	-	60,460	-	-	-	231,926		
Total liabilities	<u>74,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>993,494</u>	<u>-</u>	<u>60,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,128,949</u>		
FUND BALANCES													
Nonspendable	-	-	-	-	-	-	32,517	-	99,536	99,536	132,053		
Restricted	7,271,759	18,771	2,846,563	321,863	-	91,719	-	177,857	238,424	238,424	10,966,956		
Committed	-	-	-	-	-	15,590	-	-	-	-	15,590		
Assigned	-	-	-	-	-	-	895,639	-	-	-	895,639		
Total fund balances	<u>7,271,759</u>	<u>18,771</u>	<u>2,846,563</u>	<u>321,863</u>	<u>-</u>	<u>107,309</u>	<u>928,156</u>	<u>177,857</u>	<u>337,960</u>	<u>337,960</u>	<u>12,010,238</u>		
Total liabilities and fund balances	<u>\$ 7,346,754</u>	<u>\$ 18,771</u>	<u>\$ 2,846,563</u>	<u>\$ 321,863</u>	<u>\$ 993,494</u>	<u>\$ 107,309</u>	<u>\$ 988,616</u>	<u>\$ 177,857</u>	<u>\$ 337,960</u>	<u>\$ 337,960</u>	<u>\$ 13,139,187</u>		

**CITY OF ATHENS, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

	Special Revenue Funds							Permanent	Total	
	General Obligation Bond	Debt Service - City Projects	Debt Service - Schools	Hotel/ Motel Tax	Federal Projects	Drug	Centralized Cafeteria	Internal School Funds	Cemetery Perpetual Care	Nonmajor Governmental Funds
REVENUES										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 4,698,472	\$ -	\$ 1,644,876	\$ -	\$ -	\$ 6,343,348
Taxes	-	-	-	321,863	-	-	-	-	-	321,863
Fines and forfeitures	-	-	-	-	-	25,426	-	-	-	25,426
Investment and interest income (loss)	14,762	406	5,964	-	-	100	3,682	530	(48,391)	(22,947)
Charges for services	-	-	-	-	-	-	58,380	243,190	7,205	308,775
Miscellaneous	-	-	-	-	-	-	314	50,126	-	50,440
Total revenues	<u>14,762</u>	<u>406</u>	<u>5,964</u>	<u>321,863</u>	<u>4,698,472</u>	<u>25,526</u>	<u>1,707,252</u>	<u>293,846</u>	<u>(41,186)</u>	<u>7,026,905</u>
EXPENDITURES										
Current:										
Education	-	-	-	-	4,698,472	5,000	1,463,000	269,062	-	6,435,534
Bank service charges	-	500	-	-	-	-	-	-	-	500
Traffic improvement	255,979	-	-	-	-	-	-	-	-	255,979
Debt service:										
Principal	-	275,000	-	-	-	-	-	-	-	275,000
Interest	-	106,135	157,053	-	-	-	-	-	-	263,188
Capital outlay	-	-	-	-	-	5,010	-	-	-	5,010
Total expenditures	<u>255,979</u>	<u>381,635</u>	<u>157,053</u>	<u>-</u>	<u>4,698,472</u>	<u>10,010</u>	<u>1,463,000</u>	<u>269,062</u>	<u>-</u>	<u>7,235,211</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(241,217)</u>	<u>(381,229)</u>	<u>(151,089)</u>	<u>321,863</u>	<u>-</u>	<u>15,516</u>	<u>244,252</u>	<u>24,784</u>	<u>(41,186)</u>	<u>(208,306)</u>
OTHER FINANCING SOURCES (USES)										
Proceeds from debt issuance	7,656,329	-	-	-	-	-	-	-	-	7,656,329
Bond issuance cost	(143,353)	-	-	-	-	-	-	-	-	(143,353)
Transfers in	-	400,000	1,000,000	-	-	-	-	-	-	1,400,000
Total other financing sources (uses)	<u>7,512,976</u>	<u>400,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,912,976</u>
NET CHANGE IN FUND BALANCE	<u>7,271,759</u>	<u>18,771</u>	<u>848,911</u>	<u>321,863</u>	<u>-</u>	<u>15,516</u>	<u>244,252</u>	<u>24,784</u>	<u>(41,186)</u>	<u>8,704,670</u>
FUND BALANCES, beginning of year	<u>-</u>	<u>-</u>	<u>1,997,652</u>	<u>-</u>	<u>-</u>	<u>91,793</u>	<u>683,904</u>	<u>153,073</u>	<u>379,146</u>	<u>3,305,568</u>
FUND BALANCES, end of year	<u>\$ 7,271,759</u>	<u>\$ 18,771</u>	<u>\$ 2,846,563</u>	<u>\$ 321,863</u>	<u>\$ -</u>	<u>\$ 107,309</u>	<u>\$ 928,156</u>	<u>\$ 177,857</u>	<u>\$ 337,960</u>	<u>\$ 12,010,238</u>

**CITY OF ATHENS, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
FEDERAL PROJECTS FUND
Year Ended June 30, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Federal funds received through state	\$ 1,268,635	\$ 10,073,492	\$ 4,698,472	\$ (5,375,020)
Total revenues	<u>1,268,635</u>	<u>10,073,492</u>	<u>4,698,472</u>	<u>(5,375,020)</u>
EXPENDITURES				
Current:				
Instruction				
Regular instruction	450,243	3,505,357	1,448,821	2,056,536
Special education	<u>331,610</u>	<u>693,518</u>	<u>408,815</u>	<u>284,703</u>
	<u>781,853</u>	<u>4,198,875</u>	<u>1,857,636</u>	<u>2,341,239</u>
Support services				
Instructional support	284,387	551,556	456,272	95,284
Student support	202,395	4,983,492	2,275,469	2,708,023
Transportation	<u>-</u>	<u>339,569</u>	<u>109,095</u>	<u>230,474</u>
	<u>486,782</u>	<u>5,874,617</u>	<u>2,840,836</u>	<u>3,033,781</u>
Total expenditures	<u>1,268,635</u>	<u>10,073,492</u>	<u>4,698,472</u>	<u>5,375,020</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
BUDGETARY COMPARISON SCHEDULE
DRUG FUND
Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Drug fines and forfeitures	\$ 20,000	\$ 20,000	\$ 25,426	\$ 5,426
Investment and interest income	-	-	100	100
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>25,526</u>	<u>5,526</u>
EXPENDITURES				
Drug investigation	5,000	5,000	-	5,000
Awareness, education and training	4,000	4,000	5,000	(1,000)
Capital outlay	<u>20,000</u>	<u>20,000</u>	<u>5,010</u>	<u>14,990</u>
Total expenditures	<u>29,000</u>	<u>29,000</u>	<u>10,010</u>	<u>18,990</u>
REVENUES OVER (UNDER)				
EXPENDITURES	(9,000)	(9,000)	15,516	24,516
FUND BALANCE, beginning of year	<u>91,793</u>	<u>91,793</u>	<u>91,793</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 82,793</u>	<u>\$ 82,793</u>	<u>\$ 107,309</u>	<u>\$ 24,516</u>

**CITY OF ATHENS, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
CENTRALIZED CAFETERIA FUND
Year Ended June 30, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
State funds	\$ 12,000	\$ 12,000	\$ 13,847	\$ 1,847
Federal funds received through state	1,387,781	1,387,781	1,631,029	243,248
Charges for services	60,000	60,000	58,380	(1,620)
Interest	1,200	1,200	3,682	2,482
Other	73,610	73,610	314	(73,296)
Total revenues	<u>1,534,591</u>	<u>1,534,591</u>	<u>1,707,252</u>	<u>172,661</u>
EXPENDITURES				
Food services	<u>1,534,591</u>	<u>1,534,591</u>	<u>1,463,000</u>	<u>71,591</u>
Total expenditures	<u>1,534,591</u>	<u>1,534,591</u>	<u>1,463,000</u>	<u>71,591</u>
REVENUES OVER EXPENDITURES	-	-	244,252	244,252
FUND BALANCE, beginning of year	<u>683,904</u>	<u>683,904</u>	<u>683,904</u>	-
FUND BALANCE, end of year	<u>\$ 683,904</u>	<u>\$ 683,904</u>	<u>\$ 928,156</u>	<u>\$ 244,252</u>

This page intentionally left blank.

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, 2022

	<u>Fleet Fund</u>	<u>Employee Medical Benefits Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 625,329	\$ -	\$ 625,329
Investments	3,959,146	380,051	4,339,197
Accounts receivable	82,225	-	82,225
Interest receivable	<u>737</u>	<u>-</u>	<u>737</u>
Total current assets	4,667,437	380,051	5,047,488
Capital assets:			
Capital assets, net	<u>3,657,894</u>	<u>-</u>	<u>3,657,894</u>
Total assets	<u>\$ 8,325,331</u>	<u>\$ 380,051</u>	<u>\$ 8,705,382</u>
 LIABILITIES AND NET POSITION			
LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION			
Net investment in capital assets	3,657,894	-	3,657,894
Unrestricted	<u>4,667,437</u>	<u>380,051</u>	<u>5,047,488</u>
Total net position	<u>8,325,331</u>	<u>380,051</u>	<u>8,705,382</u>
Total liabilities and net position	<u>\$ 8,325,331</u>	<u>\$ 380,051</u>	<u>\$ 8,705,382</u>

CITY OF ATHENS, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2022

	<u>Fleet Fund</u>	<u>Employee Medical Benefits Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 924,900	\$ -	\$ 924,900
OPERATING EXPENSES			
Depreciation	<u>466,599</u>	<u>-</u>	<u>466,599</u>
OPERATING INCOME	<u>458,301</u>	<u>-</u>	<u>458,301</u>
NONOPERATING REVENUES			
Gain on sale of assets	275,118	-	275,118
Interest income	<u>13,174</u>	<u>786</u>	<u>13,960</u>
Total nonoperating revenues	<u>288,292</u>	<u>786</u>	<u>289,078</u>
CHANGE IN NET POSITION	746,593	786	747,379
NET POSITION, beginning of year	<u>7,578,738</u>	<u>379,265</u>	<u>7,958,003</u>
NET POSITION, end of year	<u>\$ 8,325,331</u>	<u>\$ 380,051</u>	<u>\$ 8,705,382</u>

**CITY OF ATHENS, TENNESSEE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2022**

	Fleet Fund	Employee Medical Benefits Fund	Total
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES			
Receipts from customers	\$ 842,675	\$ -	\$ 842,675
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(283,286)	-	(283,286)
Proceeds from sale of capital assets	290,050	-	290,050
Net cash provided by capital and related financing activities	6,764	-	6,764
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment and interest earnings	13,721	786	14,507
Decrease in investments	(337,943)	(786)	(338,729)
Net cash used in investing activities	(324,222)	-	(324,222)
Net increase in cash and cash equivalents	525,217	-	525,217
Cash and cash equivalents, beginning of year	100,112	-	100,112
Cash and cash equivalents, end of year	\$ 625,329	\$ -	\$ 625,329
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 458,301	\$ -	\$ 458,301
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	466,599	-	466,599
Changes in assets and liabilities:			
Accounts receivable	(82,225)	-	(82,225)
Net cash provided by operating activities	\$ 842,675	\$ -	\$ 842,675

This page intentionally left blank.

OTHER

CITY OF ATHENS, TENNESSEE
SCHEDULE OF UNCOLLECTED DELINQUENT TAXES FILED
LAST TEN YEARS
June 30, 2022

<u>Tax Year</u>	<u>Delinquent Taxes Filed</u>	<u>July 1, 2021 Delinquent Taxes Receivable</u>	<u>Current Collections and Adjustments</u>	<u>June 30, 2022 Delinquent Taxes Receivable</u>
2011 and Prior	\$ *	\$ 15,222	\$ 1,284	\$ 13,938
2012	78,451	10,215	1,223	8,992
2013	72,120	4,911	1,305	3,606
2014	83,863	15,545	1,461	14,084
2015	116,012	25,037	3,322	21,715
2016	94,263	28,361	5,033	23,328
2017	158,360	41,541	8,143	33,398
2018	154,831	49,497	12,518	36,979
2019	140,539	94,069	33,577	60,492
2020	104,186	315,796	230,616	85,180

* Not available

CITY OF ATHENS, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
Year Ended June 30, 2022

	<u>Total</u>	<u>2022 Assessment</u>	<u>2021 Assessment</u>	<u>Prior Years</u>
PROPERTY TAXES RECEIVABLE July 1, 2021	<u>\$ 7,420,194</u>	<u>\$ -</u>	<u>\$ 6,820,000</u>	<u>\$ 600,194</u>
Add -				
Taxes assessed	6,577,000	6,577,000	-	-
Late listings	<u>128,883</u>	<u>-</u>	<u>117,825</u>	<u>11,058</u>
	<u>6,705,883</u>	<u>6,577,000</u>	<u>117,825</u>	<u>11,058</u>
Deduct -				
Collections	7,009,479	-	6,715,297	294,182
Adjustments and abatements	<u>25,387</u>	<u>-</u>	<u>10,029</u>	<u>15,358</u>
	<u>7,034,866</u>	<u>-</u>	<u>6,725,326</u>	<u>309,540</u>
PROPERTY TAXES RECEIVABLE June 30, 2022	<u>\$ 7,091,211</u>	<u>\$ 6,577,000</u>	<u>\$ 212,499</u>	<u>\$ 301,712</u>

CITY OF ATHENS, TENNESSEE
SCHEDULE OF INVESTMENTS
June 30, 2022

	<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:				
Truist Bank US Treasury Money Market Fund			\$ 14,767	\$ 14,767
Mutual Funds:				
Ariel - Institutional Fund	-	-	3,464	2,893
DFA International Core Equity Fund	-	-	4,899	4,140
DFA Intermediate Government Fixed Income Fund	-	-	23,612	23,758
DFA US Small Cap Portfolio Fund	-	-	4,953	4,251
Dodge and Cox Income Fund	-	-	108,096	94,723
DoubleLine Total Return Bond Fund	-	-	66,227	59,531
Eaton Vance - Atlanta SMID-R6 Fund	-	-	6,014	5,844
Edgewood Growth - Institutional Fund	-	-	4,481	2,930
Goldman Sachs GQG Partners International Fund	-	-	6,345	5,677
GQG Partners Emerging Markets Equity Fund	-	-	2,576	2,535
Hartford Dividend and Growth Fund	-	-	5,629	6,268
Invesco S&P 500 Equal Weight Fund	-	-	7,215	7,517
Ishares 20+ Year Treasury Bond Fund	-	-	26,749	24,008
Ishares Core S&P 500 Fund	-	-	6,261	6,066
Ishares S&P Midcap Fund	-	-	5,117	5,430
JOHCM International Select Fund	-	-	2,898	2,264
Loomis Sayles Growth Fund	-	-	6,629	7,583
Muzinich Credit Opportunities Fund	-	-	36,567	35,155
Neuberger Berman Real Estate Fund	-	-	5,782	5,435
T Rowe Price QM US Small Cap Growth Equity Fund	-	-	3,551	2,919
Touchstone Large Cap Fund	-	-	3,112	2,892
Van Eck Emerging Markets Fund	-	-	3,887	2,529
Vanguard Dividend Appreciation Index Fund	-	-	3,976	4,591
Vanguard International Dividend Appreciation Index Fund	-	-	4,879	4,254
Total mutual funds			<u>352,919</u>	<u>323,193</u>
Total Cemetery Perpetual Care Fund			<u>\$ 367,686</u>	<u>\$ 337,960</u>

(continued)

CITY OF ATHENS, TENNESSEE
SCHEDULE OF INVESTMENTS
June 30, 2022
(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			\$ 327,085	\$ 327,085
Mutual Funds:				
Ab Small Cap Growth Port Class Z Fund	-	-	604,232	449,859
Cohen & Steers Realty Shares Fund	-	-	799,127	896,588
Columbia Dividend Income Institutional 3 Class Fund	-	-	1,753,410	1,957,923
Delaware Ivy Mid Cap Growth Fund	-	-	585,276	450,782
Eaton Vance Income Fund of Boston	-	-	1,113,256	992,666
Franklin Alternative Strategies Fund	-	-	1,089,463	1,014,050
Franklin Small Cap Value Fund	-	-	748,714	780,964
Goldman Sachs Global Core Fixed Income Fund	-	-	817,396	683,922
Goldman Sachs Short Duration Government Fund	-	-	1,685,657	1,584,220
Invesco Oppenheimer Developing Markets Fund	-	-	1,494,930	1,194,146
JP Morgan Large Cap Growth R6 Fund	-	-	1,133,868	932,797
Merger Fund; Institutional	-	-	1,062,697	1,040,334
MFS Corporate Bond Class R6 Fund	-	-	1,082,542	850,736
MFS International Diversification Class R6 Fund	-	-	1,403,358	1,304,244
Touchstone Mid Cap Value Fund	-	-	1,009,656	1,107,730
Virtus Seix Core Bond Fund	-	-	818,933	694,331
Total mutual funds			<u>17,202,515</u>	<u>15,935,292</u>
Total Athens Pension Trust Fund			<u>\$ 17,529,600</u>	<u>\$ 16,262,377</u>

(continued)

CITY OF ATHENS, TENNESSEE
SCHEDULE OF INVESTMENTS
June 30, 2022
(continued)

	Interest Rate	Maturity Date	Cost	Market Value
INVESTMENTS - OTHER FUNDS				
General Fund				
Participation in the State of Tennessee				
Local Government Investment Pool (LGIP)	-	-	\$ 9,688,111	\$ 9,688,111
Certificate of Deposit	0.15%	N/A	4,081,772	4,081,772
			<u>\$ 13,769,883</u>	<u>\$ 13,769,883</u>
Drug Fund - LGIP	-	-	<u>\$ 48,647</u>	<u>\$ 48,647</u>
Capital Improvement Fund - LGIP			<u>\$ 9,116,305</u>	<u>\$ 9,116,305</u>
Employee Medical Benefits Fund - LGIP	-	-	<u>\$ 380,051</u>	<u>\$ 380,051</u>
Sanitation Fund - LGIP	-	-	<u>\$ 2,416,675</u>	<u>\$ 2,416,675</u>
Debt Service Fund - Schools - LGIP	-	-	<u>\$ 2,843,616</u>	<u>\$ 2,843,616</u>
Debt Service Fund - City Projects - LGIP	-	-	<u>\$ 15,406</u>	<u>\$ 15,406</u>
Fleet Fund				
LGIP	-	-	\$ 1,268,168	\$ 1,268,168
Certificate of Deposit	0.40%	11/6/2022	2,690,978	2,690,978
			<u>\$ 3,959,146</u>	<u>\$ 3,959,146</u>
General Obligation Bond Fund - LGIP	-	-	<u>\$ 7,327,738</u>	<u>\$ 7,327,738</u>

**CITY OF ATHENS, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIREMENTS
June 30, 2022**

Fiscal Year Ending 6/30	General Obligation Anticipation Note, Series 2020			General Obligation Bonds, Series 2021			Total All Issues		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 991,520	\$ 535,575	\$ 1,527,095	\$ 220,000	\$ 160,815	\$ 380,815	\$ 1,211,520	\$ 696,390	\$ 1,907,910
2024	1,013,830	513,265	1,527,095	225,000	154,215	379,215	1,238,830	667,480	1,906,310
2025	1,036,641	490,454	1,527,095	235,000	147,465	382,465	1,271,641	637,919	1,909,560
2026	1,059,965	467,130	1,527,095	240,000	140,415	380,415	1,299,965	607,545	1,907,510
2027	1,083,814	443,281	1,527,095	245,000	133,215	378,215	1,328,814	576,496	1,905,310
2028	1,108,200	418,895	1,527,095	255,000	125,865	380,865	1,363,200	544,760	1,907,960
2029	1,133,135	393,960	1,527,095	260,000	118,215	378,215	1,393,135	512,175	1,905,310
2030	1,158,630	368,465	1,527,095	270,000	110,415	380,415	1,428,630	478,880	1,907,510
2031	1,184,699	342,396	1,527,095	275,000	105,015	380,015	1,459,699	447,411	1,907,110
2032	1,211,355	315,740	1,527,095	280,000	99,515	379,515	1,491,355	415,255	1,906,610
2033	1,238,611	288,484	1,527,095	285,000	93,915	378,915	1,523,611	382,399	1,906,010
2034	1,266,479	260,616	1,527,095	290,000	88,215	378,215	1,556,479	348,831	1,905,310
2035	1,294,975	232,120	1,527,095	300,000	82,415	382,415	1,594,975	314,535	1,909,510
2036	1,324,112	202,983	1,527,095	305,000	76,415	381,415	1,629,112	279,398	1,908,510
2037	1,353,905	173,190	1,527,095	310,000	70,315	380,315	1,663,905	243,505	1,907,410
2038	1,384,367	142,728	1,527,095	315,000	64,115	379,115	1,699,367	206,843	1,906,210
2039	1,415,516	111,579	1,527,095	320,000	57,815	377,815	1,735,516	169,394	1,904,910
2040	1,447,365	79,730	1,527,095	330,000	51,415	381,415	1,777,365	131,145	1,908,510
2041	1,479,930	47,165	1,527,095	335,000	44,815	379,815	1,814,930	91,980	1,906,910
2042	616,276	13,866	630,142	340,000	38,115	378,115	956,276	51,981	1,008,257
2043	-	-	-	350,000	30,975	380,975	350,000	30,975	380,975
2044	-	-	-	355,000	23,625	378,625	355,000	23,625	378,625
2045	-	-	-	365,000	16,170	381,170	365,000	16,170	381,170
2046	-	-	-	370,000	8,140	378,140	370,000	8,140	378,140
TOTAL	\$ 23,803,325	\$ 5,841,622	\$ 29,644,947	\$ 7,075,000	\$ 2,041,610	\$ 9,116,610	\$ 30,878,325	\$ 7,883,232	\$ 38,761,557

CITY OF ATHENS, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
June 30, 2022

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2021	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2022
Governmental Activities								
General Obligation Anticipation Note, Series 2020	\$ 23,803,325	Variable	12/22/2020	12/30/2024 *	\$ 5,903,325	\$ 17,900,000	\$ -	\$ 23,803,325
General Obligation Bonds, Series 2021	7,350,000	Variable	10/15/2021	6/1/2046	-	7,350,000	275,000	7,075,000
Total long-term debt					\$ 5,903,325	\$ 25,250,000	\$ 275,000	\$ 30,878,325

* The Bond Anticipation Note represents interim financing. Permanent financing is expected to be in place at 12/30/2024.

This page intentionally left blank.

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, 2022
(Accrual Basis of Accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 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	\$ 17,004,556
Restricted	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	1,329,154
Unrestricted	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	21,586,035
Total governmental activities net position	\$ 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	\$ 39,919,745
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 1,180,032	\$ 804,418	\$ 722,042	\$ 899,650	\$ 1,068,385	\$ 1,213,388	\$ 1,166,634	\$ 1,087,417	\$ 1,051,952	\$ 1,250,026
Restricted	-	34,375	-	-	-	-	-	-	-	-
Unrestricted	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	1,439,227
Total business-type activities net position	\$ 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	\$ 2,689,253
PRIMARY GOVERNMENT										
Net investment in capital assets	\$ 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	\$ 18,254,582
Restricted	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	1,329,154
Unrestricted	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	23,025,262
Total primary government net position	\$ 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	\$ 42,608,998

Source: Annual Comprehensive Financial Reports

**CITY OF ATHENS, TENNESSEE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
June 30, 2022**

(Accrual Basis of Accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
EXPENSES										
Governmental activities:										
General government	\$ 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	\$ 3,140,398
Public safety	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	4,348,906
Highways and streets	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	1,709,642
Culture and recreation	1,416,819	956,232	1,402,284	1,469,977	1,241,870	1,106,216	943,464	932,977	960,444	913,856
Education:										
Instructional	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	9,653,532
Support services	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	5,077,403
Non-instructional	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	1,260,999
Unallocated depreciation	342,607	348,418	354,713	359,427	326,260	319,797	295,880	304,666	294,918	277,449
Health and welfare	148,282	116,181	172,629	153,093	104,309	97,281	93,581	95,333	106,926	111,079
Interest on long-term debt	451,107	-	-	-	-	19,659	17,533	21,927	28,568	33,823
Passthrough grants	-	-	-	-	-	2,279,544	303,616	1,373,723	1,096,736	-
Total governmental activities expenses	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	26,527,087
Business-type activities:										
Conference center	82,546	74,705	78,597	77,790	74,280	72,597	70,222	78,224	70,788	65,074
Sanitation	887,434	821,271	880,695	827,025	759,581	719,514	725,701	721,393	750,605	788,503
Total business-type activities expenses	969,980	895,976	959,292	904,815	833,861	792,111	795,923	799,617	821,393	853,577
Total primary government expenses	\$ 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	\$ 27,380,664
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 144,763	\$ 172,156	\$ 137,479	\$ 89,789	\$ 189,261	\$ 134,040	\$ 109,955	\$ 166,047	\$ 91,301	\$ 133,031
Public safety	226,024	219,798	211,886	227,013	285,018	491,208	528,190	500,147	483,831	691,534
Culture and recreation	154,497	94,297	74,219	132,712	139,100	138,254	130,545	125,460	136,431	137,282
Education	462,838	328,966	203,331	315,139	272,035	282,624	273,801	280,239	419,058	467,264
Health and welfare	1,440	1,155	1,759	1,932	3,295	3,305	2,575	2,845	3,270	3,080

(continued)

Table 2 (continued)

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

June 30, 2022

(Accrual Basis of Accounting)
(continued)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
PROGRAM REVENUES										
Governmental activities: (continued)										
Operating grants and contributions	\$ 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	\$ 4,045,399
Capital grants and contributions	3,029,088	123,701	786,445	1,459,594	344,456	2,465,099	389,535	1,492,666	1,289,952	483,264
Total governmental activities program revenues	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	5,960,854
Business-type activities:										
Charges for services:										
Conference center	36,215	35,832	23,428	41,739	25,355	27,490	25,785	23,281	24,024	20,503
Sanitation	986,570	975,945	969,683	966,090	955,903	909,285	932,616	893,352	868,330	870,916
Total business-type activities program revenues	1,022,785	1,011,777	993,111	1,007,829	981,258	936,775	958,401	916,633	892,354	891,419
Total primary government program revenues	\$ 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	\$ 6,852,273
NET (EXPENSES)/REVENUES										
Governmental activities	\$(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)	\$(20,566,233)
Business-type activities	52,805	115,801	33,819	103,014	147,397	144,664	162,478	117,016	70,961	37,842
Total primary government net expenses	\$(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)	\$(20,528,391)

(continued)

Table 2 (continued)

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

June 30, 2022

(Accrual Basis of Accounting)

(continued)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental activities:										
Property taxes	\$ 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	\$ 5,650,152
Local sales tax	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	3,963,722
In lieu of taxes	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	1,046,664
Wholesale beer tax	539,233	548,395	514,165	493,351	478,662	477,240	499,443	504,260	500,748	515,558
Wholesale liquor tax	286,535	299,267	258,866	237,433	217,305	221,916	148,667	-	-	-
Business tax	597,181	512,075	442,594	474,994	498,806	492,395	425,161	364,399	432,454	423,898
Franchise tax	170,739	176,343	177,600	181,845	183,053	188,754	192,185	173,483	172,510	145,434
Hotel/Motel tax	321,863	-	-	-	-	-	-	-	-	-
Other local taxes	73,568	112,102	54,633	46,936	57,035	72,430	108,862	77,011	85,455	82,858
Intergovernmental revenues not restricted to specific programs	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	9,223,315
Insurance proceeds	375	101,463	165,553	3,594	13,220	84,021	15,593	3,769	2,479	58,280
Investment income	117,292	229,872	423,038	458,095	260,103	123,918	70,802	39,615	77,599	62,608
Gain (loss) on disposal of capital assets	260,852	(1,024)	23,770	(4,384)	7,578	21,145	75,185	29,846	44,158	16,378
Unrealized gain(loss) on investments	(60,066)	-	-	-	-	-	-	-	-	-
Miscellaneous	149,983	422,863	165,653	132,069	459,999	169,002	134,972	169,859	185,935	118,634
Total governmental activities	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	21,307,501
Business-type activities:										
Insurance proceeds	44,000	-	-	-	-	-	-	-	-	-
Investment income	7,474	9,447	41,649	44,842	22,194	10,409	6,555	1,458	1,229	1,723
Gain on disposal of capital assets	245,400	-	-	-	226	49,202	9,181	5,850	4,045	-
Miscellaneous	9,130	5,981	7,393	6,816	6,892	7,869	9,070	9,763	8,474	11,237
Total business type activities	306,004	15,428	49,042	51,658	29,312	67,480	24,806	17,071	13,748	12,960
Total primary government	\$ 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	\$ 21,320,461

(continued)

Table 2 (continued)

**CITY OF ATHENS, TENNESSEE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
June 30, 2022**
(Accrual Basis of Accounting)
(continued)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GOVERNMENTAL ACTIVITIES										
Prior period adjustments and restatements	\$ -	\$ 149,443	\$ -	\$ -	\$ (1,297,569)	\$ -	\$ -	\$ (7,484,785)	\$ (11,725)	\$ 10,453,947
BUSINESS-TYPE ACTIVITIES										
Prior period adjustments and restatements	-	-	-	-	-	-	-	(85,001)	-	-
Total primary government	\$ -	\$ 149,443	\$ -	\$ -	\$ (1,297,569)	\$ -	\$ -	\$ (7,569,786)	\$ (11,725)	\$ 10,453,947
CHANGES IN NET POSITION										
Governmental activities	\$ 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	\$ 741,268
Business-type activities	358,809	131,229	82,861	154,672	176,709	212,144	187,284	134,087	84,709	50,802
Total changes in net position	\$ 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	\$ 792,070

Source: Annual Comprehensive Financial Reports

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

June 30, 2022

(Modified Accrual Basis of Accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GENERAL FUND										
Nonspendable	\$ 103,810	\$ 102,934	\$ 101,668	\$ 101,813	\$ 103,132	\$ 101,485	\$ 165,778	\$ 116,334	\$ 183,917	\$ 107,345
Restricted	120,028	120,313	120,785	89,567	98,684	103,424	108,395	111,441	111,363	111,386
Committed	24,036	22,463	21,383	20,782	20,164	19,855	20,673	20,343	20,079	19,278
Unassigned	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	7,854,881
Total General Fund	<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>	<u>\$ 8,092,890</u>
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	\$ 132,053	\$ 117,706	\$ 131,094	\$ 111,155	\$ 265,700	\$ 254,797	\$ 203,719	\$ 166,829	\$ 168,636	\$ 187,933
Restricted	11,173,687	2,941,970	1,454,610	391,403	629,950	739,554	868,076	1,163,466	1,186,327	1,170,485
Committed	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	1,898,474
Assigned	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	7,322,172
Total all other governmental funds	<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>	<u>\$ 10,579,064</u>

Source: Annual Comprehensive Financial Reports

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

June 30, 2022

(Modified Accrual Basis of Accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
REVENUES										
Property taxes	\$ 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	\$ 5,787,626
Other local taxes	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	9,594,041
Intergovernmental	22,188,260	17,200,732	15,958,132	14,982,511	14,512,326	16,545,054	14,351,909	15,014,618	14,257,121	10,293,399
Charges for services and tuition	763,538	596,573	416,789	539,572	603,691	558,223	516,877	574,590	650,060	740,657
Fines and forfeitures	226,024	219,797	211,887	227,013	285,018	491,208	528,190	500,148	483,831	691,534
Investment and interest income	43,264	206,666	337,182	366,618	212,246	102,114	57,162	36,950	52,655	59,830
Miscellaneous	204,941	346,240	185,384	136,427	369,798	173,200	230,364	203,915	205,043	160,425
Total revenues	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	27,327,512
EXPENDITURES										
General government	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	2,599,003
Public safety	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	4,496,635
Highways and streets	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	2,007,157
Culture and recreation	1,319,275	1,258,051	1,266,971	1,432,126	1,161,941	1,015,966	985,544	956,090	875,887	914,958
Education	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	15,970,471
Health and welfare	152,161	123,404	169,818	165,051	108,927	105,316	106,498	110,614	110,326	114,479
Capital outlay	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	1,406,633
Debt service:										
Principal	275,000	-	-	-	-	1,610,000	770,000	747,000	725,000	703,000
Interest and fiscal charges	263,188	7,178	-	-	-	19,660	17,533	21,927	28,568	33,823
Total expenditures	55,982,540	38,548,911	33,913,665	33,143,887	28,771,300	32,320,696	29,943,435	30,562,498	28,649,738	28,246,159
REVENUES OVER (UNDER) EXPENDITURES	(10,444,512)	1,127,939	2,269,601	53,100	3,545,337	1,410,889	1,462,611	(718,350)	230,473	(918,647)

(continued)

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

June 30, 2022

(Modified Accrual Basis of Accounting)
(continued)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
OTHER FINANCING SOURCES										
(USES)										
Capital contributions	\$ 250,000	\$ -	\$ -	\$ 244,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,080
Transfers	-	-	-	-	-	-	-	-	(41,031)	-
Proceeds from debt issuance	25,556,329	5,903,325	-	-	-	-	-	-	-	-
Bond issue cost	(143,353)	(50,000)	-	-	-	-	-	-	-	-
Proceeds from the sale of capital assets	3,750	3,958	17,586	200	210	3,427	10,086	365	6,531	680
Insurance proceeds	375	101,463	165,553	3,594	13,220	84,021	15,593	3,769	2,479	58,280
	<u>25,667,101</u>	<u>5,958,746</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>	<u>69,040</u>
Total other financing sources (uses)										
NET CHANGE IN FUND BALANCES	<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>	<u>\$ (849,607)</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	1.56%	0.00%	0.00%	0.00%	0.00%	5.14%	2.72%	2.57%	2.71%	2.76%

Source: Annual Comprehensive Financial Reports

**CITY OF ATHENS, TENNESSEE
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 June 30, 2022**

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	
							City Property Tax Rate	Actual Taxable Value
2013 (1)	\$ 292,970,485	\$ 83,197,188	\$ 8,204,116	\$ 384,371,789	\$ 1,205,548,537	1.1328		31.9%
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

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, 2022**

<u>Tax Year</u>	<u>City (Direct Rate)</u>	<u>County (Overlapping Rate)</u>	<u>Total</u>
2013 (1)	\$ 1.1328	\$ 1.6155	\$ 2.7483
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

(1) Reappraisal

Sources: Minutes of City Council and County Commission meetings

**CITY OF ATHENS, TENNESSEE
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO
June 30, 2022**

2022		2013					
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	\$ 78,663,471	16.1 %	Denso Tennessee, Inc.	Automotive parts manufacturer	\$ 45,867,229	11.7 %
Starr Regional Medical Center	Healthcare	11,501,364	2.4	MIG Enterprises/ Johnson Controls, Inc.	Automotive seating manufacturer	11,706,558	3.0
E&E Manufacturing	Automotive parts supplier	11,119,813	2.3	Athens Regional Medical Center/Lifepoint	Healthcare	9,921,324	2.5
ABB	Electrical component manufacturer	10,182,599	2.1	Dean Foods/Mayfield Dairy Farms, Inc.	Dairy products	8,701,175	2.2
HP Pelzer	Automotive parts supplier	8,449,460	1.7	MCR Acquisition	Electrical component manufacturer	6,606,979	1.4
Adient	Automotive seating	7,627,102	1.6	Walmart	Retail	5,664,484	1.7
D&B Athens Hotel	Hotels	6,507,600	1.3	Plastic Industries	Plastic component manufacturer	3,740,917	1.0
Dean Foods/Mayfield Dairy Farms, Inc.	Dairy products	6,229,749	1.3	Heil Company	Trailer tanks manufacturer	3,431,417	0.9
Walmart	Retail	5,723,325	1.2	BellSouth	Telephone company	3,247,003	0.8
Heil Trailer International	Trailer tanks	5,267,314	1.1	BRE Retail	Real estate investment	3,233,157	0.8

NOTE : Total assessed valuations for 2022 and 2013 are \$489,406,751 and \$384,371,789, respectively.
Source: Official records of the Department of Finance

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

June 30, 2022

(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
2013	\$ 4,316,647	\$ 4,083,062	94.59 %	\$ 213,932	\$ 4,296,994	99.54 %
2014	4,359,762	4,161,945	95.46	185,042	4,346,987	99.71
2015	4,412,937	4,207,109	95.34	186,370	4,393,479	99.56
2016	5,965,875	5,729,519	96.04	214,572	5,944,091	99.63
2017	5,706,737	5,525,863	96.83	154,740	5,680,603	99.54
2018	6,059,372	5,818,967	96.03	163,375	5,982,342	98.73
2019	6,401,548	6,063,563	94.72	318,455	6,382,018	99.69
2020	6,484,702	6,161,920	95.02	261,451	6,423,371	99.05
2021	6,468,677	6,152,881	95.12	226,313	6,379,194	98.62
2022	6,927,796	6,715,296	96.93	-	6,715,296	96.93

Source: Official records of Department of Finance

**CITY OF ATHENS, TENNESSEE
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
June 30, 2022**

Fiscal Year	General Debt Outstanding				Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes Payable	Total Primary Government	Total		
2013	\$ -	\$ 3,852,000	\$ 3,852,000	\$ 3,852,000	1.49 %	\$ 286
2014	-	3,127,000	3,127,000	3,127,000	1.22	232
2015	-	2,380,000	2,380,000	2,380,000	.89	177
2016	-	1,610,000	1,610,000	1,610,000	.65	120
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	5,903,325	5,903,325	5,903,325	2.02	419
2022	7,075,000	23,803,325	30,878,325	30,878,325	9.18	2,192

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, 2022**

Fiscal Year	General Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Notes Payable	Total		
2013	\$ -	\$ 3,852,000	\$ 3,852,000	1.00 %	\$ 286
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	6.31	2,192

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, 2022

<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>\$30,878,325</u>	100 %	<u>\$ 30,878,325</u>
Total direct and overlapping debt	<u><u>\$30,878,325</u></u>		<u><u>\$ 30,878,325</u></u>

Source: Official records of Department of Finance

**CITY OF ATHENS, TENNESSEE
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
June 30, 2022**

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
PLEGGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
June 30, 2022**

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, 2022**

Fiscal Year	Population	Personal Income	Per Capita		Median Age	School Enrollment	Civilian Labor Force	Unemployment Rate
			Personal Income	Income				
2013	13,458	\$ 258,326,310	\$	19,195	39.1	1,524	10,681	9.90 %
2014	13,458	255,527,046		18,987	39.1	1,592	10,691	8.20
2015	13,458	266,791,392		19,824	39.1	1,563	10,720	7.10
2016	13,458	247,842,528		18,416	39.1	1,546	10,692	5.60
2017	13,458	255,029,961		18,950	39.1	1,556	10,800	4.80
2018	13,458	260,130,560		19,329	39.1	1,609	10,850	4.70
2019	13,458	265,333,171		19,716	39.1	1,620	10,870	4.60
2020	13,458	274,368,246		20,387	39.1	1,615	10,885	9.80
2021	14,084	291,938,460		20,728	42.7	1,557	10,900	6.40
2022	14,084	336,311,836		23,879	42.7	1,634	10,850	4.90

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, 2022**

2022		2013		
Employer	Taxable Employees	Employer	Taxable Employees	
			Percentage of Total City Employment	
Denso Tennessee, Inc.	1,600	Manufacturers Industrial Group	995	9.78 %
McMinn County Board of Education	750	Denso Tennessee, Inc.	995	9.78
Starr Regional Medical Center	740	McMinn County Board of Education	650	6.39
Adient	440	Heil Trailer International	500	4.91
E & E Manufacturing	428	Dean Foods/Mayfield Dairy Farms, Inc.	380	3.73
Dean Foods/Mayfield Dairy Farms, Inc.	365	Walmart	360	3.54
ABB	336	Athens Regional Medical Center	300	2.95
Walmart	300	Thomas & Betts	289	2.84
Heil Trailer International	269	Dynasty Spas	250	2.46
HP Pelzer	120	Mills Products	160	1.57
	<u>5,348</u>		<u>4,879</u>	<u>47.95 %</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, 2022**

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
City Manager	2	2	2	2	2	2	2	2	2	2
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
Community Development	4	4	4	4	4	5	5	5	5	5
Police	33	33	33	33	33	33	34	34	36	36
Fire	22	22	22	22	22	22	22	22	23	24
Parks and Recreation	9	9	9	9	9	10	10	10	10	10
Public Works	31	31	31	33	33	33	34	34	33	34
	<u>109</u>	<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>

Source: City Finance Department

**CITY OF ATHENS, TENNESSEE
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
June 30, 2022**

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
Community Development:										
Number of building permits	360	347	313	318	370	374	355	315	288	372
Police:										
Number of arrests	1,113	1,097	1,292	997	1,017	1,353	1,648	992	1,038	1,466
Number of traffic citations issued	10,953	7,729	6,561	6,473	5,096	2,973	2,126	1,417	2,114	1,862
Fire:										
Total calls	418	515	567	631	659	670	780	846	1,741	2,138
Inspections	650	773	806	668	1,350	248	264	289	121	312
Business-type Activities:										
Conference center rentals	108	125	121	130	195	149	178	124	201	187

Source: Various City Departments

**CITY OF ATHENS, TENNESSEE
INFRASTRUCTURE STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
June 30, 2022**

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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, 2022

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
William Bo Perkinson	Mayor
Mark Lockmiller	Vice-Mayor
Dick Pelley	Council Member
Frances Witt-McMahan	Council Member
Jordan Curtis	Council Member
C. Seth Sumner	City Manager
Michael L. Keith, CPA	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

Michael Bevins	Chairman
Chris Adams	Vice-Chairman
Johnny Coffman	Member
Dr. Amy Sullins	Member
Beth Jackson	Member
Abby Carroll	Member

ADMINISTRATIVE STAFF

Robert Greene	Director of Schools
Melody Armstrong	Supervisor of Instruction
Bob Harrison	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

This page intentionally left blank.

SINGLE AUDIT SECTION

CITY OF ATHENS, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Accrued (Unearned) Grant Revenues July 1, 2021	Grant Revenues Received	Expenditures	Accrued (Unearned) Grant Revenues June 30, 2022
PRIMARY GOVERNMENT:						
CITY OF ATHENS						
FEDERAL AWARDS						
U.S. DEPARTMENT OF TRANSPORTATION						
Passed through TN Department of Transportation:						
Highway Planning and Construction Resurfacing Streets	20.205	STP-M-9201 (15)	\$ 19,600	\$ 955,787	\$ 940,800	\$ 4,613
Highway Planning and Construction Resurfacing Streets	20.205	STP-M-9201 (16)	-	-	13,556	13,556
Tennessee Highway Safety Office Alcohol Open Container	20.607	Z-21-THS-008	1,500	24,300	22,800	-
Tennessee Highway Safety Office Alcohol Open Container	20.607	Z-22-THS-009	-	12,235	14,071	1,836
			<u>21,100</u>	<u>992,322</u>	<u>991,227</u>	<u>20,005</u>
U.S. DEPARTMENT OF THE TREASURY	21.019	N/A	-	2,079,961	1,820,637	(259,324)
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Passed through TN Department of Economic and Community Development:						
Community Development Block Grants	14.228	33004-09421	-	2,048	4,095	2,047
			<u>21,100</u>	<u>3,074,331</u>	<u>2,815,959</u>	<u>(237,272)</u>
Total Federal Awards - Primary Government City of Athens						
STATE AWARDS						
Tennessee Department of Finance and Administration						
State Direct Appropriation Grant FY 2021		N/A	-	168,390	168,390	-
			<u>-</u>	<u>168,390</u>	<u>168,390</u>	<u>-</u>
Total State Awards - Primary Government City of Athens						
			<u>\$ 21,100</u>	<u>\$ 3,242,721</u>	<u>\$ 2,984,349</u>	<u>\$ (237,272)</u>

CITY OF ATHENS, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2022
(continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Accrued (Unearned) Grant Revenues July 1, 2021	Grant Revenues Received	Expenditures	Accrued (Unearned) Grant Revenues June 30, 2022
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	\$ -	\$ 48,138	\$ 48,138	\$ -
Passed through the TN Department of Education: Child Nutrition Cluster: National School Lunch Program	10.555	N/A	-	1,034,553	1,094,204	59,651
School Breakfast Program	10.553	N/A	-	368,533	376,934	8,401
Summer Food Service Program for Children	10.559	N/A	45,900	133,896	87,996	-
Passed through the TN Department of Agriculture: Food Distribution	10.555	N/A	-	91,808	91,808	-
			<u>45,900</u>	<u>1,676,928</u>	<u>1,699,080</u>	<u>68,052</u>
U.S. DEPARTMENT OF EDUCATION						
Passed through the Tennessee Department of Education: Education Stabilization Fund Subprograms: COVID-19-Literacy Training Stipend	84.425 B	N/A	21,000	26,000	5,000	-
COVID-19-Fiscal Pre-Monitoring	84.425 D	N/A	-	1,723	28,194	26,471
COVID-19-Elementary and Secondary School Emergency Relief (ESSER I) Fund	84.425 D	N/A	68,348	94,145	31,610	5,813
COVID-19-Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425 D	N/A	347,910	1,689,068	1,800,229	459,071
COVID-19-American Rescue Plan Elementary and Secondary Relief (ARP ESSER) Fund	84.425 D	N/A	-	696,815	871,469	174,654
COVID-19-American Rescue Plan Homeless 2.0	84.425 W	N/A	-	5,536	5,848	312
COVID-19-Early Literacy Network	84.425	N/A	-	40,000	40,000	-
COVID-19-TN All Corp	84.425	N/A	-	146,904	146,904	-
			<u>437,258</u>	<u>2,700,191</u>	<u>2,929,254</u>	<u>666,321</u>
Special Education Cluster:						
Special Education - Grants to States	84.027	N/A	97,641	508,784	411,143	-
Special Education - Preschool Grants	84.173	N/A	5,311	26,427	21,116	-
Title I - Grants to Local Educational Agencies	84.010	N/A	117,002	707,886	706,854	115,970
Twenty-First Century Community Learning Centers	84.287	N/A	47,915	258,166	259,322	49,071
Title II, Part A- Improving Teacher Quality - State Grants	84.367	N/A	17,931	88,353	70,422	-
Title III - English Language Acquisition-State Grants	84.365	N/A	13,640	13,744	8,170	8,066
Title IV - Safe and Drug-Free Schools and Communities - State Grants	84.186	N/A	7,308	42,641	36,211	878
Title V - Innovative Program	84.298	N/A	2,635	37,792	37,838	2,681
COVID-19-High Quality IM Literacy	84.371 C	N/A	-	53,144	82,748	29,604
COVID-19-American Rescue Plan IDEA Part B	84.027 X	N/A	-	1,432	1,432	-
COVID-19-American Rescue Plan IDEA Preschool	84.173 X	N/A	-	6,064	6,064	-
			<u>746,641</u>	<u>4,444,624</u>	<u>4,570,574</u>	<u>872,591</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	N/A	-	335,557	387,220	51,663
Total Federal Awards - Primary Government			<u>\$ 792,541</u>	<u>\$ 6,457,109</u>	<u>\$ 6,656,874</u>	<u>\$ 992,306</u>
Athens City Board of Education						

(continued)

CITY OF ATHENS, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2022
(continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Accrued (Unearned) Grant Revenues		Expenditures	Accrued (Unearned) Grant Revenues June 30, 2022
			July 1, 2021	Received		
STATE AWARDS						
Passed through Tennessee Department of Education:						
Coordinated School Health		N/A	\$ 10,485	\$ 86,734	\$ 84,903	\$ 8,654
Early Childhood Education - Lottery		N/A	159,094	789,755	630,661	-
Learning Camps - Bridge Camp		N/A	61,879	62,917	60,688	59,650
Family Resource Centers		N/A	10,585	40,197	40,106	10,494
Learning Camps - Transportation		N/A	15,484	15,484	45,018	45,018
Learning Camps - Summer Learning Camps		N/A	168,024	175,366	171,880	164,538
Learning Camps - STREAM Mini Camps		N/A	45,754	50,900	51,113	45,967
Career Ladder Salary Supplement		N/A	1,179	21,846	21,846	1,179
Total State Awards - Primary Government Athens City Board of Education			472,484	1,243,199	1,106,215	335,500
Total Primary Government Athens City Board of Education						
			\$ 1,265,025	\$ 7,700,308	\$ 7,763,089	\$ 1,327,806
PRIMARY GOVERNMENT:						
Total Federal Awards			\$ 813,641	\$ 9,531,440	\$ 9,472,833	\$ 755,034
Total State Awards			472,484	1,411,589	1,274,605	335,500
TOTAL AWARDS			\$ 1,286,125	\$ 10,943,029	\$ 10,747,438	\$ 1,090,534

- 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, 2022. 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, 2022. 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.

This page intentionally left blank.

NEAL, SCOUTEN & McCONNELL, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
633 Chestnut Street
Suite 1440 Republic Centre
Chattanooga, Tennessee 37450-1440

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, 2022, 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 21, 2022.

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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, and 2022-003.

City of Athens, Tennessee's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Athens, Tennessee's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Athens, Tennessee's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.

Neal, Scouter & McConnell, P.C.

Chattanooga, Tennessee
December 21, 2022

NEAL, SCOUTEN & McCONNELL, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
633 Chestnut Street
Suite 1440 Republic Centre
Chattanooga, Tennessee 37450-1440

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 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, 2022. 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, 2022.

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. 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.

Neal, Scouter & McConnell, P.C.

Chattanooga, Tennessee
December 21, 2022

CITY OF ATHENS, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022

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?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no	
Significant deficiency identified not considered to be material weaknesses?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no	None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no	
Noncompliance and other matters required to be reported?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no	See 2022-001, 2022-002, and 2022-003.

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no	
Significant deficiency identified not considered to be material weaknesses?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> 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)?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no	

Identification of major programs:	<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	21.019	Coronavirus Relief Fund
	20.205	Highway Planning and Construction - Resurfacing Streets

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
Auditee qualified as low risk auditee?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

(continued)

CITY OF ATHENS, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022
(continued)

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.

(continued)

CITY OF ATHENS, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022
(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.

(continued)

CITY OF ATHENS, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022
(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.

(continued)

CITY OF ATHENS, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022
(continued)

SECTION III – FEDERAL AWARDS

NONE REPORTED

CITY OF ATHENS, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE REPORTED

SECTION III – FEDERAL AWARDS

NONE REPORTED

This page intentionally left blank.



FINANCE DEPARTMENT

MANAGEMENT'S CORRECTIVE ACTION PLAN

FINDING: The City did not establish a separate interest-bearing retainage account for a contract over \$500,000.

Response and Corrective Action Plan Prepared by: Michael L. Keith, Finance Director.

Person Responsible for Implementing the Corrective Action Plan: Michael L. Keith, Finance Director.

Anticipated Completion Date of Corrective Action: January 3, 2023.

Repeat Finding: No.

Reason Corrective Action was Not Taken in the Prior Year: N/A.

Planned Corrective Action: The escrow account will be established or funds released to the Contractor in January, 2023. The requirement will be done for future contracts over \$500,000.

FINDING: The City did Not Establish a Budget for the Hotel/Motel Tax Fund.

Response and Corrective Action Plan Prepared by: Michael L. Keith, Finance Director.

Person Responsible for Implementing the Corrective Action Plan: Michael L. Keith, Finance Director.

Anticipated Completion Date of Corrective Action: June 21, 2022.

Repeat Finding: No.

Reason Corrective Action was Not Taken in the Prior Year: N/A.

Planned Corrective Action: On June 21, 2022, the City approved a FY23 budget for this fund.

FINDING: The Athens City Board of Education did not establish a separate interest-bearing retainage account for a contract over \$500,000.

Response and Corrective Action Plan Prepared by: Lisa Cranfill, Supervisor of Finance.

Person Responsible for Implementing the Corrective Action Plan: Lisa Cranfill, Supervisor of Finance.

Anticipated Completion Date of Corrective Action: December 15, 2022.

Repeat Finding: No.

Reason Corrective Action was Not Taken in the Prior Year: N/A.

Planned Corrective Action: The Athens City Board of Education provided the following as their planned corrective action. Due to the 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 retainage account for all contracts over \$500,000.

Signature: Michael A. Keith

Title: City of Athens Finance Director

