



ATHENS CITY COUNCIL WORK SESSION AGENDA

Monday, June 9, 2025, 5:00pm

Athens Municipal Building
Burkett L. Witt Council Chambers

I. INVOCATION

II. PLEDGE OF ALLEGIANCE

III. DISCUSSION

- (1 – 119) A. Athens Utilities Board Presentation of Annual Budget FY 2025-26
- (120 – 126) B. Athens City Schools Budget Amendment #2 for FY 2024-25
- (127 – 128) C. Athens City Board of Education
Resolution 2025-2
- (129 -130) D. Athens City Board of Education
Resolution 2025-3
- (131 – 138) E. FY 2024-25 Budget Amendment
- (139 – 149) F. FY 2025-26 Proposed Budget
Public Hearing and Second Reading of Ordinance 1141
- (150 – 155) G. Amending Athens City Code Title 7 & Title 12
First reading of Ordinance 1142
- (156 – 158) H. Authorization to Apply for a Safety First Grant from Norfolk Southern
Resolution 2025-12
- (159 – 162) I. Authorization to Apply for a Federal Staffing for Adequate Fire and Emergency
Response (SAFER) Grant from FEMA
Resolution 2025-13
- (163 – 166) J. Declaration of Surplus City Property
Resolution 2025-14
- (167 – 193) K. Proposed Procurement Policies and Procedures
Resolution 2025-15
- (194 – 196) L. Declaration of Surplus City Property
Resolution 2025-16
- M. Councilmember Items
 - 1. Mayor Eaton
 - i. WWI & WWII war memorials at Veterans Park

IV. NEW BUSINESS





Agenda Item

III. A. Athens Utilities Board Presentation of their FY 2025-26 Annual Budget

Overview

For FY 2026, AUB’s divisions face a year of significant capital investment and cautious financial management. The Power Division will issue \$4 million in bonds to fund projects like the Englewood Substation rebuild and AMI infrastructure, with no rate hike planned aside from TVA passthroughs; net revenue is expected to dip slightly to \$1.19 million. The Water Division plans a \$6.5 million reservoir project funded by debt and grants, with steady revenue but reduced net income of \$420,000. The Gas Division will implement phased rate increases beginning in July 2025, aiming to stabilize revenue (budgeted at \$614,000), although cash is projected to fall by \$210,000. The Wastewater Division requires over \$6 million in new debt to fund aging infrastructure, including a \$5 million biosolids equipment overhaul; despite this, it forecasts \$762,000 in net revenue and stronger cash reserves. Lastly, the Fiber Division—still small but growing—projects \$154,000 in net income and continues conservative expansion with modest capital spending and an expected cash balance of \$571,000.

Action to Consider

Consensus is required to move this item to the June 17, 2025 regular session for consideration.

Affected Departments

Finance

Athens Utilities Board

**Fiscal Year 2026 Budget and
Five Year Budget Plan**

July 1, 2025

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Executive Summary

As a staff we have produced a five-year budget plan for almost a decade. Our objective is to provide a detailed budget document for the immediate fiscal year (FY) with conservative projections for the next four years in order to provide the board and our organization a long-term vision and plan for the future.

In lieu of a detailed executive summary, each division has a detailed “Year-One” budget and five-year projection summaries included within the appropriate sections of the report. The “Year-One” budget ultimately serves as the upcoming fiscal year budget for the utility, in this case for the FY beginning July 1, 2025, and ending June 30, 2026.

As always, the conclusions herein are qualified by the fact that all estimates are subject to variables outside the Athens Utilities Board’s (AUB) control. Weather and economic pressures are two examples of factors beyond our control that directly affect our business. Inflationary pressures on all fronts continue to weigh heavily on net revenues for the utility overall. These pressures have resulted in recent local rate increases in the Power division, and a Natural Gas rate increase will be implemented in FY 2026. Weather influences the performance and sales of all four divisions (Power, Water, Natural Gas, and Wastewater), but is a primary and powerful driver of the power and gas division finances.

The power division continues to struggle with increased costs and stagnant to lower net revenues. From a capital investment standpoint, we will need to issue debt to address the construction of the Englewood substation this year. In April 2024, we passed a 2.9% rate increase due to continuing inflation and decreasing revenues. This action has stabilized our finances for the short term, and we will not need an increase in power rates for this fiscal year budget.

Water net revenues remain an area of concern for the management staff. In fact, record wet weather over the past eight years has been detrimental to the water division in terms of unit sales. All though it is too early to make annual predictions, 2025 has started with above average rainfall and, as of May, we continue to be in wet weather pattern. Our plans include a large capital investment project to be started this year. This project, a \$6.5 million dollar water reservoir and pump station, will address ongoing issues with fire protection and water supply to our industrial park and northwestern service area. We plan on funding this project through a combination of grants and debt. We do not anticipate a rate increase in water rates this year.

The state comptroller’s office now has regulatory authority to review and set municipal rates for natural gas, as well as water and sewer. We have completed a cost-of-service study for gas and have presented the results to the board. Staff will develop rate resolutions for board approval, and we will implement rate actions in July of this year. The second phase of the rate increase will be effective July 1st, 2026. These rate actions, consistent with the recommendations from our rate consultant, should provide adequate revenues to address the concerns of the comptroller’s office.

Large wastewater capital projects at the treatment plants will require issuing debt in order to maintain our cash position and make necessary repairs and investment in our infrastructure. These projects will require at least \$6.0 million to be added to our long-term indebtedness. Current projections for this year's net revenues (before extraordinary) indicate that we should not have to recommend a rate increase for wastewater this year.

It is important to remember that the long-term cost projections (budget years 2-5) and capital budget data for each division do not include any rate increases, grants, or additional debt. This approach allows us to evaluate the data with the understanding that if work is executed as planned, some action (rate increase or bond issue/loan) will be necessary by the Board in order to maintain sufficient net revenues and/or a positive cash flow over the given time period. Positive net revenues are required by the state of Tennessee for the water, wastewater, and natural gas divisions. The Tennessee Valley Authority (TVA) regulates the rates and revenues of the power division.

The bottom line for the FY 2026 budget is that we will be implementing a multi-year rate increase for the gas division. From an infrastructure standpoint, we will have to issue debt to cover our capital investment needs for the power, water, and wastewater division. If we are able to execute this planned scope within the year this will represent millions of dollars of bonds issued for these three divisions.

AUB MISSION STATEMENT

“To provide the highest level of essential services to enhance the quality of life for customers and our community”

AUB VISION

“AUB will be the leading provider of essential services and environmental stewardship”

AUB VALUES

Accountability

Customer Service

Employee Relations

Environmental Stewardship

Perseverance

Professionalism

Responsiveness

Safety

Teamwork

OUR STRATEGIES

Enhance Customer Service

Be Employer of Choice

Maintain and Optimize a Business Culture

Increase Use of Technology to Improve Service and
Operations

Prepare for Business Growth

FISCAL YEAR 2026

“Year-One” Budget

Year-One Budget Process

Our “Year-One” budget is the upcoming FY 2026 budget for the utility. This FY budget represents our best attempt to capture the anticipated costs of daily operations across AUB as well as capital spending estimates. It is a detailed, line-item budget for each division and is modeled after Federal Energy Regulatory Commission (FERC) accounting principles. Each division’s supporting line-item budget is included in Appendix 1 (page 94) of this document.

This year, for the most part, we will project revenues to be relatively consistent with last year with the exception of the natural gas division. Revenues projections for the gas division account for our proposed rate increase effective with the beginning of the FY.

A budget cannot capture all cost items that occur in a year. A budget should be considered a plan. We work diligently to stay within budget and in so doing strive to reach our anticipated net revenue plan. As we progress through the year, we evaluate variances and adjust the budget when warranted. This is rare and occurs most commonly in the capital budget process. If a capital item is under- or over-estimated we try to maintain, at a minimum, the bottom-line anticipated cost of capital expenditures for the particular division to avoid depleting our cash reserves.

Power Division Summary

The power division capital budget for FY 2026 represents a significantly “pared down” version compared to FY 2025. That budget included the possibility of Grid Resilience and Innovations Partnerships (GRIP) Program funding. With the change in administration, there is enough uncertainty regarding GRIP that we are basically considering it to be a non-factor. However, should the situation change, we can always provide an amendment to our budget

Three, of the original seven capital budget line items associated with GRIP funding last year, are included for this year’s budget: (1) automated metering infrastructure (AMI); (2) Englewood substation new high side supply (transformers); and (3) Englewood substation construction and controls upgrade. In order to preserve our cash position, we will issue debt to fund these projects. For this year, we would need to anticipate up to \$4 million in bonds to be issued for the power division.

Other notable items in the budget include equipment purchases for Truck 8 and Truck 70, ordering Truck 83, and work scope including the upgrade of the I-75 crossing in Niota and continuing the fiber buildout.

From an operational budget standpoint, FY 2026 net revenues before extraordinary are anticipated to be \$1,189,837 which is lower than FY 2025 revenue projections.

Currently, we see no need for an AUB rate increase for the power division in FY 2026. However, we recommend passing through any TVA rate actions that could create a revenue shortfall for AUB.

Budget Assumptions

Power Division

- Cash is projected to increase by \$600,000 with year-end levels estimated to be \$7.7 million.
- Investments in plant include over \$3.5 million for projects including: AMI; Englewood substation transformers; and Englewood substation construction and house control upgrades; \$200,000 for fiber buildout; \$579,000 for vehicles; and \$2.2 million for continuous capital improvements.
- Revenues budgeted are slightly higher than projected FY 2025, as are power costs, resulting in a contribution margin of \$12.6 million
- Operating expenses are budgeted to be \$5.8 million based upon FY 2025 projections. The increases over the two last budget years are due to inflationary pressures, in particular, increases in Administrative and General Expenses including retirement plan and group insurance expenses. Maintenance expenses are budgeted to be slightly higher than the projected total for FY 2025 reflecting trends in operating cost over the past fiscal year.
- Depreciation expense and tax equivalents are budgeted to be \$100,000 higher than projected FY 2025 levels.
- Interest expense is budgeted to be \$22,000 lower than the projected total for FY 2025.
- Net income (before extraordinary) is budgeted to be approximately \$280,000 lower than projected FY 2025.
- Operating activities are expected to generate \$1,190,000 in cash. Debt service (principal payments) is expected to use \$356,000, and a net investment of \$6.7 million is budgeted to be invested in plant. As stated above, total cash is projected to increase by \$600,000 leaving the ending cash balance at \$7.7 million.

Balance Sheet Budget

Power Division

	Budget 2026	Estimated June 30, 2025	Actual December 31, 2024	Change from June 30, 2025
Assets:				
Cash and Cash Equivalents	7,673,673	7,073,251	7,357,851	600,421.77
Bond Funds Available	-	-	-	-
Customer Receivables	3,226,601	3,356,167	3,450,828	(129,565.65)
Due from Other Divisions	-	-	-	-
Other Receivables	47,251	92,786	206,944	(45,534.40)
Prepaid Expenses	39,506	33,227	201,959	6,278.45
Accrued Unbilled Revenue	1,191,353	1,409,792	1,242,006	(218,439.47)
Materials and Supplies Inventory	2,276,167	3,225,328	3,103,302	(949,160.71)
Total Current Assets	14,454,551	15,190,551	15,562,889	(736,000.01)
Unamortized Debt Expense	-	-	-	-
TVA Heat Pump Loans Receivable	-	-	-	-
Deferred Pension Outflows	2,787,136	2,903,997	3,291,601	(116,861.30)
Electric Utility Plant, at Cost	91,479,599	84,833,776	82,650,895	6,645,822.83
Less: Accumulated Depreciation	(36,372,926)	(33,718,948)	(32,862,572)	(2,653,978.27)
Net Electric Utility Plant	55,106,673	51,114,828	49,788,323	3,991,844.56
Total Long Term Assets	57,893,808	54,018,825	53,079,923	3,874,983.26
Total Assets	72,348,359	69,209,376	68,642,812	3,138,983.25
Liabilities and Retained Earnings:				
Accounts Payable	4,079,156	3,935,985	4,222,326	143,170.12
Customer Deposits	532,586	521,297	543,876	11,289.52
Deferred Revenue	-	-	-	-
Other Current Liabilities	690,669	579,369	637,485	111,299.25
Total Current Liabilities	5,302,410	5,036,651	5,403,686	265,758.89
Long Term Lease Payable	1,750,000	-	-	1,750,000.00
Long Term Notes Payable	2,844,312	3,200,765	3,169,930	(356,453.00)
Net Pension Liability	4,381,645	4,649,818	4,811,883	(268,173.02)
Deferred Pension Inflows	147,938	327,893	455,601	(179,954.72)
TVA Advances, Energy Right Loans	-	-	-	-
Long Term Liabilities	9,123,896	8,178,476	8,437,414	945,419.26
Retained Earnings	57,922,054	55,994,248	54,801,712	1,927,805.10
Total Liabilities and Retained Earnings	72,348,359	69,209,376	68,642,812	3,138,983.25

Operating Budget Power Division

	BUDGET 2025-2026	BUDGET 2024-2025	Projected 6/30/2025	% increase (decrease) 6/30/2025	ACTUAL PRIOR YEAR 06/30/24	ACTUAL 02/28/25
REVENUE:						
Residential Sales	20,804,516	22,127,267	20,547,200	1.25%	17,958,962	14,041,221
Small Commercial Sales	5,095,043	5,467,746	5,050,474	0.88%	4,760,176	3,426,408
Large Commercial Sales	32,861,223	32,304,000	32,573,045	0.88%	31,679,759	22,099,600
Street and Athletic Lighting	481,972	454,509	477,907	0.85%	461,853	324,025
Outdoor Lighting	629,600	625,231	630,147	-0.09%	620,165	419,368
Revenue from Fees	1,218,821	1,146,000	1,017,364	19.80%	1,472,759	678,847
Total Revenue	61,091,174	62,124,752	60,296,138	1.32%	56,953,674	40,989,469
Power Costs	48,496,606	50,187,316	47,702,392	1.66%	45,067,946	32,271,505
Contribution Margin	12,594,568	11,937,436	12,593,746	0.01%	11,885,728	8,717,964
OPERATING EXPENSES:						
Transmission expense	1,100	5,100	837	31.50%	4,389	200
Distribution expense	1,585,884	1,651,188	1,568,390	1.12%	1,824,235	1,018,866
Customer Service / Customer Acct. Expense	1,070,843	1,015,621	1,057,777	1.24%	999,189	712,433
Administrative and General Expenses	3,116,900	2,826,642	3,034,740	2.71%	2,845,978	2,016,289
Total operating expenses	5,774,726	5,498,551	5,661,744	2.00%	5,673,792	3,747,788
Maintenance Expenses						
Transmission expense	1,545	-	1,236	-	-	1,236
Distribution expense	1,908,699	1,726,133	1,830,966	4.25%	1,910,976	1,173,391
Administrative and general expense	74,290	85,001	73,051	1.70%	56,484	47,754
Total Maintenance Expenses	1,984,535	1,811,133	1,905,253	4.16%	1,967,460	1,222,381
Other Operating Expense						
Depreciation Expense	2,620,000	2,495,000	2,523,026	3.84%	2,560,492	1,711,365
Tax Equivalents	980,000	1,065,000	978,864	0.12%	926,472	680,331
Total Other Operating Expenses	3,600,000	3,560,000	3,501,890	2.80%	3,486,963	2,391,696
Total Operating Expenses	59,855,867	61,057,001	58,771,278	1.85%	56,196,162	39,633,370
Operating Income	1,235,307	1,067,752	1,524,860	-18.99%	757,512	1,356,099
Income						
Operating Income	1,235,307	1,067,752	1,524,860	-18.99%	757,512	1,356,099
Other Income	72,000	70,000	76,610	-6.02%	114,801	114,356
Total Income	1,307,307	1,137,752	1,601,471	-18.37%	872,314	1,470,455
Miscellaneous Income Deductions	28,667	24,000	29,365	-2.38%	27,108	18,646
Net Income Before Debt Expenses	1,278,640	1,113,752	1,572,106	-18.67%	845,206	1,451,809
DEBT RELATED EXPENSES:						
Amortization of Debt Related Expenses	-	-	-	-	-	-
Interest Expense	88,803	96,700	101,715	-12.69%	117,058	64,786
Total debt related expenses	88,803	96,700	101,715	-12.69%	117,058	64,786
Net Income Before Extraordinary	1,189,837	1,017,052	1,470,391	-19.08%	728,148	1,387,023
Extraordinary Income (Expense)	737,968	-	820,533	-10.06%	-	659,695
REVENUES IN EXCESS OF EXPENDITURES	1,927,805	1,017,052	2,290,924	-15.85%	728,148	2,046,719

Cash Flow Budget Power Division

	Budget 2026
CASH FLOWS - OPERATION ACTIVITIES:	
Net Operating Income	1,189,837
Adjustments to reconcile operating income to net cash provided by operations:	
Depreciation	2,620,000
Changes in Assets and Liabilities:	
Accounts Receivable	175,100
Prepaid Expenses	(6,278)
Materials and Supplies	949,161
Accounts Payable	143,170
Other Current Liabilities	111,299
Customer Deposits	11,290
Accrued Unbilled Revenue	218,439
Deferred Pension Outflows	116,861
Deferred Pension Inflows	(179,955)
Net Pension Liability	(268,173)
Retirements and Salvage	33,978
Net Cash from Operating Activities	5,114,730
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Changes in Notes Payable	(356,453)
Changes in Bonds Payable	1,750,000
Changes in TVA Loan Program	-
Net Cash from Noncapital Activities	1,393,547
CASH FLOWS FROM CAPITAL AND RELATED INVESTING ACTIVITIES	
Adjust Retained Earnings - TVA loss Adjustment	-
Adjust Retained Earnings - Net Pension Obligation	-
Loan to Johns Manville	-
Grants, Contributions & Other Extraordinary	737,968
Changes in Electric Plant (net investment less retirements)	(6,645,823)
Net Changes in Cash Position	600,422
Cash at Beginning of Period	7,073,251
Cash at end of Period	7,673,673
Changes in Cash and Equivalents	600,422

Capital Budget Power Division

Cash Available for Investment in Plant				14,319,496
Capital Expenditures:				
Take Delivery of Truck 8 (Ordered March 22)	254,000			
Truck 83 (Order FY 26, receive FY28)	-			
Replace Truck 27	250,000			
Truck 70	75,000			
AMI*	1,000,000	*		
Englewood Substation	1,000,000	*	Vehicles	579,000
Englewood Substation - Transformers	1,500,000	*	Capital Projects	3,861,000
Update Dispatch	16,000		Continuous	<u>2,205,823</u>
Build Out Fiber	200,000			<u><u>6,645,823</u></u>
SDX Unit(S Athens)	30,000			
SCADA Improvements	40,000			
I-75 Niota Crossing Upgrade	75,000			
Other System Improvements	391,432	Continuous		
Poles	352,289	Continuous		
Primary Wire and Underground	500,000	Continuous		
Transformers	521,909	Continuous		
Services	326,193	Continuous		
IT Core (Servers, mainframe, etc.)	79,000	Continuous		
Routine Annual Substation Testing	35,000	Continuous		
				<u>6,645,823</u>
Excess Cash after Plant Investments				<u><u>7,673,673</u></u>

* Possible partial GRIP Funding (Assuming 50% Grant / 50% AUB Funds)

Water Division Summary

Similar to the power division, we have projected large increases in capital project expenditures for the water division.

There are three very large capital projects for the water division scope of work. The largest FY 2026 capital project is the proposed construction of Reservoir 6 (\$6.5 million) to address water issues in the Mt. Verd Industrial Park and the Highway 305 area. Likewise, AMI expenditures (\$575,000) and replacement of the Congress Parking crossing (\$450,000) and the Congress Parkway pipe replacement (\$350,000) are all significant capital investments. We would anticipate bond issues to be at least \$6.5 million to cover the new reservoir. We have also included projects to replace well housing buildings and to continue system rehabilitation, water line extensions, and water line services.

Fleet and expenditures for the water division are significantly higher than last year with the purchase of a small dump truck being the primary driver of the increase in budget. Fleet expenditures for the water division are projected to be \$310,000.

This year, we project total revenues to be consistent with year-end estimates for FY 2025. However, we anticipate a decrease in budgeted net revenues from a projected \$520,000 for FY 2025 compared to the FY 2026 budget of \$420,000.

The primary concern from a financial standpoint is the need for increased debt in order to meet our capital investment needs. This debt will result in higher debt service and interest payments that may, along with inflationary pressures on all fronts, lead to a need to increase rates over the 5-year planning period.

Budget Assumptions

Water Division

- Cash is projected to be \$1.3 million more for the budget year.
- Total investment in plant is budgeted at \$9.6 million. This includes \$310,000 in vehicles, \$8.3 million in capital projects, and \$890,000 in continuous items.
- Revenues are expected to be consistent with projected FY 2025.
- Contribution margin is budgeted to be slightly higher than prior year June forecast.
- Net revenues before extraordinary are expected to be \$420,000.
- Extraordinary revenue is budgeted at \$33,000, consistent with FY 2025
- Operating and Maintenance expenses are budgeted to be higher than FY 2025 year-end projections.
- Depreciation expense is budgeted to be slightly higher than FY 2025 projections.
- Interest on debt is expected to be lower than the FY 2025 year-end projections.
- Operating activities are budgeted to generate \$420,000 in cash. Debt service is anticipated to be \$210,000, and \$9.6 million is budgeted to be invested in plant. Again, total cash is projected be \$1.3 million more than FY 2025 at roughly \$8.5 million with the issuance of \$6.5 million in debt to cover the largest capital budget item.

Balance Sheet Budget Water Division

	Budget 2026	Estimated June 30, 2025	Actual December 31, 2024	Change from June 30, 2025
Assets:				
Cash and Cash Equivalents	8,509,081	7,240,142	7,144,514	1,268,938.61
Customer Receivables	375,580	343,294	376,120	32,286.06
Due from Other Divisions	-	-	-	-
Other Receivables	1,000	700	2,003	300.00
Prepaid Expenses	3,200	3,192	76,050	8.34
Materials and Supplies Inventory	315,106	314,759	319,184	346.97
Total Current Assets	9,203,967	7,902,087	7,917,871	1,301,879.98
Reserve and Other	-	-	-	-
Total Restricted Assets	-	-	-	-
Deferred Pension Outflows	1,162,894	1,349,566	1,367,183	(186,672.13)
Water Utility Plant, at cost	46,575,826	36,993,933	36,544,369	9,581,893.00
Less: Accumulated Depreciation	(21,313,738)	(17,143,902)	(16,855,761)	(4,169,836.02)
Net Water Utility Plant	25,262,088	19,850,031	19,688,608	5,412,056.98
Total Long Term Assets	26,424,982	21,199,597	21,055,792	5,225,384.85
Total Assets	35,628,949	29,101,684	28,973,662	6,527,264.83
Liabilities and Retained Earnings:				
Accounts Payable	81,489	88,476	74,502	(6,987.29)
Customer Deposits	81,597	81,085	82,110	512.50
Other Current Liabilities	155,965	158,006	153,924	(2,041.00)
Total Current Liabilities	319,051	327,567	310,536	(8,515.79)
Bonds Payable	6,500,000	-	-	6,500,000.00
Notes Payable	3,005,346	3,214,813	3,314,431	(209,467.00)
Net Pension Liability	68,751	152,381	186,274	(83,629.83)
Deferred Pension Inflows	2,036,269	2,160,896	1,993,030	(124,627.26)
Total Long Term Liabilities	11,610,366	5,528,090	5,493,735	6,082,275.91
Retained Earnings	23,699,532	23,246,027	23,169,392	453,504.71
Total Liabilities and Retained Earnings	35,628,949	29,101,684	28,973,662	6,527,264.83

Operating Budget Water Division

	BUDGET 2025-2026	BUDGET 2024-2025	Projected 6/30/2025	% increase (decrease) 6/30/2025	ACTUAL PRIOR YEAR 06/30/24	ACTUAL 02/28/25
REVENUE:						
Residential	2,351,164	2,390,869	2,318,082	1.43%	2,288,066	1,589,498
Small Commercial	2,421,961	2,506,467	2,399,500	0.94%	2,431,107	1,629,615
Large Commercial	559,917	585,348	551,099	1.60%	593,677	370,030
Other	186,993	194,800	220,017	-15.01%	199,039	137,706
Total Revenue	5,520,035	5,677,484	5,488,698	0.57%	5,511,889	3,726,849
Purchased Supply	805,000	690,000	803,665	0.17%	743,258	564,996
Contribution Margin	4,715,035	4,987,484	4,685,032	0.64%	4,768,631	3,161,853
OPERATING EXPENSES:						
Source and Pump Expense	563,944	516,165	548,415	2.83%	501,307	366,834
Distribution Expense	302,572	319,925	298,764	1.27%	318,045	192,090
Customer Service and Customer Acct. Expense	538,189	517,689	532,450	1.08%	525,621	362,964
Administrative and General Expense	1,414,044	1,365,260	1,342,786	5.31%	1,336,170	907,228
Total operating expenses	2,818,749	2,719,039	2,722,414	3.54%	2,681,143	1,829,115
Maintenance Expenses						
Source and Pump Expense	95,488	77,195	87,812	8.74%	69,758	61,364
Distribution Expense	588,478	494,047	578,885	1.66%	484,740	407,529
Administrative and General Expense	11,000	70,000	6,117	79.84%	6,015	1,654
Total Maintenance Expense	694,966	641,242	672,813	3.29%	560,513	470,548
Other Operating Expenses						
Depreciation Expense	834,872	914,000	823,634	1.36%	931,488	560,845
Total Other Operating Expenses	834,872	914,000	823,634	1.36%	931,488	560,845
Total O&M Expense	5,153,587	4,964,281	5,022,527	2.61%	4,916,402	3,425,505
Income						
Operating Income	366,449	713,203	466,171	-21.39%	595,487	301,344
Other Income	147,556	110,000	135,022	9.28%	153,833	99,768
Total Income	514,005	823,203	601,192	-14.50%	749,320	401,112
Other Expense	11,000	11,000	13,271	-17.11%	8,572	11,314
Net Income Before Debt Expense	503,005	812,203	587,921	-14.44%	740,748	389,797
DEBT RELATED EXPENSES:						
Amortization of Debt Discount	-	-	-	-	-	-
Interest on Long Term Debt	82,500	87,693	67,189	22.79%	86,281	55,037
Total debt related expenses	82,500	87,693	67,189	22.79%	86,281	55,037
Net Income Before Extraordinary	420,505	724,510	520,732	-19.25%	654,466	334,760
Grants & Extraordinary	33,000	21,000	31,552	4.59%	39,475	26,610
Net Income	453,505	745,510	552,284	-17.89%	693,941	361,370

Cash Flow Budget Water Division

	Budget 2026
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Operating Income	420,505
Adjustments to Reconcile Operating Income to Net Cash Provided by Operations	
Depreciation	834,872
Changes in Assets and Liabilities:	
Receivables	(32,286)
Due from Other Divisions	-
Other Receivables	(300)
Prepaid Expenses	(8)
Materials and Supplies Inventory	(347)
Current Liabilities	(9,028)
Customer Deposits	513
Deferred Pension Outflows	186,672
Deferred Pension Inflows	(124,627)
Net Pension Obligation	(83,630)
Retirements and Salvage	3,334,964
Net Cash from Operating Activities	4,527,299
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Bonds Payable	6,500,000
Notes Payable	(209,467)
Net Cash from Financing Activities	6,290,533
CASH FLOW FROM CAPITAL AND INVESTING ACTIVITIES:	
Adj. R/E Recognize GASB 33 Change	-
Adj. R/E to Recognize Net Pension Obligation	-
Grants, Contributions & Other Extraordinary	33,000
Water Utility Plant (net investment less retirements)	(9,581,893)
Net from Capital and Financing Activities	(9,548,893)
Net Changes in Cash Position	1,268,939
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Cash at Beginning of Period	7,240,142
Cash at End of Period	8,509,081
Changes in Cash and Equivalents	1,268,939
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Capital Budget Water Division

Cash Available for Investment in Plant	18,090,974	
Capital Expenditures:		
Replace Truck #88 (Single Axle Dump)	150,000	
Truck #63 (2007)	60,000	
Replace Truck #59	100,000	
Tank #3 Removal	70,000	
Spare Well Pumps	50,000	
Replace Buildings at Wells #7, #4 - Add Metering	130,000	Vehicles 310,000
Raw Water Line Bore under Oost. Creek	75,000	Capital Projects 8,385,000
Ingleside Ave @ Woodward - replace 8" CI Crossing	155,000	Continuous 886,893
Congress Pkwy - Tractor Supply to Million St.	350,000	<u>9,581,893</u>
Replace Crossing Congress Pkwy (RR Ave to Clearwater)	450,000	
Locker Room Improvements	30,000	
AMI Project	575,000	
Tank #6	6,500,000 *	
Water Plant Maint and Lab Equipment	50,000	Continuous
Meter Change Out (Large, Small and Testing)	30,000	Continuous
Reservoir and Pump Maintenance	40,000	Continuous
Water Line Extensions	200,000	Continuous
Distribution Rehabilitation	200,000	Continuous
Field and Safety Equipment	25,000	Continuous
Water Services	250,000	Continuous
Technology (SCADA, Computers)	35,000	Continuous
IT Core (Servers, mainframe, etc.)	56,893	Continuous
	<u>9,581,893</u>	
Excess Cash after Plant Investments	<u><u>8,509,081</u></u>	

Gas Division Summary

The entire planned capital budget for the gas division in FY 2026 is less than \$1.7 million. The largest line items for this capital budget include: AMI; replacement of the odorant system at the Niota gate station; vehicle and equipment purchases; and maintenance of gate stations.

Replacement of equipment includes new digital locating devices and leak detector devices. We also plan to upgrade and/or replace cathodic protection for our system.

As with the power division, the natural gas operational budget is greatly affected by weather, especially winter weather, or the lack thereof. The past three years have been relatively warm and produced modest net revenues. The state comptroller contacted AUB regarding our budget last year, and we were able to advise them we had a cost-of-service study under way to address the declining revenues. The projections of net revenues this year include the rate actions that will be effective July 1st, 2025. We have budgeted approximately \$614,000 in FY 2026 for net revenue. This is a figure that we should easily eclipse if we have any substantial cold weather next year.

As discussed in our Board meeting, adopting the rate actions recommended by our rate consultant will allow us to address the net revenue shortfalls of the division. Hopefully, this should assure the comptroller's office that we have taken appropriate action with our cost-of-service study and rate increases.

Budget Assumptions

Gas Division

- Cash is anticipated to be \$210,000 less by the end of the budget year.
- The Gas Division currently holds no debt, however that could eventually change dependent upon the timing of the AMI project.
- Investments in plant are expected to be \$1.7 million. This includes \$610,000 in capital projects, and \$838,000 in continuous items, and \$205,000 in vehicle replacement.
- Net revenue before extraordinary is budgeted to be \$614,000.
- Total Revenue is budgeted to be significantly higher than FY 2025 due to the effect of the new rate scheduled adopted from our cost-of-service study
- Total operating and maintenance expenses are expected to be \$462,000 higher than fiscal year 2025 projections.
- Operating activities are expected to generate \$614,000 in cash, and investments in plant are budgeted to be \$1.7 million. As stated above, total cash flow is expected to be a loss of \$210,000.

Balance Sheet Budget Gas Division

	Budget 2026	Estimated June 30, 2025	Actual December 31, 2024	Change from June 30, 2025
Assets:				
Cash and Cash Equivalents	7,616,373	7,826,899	7,444,959	(210,525)
Receivables	194,068	185,159	634,598	8,909
Prepaid Expenses	246,432	106,734	463,418	139,697
Deferred Pension Outflows	438,809	557,160	679,981	(118,351)
Materials and Supplies Inventory	191,576	189,379	193,772	2,197
Total Current Assets	8,687,258	8,865,331	9,416,728	(178,073)
Gas Utility Plant, at Cost	27,371,690	25,718,925	25,681,711	1,652,765
Less: Accumulated Depreciation	(13,154,351)	(12,319,516)	(12,160,090)	(834,835)
Net Gas Utility Plant	14,217,339	13,399,410	13,521,620	817,930
Total Assets	22,904,597	22,264,741	22,938,348	639,856
Liabilities and Retained Earnings:				
Short-Term Debt	-	-	-	-
Accounts Payable	275,410	303,624	474,767	(28,214)
Customer Deposits	106,638	107,673	105,603	(1,035)
Accrued Liabilities	84,505	80,537	88,472	3,967
Total Current Liabilities	466,553	491,835	668,842	(25,282)
Long-term Leased CNG Station	112,177	129,576	129,576	(17,399)
Total Non-Current Liabilities	112,177	129,576	129,576	(17,399)
Deferred Pension Inflows	944,216	892,113	996,320	52,103
Net Pension Liability	78,955	62,910	95,001	16,046
Long Term Liabilities	1,023,172	955,022	1,091,321	68,149
Retained Earnings	21,302,695	20,688,308	21,048,609	614,388
Total Liabilities and Retained Earnings	22,904,597	22,264,741	22,938,348	639,856

Operating Budget Gas Division

	BUDGET 2025-2026	BUDGET 2024-2025	Projected June 30, 2025	% increase (decrease) June 30, 2025	ACTUAL PRIOR YEAR 06/30/24	ACTUAL 02/28/25
REVENUE:						
Residential	3,270,766	2,960,000	2,865,582	14.14%	2,630,295	1,874,003
Small Commercial	2,171,908	2,120,000	2,091,876	3.83%	1,883,225	1,426,801
Large Commercial	1,117,949	1,200,000	990,853	12.83%	896,040	697,064
Interruptible	1,097,645	1,760,000	1,032,762	6.28%	1,253,225	644,757
CNG	21,324	15,000	20,674	3.15%	16,078	12,475
Fees and Other Gas Revenues	75,377	69,277	80,596	-6.48%	73,577	53,886
Total Revenue	7,754,970	8,124,277	7,082,344	9.50%	6,752,440	4,708,985
Purchased supply	4,173,140	5,224,000	3,700,413	12.77%	3,674,670	2,782,093
Contribution Margin	3,581,830	2,900,277	3,381,931	5.91%	3,077,770	1,926,892
OPERATING EXPENSES:						
Distribution Expense	426,642	439,722	420,948	1.35%	411,534	282,693
Customer Service and Customer Acct. Expense	389,660	374,202	384,499	1.34%	375,561	261,932
Administrative and General Expense	905,623	692,685	916,522	-1.19%	864,799	613,019
Total operating expenses	1,721,925	1,506,608	1,721,969	0.00%	1,651,894	1,157,644
Maintenance Expense						
Distribution Expense	292,739	274,176	288,888	1.33%	315,951	194,604
Administrative and General Expense	10,500	8,512	10,200	2.94%	12,841	4,382
Total Maintenance Expense	303,239	282,689	299,089	1.39%	328,793	198,985
Other Operating Expenses						
Depreciation	773,128	676,000	769,563	0.46%	666,680	512,026
Tax Equivalents	223,000	240,000	241,670	-7.73%	236,220	168,644
Total Other Operating Expenses	996,128	916,000	1,011,233	-1.49%	902,900	680,670
Total O&M Expenses	7,194,431	7,929,297	6,732,704	6.86%	6,558,256	4,819,392
Income						
Operating Income	560,539	194,980	349,640	60.32%	194,184	(110,407)
Other Income	75,000	32,000	76,509	-1.97%	85,434	58,480
Total Income	635,539	226,980	426,149	49.14%	279,618	(51,927)
Miscellaneous Income Deductions	20,650	10,500	18,695	10.46%	9,252	11,590
Total Income before Leased Related Expense	614,889	216,480	407,453	38.68%	270,366	(63,517)
Leased Related Expenses						
Long-Term Lease CNG Payable Interest	601	688	709	-15.28%	774	468
Total Leased Related Expenses	601	688	709	-15.28%	774	468
Net Income Before Extraordinary	614,288	215,792	406,744	53.96%	269,592	(63,985)
Grants, Contributions and Extraordinary Income	100	-	4,545	-97.80%	-	100
Net Revenues in Excess of Expenditures	614,388	215,792	411,289	49.38%	269,592	(63,885)

Cash Flow Budget Gas Division

	Budget 2026
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Operating Income	614,288
Adjustments to Reconcile Operating Income to Net Cash Provided by Operations:	
Depreciation	773,128
Changes in Assets and Liabilities:	
Receivables	(8,909)
Prepaid Expenses	(139,697)
Materials and Supplies Inventories	(2,196)
Accounts Payable and Accrued Liabilities	(24,247)
Customer Deposits	(1,035)
Deferred Pension Outflows	118,351
Deferred Pension Inflows	52,103
Net Pension Obligation	16,046
Retirements and Salvage	61,708
Net Cash from Operating Activities	<u>1,459,539</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Leases Payable - CNG Station	(17,399)
Net Cash from Financing Activities	<u>(17,399)</u>
CASH FROM CAPITAL AND INVESTING ACTIVITIES:	
Adj. R/E to Recognize GASB 33 Change	-
Adj. R/E to Recognize Net Pension Obligation	-
Grants, & Extraordinary	100
Changes in Gas Utility Plant(net investment less retirements)	(1,652,765)
Net Cash from Capital and Related Financing Activities	<u>(1,670,064)</u>
Net Changes in Cash Position	<u>(210,525)</u>
Cash at Beginning of Period	7,826,899
Cash at End of Period	7,616,373
Changes in Cash and Equivalents	<u>(210,525)</u>

Capital Budget Gas Division

Cash Available for Investment in Plant			9,269,138	
Capital Expenditures:				
Truck 22 - Service Foreman	65,000			
Truck 53 Service Truck (2019 F250)	65,000			
Mini Excavator	75,000			
Upgrading Cathodic Protection Field -	30,000			
Replace Leak Detectors and Locating Equip.(RMLD)	30,000			
20% of 5 Year Leak Survey	30,000			
CNG Conversions for Vehicles	30,000	Vehicles	205,000	
Sandblast and Re-coat Riceville Gate Station	25,000	Capital Projects	610,000	
Sandblast and Re-coat Delay Street regulator station +	25,000	Continuous	837,765	
Replace pressure chart with electronic monitor	15,000		<u>1,652,765</u>	
Replace Odorant System - Niota	180,000			
Locker Room improvements	30,000			
AMR Project	215,000			
System Improvement (incl. new Hwy 11 crossing)	360,000	Continuous		
Main	100,000	Continuous		
Services	300,000	Continuous		
Technology (SCADA, Computers, etc.)	30,000	Continuous		
IT Core (Servers, mainframe, etc.)	47,765	Continuous		
			<u>1,652,765</u>	
Excess Cash after Plant Investments			<u>7,616,373</u>	

Wastewater Division Summary

This year's wastewater budget starts with a huge capital investment plan in excess of \$6 million dollars. The vast majority of these expenditures will occur in seven line items associated with the Oostanaula and North Mouse Creek WWTP plants. In fact, we are estimating the need for almost five million dollars just to address replacement of sludge drying/handling equipment at the Oostanaula Plant. We certainly do not have that level of reserve funds available and will need to issue additional debt to replace this equipment.

Highlights of the remaining capital budget include replacing Wheatland Hills pump station for \$300,000, and a new roof on our Sterling Road pump station for \$112,000.

We will continue to evaluate our mini-basins and design projects to further reduce inflow and infiltration (I&I) across our collection system to eliminate system overflows and reduce treatment costs. To address these issues, we have budgeted \$750,000 for sewer rehab work in FY 2026 and we will replace our TV inspection truck chassis. We have included \$250,000 for general refurbishment of equipment at both sewer plants and \$500,000 for the installation of new customer services. This will be an on-going budget item as these plants are showing their age, which is evident in equipment issues and failures.

Vehicle/equipment replacements and expenditures planned for this year in the wastewater division are expected to be \$225,000.

There is always a level of concern financially for this division given the debt structure as well as the need for additional large capital outlays in the future to address I&I. In order to fund these projects, while maintaining the financial stability of the division, we will be required to issue bonds or find other funding alternatives to finance longer-lived capital projects and plant equipment replacement.

We see no need for a rate increase in the wastewater division in FY 2026. However, we will be re-evaluating our surcharge structure to more align these fees with costs.

Budget Assumptions

Wastewater Division

- Cash is expected to increase by \$1.3 million. This is based upon AUB issuing over \$6 million in debt to cover the capital projects associated with the WWTP expenditures.
- Capital expenditures are budgeted at \$8.2 million including \$225,000 for vehicles, \$6 million for new capital projects and \$2 million for continuous projects.
- As noted above, we will have to issue new debt for FY 2026. Accounting for this results in a \$4.1 million dollar credit on “Notes Payable” line of our cash flow budget. However, existing debt service (principal and interest) for FY 2026 is expected to be \$1.5 million.
- Revenue budgets are projected to be consistent with anticipated FY 2025 levels.
- Total operating and maintenance expenses are anticipated to be slightly higher (less than 1 %) than FY 2025 projections.
- Interest expense is expected to be lower than projected FY 2025.
- Total net income is budgeted at \$762,000.
- Operating activities are anticipated to generate \$5.1 million in cash. Principal payments are expected to be a positive \$1.4 million due to debt issuance, and \$8.2 million is budgeted for capital expenditures. As stated above, total cash is expected to increase \$1.3 million.

Balance Sheet Budget Wastewater Division

	Budget 2026	Estimated June 30, 2025	Actual December 31, 2024	Change from June 30, 2025
Assets:				
Cash and Cash Equivalents	3,370,456	2,025,984	3,252,690	1,344,471.71
Receivables	604,407	478,102	510,098	126,304.97
Prepaid Expenses	10,680	9,764	103,859	915.87
Materials and Supplies Inventory	462,494	339,110	223,167	123,383.46
Unrestricted Current Assets	4,448,037	2,852,961	4,089,814	1,595,076.01
Bond and Interest Sinking Fund and Reserve	-	-	-	-
Reserve and Other	-	-	-	-
Restricted Current Assets	-	-	-	-
Total Current Assets	4,448,037	2,852,961	4,089,814	1,595,076.01
Sewer Utility Plant, at Cost	74,757,078	66,552,493	66,267,058	8,204,585.00
Less: Accumulated Depreciation	(29,469,409)	(26,439,347)	(26,122,624)	(3,030,062.70)
Net Sewer Utility Plant	45,287,668	40,113,146	40,144,433	5,174,522.30
Deferred Pension Outflows	1,356,779	1,255,462	1,267,037	101,317.27
Total Long Term Assets	46,644,448	41,368,608	41,411,471	5,275,839.57
Total Assets	51,092,485	44,221,569	45,501,285	6,870,915.58
Liabilities and Retained Earnings:				
Accounts Payable	368,799	267,789	376,988	101,009.45
Customer Deposits	260,900	254,861	254,141	6,039.88
Other Current Liabilities	314,528	220,125	209,246	94,402.45
Total Current Liabilities	944,227	742,775	840,375	201,451.78
Bonds Payable	1,550,625	1,703,601	-	(152,976.49)
Notes Payable - State of Tennessee	846,999	999,975	2,780,432	(152,976.49)
Notes Payable - Other	12,280,452	7,371,702	8,357,562	4,908,750.00
Net Pension Liability	1,894,282	322,859	1,844,875	1,571,422.99
Deferred Pension Inflows	63,957	141,755	172,532	(77,798.39)
Total Long Term Liabilities	16,636,314	10,539,893	13,155,401	6,096,421.62
Retained Earnings	33,511,944	32,938,902	31,505,510	573,042.18
Total Liabilities and Retained Earnings	51,092,485	44,221,569	45,501,285	6,870,915.58

Operating Budget Wastewater Division

	BUDGET 2025-2026	BUDGET 2024-2025	Projected June 30, 2025	% increase (decrease) June 30, 2025	ACTUAL PRIOR YEAR 06/30/24	ACTUAL 02/28/25
REVENUE:						
Residential	2,230,000	2,085,440	2,220,190	0.44%	2,220,620	1,514,224
Small Commercial	1,850,000	1,809,500	1,785,168	3.63%	1,839,785	1,195,252
Large Commercial	2,800,000	1,900,000	2,758,673	1.50%	3,446,493	1,871,163
Other	292,000	161,750	383,424	-23.84%	382,666	210,342
Total Revenue	7,172,000	5,956,690	7,147,455	0.34%	7,889,565	4,790,980
OPERATING AND MAINTENANCE EXPENSES:						
Sewer Treatment Plant Expense	1,885,886	1,430,539	1,867,242	1.00%	1,977,364	1,322,290
Pumping Station Expense	92,434	91,894	90,660	1.96%	94,077	56,279
General Expense	269,405	344,023	267,012	0.90%	264,607	177,135
Customer Service and Customer Acct. Expense	177,998	160,460	175,654	1.33%	176,727	119,281
Administrative and General Expense	1,221,776	1,063,488	1,248,853	-2.17%	1,134,761	859,508
Total Operating Expenses	3,647,498	3,090,403	3,649,422	-0.05%	3,647,536	2,534,494
Maintenance Expense						
Sewer Treatment Plant Expense	287,671	177,886	285,764	0.67%	150,833	217,160
Pumping Station Expense	161,770	85,271	158,538	2.04%	212,125	105,818
General Expense	315,714	402,799	311,943	1.21%	266,358	189,911
Administrative and General Expense	9,412	5,400	9,198	2.32%	6,543	7,484
Total Maintenance Expense	774,566	671,356	765,443	1.19%	635,859	520,373
Other Operating Expenses						
Depreciation	1,759,497	1,586,030	1,726,020	1.94%	1,614,248	1,165,490
Total Other Operating Expenses	1,759,497	1,586,030	1,726,020	1.94%	1,614,248	1,165,490
Total O&M Expenses	6,181,561	5,347,789	6,140,885	0.66%	5,897,644	4,220,357
REVENUE:						
Income						
Operating Income	990,439	608,901	1,006,570	-1.60%	1,991,921	570,624
Other Income	20,000	35,000	21,138	-5.38%	53,115	15,876
Total Income	1,010,439	643,901	1,027,707	-1.68%	2,045,036	586,500
Other Expense	11,000	11,000	11,016	-0.14%	8,007	10,842
Net Income Before Debt Expense	999,439	632,901	1,016,692	-1.70%	2,037,029	575,658
DEBT RELATED EXPENSES:						
Amortization of Debt Discount	-	-	-		-	-
Bond Interest	-	-	-		-	-
Other Debt Interest	273,421	310,485	304,381	-10.17%	368,373	191,455
Total debt related expenses	273,421	310,485	304,381	-10.17%	368,373	191,455
Net Income Before Extraordinary	726,019	322,416	712,310	1.92%	1,668,656	384,203
Grants & Extraordinary	-	-	575,550	-100.00%	1,318,073	-
Net Income	726,019	322,416	1,287,860	-43.63%	2,986,730	384,203

Cash Flow Budget Wastewater Division

	Budget 2026
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Operating Income	726,019
Adjustments to Reconcile Operating Income to Net Cash Provided by Operations:	
Depreciation	1,759,497
Changes in Assets and Liabilities:	
Receivables	(126,305)
Prepaid Expenses	(916)
Materials and Supplies Inventory	(123,383)
Bond and TML Sinking Funds Reserve	-
Accounts Payable	101,009
Accrued Liabilities	94,402
Customer Deposits	6,040
Deferred Pension Outflows	(101,317)
Deferred Pension Inflows	(77,798)
Net Pension Liability	1,571,423
Retirements and Salvage	1,270,566
Total Cash from Operating Activities	5,099,236
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Bonds payable	(152,976)
Notes Payable	4,602,797
Total Cash from Noncapital Financing Activities	4,449,821
CASH FROM CAPITAL AND INVESTING ACTIVITIES:	
Adj. R/E to Recognize GASB 33 Change	-
Adj. R/E to Recognize Net Pension Obligation	-
Grants & Extraordinary	-
Sewer Utility Plant(net investment less retirements)	(8,204,585)
Total Cash from Capital and Related Financing Activities	(8,204,585)
 Net Changes in Cash Position	 1,344,472
Cash at Beginning of Period	2,025,984
Cash at End of Period	3,370,456
Changes in Cash and Equivalents	1,344,472

Capital Budget Wastewater Division

Cash Available for Investment in Plant	11,575,041	
Capital Expenditures:		
Replace Truck #45 -WW Maint	65,000	
Replace TV Inspection Truck (not including camera system)	100,000	
Replace Truck #55 (WW Chief Op)-Dodge 2012	60,000	
Oost WWTP - Dewatering Equip, and Install	5,000,000 *	Vehicles 225,000
Oost WWTP - Turblex 32,000 hour service	35,000 *	Capital Projects 6,011,000
Oost WWTP - UV Wiper System	85,000 *	Continuous <u>1,968,585</u>
Oost WWTP - Digester Motive Pump	50,000 *	<u><u>8,204,585</u></u>
Oost WWTP - Roll off Dumpster	15,000 *	
NMC WWTP - Replace Influent Pump (spare)	44,000 *	
NMC WWTP - Replace Return Pumps	370,000 *	
Replace Wheatland Hills S/D Pump Station	300,000	
Replace Roof Sterling Rd. Pump Station	112,000	
Oostanaula WWTP Refurbishment	150,000 Continuous	
NMC WWTP Refurbishment	100,000 Continuous	
Admin and Operators Buildings Maint. - Oost.	15,000 Continuous	
Laboratory Equipment (incl. spectropho. and BOD incub.	30,000 Continuous	
Lift Station Rehabilitation	50,000 Continuous	
Field and Safety Equipment	20,000 Continuous	
Collection System Rehab	750,000 Continuous	
Material Donations	5,000 Continuous	
Technology (SCADA, Computers)	35,000 Continuous	
Services	500,000 Continuous	
Extensions	25,000 Continuous	
Grinder Pump Core Replacements	140,000 Continuous	
Manhole Rehabilitation	30,000 Continuous	
Rehabilitation of Services	75,000 Continuous	
IT Core (Servers, mainframe, etc.)	43,585 Continuous	
	<u>8,204,585</u>	
Excess Cash after Plant Investments	<u>3,370,456</u>	

Fiber Summary

AUB fiber is small in scope with minimal assets and revenues. However, TVA requires that we account for it as a stand-alone business, outside of power operations. This is directly opposed to the state of Tennessee, which requires that we include fiber within the power division for our annual audit.

We are completing our first year with a dedicated fiber employee. Although growth has been small, it has remained steady, with year-to-year customer growth in excess of 100 accounts.

This is the first year that we are providing a full suite of budgets for fiber. Likewise, it is the first time that we are providing 5-year projections for the business as well. The assumptions of year one and the five-year projections are very conservative and we believe that fiber will meet, if not exceed, budget estimates. This conservative approach is simply due to the very small size of the unit and the competitive nature of this particular business environment.

Budget Assumptions

Fiber

- Total assets are expected to increase because of infrastructure additions that will be necessary to add new customers. This can be seen in the increase in total fixed assets.
- Sales revenue is expected to increase over FY 2025 year-end projections
- Operating and maintenance expenses are expected to increase due to expansion of infrastructure/equipment and personnel needed to serve a larger customer base resulting from the completion of the McMinn County project
- Net income is budgeted at roughly \$154,000.
- Operating activities are budgeted to generate \$162,000, and \$37,000 is expected to be invested in plant. Total cash is expected to increase \$126,000 with an ending estimated cash balance of \$571,000.

Balance Sheet Budget Fiber

	Budget 2025-2026	Projected 6/30/2025	Actual December 31, 2024	Change from June 30, 2024
Assets:				
Fiber Utility Plant, at Cost	557,496	507,201	482,135	50,295
Accumulated Depreciation	189,646	176,229	164,010	13,418
Net Fiber Plant	367,850	330,972	318,125	36,877
Current Assets				
Cash	424,888	403,472	366,431	21,417
Accounts Receivable	18,692	19,661	17,723	(969)
Prepaid Expenses	7,436	4,425	6,962	3,011
Materials & Supplies	27,464	28,872	35,129	(1,408)
Total Current Assets	478,480	456,430	426,245	22,051
Total Assets	846,330	787,402	744,369	58,928
Liabilities:				
Payable to Other Divisions	-	-	-	-
Accounts Payable	6,006	5,410	-	596
Other Current Liabilities	4,838	4,816	(67)	22
Total Current Liabilities	10,844	10,226	(67)	618
Retained Earnings	835,486	777,176	744,436	58,310
Total Liabilities and Retained Earnings	846,330	787,402	744,369	58,928

Operating Budget Fiber

	Budget 2025-2026	Budget 2024-2025	Projected June 30, 2025	% increase (decrease) June 30, 2025	ACTUAL PRIOR YEAR 06/30/24	ACTUAL 02/28/25
Residential Sales	147,240	66,960	117,590	25.22%	42,364	67,948
Small Commerical Sales	72,144	60,000	72,419	-0.38%	58,120	48,371
Industrial Sales	24,000	-	15,750	52.38%	4,028	7,750
Dark Fiber	64,104	65,600	65,544	-2.20%	66,544	43,696
Governmental Sales	8,640	8,640	8,640	0.00%	9,780	5,760
Fiber Sales Revenue	316,128	201,200	279,942	12.93%	180,836	173,524
Forfeited Discounts	550	570	619	-11.20%	489	404
Forfeited Discounts	550	570	619	-11.20%	489	404
Other Fiber Revenue	-	-	-	-	-	-
Miscellaneous Sales Revenue (addl IP addresses)	1,000	720	1,863	-46.33%	480	1,127
Miscellaneous Revenue-Service Charges	1,800	500	3,000	-40.00%	1,050	2,400
Other Income - Contributions	-	-	-	0.00%	-	-
Miscellaneous Revenue - Grants	-	-	-	0.00%	-	-
Other Fiber Revenue	2,800	1,220	4,863	-42.43%	1,530	3,527
Depreciation Expense	44,000	3,900	43,596	0.93%	38,548	28,695
Depreciation Expense	44,000	3,900	43,596	0.93%	38,548	28,695
Misc Revenue - WiFi Extender	420	-	275	52.68%	7	135
Interest Income	2,000	2,000	3,123	-35.96%	2,024	2,125
Other Income	2,420	2,000	3,398	-28.79%	2,031	2,260
Misc Income Deduction (Other Expense)	25	-	12	114.96%	-	9
Total Revenue	277,873	201,090	245,215	13.32%	146,338	151,011
Purchased Telecom	12,050	12,050	12,049	0.01%	12,049	8,033
Purchased Telecom	12,050	12,050	12,049	0.01%	12,049	8,033
Operating and Maintenance Expense:						
Distribution Expenses	81,292	16,000	58,449	39.08%	(3,927)	32,531
Customer Service and Customer Accounts	1,207	-	1,381	-12.58%	-	1,157
Administrative and General Expenses	97,560	18,526	28,691	240.03%	17,972	17,436
Total Operating and Maintenance Expenses	180,060	34,526	88,521	103.41%	14,045	51,124
Net Income Before Extraordinary	85,763	154,514	144,645	-40.71%	120,244	91,854
Grants & Extraordinary	-	-	-	-	-	-
Net Income	85,763	154,514	144,645	-40.71%	120,244	91,854

Cash Flow Budget Fiber

Net Income	85,763
Adjustments to Reconcile Operating Income to Net Cash Provided by Operations:	
Depreciation	44,000
Changes in Assets and Liabilities:	
Accounts Receivable	969
Due from Other Divisions	-
Prepaid Expenses	(3,011)
Materials and Supplies	1,408
Retirements and Salvage	(57,418)
Total Cash from Operating Activities	<u>71,712</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Notes and Bonds Payable	-
Total Cash from Noncapital Financing Activities	<u>-</u>
 CASH FROM CAPITAL AND RELATED ACTIVITIES:	
Grants, Contributions & Other Extraordinary Income (Expense)	-
Plant	(50,295)
Net Changes in Cash Position	<u>21,417</u>
 Cash at Beginning of Period	403,472
 Cash at End of Period	424,888
Changes in Cash and Equivalents	<u>21,417</u>

Capital Budget Fiber

Cash Available for Investment in Plant		475,183	
Capital Expenditures:			
Services	45,000	Continuous	Vehicles -
IT Core (Servers, mainframe, etc.)	5,295	Continuous	Capital Projects -
-	-		Continuous <u>50,295</u>
		<u>50,295</u>	<u>50,295</u>
Excess Cash after Plant Investments		<u><u>424,888</u></u>	

Five Year Revenue and Cash Flow Projections

It is important to note that these projections, like the year-one budget, are typically “worst-case” scenarios that do not include issuance of new debt, grants, or increases in revenues that are seen as possibly temporary (such as large commercial wastewater revenues). If projections for any division over the five-year period indicate positive revenues and cash positions that are flat or increasing, then there is a high probability that there will be no need for any rate increases in the near future. *The contrary is not necessarily true.* If revenues and cash are declining, that does not necessarily indicate the need for a rate increase. It simply is an indicator that we will need to address the financials in terms of debt issuance, grants, postponement of capital investment, or possibly a future rate increase.

Utility revenue and cost projections are by nature “best estimates” and are susceptible to a number of variables. In particular, sales in the power and gas divisions are sensitive to weather, especially extremes in temperature. To a lesser degree, water and wastewater sales can be affected by precipitation totals, i.e., drier weather will typically result in higher sales for water and thus higher wastewater revenue.

Revenue projections must also account for changes in customer count in each classification (residential, commercial, industrial) and for general sales variation based on consumption and price. Consumption is difficult to project because the market tends to be both elastic and inelastic in nature. The basic needs are inelastic (basic home electrification, heating and cooling, baseline household water consumption) yet consumption above the basic needs (comfort zone cooling and heating, irrigation needs, ancillary lighting, etc.) are elastic, and the effects of pricing and consumer choice follow more closely classic economic consumption models.

Similarly, cash flow estimates are affected by projected capital expenses and again are “best estimates” based upon projected needs. In reality, rarely do actual capital costs in a given year mirror the capital budgets. There are a number of reasons for discrepancy including actual “needs” verses “wants”; inability to meet anticipated schedule for a project; inaccurate estimates; changes in operations that delay or eliminate the need for the expenditure; and inadequate revenues to fund expenditures. Capital projections for this exercise represent a basic wish list of value-added system improvements with few restrictions other than fiscal year finances or debt. Therefore, many projects listed in this study may not be funded during the year listed, if ever.

Statistical data used to estimate revenue and costs are listed in the appendix of this document. It is important to note that the escalation factors for each division are evaluated annually and updated to reflect current cost trends. The projections for each division along with accompanying visual aids are in the tabulated sections for each division.

POWER DIVISION

Five Year Projections

Power Division Summary

Escalation Factors:

Revenue and cost projections for the power division are based on a combination of historical data for sales, costs/expenses, and anticipated growth. Selected summary data can be found in the appendix of this report. The escalation factors are summarized in the table below:

Revenue/Cost Projection	Escalation Factor	Data Considered/Evaluated
Residential Sales	1.0%	Customer growth & Unit Sales
Small Commercial Sales	.75%	Customer growth & Unit Sales
Large Commercial Sales	.75%	Customer growth & Unit Sales
Street and Athletic Lighting	.10%	Customer growth & Unit Sales
Outdoor Lighting	1.0%	Customer growth & Unit Sales
Other	0.65%	None – Variable Factor
Purchased Power	82 percent of revenues	Percent of Total Supply/Revenue
Operating Expenses	5.2%	Total Expense-Purchased Supply
Maintenance Expenses	4.1%	O& M Expenses
Depreciation Expenses	Variable	Depreciation Trending Data
Tax Equivalents	1.1%	Long-term Trending Data
Other	0.0%	None
Debt Expense	Variable	Audits/Amortization Projections
Regular Capital Investments	Variable	Out Years – Current Year Spending
New Capital Investments	Variable	Superintendent Input

New Capital Investments:

New capital investments are summarized on an annual basis for the power division immediately following the graphs for net income, capital investment, and ending cash. The data were collected and used as input into the spreadsheet for cash flow analysis. The primary capital projects for the power division over the next five years include: AMI installation; Englewood substation rebuild; substation upgrades at our West, Central, and North locations; system rebuilds for various circuits; and expansion of fiber deeper into our communities to aid in system monitoring/operations and AMI. All of these projects revolve around the continued efforts to build redundancy and robustness into the current distribution system.

Summary:

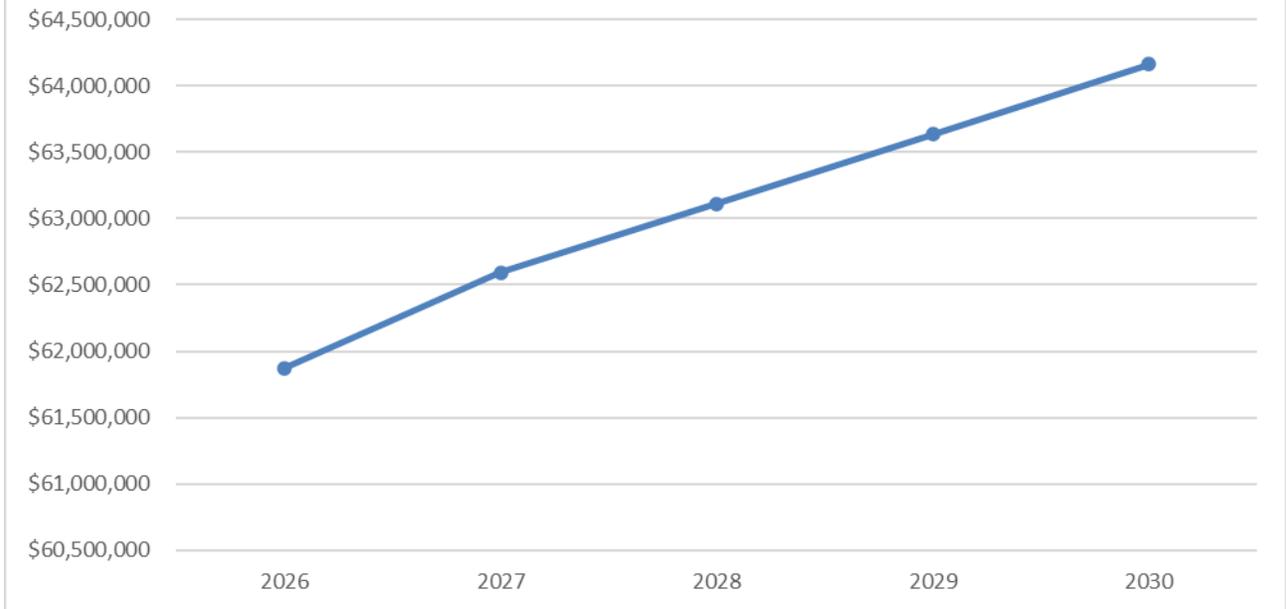
If we move forward with AMI in the five-year planning horizon, we will have to either finance the project or look at extending schedules due to the impact on cash. AUB will determine whether to finance large projects (such as AMI and Englewood Substation) as they come into the immediate budget year. These statements are based on the assumptions and limitations of the projections used in this analysis.

Power Division

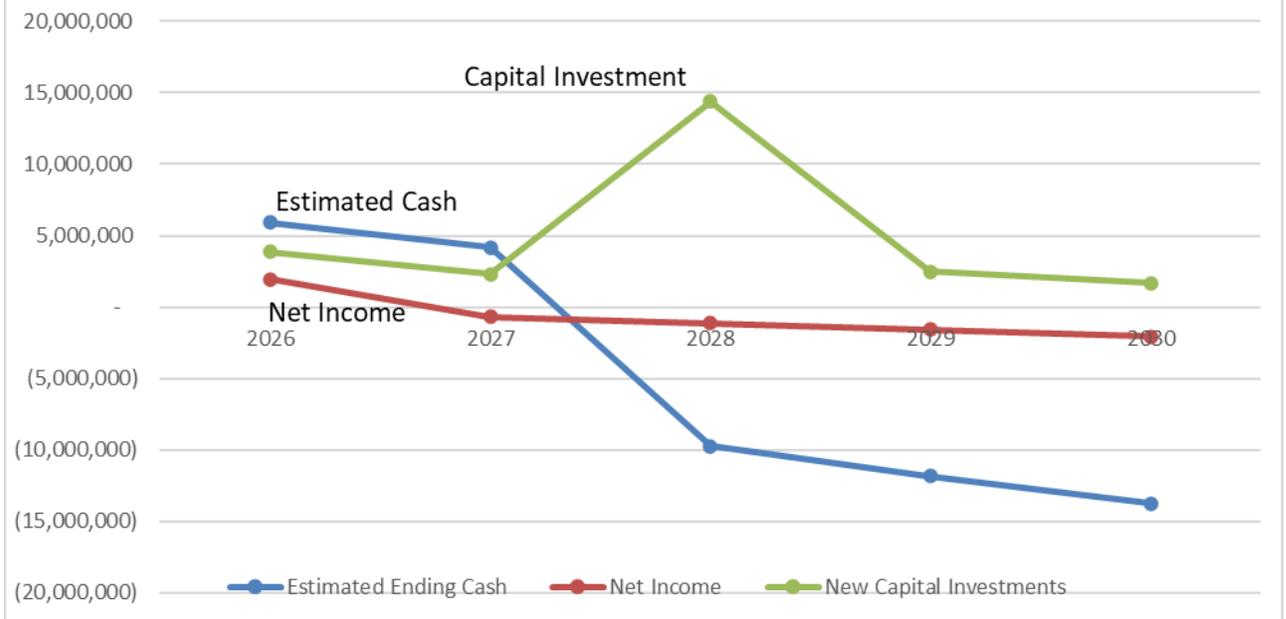
Five Year Income and Cash Projections

	2026	2027	2028	2029	2030
REVENUE:					
Residential Sales	20,804,516	21,220,606	21,432,812	21,647,140	21,863,612
Small Commercial Sales	5,095,043	5,133,256	5,171,755	5,210,543	5,249,622
Large Commercial Sales	32,861,223	33,107,682	33,355,990	33,606,159	33,858,206
Street and Athletic Lighting	481,972	482,454	482,936	483,419	483,903
Outdoor Lighting	629,600	635,896	642,255	648,677	655,164
Other	2,000,122	2,013,122	2,026,208	2,039,378	2,052,634
Total Revenue	\$ 61,872,475	\$ 62,593,016	\$ 63,111,956	\$ 63,635,318	\$ 64,163,141
Purchased Power	48,496,606	51,326,273	51,751,804	52,180,961	52,613,775
Contribution Margin	\$ 13,375,869	\$ 11,266,743	\$ 11,360,152	\$ 11,454,357	\$ 11,549,365
Operating Expenses	5,774,726	6,075,012	6,390,912	6,723,240	7,072,848
Maintenance Expenses	1,984,535	2,065,901	2,150,603	2,238,777	2,330,567
Depreciation Expense	2,620,000	2,737,900	2,861,106	2,989,855	3,124,399
Tax Equivalents	980,000	990,780	1,001,679	1,012,697	1,023,837
Other	3,100	7,000	7,000	7,000	7,000
Debt Expenses	85,703	85,703	76,887	67,944	58,842
Grant					
Net Income	\$ 1,927,805	\$ (695,553)	\$ (1,128,034)	\$ (1,585,156)	\$ (2,068,128)
CASH FLOW					
Beginning Cash Estimate	\$ 7,073,251	\$ 5,923,673	\$ 4,180,448	\$ (9,727,054)	\$ (11,847,928)
Depreciation	2,620,000	2,737,900	2,861,106	2,989,855	3,124,399
Debt Service	356,453	279,750	283,750	288,750	292,750
New Debt					
Net Income	1,927,805	(695,553)	(1,128,034)	(1,585,156)	(2,068,128)
Regular Capital Improvements	2,205,823	2,205,823	2,146,823	2,146,823	2,146,823
New Capital Investments	3,861,000	2,290,000	14,410,000	2,470,000	1,670,000
Vehicles	579,000	510,000	300,000	120,000	360,000
Retirements and other	1,304,893	1,500,000	1,500,000	1,500,000	1,500,000
Estimated Ending Cash	5,923,673	4,180,448	(9,727,054)	(11,847,928)	(13,761,229)
Projected Ending Debt Balance	\$ 3,195,375	\$ 2,915,625	\$ 2,631,875	\$ 2,343,125	\$ 2,050,375
O&M and Depreciation	\$ 58,961,570	\$ 62,290,789	\$ 63,231,311	\$ 64,200,777	\$ 65,200,432

AUB Five Year Plan Power Division Projected Total Revenue



AUB Five Year Plan Power Division Projections



POWER DIVISION

Five Year Capital Budget Assumptions/Input

FY 2026	Estimated Cost
Vehicles	
Take Delivery of Truck 8 (Ordered March 22)	254,000
Truck 83 (Order FY 26, receive FY28)	
Replace Truck 27	250,000
Truck 70	75,000
Total Vehicles	<u>579,000</u>
Capital Projects	
AMI	1,000,000
Englewood Substation	1,000,000
Englewood Substation - Transformers	1,500,000
Update Dispatch	16,000
Build Out Fiber	200,000
SDX Unit(S Athens)	30,000
SCADA Improvements	40,000
I-75 Niota Crossing Upgrade	75,000
Total Capital Projects	3,861,000
Continuous Items	
Other System Improvements	391,432
Poles	352,289
Primary Wire and Underground	500,000
Transformers	521,909
Services	326,193
IT Core (Servers, mainframe, etc.)	79,000
Routine Annual Substation Testing	35,000
Total Continuous Items	2,205,823
Vehicles	579,000
Capital Projects	3,861,000
Continuous Items	2,205,823
Total	6,645,823

FY 2027	Estimated Cost
Vehicles	
Take Delivery of Truck 32 (Ordered May 25)	300,000
Truck 7	60,000
Truck 81	75,000
Truck 2	75,000
Total Vehicles	<u>510,000</u>

Capital Projects	
AMI	1,000,000
Substation Maintenance	80,000
PMt Verd Substation (Preliminary Planning)	300,000
Distribution Automation	80,000
Build Out Fiber	150,000
SDX Unit(C Athens)	60000
SCADA Improvements	20,000
North Athens 69 Yard Rebuild	600,000
Total Capital Projects	2,290,000

Continuous Items	
Other System Improvements	391,432
Poles	352,289
Primary Wire and Underground	500,000
Transformers	521,909
Services	326,193
IT Core (Servers, mainframe, etc.)	20,000
Routine Annual Substation Testing	35,000
Total Continuous Items	2,146,823
Vehicles	510,000
Capital Projects	2,290,000
Continuous Items	2,146,823
Total	4,946,823

FY 2028	Estimated Cost
Vehicles	
Take Delivery of Truck 83 (Ordered October 25)	300,000
Truck 36 (Order FY 2028, receive FY30)	
Total Vehicles	300,000

Capital Projects	
AMI	500,000
Mt Verd Substation	13,000,000
North Athens 69 Yard Rebuild	600,000
Distribution Automation	80,000
SDX Unit(S Athens)	60,000
Build Out Fiber	150,000
SCADA Improvements	20,000
Total Capital Projects	14,410,000

Continuous Items	
Other System Improvements	391,432
Poles	352,289
Primary Wire and Underground	500,000
Transformers	521,909
Services	326,193
IT Core (Servers, mainframe, etc.)	20,000
Routine Annual Substation Testing	35,000
Total Continuous Items	2,146,823

Vehicles	300,000
Capital Projects	14,410,000
Continuous Items	2,146,823
Total	16,856,823

FY 2029	Estimated Cost
Vehicles	
Truck 82 (Order FY 2029, receive FY31)	
Truck 52	60,000
Truck 70	60000
Total Vehicles	120,000

Capital Projects	
AMI	250,000
Transmission Distribution Automation	250,000
Build out Fiber	150,000
SCADA Improvements	20,000
North Athens 69 Transformer Bank	1,500,000
Central Athens Sub Highside/Controls update & breaker	300,000

Total Capital Projects	2,470,000
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Continuous Items	
Other System Improvements	391,432
Poles	352,289
Primary Wire and Underground	500,000
Transformers	521,909
Services	326,193
IT Core (Servers, mainframe, etc.)	20,000
Routine Annual Substation Testing	35,000
Total Continuous Items	2,146,823

Vehicles	120,000
Capital Projects	2,470,000
Continuous Items	2,146,823
Total	4,736,823

FY 2030	Estimated Cost
Vehicles	
Take Delivery of Truck 36 (Ordered October 27)	300,000
Truck 77	60,000
Total Vehicles	360,000

Capital Projects	
South Athens Transformers and Sub House Controls	1,000,000
Transmission Distribution Automation	100,000
Build out Fiber	150,000
SCADA Improvements	20,000
West Athens Sub Panel Upgrades to match New transfor	400,000

Total Capital Projects	1,670,000
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Continuous Items	
Other System Improvements	391,432
Poles	352,289
Primary Wire and Underground	500,000
Transformers	521,909
Services	326,193
IT Core (Servers, mainframe, etc.)	20,000
Routine Annual Substation Testing	35,000
Total Continuous Items	2,146,823

Vehicles	360,000
Capital Projects	1,670,000
Continuous Items	2,146,823
Total	4,176,823

WATER DIVISION

Five Year Projections

Water Division Summary

Escalation Factors:

Revenue and cost projections for the water division are based on a combination of historical data for sales, costs/expenses, and anticipated growth. Selected summary data can be found in the appendix of this report. The escalation factors are summarized in the table below:

Revenue/Cost Projection	Escalation Factor	Data Considered/Evaluated
Residential Sales	5.0%	Customer growth & Unit Sales
Small Commercial Sales	5.0%	Customer growth & Unit Sales
Large Commercial Sales	1.7%	Customer growth & Unit Sales
Other	1.0%	Trend Data
Purchased Supply	1.0%	Current Year/Escalation Trend
Operating Expenses	5.4%	Total Expense-Purchased Supply
Maintenance Expenses	4.2%	O and M Expenses
Depreciation Expenses	Variable	Depreciation
Regular Capital Investments	Variable	Out Years – Current Year Spending
New Capital Investments	Variable	Superintendent Input

New Capital Investments:

New capital investments are summarized on an annual basis for the water division immediately following the graphs for net income, capital investment, and ending cash. The data were collected and used as input into the spreadsheet for cash flow analysis. The primary capital projects for the water division include: reservoir for Mt. Verd Industrial Park; AMI infrastructure; water line projects on Congress Parkway and Matlock; reservoir maintenance; water line extensions; and equipment replacement.

Summary:

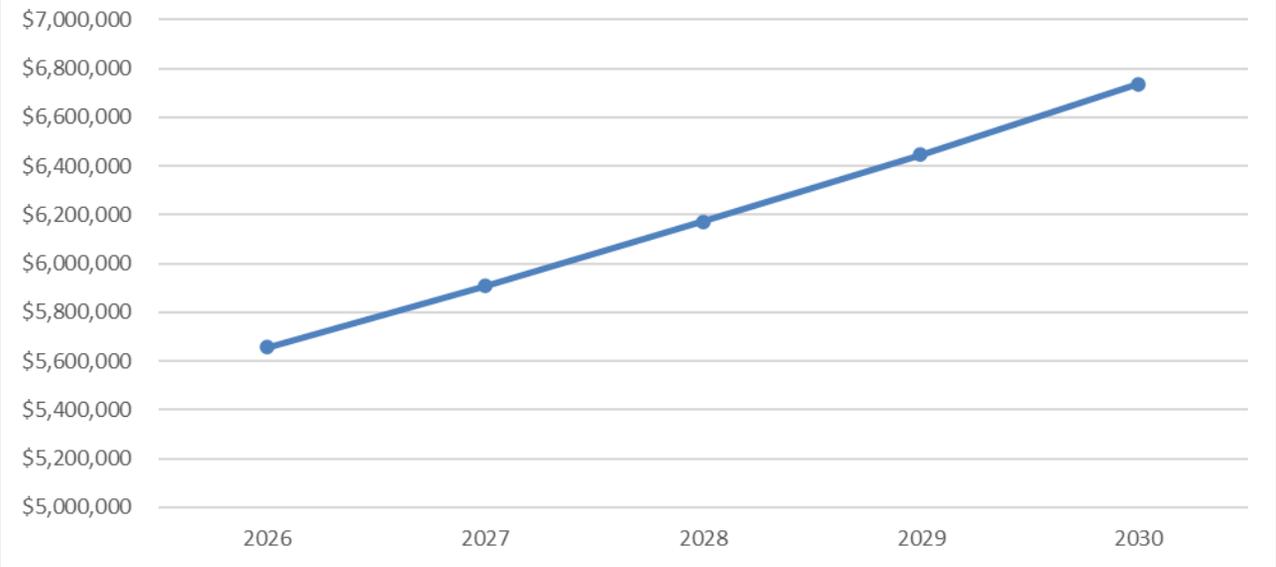
As mentioned previously and indicated by the tables and graphical data the water division will require increased revenues with projections showing significant erosion of net revenues. As the Board knows, we are required by the state Comptroller’s office to maintain positive net revenue within the water and wastewater divisions. The department appears to be healthy overall including a low debt burden and a good cash position. These statements are based upon the assumptions and limitations of the projections used in this analysis.

Water Division

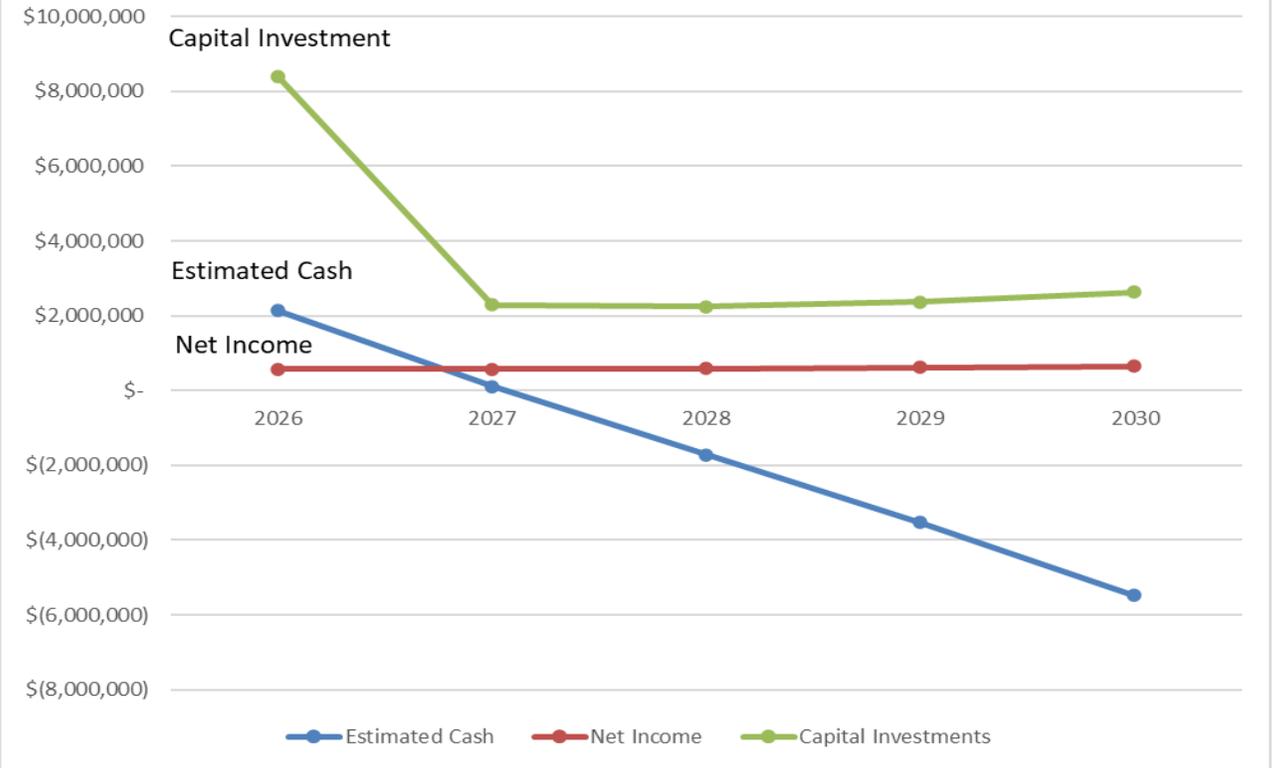
Five Year Income and Cash Projections

	2026	2027	2028	2029	2030
REVENUE:					
Residential	2,351,164	2,468,722	2,592,159	2,721,766	2,857,855
Small Commercial	2,421,961	2,543,059	2,670,212	2,803,723	2,943,909
Large Commercial	559,917	569,379	579,002	588,787	598,737
Other	323,549	326,785	330,053	333,353	336,687
Total Revenue	\$ 5,656,591	\$ 5,907,946	\$ 6,171,425	\$ 6,447,629	\$ 6,737,188
Purchased Supply	805,000	813,050	821,181	829,392	837,686
Contribution Margin	\$ 4,851,591	\$ 5,094,896	\$ 5,350,245	\$ 5,618,237	\$ 5,899,502
Operating Expenses	2,696,749	2,842,373	2,995,861	3,157,638	3,328,150
Maintenance Expenses	694,966	724,154	754,569	786,261	819,284
Depreciation Expense	834,872	883,128	934,173	988,168	1,045,284
Other	-	-	-	-	-
Debt Expense	82,500	82,025	76,719	71,270	65,664
Net Income Before Grants	\$ 542,505	\$ 563,215	\$ 588,923	\$ 614,901	\$ 641,120
Grants	33,000				
Net Income	\$ 575,505	\$ 563,215	\$ 588,923	\$ 614,901	\$ 641,120
Beginning Cash Estimate	7,240,142	\$ 2,136,249	\$ 108,125	\$ (1,713,552)	\$ (3,530,705)
Depreciation	834,872	883,128	934,173	988,168	1,045,284
New Debt					
Debt Service	204,299	209,467	214,773	220,222	225,828
Net Income	575,505	563,215	588,923	614,901	641,120
Regular Capital Improvements	886,893	850,000	860,000	860,000	860,000
Capital Investments	8,385,000	2,295,000	2,235,000	2,365,000	2,635,000
Vehicles	310,000	210,000	125,000	65,000	-
Retirements and Salvage	3,271,922	90,000	90,000	90,000	90,001
Estimated Ending Cash	\$ 2,136,249	\$ 108,125	\$ (1,713,552)	\$ (3,530,705)	\$ (5,475,129)
Projected Ending Debt Balance	2,314,228	2,104,761	1,889,988	1,669,766	1,443,938
O&M and Depreciation	\$ 5,114,086.73	\$ 5,344,730.34	\$ 5,582,502.26	\$ 5,832,728.64	\$ 6,096,068.06

AUB Five Year Plan Water Division Projected Total Revenue



AUB Five Year Plan Water Division Projections



WATER DIVISION

Five Year Capital Budget Assumptions/Input

FY 2026	Estimated Cost
Vehicles	
Replace Truck #88 (Single Axle Dump)	150,000
Truck #63 (2007)	60,000
Replace Truck #59	100,000
Total Vehicles	310,000
Capital Projects	
Tank #3 Removal	70,000
Spare Well Pumps	50,000
Replace Buildings at Wells #7, #4 - Add Metering	130,000
Raw Water Line Bore under Oost. Creek	75,000
Ingleside Ave @ Woodward - replace 8" CI Crossir	155,000
Congress Pkwy - Tractor Supply to Million St.	350,000
Replace Crossing Congress Pkwy (RR Ave to Clear	450,000
Locker Room Improvements	30,000
AMI Project	575,000
Tank #6	6,500,000
Total Capital Projects	8,385,000
Continuous Items	
Water Plant Maint and Lab Equipment	50,000
Meter Change Out (Large, Small and Testing)	30,000
Reservoir and Pump Maintenance	40,000
Water Line Extensions	200,000
Distribution Rehabilitation	200,000
Field and Safety Equipment	25,000
Water Services	250,000
Technology (SCADA, Computers)	35,000
IT Core (Servers, mainframe, etc.)	56,893
Total Continuous Items	886,893
Vehicles	310,000
Capital Projects	8,385,000
Continuous Items	886,893
Total	9,581,893

FY 2027	Estimated Cost
Vehicles	
Lowboy Trailer	60,000
Backhoe	150,000
Total Vehicles	210,000
Capital Projects	
Sandblast and Re-Paint Reservoir #2	120,000
Diesel Generator for WTP	500,000
Matlock Phase 1 - Madison to Crestway	1,100,000
AMI Project	575,000
Total Capital Projects	2,295,000
Continuous Items	
Water Plant Maint and Lab Equipment	50,000
Meter Change Out (Large, Small and Testing)	30,000
Reservoir and Pump Maintenance	40,000
Water Line Extensions	200,000
Distribution Rehabilitation	200,000
Field and Safety Equipment	25,000
Water Services	250,000
Technology (SCADA, Computers)	35,000
IT Core (Servers, mainframe, etc.)	20,000
Total Continuous Items	850,000
Vehicles	210,000
Capital Projects	2,295,000
Continuous Items	850,000
Total	3,355,000

FY 2028	Estimated Cost
Vehicles	
Replace Truck 16 (service truck)	125,000
Total Vehicles	125,000
Capital Projects	
Replace CI Water Line Crossing (Rocky Mount Rd)	250,000
Matlock Phase 2 - Crestway to Cedar Springs	1200000
Install Aerator in Tank #2	60,000
WTP - Re-pave Parking / Regrade Yard & Fencin	150,000
AMI Project	575,000
Total Capital Projects	2,235,000
Continuous Items	
Water Plant Maint and Lab Equipment	50,000
Meter Change Out (Large, Small and Testing)	40,000
Reservoir and Pump Maintenance	40,000
Water Line Extensions	200,000
Distribution Rehabilitation	200,000
Field and Safety Equipment	25,000
Water Services	250,000
Technology (SCADA, Computers)	35,000
IT Core (Servers, mainframe, etc.)	20,000
Total Continuous Items	860,000
Vehicles	125,000
Capital Projects	2,235,000
Continuous Items	860,000
Total	3,220,000

FY 2029	Estimated Cost
Vehicles	
Replace Truck 18 (Foreman Truck)	65,000
Total Vehicles	65,000
Capital Projects	
Replace CI Water Line RR Ave. (East Ave. to Tellico Ave.)	1,300,000
Emergency Generator for Spring	500,000
AMI Project	565,000
Total Capital Projects	2,365,000
Continuous Items	
Water Plant Maint and Lab Equipment	50,000
Meter Change Out (Large, Small and Testing)	40,000
Reservoir and Pump Maintenance	40,000
Water Line Extensions	200,000
Distribution Rehabilitation	200,000
Field and Safety Equipment	25,000
Water Services	250,000
Technology (SCADA, Computers)	35,000
IT Core (Servers, mainframe, etc.)	20,000
Total Continuous Items	860,000
Vehicles	65,000
Capital Projects	2,365,000
Continuous Items	860,000
Total	3,290,000

FY 2030	Estimated Cost
Vehicles	
Total Vehicles	-
Capital Projects	
Replace Lakefront Drive 2-1/4 CI (Blue Sp. to Hicks St)	750,000
Replace CI Water Line Palos Street	850,000
RR Ave 12" (Gay St. to Tellico Ave)	350,000
WTP - Baffle Clearwell	120,000
AMI Project	565,000
Total Capital Projects	2,635,000
Continuous Items	
Water Plant Maint and Lab Equipment	50,000
Meter Change Out (Large, Small and Testing)	40,000
Reservoir and Pump Maintenance	40,000
Water Line Extensions	200,000
Distribution Rehabilitation	200,000
Field and Safety Equipment	25,000
Water Services	250,000
Technology (SCADA, Computers)	35,000
IT Core (Servers, mainframe, etc.)	20,000
Total Continuous Items	860,000
Vehicles	-
Capital Projects	2,635,000
Continuous Items	860,000
Total	3,495,000

GAS DIVISION

Five Year Projections

Gas Division Summary

Escalation Factors:

Revenue and cost projections for the gas division are based on a combination of historical data for sales, costs/expenses, and anticipated growth. Selected summary data can be found in the appendix of this report. The escalation factors are summarized in the table below:

Revenue/Cost Projection	Escalation Factor	Data Considered/Evaluated
Residential Sales	1.0%	Customer growth and Unit Sales
Small Commercial Sales	.5%	Customer growth and Unit Sales
Large Commercial Sales	1.5%	Customer growth and Unit Sales
Interruptible	1.5%	Customer growth and Unit Sales
CNG	.98%	Customer growth and Unit Sales
Fees and Other Gas Revenues	.25%	Trend Data
Gas Cost	63 percent of revenues	5 Year Total Supply/Revenue
Operating Expenses	3.3%	Total Expense-Purchased Supply
Maintenance Expenses	2.5%	O and M Expenses
Depreciation Expenses	7.0%	Depreciation
Tax Equivalents	1.0%	Capital Improvements/5-year trend
Other	0.0%	None
Regular Capital Investments	Variable	Out Years – Current Year Spending
New Capital Investments	Variable	Superintendent Input

New Capital Investments:

New capital investments are summarized on an annual basis for the gas division immediately following the graphs for net income, capital investment, and ending cash. The data were collected and used as input into the spreadsheet for cash flow analysis. As stated in the executive summary, the division is in a relatively mature position in terms of large capital projects with the exception of AMI infrastructure. Other than AMI, some of the larger capital projects on the five-year planning horizon include: Replacement of the odorant system at Niota; installation of a in-line heater for Riceville; and construction of an outdoor welding facility. Other capital expenditures include equipment and fleet replacements, maintenance of regulator stations and equipment, and ongoing efforts for reliability and safety (cathodic bed upgrades).

Summary:

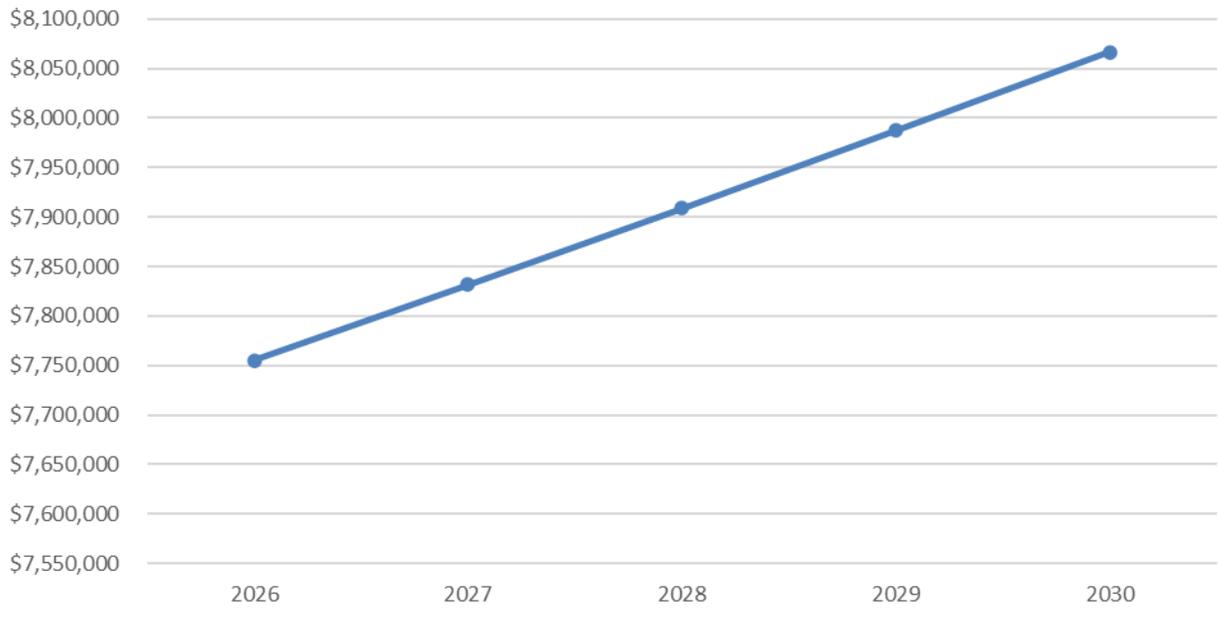
Net revenues vary significantly in the gas division dependent upon winter weather; however, the long-term trend is negative. With the implementation of new rates this fiscal year, we should have a much better net revenue situation over the five-year planning window. These statements are based upon the assumptions and limitations of the projections used in this analysis.

Gas Division

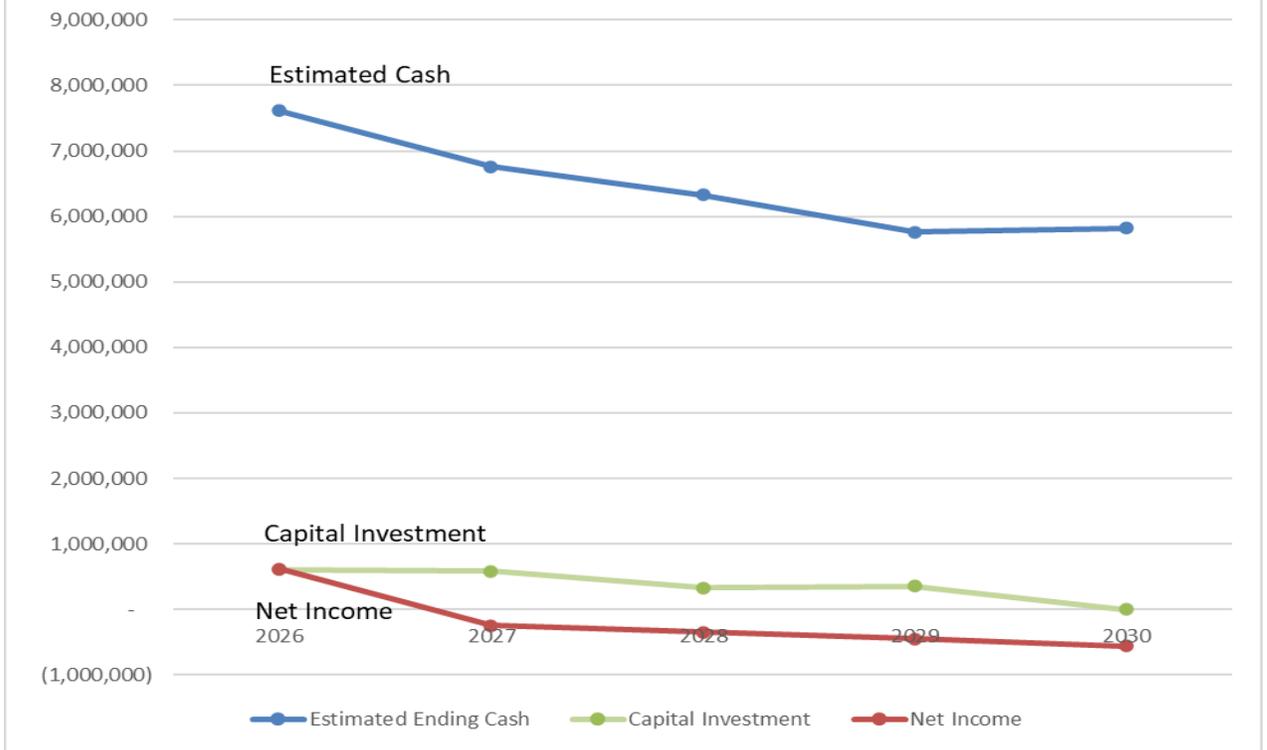
Five Year Income and Cash Projections

	2026	2027	2028	2029	2030
REVENUE:					
Residential	3,270,766	3,303,474	3,336,509	3,369,874	3,403,573
Small Commercial	2,171,908	2,182,768	2,193,682	2,204,650	2,215,673
Large Commercial	1,117,949	1,134,718	1,151,739	1,169,015	1,186,550
Interruptible	1,097,645	1,114,109	1,130,821	1,147,783	1,165,000
CNG	21,324	20,898	20,480	20,070	19,669
Fees and Other Gas Revenues	75,577	75,766	75,955	76,145	76,336
Total Revenue	\$ 7,755,170	\$ 7,831,733	\$ 7,909,186	\$ 7,987,538	\$ 8,066,801
Gas Cost	4,173,140	4,933,992	4,982,787	5,032,149	5,082,084
Contribution Margin	\$ 3,582,030	\$ 2,897,741	\$ 2,926,399	\$ 2,955,389	\$ 2,984,716
Operating Expenses	1,721,925	1,778,748	1,837,447	1,898,083	1,960,719
Maintenance Expenses	303,239	310,820	318,590	326,555	334,719
Depreciation	773,128	827,247	885,154	947,115	1,013,413
Tax Equivalents	223,000	225,230	227,482	229,757	232,055
Other	20,650	7,500	7,500	7,500	7,500
Leased CNG Station Expense	601	514	426	338	291
Grants, Contributions, Extraordinary	75,000	2,000	2,000	2,000	2,000
Net Income	\$ 614,488	\$ (250,317)	\$ (348,201)	\$ (451,958)	\$ (561,980)
Beginning Cash Estimate	\$7,826,899	\$ 7,616,460	\$ 6,755,990	\$ 6,325,457	\$ 5,763,039
Depreciation	773,128	827,247	885,154	947,115	1,013,413
New Debt					
Leased CNG Station Service	17,312	17,399	17,486	17,574	17,662
Net Income	614,388	(250,317)	(348,201)	(451,958)	(561,980)
Regular Capital Improvements	837,765	510,000	510,000	510,000	350,000
Vehicles	205,000	300,000	80,000	150,000	-
Capital Investments	610,000	580,000	330,000	350,000	-
Other	72,124	30,000	30,000	30,000	30,001
Estimated Ending Cash	7,616,460	\$ 6,755,990	\$ 6,325,457	\$ 5,763,039	\$ 5,816,808
Projected Ending CNG Lease	128,137	110,738	93,251	75,677	58,015
O&M and Depreciation	6,971,431	7,850,806	8,023,978	8,203,901	8,390,935

AUB Five Year Plan Gas Division Projected Total Revenue



AUB Five Year Plan Gas Division Projections



GAS DIVISION

Five Year Capital Budget Assumptions/Input

FY 2026	Estimated Cost
Vehicles	
Truck 22 - Service Foreman	65,000
Truck 53 Service Truck (2019 F250)	65,000
Mini Excavator	75,000
Total Vehicles	205,000
 Capital Projects	
Upgrading Cathodic Protection Field -	30,000
Replace Leak Detectors and Locating Equip	30,000
20% of 5 Year Leak Survey	30,000
CNG Conversions for Vehicles	30,000
Sandblast and Re-coat Riceville Gate Static	25,000
Sandblast and Re-coat Delay Street regulat	25,000
Replace pressure chart with electronic monitc	15,000
Replace Odorant System - Niota	180,000
Locker Room improvements	30000
AMR Project	215,000
Total Capital Projects	610,000
 Continuous Items	
System Improvement (incl. new Hwy 11 cr	360,000
Main	100,000
Services	300,000
Technology (SCADA, Computers, etc.)	30,000
IT Core (Servers, mainframe, etc.)	47,765
Total Continuous Items	837,765
Vehicles	205,000
Capital Projects	610,000
Continuous Items	837,765
Total	1,652,765

FY 2027	Estimated Cost
Vehicles	
Small Dump	125,000
Replace Large Trencher/Plow (Vermeer)	175,000
Total Vehicles	300,000
 Capital Projects	
Upgrading Cathodic Protection Field -	30,000
Replace Leak Detectors and Locating Equip	10,000
33% of 3 Year Leak Survey - AUB Forces	30,000
CNG Conversions for Vehicles	30,000
Indirect Line Heater - Riceville Gate Station	150,000
Extend Gas Bay for Outdoor Welding Area	100,000
Replace pressure chart with electronic monitor	15,000
AMI Project	215,000
Total Capital Projects	580,000
 Continuous Items	
System Improvement	60,000
Main	100,000
Services	300,000
Technology (SCADA, Computers, etc.)	30,000
IT Core (Servers, mainframe, etc.)	20,000
Total Continuous Items	510,000
Vehicles	300,000
Capital Projects	580,000
Continuous Items	510,000
Total	1,390,000

FY 2028	Estimated Cost
Vehicles	
Truck 14 (2010 F450) Hauls Water/Boring	80,000

Total Vehicles	80,000
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Capital Projects	
Upgrading Cathodic Protection Field -	30,000
Replace Leak Detectors and Locating Equip	10,000
33% of 3 Year Leak Survey - AUB Forces	30,000
CNG Conversions for Vehicles	30,000
Replace pressure chart with electronic mo	15,000
AMI Project	215,000

Total Capital Projects	330,000
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Continuous Items	
System Improvement	60,000
Main	100,000
Services	300,000
Technology (SCADA, Computers, etc.)	30,000
IT Core (Servers, mainframe, etc.)	20,000
Total Continuous Items	510,000

Vehicles	80,000
Capital Projects	330,000
Continuous Items	510,000
Total	920,000

FY 2029	Estimated Cost
Vehicles	
Replace Truck #57 (Gas Crew Truck)	150,000
Total Vehicles	<u><u>150,000</u></u>
 Capital Projects	
Upgrading Cathodic Protection Field -	30,000
Replace Leak Detectors and Locating Equ	10,000
33% of 3 Year Leak Survey - 3rd Party	50,000
CNG Conversions for Vehicles	30,000
Replace pressure chart with electronic m	15000
AMI Project	215000
Total Capital Projects	<u><u>350,000</u></u>
 Continuous Items	
System Improvement	60,000
Main	100,000
Services	300,000
Technology (SCADA, Computers, etc.)	30,000
IT Core (Servers, mainframe, etc.)	20,000
Total Continuous Items	<u><u>510,000</u></u>
Vehicles	150,000
Capital Projects	350,000
Continuous Items	510,000
Total	<u><u>1,010,000</u></u>

FY 2030	Estimated Cost
Vehicles	
Total Vehicles	<u><u>-</u></u>
Capital Projects	
Upgrading Cathodic Protection Field -	30,000
Replace Leak Detectors and Locating Equipment	10,000
33% of 3 Year Leak Survey - 3rd Party	50,000
CNG Conversions for Vehicles	30,000
Replace pressure chart with electronic monitor	15000
AMI Project	215000
Total Capital Projects	<u><u>350,000</u></u>
Continuous Items	
System Improvement	60,000
Main	100,000
Services	300,000
Technology (SCADA, Computers, etc.)	30,000
IT Core (Servers, mainframe, etc.)	20,000
Total Continuous Items	<u><u>510,000</u></u>
Vehicles	-
Capital Projects	350,000
Continuous Items	510,000
Total	<u><u>860,000</u></u>

WASTEWATER DIVISION

Five Year Projections

Wastewater Division Summary

Escalation Factors:

Revenue and cost projections for the wastewater division are based on a combination of historical data for sales, costs/expenses, and anticipated growth. Selected summary data can be found in the appendix of this report. The escalation factors are summarized in the table below:

Revenue/Cost Projection	Escalation Factor	Data Considered/Evaluated
Residential Sales	.2%	Customer growth and Unit Sales
Small Commercial Sales	3.0%	Customer growth and Unit Sales
Large Commercial Sales	3.0%	Customer growth and Unit Sales
Other	.25%	Trend Data
Operating Expenses	6.0%	Total Expense-Purchased Supply
Maintenance Expenses	4.0%	O and M Expenses
Depreciation Expenses	0.5%	Depreciation
Regular Capital Investments	Variable	Out Years – Current Year Spending
New Capital Investments	Variable	Superintendent Input

New Capital Investments:

New capital investments are summarized on an annual basis for the wastewater division immediately following the graphs for net income, capital investment, and ending cash. The data were collected and used as input into the spreadsheet for cash flow analysis. The primary capital projects for the wastewater division in the five-year budget window are associated with replacement of biosolids equipment at Oostanaula, and a number of multi-year projects at both plants to address aging process equipment as well continuing rehabilitation projects to address system wide I&I.

Summary:

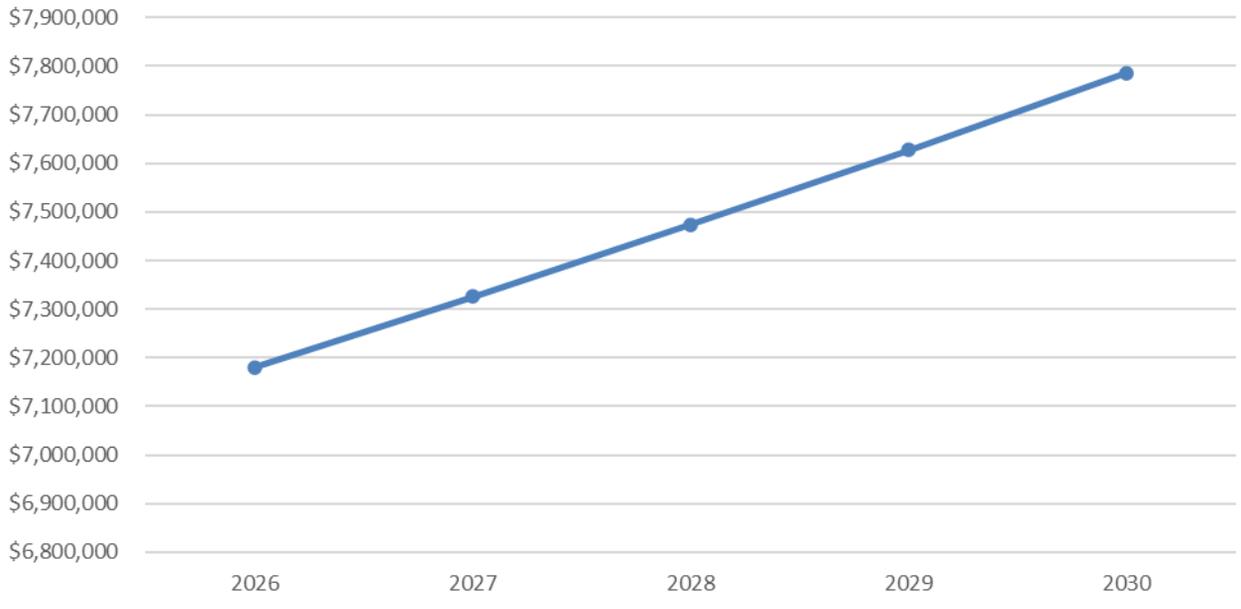
The higher revenues from large commercial sales have diminished greatly. We cannot cash-flow the current level of capital improvements needed in the next five years. The wastewater division will continue to require large annual capital expenditures to meet federal and state regulatory framework regarding system and plant overflows. It will be a delicate balance moving forward to ensure we adequately fund the division while keeping the rates as low as feasible. We will continue to focus on sound financial stewardship along with long-term financing of capital projects (where applicable) while actively seeking grant opportunities. We will continue to monitor the financial health of the division from a net revenue and cash standpoint and will make recommendations to the board regarding any need for rate increases in a timely manner. These statements are based on the assumptions and limitations of the projections used in this analysis.

Wastewater Division

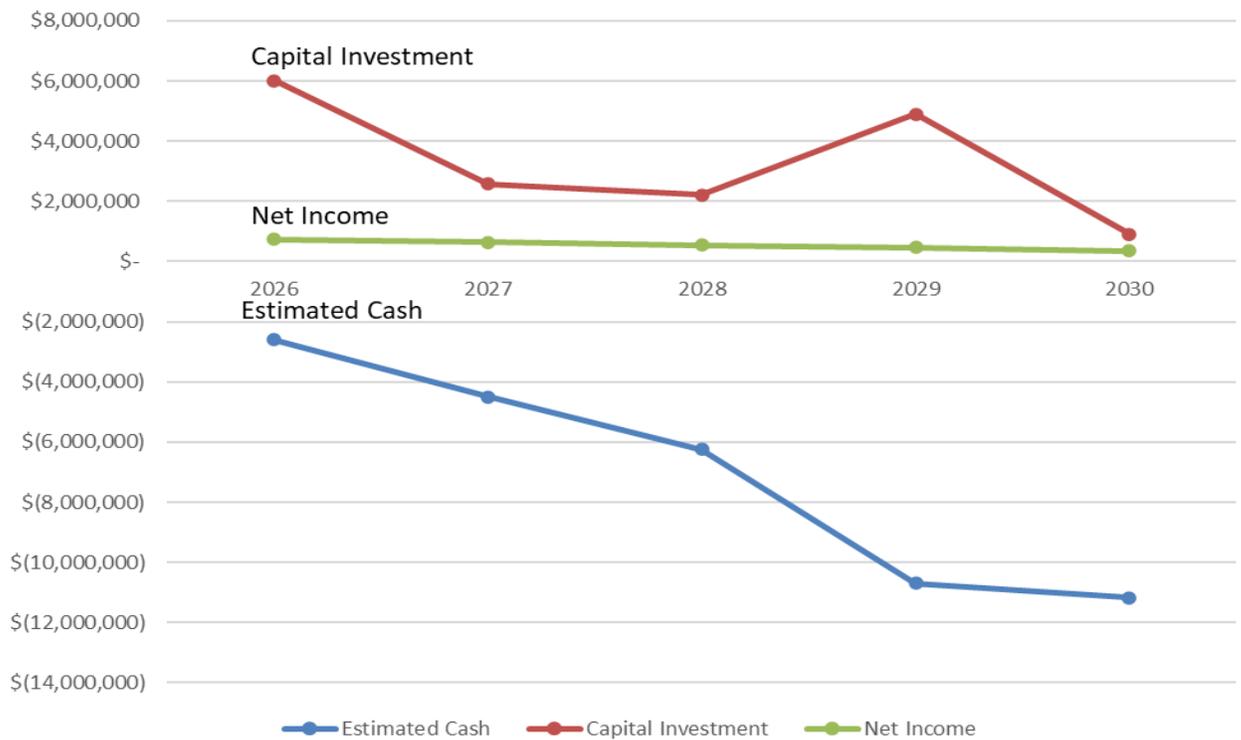
Five Year Income and Cash Projections

	2026	2027	2028	2029	2030
REVENUE:					
Residential	2,230,000	2,234,460	2,238,929	2,243,407	2,247,894
Small Commercial	1,850,000	1,905,500	1,962,665	2,021,545	2,082,191
Large Commercial	2,800,000	2,884,000	2,970,520	3,059,636	3,151,425
Other	301,000	301,753	302,507	303,263	304,021
Total Revenue	\$ 7,181,000	\$ 7,325,713	\$ 7,474,621	\$ 7,627,850	\$ 7,785,531
Operating Expenses	3,647,498	3,866,348	4,098,329	4,344,229	4,604,882
Maintenance Expenses	774,566	805,548	837,770	871,281	906,132
Depreciation	1,759,497	1,768,294	1,777,136	1,786,022	1,794,952
Other					
Debt Expense	273,421	251,500	210,065	168,436	126,606
Net Income Before Grants	726,019	634,022	551,321	457,883	352,959
Grants					
Net Income	\$ 726,019	\$ 634,022	\$ 551,321	\$ 457,883	\$ 352,959
Beginning Cash	\$ 2,025,984	\$ (2,596,459)	\$ (4,509,742)	\$ (6,238,580)	\$ (10,692,859)
Depreciation	1,759,497	1,768,294	1,777,136	1,786,022	1,794,952
New Debt					
Net Income	726,019	634,022	551,321	457,883	352,959
Debt Service	1,517,094	1,525,600	1,534,294	1,543,184	1,552,270
Regular Capital Improvements	1,968,585	1,980,000	1,980,000	1,980,000	1,980,000
Vehicles	225,000	40,000	135,000	75,000	-
Capital Investments	6,011,000	2,570,000	2,208,000	4,900,000	900,000
Other	2,613,720	1,800,000	1,800,000	1,800,000	1,800,000
Ending Estimated Cash	\$ (2,596,459)	\$ (4,509,742)	\$ (6,238,580)	\$ (10,692,859)	\$ (11,177,219)
Projected Ending Debt Balance	7,998,814	6,473,214	5,921,893	5,464,010	5,111,051
O&M and Depreciation	6,454,981	6,691,691	6,923,300	7,169,967	7,432,572

AUB Five Year Plan Wastewater Division Projected Total Revenue



AUB Five Year Plan Wastewater Division Projections



WASTEWATER DIVISION

Five Year Capital Budget Assumptions/Input

FY 2026	Estimated Cost
Replace Truck #45 -WW Maint	65,000
Replace TV Inspection Truck (not including cam)	100,000
Replace Truck #55 (WW Chief Op)-Dodge 2012	60000
Total Vehicles	225,000

Capital Projects

Oost WWTP - Dewatering Equip, and Install	5,000,000
Oost WWTP - Turblex 32,000 hour service	35,000
Oost WWTP - UV Wiper System	85,000
Oost WWTP - Digester Motive Pump	50,000
Oost WWTP - Roll off Dumpster	15,000
NMC WWTP - Replace Influent Pump (spare)	44,000
NMC WWTP - Replace Return Pumps	370,000
Replace Wheatland Hills S/D Pump Station	300,000
Replace Roof Sterling Rd. Pump Station	112,000
Total Capital Projects	6,011,000

Continuous Items

Oostanaula WWTP Refurbishment	150,000
NMC WWTP Refurbishment	100,000
Admin and Operators Buildings Maint. - Oost.	15,000
Laboratory Equipment (incl. spectropho. and BC	30,000
Lift Station Rehabilitation	50,000
Field and Safety Equipment	20,000
Collection System Rehab	750,000
Material Donations	5,000
Technology (SCADA, Computers)	35,000
Services	500,000
Extensions	25,000
Grinder Pump Core Replacements	140,000
Manhole Rehabilitation	30,000
Rehabilitation of Services	75,000
IT Core (Servers, mainframe, etc.)	43,585
Total Continuous Items	1,968,585
Vehicles	225,000
Capital Projects	6,011,000
Continuous Items	1,968,585
Total	8,204,585

FY 2027	Estimated Cost
Replace NMC Plant Truck #61 (2013 F150)	40,000
Total Vehicles	40,000
Capital Projects	
Oost WWTP - UV Bulbs	65,000
Oost WWTP - Paint Clarifiers (strip/paint 2 of 4)	300,000
NMC WWTP - UV Bulbs	35,000
NMC WWTP - Replace Coarse Bar Screen	385,000
NMC WWTP - Replace Generator	400,000
NMC WWTP - Replace Fine Screens	560,000
Replace White Street Crossing at Tan and Trave	450,000
Replace Ridgeway P.S. with Gravity Connection	375,000
Total Capital Projects	2,570,000
Continuous Items	
Oostanaula WWTP Refurbishment	200,000
NMC WWTP Refurbishment	100,000
Admin and Operators Buildings Maint. - Oost.	15,000
Laboratory Equipment	15,000
Lift Station Rehabilitation	50,000
Field and Safety Equipment	20,000
Collection System Rehab	750,000
Material Donations	5,000
Technology (SCADA, Computers)	35,000
Services	500,000
Extensions	25,000
Grinder Pump Core Replacements	140,000
Manhole Rehabilitation	30,000
Rehabilitation of Services	75,000
IT Core (Servers, mainframe, etc.)	20,000
Total Continuous Items	1,980,000
Vehicles	40,000
Capital Projects	2,570,000
Continuous Items	1,980,000
Total	4,590,000

FY 2028	Estimated Cost
Replace Truck #43 (WW Crew Truck)	135,000
Total Vehicles	135,000
Capital Projects	
Oost WWTP - Enlarge Biosolids Storage Bin	150,000
Oost WWTP - Paint Clarifiers (strip/paint 2 of 4)	300,000
Oost WWTP - Borger Pump (can be transfer or w	30,000
Oost WWTP - Floating Aerators in Digesters	300,000
Oost WWTP - Golf Cart replacement	23,000
NMC WWTP - Replace Clarifier Drives and Bridge	650,000
NMC WWTP - Replace Grit/Grease Bridge, Festc Classifier	255,000
Re-locate Riceville Pump Station	500,000
Total Capital Projects	2,208,000
Continuous Items	
Oostanaula WWTP Refurbishment	200,000
NMC WWTP Refurbishment	100,000
Admin and Operators Buildings Maint. - Oost.	15,000
Laboratory Equipment	15,000
Lift Station Rehabilitation	50,000
Field and Safety Equipment	20,000
Collection System Rehab	750,000
Material Donations	5,000
Technology (SCADA, Computers)	35,000
Services	500,000
Extensions	25,000
Grinder Pump Core Replacements	140,000
Manhole Rehabilitation	30,000
Rehabilitation of Services	75,000
IT Core (Servers, mainframe, etc.)	20,000
Total Continuous Items	1,980,000
Vehicles	135,000
Capital Projects	2,208,000
Continuous Items	1,980,000
Total	4,323,000

FY 2029	Estimated Cost
Vehicles	
Replace Mini Excavator	75,000
Total Vehicles	75,000
 Capital Projects	
Oost WWTP - Renovate Chemical Building	300,000
NMC - Replace Sludge Thickener (delete if sl	350,000
NMC - Side-by-Side UTV replacement	25,000
Convert Park Village P.S. to Gravity Sewer	325,000
Replace Interceptor (21" to 24") beginning at '	3,900,000
Total Capital Projects	4,900,000
 Continuous Items	
Oostanaula WWTP Refurbishment	200,000
NMC WWTP Refurbishment	100,000
Admin and Operators Buildings Maint. - Oost.	15,000
Laboratory Equipment	15,000
Lift Station Rehabilitation	50,000
Field and Safety Equipment	20,000
Collection System Rehab	750,000
Material Donations	5,000
Technology (SCADA, Computers)	35,000
Services	500,000
Extensions	25,000
Grinder Pump Core Replacements	140,000
Manhole Rehabilitation	30,000
Rehabilitation of Services	75,000
IT Core (Servers, mainframe, etc.)	20,000
Total Continuous Items	1,980,000
Vehicles	75,000
Capital Projects	4,900,000
Continuous Items	1,980,000
Total	6,955,000

FY 2030	Estimated Cost
Vehicles	
Total Vehicles	-
Capital Projects	
Permanent Flow Monitor Installation	250,000
Oost WWTP - Strip/paint influent and transfer pumps	400,000
NMC WWTP - Replace Septage Receiving Unit	250,000
Total Capital Projects	900,000
Continuous Items	
Oostanaula WWTP Refurbishment	200,000
NMC WWTP Refurbishment	100,000
Admin and Operators Buildings Maint. - Oost.	15,000
Laboratory Equipment	15,000
Lift Station Rehabilitation	50,000
Field and Safety Equipment	20,000
Collection System Rehab	750,000
Material Donations	5,000
Technology (SCADA, Computers)	35,000
Services	500,000
Extensions	25,000
Grinder Pump Core Replacements	140,000
Manhole Rehabilitation	30,000
Rehabilitation of Services	75,000
IT Core (Servers, mainframe, etc.)	20,000
Total Continuous Items	1,980,000
Vehicles	-
Capital Projects	900,000
Continuous Items	1,980,000
Total	2,880,000

FIBER

Five Year Projections

Fiber Summary

Escalation Factors:

Revenue and cost projections for the fiber division are based on a very limited amount of historical data for sales, costs/expenses, and anticipated growth. We do not have high confidence in these numbers, but hope that we will be able to better refine them with each passing year. Selected summary data can be found in the appendix of this report. The escalation factors are summarized in the table below:

Revenue/Cost Projection	Escalation Factor	Data Considered/Evaluated
Residential Sales	.7%	Customer growth and Unit Sales
Small Commercial Sales	.7%	Customer growth and Unit Sales
Large Commercial Sales	.7%	Customer growth and Unit Sales
Other	.7%	Trend Data
Operating Expenses	2.3%	Total Expense-Purchased Supply
Maintenance Expenses	5.7%	O and M Expenses
Depreciation Expenses	5.1%	Depreciation
Regular Capital Investments	Variable	Out Years – Current Year Spending
New Capital Investments	Variable	Superintendent Input

New Capital Investments:

New capital investments are estimated to be \$50,000 per year.

Summary:

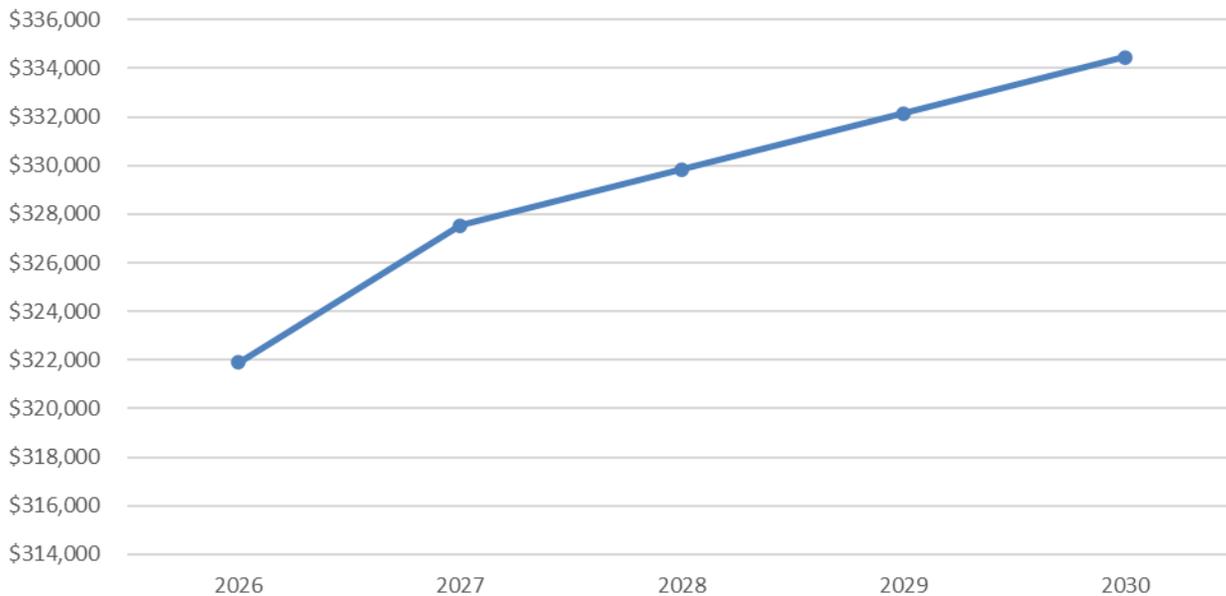
This is the first year we have considered estimating a five-year budget for the very small and very limited fiber unit. We have one vehicle and one employee, but we are slowly but surely gaining customers on a weekly basis. We will continue to monitor the financial health of the business from a net revenue and cash standpoint and will make recommendations to the board regarding any need for rate increases in a timely manner. These statements are based on the assumptions and limitations of the projections used in this analysis.

Fiber

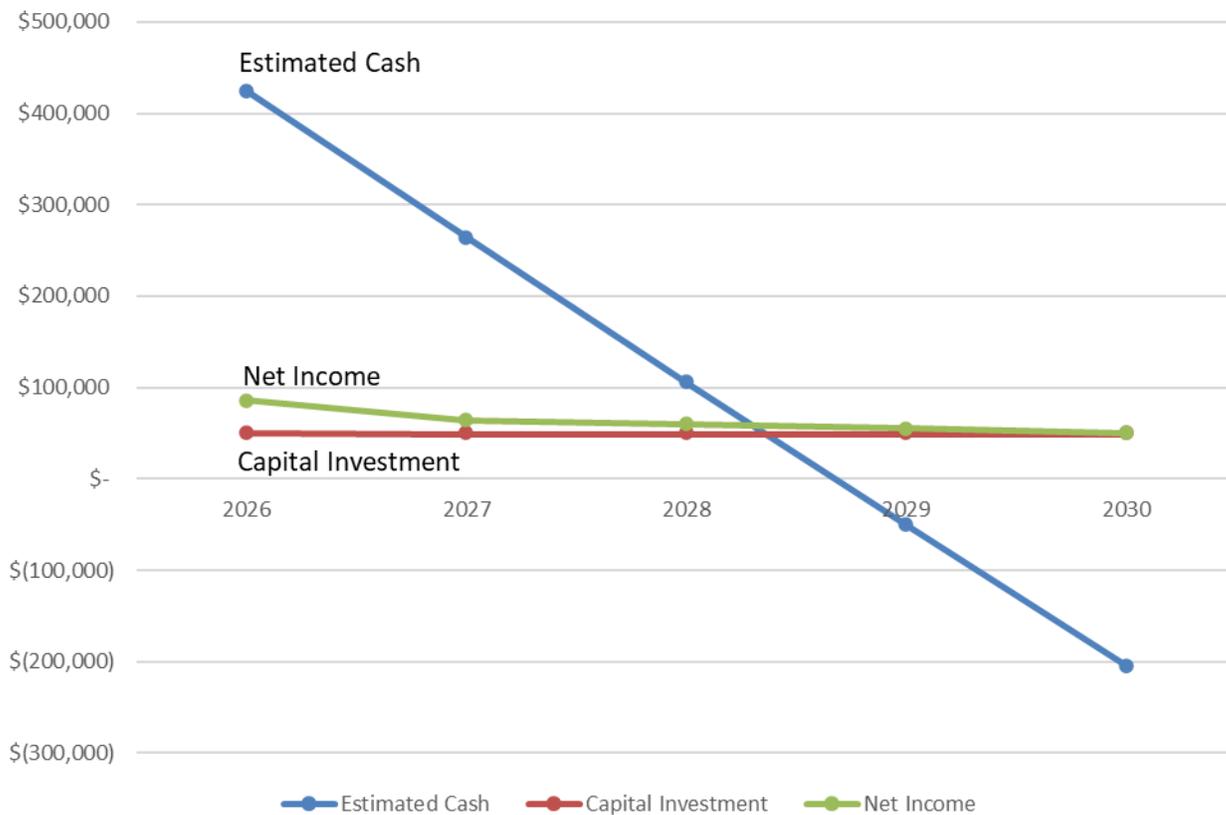
Five Year Income and Cash Projections

	2026	2027	2028	2029	2030
REVENUE:					
Residential Sales	147,240	151,657	152,719	153,788	154,864
Small Commerical Sales	72,144	72,649	73,158	73,670	74,185
Industrial Sales	24,000	24,168	24,337	24,508	24,679
Dark Fiber	64,104	64,553	65,005	65,460	65,918
Governmental Sales	8,640	8,700	8,761	8,823	8,884
Other Income	5,770	5,810	5,851	5,892	5,933
Total Revenue	\$ 321,898	\$ 327,538	\$ 329,831	\$ 332,139	\$ 334,464
Purchased Telecom	12,050	32,754	32,983	33,214	33,446
Contribution Margin	\$ 309,848	\$ 294,784	\$ 296,848	\$ 298,925	\$ 301,018
Operating and Maintenance Expense:	180,060	184,201	188,438	192,772	197,205
Depreciation	44,000	46,231	48,575	51,037	53,625
Net Income Before Grants	\$ 85,788	\$ 64,352	\$ 59,835	\$ 55,116	\$ 50,188
Grants					
Net Income	\$ 85,788	\$ 64,352	\$ 59,835	\$ 55,116	\$ 50,188
Cash Flow					
Beginning Cash	\$ 403,472	\$ 424,913	\$ 264,330	\$ 105,920	\$ (50,234)
Depreciation	44,000	46,231	48,575	51,037	53,625
New Debt					
Net Income	85,788	64,352	59,835	55,116	50,188
Debt Service					
Regular Capital Improvements	50,295	50,000	50,000	50,000	50,000
Other	(58,051)				
Ending Estimated Cash	\$ 424,913	\$ 264,330	\$ 105,920	\$ (50,234)	\$ (204,046)
O&M and Depreciation	224,060	230,432	237,012	243,809	250,830

AUB Five Year Plan Fiber Projected Total Revenue



AUB Five Year Plan Fiber Projections



FIBER

Five Year Capital Budget Assumptions/Input

FY 2026	Estimated Cost
Vehicles	
Total Vehicles	-
Capital Projects	
Total Capital Projects	-
Continuous Items	
Services	45,000
IT Core (Servers, mainframe, etc.)	5,295
Total Continuous Items	50,295
Vehicles	-
Capital Projects	-
Continuous Items	50,295
Total	50,295

FY 2027	Estimated Cost
Vehicles	
Total Vehicles	-
Capital Projects	
Total Capital Projects	-
Continuous Items	
Services	45,000
IT Core (Servers, mainframe, etc.)	5,000
Total Continuous Items	50,000
Vehicles	-
Capital Projects	-
Continuous Items	50,000
Total	50,000

FY 2028	Estimated Cost
Vehicles	
Total Vehicles	-
Capital Projects	
Total Capital Projects	-
Continuous Items	
Services	45,000
IT Core (Servers, mainframe, etc.)	5,000
Total Continuous Items	50,000
Vehicles	-
Capital Projects	-
Continuous Items	50,000
Total	50,000

FY 2029	Estimated Cost
Vehicles	
Total Vehicles	<u>-</u>
Capital Projects	
Total Capital Projects	<u>-</u>
Continuous Items	
Services	45,000
IT Core (Servers, mainframe, etc.)	5,000
Total Continuous Items	<u>50,000</u>
Vehicles	-
Capital Projects	-
Continuous Items	<u>50,000</u>
Total	<u>50,000</u>

FY 2030	Estimated Cost
Vehicles	
Total Vehicles	-
Capital Projects	
Total Capital Projects	98,000
Continuous Items	
Services	45,000
IT Core (Servers, mainframe, etc.)	5,000
Total Continuous Items	50,000
Vehicles	-
Capital Projects	98,000
Continuous Items	50,000
Total	148,000

Appendix 1

Line-Item Budget Data For Year One

**Athens Utilities Board
Power Division Line-Item Budget
June 30 2026**

Account Number	Account Title	2026 Budget
0-EL-400440-0000	Residential Sales	20,804,515.99
0-EL-400441-0000	Small Commercial Sales	5,095,042.97
0-EL-400442-0000	Large Commercial Sales	32,861,222.75
0-EL-400444-0000	Street/Athletic Lighting	481,971.88
0-EL-400445-0000	Ind. Outdoor Lighting	629,599.69
	Electric Sales Revenue	59,872,353.28
0-EL-400450-0000	Forfeited Discounts	177,940.68
	Revenue from Late Payments	177,940.68
0-EL-400451-0000	Miscellaneous Service Revenue	27,319.00
0-EL-400451-0002	Misc. Rev-Service Charges	122,790.00
0-EL-400451-0003	Misc. Rev Telecom	0.00
0-EL-400451-0007	Other Income - Contributions	737,967.99
0-EL-400456-0002	Misc. Rev - Grants	167,069.72
	Misc. Service Revenue	1,055,146.71
0-EL-400454-0000	Rent From Electric Property	656,701.31
	Rent from Electric Property	656,701.31
0-EL-400456-0000	Other Electric Revenue	67,000.00
	Other Electric Revenue	67,000.00
	Total Operating Revenue	61,829,141.98
0-EL-403000-0000	Depreciation Expense-Dist. Plant	(2,300,000.00)
0-EL-403200-0000	Depreciation Expense-General Plant	(320,000.00)
	Depreciation Expense	(2,620,000.00)
0-EL-406000-0000	Amort Of Elec. Plant Acquisition. Adj.	0.00
	Amortization of Acquisition. Adj.	0.00
0-EL-408000-0000	Taxes - Property	(980,000.00)
0-EL-408000-0003	Taxes - U.S. Social Security	(277,489.52)
	Taxes & Tax Equivalents	(1,257,489.52)
0-EL-415000-0000	Misc. Rev. Surge Protector	0.00
0-EL-416000-0000	Surge Protectors Cost of Sales	0.00
0-EL-419000-0000	Interest & Dividend Income	72,000.00
0-EL-419000-1000	Early Payment Credit	0.00
0-EL-421000-0000	Misc. Non-Operating Income	0.00
0-EL-421000-0002	Loss of Disposition of Property	0.00
0-EL-421000-0003	Gain on Disposition of Property	0.00
	Other Income	72,000.00
0-EL-426000-0000	Misc. Income Deductions-Donations	(28,667.00)
	Misc. Income Deductions	(28,667.00)

0-EL-427000-0000	Interest - Series II-F-5	0.00
0-EL-427000-0001	TMBF Series 2003 Interest	(38,861.00)
0-EL-427000-0002	Int. TMBF 2009	0.00
0-EL-427000-0003	TMBF Series 2008	(46,842.00)
0-EL-427000-0004	Interest Capital Leases	0.00
	Interest on Bonds	(85,703.00)
0-EL-431000-0000	Other Interest Expense	0.00
0-EL-431000-0001	Interest - TN Municipal. League	0.00
0-EL-431000-0002	Interest-Customer Deposits	(3,100.00)
	Other Interest Expense	(3,100.00)
0-EL-428000-0000	Amort. Of Debt Disc. & Expenses	0.00
	Amortization of Debt Disc. & Exp.	0.00
0-EL-434000-0000	Extraordinary Income	0.00
0-EL-435000-0000	Extraordinary Deductions	0.00
	Total Extraordinary Items	0.00
	Total Revenue	57,906,182.46
0-EL-401555-0000	Purchased Power	48,496,606.16
0-EL-401555-0001	Other Purchased Power	0.00
0-EL-401555-0004	Annual Loss Adjustment-TVA	0.00
	Total Power Costs	48,496,606.16
0-EL-401560-0000	Operation Supervision & Engineering	100.00
0-EL-401561-0000	Load Dispatching	0.00
0-EL-401562-0000	Station Expenses	1,000.00
0-EL-401562-1000	Joint Station Expense-NA Sub	0.00
0-EL-401563-0000	Overhead Line Expenses	0.00
0-EL-401564-0000	Underground Line Expenses	0.00
0-EL-401565-0000	Trans. Of Elec by Others	0.00
0-EL-401566-0000	Misc. Transmission Expenses	0.00
0-EL-401567-0000	Rents	0.00
	Transmission Expense	1,100.00
0-EL-401580-0000	Operation Supervision & Engineering	124,695.24
0-EL-401581-0000	Load Dispatching Distribution	41,909.62
0-EL-401582-0000	Station Expenses	158,264.21
0-EL-401582-0001	Relocation of Facilities	0.00
0-EL-401582-0030	Office & Supervisory	0.00
0-EL-401583-0000	Overhead Line Expenses	583,060.17
0-EL-401583-0002	Incllement Weather Payroll	55,651.00
0-EL-401583-0030	Office & Supervisory	113,081.07
0-EL-401584-0000	Underground Line Expenses	23,835.77
0-EL-401585-0000	Street Lighting Expenses-Athens	1,627.53
0-EL-401585-0003	Street Lighting Expenses-Englewood	0.00
0-EL-401585-0004	Street Lighting Expenses-Niota	0.00
0-EL-401585-0006	Traffic Light Expenses-Athens	0.00
0-EL-401585-0007	Traffic Light Expenses-Niota	9.16
0-EL-401585-0008	Traffic Light Expenses-Englewood	0.00

0-EL-401586-0000	Meter Expenses	298,022.49
0-EL-401586-0001	Meter Expense - Solar	1,729.91
0-EL-401586-0030	Office & Supervisory	3,970.48
0-EL-401587-0000	Customer Installation Expenses	0.00
0-EL-401587-0001	Customer Load Management Exp.	0.00
0-EL-401588-0000	Misc. Distribution Expenses	180,027.31
0-EL-401589-0000	Rents	0.00
	Distribution Expense	1,585,883.95
0-EL-401901-0000	Supervision	74,085.32
0-EL-401902-0000	Meter Reading Expenses	274,070.74
0-EL-401902-0030	Office & Supervisory	8,323.05
0-EL-401903-0000	Customer Records & Collections Exp.	234,327.28
0-EL-401903-0002	Cashier Overages & Shortages	100.00
0-EL-401903-0003	Expenses - Transworld Collections Exp.	0.00
0-EL-401903-0030	Office & Supervisory	364,463.46
0-EL-401904-0000	Uncollectible Accounts	66,972.66
	Customer Accounts Expense	1,022,342.51
0-EL-401907-0000	Supervision	0.00
0-EL-401908-0000	Customer Assistance Expenses	0.00
0-EL-401909-0000	Info. & Instr. Advertising Exp.	0.00
0-EL-401910-0000	Misc. Customer. serv. & Info Exp.	0.00
	Total	0.00
0-EL-401911-0000	Supervision	0.00
0-EL-401912-0000	Demonstrating & Selling Expenses	17,000.00
0-EL-401912-0002	Economic Development	31,500.00
0-EL-401913-0000	Advertising Expenses	0.00
	Sales Expense	48,500.00
0-EL-401920-0000	Administrative & General Salaries	298,298.14
0-EL-401921-0000	Office Supplies & Expenses	366,851.89
0-EL-401921-0002	Books and Magazines	175.00
0-EL-401921-0003	Meals, Travel & Seminar Exp.	60,000.00
0-EL-401921-0004	Uniforms and Clothing	52,253.89
0-EL-401921-0005	Monthly Telecom Expense	27,702.24
0-EL-401923-0001	Outside Services - Auditors	15,000.00
0-EL-401923-0002	Outside Services - Legal	8,105.00
0-EL-401923-0003	Outside Services - Consultants	98,000.00
0-EL-401924-0000	Property Insurance	71,000.00
0-EL-401925-0000	Injuries and Damages	172,988.66
0-EL-401926-0000	Employee Pensions & Benefits	(100,790.18)
0-EL-401926-0002	Retirement Plan	1,100,000.00
0-EL-401926-0003	Group Insurance	432,702.24
0-EL-401926-0004	Vacation	0.00
0-EL-401926-0005	Retirement Match	180,056.96
0-EL-401926-0006	Employee Relations	35,971.93
0-EL-401928-0000	FFA (Fair Family Act)	0.00
0-EL-401929-0000	Duplicate Charges - Credit	(97,000.00)
0-EL-401930-0000	General Advertising Expense	4,335.06
0-EL-401930-0001	Misc. General Expenses	38,870.29
0-EL-401930-0002	Misc. General Exp. - Dues	68,632.64

0-EL-401931-0000	Rents	4,871.39
	Administrative & General Expenses	2,839,410.02
	Total Operating Expenses	53,993,842.64
0-EL-402568-0000	Maintenance. Supervision & Engineering	0.00
0-EL-402569-0000	Maintenance of Structures	0.00
0-EL-402570-0000	Maintenance of Station Equipment	1,544.81
0-EL-402570-0001	Joint Maintenance - NA Sub	0.00
0-EL-402571-0000	Maintenance of Overhead Lines	0.00
0-EL-402572-0000	Maintenance of Underground Lines	0.00
0-EL-402573-0000	Maintenance of Misc. Trans Plant	0.00
	Transmission Expenses	1,544.81
0-EL-401590-0000	Maintenance Supervision & Engineering	83,881.89
0-EL-402592-0000	Maintenance of Station Equipment	4,463.05
0-EL-402593-0000	Maintenance of Overhead Lines	670,987.55
0-EL-402593-0001	Tree Trimming-Athens	44,718.05
0-EL-402593-0002	Tree Trimming - Contract	1,007,000.00
0-EL-402593-0003	Tree Trimming-Englewood	23,000.00
0-EL-402593-0004	Tree Trimming-Niota	8,575.91
0-EL-402593-0005	Pole Maintenance Program	0.00
0-EL-402593-0006	Maintenance of OH Line Controls	0.00
0-EL-402593-0030	Office & Supervisory	10,028.66
0-EL-402594-0000	Maintenance of Underground Lines	27,906.01
0-EL-402595-0000	Maintenance of Line Transformers	3,500.00
0-EL-402596-0000	Maintenance of Street Lights-Athens	6,343.68
0-EL-402596-0001	Maintenance of UG SL Conductors	292.76
0-EL-402596-0002	Maintenance of Street Lights-Englewood	827.57
0-EL-402596-0003	Maintenance of Street Lights-Niota	1,157.98
0-EL-402596-0004	Maintenance of Traffic Lights-Athens	217.65
0-EL-402596-0005	Maintenance of Traffic Lights-Niota	0.00
0-EL-402596-0006	Maintenance of Traffic Lights-Englewood	0.00
0-EL-402597-0000	Maintenance of Meters	637.38
0-EL-402598-0000	Maintenance of Security Lights-Athens	12,536.23
0-EL-402598-0001	Maintenance of Security Lights-Englewood	2,625.07
0-EL-402598-0002	Maintenance of Security Lights-Niota	0.00
0-EL-402598-0003	Maintenance of LW - Madisonville	0.00
	Distribution Expense	1,908,699.44
0-EL-402935-0000	Maintenance of General Plant	64,988.27
0-EL-402935-0002	Maintenance of Two-Way Radio Equip.	9,302.20
	Administrative & General Expense	74,290.47
	Total Maintenance Expenses	1,984,534.72
	Net Profit (Loss)	1,927,805.10

**Athens Utilities Board
Water Division Line-Item Budget
June 30 2026**

Account Number	Account Title	2026 Budget
1-WT-400440-0000	Residential Sales	2,351,164.21
1-WT-400441-0000	Small Commercial Sales	2,421,961.02
1-WT-400442-0000	Large Commercial Sales	559,916.75
	Water Sales Revenue	5,333,041.98
1-WT-400450-0000	Forfeited Discounts	22,420.58
	Forfeited Discounts	22,420.58
1-WT-400451-0000	Miscellaneous Service Revenue	12,252.46
1-WT-400451-0001	Misc. Rev-Service Charges	37,320.30
1-WT-400451-0002	Misc. Rev 3/4 Tap Fees - Inside	69,000.00
1-WT-400451-0003	Misc. Rev 3/4 Tap Fees - Outside	0.00
1-WT-400451-0004	Misc. Rev - Larger than 3/4	40,000.00
1-WT-400451-0005	Other Income - Contributions	32,000.00
1-WT-400456-0001	Contributions - Grants	1,000.00
	Misc. service Revenue	191,572.76
1-WT-400454-0000	Rent from Water Property	0.00
	Rent from Water Property	0.00
1-WT-400456-0000	Other Water Revenues	6,000.00
	Other Water Revenue	6,000.00
	Total Revenue	5,553,035.32
1-WT-403000-0001	Depreciation Exp.-Distribution Plant	(788,713.79)
1-WT-403000-0002	Depreciation Expense-Gen Plant	(46,158.44)
	Depreciation Expense	(834,872.23)
1-WT-408000-0000	Taxes U.S. Social Security	(122,000.00)
	Taxes & Tax Equivalents	(122,000.00)
1-WT-419000-0000	Interest & Dividend Income	142,756.13
1-WT-421000-0001	Property	5,500.00
1-WT-421000-0002	Loss on Disposition of Property	(700.00)
	Other Income	147,556.13
1-WT-426000-0000	Misc. Income Deduction-Donations	(11,000.00)
	Misc. Income Deductions	(11,000.00)
1-WT-431000-0000	Other Interest Expense	0.00
1-WT-431000-0001	Interest-TN Municipal. League Loan	0.00
1-WT-431000-0002	RD Loan Interest	(33,484.00)
1-WT-431000-0003	Interest SRF (DGO 11-113)	(48,541.00)
1-WT-431000-0004	Interest Customer Deposits	(475.00)
1-WT-431000-0005	Interest SRF DGO 2014-149	0.00

	Other Interest Expense	(82,500.00)
1-WT-428000-0000	Amortization of Debt Disc. & Expense	0.00
	Amort of Debt Disc & Expense	0.00
1-WT-434000-0000	Extraordinary Income	0.00
	Total Revenue	4,650,219.22
1-WT-401555-0000	Purchased Water	805,000.00
	Purchased Supply	805,000.00
1-WT-401538-0000	Power Bill for Pumping	171,000.00
1-WT-401539-0000	Purification Supplies/Expenses	155,000.00
1-WT-401540-0000	Operation of Purification Equipment	231,563.97
1-WT-401545-0000	Sludge Removal Expenses	6,379.58
	Pumping-Purification-Dis.	563,943.54
1-WT-401560-0000	Maps and Records	65,160.07
1-WT-401580-0000	Operation Supervision & Engineering	43,179.56
1-WT-401580-0003	Consulting Engineering Expenses	0.00
1-WT-401582-0001	Relocation of Facilities for Athens	0.00
1-WT-401582-0002	Relocation of Facilities for County	0.00
1-WT-401582-0003	Relocation of Facilities for State	0.00
1-WT-401582-0004	City of Athens-Damages	0.00
1-WT-401583-0000	Operation of Lines (Mains/Valves)	68,289.18
1-WT-401582-0002	Inclement Weather Payroll	0.00
1-WT-401583-0003	Operation of Hydrants	0.00
1-WT-401583-0004	Spotting lines/Contractors	0.00
1-WT-401583-0030	Office & Supervisory	50,484.01
1-WT-401586-0000	Meter Expenses	7,048.87
1-WT-401586-0030	Office & Supervisory	3,158.40
1-WT-401587-0000	Customer Installation Expenses	1,989.80
	Customer Installation Expenses-Cross	
1-WT-401587-0002	Connect	5,196.40
1-WT-401587-0030	Office & Supervisory	12,157.03
1-WT-401588-0000	Miscellaneous Distribution Expenses	45,909.16
1-WT-401589-0000	Rents	0.00
	Distribution Expense	302,572.47
1-WT-401901-0000	Supervision	18,512.70
1-WT-401902-0000	Meter Reading Expenses	177,310.53
1-WT-401902-0030	Office & Supervisory	2,499.07
1-WT-401903-0000	Customer Records & Collection Expenses	125,008.96
1-WT-401903-0003	Collection Expense - Transworld	0.00
1-WT-401903-0030	Office & Supervisory	180,695.20
1-WT-401904-0000	Uncollectible Accounts	12,240.29
	Customer Acc. Expense	516,266.75
1-WT-401907-0000	Supervision	0.00
1-WT-401908-0000	Customer Assistance Expenses	0.00
1-WT-401909-0000	Info. & Inst Advertising Expenses	885.16
1-WT-401910-0000	Miscellaneous Customer Service & Info. Exp.	0.00
	Total	885.16

1-WT-401911-0000	Supervision	0.00
1-WT-401912-0000	Economic Development	21,000.00
1-WT-401913-0000	Advertising Expenses	37.07
	Total	21,037.07
1-WT-401920-0000	Administrative & General Salaries	135,780.59
1-WT-401920-0010	Administrative & General Salaries-Computer	0.00
1-WT-401921-0000	Office Supplies & Expenses	185,000.00
1-WT-401921-0002	Books and Magazines	100.00
1-WT-401921-0003	Meals, Travel & Seminar Expenses	20,000.00
1-WT-401921-0004	Uniforms and Clothing	6,500.00
1-WT-401923-0000	Outside Services - Auditors	6,057.48
1-WT-401923-0001	Outside Services - Legal	3,750.00
1-WT-401923-0002	Outside Services - Consultants	26,116.32
1-WT-401924-0000	Property Insurance	39,803.04
1-WT-401925-0000	Injuries and Damages	79,375.25
1-WT-401926-0000	Employee Pensions & Benefits	15,099.04
1-WT-401926-0001	Retirement Plan	498,919.50
1-WT-401926-0002	Group Insurance	175,000.00
1-WT-401926-0003	Vacation	0.00
1-WT-401926-0004	Retirement Match	28,293.53
1-WT-401926-0005	Employee Relations	7,988.52
1-WT-401930-0000	General Advertising Expenses	5,000.00
1-WT-401930-0001	Miscellaneous General Expenses	7,000.00
1-WT-401930-0002	Miscellaneous General Expenses-Dues	30,000.00
1-WT-401930-0003	Miscellaneous General Expenses-Water Plant	1,657.21
1-WT-401930-0004	Consumer Confidence Reports	0.00
1-WT-401931-0000	Rents	20,603.16
	Administrative and General Expenses	1,292,043.64
	Total Operating Expenses	3,501,748.64
1-WT-402505-0000	Maintenance of Spring and Dams	6,070.99
1-WT-402506-0000	Maintenance of Roads & Grounds	39,700.31
1-WT-402507-0000	Algae Control in Lake	150.00
1-WT-402508-0000	Maintenance of Wells	61.36
	Source of Supply Expense	45,982.66
1-WT-402552-0000	Maintenance of Structures	3,600.00
1-WT-402553-0000	Maintenance of Pumps	31,649.52
1-WT-402554-0000	Maintenance of Purification Equipment	14,255.96
	Pumping Expense	49,505.48
1-WT-402590-0000	Maintenance Supervision/Engineering	27,723.82
1-WT-402592-0000	Maintenance of Res. & Equip.	14,487.08
1-WT-402593-0000	Maintenance of Mains, Valves, Etc...	254,238.51
1-WT-402593-0002	Maintenance of Frozen Mains, SL, Meters	4,000.00
1-WT-402593-0003	Customer Trouble due to Freezing	0.00
1-WT-402593-0030	Office & Supervisory	6,239.04
1-WT-402594-0000	Maintenance of Services	204,826.36
1-WT-402596-0000	Maintenance of Hydrants	26,810.98
1-WT-402597-0000	Maintenance of Meters	50,151.94

1-WT-402598-0000	Maintenance of Miscellaneous Distribution	0.00
	Distribution Expense	588,477.72
1-WT-402935-0000	Maintenance of General Plant	10,000.00
1-WT-402935-0001	Maintenance of Two-Way Radio Equipment	1,000.00
	Administrative and General Expense	11,000.00
	Total Maintenance Expense	694,965.87
	Net Income	453,504.71

**Athens Utilities Board
Gas Division Line-Item Budget
June 30 2026**

Account Number	Account Title	2026 Budget
2-GS-400440-0000	Residential Sales	3,270,766.48
2-GS-400441-0000	Small Commercial Sales	2,171,908.19
2-GS-400442-0000	Large Commercial Sales	1,117,948.76
2-GS-400443-0000	CNG Sales	21,324.43
2-GS-400445-0000	Interruptible Sales	1,097,644.63
	Gas Sales Revenue	7,679,592.49
2-GS-400450-0000	Forfeited Discounts	30,000.00
	Forfeited Discounts	30,000.00
2-GS-400451-0000	Miscellaneous Service Revenue	1,000.00
2-GS-400451-0002	Miscellaneous Revenue-Service Charges	15,000.00
2-GS-400451-0003	Miscellaneous Revenue - Pilot Lights	500.00
	Miscellaneous Revenue - Service Line	
2-GS-400451-0004	Cont.	25,000.00
2-GS-400451-0005	Appliance Refund	(2,000.00)
	Miscellaneous Revenue - Additional	
2-GS-400451-0006	Footage	1,000.00
2-GS-400451-0007	Other Income - Contributions	100.00
2-GS-400451-0008	Misc. Rev. Excess Flow Valves	0.00
2-GS-400451-0010	Misc. Rev Grants	0.00
2-GS-400454-0000	Rent from Gas Property	4,777.08
2-GS-400456-0000	Other Gas Revenues	100.00
	Other Gas Revenue	45,477.08
2-GS-403010-0000	Depreciation Expense-Dist. Plant	(625,000.00)
2-GS-403020-0000	Depreciation Expense-Gen. Plant	(148,127.68)
2-GS-403030-0000	Depreciation CNG Plant	0.00
	Depreciation Expense	(773,127.68)
2-GS-408000-0000	Taxes-Property	(223,000.00)
2-GS-408030-0000	Taxes-U.S. Social Security	(64,000.00)
	Taxes & Tax Equivalents	(287,000.00)
2-GS-419000-0000	Interest & Dividend Income	75,000.00
2-GS-421000-0001	Gain on Disposition of Property	0.00
2-GS-421000-0002	Loss on Disposition of Property	0.00
	Other Income	75,000.00
	Miscellaneous Income Deductions-	
2-GS-426000-0000	Donations	(20,000.00)
2-GS-426000-0002	Other Non-Operating Expenses	0.00
	Miscellaneous Income Deductions	(20,600.85)
2-GS-431000-0000	Other Interest Expense	0.00
2-GS-431050-0000	Interest - Customer Deposits	(650.00)

	Other Interest Expenses	(650.00)
2-GS-434000-0000	Extraordinary Income	0.00
2-GS-435000-0000	Extraordinary Deductions	0.00
	Extraordinary Income Deductions.	0.00
	Total Revenue	6,748,691.04
2-GS-401555-0000	Purchased Gas	4,173,139.74
	Purchased Gas	4,173,139.74
2-GS-401560-0000	Maps and Records	7,808.30
2-GS-401580-0000	Operation Supervision & Engineering	16,825.83
2-GS-401580-0003	Consulting Engineering Expenses	0.00
2-GS-401581-0000	Operation of Peak Shaving Plant	0.00
2-GS-401582-0000	Operation of Stations	97.07
2-GS-401582-0002	Relocation of Facilities for City	0.00
2-GS-401582-0003	Relocation of Facilities for County	0.00
2-GS-401582-0004	Relocation of Facilities for State	0.00
2-GS-401582-0005	Relocation of Facilities for AUB Water	41,623.95
2-GS-401582-0006	Relocation of Facilities-Private Contractors	0.00
2-GS-401582-0007	Relocation of Facilities for Niota	0.00
2-GS-401582-0030	Office & Supervisory	2,592.29
2-GS-401583-0000	Operation of Dist. Lines	131,126.61
2-GS-401583-0002	Inclement Weather Payroll	1,089.71
2-GS-401583-0010	Excess Flow Valve Installation	0.00
2-GS-401583-0030	Office & Supervisory	47,379.15
2-GS-401586-0000	Meter Expense	11,841.41
2-GS-401586-0002	Gas Seasonal Rec. & Disc.	6,378.57
2-GS-401586-0030	Office & Supervisory	2,891.20
2-GS-401587-0000	Services on Customer Premises	21,672.82
2-GS-401587-0002	Operation CNG System	123,176.22
2-GS-401588-0000	Miscellaneous Distribution Expenses	12,138.93
2-GS-401589-0000	Rents	0.00
	Distribution Expense	426,642.07
2-GS-401901-0000	Supervision	12,044.07
2-GS-401902-0000	Meter Reading Expenses	116,729.73
2-GS-401902-0030	Office & Supervisory	1,518.65
2-GS-401903-0000	Customer Records & Collection Expenses	87,753.33
2-GS-401903-0002	Propane Conversion Expense	0.00
2-GS-401903-0003	TRA Public Awareness Expense	10,741.19
2-GS-401903-0030	Office & Supervisory	141,372.98
2-GS-401904-0000	Uncollectible Accounts	2,000.00
	Customer Account Expense	372,159.93
2-GS-401907-0000	Supervision	0.00
2-GS-401908-0000	Customer Assistance Expenses	0.00
2-GS-401909-0000	Info. & Inst. Advertising Expenses	0.00
	Miscellaneous Customer Service & Info.	
2-GS-401910-0000	Exp.	0.00
2-GS-401911-0000	Supervision	0.00

2-GS-401912-0000	Demonstrating & Selling Expenses	0.00
2-GS-401912-0002	Appliance Installation Credit	0.00
2-GS-401912-0003	Economic Development	17,500.00
2-GS-401913-0000	Advertising Expenses	0.00
	Sales Expense	17,500.00
2-GS-401920-0000	Administrative & General Salaries	115,823.48
2-GS-401921-0000	Office Supplies & Expenses	161,420.91
2-GS-401921-0002	Books and Magazines	98.37
2-GS-401921-0003	Meals, Travel & Seminar Expenses	13,000.00
2-GS-401921-0004	Uniforms and Clothing	4,000.00
2-GS-401923-0001	Outside Services - Auditors	4,603.68
2-GS-401923-0002	Outside Services - Legal	2,850.00
2-GS-401923-0003	Outside Services - Consultants	60,000.00
2-GS-401923-0004	Outside Legal Expenses - USGA	10,730.00
2-GS-401923-0005	Outside Legal Expenses - APGA	0.00
2-GS-401923-0006	CNG Consulting	0.00
2-GS-401924-0000	Property Insurance	28,000.00
2-GS-401925-0000	Injuries and Damages	50,000.00
2-GS-401926-0000	Employee Pensions & Benefits	(6,202.34)
2-GS-401926-0002	Retirement Plan	215,000.00
2-GS-401926-0003	Group Insurance	137,000.00
2-GS-401926-0004	Vacation	0.00
2-GS-401926-0005	Retirement Match	20,926.51
2-GS-401926-0006	Employee Relations	5,188.27
2-GS-401930-0000	General Advertising Expenses	1,880.11
2-GS-401930-0002	Miscellaneous General Expenses	3,331.47
2-GS-401930-0003	Miscellaneous General Exp. - Dues	13,972.15
	Administrative & General Expenses	841,622.62
	Total Operating Expenses	5,831,064.36
2-GS-402590-0000	Maintenance Supervision/Engineering	10,462.86
2-GS-402591-0000	Maintenance Peak Shaving Plant	0.00
2-GS-402592-0000	Maintenance of Station Equipment	73,504.07
2-GS-402593-0000	Maintenance of Lines	72,201.19
2-GS-402593-0030	Office & Supervisory	4,592.90
2-GS-402594-0000	Maintenance of Services	12,274.99
2-GS-402595-0000	Maintenance of Mains & Regulator Equip.	13,713.31
2-GS-402595-0002	Maintenance of Valves	33,156.33
2-GS-402596-0000	Maintenance CNG System	2,933.46
2-GS-402597-0000	Maintenance of Meters	69,899.78
	Distribution Expense	292,738.88
2-GS-402935-0000	Maintenance of General Plant	10,500.00
2-GS-402935-0002	Maintenance of Two-Way Radio Equip.	0.00
	Administrative & General Expense	10,500.00
	Total Maintenance Expenses	303,238.88
	Net Profit (Loss)	614,387.80

**Athens Utilities Board
Wastewater Division Line-Item Budget
June 30 2026**

Account Number	Account Title	2026 Budget
3-SW-400440-0000	Residential Sales	2,230,000.00
3-SW-400441-0000	Small Commercial Sales	1,850,000.00
3-SW-400442-0000	Large Commercial Sales	2,800,000.00
	Sewer Sales Revenue	6,880,000.00
3-SW-400450-0000	Forfeited Discounts	23,000.00
	Forfeited Discounts	23,000.00
3-SW-400451-0000	Miscellaneous Service Revenue	30,000.00
3-SW-400451-0002	Misc. Revenue-Service Charges	24,000.00
3-SW-400451-0004	Misc. Rev. Tapping Fees	12,000.00
3-SW-400451-0005	Misc. Rev. Grinder Pumps	180,000.00
3-SW-400451-0006	By-Product Sales	10,000.00
3-SW-400451-0007	Other Income - Contributions	0.00
3-SW-400456-0002	Misc. Rev. - Grants	0.00
3-SW-400456-0003	Misc. Rev ARRA P.F.	0.00
	Miscellaneous Service Revenue	256,000.00
3-SW-400456-0000	Other Sewer Revenues	13,000.00
	Total Operating Revenue	7,172,000.00
3-SW-403000-0001	Depreciation Expense-Dist. Plant	(1,738,710.37)
3-SW-403000-0002	Depreciation Expense-General Plant	(20,786.55)
	Depreciation Expense	(1,759,496.92)
3-SW-408000-0000	Taxes-U.S. Social Security	(103,000.00)
	Taxes & Tax Equivalents	(103,000.00)
3-SW-419000-0000	Interest & Dividend Income	20,000.00
3-SW-421000-0000	Misc. Non-Operation Income	0.00
3-SW-421000-0002	Gain on Disposition of Property	0.00
3-SW-421000-0003	Loss on Disposition of Property	0.00
	Other Income	20,000.00
3-SW-426000-0000	Misc. Income Deductions - Donations	(11,000.00)
	Total Donations	(11,000.00)
3-SW-427000-0001	Interest - 1968 Bonds	0.00
	Interest - 1969 Bonds	0.00
	Interest on Bonds	0.00
3-SW-431000-0010	Other Int. Expense - Press Vector Truck	0.00
	Interest Other Long-Term Debt	0.00

3-SW-431000-0002	Interest-Athens 668-04 Loan	0.00
3-SW-431000-0003	Interest-Athens 668-05 Loan	0.00
3-SW-431000-0005	Interest on Customer Deposits	(700.00)
3-SW-431000-0000	Other Interest-Short Term Notes	0.00
3-SW-431000-0007	Interest-Athens 668-04 Loan	0.00
3-SW-431000-0009	Interest-SRF 92-039	0.00
3-SW-431000-0011	Interest-SRF 92-048rename 2023loan	0.00
3-SW-431000-0012	Series 1995	0.00
3-SW-431000-0013	TML Series 2003	(230,226.00)
3-SW-431000-0014	Interest CWA 09-242 SRF	(25,565.33)
3-SW-431000-0015	Interest CWA 09-242 ARRA	(4,929.28)
	Other Interest Expense	(273,420.61)
3-SW-428000-0000	Amortization of Debt Disc. & Expenses	0.00
	Amortization of Debt Discount & Expense	0.00
3-SW-434000-0000	Extraordinary Income	0.00
3-SW-435000-0000	Extraordinary Deductions	0.00
	Extraordinary Income	0.00
	Total Revenue	5,045,082.47
3-SW-401538-0000	Utilities	820,000.00
3-SW-401538-0050	Mouse Creek Plant	17,000.00
3-SW-401539-0000	Supplies & Expenses	155,000.00
3-SW-401539-0050	Supplies & Expenses	15,000.00
3-SW-401540-0000	Operation of Treatment Plant	566,434.03
3-SW-401540-0030	Office & Supervision	0.00
3-SW-401540-0050	Mouse Creek Plant	136,875.51
3-SW-401541-0000	Treatment Plant Super & Engineering	87,088.14
3-SW-401541-0050	Mouse Creek Plant	29,018.27
3-SW-401546-0000	Sludge Removal	58,478.50
3-SW-401546-0050	Mouse Creek Plant	991.17
	Sewer Treatment Plant Expense	1,885,885.62
3-SW-401555-0000	Utilities	47,000.00
3-SW-401556-0000	Operation of Pumping Station	45,434.29
	Pumping Station Expense	92,434.29
3-SW-401560-0000	Maps and Records	48,026.28
3-SW-401580-0000	Operation Supervision & Engineering	42,446.05
3-SW-401580-0003	Operation Super & Engineering-Consultants	0.00
3-SW-401583-0000	Operation of Lines	73,991.41
3-SW-401583-0002	Inclement Weather Payroll	0.00
3-SW-401583-0003	Industrial Pretreatment	14,498.54
3-SW-401583-0030	Office & Supervisory	71,703.61
3-SW-401586-0000	Meter Expenses	0.00
3-SW-401586-0030	Office & Supervisory	3,382.16
3-SW-401587-0000	Customer Installation Expenses	4,248.74
3-SW-401587-0030	Office & Supervisory	8,007.96
3-SW-401588-0000	Miscellaneous Distribution Expenses	3,100.00
3-SW-401589-0000	Rents	0.00

	General Expense	269,404.75
3-SW-401901-0000	Supervision	16,378.28
3-SW-401902-0000	Meter Reading Expenses	0.00
3-SW-401902-0030	Office & Supervisory	2,410.45
3-SW-401903-0000	Customer Records & Collections Expenses	44,208.56
3-SW-401903-0002	CUSTOMER SURVEY EXP.	0.00
3-SW-401903-0003	Expense - Transworld Collection Cost	0.00
3-SW-401903-0030	Office & Supervisory	101,889.41
3-SW-401904-0000	Uncollectible Accounts	11,586.23
	Customer Accounts Expense	176,472.93
3-SW-401907-0000	Supervision	0.00
3-SW-401908-0000	Customer Assistance Expenses	0.00
3-SW-401909-0000	Info & Inst. Advertising Exp.	1,524.76
3-SW-401910-0000	Misc. Customer Service & Info Expense	0.00
3-SW-401912-0000	Economic Development	0.00
	Service & Info Expense	1,524.76
3-SW-401920-0000	Administrative & General Salaries	121,034.57
3-SW-401920-0010	Administrative & General Salaries-Computer	0.00
3-SW-401921-0000	Office Supplies & Expenses	111,000.00
3-SW-401921-0002	Books and Magazines	100.00
3-SW-401921-0003	Meals, Travel & Seminar Expenses	20,771.65
3-SW-401921-0004	Uniform and Clothing	7,200.00
3-SW-401923-0000	Outside Services - Auditors	4,000.00
3-SW-401923-0002	Outside Services - Legal	2,650.00
3-SW-401923-0003	Outside Services- Consultants	2,434.41
3-SW-401924-0000	Property Insurance	50,000.00
3-SW-401925-0000	Injuries and Damages	97,332.08
3-SW-401926-0000	Employee Pensions & Benefits	(37,785.17)
3-SW-401926-0002	Retirement Plan	424,780.42
3-SW-401926-0003	Group Insurance	205,000.00
3-SW-401926-0004	Vacation	0.00
3-SW-401926-0005	Retirement Match	30,347.80
3-SW-401926-0006	Employee Relations	9,084.38
3-SW-401930-0000	General Advertising Expenses	1,725.65
3-SW-401930-0002	Miscellaneous General Expenses	57,000.00
3-SW-401930-0003	Miscellaneous General Expenses-Dues	6,800.00
3-SW-401931-0000	Rents	5,300.00
	Administrative and General Expenses	1,118,775.80
	Total Operating Expenses	3,544,498.15
3-SW-402505-0000	Maintenance of Structures	800.00
3-SW-402505-0030	Mouse Creek Plant	150.00
3-SW-402506-0000	Maintenance of Roads/Grounds	7,050.00
3-SW-402506-0050	Mouse Creek Plant	12,047.02
3-SW-402507-0000	Maintenance of Treatment Plant Equipment	217,031.07
3-SW-402507-0050	Mouse Creek Plant	50,592.68
	Sewer Treatment Plant Expense	287,670.78

3-SW-402551-0000	Maintenance Records-Pump Station	0.00
3-SW-402552-0000	Maintenance of Structures	200.00
3-SW-402553-0000	Maintenance of Roads/Grounds	95,000.00
3-SW-402554-0000	Maintenance/Pump Station Equipment	66,569.50
	Pumping Station Expense	161,769.50
3-SW-402590-0000	Maintenance Supervision & Engineering	29,949.35
3-SW-402593-0000	Maintenance of Mains	237,501.37
3-SW-402593-0030	Office & Supervisory	3,975.41
3-SW-402594-0000	Maintenance of Services	21,745.84
3-SW-402594-0002	Maintenance of Grinder Pumps	22,541.77
	General Expense	315,713.74
3-SW-402935-0000	Maintenance of General Plant	9,211.62
3-SW-402935-0002	Maintenance of Two-Way Radio Equipment	200.00
	Administrative and General Expense	9,411.62
	Total Maintenance Expenses	774,565.65
	Net Profit (Loss)	726,018.67

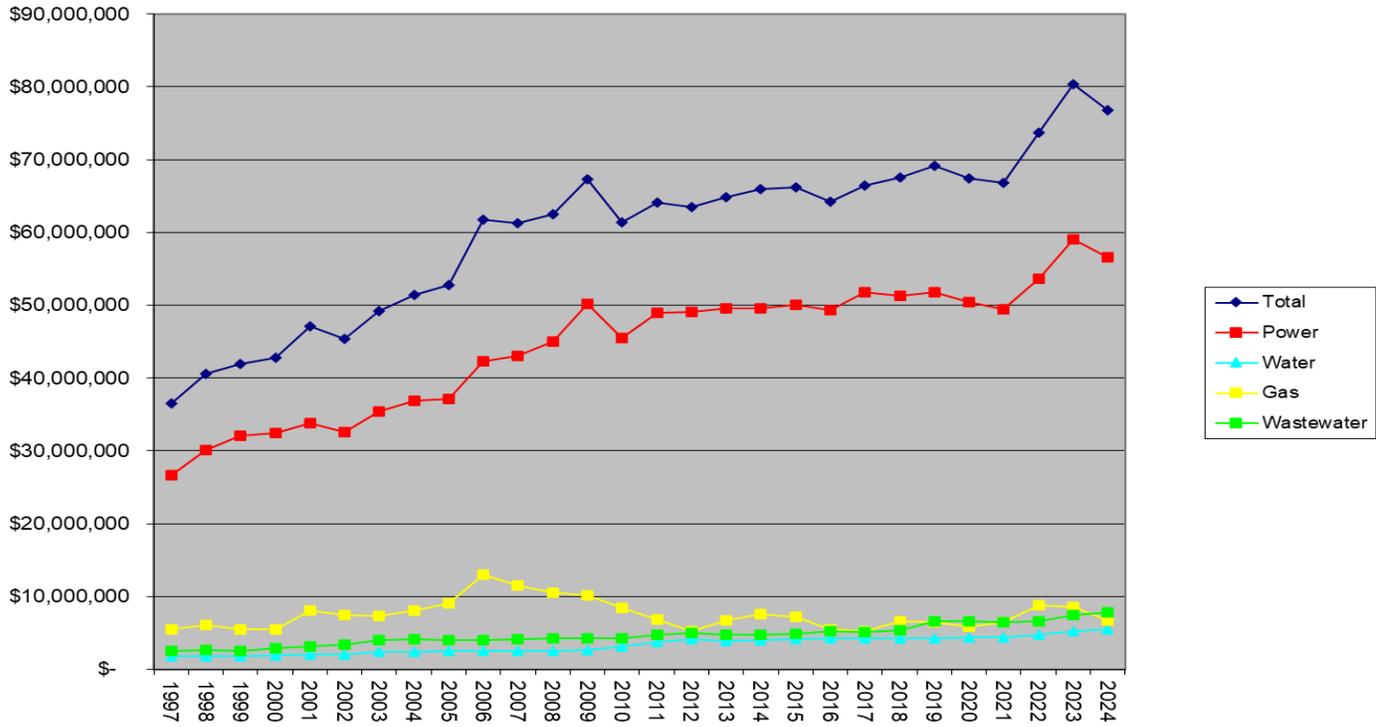
**Athens Utilities Board
Fiber Line-Item Budget
June 30 2026**

Account Number	Account Title	2026 Budget
4-FB-400440-0000	Standard Sales	147,240.00
4-FB-400441-0000	Advanced Sales	72,144.00
4-FB-400442-0000	Performance Sales	24,000.00
4-FB-400443-0000	Dark Fiber	64,104.00
4-FB-400444-0000	Government Wholesale Sales	8,640.00
	Fiber Sales Revenue	316,128.00
4-FB-400450-0000	Forfeited Discounts	550.00
	Forfeited Discounts	550.00
4-FB-400451-0000	Other Fiber Revenue	1,000.00
4-FB-400451-0002	Miscellaneous Revenue-Service Charges	1,800.00
4-FB-400451-0007	Other Income - Contributions	
4-FB-400456-0000	Miscellaneous Revenue - Grants	
	Other Fiber Revenue	2,800.00
	Total Revenue	319,478.00
4-FB-403000-0000	Depreciation Expense	44,000.00
	Depreciation Expense	44,000.00
4-FB-419000-0000	Interest Income	2,000.00
	Other Income	2,420.00
	TOTAL REVENUE	277,873.00
4-FB-401555-0000	Purchased Telecom	12,050.00
	Purchased Telecom	12,050.00
	Operating Expense:	
4-FB-401583-0000	Overhead Line Expense	46,108.07
4-FB-401920-0000	Administrative and General Salaries	4,000.00
4-FB-401921-0001	Office Supplies & Expenses	1,500.00
4-FB-401923-0000	Outside Services - Auditors	25.98
4-FB-401923-0002	Outside Services-Consultant/Engineering	75,000.00
	Total Maintenance Expenses	76,525.98
	Net Operating Income	85,763.48
	Net Income	85,763.48

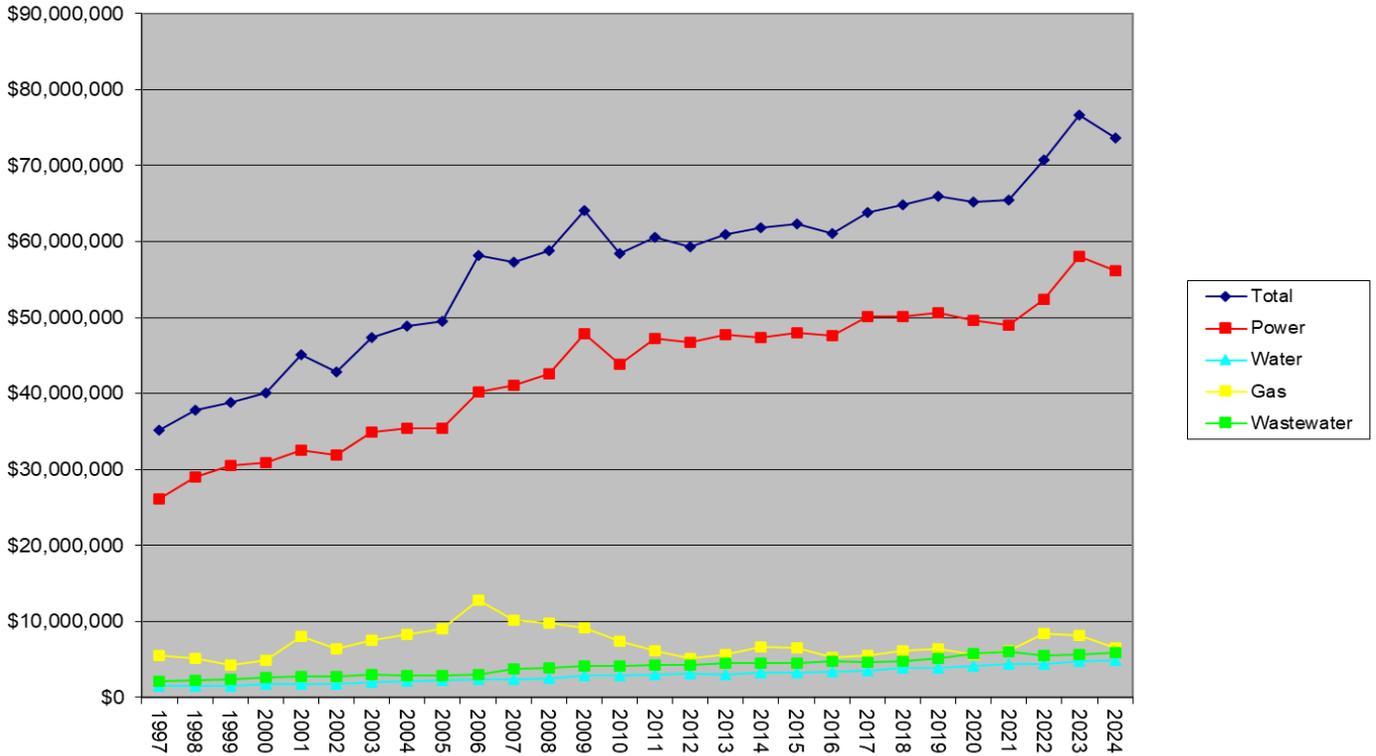
Appendix 2

Selected Financial Data (1997-Present)

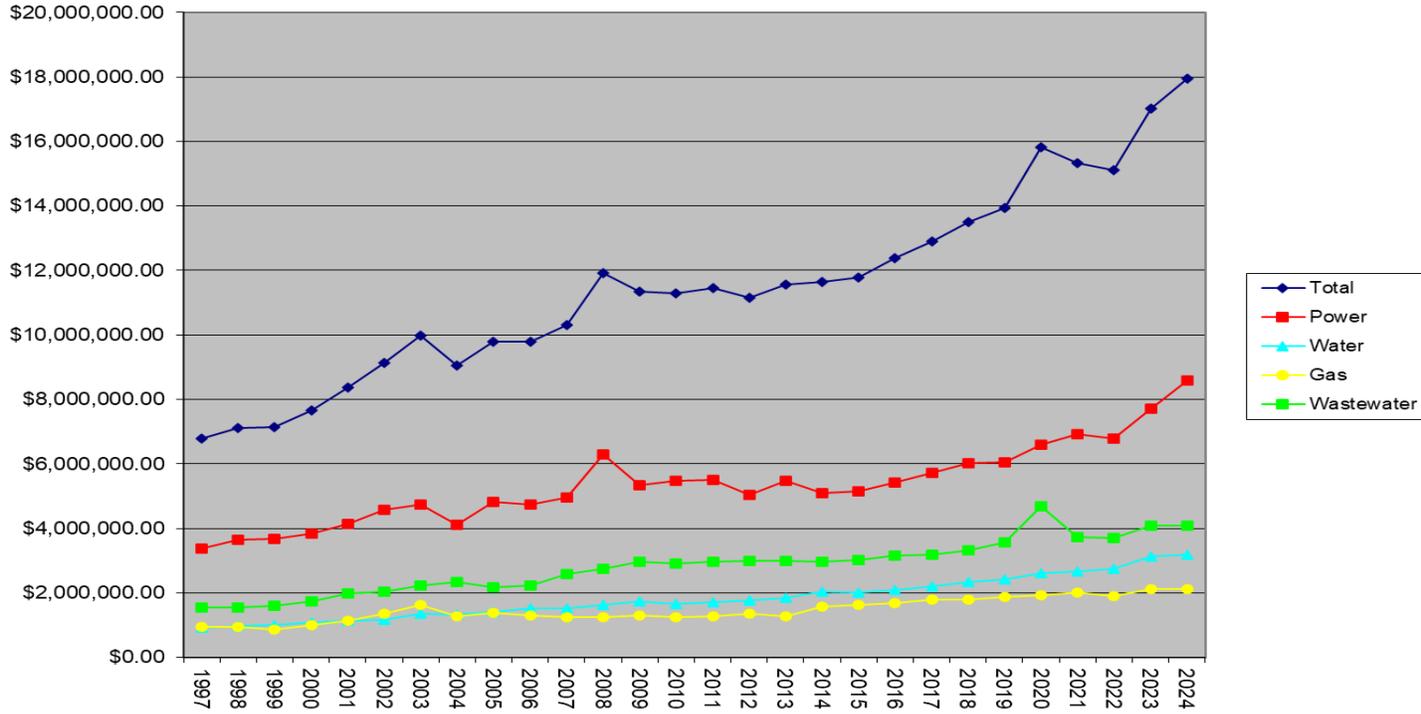
Operating Revenues



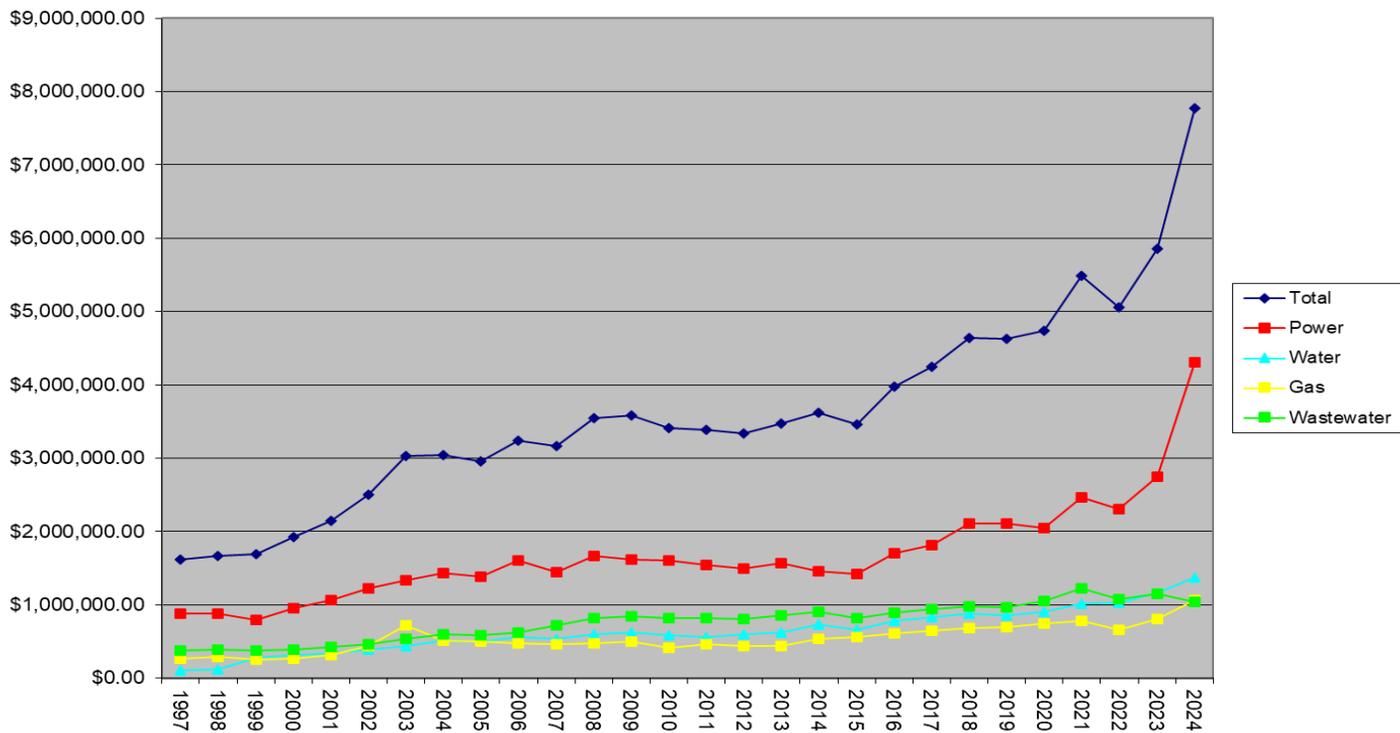
Total Operating Expenses



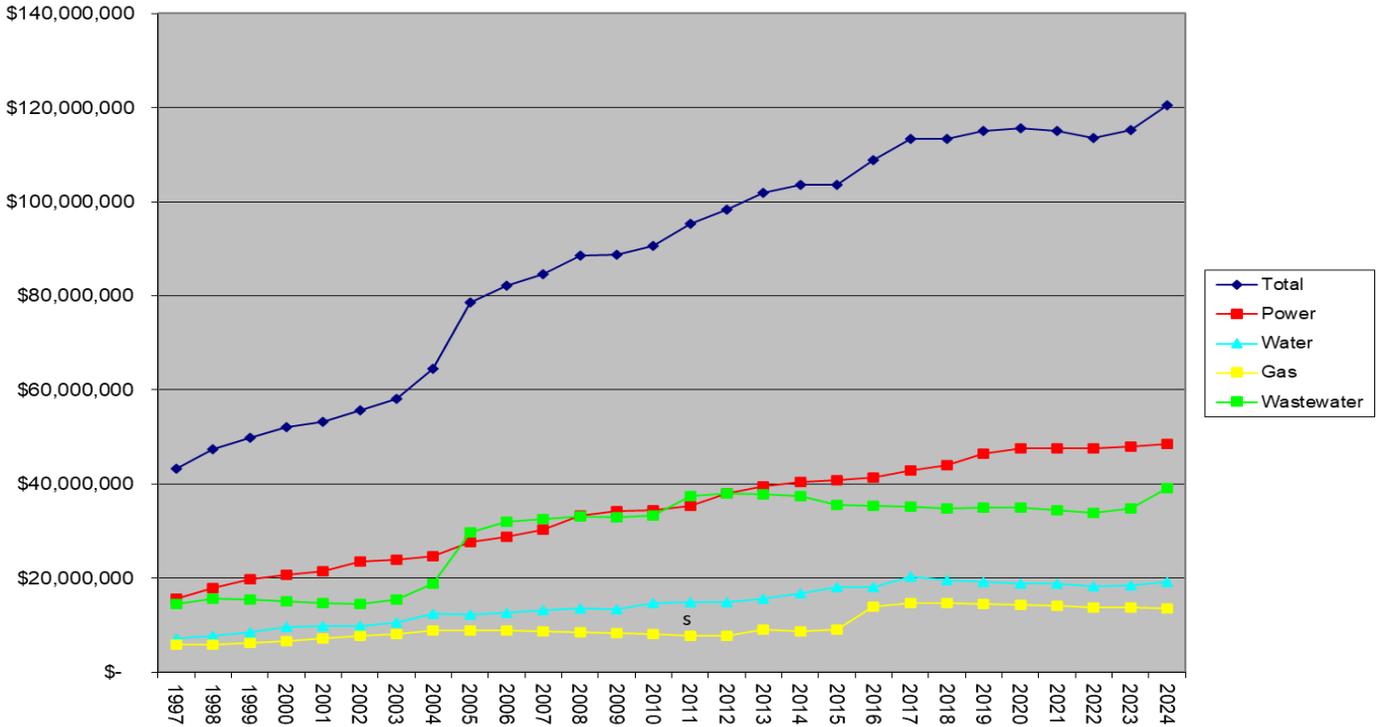
Operations and Maintenance (Total Expenses - Pur. Supply and Depreciation)



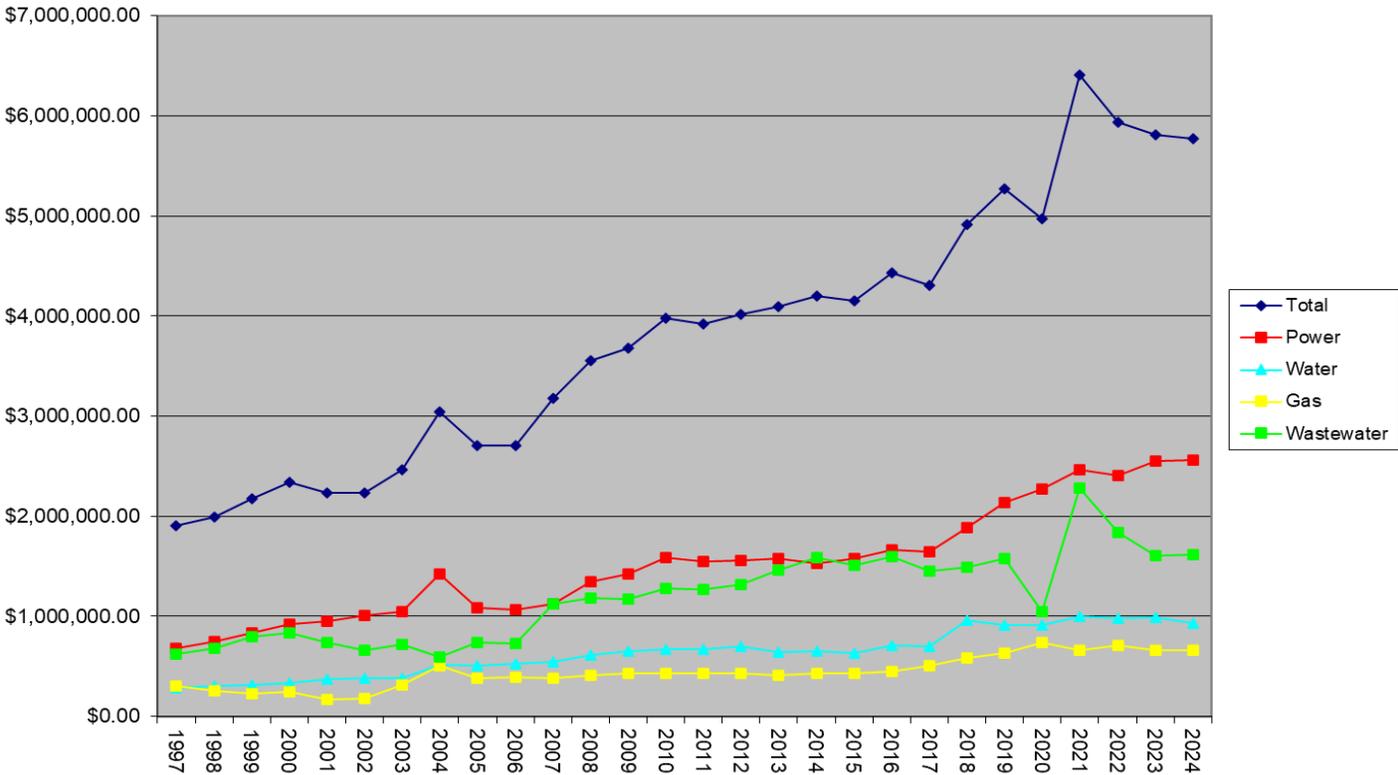
Administrative and General



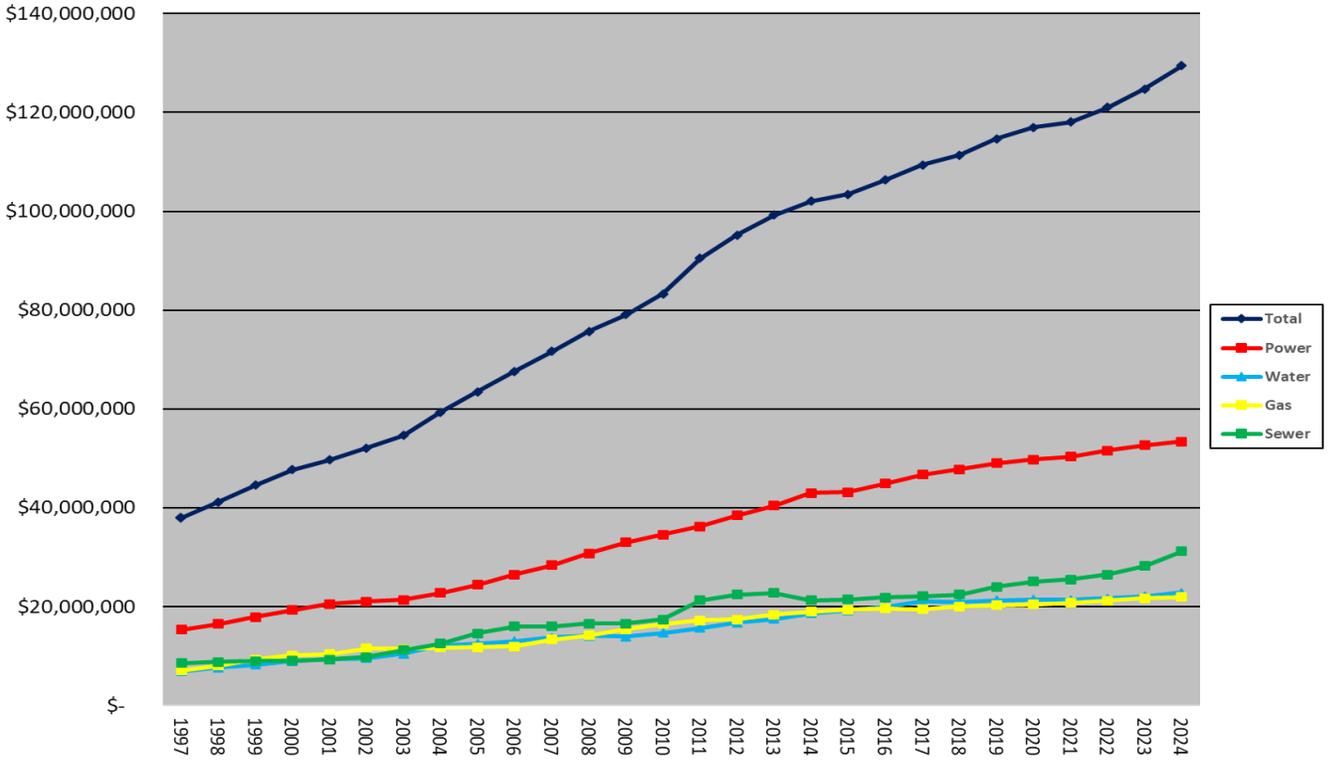
Net Plant Assets



Depreciation

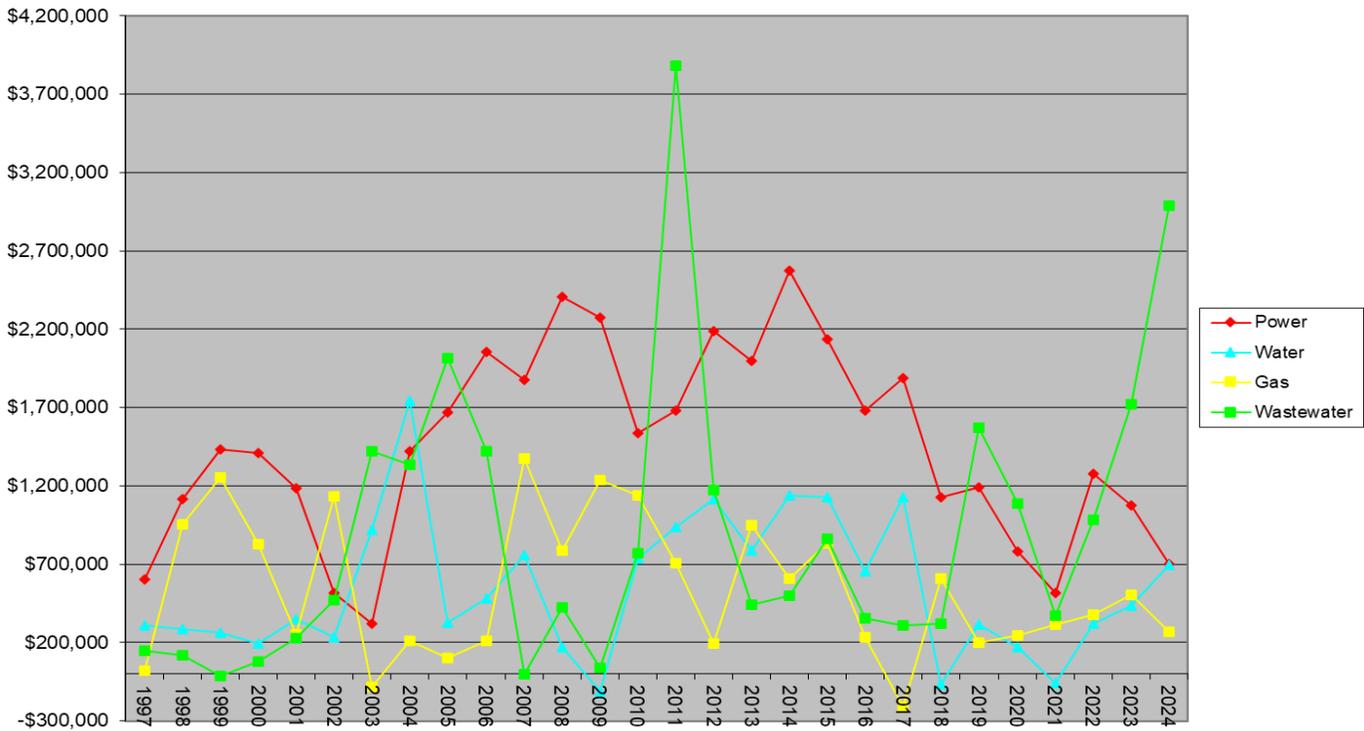


Equity - Retained Earnings

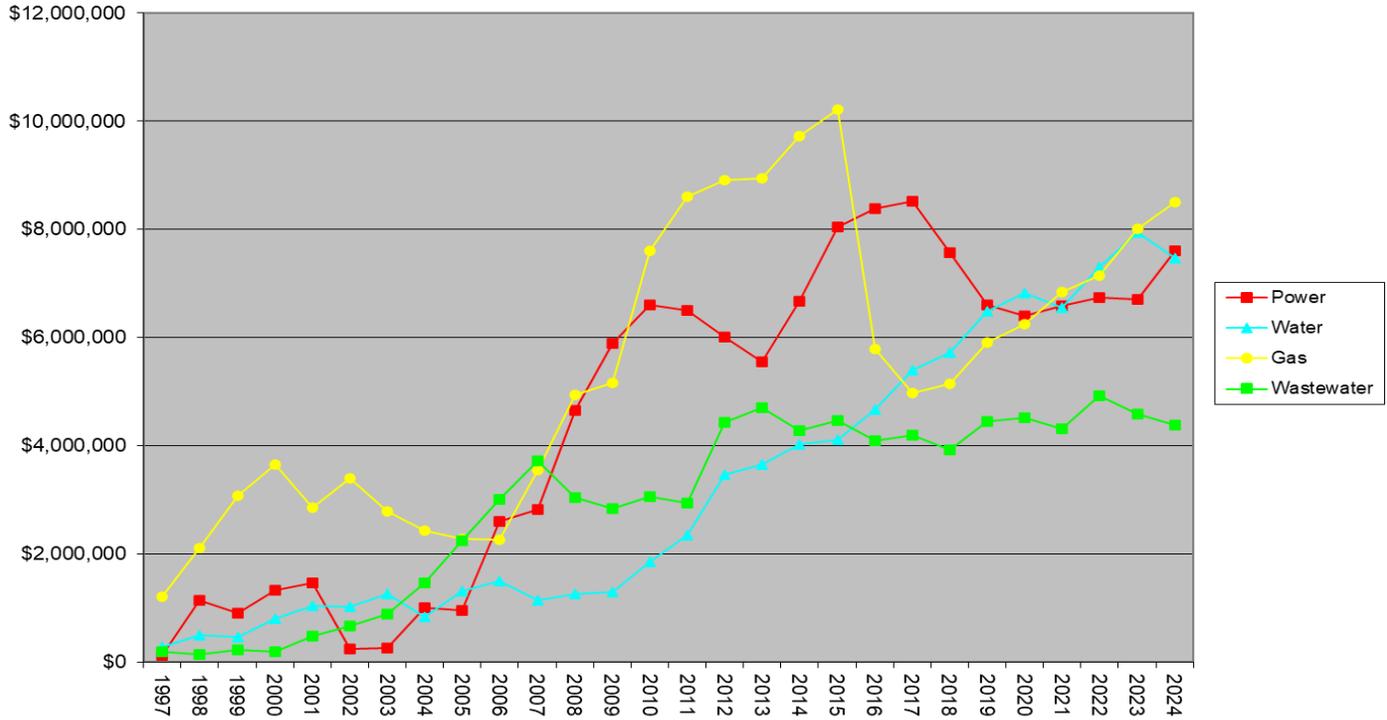


Net Income

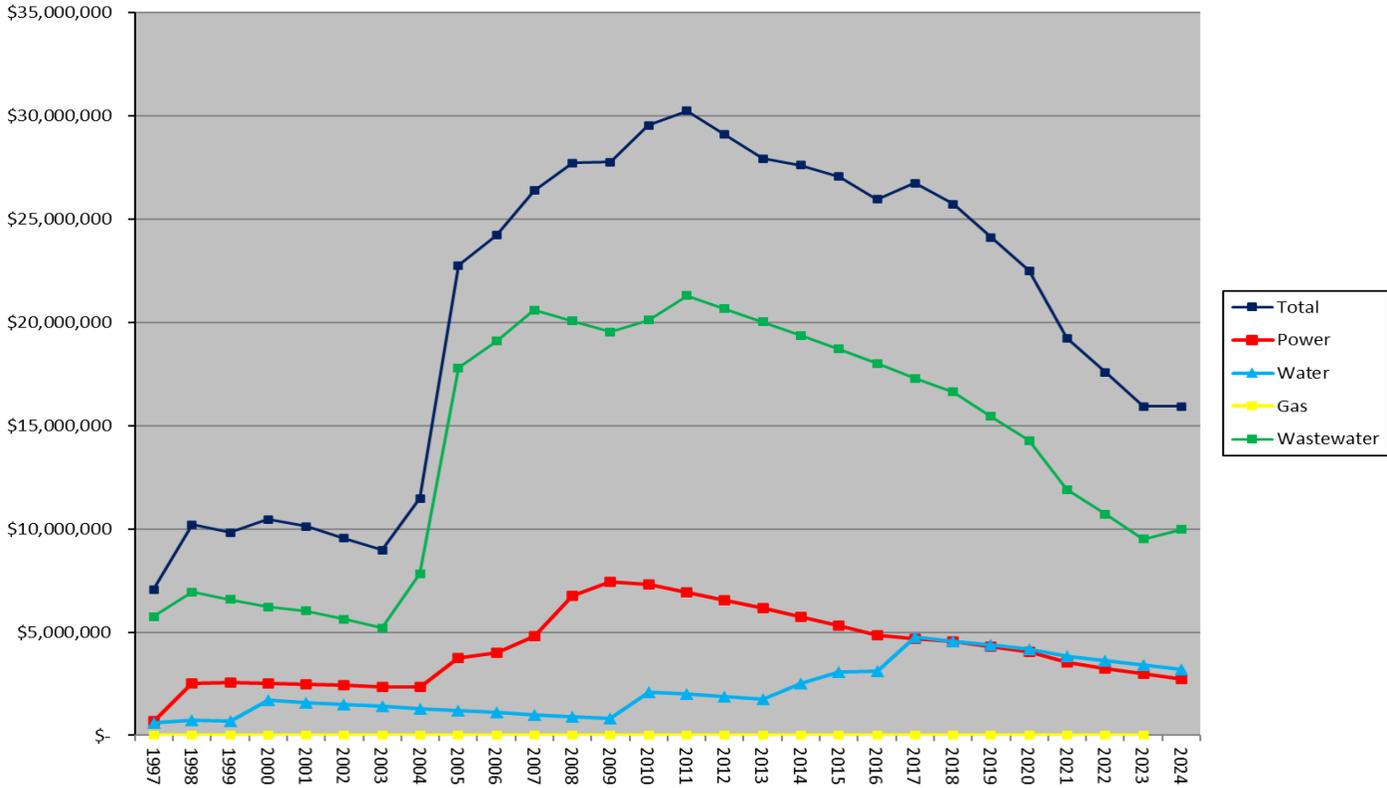
Change in Net Position- All Divisions



Cash



Total Debt



Appendix 3

Large Capital Projects Summary

Large Projects over \$1,000,000 for FY 2026

Power Division

The Englewood Substation rebuild is anticipated to be in excess of \$2.5 million this year. Likewise, we will be budgeting \$1 million for a possible AMI project during the next fiscal year. This project will be a multi-year project and will probably be in the range of \$6 to \$10 million dollars for all three divisions. We would anticipate issuing debt to cover this cost.

Water Division

The construction of a new reservoir (Tank 6) to address capacity and flow in our Mt. Verd Industrial Park and Highway 305 area is anticipated to be in excess of \$6 million and we plan on funding that project with grant awards and debt.

Wastewater Division

The multi-year work to address our entire biosolids process at the Oostanaula Plant is estimated cost in excess of \$5 million dollars over the next two fiscal years. We will issue debt in order to finance this equipment replacement.



Agenda Item

III. B. Athens City Schools Budget Amendment #2 for FY 2024-25

Overview

The Budget Amendment #2 adjusts the FY 2024-25 General Purpose School Budget for Athens City Schools. It reflects updates related to program funding (state/federal/local), equipment purchases, staffing adjustments, and end-of-year housekeeping. The total amended budget after this adjustment is \$20,394,464.

Action to Consider

Consensus is required to move this item to the June 17, 2025 regular session for consideration.

Affected Departments

Finance

**ATHENS CITY SCHOOLS
GENERAL PURPOSE
BUDGET AMENDMENT # 2
SCHOOL YEAR 2024-2025**

FUNDS AVAILABLE

Account No.	Appropriation	Beginning Balance	Increase	Decrease	Amended Budget
39000	UNASSIGNED	-	200,000	0	200,000
44990	OTHER LOCAL REVENUES	4,503	1,041,847	0	1,046,350
46590-LCT	OTHER STATE EDUCATION FUNDS - LEARNING CAMP TRANSPORTATION	19,691	26,575	0	46,266
46590-SLC	OTHER STATE EDUCATION FUNDS - SUMMER LEARNING CAMP	265,995	0	62,153	203,842
47590-SLC	OTHER FEDERAL THROUGH STATE - SUMMER LEARNING CAMP	-	51,248	0	51,248
		290,189	1,319,670	62,153	1,547,706

Note: This amendment is recording the transfer of cash from the GP fund to the Fed fund, recording of the revisions of ISM, summer learning camps and their transportation, and the state special education preschool grants, recording playground construction, pickleball expenses and Westside repairs and revenue from the City of Athens to cover this portion of those expenses, and end of year clean up.

EXPENDITURES

Account No.	Appropriation	Budget	Increase	Decrease	Amended Budget
71100	REGULAR INSTRUCTION PROGRAM	9,362,016	53,405	49,053	9,366,368
71200	SPECIAL EDUCATION PROGRAM	1,080,273	7,342	7,342	1,080,273
71300	VOCATIONAL EDUCATION PROGRAM	78,458	0	19,966	58,491
71400	STUDENT BODY	8,169	0	0	8,169
72110	ATTENDANCE	105,801	1	1	105,802
72120	HEALTH SERVICES	259,002	69,514	15,847	312,669
72130	OTHER STUDENT SUPPORT	457,604	0	0	457,604
72210	REGULAR INSTRUCTION PROGRAM	990,595	2,000	3,434	979,151
72220	SPECIAL EDUCATION PROGRAM	103,835	0	0	103,835
72230	SUPPORT SERVICES / VOCATIONAL EDUCATION PROGRAM	130,000	42,927	0	172,927
72250	TECHNOLOGY	287,836	0	0	287,836
72310	BOARD OF EDUCATION	995,209	0	0	995,209
72320	OFFICE OF THE SUPERINTENDENT	208,179	1,800	1,800	208,179
72410	OFFICE OF THE PRINCIPAL	1,169,042	2,348	0	1,171,390
72510	FISCAL SERVICES	237,228	0	0	237,228
72520	HUMAN SERVICES/PERSONNEL	139,926	0	0	139,926
72610	OPERATION OF PLANT	1,166,223	7	0	1,166,230
72620	MAINTENANCE OF PLANT	375,611	4,576	0	380,187
72710	TRANSPORTATION	652,531	46,062	19,487	679,106
73100	FOOD SERVICE	7,331	0	4,831	2,500
73300	COMMUNITY SERVICES	432,385	2,184	104,675	329,894
73400	EARLY CHILDHOOD EDUCATION	819,703	0	0	819,703
76100	CAPITAL OUTLAY	80,000	1,076,847	25,060	1,131,787
99100	TRANSFERS OUT	0	200,000.00	0	200,000
	TOTAL EXPENDITURES:	19,136,947	1,509,013	251,496	20,394,464

Amended by Athens City Board of Education on _____

Approved by Athens City Council on _____

Secretary

City Manager

Chairman

Mayor

ATHENS CITY SCHOOLS
GENERAL PURPOSE
BUDGET AMENDMENT # 2
SCHOOL YEAR 2024-2025

DETAIL

EXPENDITURES

	BUDGET	INCREASE	DECREASE	AMENDED BUDGET
71100 REGULAR INSTRUCTION PROGRAM				
71100-116 TEACHERS	6,442,488	0	22,798	6,419,690
71100-117 CAREER LADDER PROGRAM	6,000	0	0	6,000
71100-128 HOMEBOUND TEACHERS	2,500	0	0	2,500
71100-163 INSTRUCTIONAL ASSISTANTS	338,806	4,950	0	343,756
71100-189 OTHER SALARIES AND WAGES	24,000	16,800	0	40,800
71100-195 CERTIFIED SUBSTITUTE TEACHERS	20,000	0	0	20,000
71100-198 NON-CERTIFIED SUBSTITUTE TEACHERS	87,858	0	0	87,858
71100-201 SOCIAL SECURITY	430,218	0	1,140	429,078
71100-204 STATE RETIREMENT	451,530	0	242	451,288
71100-207 MEDICAL INSURANCE	943,402	0	0	943,402
71100-212 EMPLOYER MEDICARE	100,494	0	145	100,349
71100-217 STATE HYBRID STABILIZATION	44,045	0	0	44,045
71100-299 OTHER FRINGE BENEFITS	50,000	0	0	50,000
71100-312 CONTRACTS WITH PRIVATE AGENCIES	2,209	0	0	2,209
71100-399 OTHER CONTRACTED SERVICES	9,082	0	0	9,082
71100-429 INSTRUCTIONAL SUPPLIES AND MATERIALS	125,257	0	24,727	100,530
71100-430 TEXTBOOKS-ELECTRONIC	68,000	0	0	68,000
71100-449 TEXTBOOKS	165,000	0	0	165,000
71100-471 SOFTWARE	-	2,100	0	2,100
71100-499 OTHER SUPPLIES AND MATERIALS	1,000	28,214	0	29,214
71100-599 OTHER CHARGES	1,659	1,341	0	3,000
71100-722 REGULAR INSTRUCTION EQUIPMENT	48,468	0	0	48,468
TOTAL	9,362,016	53,405	49,053	9,366,368
71200 SPECIAL EDUCATION PROGRAM				
71200-116 TEACHERS	450,247	0	0	450,247
71200-128 HOMEBOUND TEACHERS	2,500	0	0	2,500
71200-163 EDUCATIONAL ASSISTANTS	137,202	0	1,205	135,997
71200-171 SPEECH PATHOLOGIST	114,743	0	0	114,743
71200-198 NON-CERTIFIED SUBSTITUTE TEACHERS	2,500	0	0	2,500
71200-201 SOCIAL SECURITY	43,846	0	116	43,730
71200-204 STATE RETIREMENT	49,423	0	116	49,307
71200-206 LIFE INSURANCE	25	5	0	30
71200-207 MEDICAL INSURANCE	152,121	0	802	151,319
71200-212 EMPLOYER MEDICARE	10,254	0	27	10,227
71200-217 RETIREMENT HYBRID STABILIZATION	1,834	0	0	1,834
71200-312 CONTRACTS WITH PRIVATE AGENCIES (LUDIC)	114,779	0	5,077	109,702
71200-429 INSTRUCTIONAL SUPPLIES	300	0	0	300
71200-499 OTHER SUPPLIES AND MATERIALS	500	7,337	0	7,837
TOTAL	1,080,273	7,342	7,342	1,080,273
71300 VOCATIONAL EDUCATION PROGRAM				
71300-399 OTHER CONTRACTED SERVICES	3,000	0	0	3,000
71300-471 SOFTWARE	29,500	0	17,866	11,634
71300-599 OTHER CHARGES	3,000	0	0	3,000
71300-730 VOCATIONAL INSTRUCTIONAL EQUIPMENT	42,958	0	2,100	40,858
TOTAL	78,458	0	19,966	58,491

ATHENS CITY SCHOOLS
GENERAL PURPOSE
BUDGET AMENDMENT # 2

SCHOOL YEAR 2024-2025

	BUDGET	INCREASE	DECREASE	AMENDED BUDGET
72110 ATTENDANCE				
72110-105 SUPERVISOR/DIRECTOR	45,391	0	0	45,391
72110-117 CAREER LADDER	525	0	0	525
72110-162 CLERICAL PERSONNEL	1,000	0	0	1,000
72110-189 OTHER SALARIES AND WAGES	25,047	0	0	25,047
72110-201 SOCIAL SECURITY	4,461	1	0	4,462
72110-204 STATE RETIREMENT	5,421	0	0	5,421
72110-207 MEDICAL INSURANCE	8,162	0	0	8,162
72110-212 EMPLOYER MEDICARE	1,044	0	1	1,044
72110-399 OTHER CONTRACTED SERVICES	8,000	0	0	8,000.00
72110-499 OTHER SUPPLIES AND MATERIALS	900	0	0	900
72110-524 INSERVICE/STAFF DEV	4,000	0	0	4,000
72110-599 OTHER CHARGES	1,850	0	0	1,850
TOTAL	105,801	1	1	105,802
72120 HEALTH SERVICES				
72120-105 SUPERVISOR/DIRECTOR	29,175	0	0	29,175
72120-131 MEDICAL PERSONNEL	131,009	25,671	8,000	148,680
72120-189 OTHER SALARIES & WAGES	9,813	0	0	9,813
72120-201 SOCIAL SECURITY	10,540	1,146	496	11,190
72120-204 STATE RETIREMENT	16,188	824	636	16,376
72120-207 MEDICAL INSURANCE	17,767	23,219	0	40,986
72120-212 EMPLOYER MEDICARE	2,465	268	116	2,617
72120-217 RETIREMENT HYBRID STABILIZATION	1,589	0	396	1,193
72120-307 COMMUNICATION	1,207	1,039	0	2,246
72120-399 OTHER CONTRACTED SERVICES	6,058	17,347	0	23,405
72120-413 DRUGS AND MEDICAL SUPPLIES	685	0	185	500
72120-499 OTHER SUPPLIES AND MATERIALS	13,460	0	122	13,338
72120-524 INSERVICE/STAFF DEVELOPMENT	9,900	0	1,437	8,063
72120-735 HEALTH EQUIPMENT	7,046	0	3,923	3,123
72120-790 OTHER EQUIPMENT	2,500	0	536	1,964
TOTAL	259,002	69,514	15,847	312,669
72210 SUPPORT REGULAR INSTRUCTION				
72210-105 SUPERVISOR/DIRECTOR	181,971	0	0	181,971
72210-117 CAREER LADDER	4,000	0	0	4,000
72210-129 LIBRARIANS	175,939	0	0	175,939
72210-161 SECRETARY (S)	52,639	0	0	52,639
72210-162 CLERICAL PERSONNEL	19,115	0	0	19,115
72210-163 EDUCATIONAL ASSISTANTS	18,046	0	0	18,046
72210-172 INSTRUCTIONAL COACHES	234,840	0	0	234,840
72210-189 OTHER SALARIES & WAGES	3,000	0	3,000	0
72210-201 SOCIAL SECURITY	42,752	0	186	42,566
72210-204 STATE RETIREMENT	46,778	0	204	46,574
72210-207 MEDICAL INSURANCE	90,514	0	0	90,514
72210-212 EMPLOYER MEDICARE	9,999	0	44	9,955
72210-217 RETIREMENT HYBRID STABILIZATION	1,039	0	0	1,039
72210-336 MAINTENANCE AND REPAIR-EQUIP	9,221	0	0	9,221
72210-399 OTHER CONTRACTED SERVICE	11,951	0	0	11,951
72210-432 LIBRARY BOOKS	33,560	0	0	33,560
72210-524 INSERVICE/STAFF DEVELOPMENT	39,368	2,000	0	41,368
72210-599 OTHER CHARGES	5,853	0	0	5,853
TOTAL	980,585	2,000	3,434	979,151

ATHENS CITY SCHOOLS
GENERAL PURPOSE
BUDGET AMENDMENT # 2

SCHOOL YEAR 2024-2025

	BUDGET	INCREASE	DECREASE	AMENDED BUDGET
72230 SUPPORT SERVICES / VOCATIONAL EDUCATIONAL PROGRAM				
72230-524 IN-SERVICE / STAFF DEVELOPMENT	0	0	0	0
72230-790 OTHER EQUIPMENT	130,000	42,927	0	172,927
TOTAL	130,000	42,927	0	172,927
72320 OFFICE OF THE SUPERINTENDENT				
72320-101 COUNTY OFFICIAL/ADMINISTRATIVE OFFICER	118,755	0	0	118,755
72320-117 CAREER LADDER PROGRAM	800	0	800	0
72320-161 SECRETARY(S)	12,524	0	0	12,524
72320-189 OTHER SALARIES & WAGES	0	1,800	0	1,800
72320-201 SOCIAL SECURITY	8,139	0	0	8,139
72320-204 STATE RETIREMENT	12,603	0	0	12,603
72320-207 MEDICAL INSURANCE	2,221	0	0	2,221
72320-212 EMPLOYER MEDICARE	1,904	0	0	1,904
72320-217 RETIREMENT - HYBRID STABILIZATION	1,170	0	177	993
72320-307 COMMUNICATION	6,530	0	823	5,707
72320-320 DUES AND MEMBERSHIPS	4,570	0	0	4,570
72320-330 LEASE PAYMENTS	2,163	0	0	2,163
72320-348 POSTAL CHARGES	4,100	0	0	4,100
72320-399 OTHER CONTRACTED SERVICES	7,200	0	0	7,200
72320-435 OFFICE SUPPLIES	7,000	0	0	7,000
72320-524 IN-SERVICE/STAFF DEVELOPMENT	4,000	0	0	4,000
72320-599 OTHER CHARGES	13,000	0	0	13,000
72320-701 ADMINISTRATIVE EQUIPMENT	1,500	0	0	1,500
TOTAL	208,179	1,800	1,800	208,179
72410 OFFICE OF THE PRINCIPAL				
72410-104 PRINCIPALS	351,884	0	0	351,884
72410-117 CAREER LADDER PROGRAM	2,000	0	0	2,000
72410-119 ACCOUNTANTS/BOOKKEEPERS	61,955	0	0	61,955
72410-139 ASSISTANT PRINCIPALS	272,162	0	0	272,162
72410-161 SECRETARY(S)	94,281	0	0	94,281
72410-162 CLERICAL PERSONNEL	51,606	2,000	0	53,606
72410-201 SOCIAL SECURITY	51,698	127	0	51,825
72410-204 STATE RETIREMENT	59,769	192	0	59,961
72410-207 MEDICAL INSURANCE	138,233	0	0	138,233
72410-212 EMPLOYER MEDICARE	12,091	29	0	12,120
72410-307 COMMUNICATION	13,500	0	0	13,500
72410-336 MAINTENANCE & REPAIR SERVICES - EQUIPMENT	14,782	0	0	14,782
72410-355 TRAVEL	250	0	0	250
72410-399 OTHER CONTRACTED SERVICES	39,556	0	0	39,556
72410-435 OFFICE SUPPLIES	450	0	0	450
72410-524 IN-SERVICE/STAFF DEVELOPMENT	200	0	0	200
72410-599 OTHER CHARGES	125	0	0	125
72410-701 ADMINISTRATION EQUIPMENT	4,500	0	0	4,500
TOTAL	1,169,042	2,348	0	1,171,390

ATHENS CITY SCHOOLS
GENERAL PURPOSE
BUDGET AMENDMENT # 2

SCHOOL YEAR 2024-2025

	BUDGET	INCREASE	DECREASE	AMENDED BUDGET
72610 OPERATION OF PLANT				
72610-166 CUSTODIAL PERSONNEL	281,711	0	0	281,711
72610-189 OTHER SALARIES AND WAGES	1,130	0	0	1,130
72610-201 SOCIAL SECURITY	17,530	6	0	17,536
72610-204 STATE RETIREMENT	27,152	0	0	27,152
72610-207 MEDICAL INSURANCE	64,600	0	0	64,600
72610-212 EMPLOYER MEDICARE	4,100	1	0	4,101
72610-410 CUSTODIAL SUPPLIES	51,000	0	0	51,000
72610-415 ELECTRICITY	500,000	0	0	500,000
72610-434 NATURAL GAS	42,000	0	0	42,000
72610-454 WATER & SEWER	44,500	0	0	44,500
72610-502 BUILDING & CONTENT INSURANCE	130,000	0	0	130,000
72610-720 PLANT OPERATION EQUIPMENT	2,500	0	0	2,500
TOTAL	1,166,223	7	0	1,166,230

	BUDGET	INCREASE	DECREASE	AMENDED BUDGET
72620 MAINTENANCE OF PLANT				
72620-105 SUPERVISOR/DIRECTOR	68,087	0	0	68,087
72620-161 SECRETARIES	12,524	0	0	12,524
72620-167 MAINTENANCE PERSONNEL	46,833	0	0	46,833
72620-189 OTHER SALARIES AND WAGES	41,975	0	0	41,975
72620-201 SOCIAL SECURITY	10,504	0	0	10,504
72620-204 STATE RETIREMENT	14,058	0	0	14,058
72620-207 MEDICAL INSURANCE	26,173	0	0	26,173
72620-212 EMPLOYER MEDICARE	2,457	0	0	2,457
72620-335 MAINTENANCE & REPAIR SERVICES - BUILDING	29,000	0	0	29,000
72620-336 MAINTENANCE & REPAIR SERVICES - EQUIPMENT	12,000	4,576	0	16,576
72620-338 MAINTENANCE & REPAIR SERVICES - VEHICLES	4,000	0	0	4,000
72620-399 OTHER CONTRACTED SERVICES	64,000	0	0	64,000
72620-418 EQUIPMENT & MACHINERY PARTS	10,000	0	0	10,000
72620-425 GASOLINE	9,000	0	0	9,000
72620-499 OTHER SUPPLIES & MATERIALS	18,000	0	0	18,000
72620-524 INSERVICE/STAFF DEVELOPMENT	1,000	0	0	1,000
72620-717 MAINTENANCE EQUIPMENT	6,000	0	0	6,000
TOTAL	375,611	4,576	0	380,187

	BUDGET	INCREASE	DECREASE	AMENDED BUDGET
72710 TRANSPORTATION				
72710-105 SUPERVISOR/DIRECTOR	72,913	2,000	0	74,913
72710-146 BUS DRIVERS	196,206	16,000	0	212,206
72710-162 CLERICAL PERSONNEL	12,524	0	0	12,524
72710-189 OTHER SALARIES & WAGES	16,719	4,400	0	21,119
72710-201 SOCIAL SECURITY	18,371	1,637	0	20,008
72710-204 STATE RETIREMENT	28,829	2,150	0	30,979
72710-207 MEDICAL INSURANCE	113,318	0	19,000	94,318
72710-212 EMPLOYER MEDICARE	4,334	345	0	4,679
72710-217 RETIREMENT - HYBRID STABILIZATOIN	2	0	0	2
72710-307 COMMUNICATION	4,000	0	0	4,000
72710-313 CONTRACTS WITH PARENTS	26,348	0	0	26,348
72710-338 MAINTENANCE AND REPAIR SERVICES-VEHICLES	30,702	0	0	30,702
72710-340 MEDICAL AND DENTAL SERVICES	1,000	0	0	1,000
72710-399 OTHER CONTRACTED SERVICES	47,199	0	487	46,712
72710-412 DIESEL FUEL	1,500	0	0	1,500
72710-418 EQUIPMENT AND MACHINERY PARTS	1,000	19,000	0	20,000
72710-499 OTHER SUPPLIES AND MATERIALS	30,000	0	0	30,000
72710-511 VEHICLE AND EQUIPMENT INSURANCE	1,700	0	0	1,700
72710-524 IN-SERVICE/STAFF DEVELOPMENT	4,995	530	0	5,525
72710-599 OTHER CHARGES	1,871	0	0	1,871
72710-701 ADMINISTRATION EQUIPMENT	35,000	0	0	35,000
72710-729 TRANSPORTATION EQUIPMENT	652,531	46,062	19,487	679,106
TOTAL				

ATHENS CITY SCHOOLS
GENERAL PURPOSE
BUDGET AMENDMENT # 2

SCHOOL YEAR 2024-2025

	BUDGET	INCREASE	DECREASE	AMENDED BUDGET
73100 FOOD SERVICE				
73100-105 SUPERVISOR/DIRECTOR	2,000	0	2,000	0
73100-165 CAFETERIA PERSONNEL	2,000	0	2,000	0
73100-201 SOCIAL SECURITY	248	0	248	0
73100-204 STATE RETIREMENT	384	0	384	0
73100-212 EMPLOYER MEDICARE	58	0	58	0
73100-422 FOOD SUPPLIES	2,641	0	141	2,500
TOTAL	7,331	0	4,831	2,500
73300 COMMUNITY SERVICES				
73300-105 SUPERVISOR/DIRECTOR	52,268	0	8,268	44,000
73300-162 CLERICAL PERSONNEL	26,082	2,184	0	28,266
73300-169 PART TIME PERSONNEL	162,138	0	63,665	98,473
73300-189 OTHER SALARIES AND WAGES	87,360	0	32,742	54,618
73300-201 SOCIAL SECURITY	20,327	0	0	20,327
73300-204 STATE RETIREMENT	31,538	0	0	31,538
73300-207 MEDICAL INSURANCE	36,393	0	0	36,393
73300-212 EMPLOYER MEDICARE	4,754	0	0	4,754
73300-217 RETIREMENT - HYBRID STABILIZATION	25	0	0	25
73300-399 OTHER CONTRACTED SERVICES	1,000	0	0	1,000
73300-422 FOOD SUPPLIES	1,000	0	0	1,000
73300-429 INSTRUCTIONAL SUPPLIES AND MATERIALS	1,000	0	0	1,000
73300-499 OTHER SUPPLIES AND MATERIALS	5,000	0	0	5,000
73300-524 INSERVICE/STAFF DEVELOPMENT	1,000	0	0	1,000
73300-599 OTHER CHARGES	1,500	0	0	1,500
73300-790 OTHER EQUIPMENT	1,000	0	0	1,000
TOTAL	432,385	2,184	104,675	329,894
76100 CAPITAL OUTLAY				
76100-189 OTHER SALARIES & WAGES	3,600	0	0	3,600
76100-201 SOCIAL SECURITY	224	0	0	224
76100-204 STATE RETIREMENT	229	0	0	229
76100-212 EMPLOYER MEDICAL LIABILITY	52	0	0	52
76100-707 BUILDING IMPROVEMENTS	30,000	1,000,000	25,060	1,004,940
76100-799 OTHER CAPITAL OUTLAY	45,895	76,847	0	122,742
TOTAL	80,000	1,076,847	25,060	1,131,787
99100 TRANSFERS OUT				
99100-590 TRANSFERS TO OTHER FUNDS	-	200,000	0	200,000
TOTAL	-	200,000	0	200,000
TOTAL EXPENDITURES	19,136,947	1,509,013	251,496	20,394,464



Agenda Item

III. C. Athens City Board of Education
Resolution 2025-2

Be it resolved by the Athens City Board of Education that the Director of Schools shall have the authority to establish the amounts of funds that will be Committed or Assigned for specific purposes at the end of the fiscal year for the Athens City School System.

Overview

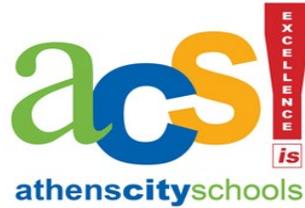
The purpose of this resolution is to grant authority to the Director of Schools to determine how funds are Committed or Assigned for specific purposes at the end of the fiscal year for the Athens City School System.

Action to Consider

Consensus is required to move this item to the June 17, 2025 regular session for consideration.

Affected Departments

Finance



Resolution 2025-2

Be it resolved by the Athens City Board of Education that the Director of Schools shall have the authority to establish the amounts of funds that will be Committed or Assigned for specific purposes at the end of the fiscal year for the Athens City School System.

Date: June 09, 2025

Mr. Joe Barnett
Director of Schools

Mr. Chris Adams
Chairman

Mr. Johnny Coffman
Vice-Chairman

Mrs. Beth Jackson
Board Member

Ms. Abby Carroll
Board Member

Mrs. Emily Forrest
Board Member

Mr. Stan Harrison
Board Member



Agenda Item

III. D. Athens City Board of Education
Resolution 2025-3

Be it resolved that the budget for the Athens City Schools Federal Projects Fund shall be the budget approved for the separate projects within the fund by the Athens City Board of Education and State of Tennessee.

Overview

This resolution sets the official budget policy for the Athens City Schools' Federal Projects Fund and grants the Director of Schools authority to assign fund amounts for specific purposes at the end of the fiscal year.

Action to Consider

Consensus is required to move this item to the June 17, 2025 regular session for consideration.

Affected Departments

Finance



Be it resolved that the budget for the Athens City Schools Federal Projects Fund shall be the budget approved for the separate projects within the fund by the Athens City Board of Education and State of Tennessee.

Date: June 09, 2025

Mr. Joe Barnett
Director of Schools

Mr. Chris Adams
Chairman

Mr. Johnny Coffman
Vice-Chairman

Mrs. Beth Jackson
Board Member

Ms. Abby Carroll
Board Member

Mrs. Emily Forrest
Board Member

Mr. Stan Harrison
Board Member



Agenda Item

- III. E. FY 2024-25 Budget Amendment
 Public Hearing and Second Reading of Ordinance 1140
 An ordinance to amend the budget for the city of Athens, Tennessee, for the fiscal year July 1, 2024 through June 30, 2025.

Overview

The purpose of the attached budget amendment for FY 2024-25 is to address necessary adjustments in expenditures and revenues, cover unanticipated costs, and reallocate funds based on updated financial activity and operational needs across City departments. A memorandum from the Finance Director is also attached.

Action to Consider

Consensus is needed to move this item to the June 17, 2025 regular session to conduct the public hearing, have a second reading, and consider adoption of the ordinance.

Affected Departments

All



FINANCE DEPARTMENT

MEMORANDUM

TO: Randy Dowling, City Manager
FROM: Mike Keith, Finance Director
DATE: May 7, 2025
SUBJECT: 2024-2025 Budget Amendment

I respectfully submit the attached budget amendment. I believe most of the items are self-explanatory based on the line items, but I will elaborate on the larger items in part II. The first salary increase is for the increase above the previous city manager salary. Legal services are for the fees paid to the city attorney. Group life and health increases relate to changes in employee coverages during the year. Building and grounds maintenance relate to City Hall and Recreation. Recreation increases were for the splash pad and the pavilion at Eco Park. Liability insurance for the \$50,000 increase relates to the deductible we had to pay on two public records lawsuits and the remaining ones are for smaller claims or increases in premiums. Fixed asset items relate primarily to equipment for police cars budgeted in the prior year but could not be installed last year since the vehicles were not received until this year. Fire had to replace their drone as it malfunctioned through no fault of the operator and crashed. Public Works had radios that were ordered last year but not delivered until this year. The items showing with the 01-0908 account numbers at the end of part II are all related to the new Animal Shelter as we estimated the best we could since this was the first full year of operations in the new building. The Transfer to Conference Center is to provide funds to be used in the new budget year to repair the floor cracks, paint and purchase new tables.

Please let me know if you need any additional information regarding this amendment.

Part I: Increase in Retirement Plan Contribution with Funds held in Capital

ACCOUNT NO.	DESCRIPTION	ORIGINAL BUDGET	REVISED BUDGET	INCREASE (DECREASE)
GENERAL FUND REVENUES:				
01-0000-7045	Trans from Cap Proj Fund	0	629,000	629,000
Increase in Revenues				629,000
GENERAL FUND EXPENDITURES:				
01-0101-5144	Retirement	19,000	37,000	18,000
01-0201-5144	Retirement	33,000	63,000	30,000
01-0301-5144	Retirement	15,000	29,000	14,000
01-0401-5144	Retirement	8,000	15,000	7,000
01-0403-5144	Retirement	14,000	27,000	13,000
01-0501-5144	Retirement	15,000	29,000	14,000
01-0502-5144	Retirement	20,000	38,000	18,000
01-0601-5144	Retirement	21,000	40,000	19,000
01-0602-5144	Retirement	150,000	288,000	138,000
01-0603-5144	Retirement	48,000	91,000	43,000
01-0701-5144	Retirement	13,000	25,000	12,000
01-0702-5144	Retirement	7,000	13,000	6,000
01-0703-5144	Retirement	125,000	240,000	115,000
01-0801-5144	Retirement	16,000	30,000	14,000
01-0802-5144	Retirement	24,000	46,000	22,000
01-0804-5144	Retirement	11,000	21,000	10,000
01-0901-5144	Retirement	23,000	44,000	21,000
01-0902-5144	Retirement	8,000	15,000	7,000
01-0903-5144	Retirement	25,000	48,000	23,000
01-0904-5144	Retirement	24,000	46,000	22,000
01-0905-5144	Retirement	44,000	85,000	41,000
01-0906-5144	Retirement	17,000	32,000	15,000
01-0908-5144	Retirement	8,000	15,000	7,000
Increase in Retirement Expenditures		688,000	1,317,000	629,000
Change in General Fund Balance				0

Part II: Increase in Retirement Contribution for Sanitation

SANITATION FUND:				
12-0000-7045	Trans from Cap Proj Fund	0	21,000	21,000
12-09-07-5144	Retirement	23,000	44,000	21,000
Change in Fund Balance				0

Part III: To Increase Miscellaneous Line items in the General Fund

GENERAL FUND REVENUES:

01-0000-4110	Current Property Taxes	6,400,000	6,450,000	50,000
01-0000-4145	AUB Electric	700,000	740,000	40,000
01-0000-4165	Local Sales Tax	8,800,000	9,000,000	200,000
01-0000-4178	Bus Tax-State Collected	500,000	615,000	115,000
01-0000-4325	Bldg Licenses & Permits	50,000	140,000	90,000
01-0000-4415	Housing Authority In Lieu of	80,000	105,000	25,000
01-0000-4450	State Excise Tax	40,000	65,000	25,000
01-0000-4530	Grants - Police Dept	225,000	300,000	75,000
01-0000-4910	Interest Income	500,000	600,000	100,000
01-0000-4915	Insurance Recoveries	0	25,000	25,000

Increase in Revenues 745,000

GENERAL FUND EXPENDITURES:

01-0101-5110	Salaries: Regular	185,000	205,000	20,000
01-0102-5626	Other Contracts	7,700	9,200	1,500
01-0104-5260	Legal Services	50,000	90,000	40,000
01-0201-5142	Group Life and Health Ins	59,000	70,000	11,000
01-0402-5274	R&M Buildings & Grounds	25,000	35,000	10,000
01-0402-5626	Other Contracts	60,000	70,000	10,000
01-0402-5710	Liability Insurance	8,800	58,800	50,000
01-0501-5142	Group Life and Health Ins	13,000	25,000	12,000
01-0602-6090	Fixed Assets	100,000	232,000	132,000
01-0603-5142	Group Life and Health Ins	62,000	85,000	23,000
01-0603-5710	Liability Insurance	17,000	27,000	10,000
01-0603-6090	Fixed Assets	7,000	22,000	15,000
01-0701-6090	Fixed Assets	0	18,000	18,000
01-0702-5142	Group Life and Health Ins	200	5,200	5,000
01-0703-5142	Group Life and Health Ins	205,000	235,000	30,000
01-0703-6090	Fixed Assets	5,000	34,000	29,000
01-0802-5274	R&M Buildings & Grounds	47,000	100,000	53,000
01-0803-5118	Salaries: Seasonal	26,000	37,000	11,000
01-0803-5322	Chemical, Lab & Medical Sup	8,000	10,000	2,000
01-0803-5710	Liability Insurance	2,000	4,000	2,000
01-0804-5118	Salaries: Seasonal	55,500	70,000	14,500
01-0804-5294	Athletic Officials	13,500	18,000	4,500
01-0804-5298	Program Expenses	30,000	70,000	40,000
01-0901-5142	Group Life and Health Ins	25,000	36,000	11,000
01-0901-6090	Fixed Assets	0	16,000	16,000
01-0906-5142	Group Life and Health Ins	31,000	45,000	14,000
01-0906-5142	Fixed Assets	14,000	21,000	7,000
01-0908-5240	Electric	10,000	23,000	13,000
01-0908-5326	Janitorial Supplies	3,000	8,000	5,000
01-0908-5345	Vet Supplies	16,000	22,000	6,000
01-0908-5626	Other Contracts	7,000	14,000	7,000
01-1004-5626	Other Contracts	362,000	364,500	2,500
01-1101-7270	Transfer to Conference Ctr	0	120,000	120,000

Increase in Expenditures 745,000

Change in Fund Balance 0

Part IV: To Transfer Funds from General Fund to Capital Projects Fund for Excess Fund Balance

01-11-01-7245	Transfer to Capital Proj Fund	<u>242,000</u>	<u>1,942,000</u>	<u>1,700,000</u>
Decrease in Fund Balance in General Fund				<u>1,700,000</u>

Part V: To Increase Budget for Totes and Dumpsters in Sanitation

12-0000-4910	Interest Income	<u>50,000</u>	<u>90,000</u>	<u>40,000</u>
12-09-07-6090	Fixed Assets	<u>4,000</u>	<u>44,000</u>	<u>40,000</u>
Change in Fund Balance				<u>0</u>

Part VI: To Increase Budget in School Debt Service Fund for Final USDA Funds Received and repayment of \$5,000,000 Regions Temporary Financing

04-0000-7110	Note Proceeds	<u>0</u>	<u>5,000,000</u>	<u>5,000,000</u>
04-0000-5763	Retirement of Note	<u>0</u>	<u>5,000,000</u>	<u>5,000,000</u>
Change in Fund Balance				<u>0</u>

ORDINANCE NO. 1140

AN ORDINANCE TO AMEND THE BUDGET FOR THE CITY OF ATHENS, TENNESSEE, FOR THE FISCAL YEAR JULY 1, 2024 THROUGH JUNE 30, 2025

WHEREAS, the Council for the City of Athens, Tennessee, after much consideration and study of the budget prepared and submitted by the City Manager, approved **Ordinance No. 1128** for the **2024-2025** budget and tax rate for the fiscal year ending **June 30, 2025** and has determined that an amendment is now necessary.

SECTION 1.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF ATHENS, TENNESSEE, AS FOLLOWS:

That the budget is hereby amended based upon the detail listing below showing the original budget, amended budget and increase or decrease in the budget for the current year.

Part I: Increase in Retirement Plan Contribution with Funds held in Capital

ACCOUNT NO.	DESCRIPTION	ORIGINAL BUDGET	REVISED BUDGET	INCREASE (DECREASE)
GENERAL FUND REVENUES:				
01-0000-7045	Trans from Cap Proj Fund	0	629,000	629,000
Increase in Revenues				629,000
GENERAL FUND EXPENDITURES:				
01-0101-5144	Retirement	19,000	37,000	18,000
01-0201-5144	Retirement	33,000	63,000	30,000
01-0301-5144	Retirement	15,000	29,000	14,000
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01-0906-5144	Retirement	17,000	32,000	15,000
01-0908-5144	Retirement	8,000	15,000	7,000
Increase in Retirement Expenditures				629,000
Change in General Fund Balance				0

ORDINANCE NO. 1140

Part II: Increase in Retirement Contribution for Sanitation

SANITATION FUND:

12-0000-7045	Trans from Cap Proj Fund	0	21,000	21,000
12-09-07-5144	Retirement	23,000	44,000	21,000
Change in Fund Balance				<u>0</u>

Part III: To Increase Miscellaneous Line items in the General Fund

GENERAL FUND REVENUES:

01-0000-4110	Current Property Taxes	6,400,000	6,450,000	50,000
01-0000-4145	AUB Electric	700,000	740,000	40,000
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01-0000-4178	Bus Tax-State Collected	500,000	615,000	115,000
01-0000-4325	Bldg Licenses & Permits	50,000	140,000	90,000
01-0000-4415	Housing Authority	80,000	105,000	25,000
01-0000-4450	State Excise Tax	40,000	65,000	25,000
01-0000-4530	Grants - Police Dept	225,000	300,000	75,000
01-0000-4910	Interest Income	500,000	600,000	100,000
01-0000-4915	Insurance Recoveries	0	25,000	25,000
Increase in Revenues				<u>745,000</u>

GENERAL FUND EXPENDITURES:

01-0101-5110	Salaries: Regular	185,000	205,000	20,000
01-0102-5626	Other Contracts	7,700	9,200	1,500
01-0104-5260	Legal Services	50,000	90,000	40,000
01-0201-5142	Group Life and Health Ins	59,000	70,000	11,000
01-0402-5274	R&M Buildings & Grounds	25,000	35,000	10,000
01-0402-5626	Other Contracts	60,000	70,000	10,000
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01-0703-6090	Fixed Assets	5,000	34,000	29,000
01-0802-5274	R&M Buildings & Grounds	47,000	100,000	53,000
01-0803-5118	Salaries: Seasonal	26,000	37,000	11,000
01-0803-5322	Chemical, Lab & Med	8,000	10,000	2,000
01-0803-5710	Liability Insurance	2,000	4,000	2,000
01-0804-5118	Salaries: Seasonal	55,500	70,000	14,500
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01-0804-5298	Program Expenses	30,000	70,000	40,000
01-0901-5142	Group Life and Health Ins	25,000	36,000	11,000
01-0901-6090	Fixed Assets	0	16,000	16,000
01-0906-5142	Group Life and Health Ins	31,000	45,000	14,000
01-0906-5142	Fixed Assets	14,000	21,000	7,000
01-0908-5240	Electric	10,000	23,000	13,000
01-0908-5326	Janitorial Supplies	3,000	8,000	5,000
01-0908-5345	Vet Supplies	16,000	22,000	6,000
01-0908-5626	Other Contracts	7,000	14,000	7,000
01-1004-5626	Other Contracts	362,000	364,500	2,500
01-1101-7270	Transfer to Conference Ctr	0	120,000	120,000
Increase in Expenditures				<u>745,000</u>
Change in Fund Balance				<u>0</u>

ORDINANCE NO. 1140

Part IV: To Transfer Funds from General Fund to Capital Projects Fund for Excess Fund Balance

01-11-01-7245	Transfer to Capital Proj Fund	242,000	1,942,000	<u>1,700,000</u>
Decrease in Fund Balance in General Fund				<u>1,700,000</u>

Part V: To Increase Budget for Totes and Dumpsters in Sanitation

12-0000-4910	Interest Income	50,000	90,000	<u>40,000</u>
12-09-07-6090	Fixed Assets	4,000	44,000	<u>40,000</u>
Change in Fund Balance				<u>0</u>

Part VI: To Increase Budget in School Debt Service Fund for Final USDA Funds Received and Repayment of \$5,000,000 Regions Temporary Financing

04-0000-7110	Note Proceeds	0	5,000,000	<u>5,000,000</u>
04-0000-5763	Retirement of Note	0	5,000,000	<u>5,000,000</u>
Change in Fund Balance				<u>0</u>

SECTION 2.

BE IT FURTHER ORDAINED that all Ordinances, and parts of Ordinances in conflict with this Ordinance shall be, and the same are, hereby repealed and superseded.

SECTION 3.

BE IT FURTHER ORDAINED that if any section, paragraph, clause, or sentence of this Ordinance shall be held invalid by a Court of competent jurisdiction, such holding shall not affect the remaining sections, paragraphs, clauses, and sentences.

SECTION 4.

BE IT FURTHER ORDAINED this Ordinance is declared to be an emergency ordinance to take effect from and after its passage.

FIRST READING: May 20, 2025 Passed
PUBLIC HEARING NOTICE: May 31, 2025 Published
DATE OF PUBLIC HEARING: June 17, 2025
SECOND READING: June 17, 2025

ATTEST:

LARRY EATON, Mayor

RANDALL DOWLING, City Manager

APPROVED AS TO FORM:

CHRISTOPHER M. CALDWELL, City Attorney



Agenda Item

III. F. FY 2025-26 Proposed Budget
First Reading of Ordinance 1141

An ordinance to adopt a budget and set the tax rate on taxable property located within the corporate limits of the city of Athens, Tennessee, for the fiscal year July 1, 2025 through June 30, 2026.

Overview

The FY 2025-26 proposed budget was submitted to the City Council on May 2, 2025 and posted on the city's website. On May 6, 2025, the City Council conducted a budget work session to review and discuss the proposed budget. During that meeting, several items were specifically discussed as listed on the attachment.

The proposed budget was further reviewed during the May 12, 2025 work session and additional items were discussed as listed on the attachment. The proposed budget was further reviewed and the first reading of the budget ordinance was conducted during the May 20, 2025 regular session.

So far, the only changes to the proposed budget are those items listed below:

- Added \$110,000 to the North City School demolition budget in the Capital Improvement Fund based on the actual bid.
- Added \$40,000 to prepare a planning study to renovate and expand city hall in the Capital Improvement Fund as approved during the May 20, 2025 regular session.
- Carry forward \$285,000 from the previous fiscal year's budget to update the city's IT infrastructure in the Information Technology budget in the General Fund.

The total of these changes is \$435,000 and \$150,000 will come from Capital Improvement Fund reserves and \$285,000 will come from General Fund reserves.

The proposed budget will be further reviewed and discussed during the June 9, 2025 work session.

The budget public hearing, second reading of the budget ordinance, and adoption with changes are scheduled to occur during the June 17, 2025 regular session. If approved, the budget will go into effect on July 1, 2025 until June 30, 2026.

Action to Consider

Consensus is needed to move this item to the June 17, 2025 regular session to conduct the budget public hearing, have a second reading, and consider adopting the budget and budget ordinance with changes.

Affected Departments

All

May 6, 2025

Budget Work Session

Councilmember Sherlin requested change: Use the term “**Actual**” instead of “**Audited**” in all references to General Fund Expenditures for clarity and accuracy.

Councilmember Duggan requested correction: **3%** not **\$0** Alcohol Beverage Fee Schedule Credit Card Convenience Fee

General Fund

Councilmember Sherlin Feedback

- Transfer to the Hotel/Motel Fund:
 - Athens Area Council for the Arts – \$12,000
 - McMinn County Living Heritage Museum – \$6,000
- Reduce Sister City Program funding from \$20,000 to \$10,000.
- Economic Development (01-0101-5940): Expressed concern regarding the value of services from Tennessee Retail Alliance (TRA) “*No Bang for the Buck*”. (see attachment)
- Estimate cost to add:
 - Three (3) Fire Department employees
 - \$150,000 for salary/benefits and \$80,000 for required gear for a total of \$230,000
 - One (1) Information Technology employee
 - \$70,000 for salary/benefits
- Market Park Concept Plans – Requested a review at the May Work Session. (see attachment)
- Requests for Information:
 - Invoices from City Attorney (previously distributed)
 - Requested data on the number of cities TRA currently serves. (see attachment)

City Manager Feedback

- David Brown Videography Services – Will not contract David Brown for Beer Board or Council Meetings for FY26.

May 6, 2025

Budget Work Session

Hotel/Motel Fund

Councilmember Sherlin Feedback

- Add benches along walkways specifically Cook Drive and Veterans Park walking track

Mayor Eaton Feedback

- Budget Adjustment:
 - 01-0107-5250 may require an increase due to additional lighting at Exit 52 and Hammermill Road to Ingleside Avenue
- Market Park Improvements: Recommends using bollards instead of curbs to enhance access to the green space and pavilion.

Capital Improvement Fund

Councilmember Sherlin Feedback

- Continue pursuing grant funding for Fire Station #3.

City Manager Feedback

- Proposed transfer of resources:
 - \$9.4 million from Capital Projects Fund reserves
 - 5% from General Fund
- This approach aims to fund several initiatives while preserving a 75% reserve threshold.

Sanitation Fund

Councilmember Sherlin Feedback

- Opposes treating this fund as a business enterprise.

City Manager Feedback

- A transfer from fund reserves will be required to support operational needs.

May 6, 2025

Budget Work Session

Fee Schedule

Community Development Director Feedback

- Introduce an Annexation Fee to cover city service extension costs. (\$500 Annex Fee + \$500 Zoning)

Mayor Eaton Feedback

- Increase Electrical / Plumbing / Mechanical License Fee:
 - from \$25 to more than the proposed \$35

Councilmember Sherlin Feedback:

- Opposes proposed \$50 increase to Cemetery Fee for City Resident Property Owners.
 - Mayor Eaton stressed the need to address long-term viability of the Cemetery Trust Fund.
- Recommends updating the tournament fee schedule if artificial turf is installed.
- Concern that \$75 Little League / Youth Basketball fees may not be affordable for low-income families.
 - The Parks and Recreation Director does allow waivers if a written request is submitted.

May 12, 2025 Work Session Requests

- \$5,000 budget request from the Mid East Tennessee Community Chorus
- \$25,000 budget request from the Council Advisory Committee to conduct a citizen satisfaction survey using a nationally recognized company
- \$532,500 to begin the planning process to extend the Eureka Trail to Market Park (survey, geotechnical concept design and schematic design only).
- \$34,000 to begin the planning process to contract a sidewalk on E. Madison from Cook Drive to Dennis Street (survey and concept design only).

ORDINANCE NO. 1141

AN ORDINANCE TO ADOPT A BUDGET AND SET THE TAX RATE ON TAXABLE PROPERTY LOCATED WITHIN THE CORPORATE LIMITS OF THE CITY OF ATHENS, TENNESSEE, FOR THE FISCAL YEAR JULY 1, 2025 THROUGH JUNE 30, 2026.

WHEREAS, the Council for the City of Athens, Tennessee, after much consideration and study of the budget prepared and submitted by the City Manager, considers said budget to be in complete detail showing the financial condition of the City for the past fiscal year, and the proposed budget and expenditures for the various departments for the fiscal year beginning **July 1, 2025** through **June 30, 2026**.

SECTION 1.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF ATHENS, TENNESSEE, AS FOLLOWS:

That the budget hereto attached and made a part hereof consisting of the following words and figures, be and is hereby adopted as the Budget for the City of Athens, Tennessee, for the Fiscal Year beginning **July 1, 2025** and extending through **June 30, 2026**.

	<u>Actual</u> <u>2023-2024</u>	<u>Estimated</u> <u>2024-2025</u>	<u>Proposed</u> <u>2025-2026</u>
GENERAL FUND			
<u>GENERAL FUND REVENUES</u>			
Taxes	18,619,673	18,223,000	18,542,000
Intergovernmental Revenue	3,075,281	2,680,000	2,808,000
Charges for Services	377,715	227,000	276,000
Fines and Forfeits	113,447	100,000	100,000
Interest	813,317	500,000	550,000
Miscellaneous	176,331	20,000	30,000
TOTAL GENERAL FUND REVENUES	23,175,764	21,750,000	22,306,000
<u>GENERAL FUND EXPENDITURES</u>			
ADMINISTRATION			
City Council	145,035	121,000	140,300
City Hall	277,682	200,300	220,900
City Manager's Office	358,141	323,800	384,400
TOTAL ADMINISTRATION	780,858	645,100	745,600
COMMUNITY DEVELOPMENT			
Administration	195,401	209,700	246,300
Cemeteries	44,497	151,700	52,200
Codes Enforcement	326,172	389,300	396,600
TOTAL COMMUNITY DEVELOPMENT	566,070	750,700	695,100
FINANCE	554,048	576,400	613,000
FINANCE - PURCHASING	119,200	139,400	93,400
FIRE			
Administration	215,495	231,500	245,600
Prevention	116,385	132,800	151,600
Suppression	2,590,426	2,883,600	3,102,300
TOTAL FIRE	2,922,306	3,247,900	3,499,500

ORDINANCE NO. 1141

HUMAN RESOURCES	256,564	278,000	278,900
INFORMATION TECHNOLOGY	328,877	682,700	613,100
PARKS & RECREATION			
Administration	221,593	250,200	240,700
Maintenance	735,250	821,300	901,700
Swimming Pools	65,031	50,100	61,600
Program Planning	430,239	383,000	421,500
TOTAL PARKS & RECREATION	<u>1,452,113</u>	<u>1,504,600</u>	<u>1,625,500</u>
POLICE			
Administration	411,615	337,200	353,000
Detectives	830,860	816,500	606,600
Patrol	2,640,295	3,118,800	3,624,300
TOTAL POLICE	<u>3,882,770</u>	<u>4,272,500</u>	<u>4,583,900</u>
PUBLIC WORKS			
Administration	408,071	407,100	444,000
Animal Shelter	219,688	263,800	309,300
Fleet Maintenance	362,493	393,200	407,200
Street Cleaning	973,681	1,076,300	1,077,000
Street Construction	536,057	708,900	674,000
Street Maintenance	1,962,196	1,078,400	1,106,600
Traffic Control	221,146	373,500	372,800
TOTAL PUBLIC WORKS	<u>4,683,332</u>	<u>4,301,200</u>	<u>4,390,900</u>
ATHENS CITY SCHOOLS	2,491,000	2,421,000	2,421,000
ATHENS UTILITIES BOARD	511,798	530,000	530,000
COMMUNICATIONS	327,748	364,300	378,000
SPECIAL APPROPRIATIONS	385,400	394,200	438,100
TRANSFERS	<u>4,300,000</u>	<u>3,342,000</u>	<u>1,400,000</u>
TOTAL GENERAL FUND EXPENDITURES	<u>23,562,084</u>	<u>23,450,000</u>	<u>22,306,000</u>
CHANGE IN CASH/FUND BALANCE	(386,320)	(1,700,000)	0
BEGINNING CASH/FUND BALANCE	<u>19,240,960</u>	<u>18,854,000</u>	<u>17,154,000</u>
ENDING CASH/FUND BALANCE	<u>18,854,640</u>	<u>17,154,000</u>	<u>17,154,000</u>
ENDING CASH AS A % OF EXPENDITURES	80.02%	73.15%	76.90%

ORDINANCE NO. 1141

DEBT SERVICE FUND-SCHOOLS

DEBT SERVICE FUND REVENUES

Interest	98,411	100,000	100,000
City Schools Contributions	700,000	700,000	700,000
Debt Proceeds	30,000,000	5,000,000	0
Transfers	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
TOTAL DEBT SERVICE FUND REVENUES	31,798,411	6,800,000	1,800,000

<u>DEBT SERVICE FUND EXPENDITURES</u>	<u>31,797,954</u>	<u>6,815,000</u>	<u>1,529,000</u>
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CHANGE IN CASH/FUND BALANCE	457	(15,000)	271,000
BEGINNING CASH/FUND BALANCE	<u>2,800,000</u>	<u>2,800,000</u>	<u>3,400,000</u>
ENDING CASH/FUND BALANCE	<u>2,800,457</u>	<u>2,785,000</u>	<u>3,671,000</u>
ENDING CASH AS A % OF EXPENDITURES	8.81%	40.87%	240.09%

DEBT SERVICE FUND-CITY PROJECTS

DEBT SERVICE FUND REVENUES

Intergovernmental Revenues	0	0	0
Interest	14,517	5,000	5,000
Transfers	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
TOTAL DEBT SERVICE FUND REVENUES	414,517	405,000	405,000

<u>DEBT SERVICE FUND EXPENDITURES</u>	<u>380,215</u>	<u>386,000</u>	<u>381,500</u>
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CHANGE IN CASH/FUND BALANCE	34,302	19,000	23,500
BEGINNING CASH/FUND BALANCE	<u>44,923</u>	<u>79,000</u>	<u>98,000</u>
ENDING CASH/FUND BALANCE	<u>79,225</u>	<u>98,000</u>	<u>121,500</u>
ENDING CASH AS A % OF EXPENDITURES	20.84%	25.39%	31.85%

SANITATION FUND

SANITATION FUND REVENUES

Charges For Services	1,013,069	969,000	989,000
Interest	75,477	50,000	50,000
Miscellaneous	<u>267</u>	<u>1,000</u>	<u>1,000</u>
TOTAL SANITATION FUND REVENUES	1,088,813	1,020,000	1,040,000

<u>SANITATION FUND EXPENDITURES</u>	<u>998,131</u>	<u>1,120,000</u>	<u>1,239,300</u>
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CHANGE IN CASH/FUND BALANCE	90,682	(100,000)	(199,300)
BEGINNING CASH/FUND BALANCE	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,400,000</u>
ENDING CASH/FUND BALANCE	<u>1,590,682</u>	<u>1,400,000</u>	<u>1,200,700</u>
ENDING CASH AS A % OF EXPENDITURES	159.37%	125.00%	96.89%

ORDINANCE NO. 1141

CONFERENCE CENTER FUND

CONFERENCE CENTER REVENUES

Charges For Services	41,634	40,000	40,000
Interest	0	0	0
General Fund Contribution	0	120,000	0
TOTAL SANITATION FUND REVENUES	<u>41,634</u>	<u>160,000</u>	<u>40,000</u>

<u>CONFERENCE CENTER EXPENDITURES</u>	<u>33,682</u>	<u>27,900</u>	<u>172,900</u>
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CHANGE IN CASH/FUND BALANCE	7,952	132,100	(132,900)
BEGINNING CASH/FUND BALANCE	<u>30,000</u>	<u>35,000</u>	<u>165,000</u>
ENDING CASH/FUND BALANCE	<u>37,952</u>	<u>167,100</u>	<u>32,100</u>
ENDING CASH AS A % OF EXPENDITURES	112.68%	598.92%	18.57%

DRUG FUND

DRUG FUND REVENUES

Fines and Forfeits	36,440	20,000	30,000
Interest	5,605	0	5,000
TOTAL DRUG FUND REVENUES	<u>42,045</u>	<u>20,000</u>	<u>35,000</u>

<u>DRUG FUND EXPENDITURES</u>	1,589	34,000	35,000
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CHANGE IN CASH/FUND BALANCE	40,456	(14,000)	0
BEGINNING CASH/FUND BALANCE	<u>128,230</u>	<u>160,000</u>	<u>146,000</u>
ENDING CASH/FUND BALANCE	<u>168,686</u>	<u>146,000</u>	<u>146,000</u>
ENDING CASH AS A % OF EXPENDITURES	10615.86%	429.41%	417.14%

HOTEL/MOTEL FUND

HOTEL/MOTEL FUND REVENUES

Hotel/Motel Tax	431,520	400,000	420,000
State Grants	5,000	0	10,000
Interest	23,117	10,000	0
Third Party Contributions	5,067	0	0
TOTAL HOTEL/MOTEL FUND REVENUES	<u>464,704</u>	<u>410,000</u>	<u>430,000</u>

<u>HOTEL/MOTEL FUND EXPENDITURES</u>	262,988	410,000	563,300
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CHANGE IN CASH/FUND BALANCE	201,716	0	(133,300)
BEGINNING CASH/FUND BALANCE	<u>482,006</u>	<u>650,000</u>	<u>650,000</u>
ENDING CASH/FUND BALANCE	<u>683,722</u>	<u>650,000</u>	<u>516,700</u>
ENDING CASH AS A % OF EXPENDITURES	259.98%	158.54%	91.73%

ORDINANCE NO. 1141

CAPITAL IMPROVEMENT FUND

CAPITAL IMPROVEMENT FUND REVENUES:

Grant Funds	486,298	100,000	6,308,500
Investment Income	705,211	600,000	300,000
Miscellaneous	24,640	25,000	25,000
Third Party Contributions	500,000	0	
Transfer From General Fund	<u>2,900,000</u>	<u>1,942,000</u>	<u>475,000</u>
TOTAL HOTEL/MOTEL FUND REVENUES	4,616,149	2,667,000	7,108,500

<u>CAPITAL EXPENDITURES</u>	1,935,108	3,028,500	16,525,000
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CHANGE IN CASH/FUND BALANCE	2,681,041	(361,500)	(9,416,500)
BEGINNING CASH/FUND BALANCE	<u>12,467,331</u>	<u>15,000,000</u>	<u>14,500,000</u>
ENDING CASH/FUND BALANCE	<u>15,148,372</u>	<u>14,638,500</u>	<u>5,083,500</u>
ENDING CASH AS A % OF EXPENDITURES	782.82%	483.36%	30.76%

FLEET MANAGEMENT FUND

FLEET MANAGEMENT FUND REVENUES

Fleet Charges	1,183,900	1,270,900	1,279,900
Interest	425,439	300,000	200,000
Gain on Sale of Assets	<u>32,005</u>	<u>60,000</u>	<u>20,000</u>
TOTAL HOTEL/MOTEL FUND REVENUES	1,641,344	1,630,900	1,499,900

<u>FLEET FUND PURCHASES</u>	573,834	686,703	706,000
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CHANGE IN CASH/FUND BALANCE	1,067,510	944,197	793,900
BEGINNING CASH/FUND BALANCE	<u>6,000,000</u>	<u>6,500,000</u>	<u>7,400,000</u>
ENDING CASH/FUND BALANCE	<u>7,067,510</u>	<u>7,444,197</u>	<u>8,193,900</u>
ENDING CASH AS A % OF EXPENDITURES	1231.63%	1084.05%	1160.61%

SECTION 2.

BE IT FURTHER ORDAINED that the budget hereto attached and made a part hereof consisting of the following words and figures, be and is hereby adopted as the Budget for the Athens City Schools, for the Fiscal Year beginning **July 1, 2025** and extending through **June 30, 2026**, as approved by the Athens City Board of Education:

	General Purpose Fund	Federal Projects Fund	Food Service Fund	Total All Funds
Revenues:				
Local Taxes	6,379,000	0	0	6,379,000
Charges for Services	305,625	0	54,000	359,625
Other Local Revenues	188,200	0	67,200	255,400
State Education Funds	13,107,168	0	12,500	13,119,668
Federal Funds received				
through State	0	1,544,648	1,434,587	2,979,235
Other Sources	<u>1,000</u>	<u>0</u>	<u>0</u>	<u>1,000</u>
Total estimated revenues	19,980,993	1,544,648	1,568,287	23,093,928
Expenditures:				
Regular Instruction	10,083,381	523,718	0	10,607,099
Special Education	1,257,900	511,993	0	1,769,893
Vocational Education Program	37,729	0	0	37,729
Student Body Education	17,449	0	0	17,449

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Support Services:

Attendance	44,937	0	0	44,937
Health Services	361,457	0	0	361,457
Other Student Support	473,139	162,312	0	635,451
Regular Instruction	989,451	223,490	0	1,212,941
Special Education	106,773	115,385	0	222,158
Vocational Education Program	0	0	0	0
Education Technology	275,326	0	0	275,326
Board of Education	1,006,607	0	0	1,006,607
Office of Superintendent	240,299	0	0	240,299
Office of Principal	1,202,241	0	0	1,202,241
Fiscal Services	238,597	0	0	238,597
Human Services/Personnel	144,298	0	0	144,298
Operation of Plant	1,196,956	0	0	1,196,956
Maintenance of Plant	298,298	0	0	298,298
Transportation	706,849	7,750	0	714,599

Non-Instructional Services:

Food Service	7,190	0	1,568,287	1,575,477
Community Services	382,106	0	0	382,106
Early Childhood Education	845,008	0	0	845,008
Regular Capital Outlay	140,000	0	0	140,000
Other Uses (Transfers)	0	0	0	0
Total expenditures	20,055,991	1,544,648	1,568,287	23,168,926
Change in cash/fund balance	(74,998)	0	0	(74,998)
Beginning cash/fund balance	8,500,000	0	965,000	9,465,000
Ending cash/fund balance	8,425,002	0	965,000	9,390,002
Ending cash as a % of expenditures	42.01%	0.00%	61.53%	

SECTION 3.

BE IT FURTHER ORDAINED that the taxes provided by Chapter 387 of the Public Acts of 1971 known as the Business Tax Act, as amended, are hereby enacted, ordained and levied on the businesses, business activities, vocations or occupations carried on in the City of Athens, Tennessee, at the rates and in the manner prescribed by said Act; also, the tax on the gross sales of beer sold within the corporate limits of the City of Athens, Tennessee, as provided by Chapter 76 of the Public Acts of Tennessee, as amended, for the **fiscal year 2025-2026**.

SECTION 4.

BE IT FURTHER ORDAINED that the authority of municipalities to assess and collect certain privilege and license taxes is based upon the population of municipalities according to the **Federal Census of 2020** on a graduated basis or any subsequent Federal Census or other census authorized by and certified to the Federal Government by the Tennessee State Planning Commission, whichever is latest. It is therefore, declared by the Council for the City of Athens that the official census for Athens, Tennessee, is **14,084**. The levy and collections are only to the extent not repealed by Chapter 387 of the Public Acts of 1971.

SECTION 5.

BE IT FURTHER ORDAINED that the City Manager or his Assistant shall collect a fee on all business licenses sold in accordance with applicable state law and said fee shall be turned over to the City for General Fund purposes. The Tennessee Department of Revenue will receive business tax payments under the Business Tax Act and the Director of Finance shall coordinate with the Tennessee Department of Revenue regarding the City receiving its appropriate share of business taxes collected pursuant to this ordinance.

SECTION 6.

BE IT FURTHER ORDAINED that the tax rate for the year **2025-2026** be and is hereby fixed at **\$1.0078** on each ONE HUNDRED DOLLARS (\$100.00) assessed value of taxable property located within the corporate limits of the City of Athens, Tennessee.

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SECTION 7.

BE IT FURTHER ORDAINED that refuse collection and disposal charges for fiscal year **2025-2026** is hereby fixed as follows: small professional, commercial or business establishments operating within the City of Athens shall pay a minimum fee of **\$9.50** per month; large professional, commercial or business establishments operating within the City of Athens shall pay a minimum fee of **\$28.50** per month; all residences within the City of Athens shall pay a minimum fee of **\$9.50** per month.

SECTION 8.

BE IT FURTHER ORDAINED that the Mayor and City Manager, by appropriate authorization may borrow upon tax anticipation notes such sums or sum of money as may be necessary to defray current operating expenses, provided however, that such notes shall bear interest at a rate not to exceed one (1%) percent in excess of prime interest rates set by New York Banks and shall not be borrowed for a period longer than the current fiscal year and said sums shall not exceed fifty percent (50%) of the annual tax levy as set out in Section 5 of the Corporate Powers of the Charter of the City of Athens, Tennessee, said interest to be exempt from all Federal, State, and Municipal taxation.

SECTION 9.

BE IT FURTHER ORDAINED that if for any reason a budget ordinance is not adopted prior to the beginning of the next fiscal year, the appropriations in this budget ordinance shall become the appropriations for the next fiscal year until the adoption of the new budget ordinance in accordance with Section 6-56-210, Tennessee Code Annotated provided sufficient revenues are being collected to support the continuing appropriations. Approval for a continuation budget will be requested from the Director of the State and Local Finance Division in the Office of the Comptroller of the Treasury if any indebtedness is outstanding.

SECTION 10.

BE IT FURTHER ORDAINED that all Ordinances, and parts of Ordinances in conflict with this Ordinance shall be, and the same are, hereby repealed and superseded.

SECTION 11.

BE IT FURTHER ORDAINED that if any section, paragraph, clause, or sentence of this Ordinance shall be held invalid by a Court of competent jurisdiction, such holding shall not affect the remaining sections, paragraphs, clauses, and sentences.

SECTION 12.

BE IT FURTHER ORDAINED in that the fiscal year begins on **July 1, 2025**, and time is of the essence, therefore, this Ordinance is declared to be an emergency ordinance to take effect from and after its passage.

FIRST READING: May 20, 2025 Passed – no amendments
PUBLIC HEARING NOTICE: May 28, 2025 Published
DATE OF PUBLIC HEARING: June 17, 2025
SECOND READING: June 17, 2025

ATTEST:

LARRY EATON, Mayor

RANDALL DOWLING, City Manager

APPROVED AS TO FORM:

CHRISTOPHER M. CALDWELL, City Attorney





Agenda Item

III. G. Amending Athens CITY Code Title 7 & Title 12
First reading of Ordinance 1142

An ordinance to amend the Athens City Code, Title 7 entitled "Fire Protection and Fireworks" and Title 12 entitled "Building and Construction" to adopt the 2021 edition of the International Codes for fire (IFC), building (IBC), plumbing (IPC), fuel gas (IFGC), mechanical (IMC), energy conservation (IECC), and existing building (IEBC); and create chapter 12-XI entitled "Existing Building Code".

Overview

The purpose of this ordinance is to update the City of Athens' adopted building and fire codes from the 2018 editions to the 2021 editions, with selected provisions from the 2024 code updates. The goal is to stay current with state standards, industry best practices, and improved safety and efficiency measures.

Action to Consider

Consensus is required to move this item to the June 17, 2025 regular session for first reading.

Affected Departments

Community Development Department & Fire Department

ORDINANCE NO. 1142

AN ORDINANCE TO AMEND THE ATHENS CITY CODE, TITLE 7 ENTITLED "FIRE PROTECTION AND FIREWORKS" AND TITLE 12 ENTITLED "BUILDING AND CONSTRUCTION" TO ADOPT THE 2021 EDITION OF THE INTERNATIONAL CODES FOR FIRE (IFC), BUILDING (IBC), PLUMBING (IPC), FUEL GAS (IFGC), MECHANICAL (IMC), ENERGY CONSERVATION (IECC), AND EXISTING BUILDING (IEBC); AND CREATE CHAPTER 12-XI ENTITLED "EXISTING BUILDING CODE".

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF ATHENS, TENNESSEE, AS FOLLOWS:

SECTION 1.

That Chapter II of Title 7, Section 7-21 entitled "Adopted", be amended to replace the words and figures "International Fire Code, 2018 Edition" with "International Fire Code, 2021 Edition" except for the following changes:

1. Section 510.0 Exception 2 shall be replaced with the following:

Where it is determined by the local Fire Chief in coordination with local law enforcement and EMS that radio coverage is not needed.

2. Section 903.3.1.2 NFPA 13R sprinkler systems shall be replaced with the following:

Automatic sprinkler systems in Group R occupancies may be installed throughout in accordance with NFPA 13R where the Group R occupancy meets all the following conditions:

- (i) Four stories or less above grade plane.
- (ii) For other than Group R-2 occupancies, the floor level of the highest story is 30feet (9144 mm) or less above the lowest fire department vehicle access.

For Group R-2 occupancies, the roof assembly is less than 45 feet (13716 mm) above the lowest of fire department access. The height of the roof assembly shall be determined by measuring the distance from the lowest required fire vehicle access road surface adjacent to the building to the eave of the highest pitched roof, the intersection of the highest roof to the exterior wall, or the highest parapet, whichever yields the greatest distance.

- (iii) The floor level of the lowest story is 30 feet (9144) or less below the lowest level of fire department vehicle access. The number of stories of Group R occupancies constructed in accordance with section 510.2 and 510.4 of the International Building Code shall be measured from grade plane.
3. Appendix L. (Requirements for Fire Fighter Air Replenishment System) shall be optional.
4. For Group E occupancies in all Jurisdictions in Tennessee, local education agencies, public chapter schools, and non-public schools may allow classroom doors to be locked to prevent unwanted entry provided that the locking means meets the requirements in the NFPA (2021) Section 15.2.2.2.4.1.
5. For college and university instructional buildings in all jurisdictions in Tennessee, college and university administrators may allow classroom doors to be locked to prevent unwanted entry provided that the locking means meets the requirements in the NFPA (2021) Section 39.2.2.2.2.
6. The requirements for flammable gas shall be those found in the International Fire code (IFC), 2024 edition, published by the International Code Council (ICC) and shall include the following:
 - (i) For chapter 2, the definition for flammable gas shall be replaced with the definition found in the 2024 International Fire Code (IFC).

ORDINANCE NO. 1142

- (ii) For flammable gases, table 911.1 shall be replaced with table 911.1 of the 2024 International Fire Code (IFC).
 - (iii) For flammable gases, table 5003.1.1(1) shall be replaced with table 5003.1.1(1) of the 2024 International Fire Code (IFC).
 - (iv) For flammable gases, table 5003.1.1(3) shall be replaced with table 5003.1.1(3) of the 2024 International Fire Code (IFC).
 - (v) For flammable gases, section 5003.8.3.5 shall be replaced with section 5003.8.3.5 of the 2024 International Fire Code (IFC).
 - (vi) For flammable gases, section 5003.11 shall be replaced with section 5003.11 of the 2024 International Fire Code (IFC).
7. Fire Apparatus Access Roads shall use Appendix D along with section 503 of the International Fire Code (IFC).

SECTION 2.

That Chapter I of Title 12, Section 12-1 entitled "Adopted", be amended to replace the words and figures "International Building Code, 2018 Edition" with "International Building Code, 2021 Edition," except for the following changes:

1. Remove chapter 11 Accessibility.
2. The requirements of section 423 Storm Shelters shall not be required.
3. Section 903.3.1.2 NFPA 13R sprinkler systems shall be replaced with the following:

Automatic sprinkler systems in Group R occupancies may be installed throughout in accordance with NFPA 13R where the Group R occupancy meets all the following conditions:

 - (iv) Four stories or less above grade plane.
 - (v) For other than Group R-2 occupancies, the floor level of the highest story is 30feet (9144 mm) or less above the lowest fire department vehicle access.

For Group R-2 occupancies, the roof assembly is less than 45 feet (13716 mm) above the lowest of fire department access. The height of the roof assembly shall be determined by measuring the distance from the lowest required fire vehicle access road surface adjacent to the building to the eave of the highest pitched roof, the intersection of the highest roof to the exterior wall, or the highest parapet, whichever yields the greatest distance.
 - (vi) The floor level of the lowest story is 30 feet (9144) or less below the lowest level of fire department vehicle access. The number of stories of Group R occupancies constructed in accordance with section 510.2 and 510.4 of the International Building Code shall be measured from grade plane.
4. For Group E occupancies in all Jurisdictions in Tennessee, local education agencies, public charter schools, and non-public schools may allow classroom doors to be locked to prevent unwanted entry provided that the locking means meets the requirements in the NFPA (2021) Section 15.2.2.2.4.1.
5. For college and university instructional buildings in all jurisdictions in Tennessee, college and university administrators may allow classroom doors to be locked to prevent unwanted entry provided that the locking means meets the requirements in the NFPA (2021) Section 39.2.2.2.2.
6. Dwellings licensed by the Department of Human Services (DHS) as Family Home Daycares, shall use Appendix AM of the 2021 International Residential Code (IRC).

ORDINANCE NO. 1142

7. Where ASCE 7 – 16 is referenced seismic design or mapped ground accelerations, ASCE 7 – 22 mapped ground accelerations may be used to determine the S1 and Ss values.
8. The requirements for flammable gas shall be those found in the International Building Code (IBC), 2024 edition, published by the International Code Council (ICC) and shall include the following:
 - (i) For chapter 2, the definition for flammable gas shall be replaced with the definition found in the 2024 International Building Code (IBC).
 - (ii) For flammable gases, table 307.1(1) shall be replaced with table 307.1(1) of the 2024 International Building Code (IBC).
 - (iii) For flammable gases, section 307.4 High-Hazard Group H-2 shall be replaced with section 307.4 High-Hazard Group H-2 of the 2024 International Building Code (IBC).
 - (iv) For flammable gases, section 307.5 High-Hazard Group H-3 shall be replaced with section 307.5 High-Hazard Group H-3 of the 2024 International Building Code (IBC).
 - (v) For flammable gases, section 414.2.5 shall be replaced with section 414.2.5 of the 2024 International Building Code (IBC).
 - (vi) For flammable gases, Table 414.5.1 shall be replaced with table 414.5.1 of the 2024 International Building Code (IBC).
9. The Addition of Appendix B Board of appeals, with the amendment of, where referenced **Qualifications (section B-101.3.1) of the 2021 International Building Code, shall be deleted and replaced with (section B-101.2.2 of the 2018 edition of the International Building Code) (IBC)**

SECTION 3.

That Chapter II of Title 12, Section 12-31 entitled "Adopted", be amended to replace the words and figures "International Plumbing Code, 2018 edition" with "International Plumbing Code, 2021 edition".

SECTION 4.

That Chapter IV of Title 12, Section 12-84 entitled "Adopted; Applicability", be amended to replace the words and figures "International Fuel Gas Code, 2018 edition" with "International Fuel Gas Code, 2021 edition".

SECTION 5.

That Chapter VII of Title 12, Section 12-188 entitled "Adopted," be amended to replace the words and figures "International Mechanical Code, 2018 edition" with "International Mechanical Code, 2021 edition" except for the following changes:

1. Remove section 1109 Refrigerant Pipe Installation and replace with section 1109 Refrigerant Pipe Installation of the 2024 International Mechanical Code (IMC).

SECTION 6.

That Chapter VIII of Title 12, Section 12-221 entitled "Adopted" be amended to replace the words and figures "International Energy Conservation Code, 2018 edition" with "International Energy Conservation Code, edition 2021," except for the following changes:

1. Remove C405.11 Automatic Receptacle Control, C405.12 Energy Monitoring, and C408 Commissioning.
2. The 2006 edition shall apply to the following occupancy classification as defined by the International Building Code (IBC), 2021 edition:
 - (i) Moderate-hazard factory industrial, Group F-1

ORDINANCE NO. 1142

- (ii) Low-hazard factory industrial Group F-2
- (iii) Moderate-hazard factory industrial S-1; and
- (iv) Low-hazard storage, Group S-2

3. For daycares licensed by DHS not located in a dwelling unit, the 2015 edition shall apply, except C408 System Commissioning shall be removed.

SECTION 7.

That Chapter XI of Title 12 of the Athens City Code is hereby created and shall read as follows:

CHAPTER 12-XI EXISTING BUILDING CODE

12-300. Adopted.

Pursuant to authority granted by T.C.A. §§ 6-54-501 through 6-54-506 and for the purpose of regulating the repair, alteration, change of occupancy, addition to, and relocation of existing buildings, the International Existing Building Code, 2021 edition, as prepared and adopted by the International Code Council, is adopted and incorporated by reference as part of this Code and is hereinafter referred to as the existing building code.

12-301. Modifications.

When the building code refers to the "chief appointing authority" or the "chief administrator," it shall be deemed to be a reference to the city manager.

12-302. Amendments.

1. Remove Chapter 3 Section 306 Accessibility for existing buildings.
2. Replace Section 405.2.3.3 Extent of repair for noncompliant buildings with the following:

If the evaluation does not establish that the building in its pre-damaged condition complies with the provisions of section 405.2.3.1, then the building, including its foundation, shall be retrofitted to comply with the provisions of this section. The wind loads for the repair and retrofit design shall be those required by the building code in effect at the time of original construction, unless the damage was caused by wind, in which case the wind loads shall be in accordance with the International Building Code. The seismic loads for this retrofit shall be those required by the building code in effect at the time of original construction, but not less than the reduced seismic forces.

3. Replace 405.2.4 Substantial structural damage to gravity load-carrying components, with the following:

Gravity load-carrying components that have sustained substantial structural damage shall be rehabilitated to comply with the applicable provisions for dead, live, and snow loads in the International Building Code. Undamaged gravity load-carrying components, including undamaged foundation components, shall also be rehabilitated if required to comply with the design loads of the rehabilitation design.

4. The requirements of section 303 Storm Shelters are not required.

12-303. Available in the City Manager's Office.

Pursuant to the requirements of the T.C.A. § 6-54-502, one copy of the building code has been placed on file in the city manager's office and shall be kept there for the use and inspection of the public.

12-304. Violations.

It is unlawful for any person to violate or fail to comply with any provision of this chapter or the building code as herein adopted by reference and modified.

ORDINANCE NO. 1142

SECTION 8.

Any Ordinance, Resolution, Motion or parts thereof in conflict herewith are hereby repealed and superseded. If any sentence, clause, phrase or paragraph of this Ordinance is declared to be unconstitutional by any Court of competent jurisdiction, such holding will not affect any other portion of this Ordinance.

SECTION 9.

BE IT FURTHER ORDAINED, that this Ordinance shall take effect upon final passage as provided by law.

FIRST READING: June 17, 2025
PUBLIC HEARING NOTICE: June 21, 2025
DATE OF PUBLIC HEARING: July 15, 2025
SECOND READING: July 15, 2025

ATTEST:

LARRY EATON, Mayor

RANDALL DOWLING, City Manager

APPROVED AS TO FORM:

CHRISTOPHER M. CALDWELL, City Attorney



Agenda Item

III. H. Authorization to Apply for a Safety First Grant from Norfolk Southern
Resolution 2025-12

A resolution authorizing the City of Athens, Tennessee, to apply for Norfolk Southern's safety first grant for the 2025 program year.

Overview

The city's Police Department would like to apply for a Safety First Grant from Norfolk Southern to replace the department's aerial drone that is outdated, no longer functional, and is not supported by the manufacturer. The cost of a replacement drone is \$12,000 and the grant is a 100% reimbursable grant. The deadline to submit the grant application is September 1, 2025. If the grant is awarded, the drone will be used for mapping and diagramming crime scenes, searching remote areas, searching for missing people, monitoring large community events, and surveillance.

Attached is a memo from the Police Department with additional details and Resolution 2025-12 that authorizes the grant application to be submitted.

Action to Consider

Consensus is required to move this item to the June 17, 2025 regular session for consideration.

Affected Departments

Police Department

815 North Jackson Street
Athens, Tennessee 37303
www.cityofathenstn.com

423-744-2730
Fax 423-744-8868
police@cityofathenstn.com



Fred Schultz
Chief of Police

City of Athens

The Police Department would like to apply for the Norfolk Southern Safety First Grant. The grant program is designed to promote overall community safety across Norfolk Southern's 22 state network, and is intended to support the organizations that directly provide safety services or operate programs that promote safe behavior.

The police department plans to use this grant to purchase a replacement arial drone for the department. The departments current drone is outdated and not fully functional. Maintenance and support for the current drone was discontinued in May of 2023 so repair parts and technical support is not available.

The department uses and will use the drone for a variety of task. Primary uses for the drone several things such as mapping and diagramming crime scenes, searching hard to reach areas, locating missing or wanted persons, search and rescue situations, monitoring large community events, school demonstrations, surveillance during high risk search warrants, and more. Being that Athens has several miles of Norfolk Southern railways and those railways being near our nursing homes that house dementia and Alzheimer's, it would assist us greatly in locating those persons quickly so that the railways can resume traffic. Crashes at railroad crossings are often a very large scene, with evidence and debris spread over a long stretch of railway and neighboring land. Drones can and do save lives daily with their ability to locate missing people and allow officer to process scenes safer and more effectively with their videography and photographic capabilities.

The drone that the department is looking to purchase is the Autel Max 4T. It is an industrial drone equipped with a thermal camera as well as other software that will greatly improve the departments' ability to do our jobs more efficiently and effectively. With the necessary equipment and spare batteries, the drone will cost approximately \$12,000.

The grant applications are currently being excepted and will be through September 1, 2025. The grant is a 100% paid grant for the specific project submitted.

RESOLUTION NO. 2025-12

A RESOLUTION AUTHORIZING THE CITY OF ATHENS, TENNESSEE, TO APPLY FOR NORFOLK SOUTHERN'S SAFETY FIRST GRANT FOR THE 2025 PROGRAM YEAR

WHEREAS, Norfolk Southern Railway Company has established the Safety First Grant program to promote overall community safety across its 22-state network, providing financial assistance to governmental and nonprofit entities that support public safety initiatives; and

WHEREAS, the City of Athens, through its Police Department, seeks to enhance public safety and emergency response capabilities by acquiring a new aerial drone to replace its current outdated and non-functional unit; and

WHEREAS, the drone will be utilized for critical tasks including but not limited to: crime scene mapping, search and rescue operations, surveillance during high-risk incidents, monitoring large public events, assisting in the search for missing persons—particularly in proximity to the city’s extensive Norfolk Southern rail lines—and school demonstrations; and

WHEREAS, the current drone is no longer supported by the manufacturer, with maintenance and repair parts unavailable as of May 2023; and

WHEREAS, the City of Athens Police Department has identified the Autel EVO Max 4T industrial drone as the most appropriate replacement, equipped with a thermal imaging camera and advanced software tools, with an estimated total project cost of \$12,000 including equipment and spare batteries; and

WHEREAS, the Safety First Grant is a 100% reimbursable grant that will fully fund the proposed project if awarded, and the City meets all eligibility requirements as a municipal government entity located within Norfolk Southern’s operating network; and

WHEREAS, the application period for the 2025 program year is open from April 1, 2025, through September 1, 2025, and timely submission is essential for consideration.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ATHENS, TENNESSEE:

That the City of Athens, Tennessee, is hereby authorized to apply for the Norfolk Southern Safety First Grant for the 2025 program year.

BE IT FURTHER RESOLVED that the Mayor, City Manager, or their designee is authorized to execute and submit the grant application and any necessary documents to Norfolk Southern Railway Company and take all other actions necessary to complete the application process.

BE IT FURTHER RESOLVED that this Resolution shall become effective immediately upon its adoption, the public welfare requiring it.

ON MOTION BY _____

SECONDED BY _____

said Resolution was approved by roll call vote on the 17th day of **June, 2025**.

ATTEST:

Larry Eaton, Mayor

Randall Dowling, City Manager

APPROVED AS TO FORM:

Christopher M. Caldwell, City Attorney





Agenda Item

III. I. Authorization to Apply for a Federal Staffing for Adequate Fire and Emergency Response (SAFER) Grant from FEMA
Resolution 2025-13

A resolution authorizing the City of Athens to apply for funding through the federal emergency management agency's staffing for adequate fire and emergency response (SAFER) grant program.

Overview

The city's Fire Department would like to apply for a SAFER grant from FEMA to provide funding to hire up to 12 additional full-time firefighters to operate the new fire station that is currently in design phase. The cost of these 12 full-time firefighters is \$60,000 each (salary, benefits, and required gear) for a total annual cost of \$720,000. The grant is a three-year grant with the city funding 25% of the actual cost in years 1 and 2 and 65% in year 3, if awarded. After three years, the city funds the entire cost of the firefighters. The deadline to submit the grant application is July 3, 2025.

Attached is a memo from the Fire Department with additional details and Resolution 2025-13 that authorizes the grant application to be submitted.

Action to Consider

Consensus is required to move this item to the June 17, 2025 regular session for consideration.

Affected Departments

Fire Department



FIRE DEPARTMENT

To: City Manager and City Council
From: Brandon Ainsworth, Fire Chief
Date: June 5, 2024
RE: Recommendation to Apply for FEMA SAFER Grant

I am recommending that the City of Athens apply for the Staffing for Adequate Fire and Emergency Response (SAFER) Grant offered by FEMA. This grant provides funding directly to fire departments to assist in increasing the number of firefighters to help communities meet industry minimum standards and increase the number of trained personnel assembled at the incident scene. Securing this funding would be highly beneficial for both our department and the citizens we serve. It would also help us meet NFPA 1710 staffing and response time standards ensuring faster and more effective emergency response.

Key Benefits of Applying for the SAFER Grant:

1. The SAFER Grant can cover a significant portion—or in some cases all—of the salary and benefits for new or retained firefighters for a period of up to three years. This would alleviate financial strain on the city's general budget while still allowing us to improve our service levels.
2. With additional staff, we can ensure that all apparatus are adequately staffed and that we have the capacity to respond to multiple emergencies simultaneously. This directly improves the safety of Athens residents, reduces response times, and allows for safer operations during fire suppression, rescue, and medical calls.
3. As the City of Athens continues to grow, our emergency service demands are increasing. The SAFER Grant provides an opportunity to scale our department proactively rather than reactively, helping us maintain a high standard of service as call volume rises.

Basic Information for the SAFER Grant

City of Athens
815 North Jackson Street
Athens, TN 37303

bainsworth@athenstn.gov
423-744-2761
423-744-2782 fax

1. The grant application process opened May 23, 2025 and closes on July 3, 2025
2. Hiring Activity – The period of performance for applications funded under this grant will be 36 months. A default 180-day recruitment period begins when FEMA approves an application for an award. The 36-month period of performance automatically starts after the 180-day recruitment period, regardless of whether the recipient has successfully hired the requested firefighter. The period of performance cannot start later than 180-days after the award date.
3. Recipients are required to contribute 25 percent of the actual costs incurred in each of the first and second years of the grant; and 65 percent of the actual costs incurred in the third year of the grant.

Applying for the SAFER Grant is a strategic and fiscally responsible step toward strengthening the Athens Fire Department’s capabilities and better protecting our community. I respectfully request the City’s support in preparing and submitting an application for the upcoming grant cycle.

City of Athens
815 North Jackson Street
Athens, TN 37303

bainsworth@athenstn.gov
423-744-2761
423-744-2782 fax

RESOLUTION NO. 2025-13

A RESOLUTION AUTHORIZING THE CITY OF ATHENS TO APPLY FOR FUNDING THROUGH THE FEDERAL EMERGENCY MANAGEMENT AGENCY’S STAFFING FOR ADEQUATE FIRE AND EMERGENCY RESPONSE (SAFER) GRANT PROGRAM.

WHEREAS, the City of Athens recognizes the need to maintain and enhance the capabilities of its Fire Department to effectively and safely respond to emergencies; and

WHEREAS, the City of Athens Fire Department seeks to increase staffing levels to meet industry minimum standards, comply with NFPA 1710 guidelines, and ensure timely and efficient emergency response for the growing needs of the community; and

WHEREAS, the Staffing for Adequate Fire and Emergency Response (SAFER) Grant offered by the Federal Emergency Management Agency (FEMA) provides financial assistance to support the hiring of additional firefighters by covering a significant portion of their salary and benefits for a period of up to three years; and

WHEREAS, the SAFER Grant program requires that grant recipients contribute 25 percent of the actual costs incurred in each of the first two years and 65 percent in the third year of the grant; and

WHEREAS, the application period for the current SAFER Grant cycle began on May 23, 2025, and closes on July 3, 2025, with a default 180-day recruitment period followed by a 36-month performance period;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ATHENS, TENNESSEE:

SECTION 1. That the City of Athens hereby authorizes the submission of an application for funding through the FEMA SAFER Grant program.

SECTION 2. That the City Manager, Fire Chief, and/or other designated officials are authorized to prepare and submit all necessary documentation, and to take all actions necessary, to apply for and administer the grant.

SECTION 3. That the City acknowledges the cost-share requirements of the grant and commits to providing the necessary matching funds as specified in the SAFER Grant program guidelines.

SECTION 4. That this resolution shall take effect immediately upon its passage, the public welfare requiring it.

ON MOTION BY _____

SECONDED BY _____

said Resolution was approved by roll call vote on the 17th day of **June, 2025**.

ATTEST:

Larry Eaton, Mayor

Randall Dowling, City Manager

APPROVED AS TO FORM:

Christopher M. Caldwell, City Attorney



Agenda Item

III. J. Declaration of Surplus City Property
Resolution 2025-14

A resolution of the City of Athens, Tennessee to declare certain property as surplus and to authorize its sale.

Overview

The city's Fire Department has a 300 gallon poly tank and pump that were used on a brush truck that are no longer needed for city operations and need to be declared as surplus city property and disposed of by public auction through govdeals.com or sold for scrap (see attached photo). The tank and pump have been replaced with a new water tank skid unit.

Attached is a memo from the Fire Department with additional details.

Action to Consider

Consensus is required to move this item to the June 17, 2025 regular session for consideration.

Affected Departments

Fire Department



FIRE DEPARTMENT

MEMORANDUM

TO: Randy Dowling, City Manager
Mike Keith, Finance Director

FROM: Brandon Ainsworth, Fire Chief *BFA*

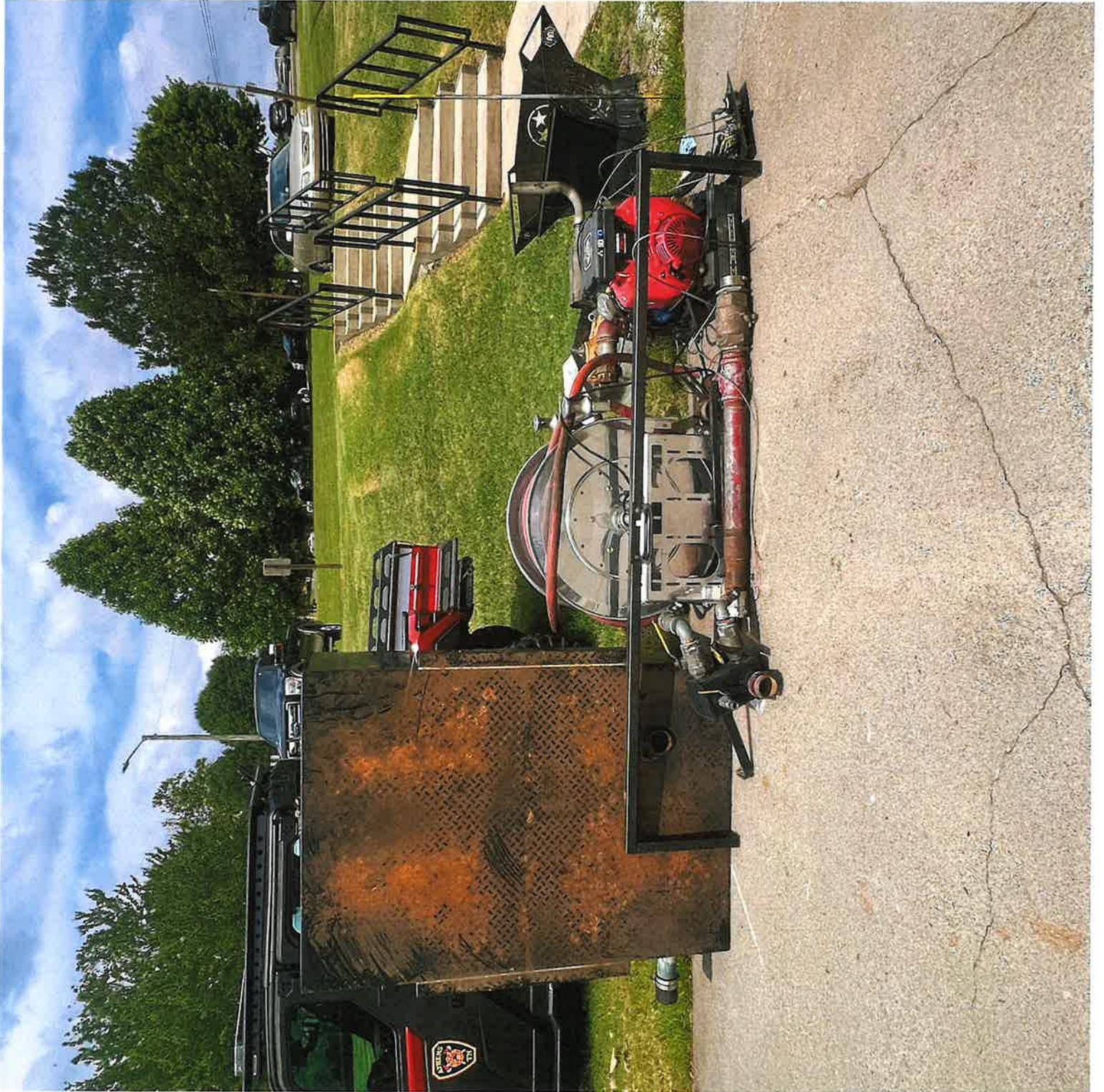
DATE: June 5, 2025

SUBJECT: Request to Declare Asset #003155 (Poly Tank and Pump) as Surplus Property

I am requesting approval to declare asset number 003155, a poly tank and pump formerly installed on our brush truck, as surplus property. This equipment is no longer needed due to age and multiple leaks. It has recently been replaced with a new water tank skid unit.

Pending approval, the tank and pump will be listed for sale on GovDeals as soon as possible.

Thank you for your consideration.



RESOLUTION NO. 2025-14

A RESOLUTION OF THE CITY OF ATHENS, TENNESSEE TO DECLARE CERTAIN PROPERTY AS SURPLUS AND TO AUTHORIZE ITS SALE.

WHEREAS, the City of Athens Fire Department has identified Asset #003155, described as a poly tank and pump formerly installed on a brush truck, as no longer necessary for public use; and

WHEREAS, the equipment is aged, has multiple leaks, and has been replaced with a new water tank skid unit; and

WHEREAS, the Fire Chief has submitted a formal memorandum dated June 5, 2025, requesting that this item be declared surplus and offered for sale through an online auction platform;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ATHENS, TENNESSEE, THAT:

1. The equipment identified as Asset #003155 (Poly Tank and Pump) is hereby declared to be surplus property.
2. The City Manager, or his designee, is authorized to dispose of said equipment by listing it for sale on GovDeals or another public auction service in accordance with applicable laws and city policies.
3. All proceeds from the sale shall be returned to the appropriate departmental account.

BE IT FURTHER RESOLVED that this Resolution shall become effective immediately upon its adoption, the public welfare requiring it.

ON MOTION BY _____

SECONDED BY _____

said Resolution was approved by roll call vote on the 17th day of **June, 2025**.

ATTEST:

Larry Eaton, Mayor

Randall Dowling, City Manager

APPROVED AS TO FORM:

Christopher M. Caldwell, City Attorney



Agenda Item

III. K. Proposed Procurement Policies and Procedures
Resolution 2025-15

A resolution of the City of Athens, Tennessee approving the city's procurement policies and procedures.

Overview

The city's current procurement policy, last updated during 2019, is a one-page document that does not offer enough details and guidelines on how city staff should procure goods and services using taxpayer funds (see attachment). Therefore, new procurement policies and procedures have been developed using other Tennessee city's policies as guides as well as various state laws that govern municipal purchasing. These new policies are attached. City staff have reviewed these updated policies and revisions were made based on their comments for clarity and better understanding.

Action to Consider

Consensus is required to move this item to the June 17, 2025 regular session for consideration.

Affected Departments

All



PURCHASING DEPARTMENT

Purchasing Limit Thresholds

Proposed	Description	Department Request Authority	Department Approval Authority
\$50 or Less	Petty Cash may be used without Requisition		
\$2,500 or Less	Three (3) prices not required but recommend obtaining at least two (2) prices and annotated on requisition.	Administrative Staff Department Supervisor Department Head	Department Supervisor Department Head
Over \$2,501 up to \$9,999	Minimum of three (3) competitive prices required and annotated on requisition. Supporting documentation not required.	Administrative Staff Department Supervisor Department Head	Department Head or designee
\$10,000 up to \$25,000	Minimum of three (3) competitive prices required. Supporting documentation required.	Department Head	City Manager or designee
Over \$25,000	Competitive sealed bid/proposals/qualifications required with specific authorization from Athens City Council to allow purchase.	Purchasing Agent	City Manager or designee



City of Athens, Tennessee

Procurement Policies and Procedures

Reviewed by City Council on June 9, 2025

Adopted by City Council on June 17, 2025

Effective July 1, 2025

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1.0 General

1.01 Basis and Purpose

These procurement policies and procedures are established under the authority of the City Charter, Article IX (*City Manager*) Section 2(h), Article XVII (*Budget and Appropriations*) Section 4, City Code Title 1, Chapter 4 (*City Manager*) 1-90 to 1-93, and Tennessee Code Annotated (TCA) 6-56-301 *et seq.*, known as the *Municipal Purchasing Law of 1983*. These local charter and code provisions along with state laws provide the legal foundation to guide city departments in planning for and acquiring goods and services needed by the city. The purpose of this policy is to ensure that goods and services are purchased at competitive prices with high quality and standardization, where appropriate, from reliable vendors in an economical, efficient, and transparent manner, thereby maximizing the value of public resources. This policy aims to formalize, simplify, clarify and improve the purchasing and contracting process as well as encourage effective, fair, open, legal, and impartial competition to the maximum extent possible among vendors.

1.02 Applicability

This policy applies uniformly to all departments of the City of Athens. This applicability ensures that all city purchasing activities are consistent, legally compliant, and conducted under a common set of guidelines.

1.03 Procurement Authority

The city will maintain a centralized procurement process where all city departments' purchasing activities are coordinated and tracked by the Finance Department and its Purchasing Division for effective and efficient accounting. The City Manager, as established by city charter, has the ultimate responsibility for these Council approved purchasing policies and procedures. The City Manager delegates the day-to-day administration and interpretation of these policies and procedures to the city's Finance Director and the full-time Purchasing Assistant.

1.04 Budget Authority

Budget authority is a crucial aspect of the procurement process. In accordance with TCA 6-56-303, no procurement of any goods or services shall occur unless a budget appropriation is available in the current year's Council approved budget. Each department head or their designee has the responsibility of reviewing their approved budget to ensure funds are available prior to starting the procurement process. Department heads or their designee can move funds from one line-item to another within their approved budget with the assistance of the Finance Director but cannot exceed the approved departmental budget total. If an additional budget appropriation is needed that exceeds the approved departmental budget total, a budget amendment may be requested from the City Council in a public meeting.

2.0 Procurement Thresholds and Payment Methods

This section delineates the thresholds for procurement activities as mandated by City Code Title 1, Chapter 4 (*City Manager*) 1-90 to 1-93 and TCA 12-3-1212. Various exemptions apply including, but not limited to, professional services, sole source items, emergency purchases, real property purchases, secondhand purchases, public auction purchases, purchases from state and federal contracts, and purchases from certain cooperative purchasing agreements.

2.01 Purchases Under \$10,000

Purchases that are expected to be under \$10,000 must obtain a purchase order through the city's electronic purchase order system. The best possible price and quality shall be sought. Any resulting contract or agreement shall be developed by the Purchasing Assistant with a copy to the Finance Department and City Manager's Office.

2.02 Purchases of \$10,000 to \$25,000

Purchases, leases, or lease-purchase agreements that are expected to exceed 40% of and up to the state maximum (\$25,000) must obtain at least three competitive written quotes via telephone, written quotations, email, or facsimile without competitive bidding or public advertising as referenced by TCA 12-3-1212, 6-56-305, and City Code 1-92. A written no-bid quote from a vendor is an acceptable quote. To obtain comparable quotes, a standardized written form distributed to each vendor is preferable. The lowest and most responsive quote that meets specifications will receive the award. Any resulting contract or agreement shall be developed by the Purchasing Assistant with a copy to the Finance Department and City Manager's Office.

2.03 Purchases of \$25,000 and Over (Requires Competitive Bidding and Public Advertising)

Purchases, leases, or lease-purchase agreements that are expected to exceed \$25,000 shall require competitive bidding and public advertising. Written bid or proposal specifications and invitation to bid documents are to be prepared and publicly advertised in a newspaper of general circulation not less than 14 days prior to the opening of the bids. Other advertisement locations include the city's website, direct solicitations to known vendors, Vendor Registry website, and Demand Star website. All responses are to be opened in a public bid opening. See Section 3 for the procurement methods and details when competitive bidding and public advertising are required

The bids and any resulting contract or agreement with the selected vendor shall be reviewed by the City Attorney and then considered for approval by the City Council in a public meeting. However, in accordance with the City Charter, Article IX, (*City Manager*) Section 2(h), if any contract is not awarded to the lowest bidder, the reason for such action shall be given in writing to the City Council.

2.04 Prohibition of Subdividing Purchases to Avoid Competitive Bidding

No purchases shall be subdivided to avoid the requirements of competitive bidding.

2.05 Inspection of Purchases for Quality Assurance

Upon delivery of purchased equipment, supplies, materials, documents, vehicles, and services, it is incumbent on the department head to inspect the equipment, supplies, materials, documents, vehicles, and services to determine if the delivered items met all established specifications and are in good order prior to payment. If not, the department head shall coordinate with the Finance Department to ensure the invoice is not processed for payment and the damaged item sent back to the vendor unpaid.

2.0 Procurement Thresholds and Payment Methods

2.06 Multi-year Contracts

According to TCA 12-3-305, contracts for certain materials, supplies, and services may be extended by the Purchasing Assistant for multiple years, not to exceed five years and without any changes in price, if the extension is in the city's best interest and the materials, supplies, and services are being provided in a satisfactory manner.

2.07 Tax Exempt Forms

Most city purchases are exempt from state and local taxes. It is the responsibility of the purchaser to ensure sales taxes are not paid on city purchases. The Finance Department has tax exempt forms and the city's FEIN number. Any sales taxes paid by the city on purchases that should have been tax exempt is the responsibility of the employee to pay.

2.08 Use of City Credit Cards

Purchases made through the city's credit cards should be infrequent and used primarily for city business and travel related expenses such as reserving hotel rooms, paying membership dues, renting equipment, and paying for certain Internet purchases. Normal purchasing procedures shall apply when using the city's credit cards. The credit card is simply a payment method. Under no circumstances shall the city's credit card be used for personal purchases, even to be reimbursed later by the employee.

2.09 Use of Vendor Accounts

Purchases made using established vendor accounts at such local businesses as Lowes, Food City, Ingles, Tractor Supply, Auto Zone, and Harbor Freight are allowed as long as a receipt is returned to the Finance Department with a budget code and a legible employee signature.

3.0 Procurement Methods when Competitive Bidding and Public Advertising are Required

Below are the various methods to purchase goods and services when the cost is expected to exceed \$25,000 and competitive bidding and public advertising are required. When using these purchasing methods, written bid or proposal specifications and invitation to bid documents shall be prepared and publicly advertised in a newspaper of general circulation not less than 14 days prior to the opening of the bids. Other advertisement locations include the city's website, direct solicitations to known vendors, Vendor Registry website, and Demand Star website. All responses shall be opened in a public bid opening.

3.01 Competitive Sealed Bids

Competitive seal bids are used when needed goods and services are standard, routine, and common, their quantities can be specified exactly such as vehicles, equipment, office equipment, and materials like salt, paving materials, or computer equipment. In this method, price is the most important criteria. The bid shall be awarded to the lowest, responsive, and responsible bidder whose bid meets the specifications and requirements as established in the bid document and is determined to be in the best interest of the city. Negotiations are not allowed with this method of procurement. The bids and any resulting contract or agreement with the selected vendor shall be reviewed by the City Attorney and then considered for approval by the City Council in a public meeting. However, in accordance with the City Charter, Article IX, (*City Manager*) *Section 2(h)*, if any contract is not awarded to the lowest bidder, the reason for such action shall be given in writing to the City Council.

3.02 Competitive Sealed Proposal

When competitive sealed bids are determined not practical nor advantageous to the city, TCA 12-3-1207 authorized cities to use competitive sealed proposals to purchase goods and services when qualifications, experience, and competence are more important than price alone. Competitive sealed proposals are used when there is more than one solution to a purchasing issue or when there is no readily identifiable solution to a purchasing problem and this method of purchasing will assist in choosing the best solution.

Competitive sealed proposal documents must state the relative importance of price and all other evaluation factors and provide information regarding interviews, presentations, demonstrations, and discussions, either oral or in writing or both, that may be conducted to clarify and fully understand the proposal with one or more responsible respondents who submitted proposals. All respondents must be accorded fair and equal treatment with respect to an opportunity for an interview, presentation, demonstration, discussion, or revisions. The Purchasing Assistant and any other city personnel shall not disclose any information derived from proposals submitted by the respondents.

Submitted competitive sealed proposals must be publicly opened in a manner that avoids disclosure of the contents to competing respondents during later negotiations. The submitted proposals and all related materials must be available for public inspection *after* the intent to award a contract to a particular respondent is announced. Revisions may be permitted after submission and before the intent to award to a particular respondent is announced to obtain the best and final offers. The award shall be made to the responsible respondent whose proposal the City Council determines is the most advantageous to the city, taking into consideration price and all evaluation factors contained in the competitive sealed proposal document. No other factors may be used in the evaluation. The Purchasing Assistant shall place in the contract file a statement containing the basis on which the award was made. The resulting contract or agreement with the selected vendor shall be reviewed by the City Attorney and then considered for approval by the City Council in a public meeting.

3.0 Procurement Methods when Competitive Bidding and Public Advertising are Required

3.03 Contracts for Professional Services

Contracts for professional services are used when procuring services such as engineering services, architectural services, construction management services, surveying services, or energy related services that have as their purpose the reduction of energy costs in public facilities. TCA 12-4-107 and 12-4-110 authorizes cities to obtain qualifications and experience information from firms licensed in the state. Once this information is obtained, the city's Purchasing Assistant and/or a selection committee will review the submitted information, interview the top-ranked firms as needed and deemed appropriate to discuss and evaluate their qualifications, and select the most qualified firm to provide the requested services based on qualifications, experience, and competence, not solely on cost. Once a qualified firm has been selected, the Purchasing Assistant will negotiate a proposed contract including scope of work, schedule, price, and other terms. If a contract cannot be agreed upon with the selected firm, the next qualified firm(s) will be given the opportunity to negotiate a contract until a satisfactory contract is reached. Once a proposed contract has been agreed upon, the City Attorney will review the contract and the City Council will then consider the contract for approval in a public meeting.

If the city has a satisfactory existing working relationship with a professional services firm, wants to continue that working relationship, and the firm has the technical competencies to perform the requested work, the above process is not required to be performed.

For projects funded in whole or in part by the U.S. Department of Transportation, Federal Highway Administration, or Tennessee Department of Transportation, the city shall follow the consultant selection policy as contained in the Local Government Guidelines Form 1-2 as adopted by the city.

Furthermore, the selected professional service firm shall provide, in addition to other required insurances, professional liability insurance covering the performance of their contract with policy limits of not less than \$1,000,000 per claim and \$3,000,000 in the aggregate.

3.04 Request for Proposals (RFP) for Construction Management Services

For construction projects or additions to existing city buildings, the city may elect to use a licensed architect, or a licensed engineer, or a construction management service to oversee those projects. TCA 12-4-107 authorizes cities to procure construction management services through a written request for proposal (RFP) process that is publicly advertised. The RFP process would state the services needed and the factors used for evaluating the proposals. The evaluation factors typically include the qualifications of assigned personnel, experience on similar projects, fees, costs, and any other additional factors deemed relevant by the city. Once a proposed contract has been agreed upon, the City Attorney will review the contract and the City Council will then consider the contract for approval in a public meeting to the best qualified and responsive responder.

A construction manager is prohibited from conducting actual construction work on a project he is overseeing the planning, bidding, or construction except in instances where bids have been solicited twice and no bids submitted where a good faith effort was made and a price has been agreed upon by the city. The city may perform work on a construction project with its own employees and may include the oversight of the work by a construction manager. However, all actual construction work shall be by competitive sealed bids opened at a public bid opening and names of the contractors and their bid amount announced.

3.0 Procurement Methods when Competitive Bidding and Public Advertising are Required

3.04 Request for Proposals (RFP) for Construction Management Services (*continued*)

Furthermore, in accordance with TCA 62-6-129, the selected construction management firm shall provide at the time of proposal submittal a bid bond equal to 10% of the value of the services proposed and the value of the work to be managed or may at the time of contracting provide payment and performance bonds in amounts equal to the combined monetary value of the services of the construction manager and the value of the work to be so managed.

3.05 Required Insurances and Documents for Competitive Solicitations

All bid or proposal specifications and documents for competitive solicitations shall require bidders or proposers to submit proof of the following insurances and documents that continue through the term of the contract:

At the Time of Bid Submittal (applies to all bidders)

- Unaltered, signed and fully executed bid form.
- Acknowledgement of all addendums, if any.
- Bid bond, if required, and in the amount as specified in the bid document.
- No Contact/No Advocacy Affidavit.
- Non-Collusion Affidavit.

At the Time of Bid Award (applies only to the awarded bidder)

- Workers' Compensation Insurance at statutory limits.
- Commercial General Liability Insurance not less than \$1,000,000 per occurrence and at least \$3,000,000 in the aggregate naming the city as an additional insured.
- Automobile Liability Insurance not less than \$1,000,000 per accident
- Employers' Liability Insurance with policy limits of not less than \$1,000,000 per accident.
- Pollution Liability Insurance if the contracted work involves the transportation, dissemination, use, or release of pollutants, with policy limits not less than \$1,000,000 per claim.
- Any other insurance or document as required in the bid document.
- Drug Free Workplace certificate as required by TCA 50-9-113.
- E-Verify documentation as required by TCA 50-1-103.
- Certification that the bidder/proposer has not engaged in boycott of Israel as required by TCA 12-4-119.
- Certification that the bidder/proposer has not engaged in investments with Iran as required by TCA 12-12-101 to 113.
- Certification that the bidder/proposer is in compliance with Title VI of the Civil Rights Act of 1964, as amended, and all regulations promulgated thereunder.
- Valid business licenses from the City of Athens and McMinn County for projects over \$100,000 as required by the Tennessee Department of Revenue.

3.06 Competitive Bidding Addenda

As required by TCA 12-4-113, when conducting a competitive bid or proposal process, addenda shall not be issued within 48 hours of the established bid opening excluding weekends and holidays. If addenda are needed within the 48-hour period, the bid or proposal deadline shall be extended by the Purchasing Assistant to allow bidders to be aware of the changes and submit their bids accordingly.

3.0 Procurement Methods when Competitive Bidding and Public Advertising are Required

3.07 Electronic Bidding

According to TCA 12-4-116, bidding documents for competitive sealed bids, competitive sealed proposals, contracts for professional services, and RFPs for construction management services *may* be distributed to and received electronically from vendors as deemed appropriate by the Purchasing Assistant, but electronic distribution and responses shall not be required.

3.08 Electronic Signatures

Electronic signatures on records and contracts are allowed in accordance with TCA 47-10-107.

3.09 Minor Informalities and Irregularities in Submitted Sealed Bids and Proposals

Minor informalities and irregularities in submitted competitive sealed bids, sealed proposals, contracts for professional services, and RFP responses for construction management services that are merely a matter of form and not of substance and pertain to some immaterial defect from an exact bid or proposal requirement can be corrected or waived without being prejudicial to other bidders. Examples include if the bidder fails to submit the required number of copies of the bid, proposal, or qualifications stated in the bid document, bidder fails to sign the bid form when the bid is accompanied by other evidence that indicates the bidder's intention of proceeding with the bid or proposal such as submittal of bonds, or when the bidder fails to acknowledge an amendment. If the Purchasing Assistant determines that the submitted bid or proposal contains these types of minor informalities and irregularities, the Purchasing Assistant shall give the bidder an opportunity to cure any deficiency or waive the deficiency. However, in no event shall the bidder be allowed to change the bid amounts or submit a bid bond if one was required in the bid document.

3.10 Mistakes in Submitted Sealed Bids and Proposals

Upon submission of a written request to the Purchasing Assistant and prior to the bid opening, a bidder may withdraw his submitted competitive sealed bid, competitive sealed proposal, contracts for professional services, and RFP responses for construction management services, modify it, and resubmit it before the bid deadline if he believes mistakes in his bid or proposal were made. Any corrections must be performed in a transparent manner that does not confer any unfair advantage upon the bidder and in a way that does not prejudice the public's interest. However, in no event shall the bidder be allowed to change the bid amounts after bids have been opened. In case of errors in the mathematics of the bid price, unit prices shall prevail.

3.11 Failure of Awarded Bidder to Execute Contract

If an awarded bidder fails to execute a contract or submit all required insurances and documents within 10 business days after receiving a Notice to Award from the city, the Purchasing Assistant shall have the authority and option to proceed with the second most responsive and responsible bidder without rebidding or having to go back to the City Council. If the second awarded bidder cannot or will not fulfill the conditions of the award, the product or service will be rebid.

3.12 Failure to Receive Any Competitive Sealed Bids or Proposals

In the event the city fails to receive any sealed bids or proposals from a competitive solicitation, the Purchasing Assistant is authorized to either rebid the product or service or enter into negotiations with a qualified vendor to obtain the needed product or service. The resulting contract or agreement with the selected vendor shall be reviewed by the City Attorney and then considered for approval by the City Council in a public meeting.

3.0 Procurement Methods when Competitive Bidding and Public Advertising are Required

3.13 Solicitation Delay or Cancellation

The Purchasing Assistant may delay or cancel a competitive bid or proposal solicitation in whole or in part prior to the public opening when there are clear and compelling reasons to do so when in the city's best interest.

3.14 Bid Protests

As outlined in TCA 12-3-514, any bidder or proposer who believes they have been aggrieved during the bidding or proposal process can submit a written protest via hard copy or electronically to the city's Purchasing Assistant within 7 calendar days after the Notice of Award or intent to award. Any protest received after the 7-day period shall not be considered. All protests shall be accompanied by a protest bond from a surety or insurance company authorized to do business in the state of Tennessee, or a letter of credit, or cash in the amount of 5% of the lowest bid or cost proposal that was evaluated. The protest bond serves as a guarantee of the validity of the protest. Upon determination by the Purchasing Assistant of the protest, the protest bond will be returned to the protesting party if the protest is upheld or cashed by the city and retained as damages if the protest is denied.

3.15 Notice To Proceed

Once the competitive bid or proposal process has been concluded and an award has been made, the Purchasing Assistant will issue a Notice to Proceed to the selected vendor only after obtaining a fully executed contract and all required proof of insurances and documents as contained in the bid or proposal specifications. No work on city property shall commence without these fully executed documents.

4.0 Procurement Methods when Competitive Bidding and Public Advertising are Not Required

This section delineates purchases that do not require competitive bidding or public advertising. The maximum expenditure that can be made under city charter rules without City Council approval is \$25,000.

4.01 Request for Qualifications (RFQ) for Legal Services, Fiscal Agent, Financial Advisor, Insurance Producers, and Other Professional Services

When procuring legal, fiscal agent, financial advisor, insurance producers, or other professional services from groups of high ethical standards, TCA 12-3-1209 and 12-3-103 require the basis of award be of recognized competency and integrity as opposed to competitive solicitation. The resulting contract or agreement shall be in writing, specifying the services to be rendered, cost, and covered expenses, reviewed by the City Attorney, and then considered for approval by the City Council in a public meeting.

In addition, in accordance with TCA 29-20-407, competitive bidding and public advertising are not required when purchasing insurance through a plan authorized and approved by any organization of governmental entities representing cities and counties.

4.02 Recurring Purchases

Purchases of goods and services used regularly by the city such as utility services, waste disposal services, security monitoring services, maintenance agreements, advertising, and the like shall be exempt from competitive bidding and public advertising and purchased from established and reliable sources at the best possible price. Any resulting contract or agreement shall be developed by the Purchasing Assistant with a copy to the Finance Department and City Manager's Office

4.03 Sole Source Items

If a good or service has a single source of supply or is a unique proprietary product as evidenced by a letter from the vendor, competitive bidding and public advertising are not required but normal purchasing procedures apply. When sole source items are purchased, TCA 6-56-304 (2) requires a record of each sole source item or proprietary product be made by the corresponding department head and Purchasing Assistant. The record shall specify the amount paid, the items purchased, and from what company the purchase was made.

4.04 Emergency Purchases

Purchases or leases of any supplies, materials, or equipment for immediate delivery in actual emergencies arising from unforeseen causes including delays by contractors, delays in transportation, and unanticipated volume of work do not require competitive bidding or public advertising. When emergency items are purchased, TCA 6-56-304 (3) requires a record of each emergency purchase be made by the corresponding department head and Purchasing Assistant. The record shall specify the amount paid, the items purchased, from what company the purchase was made, and the nature of the emergency. A report on all emergency purchases with the above information shall be made as soon as possible to City Council and City Manager.

4.0 Procurement Methods when Competitive Bidding and Public Advertising are Not Required

4.05 Real Property Purchases

Purchases, leases, or lease-purchase agreements for real property do not require competitive bidding or public advertising in accordance with TCA 6-56-304(5). Before acquiring real property for public purposes, the City Council shall authorize the acquisition and staff shall obtain an appraisal of the property to determine fair market value, a Phase I environmental assessment to identify potential environmental contamination on the property, and a hazardous material survey, if applicable, to determine the level of existing contamination (i.e. asbestos or lead based paint) on the property or buildings. However, if the property to be acquired is a minor portion of a larger parcel for such needs as sidewalks, greenways, or road improvements, or the purchase price is equal to or less than the appraised value or cost of the appraisal, the above requirements are not necessary.

4.06 Secondhand Purchases

Purchases, leases, or lease-purchases of secondhand goods, equipment, materials, supplies, or commodities from any federal, state, or local government do not require competitive bidding or public advertising in accordance with TCA 6-56-304(6). Furthermore, TCA 12-3-1202 authorizes purchases of used or secondhand articles from private individuals or entities without competitive bidding and public advertising as long as the city documents the general range of value of the purchased item through a listing in a nationally recognized publication or through an appraisal by a licensed appraiser and the price is not more than 5% higher than the highest value of the documented range.

4.07 Purchases from Public Auctions

As authorized by TCA 12-2-421, the city may purchase new or secondhand articles, equipment, materials, supplies, and commodities from publicly advertised auctions without competitive bidding and public advertising. If items are purchased at a publicly advertised auction, the Purchasing Assistant shall prepare a report for the City Council regarding the description of what was purchased, the auction where the items were purchased, the purchase price of the items, and the vendor of the items.

4.08 Purchases from Tennessee Rehabilitative Initiative in Corrections (TRICOR)

The city is required by TCA 41-22-119 to purchase all articles needed that are produced, repackaged, assembled, warehoused, or manufactured by inmates in the Tennessee Rehabilitative Initiative in Correction (TRICOR) program if the articles are certified pursuant to procedures approved by the procurement commission as being of satisfactory quality and reasonable in price and available. Purchases of certified articles from TRICOR are exempt from competitive bidding and public advertising.

4.09 State Purchasing for the City

As authorized by TCA 12-3-1201, the city may request the state's central procurement office to purchase goods and services for the city. When the state purchases goods and services for the city, the state will use their purchasing terms, rules, and regulations and invoice the city for the cost of those services.

4.10 City Purchases from State and Federal Contracts

TCA 12-3-1201 allows the city to purchase goods and services from contracts or price agreements entered into by the state's central procurement office without competitive bidding and public advertising. In addition, the city may purchase goods and services from federal General Service Administration contracts or other federal open purchase contracts directly from the federal agency or through the appropriate state agency at the stated price in the contract or lower.

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4.0 Procurement Methods when Competitive Bidding and Public Advertising are Not Required

4.11 City Purchases from Local Sources

TCA 12-3-1201 allows the city to purchase goods and services from local sources without competitive bidding and public advertising if: 1) the good or service is available for purchase under contracts or price agreements entered into by the state's central procurement office, 2) the local price is the same or lower as the state's contract pricing, and 3) the local product is of equal or better specifications than the state's contract specifications.

4.12 Cooperative Purchasing Agreements with Other Local Governments in the State

TCA 12-3-1205 authorizes the city to participate in, sponsor, conduct, or administer a cooperative purchasing agreement for the procurement of any goods, supplies, services, equipment, or construction with one or more other local governments in the state in accordance with an agreement entered into between the participants.

4.13 Cooperative Purchasing Agreements with Other Local Governments Outside the State and the Federal Government

TCA 12-3-1205 authorizes the city to participate in, sponsor, conduct, or administer a cooperative purchasing agreement for the procurement of any goods, supplies, services, or equipment that were procured in a manner that constitutes competitive bidding and were advertised, evaluated, and awarded by a governmental entity and made available for use by other governmental entities. The city may enter into an agreement with one or more governmental entities outside the state or with a federal agency to the extent the laws of the other state or the laws of the federal government allow joint purchasing. The city shall acquire and maintain documentation that the purchasing entity that procured the bid complied with its own purchasing requirements. Exceptions include the purchase of new or unused motor vehicles unless the motor vehicles are manufactured for a special purpose as specified in TCA 12-3-1208 including but not limited to school buses, buses with capacity exceeding 22 passengers used to provide public transportation, garbage trucks, fire trucks, ambulances, or new or unused construction equipment. Exceptions also include the purchase of construction, engineering, or architectural services or construction materials or fuel.

4.14 Cooperative Purchasing Using Master Agreements

TCA 12-3-1205 and City Resolution 2020-32 authorizes the city to participate in master cooperative purchasing agreements to purchase goods and services from national cooperative purchasing alliances such as Sourcewell, Omnia, and Naspo. The city is required to acquire and maintain documentation that the purchasing entity with the master agreement complied with its own purchasing requirements.

4.15 Purchases from Other Local Government Contracts and Price Agreements

TCA 12-3-1203 allows the city to purchase supplies, goods, equipment, and services under contracts or price agreements entered into by any other local government agency of the state without competitive bidding and public advertising. Exceptions include the purchase of new or unused motor vehicles unless the motor vehicles are manufactured for a special purpose as specified in TCA 12-3-1208 including but not limited to school buses, buses with capacity exceeding 22 passengers used to provide public transportation, garbage trucks, fire trucks, ambulances, or new or unused construction equipment. Exceptions also include the purchase of transportation infrastructure projects such as construction and improvements of streets, highways, bridges, tunnels, or any roadway related facility. When purchasing from other local government contracts, the city will handle payments, refunds, returns, and any other communications or requirements without involving the local government that originated the contract. The originating local government shall have no liability or responsibility for any purchases made by the city.

4.0 Procurement Methods when Competitive Bidding and Public Advertising are Not Required

4.16 Purchases Made for Other Local Governments

As authorized by TCA 12-3-1203, the city may purchase supplies, equipment, and services for other local government entities upon request. In doing so, the city will use their purchasing terms, rules, and regulations, and invoice the requesting local government for the direct and indirect cost of the purchase.

4.17 Interlocal Contracts for Performance of Services

As authorized by TCA 12-9-108, the city may contract with one or more other public agencies to perform any governmental service, activity, or undertaking that the public agency is authorized to perform by law. Any resulting contract shall include the purpose, powers, rights, objectives, and responsibilities of each contracting party and be approved by all parties to the contract. Public agencies include other local governments (other cities, counties, school systems, development districts, and utilities districts), private incorporated fire departments not supported or partially supported by public funds, incorporated rescue squads not supported or partially supported by public funds, state agencies, federal agencies, or political subdivisions of another state.

4.18 Purchases Using Awarded Grant Funds

When procurement of goods and services involves awarded grant funds, the city shall follow all mandatory grant requirements as stipulated in the language of the actual grant award. Nothing in these policies and procedures shall prevent the city from complying with the terms and conditions of any grant award, gift, donation, or bequest. Absent any specific grant award language, these procurement policies and procedures shall prevail.

5.0 Construction Projects

This section delineates how the city should approach construction projects to comply with numerous state laws regulating construction projects.

5.01 Required Use of Architects, Engineers, and Landscape Architects

As mandated by TCA 62-2-107, when performing construction or maintenance projects involving architecture, engineering, or landscape architecture services over \$50,000 and the project alters the structural, mechanical, or electrical systems of the project, the city shall engage a state of Tennessee registered architect, engineer, or landscape architect as outlined in Section 3.03 to prepare plans, specifications, and cost estimates.

5.02 Required Bonds for Construction Projects

As required by TCA 12-4-207, construction, maintenance, or repair projects over \$10,000 require a bond from the contractor to guarantee prompt payment of all taxes, licenses, assessments, contributions, penalties, and interest due to the state or city directly connected with the performance of the awarded contract.

As authorized by TCA 12-4-201 and 12-4-202, construction projects over \$100,000 shall require:

- bid bond from all bidders in the amount of 10% of the bid amount collected at the time of bid submittal to guarantee the selected bidder will proceed with an awarded project. The bid bond will be returned to all bidders once the project is under contract with the awarded bidder. If the awarded bidder does not execute a contract with the city within ten business days after receiving a Notice of Award, the bid bond will be redeemed and the proceeds retained by the city and used to obtain another bidder or to rebid the project.
- performance bond from the awarded bidder in the amount of 100% of the contract price to guarantee the awarded bidder will complete the project.
- payment bond from the awarded bidder in the amount of 100% of the contract price to guarantee the awarded bidder will pay all subcontractors.

Such bond requirements shall be included in the bid document and bid advertisements. The bonds shall be written by a surety or insurance company listed on the U.S. Department of the Treasury financial management service list of approved bonding companies and licensed and authorized to do business in the state of Tennessee. Failure to obtain the required bonds will result in a Class C misdemeanor.

5.03 Required Insurances and Documents for Construction Projects

See Section 3.05 for required insurances and documents for construction projects.

5.0 Construction Projects

5.04 Required Contractor Licenses

As mandated by TCA 62-6-119, the city's bid documents for construction projects shall contain information stating that it is necessary for bidders to be properly licensed at the time of bid submittal and to provide evidence of compliance at the time of bid submittal before the bid can be considered for award. The city's bid documents shall require that the following information be written upon the envelope that contains the bid or provided within the electronic bid: the name, license number, expiration date, and license classification of the:

- contractor applying to bid for the prime contract.
- contractor applying to bid for the masonry contract where the total cost of materials and labor for the masonry portion of the construction project exceeds \$100,000.
- contractor applying to bid for the electrical, plumbing, heating, ventilation, or air conditioning contracts where the portion of the construction project exceeds \$25,000.
- Only one contractor in each classification shall be listed.

During the bid opening of a construction project, the names of all contractors listed on the submitted bid shall be read aloud and incorporated into the bid. Prior to awarding the bid, the Purchasing Assistant shall verify the accuracy, correctness, and completeness of the required information as listed above and, if any discrepancies are found in the spelling of names of bidders, transposition of license numbers, or other similar typographical error, may be corrected within 48 hours after the bid opening excluding weekends and state-recognized holidays. Failure to obtain the required licenses will result in a Class A misdemeanor.

5.05 Notice To Proceed

See Section 3.15 regarding when to issue a Notice To Proceed for construction projects.

5.06 Contract Change Orders

After a construction project has been awarded and commenced, city staff and the Purchasing Assistant may approve written changes to plans, specifications, cost, and scheduling up to the established contingency amount to keep the construction project progressing. Once the contingency amount has been exhausted, any changes from that point on or any changes that are materially different from the original scope of the project shall be first approved by the City Council in a public meeting as a formal change order. In the rare event an immediate change order is needed to avoid significant and expensive delays, the change order may be issued and retroactively approved by the City Council during their next meeting.

5.07 Liquidated Damages

Each construction project's bid documents, specifications, and contract shall contain an amount of not less than \$250 per business day for liquidated damages when the established contract completion date is missed. Inclement weather days or unforeseen events outside the control of the contractor, as reviewed and determined by the city and the contractor, will be factored in the amount of liquidated damages.

5.08 Final Acceptance of Construction Project

Prior to final payment to the contractor and architect, the construction project shall be accepted in writing by the city. In addition, the contractor shall submit a fully executed contractor's affidavit to the Purchasing Assistant proving all subcontractors have been paid in full.

6.0 Acquisition and Disposal of Real or Personal Property

This section delineates how the city can acquire and dispose of real and personal property to comply with numerous state laws that regulate these matters.

6.01 Personal Property Purchases from Other Governmental Agencies

As authorized by TCA 12-2-420, the city may purchase, trade, or receive as a gift any used or surplus personal property from another governmental agency without competitive bidding and public advertising upon approval of the governing bodies involved in the transaction. Any transfer or purchase of surplus personal property from the state shall be retained by the city for one year unless disposal is approved by the state. In addition, TCA 12-2-407 states that transfers of motor vehicles from the state to the city shall be void and reverted to the state if the city does not transfer title to its name within seven days after the transaction.

6.02 Transfer/Conveyance of Real or Personal Property to Another Public Agency

TCA 12-9-110 authorizes the city to transfer/convey real or personal property to another public agency if the receiving public agency uses the property for a public purpose and each governing body that is a party to the contract authorizes such transfer. A declaration of the property as surplus property prior to the transfer/conveyance is not required. Furthermore, TCA 12-2-420 authorizes the city to sell, trade, gift, or barter any used or surplus personal property to another governmental agency upon the authorization of the City Council.

6.03 Sell/Convey of Real Property and Existing Buildings to Not-for-Profit Corporations

In accordance with TCA 12-2-302, the city may sell and convey title or lease, not to exceed 50 years, city-owned real property and existing buildings to not-for-profit corporations upon such terms and conditions that are in the best interest of the city.

6.04 Transfer of Fire Department Assets to Volunteer Fire Departments

As authorized by TCA 12-3-1206, the city, upon approval of the City Council, may transfer ownership of fire protection assets purchased through or with proceeds of federal, state, or local grants to volunteer fire departments that are registered as nonprofit organizations with the Tennessee Secretary of State's Office.

6.05 Disposal of Real or Personal Property by Private Negotiations and Sale

As authorized by TCA 12-2-501, the city may dispose of city-owned real or personal property by private negotiations and sale when the real or personal property is: 1) significant for its architectural, archaeological, artistic, cultural, or historical associations, 2) significant for its natural, scenic, or open condition, 3) significant for its relationship to such properties, or 4) to be sold to a non-profit corporation or trust whose purpose includes preservation or conservation and a preservation or conservation agreement is placed in the deed conveying the city property to the non-profit corporation or trust detailing the use, disposal, or other restrictions of the property that will promote the preservation or conservation of the property including public access.

6.0 Acquisition and Disposal of Real or Personal Property

6.06 Disposal of Real or Personal Surplus Property Generally

As needed, the City Council, during public meetings, may declare unneeded or obsolete city-owned vehicles, equipment, or real property as surplus city property and authorize city staff to dispose of those items through advertised sealed bids, advertised public auctions, electronic auctions such as Govdeals.com, use of a real estate agent, or donation/transfers to other entities as described in this section. All real property must be appraised by a certified appraiser or at least have a realistic estimated value from an authorized source to establish value prior to sale. The bid/auction shall specify a minimum bid amount. All sealed bids are to be advertised once a week for two weeks in the city's legal organ, city's website, and any other places deemed appropriate by the Purchasing Assistant.

6.07 Trade-in of Vehicles and Equipment

The city may consider trading in existing city-owned vehicles and equipment when purchasing new vehicles and equipment to obtain a more competitive price. Trade-ins options, where appropriate, will be a part of the bid documents and the resulting bid award with the trade-in vehicle/equipment and value will be approved by the City Council.

7.0 Standardization of Vehicles, Equipment, Technology, Traffic Signal Equipment, and Maintenance Agreements

The city shall consider standardizing the purchases of vehicles, equipment, technology, traffic signal equipment, and maintenance agreements where it makes financial and economic sense for operational efficiency. Such items will only be competitively quoted among vendors providing the specific item or service using the established purchasing procedures. Examples include but not limited to:

Standardization of vehicles and equipment to minimize replacement parts, diagnostic equipment, repair services, and have knowledge of a single brand to make the repair of vehicles and equipment more efficient and economical than having many different parts, repair manuals, diagnostic equipment, and knowledge. To ensure all vehicle and equipment purchases will be compatible with the existing city inventory, all vehicle purchases shall be coordinated with the city's Fleet Maintenance Foreman.

Standardization of computer equipment, infrastructure, and technology to ensure that any new or replacement computer parts are compatible with the city's existing computer network. To ensure all technology purchases will be compatible with the existing city network, all technology purchases including hardware and software shall be coordinated with the city's IT Director. Since cybersecurity is a vital part of any IT system and to avoid broadcasting the city's specific IT hardware configurations and software specifications, if the city has a satisfactory existing working relationship with a trusted IT vendor and that vendor has the products, services, and expertise the city needs, the city can purchase IT equipment without competitive bidding and public advertising from those trusted vendors.

Standardization of traffic signal equipment such as signal controllers, detection equipment, and programming/operating software to ensure that any new or replacement parts are compatible with existing parts.

Standardization of maintenance agreements such as copier maintenance agreements to have only one vendor who knows and understands city equipment and personnel.

8.0 Purchase of Travel

All travel purchases including transportation and lodging shall be in accordance with the travel policies contained within the city's Employee Handbook.

9.0 Procurement Ethics

9.01 Conflicts of Interest

In accordance with TCA 12-4-101 and 6-54-107, any officer, director, other person, or elected official whose duty is to vote for, let out, or supervise any work or contract for the city, shall not have any direct or controlling financial interest in any city contract. If they have an indirect financial interest in a city contract, this fact must be publicly acknowledged. This shall not apply to the City Council voting on general items such as the annual budget, appropriation resolutions, tax rate resolutions, or amendments unless the vote is on a specific budget or appropriation item in which the Councilmember has a direct or controlling financial interest.

If a city elected official has a conflict of interest in a matter to be voted upon by the City Council, that member may abstain for cause by announcing such to the presiding officer. The abstaining member shall not be counted for the purpose of determining a majority vote. If the member does not inform the City Council of a conflict of interest, the vote shall be void if challenged during the same meeting the vote was cast and prior to the transaction of any further business by the City Council.

In accordance with TCA 12-4-114, no public officer or city employee who is involved in making or administering a contract on behalf of the city may derive a direct benefit from the contract.

No city employee having official responsibility for a procurement transaction shall participate in that transaction on behalf of the city when the:

- city employee is employed by the bidder or proposer.
- city employee, employee spouse, or any member of the employee's immediate family holds a position with the bidder or proposer such as an officer, director, trustee, partner, or is employed in a capacity involving personal and substantial participation in the contract or owns or controls an interest in the contract more than 5%.
- city employee, employee spouse, or any member of the employee's immediate family has a pecuniary interest arising from the contract.
- city employee, employee spouse, or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment with the bidder or proposer.
- Immediate family means spouse, dependent children or stepchildren, or relatives related by blood or marriage.

A public officer or city employee who will derive a direct benefit from a contract with the city but is not involved in making or administering the contract shall not attempt to influence any other person who is involved in making or administering the contract.

No public officer or city employee may solicit or receive any gift, reward, or promise of reward in exchange for recommending, influencing, or attempting to influence the award of a contract by the city.

In accordance with TCA 12-4-102, the penalty for violating the above financial interest in city contracts shall be forfeiture of all pay and compensation, dismissed from office, and be ineligible for rehire for ten years.

9.0 Procurement Ethics

9.02 Prohibition of City Officials and Employees from Purchasing Surplus Property

According to TCA 6-54-125, city officials and employees are prohibited from purchasing any city-owned real or personal property that has been declared as surplus property by the city during the official's term of office or the employee's term of employment and for six months thereafter. Exceptions are if the surplus property is sold by public auction.

9.03 No Contact/No Advocacy During Bid Solicitation Period

To ensure the integrity of the competitive bid process and guarantee all prospective bidders receive the same information, companies and/or individuals submitting bids as well as those persons representing such bidders may not contact, lobby, or advocate to any member of the city including but not limited to the City Council, City Manager, or any other city staff member during the entire bid solicitation period from posting of the bid to awarding the bid. Any and all contact regarding bids shall go through the Purchasing Assistant. Any unauthorized contact may cause the disqualification of the bidder/proposer and their submitted bid/proposal.

9.04 Vendor Loyalty Programs

Any benefits from vendor loyalty programs shall always benefit the city and not the individual employee or department.

9.05 Acceptance of Social Courtesies

An official or employee may not accept, directly or indirectly, any money, gift, gratuity or other consideration or favor of any kind from anyone in exchange for recommending, influencing, or attempting to influence the award of a contract by the city. Specific exceptions and further guidance on the ethical standards of accepting gifts and gratuities can be found in the Code of Ethics policy outlined in the Employee Handbook.

9.06 Visits to Vendors

If elected officials or city employees need to visit a vendor's plant, distribution center, or office for technical or business reasons, the cost should be paid by the city unless contractually covered by the vendor.

10.0 Records Retention of Procurement Documents

The city shall manage purchasing records including but not limited to bids, proposals, contracts, minutes of bid openings, purchase orders, requisitions, and street construction contracts and associated bonds in accordance with TCA 10-7-702, City Resolution 2020-28, and the Records Retention Manual as prepared by the Tennessee Municipal Advisory Service (MTAS).

11.0 Miscellaneous Provisions

11.01 Buy America Act

The city, in accordance with TCA 54-5-135, shall not purchase any materials such as asphalt products, rock, aggregate, sealers, and oils used for highway or roadway construction, resurfacing, or maintenance from any foreign government or company wholly owned and controlled by a foreign government, regardless of the location of the company, or from any agency of the foreign government or company. The Buy America Act does not apply if materials are not produced by American companies in sufficient and reasonably available quantities, or are of unsatisfactory quality, or if the American materials increase the overall project cost by 5% more than the overall project cost using materials produced by a foreign government owned company.

11.02 Boycott of Israel Statement

In accordance with TCA 12-4-119, the city shall not enter into contracts to acquire or dispose of services, supplies, information technology, or construction unless the contract includes a written certification that the company is not currently engaged in or will not, for the duration of the contract, a boycott of Israel. For this state law to apply, the contract must be over \$250,000 in potential value or the contractor must have over 10 employees. This certification shall be submitted only by the awarded bidder.

11.03 Iran Divestment Act

As mandated by TCA 12-12-101 through 12-12-113, the city is prohibited from awarding a contract over \$1,000 with a person(s) who engages in investment activities with Iran. Every submitted bid or proposal response must contain a statement by the bidder as follows: *“by submission of this bid, the bidder and each person signing on behalf of the bidder certifies, and in the case of a joint bid each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each bidder is not on the list created pursuant to 12-12-106.”* This certification shall be submitted only by the awarded bidder.

11.04 Vending Machines

If the city wants to install vending machines on city property, the city shall first determine if a blind individual, who meets the requirements of the state’s business enterprise program for the blind and has been trained and licensed by the state to operate such a vending facility, is interested in operating the vending machines to give them the greatest possible opportunity to become self-supporting. Furthermore, the state shall be given the right of first refusal to operate the vending facility if an individual that is capable can be found to operate the vending facility. See TCA 71-4-501 through 503 for more details.

12.0 Violation of Policies

Department heads shall not request nor the Purchasing Assistant process any purchases that are in violation of these policies. The city shall not be responsible for any purchases or payments made outside these City Council approved procurement policies. If violations occur, disciplinary action may occur.

13.0 Severability and Conformity

13.01 Severability

In the event that any provision of this policy conflicts with applicable laws such as the Tennessee State Code Annotated, Athens City Code, or the Athens City Charter, such provision shall be deemed invalid and unenforceable. In such cases, all remaining provisions of this policy shall remain in full force and effect.

13.02 Conformity

This policy shall be deemed automatically amended, without further action by any party, to the extent necessary to comply with applicable laws, regulations, or binding policies issued by higher authorities. In the event any provision of this policy is inconsistent with such governing requirements, the remaining provisions shall remain in full force and effect.

14.0 Official Adoption

These procurement policies and procedures shall be effective on July 1, 2025 and may be amended from time to time by the City Council at a public meeting by appropriate amendment.

So approved this _____ day of _____, 2025.

LARRY EATON, Mayor

RANDALL DOWLING, City Manager

APPROVED AS TO FORM

CHRISTOPHER M. CALDWELL, City Attorney

RESOLUTION NO. 2025-15

A RESOLUTION OF THE CITY OF ATHENS, TENNESSEE APPROVING THE CITY’S PROCUREMENT POLICIES AND PROCEDURES.

WHEREAS, the City of Athens is committed to ensuring that the procurement of goods and services is conducted in a legal, efficient, ethical, and transparent manner that maximizes public resources; and

WHEREAS, City staff has prepared updated Procurement Policies and Procedures which align with the Athens City Charter, Athens City Code, and the Tennessee Municipal Purchasing Law of 1983 (T.C.A. § 6-56-301 et seq.); and

WHEREAS, the City Council has reviewed the proposed Procurement Policies and Procedures and finds them to be in the best interest of the City and consistent with applicable laws and best practices;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ATHENS, TENNESSEE:

1. The document titled “**City of Athens Procurement Policies and Procedures**”, as presented and reviewed on June 9, 2025 and July 17, 2025 is hereby adopted.
2. All City departments and personnel are directed to comply with these policies as the official standard for all procurement activities.
3. These policies may be amended from time to time by the City Council in a public meeting upon recommendation of the City Manager.

BE IT FURTHER RESOLVED that this Resolution shall become effective on the 1st day of July, 2025.

ON MOTION BY _____

SECONDED BY _____

said Resolution was approved by roll call vote on the 17th day of **June, 2025**.

ATTEST:

Larry Eaton, Mayor

Randall Dowling, City Manager

APPROVED AS TO FORM:

Christopher M. Caldwell, City Attorney





Agenda Item

III. L. Declaration of Surplus City Property
Resolution 2025-16

Overview

The city's Public Works Department has the following items that are no longer needed for city operations and need to be declared as surplus city property and disposed of by sale, donation, or disposal:

Fourteen (14) EPAC 300 Traffic Signal Controllers

Some parts may still be useful to other municipalities using similar systems. Remaining units will either be listed on GovDeals or sold as scrap.

Nineteen (19) 4-yard dumpsters

Eleven (11) 6-yard dumpsters

Twenty (20) 8-yard dumpsters

Five (5) 8-yard cardboard dumpsters

These dumpsters can no longer be refurbished and are recommended for sale as scrap metal.

Attached is a memo from the Purchasing Department with additional details.

Action to Consider

Consensus is required to move this item to the June 17, 2025 regular session for consideration.

Affected Departments

Public Works Department



PURCHASING DEPARTMENT MEMORANDUM

To: Mike Keith, Finance Director
From: Angela Robbins, Purchasing Assistant
Date: May 29, 2025
Re: Public Works Surplus Items

I am requesting that the EPAC 300 traffic signal controllers listed below be declared surplus. Public Works has spoken with their signal supplier and there are still a few municipalities running these controllers that we might be able to give them some spare parts/backups, others we would be able to list on GovDeals or sell as scrap.

- EPac 300 S/N:111270
- EPac 300 S/N: 1055
- EPac 300 S/N: 7048
- EPac 300 S/N: 1100
- EPac 300 S/N: 1001
- EPac 300 S/N: 7080
- EPac 300 S/N: 22576
- EPac 300 S/N: 6288
- Epac 300 S/N: 1039
- EPac 300 S/N: 7505
- EPac 300 S/N: 29536 Asset# 2437
- EPac 300 S/N: 36469
- EPac 300 S/N: 2380
- EPac 300 S/N: 107084

Public Works also has scrap dumpsters that can no longer be refurbished. As in the past, it is recommended that these be sold as scrap metal. There are nineteen 4-yard dumpsters, eleven 6-yard dumpsters, twenty 8-yard dumpsters, and five 8-yard cardboard dumpsters to be sold.

RESOLUTION NO. 2025-16

A RESOLUTION DECLARING CERTAIN PUBLIC WORKS EQUIPMENT AND MATERIALS AS SURPLUS PROPERTY AND AUTHORIZING THEIR SALE OR DISPOSAL.

WHEREAS, the City of Athens Public Works Department has identified certain equipment and materials which are no longer of use to the department and are either obsolete or no longer serviceable; and

WHEREAS, the Purchasing Department has recommended that the following items be declared surplus and authorized for sale, donation, or disposal:

EPAC 300 Traffic Signal Controllers:

- S/N: 111270 S/N: 6288
- S/N: 1055 S/N: 1039
- S/N: 7048 S/N: 7505
- S/N: 1100 S/N: 29536 (Asset# 2437)
- S/N: 1001 S/N: 36469
- S/N: 7080 S/N: 2380
- S/N: 22576 S/N: 107084

Scrap Dumpsters:

- Nineteen (19) 4-yard dumpsters
- Eleven (11) 6-yard dumpsters
- Twenty (20) 8-yard dumpsters
- Five (5) 8-yard cardboard dumpsters

WHEREAS, some of the EPAC 300 traffic signal controllers may be offered to other municipalities for use as spare parts, while the remaining items may be listed for sale on GovDeals or sold as scrap; and

WHEREAS, the scrap dumpsters are no longer capable of being refurbished and should be sold as scrap metal.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ATHENS, TENNESSEE, THAT:

1. The items listed above are hereby declared surplus property.
2. The Purchasing Department is hereby authorized to arrange for the sale, donation, or disposal of said surplus property in accordance with applicable laws and policies.
3. Any proceeds from such sale shall be deposited in the appropriate City account.

BE IT FURTHER RESOLVED that this Resolution shall become effective immediately upon its adoption, the public welfare requiring it.

ON MOTION BY _____

SECONDED BY _____

said Resolution was approved by roll call vote on the 17th day of **June, 2025**.

ATTEST:

Larry Eaton, Mayor

Randall Dowling, City Manager

APPROVED AS TO FORM:

Christopher M. Caldwell, City Attorney

