# ANNUAL COMPREHENSIVE FINANCIAL REPORT

## FOR THE YEAR ENDED JUNE 30, 2024

# CITY OF ATHENS, TENNESSEE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

Prepared by: City of Athens Finance Department

# CITY OF ATHENS, TENNESSEE

TABLE OF CONTENTS

JUNE 30, 2024

# CITY OF ATHENS, TENNESSEE

TABLE OF CONTENTS

JUNE 30, 2024

---

**PAGE**

# CITY OF ATHENS, TENNESSEE

TABLE OF CONTENTS

JUNE 30, 2024

# INTRODUCTORY SECTION

# FINANCE DEPARTMENT

Honorable Mayor,
Members of the City Council and

Citizens of the City of Athens, Tennessee

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Athens for the fiscal year ended June 30, 2024.

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

The City of Athens' financial statements have been audited by HHM, CPA's, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Athens, for the fiscal year ended June 30, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Athens' financial statements, for the fiscal year ended June 30, 2024, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

MICHAEL L. KEITH, CPA
DIRECTOR OF FINANCE

815 NORTH JACKSON STREET
ATHENS, TENNESSEE 37303

**Profile of the City of Athens**

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

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

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

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

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

## Local Economy

The City of Athens enjoys a favorable economic environment, and local indicators point to continued stability. Local sales tax and state shared sales tax revenues continue to increase, and the unemployment rate is 4.6% as of June 2024. Building permits were issued in FY24 for projects exceeding $50,000,000 in value. 7Brew Coffee, Planet Fitness, and Tidal Wave Auto Spa are new businesses that opened during the year.

One area that Athens has lacked in development since 2008 has been the construction of single-family homes. Over the past two years, a total of more than 150 homes have been constructed in Athens. Additional residential sites continue to be developed as well.

Major industries located within the City include several automotive parts suppliers, manufacturers of electrical components and plastics, and a producer of dairy products. Denso, the City's largest employer, added warehouse space during FY24 and recently announced a $100,000,000 expansion to add over 50,000 square feet for increased production. It is expected to add 200 new jobs.

Athens and McMinn County have jointly participated in a tax abatement program and tax increment financing (TIF) for new and existing businesses. Capital investment and increased employment are two of the primary reasons for this program. Capital investment results in increased property taxes and the additional employees result in individuals having the means to spend dollars locally, helping the entire local economy. A TIF has been approved for a project that will bring new retailers and an additional hotel to the City.

## Long-Term Financial Planning and Major Initiatives

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

In August of 2019, the voters in Athens approved a $.75 increase in the local option sales tax. The city council designated the first $1,000,000 collected annually to go toward the school building project and the city schools will contribute $700,000 annually from savings due to the consolidation of four schools. The council has approved borrowing up to $40,000,000 to construct the new elementary school on the property at City Park. Bids were approved in early 2021 and construction began on the facility that will hold all pre-k to fifth grade students for the City Schools. The building opened in August of 2023. City Park Elementary was demolished as it was on the site used for the new school, and the three remaining school buildings were turned over to the City. Even though the new building was opened in August of 2023, construction has continued to be done on the exterior areas and athletic facilities, and work was completed in November 2024.

The City issued $7,350,000 in bonds in October 2021 for road improvements around the new school, renovations to the public works facility, renovations to City Hall, a fire training tower, and a new animal shelter. All of the projects have been completed except for City Hall renovations.

The City completed a strategic plan during the prior year. During February of each year, a planning meeting is held with the city council and the department heads to discuss needs of each department and establish priorities for the coming year. The strategic plan will continue to guide the council in setting priorities for the next ten to 20 years.

**Relevant Financial Policies**

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

**Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Athens for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the thirty-second (32nd) consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report was made possible by the dedicated service of the entire staff of the finance department. Credit must also be given to the city council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Athens' finances, and we express our sincere appreciation to our independent certified public accountants for their technical expertise and assistance.

Respectfully submitted,

Michael L. Keith

Michael L. Keith, CPA
Director of Finance

March 13, 2025

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Athens**
**Tennessee**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

# CITY OF ATHENS, TENNESSEE

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2024

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<u>City of Athens</u>

| | |
|---|---|
| Steven Sherlin | Mayor |
| Larry Eaton | Vice-Mayor |
| Jordan Curtis | Council Member |
| Dick Pelley | Council Member |
| Frances Witt-McMahan | Council Member |
| | |
| Deb Wallace | City Manager |
| Chris Caldwell | City Attorney |
| Derek Green | City Judge |
| Nina Edmonds | Director of Human Resources |
| Anthony Casteel | Director of Community Development |
| Brandon Ainsworth | Fire Chief |
| Matt Siniard | Director of Parks & Recreation |
| Michael L. Keith, CPA, CMFO | Director of Finance |
| Ben Burchfield | Director of Public Works |
| Fred Schultz | Police Chief |

<u>Athens City Board of Education</u>

| | |
|---|---|
| Chris Adams | Chairman |
| Michael Bevins | Vice-Chairman |
| Johnny Coffman | Board Member |
| Emily Forrest | Board Member |
| Abby Carroll | Board Member |
| Beth Jackson | Board Member |
| | |
| Joe Barnett | Director of Schools |
| Melody Armstrong | Supervisor of Instruction |
| James McCullough | Supervisor of Transportation |
| Andrew Kimball | Supervisor of Federal Programs |
| Molly McLean | Supervisor of Special Education |
| Angie Newman | Supervisor of Food Services |
| Robert Owens | Supervisor of Maintenance |
| Lisa Cranfill | Supervisor of Finance |

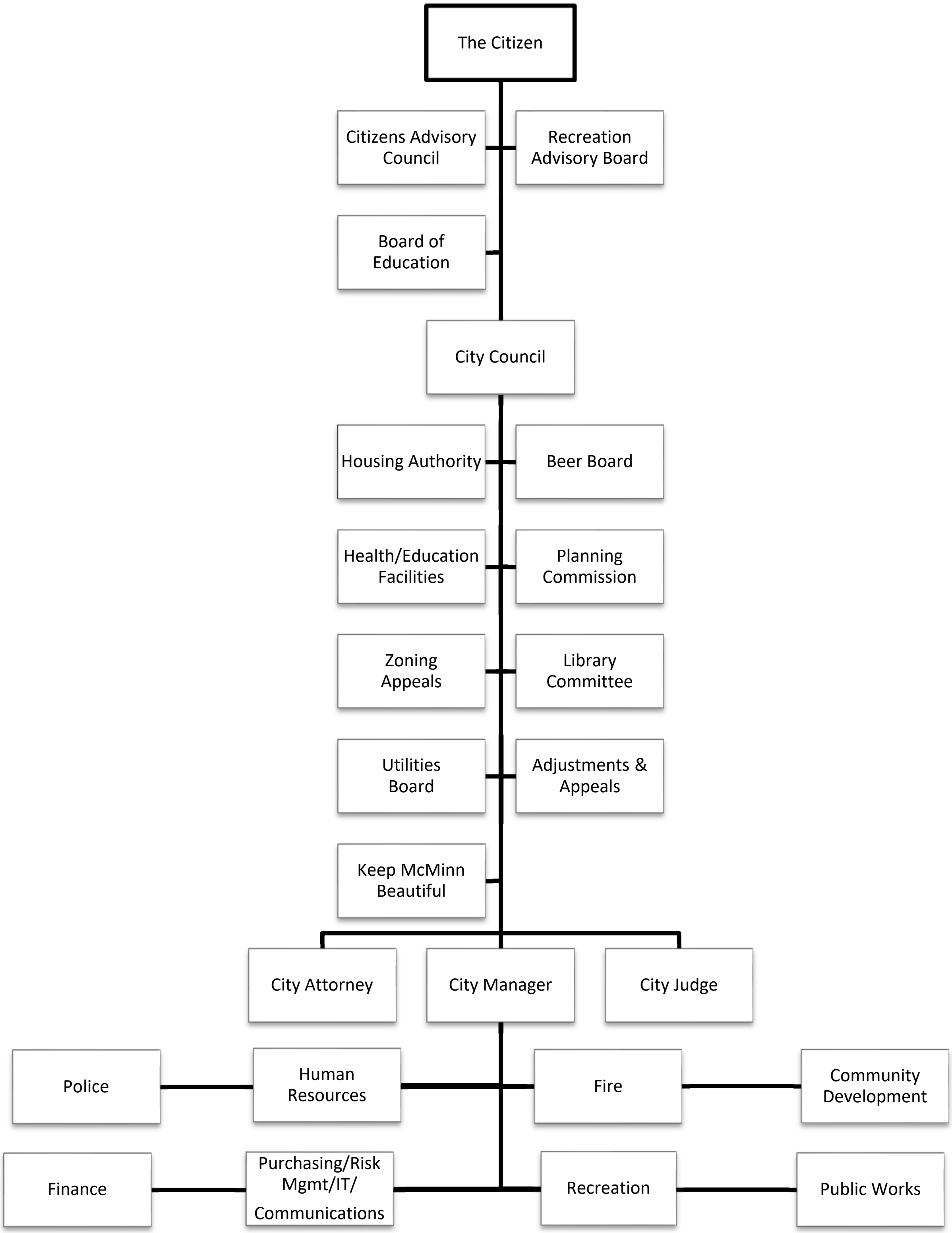
<u>Athens Utilities Board</u>

| | |
|---|---|
| Frank Snyder | Chairman |
| Jeff Zabo | Vice-Chairman |
| Larry Eaton | Board Member |
| Shirley Woodcock | Board Member |
| Patti Greek | Board Member |
| | |
| Eric Newberry | General Manager |
| Michelle Millsaps | Superintendent of Accounting |
| Kevin Goins | Superintendent of Power |
| Craig Brymer | Superintendent of Water/Wastewater/Gas |
| Phil Graves | Director of Management Service |

# CITY OF ATHENS, TENNESSEE

ORGANIZATION CHART

JUNE 30, 2024



# FINANCIAL SECTION

HHM

CERTIFIED PUBLIC ACCOUNTANTS

# INDEPENDENT AUDITOR'S REPORT

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

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, budgetary comparisons for the General Fund, General Purpose School Fund and Federal Projects Fund, and the aggregate remaining fund information of the City of Athens, Tennessee (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited each fiduciary fund of the City as of and for the year ended June 30, 2024, as displayed in the City's basic financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, as well as each fiduciary fund of the City, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, General Purpose School Fund, and Federal Projects Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15 of the Financial Section and the required supplementary information on pages B-1 through B-14 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, the budgetary comparison schedules included as other supplementary information, financial schedules, and schedule of expenditures of federal and state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information Included in the Annual Report*

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cleveland, Tennessee
March 13, 2025

Henderson Hutcherson
& McCullough, PLLC

# CITY OF ATHENS, TENNESSEE

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

As management of the City of Athens, Tennessee (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in pages i-iv of this report.

**Financial Highlights**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at June 30, 2024, by $93,664,481 (net position). Of this amount, $52,047,396 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- Net position increased by $6,111,261, an increase of 6.98% compared to fiscal year 2023 total net position. The City's changes in net position are detailed in the chart on page 9 of this report. Total revenues increased $6,600,203, primarily due to an increase in local sales taxes, state shared revenue, and increased State funding for schools. Expenses increased $8,830,590 primarily due to construction on the animal shelter, road improvements related to the new school building, and interest on the school construction debt.
- The City's property tax rate remained at $1.0078 per hundred dollars of assessment.
- The City's residential sanitation fee remained at $9.50 per month.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $51,540,068.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was $18,854,640 or 97.88% of total General Fund expenditures. Expenditures do not include transfers to other funds, which totaled $4,300,000 in the City's General Fund. The percentage drops to 80.02% if transfers are included with the total expenditures. This demonstrates the City's fiscal discipline and places the City in a strong financial position to meet unexpected emergencies, uncertainties at the State level, or slowdowns in the economy.

**Overview of the Financial Statements**

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, education, economic development, and culture and recreation. The business-type activities of the City include the Conference Center Fund and the Sanitation Fund.

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

The government-wide financial statements can be found on pages A-1 to A-3 of this report.

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

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

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

The City maintains 14 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the General Purpose School Fund, the Federal Projects Fund, the General Obligation Bond Fund, the Debt Service – Schools Fund, the Capital Improvement Fund, the School Construction Fund, and the Education Capital Projects Fund which are considered to be major funds. Data from the other six governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining and individual statements later in this report beginning on page C-1.

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

The basic governmental fund financial statements can be found on pages A-4 to A-14 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the Southeast Tennessee Trade and Conference Center operations and the Sanitation Fund, both of which are considered to be major funds of the City. The internal service funds are presented in the proprietary fund financial statement. Individual data for each of the internal service funds is provided in the form of combining statements later in this report beginning on D-1.

The basic proprietary fund financial statements can be found on pages A-15 to A-17 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Athens Pension Trust Fund is the one fiduciary maintained by the City and is shown on pages A-18 to A-19 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages A-20 to A-94 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages B-1 to B-14 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual nonmajor governmental fund statements and schedules are found on pages C-1 to C-2 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by $93,664,481 at the close of this fiscal year.

The largest portion of the City net position (55.57%) is unrestricted net position and may be used to meet the government's ongoing obligations to its citizens and creditors. The City has also accumulated funds for capital project needs as approved by Council and debt service. The net investment in capital assets (34.70% of net position) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position comprises 9.73% of net position. These resources are subject to external restrictions on how they may be used.

As of June 30, 2024, the City is able to report positive balances in all categories of net position for the government as a whole. All of its separate governmental and business-type activities and its component units report positive balances in net position.

**City of Athens**
**Net Position**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Current and other assets | $76,805,617 | $75,375,331 | $3,378,644 | $3,343,879 | $80,184,261 | $78,719,210 |
| Capital assets | 76,580,708 | 67,015,807 | 817,374 | 968,791 | 77,398,082 | 67,984,598 |
| Total assets | 153,386,325 | 142,391,138 | 4,196,018 | 4,312,670 | 157,582,343 | 146,703,808 |
| Deferred outflows of resources: | 4,387,969 | 5,215,614 | 22,361 | 47,222 | 4,410,330 | 5,262,836 |
| Long-term liabilities | 51,484,095 | 46,447,160 | 55,984 | 72,926 | 51,540,079 | 46,520,086 |
| Other liabilities | 6,160,780 | 9,290,537 | 40,180 | 86,872 | 6,200,960 | 9,377,409 |
| Total liabilities | 57,644,875 | 55,737,697 | 96,164 | 159,798 | 57,741,039 | 55,897,495 |
| Deferred inflows of resources: | 10,587,153 | 8,515,929 | - | - | 10,587,153 | 8,515,929 |
| Net investment in capital assets | 31,686,208 | 25,657,482 | 817,374 | 968,791 | 32,503,582 | 26,626,273 |
| Restricted | 9,113,503 | 11,126,490 | - | - | 9,113,503 | 11,126,490 |
| Unrestricted | 48,742,555 | 46,569,154 | 3,304,841 | 3,231,303 | 52,047,396 | 49,800,457 |
| Total net position | $89,542,266 | $83,353,126 | $4,122,215 | $4,200,094 | $93,664,481 | $87,553,220 |

**Governmental activities.** Governmental activities increased the City's net position by $6,189,140 which accounts for the increase in the net position for the City. State sales tax and local sales tax continued the recent history of exceeding 5% growth and school funding continued to increase.

**Business-type activities.** Business-type activities decreased the City's net position by $122,545. This decrease was due primarily to the depreciation of equipment in the Sanitation Fund and depreciation of the building in the Conference Center Fund.

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

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $1,056,281 | $1,106,081 | $1,054,704 | $1,031,091 | $2,110,985 | $2,137,172 |
| Operating grants and contributions | 6,846,259 | 8,610,122 | - | - | 6,846,259 | 8,610,122 |
| Capital grants and contributions | 1,086,439 | 2,594,738 | - | - | 1,086,439 | 2,594,738 |
| General revenues: | | | | | | |
| Property taxes | 8,152,008 | 7,629,706 | - | - | 8,152,008 | 7,629,706 |
| Other taxes | 19,359,199 | 11,994,270 | - | - | 19,359,199 | 11,994,270 |
| Intergovernmental revenues not restricted to specific programs | 14,608,508 | 14,178,869 | - | - | 14,608,508 | 14,178,869 |
| Other | 2,992,419 | 1,381,282 | 76,239 | 105,694 | 3,068,658 | 1,486,976 |
| Total revenues | 54,101,113 | 47,495,068 | 1,130,943 | 1,136,785 | 55,232,056 | 48,631,853 |
| Expenses: | | | | | | |
| General government | 7,760,725 | 3,984,132 | - | - | 7,760,725 | 3,984,132 |
| Public safety | 6,861,880 | 6,232,860 | - | - | 6,861,880 | 6,232,860 |
| Highways and streets | 3,031,090 | 5,045,203 | - | - | 3,031,090 | 5,045,203 |
| Culture and recreation | 1,452,111 | 1,412,701 | - | - | 1,452,111 | 1,412,701 |
| Education | 26,786,740 | 21,023,660 | - | - | 26,786,740 | 21,023,660 |
| Health and welfare | 219,688 | 182,697 | - | - | 219,688 | 182,697 |
| Interest on long-term debt | 1,799,739 | 1,390,171 | - | - | - | 1,390,171 |
| Conference center | - | - | 84,847 | 86,066 | 84,847 | 86,066 |
| Sanitation | - | - | 1,168,641 | 977,381 | 1,168,641 | 977,381 |
| Total expenses | 47,911,973 | 39,271,424 | 1,253,488 | 1,063,447 | 49,165,461 | 40,334,871 |
| Change in net position | 6,189,140 | 8,223,644 | (122,545) | 73,338 | 6,066,595 | 8,296,982 |
| Net position, previously reported | 83,353,126 | 75,129,482 | 4,200,094 | 4,126,756 | 87,553,220 | 79,256,238 |
| Error correction | - | - | 44,666 | - | 44,666 | - |
| Net position, beginning of year | 83,353,126 | 75,129,482 | 4,244,760 | 4,126,756 | 87,597,886 | 79,256,238 |
| Net position, end of year | $89,542,266 | $83,353,126 | $4,122,215 | $4,200,094 | $93,664,481 | $87,553,220 |

## Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $51,540,068, an increase of $1,376,567 in comparison to the prior year. Approximately 36.58% of this total amount ($18,854,640) constitutes unassigned fund balance, which is available for spending at the government's discretion. Pursuant to GASB Statement No. 54, the remainder of fund balance is classified as to: nonspendable - $244,810; restricted for a specific purpose by external constraint or enabling legislation - $7,033,287 (law enforcement - $93,701; city schools - $1,212 for career ladder and $314,339 for stabilization reserve; General Obligation Bond Fund capital projects - $1,447,234; Cemetery Perpetual Care - $305,275; Debt Service Funds for City projects - $79,226; Federal Projects Fund - $8,497; Debt Service Fund for Schools - $2,812,032; Hotel/Motel Tax Fund for tourism - $683,722; Centralized Cafeteria Fund - $945,070; Internal School Fund student activities – 174,293; Drug Fund - $168,686); committed for a specific purpose per action of the city council - $16,674,011 (law enforcement - $26,168; Capital Improvement Fund for capital improvements - $15,148,372; School Construction Fund for capital projects - $1,499,471); or assigned – intended by the City to be used for a specific purpose - $8,733,320 (education - $7,948,219; encumbrances - $785,101).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $18,854,640. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents 97.88% of total fund expenditures but represents 80.02% when compared to total fund expenditures and transfers to other funds (Debt Service Fund and Capital Improvement Fund).

The fund balance of the City's General Fund decreased by $386,321 during the current fiscal year. Revenues increased by $1,372,287 while expenditures increased by $6,136,257 before transfers to other funds. Property taxes increased due to an increase in the assessed value of personal property. Local and state sales tax continued to increase at higher-than-expected amounts. Interest earnings increased significantly due to the increase in interest rates. Expenditures increased due to education funding, salary increases due to implementation of the updated classification/compensation plan and paving of city streets. The transfer to the Capital Projects Fund increased by $275,000.

The fund balance of the General Obligation Bond Fund decreased by $2,927,308. This was due to the construction of the new animal shelter, fire training tower, and road work in the area around the new city school.

The fund balance of the General Purpose School Fund increased by $15,625. Despite the small increase, there were significant increases in property taxes, sales tax and state funding, which increased over $2,300,000. Much of this funding was for the purchase of electric buses to replace fossil fuel buses.

The fund balance of the General Obligation Bond Fund decreased by $2,927,308. Bonds were issued in 2021, and these funds were used in the current year for construction of the new animal shelter, fire training tower and road work in the area around the new city school.

The Debt Service Fund for school projects only increased $458 for the year but was impacted by the proceeds of permanent financing of $30,000,000 to repay a corresponding amount for temporary financing during construction of the new school.

The Capital Improvement Fund increase was $2,681,041, primarily due to a $2,900,000 transfer from the General Fund. Capital items consisted primarily of new tennis/pickleball courts at Ingleside, Heritage Park renovations, City Hall roof, and stormwater engineering expenditures of the Public Works offices, building a fire training tower, and improvements to recreation facilities.

The School Construction Fund increased by $1,789,290 due to approximately $5,000,000 in permanent financing received to complete the new school. Final construction work was completed after year end.

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

Unrestricted net position at the end of the year amounted to $36,444 for the Conference Center Fund, $3,268,397 for the Sanitation Fund, $6,689,825 for the Fleet Management Fund, and $290,021 for the Employee Medical Benefits Fund.

**General Fund Budgetary Highlights**

Differences in the original budget and the final amended budget for revenues were $1,272,000 and consisted of increases in local sales tax, grant funds from FEMA and the State of Tennessee for police and fire, interest income, insurance recoveries, and third-party contributions. Differences between the original budget and the final amended budgeted expenditures, including transfers, were $4,372,000 and are summarized below:

- $1,727,500 for paving, salaries and related benefits, and engineering fees in public works.
- $33,000 for adding a full-time position at the new animal shelter for animal control.
- $181,500 for salary and related benefits, program costs, liability insurance, July 4th fireworks, and building repairs and maintenance in parks and recreation.
- $706,000 for salaries and related benefits including two additional SRO's, liability insurance, and fixed assets funded by state grants in fire and police.
- $224,000 for miscellaneous line items in general government departments. These consisted primarily of building repairs at City Hall, liability insurance, and salary and benefit increases.
- $1,500,000 increase in transfers due to transfers to the Capital Improvement Fund, which was related to excess fund balance.

Final actual revenues exceeded amended budgeted revenues by $1,174,571 and significant variances are summarized below:

- $177,130 more in property taxes.
- $388,542 more in other local taxes primarily because of local sales tax, business tax, and in lieu of taxes.
- $215,283 more in intergovernmental revenues due to state sales tax, state excise taxes, and state grants.
- $172,619 more in charges for services due to building permits and recreation fees.
- $3,447 more in fines and forfeitures.
- $213,317 more in interest.
- $4,233 more in miscellaneous revenues.

Final amended budgeted expenditures, including transfers, exceeded actual expenditures by $1,509,915 and are summarized below:

- $121,135 in general government expenditures, related primarily to less contracted services, less computer equipment purchased, and one vacant position for a portion of the year.
- $200,820 in public safety expenditures, primarily due to vacancies in police and fire and related employee benefits.
- $1,009,659 in highways and streets due to traffic signals not installed prior to year end, sidewalk repairs not completed before year end, and a portion of the annual paving not being completed before year end.
- $150,789 in parks and recreation primarily due to several maintenance projects not completed prior to year end and lower than expected mowing contract costs.
- $27,512 due to a vacancy and multiple line items being under budget in animal control.

**Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type fund activities as of June 30, 2024, was $77,398,082 (net of accumulated depreciation). This investment in capital assets includes land, buildings, other improvements, equipment, and infrastructure.

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

**City of Athens**
**Capital Assets**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Buildings and improvements | $69,415,322 | $22,175,585 | $1,621,773 | $1,600,723 | $71,037,095 | $23,776,308 |
| Infrastructure | 10,925,272 | 10,366,076 | - | - | 10,925,272 | 10,366,076 |
| Furniture and office equipment | 9,305,278 | 9,032,482 | 863,607 | 863,607 | 10,168,885 | 9,896,089 |
| Machinery and equipment | 6,924,794 | 7,180,768 | 745,286 | 745,286 | 7,670,080 | 7,926,054 |
| Land | 3,212,757 | 3,221,556 | 34,500 | 34,500 | 3,247,257 | 3,256,056 |
| Construction in progress | 4,472,308 | 45,411,153 | - | - | 4,472,308 | 45,411,153 |
| | $104,255,731 | $97,387,620 | $3,265,166 | $3,244,116 | $107,520,897 | $100,631,736 |

Additional information on the City's capital assets can be found in Note 4 on A-40 to A-44 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had a bond anticipation note outstanding with a balance of $5,000,000. It is backed by the full faith and credit of the City. This short-term financing will be converted to long term general obligation debt through the USDA for the same amount once the project is completed. These monies were used to construct a new Pre-K to fifth grade school building, resulting in four schools being combined into one. $34,859,825 is owed to the USDA for the majority of the funding for building the new school. The City also has a 2021 general obligation bond debt outstanding in the amount of $6,630,000. These funds were used for a new animal shelter, a fire training facility, street improvements related to the new school being constructed, public works offices, and renovations to City Hall. The Athens Utilities Board has debt outstanding totaling $17,630,238 to be repaid by user fees and Board funds. In the event of default, the City is required to establish ad valorem taxes to repay the outstanding debt. Detailed information on long-term debt activity can be found in Note 5 on pages A-45 to A-48 of this report.

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

**Economic Factors and Next Year's Budgets and Rates**

The unemployment rate for the City is currently 4.6%, which is a decrease from the rate of 4.7% a year ago. The City's rate is higher than the federal rate and the state rate.

The local option sales tax grew in excess of 8% beginning in May 2020 through June 30, 2023, and the state shared sales tax growth has exceeded the local rate. Both of these increased by less than 3% for the current year. Management has been conservative in estimating all revenues for 2024-2025. The property tax rate remained at $1.0078 for the 2024 taxes and the monthly residential refuse fee remained at $9.50.

## Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the City of Athens, Office of the Finance Director, 815 North Jackson Street, Athens, Tennessee 37303.

# BASIC FINANCIAL STATEMENTS

**CITY OF ATHENS, TENNESSEE**

STATEMENT OF NET POSITION

JUNE 30, 2024

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total Primary Government | Athens Utilities Board |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 8,736,367 | $ 233,043 | $ 8,969,410 | $ 28,195,211 |
| Restricted cash | 1,079,108 | - | 1,079,108 | 206,677 |
| Investments | 51,590,007 | 3,040,377 | 54,630,384 | - |
| Receivables: | | | | |
| Customers, net | - | 104,918 | 104,918 | 5,930,821 |
| Other | 1,177,504 | - | 1,177,504 | 26,078 |
| Property taxes, net | 8,052,978 | - | 8,052,978 | - |
| Other governments | 3,284,077 | - | 3,284,077 | - |
| Component unit/primary government | - | 306 | 306 | - |
| Prepaid expenses | 726 | - | 726 | 93,653 |
| Inventories | 141,758 | - | 141,758 | 4,349,961 |
| Net pension asset | 2,428,753 | - | 2,428,753 | - |
| Restricted stabilization reserve | 314,339 | - | 314,339 | - |
| Capital assets: | | | | |
| Land and other nondepreciable assets | 7,685,065 | 34,500 | 7,719,565 | 9,694,628 |
| Capital assets, net of accumulated depreciation | 68,895,643 | 782,874 | 69,678,517 | 111,012,439 |
| Total assets | 153,386,325 | 4,196,018 | 157,582,343 | 159,509,468 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Deferred pension outflows | 3,592,645 | 22,361 | 3,615,006 | 5,805,801 |
| Deferred OPEB outflows | 795,324 | - | 795,324 | - |
| Total deferred outflows of resources | 4,387,969 | 22,361 | 4,410,330 | 5,805,801 |
| **LIABILITIES** | | | | |
| Accounts payable | 2,956,391 | 28,102 | 2,984,493 | 5,953,977 |
| Accrued payroll and withholdings | 1,875,876 | 12,078 | 1,887,954 | - |
| Retainage payable | 1,056,353 | - | 1,056,353 | 259,530 |
| Due to component unit/primary government | - | - | - | 306 |
| Other current liabilites | 272,160 | - | 272,160 | 569,813 |
| Unearned revenues | - | - | - | 200,676 |
| Customer deposits | - | - | - | 983,960 |
| Noncurrent liabilities due in more than one year: | | | | |
| Lease liability - noncurrent | - | - | - | 145,449 |
| OPEB obligation | 2,755,726 | - | 2,755,726 | - |
| Net pension liability | 1,513,267 | 55,984 | 1,569,251 | 8,545,593 |
| Long-term liabilities, due within one year | 6,264,008 | - | 6,264,008 | 1,770,618 |
| Long-term liabilities, due in more than one year | 40,951,094 | - | 40,951,094 | 15,859,620 |
| Total liabilities | 57,644,875 | 96,164 | 57,741,039 | 34,289,542 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Deferred pension inflows | 450,863 | - | 450,863 | 909,408 |
| Deferred OPEB inflows | 530,211 | - | 530,211 | - |
| Deferred property tax inflows | 9,606,079 | - | 9,606,079 | - |
| Total deferred inflows of resources | 10,587,153 | - | 10,587,153 | 909,408 |
| **NET POSITION** | | | | |
| Net investment in capital assets | 31,686,208 | 817,374 | 32,503,582 | 102,671,849 |
| Restricted for: | | | | |
| Law enforcement | 93,701 | - | 93,701 | - |
| Drug | 168,686 | - | 168,686 | - |
| Education | 1,129,072 | - | 1,129,072 | - |
| Stabilization reserve | 314,339 | - | 314,339 | - |
| Tourism | 683,722 | - | 683,722 | - |
| Pension | 1,977,890 | - | 1,977,890 | - |
| Debt service | 4,338,492 | - | 4,338,492 | - |
| Cemetery perpetual care: | | | | |
| Nonexpendable | 102,326 | - | 102,326 | - |
| Expendable | 305,275 | - | 305,275 | - |
| Unrestricted net position | 48,742,555 | 3,304,841 | 52,047,396 | 27,444,470 |
| Total net position | $ 89,542,266 | $ 4,122,215 | $ 93,664,481 | $ 130,116,319 |

The notes to basic financial statements are an integral part of this statement.

# CITY OF ATHENS, TENNESSEE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions |
|---|---|---|---|---|
| PRIMARY GOVERNMENT | | | | |
| Governmental activities: | | | | |
| General government | $ 7,760,725 | $ 427,893 | $ - | $ 580,259 |
| Highways and streets | 3,031,090 | - | 33,271 | - |
| Public safety | 6,861,880 | - | - | 429,335 |
| Education: | | | | |
| Instructional | 12,593,188 | 68,147 | 1,311,377 | - |
| Support services | 11,808,044 | 524,604 | 4,063,154 | - |
| Non-instructional | 1,625,311 | 35,637 | 1,438,457 | - |
| Unallocated depreciation | 760,197 | - | - | - |
| Health and welfare | 219,688 | - | - | 76,845 |
| Culture and recreation | 1,452,111 | - | - | - |
| Interest on debt and other expenses | 1,799,739 | - | - | - |
| Total governmental activities | 47,911,973 | 1,056,281 | 6,846,259 | 1,086,439 |
| Business-type activities: | | | | |
| Conference center | 84,847 | 41,634 | - | - |
| Sanitation | 1,168,641 | 1,013,070 | - | - |
| Total business-type activities | 1,253,488 | 1,054,704 | - | - |
| TOTAL PRIMARY GOVERNMENT | $ 49,165,461 | $ 2,110,985 | $ 6,846,259 | $ 1,086,439 |
| Component unit - | | | | |
| Athens Utility Board | $ 74,238,680 | $ 76,970,064 | $ - | $ - |

General revenues:
- Property taxes
- Local sales tax
- In lieu of taxes
- Wholesale beer tax
- Wholesale liquor tax
- Other local taxes
- Intergovermental revenues not restricted to specific programs
- Investment income
- Gain (loss) on disposal of capital assets
- Miscellaneous
- Capital contributions
  - Total general revenues and transfers

Change in net position

Net position
- Beginning, as previously reported
  - Error correction
- Beginning, as restated
- Ending

The notes to basic financial statements are an integral part of this statement.

| Net (Expense) Revenue and Changes in Net Position | | | |
|---|---|---|---|
| Primary Government | | | Component Unit |
| Governmental Activities | Business-type Activities | Total | Athens Utilities Board |
| $ (6,752,573) | $ - | $ (6,752,573) | $ - |
| (2,997,819) | - | (2,997,819) | - |
| (6,432,545) | - | (6,432,545) | - |
| (11,213,664) | - | (11,213,664) | - |
| (7,220,286) | - | (7,220,286) | - |
| (151,217) | - | (151,217) | - |
| (760,197) | - | (760,197) | - |
| (142,843) | - | (142,843) | - |
| (1,452,111) | - | (1,452,111) | - |
| (1,799,739) | - | (1,799,739) | - |
| (38,922,994) | - | (38,922,994) | - |
| - | (43,213) | (43,213) | - |
| - | (155,571) | (155,571) | - |
| - | (198,784) | (198,784) | - |
| (38,922,994) | (198,784) | (39,121,778) | - |
| - | - | - | 2,731,384 |
| 8,152,008 | - | 8,152,008 | - |
| 14,437,989 | - | 14,437,989 | - |
| 270,086 | - | 270,086 | - |
| 531,343 | - | 531,343 | - |
| 309,955 | - | 309,955 | - |
| 3,809,826 | - | 3,809,826 | - |
| 14,608,508 | - | 14,608,508 | - |
| 2,601,620 | 75,476 | 2,677,096 | 315,036 |
| 47,120 | - | 47,120 | 94,168 |
| 343,679 | 763 | 344,442 | - |
| - | - | - | 1,632,388 |
| 45,112,134 | 76,239 | 45,188,373 | 2,041,592 |
| 6,189,140 | (122,545) | 6,066,595 | 4,772,976 |
| 83,353,126 | 4,200,094 | 87,553,220 | 125,343,343 |
| - | 44,666 | 44,666 | - |
| 83,353,126 | 4,244,760 | 87,597,886 | 125,343,343 |
| $ 89,542,266 | $ 4,122,215 | $ 93,664,481 | $ 130,116,319 |

The notes to basic financial statements are an integral part of this statement.

## CITY OF ATHENS, TENNESSEE

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2024

| | | | | | | Capital Projects Funds | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | General | General Purpose School | Federal Projects | General Obligation Bond | Debt Service - Schools | Capital Improvement | School Construction | Education Capital Projects | Non-Major Governmental Funds | Total Governmental Funds |
| **ASSETS** | | | | | | | | | | |
| Cash and cash equivalents | $ 1,688,434 | $ 4,117,848 | $ - | $ 17,670 | $ 53,867 | $ 51,155 | $ 1,477,858 | $ - | $ 1,279,665 | $ 8,686,497 |
| Investments | 17,255,070 | 6,218,677 | - | 1,961,767 | 2,758,165 | 15,469,023 | - | - | 1,111,693 | 44,774,395 |
| Receivables: | | | | | | | | | | |
| Property taxes, net | 7,305,581 | 747,397 | - | - | - | - | - | - | - | 8,052,978 |
| Other governments | 2,039,800 | 545,759 | 698,518 | - | - | - | - | - | - | 3,284,077 |
| Interfund | 1,845 | 1,090,082 | 20,654 | - | - | - | - | - | - | 1,112,581 |
| Other | 160,237 | 582,157 | - | - | - | 197,672 | - | - | 123,074 | 1,063,140 |
| Inventories | 109,555 | - | - | - | - | - | - | - | 32,203 | 141,758 |
| Prepaid expenses | 726 | - | - | - | - | - | - | - | - | 726 |
| Restricted cash | - | - | - | 109,557 | - | - | 969,551 | - | - | 1,079,108 |
| Restricted stabilization reserve | - | 314,339 | - | - | - | - | - | - | - | 314,339 |
| Total assets | $ 28,561,248 | $ 13,616,259 | $ 719,172 | $ 2,088,994 | $ 2,812,032 | $ 15,717,850 | $ 2,447,409 | $ - | $ 2,546,635 | $ 68,509,599 |
| **LIABILITIES** | | | | | | | | | | |
| Accounts payable | $ 1,785,409 | $ 549,016 | $ 1,069 | $ 533,345 | $ - | $ 569,478 | $ - | $ - | $ 906 | $ 3,439,223 |
| Retainage payable | - | - | - | 108,415 | - | - | 947,938 | - | - | 1,056,353 |
| Interfund payable | - | 10,327 | 602,254 | - | - | - | - | - | - | 612,581 |
| Accrued payroll and withholdings | 397,906 | 1,332,858 | 107,352 | - | - | - | - | - | 54,928 | 1,893,044 |
| Unearned revenue | - | 1,958,155 | - | - | - | - | - | - | - | 1,958,155 |
| Total liabilities | 2,183,315 | 3,850,356 | 710,675 | 641,760 | - | 569,478 | 947,938 | - | 55,834 | 8,959,356 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | | | | | | |
| Deferred inflows related to property taxes | 7,293,143 | 717,032 | - | - | - | - | - | - | - | 8,010,175 |
| Total deferred inflows of resources | 7,293,143 | 717,032 | - | - | - | - | - | - | - | 8,010,175 |
| **FUND BALANCES** | | | | | | | | | | |
| Nonspendable | 110,281 | - | - | - | - | - | - | - | 134,529 | 244,810 |
| Restricted | 93,701 | 315,551 | 8,497 | 1,447,234 | 2,812,032 | - | - | - | 2,356,272 | 7,033,287 |
| Committed | 26,168 | - | - | - | - | 15,148,372 | 1,499,471 | - | - | 16,674,011 |
| Assigned | - | 8,733,320 | - | - | - | - | - | - | - | 8,733,320 |
| Unassigned | 18,854,640 | - | - | - | - | - | - | - | - | 18,854,640 |
| Total fund balances | 19,084,790 | 9,048,871 | 8,497 | 1,447,234 | 2,812,032 | 15,148,372 | 1,499,471 | - | 2,490,801 | 51,540,068 |
| Total liabilities, deferred inflows of resources, fund balances | $ 28,561,248 | $ 13,616,259 | $ 719,172 | $ 2,088,994 | $ 2,812,032 | $ 15,717,850 | $ 2,447,409 | $ - | $ 2,546,635 | $ 68,509,599 |

The notes to basic financial statements are an integral part of this statement.

# CITY OF ATHENS, TENNESSEE

## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2024

| | | |
|---|---|---|
| Differences in amounts reported for governmental activities in the statement of net position on page A-1: | | |
| Fund balances – total governmental funds | | $ 51,540,068 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets and related accumulated depreciation are not financial resources or uses and not reported in the funds. | | |
| Capital assets | $ 96,533,876 | |
| Accumulated depreciation | (23,546,577) | 72,987,299 |
| Certain property taxes and intergovernmental revenues are not available to pay for current period expenditures and therefore are deferred in the funds | | |
| Property taxes | | 362,251 |
| Net pension asset | | 2,428,753 |
| Net pension liability | | (1,513,267) |
| Deferred outflows related to pensions | | 3,592,645 |
| Deferred inflows related to pensions | | (450,863) |
| Deferred outflows related to OPEB | | 795,324 |
| Deferred inflows related to OPEB | | (530,211) |
| Certain liabilities are not considered a use of current financial resources in the funds. | | |
| Compensated absences | (453,005) | |
| OPEB liability | (2,755,726) | |
| Long-term debt | (46,762,097) | |
| Accrued interest | (272,160) | (50,242,988) |
| The internal service fund is used by management to charge the costs of internal services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position | | |
| Cash | 49,870 | |
| Investments | 6,815,612 | |
| Accounts receivable | 114,364 | |
| Capital assets | 7,721,356 | |
| Accumulated depreciation | (4,127,947) | 10,573,255 |
| Net position of governmental activities | | $ 89,542,266 |

The notes to basic financial statements are an integral part of this statement.

# CITY OF ATHENS, TENNESSEE

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2024

| | | | | | | Capital Projects Funds | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | General | General Purpose School | Federal Projects | Formerly Nonmajor Fund General Obligation Bond | Formerly Nonmajor Fund Debt Service - Schools | Capital Improvement | School Construction | Education Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
| **REVENUES** | | | | | | | | | | |
| Property taxes | $ 6,737,130 | $ 1,474,807 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 8,211,937 |
| Other local taxes | 11,882,542 | 5,566,362 | - | - | - | - | - | - | 431,520 | 17,880,424 |
| Intergovernmental | 3,075,283 | 12,761,534 | 3,786,792 | - | 700,000 | 986,298 | - | - | 1,448,524 | 22,758,431 |
| Charges for services | 362,619 | 319,937 | - | - | - | - | - | - | 314,175 | 996,731 |
| Fines and forfeitures | 113,447 | - | - | - | - | - | - | - | 36,440 | 149,887 |
| Investment and interest income | 813,317 | 241,762 | - | 159,987 | 98,411 | 705,211 | 12,081 | - | 94,634 | 2,125,403 |
| Miscellaneous | 162,233 | 53,770 | - | - | - | 24,640 | - | - | 515 | 241,158 |
| Total revenues | 23,146,571 | 20,418,172 | 3,786,792 | 159,987 | 798,411 | 1,716,149 | 12,081 | - | 2,325,808 | 52,363,971 |
| **EXPENDITURES** | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 5,993,817 | - | - | - | - | - | - | - | 267,734 | 6,261,551 |
| Highways and streets | 4,463,641 | - | - | - | - | - | - | - | - | 4,463,641 |
| Public safety | 7,132,828 | - | - | - | - | - | - | - | 1,589 | 7,134,417 |
| Education | - | 20,411,647 | 3,778,295 | - | - | - | - | - | 1,888,001 | 26,077,943 |
| Health and welfare | 219,688 | - | - | - | - | - | - | - | - | 219,688 |
| Culture and recreation | 1,452,111 | - | - | - | - | - | - | - | - | 1,452,111 |
| Housing and development | - | - | - | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | 3,087,295 | - | 1,935,108 | - | 3,219,466 | - | 8,241,869 |
| Bond issuance cost | - | - | - | - | 3,000 | - | - | - | - | 3,000 |
| Debt service: | | | | | | | | | | |
| Principal | - | - | - | - | 30,140,710 | - | - | - | 225,000 | 30,365,710 |
| Interest and fiscal charges | - | - | - | - | 1,654,243 | - | - | - | 154,214 | 1,808,457 |
| Total expenditures | 19,262,085 | 20,411,647 | 3,778,295 | 3,087,295 | 31,797,953 | 1,935,108 | - | 3,219,466 | 2,536,538 | 86,028,387 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** | 3,884,486 | 6,525 | 8,497 | (2,927,308) | (30,999,542) | (218,959) | 12,081 | (3,219,466) | (210,730) | (33,664,416) |
| **OTHER FINANCING SOURCES (USES)** | | | | | | | | | | |
| Proceeds from sale of assets | - | 9,100 | - | - | - | - | - | - | 6,015 | 15,115 |
| Unrealized gain (loss) of investments | 29,193 | - | - | - | - | - | - | - | - | 29,193 |
| Issuance of debt | - | - | - | - | 30,000,000 | - | 4,996,675 | - | - | 34,996,675 |
| Transfers in | - | - | - | - | 1,000,000 | 2,900,000 | - | 3,219,466 | 400,000 | 7,519,466 |
| Transfers out | (4,300,000) | - | - | - | - | - | (3,219,466) | - | - | (7,519,466) |
| Total financing sources (uses) | (4,270,807) | 9,100 | - | - | 31,000,000 | 2,900,000 | 1,777,209 | 3,219,466 | 406,015 | 35,040,983 |
| **NET CHANGE IN FUND BALANCES** | (386,321) | 15,625 | 8,497 | (2,927,308) | 458 | 2,681,041 | 1,789,290 | - | 195,285 | 1,376,567 |
| Fund Balance | | | | | | | | | | |
| Beginning, as previously reported | 19,471,111 | 9,033,246 | - | - | - | 12,467,331 | (289,819) | - | 9,481,632 | 50,163,501 |
| Change within financial reporting entity (nonmajor to major fund) | - | - | - | 4,374,542 | 2,811,574 | - | - | - | (7,186,116) | - |
| Beginning, as restated | 19,471,111 | 9,033,246 | - | 4,374,542 | 2,811,574 | 12,467,331 | (289,819) | - | 2,295,516 | 50,163,501 |
| Ending | $ 19,084,790 | $ 9,048,871 | $ 8,497 | $ 1,447,234 | $ 2,812,032 | $ 15,148,372 | $ 1,499,471 | $ - | $ 2,490,801 | $ 51,540,068 |

The notes to basic financial statements are an integral part of this statement.

# CITY OF ATHENS, TENNESSEE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2024

---

| | | |
|---|---|---|
| Differences in amounts reported for governmental activities in the statement of activities on pages A-2 and A-3: | | |
| Net change in fund balances – total governmental funds | | $ 1,376,567 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Property taxes are recognized as revenue in the period for which they are levied in the statement of activities while funds recognize revenue when collected and available. | | (59,929) |
| Funds report capital outlays as expenditures. Asset cost is capitalized and allocated over the estimated useful lives as depreciation expenses in the statement of activities. | | |
| Capital asset expenditures in the current period | $ 12,668,434 | |
| Net book value of capital assets retired | (1,147,679) | |
| Current year depreciation | (2,072,717) | 9,448,038 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | |
| Bond additions | (34,996,675) | |
| Long-term debt payments | 30,365,175 | |
| Net change in unamortized premium | 12,253 | |
| Net change in compensated absences | (61,013) | (4,680,260) |
| Net income of the internal service fund are reported with governmental activities. | | 1,150,249 |
| Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of: | | |
| Change in net pension liability and related deferrals | (375,303) | |
| Change in net OPEB liability and related deferrals | (670,222) | (1,045,525) |
| Change in net position of governmental activities | | $ 6,189,140 |

The notes to basic financial statements are an integral part of this statement.

# CITY OF ATHENS, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

YEAR ENDED JUNE 30, 2024

| | Budget Amounts | | | Variance with Final Budget |
|---|---|---|---|---|
| | Original | Final | Actual | |
| **REVENUES** | | | | |
| Property taxes: | | | | |
| Property taxes-current | $ 6,300,000 | $ 6,300,000 | $ 6,503,055 | $ 203,055 |
| Property taxes-prior | 100,000 | 100,000 | 60,257 | (39,743) |
| Property taxes-delinquent | 80,000 | 80,000 | 73,349 | (6,651) |
| Public utilities taxes | 80,000 | 80,000 | 100,469 | 20,469 |
| | 6,560,000 | 6,560,000 | 6,737,130 | 177,130 |
| Other local taxes: | | | | |
| Penalty and interest on property tax-prior | 20,000 | 20,000 | 14,442 | (5,558) |
| Penalty and interest on property tax-delinquent | 25,000 | 25,000 | 26,612 | 1,612 |
| In lieu of taxes | 1,085,000 | 1,085,000 | 1,197,043 | 112,043 |
| TVA impact | 45,000 | 45,000 | 48,622 | 3,622 |
| Local sales tax | 8,400,000 | 8,800,000 | 8,968,363 | 168,363 |
| Wholesale beer tax | 530,000 | 530,000 | 531,343 | 1,343 |
| Wholesale liquor tax | 280,000 | 280,000 | 309,955 | 29,955 |
| Business license fee | 1,000 | 1,000 | 1,820 | 820 |
| Business tax-state clerk fee | 40,000 | 40,000 | 59,784 | 19,784 |
| Business tax-state colleced | 500,000 | 500,000 | 582,290 | 82,290 |
| Cable TV franchise tax | 168,000 | 168,000 | 142,268 | (25,732) |
| | 11,094,000 | 11,494,000 | 11,882,542 | 388,542 |
| Intergovernmental: | | | | |
| State sales tax | 1,600,000 | 1,600,000 | 1,747,252 | 147,252 |
| State beer tax | 6,000 | 6,000 | 6,191 | 191 |
| State income tax | - | - | 623 | 623 |
| State gas and motor fuel tax | 480,000 | 480,000 | 490,117 | 10,117 |
| State gasoline inspection tax | 26,000 | 26,000 | 25,789 | (211) |
| State transportation and modernization | - | - | 1,663 | 1,663 |
| State mixed drink tax | 80,000 | 80,000 | 92,598 | 12,598 |
| State excise tax | 40,000 | 40,000 | 89,463 | 49,463 |
| State sportsbetting tax | 15,000 | 15,000 | 26,147 | 11,147 |
| Reimbursements-other government agencies | 143,000 | 143,000 | 102,951 | (40,049) |
| Grants | - | 470,000 | 492,489 | 22,489 |
| | 2,390,000 | 2,860,000 | 3,075,283 | 215,283 |

(Continued)

The notes to basic financial statements are an integral part of this statement.

# CITY OF ATHENS, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

YEAR ENDED JUNE 30, 2024

(Continued from previous page)

| | Budget Amounts Original | Budget Amounts Final | Actual | Variance with Final Budget |
|---|---|---|---|---|
| Charge for services: | | | | |
| Utility damage reimbursements | $ 25,000 | $ 25,000 | $ 24,144 | $ (856) |
| Animal control | 1,000 | 1,000 | 1,746 | 746 |
| Recreation fees | 84,000 | 84,000 | 150,329 | 66,329 |
| Building permits | 50,000 | 50,000 | 148,915 | 98,915 |
| Recreation concessions | 30,000 | 30,000 | 37,485 | 7,485 |
| | 190,000 | 190,000 | 362,619 | 172,619 |
| Fines and forfeitures: | | | | |
| Court fines | 110,000 | 110,000 | 79,073 | (30,927) |
| Law enforcement forfeitures | - | - | 34,374 | 34,374 |
| | 110,000 | 110,000 | 113,447 | 3,447 |
| Investment Earnings: | | | | |
| Interest | 300,000 | 600,000 | 813,317 | 213,317 |
| Miscellaneous | 56,000 | 158,000 | 162,233 | 4,233 |
| Total revenues | 20,700,000 | 21,972,000 | 23,146,571 | 1,174,571 |
| **EXPENDITURES** | | | | |
| General government: | | | | |
| Administrative: | | | | |
| City manager`s office | 316,000 | 372,000 | 358,143 | 13,857 |
| City council | 63,400 | 70,400 | 71,878 | (1,478) |
| City judge | 13,000 | 13,000 | 12,918 | 82 |
| City attorney | 40,000 | 40,000 | 60,239 | (20,239) |
| Special appropriations | 389,000 | 389,000 | 385,400 | 3,600 |
| Athens City Schools | 2,421,000 | 2,421,000 | 2,491,000 | (70,000) |
| Athens Utilities Board | 530,000 | 530,000 | 511,798 | 18,202 |
| Finance | 523,500 | 545,500 | 554,050 | (8,550) |
| Personnel | 260,200 | 271,200 | 256,563 | 14,637 |
| Admistrative services: | | | | |
| Administration | 131,600 | 135,600 | 119,200 | 16,400 |
| City hall | 194,500 | 280,500 | 277,683 | 2,817 |
| Information technology | 442,800 | 442,800 | 328,876 | 113,924 |

(Continued)

# CITY OF ATHENS, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

YEAR ENDED JUNE 30, 2024

(Continued from previous page)

| | Budget Amounts | | | Variance with Final Budget |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual** | |
| Community development: | | | | |
| Administration | $ 193,500 | $ 201,500 | $ 195,401 | $ 6,099 |
| Codes enforcement | 329,700 | 359,700 | 326,171 | 33,529 |
| Cemeteries | 43,200 | 43,200 | 44,497 | (1,297) |
| Total general government | 5,891,400 | 6,115,400 | 5,993,817 | 121,583 |
| Public Safety: | | | | |
| Police: | | | | |
| Administration | 319,700 | 443,700 | 411,615 | 32,085 |
| Patrol | 2,591,500 | 2,691,500 | 2,640,296 | 51,204 |
| Special services | 609,600 | 832,600 | 830,858 | 1,742 |
| Fire: | | | | |
| Administration | 205,700 | 224,700 | 215,498 | 9,202 |
| Prevention | 117,700 | 125,700 | 116,387 | 9,313 |
| Suppression | 2,455,700 | 2,687,700 | 2,590,426 | 97,274 |
| Administrative services: | | | | |
| Communications | 327,300 | 327,300 | 327,748 | (448) |
| Total public safety | 6,627,200 | 7,333,200 | 7,132,828 | 200,372 |
| Highways and streets | | | | |
| Public Works: | | | | |
| Administration | 424,000 | 438,000 | 408,068 | 29,932 |
| Traffic control | 300,700 | 300,700 | 221,146 | 79,554 |
| Street maintenance | 1,026,900 | 2,626,900 | 1,962,194 | 664,706 |
| Street construction | 621,900 | 706,900 | 536,060 | 170,840 |
| Street cleaning | 1,020,100 | 1,020,100 | 973,680 | 46,420 |
| Fleet maintenance | 352,200 | 380,700 | 362,493 | 18,207 |
| Total highways and streets | 3,745,800 | 5,473,300 | 4,463,641 | 1,009,659 |

(Continued)

# CITY OF ATHENS, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

YEAR ENDED JUNE 30, 2024

| | Budget Amounts | | | Variance with Final Budget |
|---|---|---|---|---|
| | Original | Final | Actual | |
| (Continued from previous page) | | | | |
| Culture and recreation | | | | |
| Parks and recreation: | | | | |
| Administration | $ 239,400 | $ 239,400 | $ 221,592 | $ 17,808 |
| Maintenance | 806,000 | 870,500 | 735,248 | 135,252 |
| Swimming pools | 50,600 | 61,600 | 65,032 | (3,432) |
| Program planning | 325,400 | 431,400 | 430,239 | 1,161 |
| | 1,421,400 | 1,602,900 | 1,452,111 | 150,789 |
| Health and welfare | | | | |
| Public works: | | | | |
| Animal control | 214,200 | 247,200 | 219,688 | 27,512 |
| Total expenditures | 17,900,000 | 20,772,000 | 19,262,085 | 1,509,915 |
| Excess of revenues over expenditures | 2,800,000 | 1,200,000 | 3,884,486 | 2,684,486 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers out | (2,800,000) | (4,300,000) | (4,300,000) | - |
| Unrealized gain (loss) of investments | - | - | 29,193 | 29,193 |
| Total other financing sources (uses) | (2,800,000) | (4,300,000) | (4,270,807) | 29,193 |
| Net change in fund balances | - | (3,100,000) | (386,321) | 2,713,679 |
| **FUND BALANCES**, beginning | 19,471,111 | 19,471,111 | 19,471,111 | - |
| **FUND BALANCES**, ending | $ 19,471,111 | $ 16,371,111 | $ 19,084,790 | $ 2,713,679 |

# CITY OF ATHENS, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND

YEAR ENDED JUNE 30, 2024

| | Budget Amounts | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **REVENUES** | | | | |
| Property taxes | $ 916,000 | $ 916,000 | $ 1,474,807 | $ 558,807 |
| City revenue | 2,421,000 | 2,421,000 | 2,421,000 | - |
| County Revenue | 2,645,500 | 2,645,500 | 3,145,362 | 499,862 |
| State Funds | 11,760,996 | 12,436,942 | 12,709,813 | 272,871 |
| Federal funds received through state | 260,010 | 379,456 | 51,720 | (327,736) |
| Tuition | 180,000 | 180,000 | 266,757 | 86,757 |
| Other charges for services | 1,000 | 1,000 | 53,181 | 52,181 |
| Interest | 23,000 | 23,000 | 241,762 | 218,762 |
| Other | 5,146 | 31,623 | 53,770 | 22,147 |
| Total revenues | 18,212,652 | 19,034,521 | 20,418,172 | 1,383,651 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular instruction | 9,619,556 | 9,760,745 | 8,741,693 | 1,019,052 |
| Special education | 894,609 | 919,059 | 788,155 | 130,904 |
| Early childhood education | 749,354 | 749,355 | 749,337 | 18 |
| Other instruction | 5,500 | 120,000 | 23,234 | 96,766 |
| | 11,269,019 | 11,549,159 | 10,302,419 | 1,246,740 |
| Support services: | | | | |
| Instructional support | 758,349 | 750,430 | 707,493 | 42,937 |
| Student support | 319,136 | 387,334 | 333,558 | 53,776 |
| Administration | 2,647,751 | 2,671,879 | 2,619,086 | 52,793 |
| Operation and maintenance of plant | 1,525,504 | 1,579,608 | 1,301,284 | 278,324 |
| Transportation | 2,508,037 | 2,559,303 | 2,518,596 | 40,707 |
| Other supprt support services | 1,035,828 | 1,349,804 | 854,050 | 495,754 |
| | 8,794,605 | 9,298,358 | 8,334,067 | 964,291 |
| Non-instructional services: | | | | |
| Capital outlay | 1,944,789 | 2,112,766 | 1,775,161 | 337,605 |
| Total expenditures | 22,008,413 | 22,960,283 | 20,411,647 | 2,548,636 |
| Excess of revenues over expenditures | (3,795,761) | (3,925,762) | 6,525 | 3,932,287 |

(Continued)

The notes to basic financial statements are an integral part of this statement.

# CITY OF ATHENS, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND

YEAR ENDED JUNE 30, 2024

(Continued from previous page)

| | Budget Amounts | | | Variance with Final Budget |
|---|---|---|---|---|
| | Original | Final | Actual | |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Proceeds from sale of assets | $ - | $ - | $ 9,100 | $ 9,100 |
| Total financing sources (uses) | - | - | 9,100 | 9,100 |
| Net change in fund balances | (3,795,761) | (3,925,762) | 15,625 | 3,941,387 |
| **FUND BALANCES**, beginning | 9,033,246 | 9,033,246 | 9,033,246 | - |
| **FUND BALANCES**, ending | $ 5,237,485 | $ 5,107,484 | $ 9,048,871 | $ 3,941,387 |

The notes to basic financial statements are an integral part of this statement.

# CITY OF ATHENS, TENNESSEE

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FEDERAL PROJECTS FUND

YEAR ENDED JUNE 30, 2024

| | Budget Amounts | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **REVENUES** | | | | |
| Federal funds received through state | $ 4,134,248 | $ 4,245,674 | $ 3,786,792 | $ (458,882) |
| Total revenues | 4,134,248 | 4,245,674 | 3,786,792 | (458,882) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular instruction | 1,962,193 | 2,029,524 | 1,823,506 | 206,018 |
| Special education | 483,143 | 515,559 | 394,520 | 121,039 |
| Early childhood education | - | 1,747 | 259 | 1,488 |
| | 2,445,336 | 2,546,830 | 2,218,285 | 328,545 |
| Support services: | | | | |
| Instructional support | 391,820 | 402,763 | 388,852 | 13,911 |
| Student upport | 321,581 | 594,463 | 487,346 | 107,117 |
| Transportation | 97,614 | 109,782 | 91,976 | 17,806 |
| | 811,015 | 1,107,008 | 968,174 | 138,834 |
| Capital outlay | 877,897 | 591,836 | 591,836 | - |
| Total expenditures | 4,134,248 | 4,245,674 | 3,778,295 | 467,379 |
| **EXCESS OF REVENUES OVER EXPENDITURES** | - | - | 8,497 | 8,497 |
| Net change in fund balances | - | - | 8,497 | 8,497 |
| **FUND BALANCES**, beginning | - | - | - | - |
| **FUND BALANCES**, ending | $ - | $ - | $ 8,497 | $ 8,497 |

The notes to basic financial statements are an integral part of this statement.

# CITY OF ATHENS, TENNESSEE

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2024

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|---|---|---|
| | Conference Center | Sanitation | Total | Internal Service Funds |
| **ASSETS** | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $ 36,594 | $ 196,449 | $ 233,043 | $ 49,870 |
| Investments | - | 3,040,377 | 3,040,377 | 6,815,612 |
| Accounts receivable | - | 104,918 | 104,918 | 114,364 |
| Due from component unit | - | 306 | 306 | - |
| Total current assets | 36,594 | 3,342,050 | 3,378,644 | 6,979,846 |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Land | 34,500 | - | 34,500 | - |
| Capital assets, net of accumulated depreciation | 375,722 | 407,152 | 782,874 | 3,593,409 |
| Total noncurrent assets | 410,222 | 407,152 | 817,374 | 3,593,409 |
| Total assets | 446,816 | 3,749,202 | 4,196,018 | 10,573,255 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Deferred outflows related to pensions | - | 22,361 | 22,361 | - |
| Total assets and deferred outflows of resources | 446,816 | 3,771,563 | 4,218,379 | 10,573,255 |
| **LIABILITIES** | | | | |
| Current liabilities: | | | | |
| Accounts payable | 150 | 27,952 | 28,102 | - |
| Accrued payroll and withholdings | - | 12,078 | 12,078 | - |
| Net pension liability | - | 55,984 | 55,984 | - |
| Total current liabilities | 150 | 96,014 | 96,164 | - |
| Total liabilities | 150 | 96,014 | 96,164 | - |
| **NET POSITION** | | | | |
| Net investment in capital assets | 410,222 | 407,152 | 817,374 | 3,593,409 |
| Unrestricted | 36,444 | 3,268,397 | 3,304,841 | 6,979,846 |
| Total net position | $ 446,666 | $ 3,675,549 | $ 4,122,215 | $ 10,573,255 |

The notes to basic financial statements are an integral part of this statement.

# CITY OF ATHENS, TENNESSEE

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
## PROPRIETARY FUNDS

## YEAR ENDED JUNE 30, 2024

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|---|---|---|
| | Conference Center | Sanitation | Total | Internal Service Funds |
| **OPERATING REVENUES** | | | | |
| Charges for services | $ - | $ 1,013,070 | $ 1,013,070 | $ 1,183,899 |
| Intergovernmental | - | - | - | 70,192 |
| Rental income | 41,634 | - | 41,634 | - |
| Miscellaneous | - | 763 | 763 | - |
| Total operating revenues | 41,634 | 1,013,833 | 1,055,467 | 1,254,091 |
| **OPERATING EXPENSES** | | | | |
| Salaries and employee benefits | 6,036 | 375,314 | 381,350 | - |
| Operations | 27,109 | 359,058 | 386,167 | - |
| Maintenance | 537 | 6,962 | 7,499 | - |
| Landfill services | - | 261,339 | 261,339 | - |
| Claims paid | - | - | - | 125,901 |
| Depreciation | 51,165 | 165,968 | 217,133 | 533,815 |
| Total operating expenses | 84,847 | 1,168,641 | 1,253,488 | 659,716 |
| **OPERATING INCOME (LOSS)** | (43,213) | (154,808) | (198,021) | 594,375 |
| **NONOPERATING (REVENUE) EXPENSES** | | | | |
| Gain on sale of capital assets | - | - | - | 32,005 |
| Capital contributions | - | - | - | 76,845 |
| Unrealized gain (loss) on investments | - | - | - | (3,432) |
| Interest income | - | 75,476 | 75,476 | 450,456 |
| Total nonoperating (revenue) expenses | - | 75,476 | 75,476 | 555,874 |
| **CHANGE IN NET POSITION** | (43,213) | (79,332) | (122,545) | 1,150,249 |
| **NET POSITION** | | | | |
| Beginning, as previously reported | 489,879 | 3,710,215 | 4,200,094 | 9,423,006 |
| Error correction | - | 44,666 | 44,666 | - |
| Beginning, as restated | 489,879 | 3,754,881 | 4,244,760 | 9,423,006 |
| Ending | $ 446,666 | $ 3,675,549 | $ 4,122,215 | $ 10,573,255 |

The notes to basic financial statements are an integral part of this statement.

## CITY OF ATHENS, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2024

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|---|---|---|
| | Conference Center | Sanitation | Total | Internal Service Funds |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Receipts from customers and users | $ 41,634 | $ 1,014,543 | $ 1,056,177 | $ 1,139,727 |
| Payments to employees | (6,036) | (355,317) | (361,353) | - |
| Payments to suppliers and vendors | (27,759) | (686,016) | (713,775) | (125,901) |
| Net cash from operating activities | 7,839 | (26,790) | (18,951) | 1,013,826 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | - | - | - | - |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | |
| Proceeds from sale of assets | - | - | - | 32,005 |
| Capital contributions | - | - | - | 76,845 |
| Acquisition of capital assets | (21,050) | - | (21,050) | (650,679) |
| Net cash flows used on capital and related financing activities | (21,050) | - | (21,050) | (541,829) |
| **CASH FLOWS FROM INVESTING ACTIVITES** | | | | |
| Investment and interest earnings | - | 75,476 | 75,476 | 447,025 |
| Increase (decrease) in investments | - | (65,478) | (65,478) | (916,951) |
| Net cash provided by (used in) investing activities | - | 9,998 | 9,998 | (469,926) |
| Net increase (decrease) in cash and cash equivalents | (13,211) | (16,792) | (30,003) | 2,071 |
| Cash and cash equivalents, beginning of year | 49,805 | 213,241 | 263,046 | 47,799 |
| Cash and cash equivalents, end of year | $ 36,594 | $ 196,449 | $ 233,043 | $ 49,870 |
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES** | | | | |
| **OPERATING INCOME (LOSS)** | $ (43,213) | $ (154,808) | $ (198,021) | $ 594,375 |
| **ADJUSTMENTS NOT AFFECTING CASH** | | | | |
| Depreciation expense | 51,165 | 165,968 | 217,133 | 533,815 |
| (Increase) decrease in: | | | | |
| Accounts receivable | - | (81,071) | (81,071) | (114,364) |
| Due from component unit | - | 81,781 | 81,781 | - |
| Accrued payroll and withholdings | - | 12,078 | - | - |
| Accounts payable | (113) | (58,657) | (58,770) | - |
| Deferred outflows related to pensions | - | 24,861 | 24,861 | - |
| Net pension liability | - | (16,942) | (16,942) | - |
| Total adjustments | 51,052 | 128,018 | 179,070 | 419,451 |
| Net cash from operating activities | $ 7,839 | $ (26,790) | $ (18,951) | $ 1,013,826 |

The notes to basic financial statements are an integral part of this statement.

# CITY OF ATHENS, TENNESSEE

## STATEMENT OF NET POSITION
## FIDUCIARY FUNDS

JUNE 30, 2024

| | Pension Trust Fund |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 201,970 |
| Investments at fair value: | |
| Mutual funds | 16,266,272 |
| U.S. treasury bonds | 1,075,848 |
| Interest receivable | 178 |
| Total assets | 17,544,268 |
| **NET POSITION** | |
| Net position restricted for pension benefits | $ 17,544,268 |

The notes to basic financial statements are an integral part of this statement.

# CITY OF ATHENS, TENNESSEE

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND

YEAR ENDED JUNE 30, 2024

| | Pension Trust Fund |
|---|---|
| **ADDITIONS** | |
| Employer contributions | $ 600,000 |
| Investment earnings: | |
| Interest and dividend income | 543,848 |
| Net appreciation (depreciation) in fair value of investments | 948,219 |
| Total additions | 2,092,067 |
| **DEDUCTIONS** | |
| Benefits paid | 1,326,757 |
| Administrative expenses | 45,212 |
| Total deductions | 1,371,969 |
| **CHANGE IN NET POSITION** | 720,098 |
| Net position, beginning | 16,824,170 |
| Net position, ending | $ 17,544,268 |

The notes to basic financial statements are an integral part of this statement.

# NOTES TO BASIC FINANCIAL STATEMENTS

# CITY OF ATHENS, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

### The Reporting Entity

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

### Blended Component Unit

Athens City Board of Education

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

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

(Continued)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**The Reporting Entity (continued)**

**Discretely Presented Component Units**

Athens Utilities Board (Utilities Board)

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

**Other Related Organizations**

Athens Housing Authority (Housing Authority)

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

McMinn County Economic Development Authority (Economic Development Authority)

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

E. G. Fisher Public Library (the Board)

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

(Continued)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Other Related Organizations** (Continued)

Athens Health and Education Facilities Board

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

**Basic Financial Statements, Presentation, Basis of Accounting and Measurement Focus**

**The Basic Financial Statements** consist of the following:

1) Government-wide financial statements;
2) Fund financial statements;
3) Notes to the basic financial statements.

**Government-wide Financial Statements**

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

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

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

(Continued)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Basic Financial Statements, Presentation, Basis of Accounting and Measurement Focus** (Continued)

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

**Fund Financial Statements**

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period.

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

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

(Continued)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Basic Financial Statements, Presentation, Basis of Accounting and Measurement Focus** (Continued)

**Fund Financial Statements** (Continued)

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

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

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

**Governmental Funds**

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

The City reports the following Governmental Fund types:

(Continued)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Basic Financial Statements, Presentation, Basis of Accounting and Measurement Focus** (Continued)

**Governmental Funds** (Continued)

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

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

The City reports the following Special Revenue Funds:

The *Drug Fund is* established expressly to account for financial activities related to drug revenues and expenditures. This includes revenues for drug fines and forfeitures and expenditures for drug enforcement, education and treatment.

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

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

The *Federal Projects* fund is used to account for federal awards received by the Board of Education.

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

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

Additionally, *Capital Projects Funds* account for resources designated for the construction or acquisition of major capital assets. Revenues are derived primarily from capital grants and investment income.

The City reports the following Capital Projects funds:

(Continued)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Basic Financial Statements, Presentation, Basis of Accounting and Measurement Focus** (Continued)

**Governmental Funds** (Continued)

The *Capital Improvement* fund is used to account for large capital projects as designated by the City Council.

The *General Obligation Bond* fund is used to account for the proceeds of bonds issued in 2021.

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

The *School Construction* fund is used for the City to account for school construction activity.

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

The City reports the following Permanent Fund:

The *Cemetery Perpetual Care Fund* is a trust fund that was established to provide for future maintenance of the City's cemeteries.

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

**Proprietary Funds**

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

The City reports the following Proprietary Fund types:

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

The City reports the following Internal Service funds:

The *Fleet Management* fund is used to account for the acquisition and depreciation of motorized vehicles and equipment used by the City.

(Continued)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Basic Financial Statements, Presentation, Basis of Accounting and Measurement Focus** (Continued)

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

Additionally, *Enterprise* funds are used to account for the acquisition, operations and maintenance of City facilities and services which are entirely or predominantly self-supporting through user charges.

The City reports the following Enterprise funds:

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

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

**Fiduciary Funds**

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

The *Trust fund* is used to account for assets held by the City in a trustee capacity.

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

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

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

**New Accounting Standards Adopted**

During fiscal year 2024, the City implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*, which prescribes the accounting and financial reporting for each type of accounting changes and for error corrections. The new standard did not have a material effect on the financial statements.

(Continued)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Use of Estimates in the Preparation of Financial Statements**

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

**Budgets and Budgetary Accounting**

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

1. The City holds budget hearings in April of each year with all department heads submitting requests. The operating budget includes proposed expenditures and the means of financing them.
2. In early May, the City Manager and/or the Director of Finance makes a formal presentation to the City Council.
3. Prior to July 1, the Council will pass on second reading an ordinance to adopt the budget and set the tax rate.
4. Management may transfer budgeted amounts between line items within a department; however, any revision that alters the total expenditures of any department and/or fund must be approved by the City Council.
5. Formal budgets are adopted for the General Fund, the General Purpose School Fund, and most Special Revenue Funds on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts reflected in the accompanying budget and actual comparison are as originally adopted, unless amended by the City Council.
6. All appropriations which are not expensed or encumbered lapse at year end.

**Cash and Cash Equivalents**

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

**Investments**

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

**Internal Balances**

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

(Continued)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Inventories and Prepaid Items**

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

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

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

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

**Capital Assets**

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

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following useful lives:

| | **Useful Life** |
|---|---|
| *Assets at the City*: | |
| Vehicles, machinery, and equipment | 5-20 years |
| Furniture and office equipment | 5 years |
| Buildings and improvements | 15-40 years |
| Infrastructure | 40 years |
| | |
| *Assets at the Board of Education:* | |
| Furniture and equipment | 6-20 years |
| Vehicles | 6 years |
| Buildings | 50 years |
| Infrastructure | 20 years |

(Continued)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Capital Assets** (Continued)

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

Component Unit - Athens Utilities Board:

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

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow or resources (as either an expense or expenditure) until that period. Deferred contributions for the pension plan were made during the fiscal year but are after the measurement date of the actuarial report. These amounts will be recognized during the next measurement period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has program income and other income earned in future periods.

The City also has deferred inflows and/or outflows of resources related to pension amounts based on GASB Statement No. 68 guidelines. Differences between projected and actual earnings on pension plan investments are deferred and amortized over five years. Changes in pension plan assumptions and difference between expected and actual investment experience are deferred and amortized over the expected remaining service lives of employees.

The City also has deferred inflows and/or outflows of resources related to other post-employment benefit amounts based on GASB Statement No. 75 guidelines. Differences between actual and expected experience related to other-post-employment benefits are deferred and amortized over ten years.

(Continued)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Debt Issue Costs**

Debt issue costs are accounted for as expenditures when incurred.

**Interfund Transactions**

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

**Long-Term Obligations**

Bonds and Notes Payable:

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

Compensated Absences:

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

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

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

Vacation Pay and Sick Leave:

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

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

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

(Continued)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Long-Term Obligations** (Continued)

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

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

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

**Net Position Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Fund Balance Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report for each category of fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balance**

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

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

(Continued)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Fund Balance** (Continued)

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

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

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

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

*Assigned fund balance* — Assigned fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by formal action (approval of resolution) of the City Council.

*Unassigned fund balance* — This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other funds. When an expenditure is incurred for purposes of which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has approved otherwise in its commitment or assignment actions.

**Net Position**

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

a. *Net investment in capital assets* — Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any related debt that is attributable to the acquisition, construction, or improvement of those assets. If there are unspent debt proceeds, these proceeds are not included in the calculation of net investment in capital assets.

b. *Restricted net position* — Consists of assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

(Continued)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Net Position** (Continued)

c. *Unrestricted net position* — Consists of all other assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

**Property Taxes**

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

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

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

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

Taxes were levied at a rate of $1.0078 per $100 of assessed value for 2023 and 2024. An allowance has been established for delinquent taxes to the extent that their collectability is improbable. The allowance as of June 30, 2024, for the 2023 and prior tax levies was $123,000. An allowance for doubtful collection of $60,000 has been estimated and established for the 2024 levy as of June 30, 2024. There are no current tax collections related to the 2024 levy.

**Allowances for Doubtful Property Taxes**

The following allowances have been established for uncollectible property taxes as of June 30, 2024:

| | |
|---|---|
| General Fund | $ 183,000 |
| General Purpose School Fund | 39,336 |

(Continued)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Interfund Transactions**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds."

**Employee Retirement Plans**

*Employee Retirement Plan:*

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

*Public Employee Retirement Plan:*

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

*Teacher Legacy Pension Plan:*

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

*Teacher Retirement Plan:*

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

(Continued)

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Other Postemployment Benefits (OPEB)

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

## NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions

The City incurred no material violations of finance related legal and contractual provisions.

## NOTE 3 – CASH DEPOSITS AND INVESTMENTS

### Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, all investments are reviewed on a monthly basis for interest rate fluctuations and appropriate actions are taken to minimize this risk.

### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. The City is restricted by State statute to investments in U.S. Government Treasury and Agency securities, certificates of deposit and money market accounts, repurchase agreements and reverse repurchase agreements, banker’s acceptances and commercial paper. Each of the banks holding the City’s deposits, as well as those of the component units, is a certified participant in the SAFE program.

(Continued)

**NOTE 3 – CASH DEPOSITS AND INVESTMENTS** (Continued)

Cash Deposits:

**Primary Government**

City of Athens:

State statutes require that all deposits with financial institutions must be collateralized in an amount equal to 105% of the face amount of uninsured deposits. Under these statutes, the deposits must be either covered by state or federal depository insurance, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third-party agents. As of June 30, 2024, all the City's deposits were insured or collateralized.

Board of Education:

As of June 30, 2024, all cash deposits of the Board were insured or collateralized in accordance with state statutes.

**Component Unit**

As of June 30, 2024, all cash deposits of the Athens Utilities Board were covered by state or federal depository insurance or collateralized with securities held by the Board's agents in the Board's name.

Investments:

**Primary Government**

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

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

(Continued)

**NOTE 3 – CASH DEPOSITS AND INVESTMENTS** (Continued)

**Primary Government** (Continued)

As of June 30, 2024, the City had $27,984,192 invested in the LGIP, $13,555,573 in certificates of deposit and $12,683,017 in U.S. Treasury Notes which represent all of the City's investments excluding those included in the Cemetery Perpetual Care Fund and the Athens Pension Trust Fund. The certificates of deposit included in investments had original maturity dates in excess of 90 days. Investments in the LGIP are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with SEC Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. Regulatory oversight for the LGIP is provided by the State legislature, the State Comptroller and the State Funding Board.

Cemetery Perpetual Fund:

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

As of June 30, 2024, the Cemetery Perpetual Care Fund's investments consisted of the following:

| | Fair Value |
|---|---|
| Monet market funds – cash | $ 39,504 |
| Mutual Funds | 368,097 |
| | $ 407,601 |

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

Athens Pension Trust Fund:

As of June 30, 2024, the Athens Pension Trust Fund`s investments consisted of the following:

| | Fair Value |
|---|---|
| Cash | $ 201,970 |
| Mutual Funds | 16,266,272 |
| U.S. Treasury Bonds | 1,075,848 |
| | $17,544,090 |

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

(Continued)

**NOTE 3 – CASH DEPOSITS AND INVESTMENTS** (Continued)

**Primary Government** (Continued)

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

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

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

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

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2024.

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

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

(Continued)

## NOTE 3 – CASH DEPOSITS AND INVESTMENTS (Continued)

**Primary Government** (Continued)

The following table sets forth by level, within the fair value hierarchy, the City's assets at fair value as of June 30, 2024:

| Investment Type | Fair Value | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Athens Pension Trust Fund: | | | | |
| Cash and cash equivalents | $ 201,970 | $ 201,970 | $ - | $ - |
| Mutual funds | 16,266,272 | - | 16,266,272 | - |
| U.S. Treasury Bonds | 1,075,848 | 1,075,848 | - | - |
| Total | 17,544,090 | 1,277,818 | 16,266,272 | - |
| Cemetery Perpetual Fund: | | | | |
| Money market funds - cash | 39,504 | 39,504 | - | - |
| Mutual Funds | 368,097 | - | 368,097 | - |
| | 407,601 | 39,504 | 368,097 | - |
| Total | $ 17,951,691 | $ 1,317,322 | $16,634,369 | $ - |

## NOTE 4 – CAPITAL ASSETS

The following is a summary of changes in capital assets and accumulated depreciation:

| | Governmental Activities – City of Athens | | | |
|---|---|---|---|---|
| | Beginning Balance | Additions | Adjustments/ Retirements | Ending Balance |
| Non-depreciable capital assets: | | | | |
| Land | $ 3,008,070 | $ 1,201 | $ - | $ 3,009,271 |
| Construction in progress | 5,933,491 | 3,411,457 | 4,872,640 | 4,472,308 |
| Total non-depreciable assets | 8,941,561 | 3,412,658 | 4,872,640 | 7,481,579 |
| Depreciable capital assets: | | | | |
| Buildings and improvements | 6,955,913 | 5,014,724 | - | 11,970,637 |
| Infrastructure | 10,213,357 | - | - | 10,213,357 |
| Furniture and office equipment | 5,628,392 | 847,193 | 8,407 | 6,467,178 |
| Machinery and equipment | 7,180,768 | - | 255,974 | 6,924,794 |
| Total depreciable capital assets | 29,978,430 | 5,861,917 | 264,381 | 35,575,966 |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | 5,079,609 | 270,231 | - | 5,349,840 |
| Infrastructure | 5,422,946 | 253,021 | - | 5,675,967 |
| Furniture and office equipment | 1,977,378 | 593,808 | 8,407 | 2,562,779 |
| Machinery and equipment | 5,122,593 | 418,510 | 255,974 | 5,285,129 |
| | 17,602,526 | 1,535,570 | 264,381 | 18,873,715 |
| Total depreciable capital assets, net | 12,375,904 | 4,326,347 | - | 16,702,251 |
| Total capital assets, net | $21,317,465 | $ 7,739,005 | $ 4,872,640 | $24,183,830 |

(Continued)

**NOTE 4 – CAPITAL ASSETS** (Continued)

| | Governmental Activities – Board of Education | | | |
|---|---|---|---|---|
| | Beginning Balance | Additions | Adjustments/ Retirements | Ending Balance |
| Non-depreciable capital assets: | | | | |
| Land | $ 213,486 | $ - | $ 10,000 | $ 203,486 |
| Construction in progress | 39,477,662 | 7,025,287 | 46,502,949 | - |
| Total non-depreciable assets | 39,691,148 | 7,025,287 | 46,512,949 | 203,486 |
| Depreciable capital assets: | | | | |
| Buildings and improvements | 15,219,672 | 47,820,687 | 5,595,674 | 57,444,685 |
| Infrastructure | 152,719 | 574,153 | 14,957 | 711,915 |
| Furniture, equipment, and vehicles | 3,404,090 | - | 565,990 | 2,838,100 |
| Total depreciable capital assets | 18,776,481 | 48,394,840 | 6,176,621 | 60,994,700 |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | 10,465,512 | 585,947 | 4,554,704 | 6,496,755 |
| Infrastructure | 26,673 | 23,691 | 13,409 | 36,955 |
| Furniture, equipment, and vehicles | 2,277,102 | 461,325 | 470,829 | 2,267,598 |
| | 12,769,287 | 1,070,963 | 5,038,942 | 8,801,308 |
| Total depreciable capital assets, net | 6,007,194 | 47,323,877 | 1,137,679 | 52,193,392 |
| Total capital assets, net | $45,698,342 | $54,349,164 | $47,650,628 | $52,396,878 |

| | Governmental Activities – Total | | | |
|---|---|---|---|---|
| | Beginning Balance | Additions | Adjustments/ Retirements | Ending Balance |
| Non-depreciable capital assets: | | | | |
| Land | $ 3,221,556 | $ 1,201 | $ 10,000 | $ 3,212,757 |
| Construction in progress | 45,411,153 | 10,436,744 | 51,375,589 | 4,472,308 |
| Total non-depreciable assets | 48,632,709 | 10,437,945 | 51,385,589 | 7,685,065 |
| Depreciable capital assets: | | | | |
| Buildings and improvements | 22,175,585 | 52,835,411 | 5,595,674 | 69,415,322 |
| Infrastructure | 10,366,076 | 574,153 | 14,957 | 10,925,272 |
| Furniture, equipment, and vehicles | 9,032,482 | 847,193 | 574,397 | 9,305,278 |
| Machinery and equipment | 7,180,768 | - | 255,974 | 6,924,794 |
| Total depreciable capital assets | 48,754,911 | 54,256,757 | 6,441,002 | 96,570,666 |

(Continued)

**NOTE 4 – CAPITAL ASSETS** (Continued)

| (Continued) | Governmental Activities – Total Beginning Balance | Additions | Adjustments/ Retirements | Ending Balance |
|---|---|---|---|---|
| Less accumulated depreciation: | | | | |
| Buildings and improvements | $15,545,121 | $ 856,178 | $ 4,554,704 | $11,846,595 |
| Infrastructure | 5,449,619 | 276,712 | 13,409 | 5,712,922 |
| Furniture, equipment, and vehicles | 4,254,480 | 1,055,133 | 479,236 | 4,830,377 |
| Machinery and equipment | 5,122,593 | 418,510 | 255,974 | 5,285,129 |
| | 30,371,813 | 2,606,533 | 5,303,323 | 27,675,023 |
| Total depreciable capital assets, net | 18,383,098 | 51,650,224 | 1,137,679 | 68,895,643 |
| Total capital assets, net | $ 67,015,807 | $62,088,169 | $52,523,268 | $76,580,708 |

| | Business-type Activities Beginning Balance | Additions | Adjustments/ Retirements | Ending Balance |
|---|---|---|---|---|
| Non-depreciable capital assets: | | | | |
| Land | $ 34,500 | $ - | $ - | $ 34,500 |
| Total non-depreciable capital assets | 34,500 | - | - | 34,500 |
| Depreciable capital assets: | | | | |
| Buildings and improvements | 1,600,723 | 21,050 | - | 1,621,773 |
| Furniture, equipment, and vehicles | 863,607 | - | - | 863,607 |
| Machinery and equipment | 745,286 | - | - | 745,286 |
| Total depreciable capital assets | 3,209,616 | 21,050 | - | 3,230,666 |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | 1,152,454 | 55,305 | - | 1,207,759 |
| Furniture, equipment, and vehicles | 364,500 | 153,739 | - | 518,239 |
| Machinery and equipment | 713,705 | 8,089 | - | 721,794 |
| | 2,230,659 | 217,133 | - | 2,447,792 |
| Total depreciable capital assets, net | 2,230,659 | - | - | 782,874 |
| Total capital assets, net | $ 2,265,159 | $ - | $ - | $ 817,374 |

(Continued)

**NOTE 4 – CAPITAL ASSETS** (Continued)

Depreciation expense was charged to functions of the governmental activities of the primary government as follows:

| | |
|---|---|
| General government | $ 87,421 |
| Public safety | 520,428 |
| Highways and streets | 639,149 |
| Culture and recreation | 288,572 |
| Schools: | |
| Regular instruction | 141,227 |
| Administration | 50,667 |
| Operation and maintenance | 6,358 |
| Transportation | 95,220 |
| Food services | 17,294 |
| Unallocated depreciation | 760,197 |
| Total | $ 2,606,533 |

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

| | |
|---|---|
| Conference center | $ 51,165 |
| Sanitation | 165,968 |
| Total | $ 217,133 |

| | Component Unit – Athens Utilities Board | | | |
|---|---|---|---|---|
| | Beginning Balance | Additions | Adjustments/ Retirements | Ending Balance |
| Non-depreciable capital assets: | | | | |
| Land | $ 552,273 | $ - | $ - | $ 552,273 |
| Construction in progress | 3,809,826 | 10,439,333 | 5,106,804 | 9,142,355 |
| Total non-depreciable capital assets | 4,362,099 | 10,439,333 | 5,106,804 | 9,694,628 |
| Depreciable capital assets: | | | | |
| Plant in service | 179,839,747 | 5,106,804 | 1,496,174 | 183,450,377 |
| Equipment and furniture | 8,091,277 | 414,577 | 161,321 | 8,344,533 |
| Transportation equipment | 5,026,697 | 418,111 | 480,076 | 4,964,732 |
| Leased asset | 175,538 | - | - | 175,538 |
| Total depreciable capital assets | 193,133,259 | 5,939,492 | 2,137,571 | 196,935,180 |
| Less accumulated depreciation: | | | | |
| Plant in service | 72,409,032 | 6,702,746 | 3,324,240 | 75,787,538 |
| Equipment and furniture | 6,233,414 | 1,239,987 | 742,151 | 6,731,250 |
| Transportation equipment | 3,455,934 | 415,232 | 480,076 | 3,391,090 |
| Lease amortization | 12,863 | - | - | 12,863 |
| | 82,111,243 | 8,357,965 | 4,546,467 | 85,922,741 |

(Continued)

**NOTE 4 – CAPITAL ASSETS** (Continued)

| | Component Unit – Athens Utilities Board | | | |
|---|---|---|---|---|
| (Continued) | **Beginning Balance** | **Additions** | **Adjustments/ Retirements** | **Ending Balance** |
| Total depreciable capital assets, net | $111,022,016 | $ (2,418,473) | $ (2,408,896) | $111,012,439 |
| Total capital assets, net | $115,384,115 | $ 8,020,860 | $ 2,697,908 | $120,707,067 |

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

Depreciation was charged as follows:

| | **Charged to Depreciation and Amortization** | **Charged to Other Accounts** | **Total Depreciation and Amortization** |
|---|---|---|---|
| Power Division | $ 4,608,170 | $ 239,596 | $ 4,847,766 |
| Water Division | 953,415 | 49,444 | 1,002,859 |
| Gas Division | 794,512 | 40,854 | 835,366 |
| Department of Sewer | 1,589,024 | 82,950 | 1,671,974 |
| Total | $ 7,945,121 | $ 412,844 | $ 8,357,965 |

**NOTE 5 –LONG-TERM LIABILITIES**

The City has approved $40,000,000 for the School Consolidation Building Program discussed in Note 14. The City arranged for $35,000,000 in short-term construction financing through a General Obligation Anticipation Note, Series 2020, with Regions Capital Advantage, Inc. During 2023, this note was amended to extend the note to December 15, 2024. The loan is being disbursed on a monthly basis with variable interest based on BSBY rate calculation. During 2024, the interest rates were from 1.9860% - 5.0647%. Interest will be due semi-annually with principal due when permanent financing is utilized which will be no later than December 2024. Permanent financing will be through a $40,000,000 USDA Community Facilities Loan. The 40-year loan will bear interest at 2.125% - 2.250%. In March 2024, USDA issued $35,000,000 in permanent financing, with $30,000,000 designated to reduce the anticipation note balance and $5,000,000 to be used to complete the building construction. Monthly principal and interest payments began in April 2024. An amount of $34,859,825 was outstanding as of June 30, 2024.

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

(Continued)

**NOTE 5 –LONG-TERM LIABILITIES** (Continued)

In the government-wide financial statements, long-term debt, and other long-term obligations relative to governmental activities are reported as liabilities of the entity. Debt reported in the government-wide financial statements is expected to be liquidated with general government resources. The debt represents amounts not expected to be paid with expendable, available resources, and consists of the following:

| **Governmental Activities** | **Balance 6/30/2024** | **Due within one year** |
|---|---|---|
| General Obligation Anticipation Note, Series 2020; dated December 22, 2020; variable interest due semi-annually | $ 5,000,000 | $ 5,000,000 |
| USDA Community Facilities Loans for $35,000,000, payable in monthly installments varying from $25,360 to $30,970, with interest payable at 2.125 to 2.250%, monthly | 34,859,825 | 576,003 |
| General Obligation Bonds, Series 2021 for $7,350,000, payable in semi-annual installments that vary with interest payable at 2.00 to 3.00%, semi-annually | 6,630,000 | 235,000 |
| Unamortized bond premium | 272,272 | - |
| Compensated absences – City of Athens | 395,177 | 395,177 |
| Compensated absences – Board of Education | 57,828 | 57,828 |
| Total long-term liabilities – governmental activities | $ 47,215,102 | $ 6,264,008 |

(Continued)

**NOTE 5 –LONG-TERM LIABILITIES** (Continued)

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

| | Balance July 1, 2023 | Additions | Reductions | Balance June 30, 2024 | Due Within One Year |
|---|---|---|---|---|---|
| **City of Athens** | | | | | |
| General Obligation Anticipation Note, Series 2020 | $ 35,000,000 | $ - | $ 30,000,000 | $ 5,000,000 | $ 5,000,000 |
| USDA Community Facilities Loan Advance | 3,325 | 34,996,675 | 140,175 | 34,859,825 | 576,003 |
| General Obligation Bonds, Series 2021 | 6,855,000 | - | 225,000 | 6,630,000 | 235,000 |
| Compensated absences | 339,966 | 55,211 | - | 395,177 | 395,177 |
| Bond premiums | 284,525 | - | 12,253 | 272,272 | - |
| Total City of Athens | 42,482,816 | 35,051,886 | 30,377,428 | 47,157,274 | 6,206,180 |
| **Board of Education** | | | | | |
| Compensated absences | 52,026 | 5,802 | - | 57,828 | 57,828 |
| Total governmental activities | $ 42,534,842 | $ 35,057,688 | $ 30,377,428 | $ 47,215,102 | $ 6,264,008 |

The change in compensated absences is shown as the net change in the balance.

Governmental activities principal and interest requirements to maturity for bonds and notes payable are as follows:

| For the Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 5,811,003 | $ 1,063,122 | $ 6,874,125 |
| 2026 | 827,806 | 894,269 | 1,722,075 |
| 2027 | 845,945 | 873,930 | 1,719,875 |
| 2028 | 868,377 | 854,148 | 1,722,525 |
| 2029 | 889,085 | 830,790 | 1,719,875 |
| 2030-2034 | 4,757,506 | 3,847,869 | 8,605,375 |
| 2035-2039 | 5,299,935 | 3,309,440 | 8,609,375 |
| 2040-2044 | 5,897,625 | 2,709,620 | 8,607,245 |
| 2045-2049 | 5,413,484 | 2,054,126 | 7,467,610 |
| 2050-2054 | 5,224,751 | 1,483,550 | 6,708,301 |
| 2055-2059 | 5,835,616 | 872,684 | 6,708,300 |
| 2060-2064 | 4,818,692 | 235,985 | 5,054,677 |
| | $ 46,489,825 | $ 19,029,533 | $ 65,519,358 |

(Continued)

**NOTE 5 –LONG-TERM LIABILITIES** (Continued)

**Utilities Board**

Long-term liabilities are summarized as follows:

| Series | Original Principal | Interest Rates | Final Maturity | Principal June 30,2024 |
|---|---|---|---|---|
| Power Division | | | | |
| Note payable – Series 2003 | $ 3,000,000 | 3.98% | 05/25/32 | $ 1,425,011 |
| Note payable – Series 2008 | 2,600,000 | 3.98% | 05/25/37 | 1,572,000 |
| Water Division | | | | |
| Water revenue and tax bonds – Series 2009 | 1,414,000 | 3.25% | 05/25/48 | 1,067,277 |
| Note payable – Series 2013 | 2,000,000 | 3.18% | 01/20/35 | 964,205 |
| Note payable – Series 2014 | 2,550,000 | 1.69% | 07/20/37 | 1,387,630 |
| Sewer Division | | | | |
| Note payable – Series 2003 | 17,500,000 | 3.98% | 01/20/35 | 8,357,562 |
| Note payable SRF base – Series 2009 | 2,370,000 | 2.39% | 06/20/31 | 960,792 |
| Note payable ARPA base – Series 2009 | 2,370,000 | 2.39% | 06/20/31 | 192,160 |
| Note payable – Series 2023 | 1,738,000 | 0.57% | 10/25/42 | 1,703,601 |
| Total debt payable from all funds | $35,542,000 | | | $17,630,238 |

During the year ended June 30, 2024, changes in long-term debt were as follows:

| | Balance July 1, 2023 | Additions | Reductions | Balance June 30, 2024 | Amount Due Within One Year |
|---|---|---|---|---|---|
| Sewer Division: | | | | | |
| Note payable – Series 2003 | $ 9,404,202 | $ - | $ 1,046,640 | $ 8,357,562 | $ 1,041,250 |
| Note payable – SRF Base | 1,085,411 | - | 124,619 | 960,792 | 127,626 |
| Note payable – ARPA base | 217,083 | - | 24,923 | 192,160 | 25,525 |
| Note payable – Series 2023 | - | 1,738,000 | 34,399 | 1,703,601 | 96,168 |
| | 10,706,696 | 1,738,000 | 1,230,581 | 11,214,115 | 1,290,569 |
| Power Division: | | | | | |
| Note payable – Series 2003 | 1,603,371 | - | 178,360 | 1,425,011 | 183,750 |
| Note payable – Series 2008 | 1,660,000 | - | 88,000 | 1,572,000 | 92,000 |
| | 3,263,371 | - | 266,360 | 2,997,011 | 275,750 |
| Water System: | | | | | |
| 2009 Revenue bonds | 1,096,796 | - | 29,519 | 1,067,277 | 30,497 |
| Note payable – Series 2013 | 1,046,129 | - | 81,924 | 964,205 | 78,234 |
| Note payable – Series 2014 | 1,481,602 | - | 93,972 | 1,387,630 | 95,568 |
| | 3,624,527 | - | 205,415 | 3,419,112 | 204,299 |
| Total Utilities Board | $17,594,594 | $ 1,738,000 | $ 1,702,356 | $17,630,238 | $ 1,770,618 |

(Continued)

**NOTE 5 –LONG-TERM LIABILITIES** (Continued)

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

The principal and interest payments on all long-term liabilities were current as of June 30, 2024.

The Athens Utilities Board has debt issues and other liabilities with outstanding balances totaling $17,775,687, of which $17,630,238 represents debt issued by the City where the Utilities Board has assumed all responsibility through resolution. This long-term debt is reported in the Athens Utilities Board financial statements. The debt service is to be paid through user fees and Utilities Board funds. If Utilities Board funds are not sufficient to service the debt, the City is required to establish ad valorem taxes under each debt issue.

Principal and interest requirements to maturity for debt are as follows:

| | Sewer | | Water | | Power | |
|---|---|---|---|---|---|---|
| Year | Principal | Interest | Principal | Interest | Principal | Interest |
| 2025 | $ 1,290,569 | $ 298,512 | $ 204,299 | $ 87,193 | $ 275,750 | $ 94,393 |
| 2026 | 1,294,822 | 261,518 | 209,467 | 82,025 | 279,750 | 85,703 |
| 2027 | 1,299,164 | 224,434 | 214,773 | 76,719 | 283,750 | 76,887 |
| 2028 | 1,303,597 | 187,260 | 220,222 | 71,270 | 288,750 | 67,944 |
| 2029 | 1,308,137 | 149,979 | 225,828 | 65,664 | 292,750 | 58,842 |
| 2030-2034 | 4,006,427 | 237,020 | 1,218,801 | 238,659 | 1,124,871 | 161,484 |
| 2035-2039 | 514,896 | 14,244 | 645,032 | 109,682 | 451,390 | 28,644 |
| 2040-2044 | 196,503 | 1,588 | 265,707 | 59,253 | - | - |
| 2045-2049 | - | - | 214,983 | 13,998 | - | - |
| | $11,214,115 | $ 1,374,555 | $ 3,419,112 | $ 804,463 | $ 2,997,011 | $ 573,897 |

**NOTE 6 – INTERFUND BALANCES AND TRANSFERS**

**Interfund Balances**

As of June 30, 2024, the General Purpose School Fund had interfund receivables that consist of $498,155 due from the General Fund and $591,927 due from the Federal Projects Fund.

Interfund transfers during the year consisted of the General Fund transferring $2,900,000 to the Capital Improvement Fund, $1,000,000 to the Debt Service Fund-Schools and $400,000 to Debt Service Fund-City Projects. The School Construction Fund transferred $3,219,466 to the Education Capital Projects Fund.

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

## NOTE 7 – COMPONENT UNIT TRANSACTIONS

### Utilities Board

Generally, all transactions with the Utilities Board are as a result of services being provided. The Utilities Board provides utilities to the City. In addition, the Utilities Board bills and collects residential sanitation services for the City. As of June 30, 2024, the Utilities Board has a balance due to the primary government of $306.

## NOTE 8 – DETAIL OF NET POSITION AND FUND BALANCES

*Net Position:*

Net position reported on the government-wide statement of net position includes the following:

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| Capital Assets | $104,255,232 | $ 3,265,166 | $107,520,398 |
| Accumulated Depreciation | (27,674,524) | (2,447,792) | (30,122,316) |
| Debt related to acquisition and construction of Capital Assets Net of Unspent Cash | (46,762,097) | - | (46,762,097) |
| Capital accounts payable | (533,345) | - | (533,345) |
| Retainage Payable | (1,056,353) | - | (1,056,353) |
| Capital borrowings related to unspent bond proceeds | 3,457,295 | - | 3,457,295 |
| Net Investment in Capital Assets | 31,686,208 | 817,374 | 32,503,582 |
| Restricted | 9,113,503 | - | 9,113,503 |
| Unrestricted | 48,742,555 | 3,304,841 | 52,047,396 |
| Total Net Position | $ 89,542,266 | $ 4,122,215 | $ 93,664,481 |

*Fund Balances:*

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

| | |
|---|---|
| Nonspendable: | |
| General Fund-Inventory | $ 109,555 |
| General Fund – Prepaid expenses | 726 |
| Centralized Cafeteria Fund – Inventory | 32,203 |
| Centralized Perpetual Care Fund - Nonexpendable | 102,326 |
| Total Nonspendable Fund Balances | 244,810 |

(Continued)

**NOTE 8 – DETAIL OF NET POSITION AND FUND BALANCES** (Continued)

| | |
|---|---|
| Restricted: | |
| General Fund-Law Enforcement | $ 93,701 |
| General Purpose School Fund-Career Ladder | 1,212 |
| General Purpose School Fund-Stabilization Reserve | 314,339 |
| General Obligation Bond Fund | 1,447,234 |
| Cemetery Perpetual Care Fund-Expendable | 305,275 |
| Debt Service Fund-City Projects | 9,226 |
| Federal Projects Fund | 8,497 |
| Debt Service Fund-Schools | 2,812,032 |
| Hotel/Motel Tax Fund-Tourism | 683,722 |
| Centralized Cafeteria Fund | 945,070 |
| Internal School Funds-Student Activities | 174,293 |
| Drug Fund | 168,686 |
| Total Restricted Fund Balances | 7,033,287 |
| Committed: | |
| General Fund-Police Benefit | 26,168 |
| Capital Improvement Fund-Capital Improvements | 15,148,372 |
| School Construction Fund – Capital Improvements | 1,499,471 |
| Total Committed Fund Balances | 16,674,011 |
| Assigned: | |
| General Purpose School Fund: | |
| Education | 7,948,219 |
| Encumbrances | 785,101 |
| Total Assigned Fund Balances | 8,733,320 |
| Unassigned | |
| General Fund | 18,854,640 |
| Total Unassigned Fund Balances | 18,854,640 |
| Total Fund Balances | $51,540,068 |

*Utilities Board:*

Net position of the Utilities Board consists of the following:

| | |
|---|---|
| Net Investment in Capital Assets | $ 102,671,849 |
| Unrestricted | 27,444,470 |
| | $ 130,116,319 |

## NOTE 9 – EMPLOYEE RETIREMENT PLANS

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

**Employee Retirement Plan**

***Plan Description***

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

*Plan membership.* As of the measurement date of June 30, 2024, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive Plan participants or beneficiaries currently receiving benefits | 78 |
| Inactive Plan participants entitled to deferred benefits | 25 |
| Active vested Plan participants | 22 |
| Total | 125 |

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

***Plan provisions:*** Plan provisions in effect as of June 30, 2024:

| | |
|---|---|
| Eligibility and Benefits | |
| Requirements | Minimum months of service: 12 |
| Entry Dates | Day requirements are met. The plan is frozen to anyone not hired by 6/30/10. |
| Normal Retirement Date (NRD) | First day of the month coinciding with or next following attainment of age 65 and 5 years of continuous service. |
| Normal Retirement Benefit | |
| Benefit Formula | The annual normal retirement benefit, based on service to normal retirement date, is equal to the sum of (a) and (b) below, |

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (excluding employees of the Board of Education)** (Continued)

**Employee Retirement Plan** (Continued)

***Plan provisions:*** Plan provisions in effect as of June 30, 2024 (Con:

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

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

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

Average Compensation — Average annual compensation, including overtime and bonuses, paid during the highest five consecutive calendar years of a participant's continuous service (from January 1, 1975, on) or during all continuous service if less than five years.

Continuous Service — Elapsed time based on completed years and months.

Normal Form of Benefit — Single life annuity.

Accrued Benefit — Normal retirement benefit, determined using continuous service projected to normal retirement, multiplied by the number of years of continuous service at termination divided by the projected service.

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (excluding employees of the Board of Education)** (Continued)

**Employee Retirement Plan** (Continued)

| | |
|---|---|
| Early Retirement Benefit | The minimum age is 55 and the minimum service is 15 years. The accrued benefit is reduced by 1/15 for each of the first five years and 1/30 for each of the next five years by which early retirement precedes normal retirement. Participants aged 62 with 15 years of service or age 55 with 25 years of service are eligible for an unreduced benefit. |
| Delayed Retirement | A participant's delayed retirement benefit shall be equal to the greater of the accrued benefit at the delayed retirement date and the normal retirement benefit actuarially increased using the Plan's definition of actuarial equivalence. |
| Pre-Retirement Death Benefit | Effective January 1, 2009: The minimum age is 45 and the minimum service is 10 years. Prior to January 1, 2009, the minimum age is 55 and the minimum service is 15 years. The survivor benefit payable assuming the participant had retired on the day prior to death and elected a 100% (50% prior to 1/1/2009) Joint & Survivor Annuity. |
| Disability Benefit | A totally and permanently disabled participant with 10 years of continuous service may retire and receive his accrued benefit on the day of disability, reduced 1/15 for each of the first 5 years and 1/30 for each of the next 5 years by which disability precedes NRD and actuarially reduced for each additional year. |
| Vested Termination Benefit | Upon termination after 5 or more years of service, a participant shall be 100% vested in his accrued benefit. |

***Contribution Required***

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

(Continued

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (excluding employees of the Board of Education)** (Continued)

**Employee Retirement Plan** (Continued)

***Contribution Required*** (Continued)

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

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

***Investments***

*Investment Policy*. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the City of Athens City Council by a majority vote of its members. It is the policy of the City to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The Plan Trustee, Charles Schwab Trust Bank, is responsible for implementing the investment policy. The following was the Board's adopted asset allocation as of June 30, 2024:

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (excluding employees of the Board of Education)** (Continued)

**Employee Retirement Plan** (Continued)

***Investments*** (Continued)

| Asset Class | Target Allocation |
|---|---|
| U.S. Equity – Large Cap | 18% |
| U.S. Equity – Small/Mid Cap | 18% |
| Non-U.S. Equity – Developed | 8% |
| Non-U.S. Equity – Emerging | 7% |
| U.S. Corporate Bonds - Core | 19% |
| U.S. Corporate Bonds – High Yield | 6% |
| Non-U.S. Debt – Developed | 6% |
| U.S. Treasuries (Cash Equivalents) | 3% |
| Real estate | 5% |
| Hedge Funds | 10% |
| | 100% |

*Rate of return.* For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.90%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net pension liability (asset) as of June 30, 2024, were as follows:

| | |
|---|---|
| Total pension liability | $ 19,112,263 |
| Plan fiduciary net position | (17,544,090) |
| Net pension liability | $ 1,568,173 |
| Plan fiduciary net position as a percentage of the total pension liability | 91.79% |
| Covered payroll | $ 1,393,032 |
| Net pension liability (asset) as a percentage of covered payroll | 112.57% |

The Plan's fiduciary net position is reported in the Athens Pension Trust Fund as of June 30, 2024. The City's net pension liability (asset) is reported in the government-wide activities and enterprise funds as of the measurement date of June 30, 2024.

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (excluding employees of the Board of Education)** (Continued)

**Employee Retirement Plan** (Continued)

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

| | |
|---|---|
| Measurement date | June 30, 2024 |
| Valuation date | July 1, 2024 |
| Mortality | SOA PubG-2010 Mortality Table with Improvement Scale MP-2021 |
| Discount rate | 6.75 percent |
| Inflation | 2.47 percent |
| Salary projection | 3.00 percent |
| Investment rate of return | 6.75%, net of pension plan investment expenses, including inflation |
| Cost-of-living increases | N/A |

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

| Age | Less than 25 Years of Service | More than 25 Years of Service |
|---|---|---|
| 55-61 | 5% | 30% |
| 62 | 20% | 30% |
| 63 | 20% | 30% |
| 64 | 20% | 30% |
| 65 | 100% | 100% |

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (excluding employees of the Board of Education)** (Continued)

**Employee Retirement Plan** (Continued)

Withdrawal rates: 150% of Table T-7

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

The actuarial assumptions used were based on the results of an actuarial experience study prepared in 2023 for the period July 1, 2018, through June 30, 2023.

*Long-Term Expected Rate of Return on Pension Plan Investments*. The long-term expected rate of return on pension plan investments was determined by the investment advisor, USI Advisors, Inc. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024, (see the discussion of the pension plan's investment policy) are summarized in the following table:

| Asset Class | Long-Term Expected Real Rate of Return |
|---|---|
| US Equity – Large Cap | 6.05 % |
| US Equity – Small/Mid Cap | 7.08 |
| Non-US Equity - Developed | 6.74 |
| Non-US Equity – Emerging | 8.70 |
| US Corporate Bonds – Core | 2.40 |
| US Corporate Bonds – High Yield | 4.45 |
| Non-US Debt – Developed | 1.31 |
| US Treasuries (Cash Equivalents) | 0.74 |
| Real estate | 4.89 |
| Hedge Funds | 3.97 |

(Continued)

## NOTE 9 – EMPLOYEE RETIREMENT PLANS (Continued)

**Primary Government (excluding employees of the Board of Education)** (Continued)

**Employee Retirement Plan** (Continued)

*Discount rate.* The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumes that plan member contributions will be made at the current contribution rate and the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following table presents the City's net pension liability calculated using the discount rate of 6.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

| | **1% Decrease (5.75%)** | **Current Discount Rate (6.75%)** | **1% Increase (7.75%)** |
|---|---|---|---|
| City of Athens | | | |
| Net pension liability (asset) | $ 3,498,159 | $ 1,568,173 | $ (76,065) |

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (excluding employees of the Board of Education)** (Continued)

**Employee Retirement Plan** (Continued)

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

Additional City disclosures are made as of the measurement date, June 30, 2024, elected by the City under GASB No. 68.

| | Changes in the City's Net Pension Liability (Asset) Increase (Decrease) | | |
|---|---|---|---|
| | **Total Pension Liability (a)** | **Plan Fiduciary Net Position (b)** | **Net Pension Liability (Asset) (a) – (b)** |
| Balances at 6/30/2023 | $18,866,909 | $16,824,170 | $ 2,042,739 |
| Changes for the year: | | | |
| Service cost | 69,114 | - | 69,114 |
| Interest expense | 1,234,135 | - | 1,234,135 |
| Differences between expected and actual experience | (280,295) | - | (280,295) |
| Changes of assumptions | 549,157 | - | 549,157 |
| Contributions – employer | - | 600,000 | (600,000) |
| Contributions – employees | - | - | - |
| Net investment income | - | 1,491,416 | (1,491,416) |
| Benefits payments, including refunds of employee contributions | (1,326,757) | (1,326,757) | - |
| Administrative expenses | - | (44,739) | 44,739 |
| Net changes | 245,354 | 719,920 | (474,566) |
| Balances at 6/30/2024 | $19,112,263 | $17,544,090 | $ 1,568,173 |

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

| | Governmental Activities | Sanitation | Total |
|---|---|---|---|
| Pension expense | $ 792,488 | $ 29,339 | $ 821,827 |

For the measurement period ended June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

(Continued)

## NOTE 9 – EMPLOYEE RETIREMENT PLANS (Continued)

**Primary Government (excluding employees of the Board of Education)** (Continued)

**Employee Retirement Plan** (Continued)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $ - | $ - |
| Net difference between projected and actual earnings on pension plan investments | 626,359 | - |
| Changes of assumptions | - | - |
| Total | $ 626,359 | $ - |

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

| | |
|---|---|
| Year Ended June 30: | |
| 2025 | $ 214,228 |
| 2026 | 607,357 |
| 2027 | (118,945) |
| 2028 | (76,281) |
| | $ 626,359 |

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

**Defined Contribution Plan**

**Plan description – 401(a) Retirement Plan**

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

The after-tax contribution percentage can be adjusted annually by the City. Participants' interest in the contributions of the City vest at 100% upon 3 years of completed service. The Plan is established with Mission Square Retirement as the Plan administrator. The City made Plan contributions of $247,617 during 2024.

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (Board of Education Employees)**

**Public Employee Retirement Plan**

**General Information about the Pension Plan**

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

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

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

*Employees covered by benefit terms.* As of the measurement date of June 30, 2023 the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 79 |
| Inactive employees entitled to but not yet receiving benefits | 123 |
| Active employees | 77 |
| | 279 |

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (Board of Education Employees)** (Continued)

**Public Employee Retirement Plan** (Continued)

**General Information about the Pension Plan** (Continued)

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5% of their salary. The Board makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2024, employer contributions were $210,871 based on a rate of 9.60% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Athens City Board of Education's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Net Pension Liability (Asset)**

Athens City Board of Education's net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial assumptions.* The total pension liability as of the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2023 actuarial valuation was based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to reflect more closely actual and expected future experience.

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (Board of Education Employees)** (Continued)

**Public Employee Retirement Plan** (Continued)

**Net Pension Liability (Asset)** (Continued)

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

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

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

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

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (Board of Education Employees)** (Continued)

**Public Employee Retirement Plan** (Continued)

**Changes in the Net Pension Liability (Asset)**

| | Increase (Decrease) | | |
|---|---|---|---|
| | **Total Pension Liability (a)** | **Plan Net Position (b)** | **Net Pension Liability (Asset) (a) – (b)** |
| Balances at 6/30/2022 | $ 9,962,680 | $10,079,958 | $ (117,278) |
| Changes for the year: | | | |
| Service cost | 238,259 | - | 238,259 |
| Interest expense | 672,822 | - | 672,822 |
| Difference between expected and actual experience | 210,316 | - | 210,316 |
| Contributions – employer | - | 223,399 | (223,399) |
| Contributions – members | - | 116,354 | (116,354) |
| Net investment income | - | 672,978 | (672,978) |
| Benefit payments | (466,418) | (466,418) | - |
| Plan administrative expenses | - | (9,690) | 9,690 |
| Net changes | 654,979 | 536,623 | 118,356 |
| Balances at 6/30/2023 | $10,617,659 | $10,616,581 | $ 1,078 |

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

| | **1% Decrease (5.75%)** | **Current Discount Rate (6.75%)** | **1% Increase (7.75%)** |
|---|---|---|---|
| Net pension liability (asset) | $ 1,370,266 | $ 1,078 | $(1,134,777) |

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

*Pension expense.* For the year ended June 30, 2024, the Board recognized pension expense of $278,765.

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (Board of Education Employees)** (Continued)

**Public Employee Retirement Plan** (Continued)

**Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 215,471 | $ - |
| Net difference between projected and actual earnings on pension plan investments | 79,333 | - |
| Changes in assumption | 142,382 | - |
| Contributions subsequent to the measurement date of June 30, 2023 | 210,871 | - |
| Total | $ 648,057 | $ - |

The amounts shown above for "Contributions subsequent to the measurement date of June 30, 2023" will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

| Year Ended June 30: | |
|---|---|
| 2025 | $ 177,845 |
| 2026 | (17,669) |
| 2027 | 276,443 |
| 2028 | 567 |
| | $ 437,186 |

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

**Payable to the Pension Plan**

As of June 30, 2024, the Board had no payable balance of contributions to the pension plan.

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (Board of Education Employees)** (Continued)

**Teacher Legacy Pension Plan**

**Summary of Significant Accounting Policies**

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

**General Information about the Pension Plan**

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

Teachers employed by the Board with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees.

Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (Board of Education Employees)** (Continued)

**Teacher Legacy Pension Plan** (Continued)

**General Information about the Pension Plan** (Continued)

*Benefits provided.* Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 if vested. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service related and non-service-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5% of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Board for the year ended June 30, 2024, to the Teacher Legacy Pension Plan were $396,531, which is 6.81% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (Board of Education Employees)** (Continued)

**Teacher Legacy Pension Plan** (Continued)

**Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension liabilities (assets).* As of June 30, 2024, the Board reported a liability (asset) of ($2,361,315) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on the Board's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2023, the Board's proportion was 0.200286%. The proportion measured as of June 30, 2022, was 0.184360%.

*Pension expense (negative pension expense).* For the year ended June 30, 2024, the Board recognized pension expense (negative pension expense) of $506,100.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 562,586 | $ 109,581 |
| Changes in assumptions | 769,381 | - |
| Net difference between projected and actual earnings on pension plan investments | 409,700 | - |
| Changes in proportion of net pension liability (asset) | 10,349 | 296,263 |
| LEA's contributions subsequent to the measurement date of June 30, 2023 | 396,531 | - |
| Total | $2,148,547 | $ 405,844 |

The Board's employer contributions of $396,531, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: | |
|---|---|
| 2025 | $ 460,861 |
| 2026 | (435,251) |
| 2027 | 1,317,354 |
| 2028 | 3,208 |
| | $ 1,346,172 |

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (Board of Education Employees)** (Continued)

**Teacher Legacy Pension Plan** (Continued)

**Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

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

*Actuarial assumptions.* The total pension liability as of June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2023, actuarial valuation was based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to reflect more closely actual and expected future experience. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (Board of Education Employees)** (Continued)

**Teacher Legacy Pension Plan** (Continued)

**Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

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

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

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

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

| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
|---|---|---|---|
| Net pension liability (asset) | $ 5,143,109 | $(2,361,315) | $(8,602,880) |

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

As of June 30, 2024, the Board had no payable balance of contributions to the pension plan.

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (Board of Education Employees)** (Continued)

**Teacher Retirement Plan**

**Summary of Significant Accounting Policies**

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

**General Information about the Pension Plan**

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

Teachers employed by the Board with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees.

The Teacher Retirement Plan became effective July 1, 2014, for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple- employer defined benefit plan.

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (Board of Education Employees)** (Continued)

**Teacher Retirement Plan** (Continued)

**General Information about the Pension Plan** (Continued)

*Benefits provided.* Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice related disability eligibility. The service related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5% of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4%, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached.

The contribution rate of 4% has been split between the Teacher Retirement Plan and TCRS Stabilization Reserve Trust. The Board placed the actuarially determined contribution rate of 2.95% of covered payroll into the Teacher Retirement Plan and 1.05% of covered payroll into the TCRS Stabilization Reserve Trust.

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (Board of Education Employees)** (Continued)

**Teacher Retirement Plan** (Continued)

**General Information about the Pension Plan** (Continued)

By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Board for the year ended June 30, 2024, to the Teacher Retirement Plan were $102,098 which is 2.95% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension liability (asset).* As of June 30, 2024, the Board reported a liability (asset) of ($67,438) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability (asset) was based on the Board's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2023, the Board's proportion was 0.159040%. The proportion measured as of June 30, 2022, was 0.183229%.

*Pension expense.* For the year ended June 30, 2024, the Board recognized pension expense of $87,291.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 2,272 | $ 39,362 |
| Net difference between projected and actual earnings on pension plan investments | 17,146 | - |
| Changes in assumptions | 50,737 | - |
| Changes in proportion of net pension liability (asset) | 19,790 | 5,657 |
| LEA's contributions subsequent to the measurement date of June 30, 2023 | 102,098 | - |
| Total | $ 192,043 | $ 45,019 |

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (Board of Education Employees)** (Continued)

**Teacher Retirement Plan** (Continued)

**Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

The Board's employer contributions of $102,098 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension liability (asset) in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|---|---|
| Year Ended June 30: | |
| 2025 | $ 1,628 |
| 2026 | (867) |
| 2027 | 25,583 |
| 2028 | 3,158 |
| 2029 | 3,263 |
| Thereafter | 12,161 |
| | $ 44,926 |

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

*Actuarial assumptions.* The total pension liability as of June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2023, actuarial valuation was based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (Board of Education Employees)** (Continued)

**Teacher Retirement Plan** (Continued)

**Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

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

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

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

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

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (Board of Education Employees)** (Continued)

**Teacher Retirement Plan** (Continued)

**Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

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

| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
|---|---|---|---|
| Net pension liability (asset) | $ 310,213 | $ (67,438) | $ (339,316) |

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

As of June 30, 2024, the Board had no payable balance of contributions to the pension plan.

**TCRS Stabilization Reserve Trust**

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

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

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

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (Board of Education Employees)** (Continued)

**TCRS Stabilization Reserve Trust** (Continued)

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

Investments are reported at fair value or amortized cost which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2024, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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

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

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

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (Board of Education Employees)** (Continued)

**TCRS Stabilization Reserve Trust** (Continued)

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

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

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

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

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

As of June 30, 2024, the Board had the following investments held by the trust on its behalf. The funds are recognized as restricted assets in the General Purpose Fund.

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (Board of Education Employees)** (Continued)

**TCRS Stabilization Reserve Trust** (Continued)

| | Weighted Average Maturity Days | Maturities | Fair Value |
|---|---|---|---|
| Investment at Fair Value: | | | |
| U.S. Equity | N/A | N/A | $ 97,445 |
| Developed Market International Equity | N/A | N/A | 44,007 |
| Emerging Market International Equity | N/A | N/A | 12,574 |
| U.S. Fixed Income | N/A | N/A | 62,868 |
| Real Estate | N/A | N/A | 31,434 |
| Short-term Securities | N/A | N/A | 3,143 |
| NAV – Private Equity and Strategic Lending | N/A | N/A | 62,868 |
| Total | | | $ 314,339 |

| Investment by Fair Value Level | Fair Value | Level 1 | Level 2 | Level 3 | NAV |
|---|---|---|---|---|---|
| U.S. Equity | $ 97,445 | $ 97,445 | $ - | $ - | $ - |
| Developed Market International Equity | 44,007 | 44,007 | - | - | - |
| Emerging Market International Equity | 12,574 | 12,574 | - | - | - |
| U.S. Fixed Income | 62,868 | - | 62,868 | - | - |
| Real Estate | 31,434 | - | - | 31,434 | - |
| Short-term Securities | 3,143 | - | 3,143 | - | - |
| Private Equity & Strategic Lending | 62,868 | - | - | - | 62,868 |
| | $ 314,339 | $ 154,026 | $ 66,011 | $ 31,434 | $ 62,868 |

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

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

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Primary Government (Board of Education Employees)** (Continued)

**<u>TCRS Stabilization Reserve Trust</u>** (Continued)

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

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of the Board's investment in a single issuer. The Board places no limit on the amount the trust may invest in one issuer.

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

For further information concerning the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag19091.pdf.

**<u>Defined Contribution Plan</u>**

As a component of the Teacher Retirement Plan, a defined contribution plan has been established for all teachers hired on or after July 1, 2014. The Board is required to contribute 5% of salaries, while participants may contribute up to 2% of salary. Participants are immediately vested. The Plan is established with Great-West Financial as Plan Administrators. The Board contributed $173,048 to the Plan in 2024.

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

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Aggregation of All Pension Plans**

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 780,329 | $ 148,943 |
| Changes in assumptions | 962,500 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,132,538 | - |
| Changes in proportion of net pension liability (asset) | 30,139 | 301,920 |
| Contributions subsequent to the measurement date of June 30, 2023 | 709,500 | - |
| Total | $3,615,006 | $ 450,863 |

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

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

| Year Ended June 30: | |
|---|---|
| 2025 | $ 854,562 |
| 2026 | 153,570 |
| 2027 | 1,500,435 |
| 2028 | (69,348) |
| 2029 | 3,263 |
| Thereafter | 12,161 |
| | $ 2,454,643 |

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

The various retirement plans resulted in the following net pension asset and net pension liability:

| | Net Pension Asset | Net Pension Liability |
|---|---|---|
| City – Employee Retirement Plan | $ - | $ 1,568,173 |
| Public Employee Retirement Plan | - | 1,078 |
| Teachers Legacy Pension Plan | 2,361,315 | - |
| Teacher Retirement Plan | 67,438 | - |
| Total | $ 2,428,753 | $ 1,569,251 |

(Continued)

**NOTE 9 – EMPLOYEE RETIREMENT PLANS** (Continued)

**Aggregation of All Pension Plans**

Pension expense related to all plans were as follows:

| | |
|---|---|
| City - Employee Retirement Plan | $ 821,827 |
| Public Employee Retirement Plan | 278,765 |
| Teacher Legacy Pension Plan | 506,100 |
| Teacher Retirement Plan | 87,291 |
| Total aggregate pension expense | $ 1,693,983 |

## NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

### Teacher Group OPEB Plan

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

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

(Continued)

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)

**Teacher Group OPEB Plan** (Continued)

*Employees covered by benefit terms.* At the measurement date of June 30, 2023 the following employees were covered by the benefit terms of the TGOP:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 9 |
| Inactive employees entitled to but not yet receiving benefits | - |
| Active employees | 133 |
| | 142 |

An insurance committee, created in accordance with TCA 8-27-301, established the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During 2024, the Board paid $65,055 to the TGOP for OPEB benefits as they came due.

**Total OPEB Liability**

*Actuarial Assumptions.* The collective total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

| | |
|---|---|
| Inflation | 2.25% |
| Salary increases | Graded salary ranges from 3.44% to 8.72% based on age, including inflation, averaging 4%. |
| Healthcare cost trend rates | 10.31% for pre-65 in 2023, decreasing annually over an 11-year period to an ultimate rate of 4.50%, 12.44% for post-65 in 2023, decreasing annually over an 11-year period to an ultimate rate of 4.50%. |
| Retiree's share of benefit-related costs | Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation, a weighted average has been used with weights derive from the current distribution of members among plans offered. |

(Continued)

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)

**Teacher Group OPEB Plan** (Continued)

**Total OPEB Liability** (Continued)

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, valuations were the same as those employed in the July 1, 2020, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The pre-retirement mortality rates employed in this valuation are taken from the PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2021 from 2010. Post-retirement tables are Headcount-weighted Teacher Below Median Healthy Annuitant and adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2021. Mortality rates for impaired lives are the same as those used by TCRS and are taken from gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2021.

*Discount rate.* The discount rate used to measure the total OPEB liability was 3.65%. This rate reflects the interest rate derived from yields on 20-year, tax exempt general obligation municipal bonds, prevailing on the measurement date, with an averaging rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

**Changes in Total OPEB Liability**

| | **Total OPEB Liability** |
|---|---|
| Balance at 6/30/2022 | $ 2,952,963 |
| Changes for the year: | |
| Service cost | 152,433 |
| Interest expense | 107,937 |
| Difference between expected and actual experience | 88,057 |
| Changes in assumptions and other inputs | 277,836 |
| Benefit payments | (113,646) |
| Net changes | 512,617 |
| Balance at 6/30/2023 | $ 3,465,580 |

(Continued)

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)

**Teacher Group OPEB Plan** (Continued)

**Changes in Total OPEB Liability** (Continued)

| | |
|---|---|
| Nonemployer contributing entities proportionate share of the collective total OPEB liability | $ 1,247,065 |
| Employer's proportionate share of the collective total OPEB liability | $ 2,218,515 |
| Employer's proportion of the collective total OPEB liability | 64.02% |

The Board has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees' participation in the TGOP. The Board's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed (1.77) percent from the prior measurement date. The Board recognized $130,499 of revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for Board retirees.

*Changes in assumptions.* The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change in assumptions decreased the total OPEB liability.

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

| **Proportionate share of the collective** | **1% Decrease (2.65%)** | **Current Discount Rate (3.65%)** | **1% Increase (4.65%)** |
|---|---|---|---|
| total OPEB Liability | $ 2,405,061 | $ 2,218,515 | $ 2,042,358 |

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

(Continued)

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)

**Teacher Group OPEB Plan** (Continued)

**Changes in Total OPEB Liability** (Continued)

| | 1% Decrease (9.31%/11.44% decreasing to 3.50%) | Healthcare Cost Trend Rate (10.31%/12.44% decreasing to 4.50%) | 1% Increase (11.31%/13.4% decreasing to 5.50%) |
|---|---|---|---|
| Proportionate share of collective total OPEB Liability | $ 1,956,978 | $ 2,218,515 | $ 2,526,569 |

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

*OPEB expense.* For the fiscal year ended June 30, 2024, the Board recognized OPEB expense of $328,565.

*Deferred outflows of resources and deferred inflows of resources.* For the fiscal year ended June 30, 2024 the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 263,406 | $ 152,554 |
| Changes in assumption | 410,780 | 232,858 |
| Proportion changes | 56,083 | 144,799 |
| Employer payments subsequent to the measurement date of June 30, 2023 | 65,055 | - |
| Total | $ 795,324 | $ 530,211 |

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

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

| Year Ended June 30: | |
|---|---|
| 2025 | $ 31,388 |
| 2026 | 31,388 |
| 2027 | 31,388 |
| 2028 | 36,786 |
| 2029 | 38,739 |
| Thereafter | 30,369 |
| | $ 200,058 |

(Continued)

## NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

### Teacher Group OPEB Plan (Continued)

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

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

### Tennessee OPEB Plan

**General Information about the OPEB Plan**

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

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

(Continued)

## NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

**Tennessee OPEB Plan** (Continued)

### General Information about the OPEB Plan

*Employees covered by benefit terms.* At the measurement date of June 30, 2023 the following employees were covered by the benefit terms of the TNP:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 79 |
| Inactive employees entitled to but not yet receiving benefits | 12 |
| Active employees | 100 |
| | 191 |

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

### Total OPEB Liability

*Actuarial Assumptions.* The collective total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

| | |
|---|---|
| Inflation | 2.25% |
| Salary increases | Graded salary ranges from 3.44% to 8.72% based on age, including inflation, averaging 4%. |
| Healthcare cost trend rates | The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable. |

(Continued)

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)

**Tennessee OPEB Plan** (Continued)

**Total OPEB Liability** (Continued)

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, valuations were the same as those employed in the July 1, 2020, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the headcount-weighted below median teachers PUB-2010 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2021. Post-retirement tables are adjusted with a 19% load for males and an 18% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in IRS Ruling 96-7 for disabled lives with a 10% load with mortality improvement projected to all future years using Scale MP-2021.

*Discount rate.* The discount rate used to measure the total OPEB liability was 3.65%. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

**Changes in Collective Total OPEB Liability**

| | **Total OPEB Liability** |
|---|---|
| Balance at 6/30/2022 | $ 535,716 |
| Changes for the year: | |
| Service cost | 5,433 |
| Interest expense | 18,468 |
| Difference between expected and actual experience | 21,462 |
| Changes in assumptions and other inputs | (4,595) |
| Benefit payments | (39,273) |
| Net changes | 1,495 |
| Balance at 6/30/2023 | $ 537,211 |
| Nonemployer contributing entities proportionate share of the collective total OPEB liability | $ 537,211 |

(Continued)

## NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

### Tennessee OPEB Plan (Continued)

**Changes in Collective Total OPEB Liability** (Continued)

| | |
|---|---|
| Employer's proportionate share of the collective total OPEB liability | $ - |
| Employer's proportion of the collective total OPEB liability | 0.00% |

The Board has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees' participation in the TNP. The Board's proportionate share of the collective total OPEB liability was based on projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The Board's proportion of zero percent did not change from the prior measurement date. The Board recognized $4,308 in revenue for support provided by nonemployer contributing entities for benefits paid to the TNP for the Board's retired employees.

*Changes in assumptions.* The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change in assumptions decreased the total OPEB liability.

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

*OPEB expense.* For the fiscal year ended June 30, 2024, the Board recognized OPEB expense of $4,308.

**Aggregation of All OPEB Plans**

The following is an aggregation of deferred outflows of resources and deferred inflows of resources related to the Board's various OPEB plans.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 263,406 | $ 152,554 |
| Changes in assumptions | 410,780 | 232,858 |
| Proportion changes | 56,083 | 144,799 |
| Employer payments subsequent to the measurement date of June 30, 2023 | 65,055 | - |
| Total | $ 795,324 | $ 530,211 |

(Continued)

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)

**Tennessee OPEB Plan** (Continued)

**Aggregation of All OPEB Plans** (Continued)

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

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

| | |
|---|---|
| Year Ended June 30: | |
| 2025 | $ 31,388 |
| 2026 | 31,388 |
| 2027 | 31,388 |
| 2028 | 36,786 |
| 2029 | 38,739 |
| Thereafter | 30,369 |
| | $ 200,058 |

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

The OPEB plans resulted in the following net OPEB liability:

| | **Net OPEB Liability** |
|---|---|
| Teacher Group OPEB Plan | $ 2,218,515 |
| Tennessee OPEB Plan | 537,211 |
| Total | $ 2,755,726 |

OPEB expense related to all plans were as follows:

| | |
|---|---|
| Teacher Group OPEB Plan | $ 328,565 |
| Tennessee OPEB Plan | 4,308 |
| Total aggregate OPEB expense | $ 332,873 |

In addition, the Board's Teacher Group OPEB Plan and Tennessee OPEB Plan recognized revenues of $130,499 and $4,308, respectively.

## NOTE 11 – ON-BEHALF PAYMENTS

The State of Tennessee makes on-behalf payments to the State's Tennessee OPEB Plan and the Teacher Group OPEB Plan for retired teachers of the Board. GASB Statement No. 24 requires that on-behalf payments be recognized in the Board's financial statements. During the year ended June 30, 2024, the State of Tennessee made contributions to healthcare plans on behalf of the Board as follows:

| | Amount |
|---|---|
| Teacher Group OPEB Plan | $ 38,683 |
| Tennessee OPEB Plan | 38,205 |
| Total | $ 76,888 |

These amounts were recognized as revenue and expenditure/expense in the Board's General Purpose Fund and in governmental activities on the government-wide financial statements. For more information regarding the above-mentioned plans, see Note 10.

## NOTE 12 – DEFERRED COMPENSATION

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

## NOTE 13 – TAX ABATEMENTS

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

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

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

(Continued)

**NOTE 13 – TAX ABATEMENTS** (Continued)

The City has a tax abatement agreement with one entity as of June 30, 2024:

| | Percentages of Taxes Abated during the Year | Amount of Taxes Abated during the Year |
|---|---|---|
| Denso Tennessee, Inc. | 50% | $ 62,162 |

**NOTE 14 – CONSOLIDATION OF SCHOOLS – BUILDING PROGRAM**

As of June 30, 2024, the Board had completed the school Building Program to consolidate the number of school facilities into the current middle school and the new Pre-K-5 facility.

The City of Athens has approved debt of $40,000,000 to fund the Building Program. An agreement between the City and the Board requires the Board to provide $700,000 annually to the City based on anticipated savings from operating fewer facilities once the construction is completed.

**NOTE 15 – COMMITMENTS AND CONTINGENCIES**

The Athens Utilities Board has debt issues with outstanding balances totaling $17,630,238 representing debt issued by the City where the Utilities Board has assumed all responsibility through resolution. This long-term debt is reported in the Athens Utilities Board financial statements. The debt service is to be paid through user fees and Board funds, but the City is required to establish ad valorem taxes under each debt issue if Utilities Board funds are not sufficient to service the debts.

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

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

**NOTE 16 – RISK MANAGEMENT AND LITIGATION**

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

## NOTE 17 – ERROR CORRECTION

During the year ended June 30, 2024, the City noted that capital assets for the Sanitation Fund were incorrectly recorded as of the prior year end. As such, an error correction was recorded on the proprietary funds statement of revenues, expense, and changes in net position.

**Reporting Units Affected by Adjustments to and Restatements of Beginning Balances**

| | Funds | Government-Wide |
|---|---|---|
| | Sanitation Fund | Business-Type Activities |
| Net position, beginning | $ 3,710,215 | $ 4,200,094 |
| Error correction | 44,666 | 44,666 |
| Net Position, ending | $ 3,754,881 | $ 4,244,760 |

## NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the balance sheet date through March 13, 2025, (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management has not identified any other items requiring recognition or disclosure other than the event noted below.

On December 13, 2024, the City closed on a USDA Community Facilities Loan in the amount of $5,000,000 which was used to pay off their bond anticipation note.

# REQUIRED SUPPLEMENTARY INFORMATION

# CITY OF ATHENS, TENNESSEE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET) AND REALTED RATIOS
EMPLOYEE RETIREMENT PLAN

LAST 10 FISCAL YEARS ENDING JUNE 30

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total pension liability** | | | | | | | | | | |
| Service cost | $ 69,114 | $ 69,248 | $ 93,524 | $ 102,772 | $ 110,220 | $ 130,864 | $ 134,000 | $ 181,239 | $ 202,251 | $ 219,376 |
| Interest | 1,234,135 | 1,216,641 | 1,201,915 | 1,197,490 | 1,145,821 | 1,135,933 | 1,136,290 | 1,142,721 | 1,086,325 | 1,094,369 |
| Changes of benefit terms | - | - | 428,562 | - | - | - | - | - | - | - |
| Differences between expected and actual experience | (280,295) | 278,126 | (259,104) | 27,264 | (59,268) | (234,506) | (249,085) | (460,714) | 327,458 | 45,954 |
| Changes of assumptions | 549,157 | - | - | (124,741) | 1,304,306 | - | - | - | - | 277,477 |
| Benefit payments, including refund of member contributions | (1,326,757) | (1,283,389) | (1,163,472) | (1,093,628) | (1,148,642) | (1,095,290) | (953,466) | (863,801) | (717,399) | (668,078) |
| Other changes | - | - | - | - | 251,133 | - | - | - | - | - |
| **Net change in total pension liability** | 245,354 | 280,626 | 301,425 | 109,157 | 1,603,570 | (62,999) | 67,739 | (555) | 898,635 | 969,098 |
| **Total pension liability - beginning** | 18,866,909 | 18,586,283 | 18,284,858 | 18,175,701 | 16,572,131 | 16,635,130 | 16,567,391 | 16,567,946 | 15,669,311 | 14,700,213 |
| **Total pension liability - ending (a)** | $ 19,112,263 | $ 18,866,909 | $ 18,586,283 | $ 18,284,858 | $ 18,175,701 | $ 16,572,131 | $ 16,635,130 | $ 16,567,391 | $ 16,567,946 | $ 15,669,311 |
| **Plan fiduciary net position** | | | | | | | | | | |
| Contributions - employer | $ 600,000 | $ 600,000 | $ 600,000 | $ 610,000 | $ 640,000 | $ 600,000 | $ 600,000 | $ 650,000 | $ 1,300,000 | $ 1,610,000 |
| Contributions - member | - | - | - | - | - | - | - | - | - | - |
| Net investment income | 1,491,416 | 1,286,969 | (2,354,156) | 3,073,148 | 638,288 | 914,882 | 1,320,179 | 1,737,667 | (116,640) | 200,379 |
| Benefit payments, including refund of member contributions | (1,326,757) | (1,283,389) | (1,163,472) | (1,093,628) | (1,148,642) | (1,095,290) | (953,466) | (863,801) | (717,399) | (668,078) |
| Administrative expense | (44,739) | (41,787) | (41,500) | (26,062) | (73,971) | - | (64,193) | (55,593) | (55,550) | (66,580) |
| **Net change in plan fiduciary net position** | 719,920 | 561,793 | (2,959,128) | 2,563,458 | 55,675 | 419,592 | 902,520 | 1,468,273 | 410,411 | 1,075,721 |
| **Plan fiduciary net position - beginning** | 16,824,170 | 16,262,377 | 19,221,505 | 16,658,047 | 16,602,372 | 16,182,780 | 15,280,260 | 13,811,987 | 13,401,576 | 12,325,855 |
| **Plan fiduciary net position - ending (b)** | $ 17,544,090 | $ 16,824,170 | $ 16,262,377 | $ 19,221,505 | $ 16,658,047 | $ 16,602,372 | $ 16,182,780 | $ 15,280,260 | $ 13,811,987 | $ 13,401,576 |
| **Net pension liability - ending (a) - (b)** | $ 1,568,173 | $ 2,042,739 | $ 2,323,906 | $ (936,647) | $ 1,517,654 | $ (30,241) | $ 452,350 | $ 1,287,131 | $ 2,755,959 | $ 2,267,735 |
| **Plan fiduciary net position as a percentage of the total pension liability** | 91.79% | 89.17% | 87.50% | 105.12% | 91.65% | 100.18% | 97.28% | 92.23% | 83.37% | 85.53% |
| **Covered employee payroll** | $ 1,393,032 | $ 1,319,571 | $ 1,475,902 | $ 1,788,153 | $ 1,826,067 | $ 2,097,532 | $ 2,217,599 | $ 2,445,296 | $ 3,067,660 | $ 3,406,196 |
| **Net pension liability as a percentage of covered employee payroll** | 112.57% | 154.80% | 157.46% | -52.38% | 83.11% | -1.44% | 20.40% | 52.64% | 89.84% | 66.58% |

See independent auditor's report.

# CITY OF ATHENS, TENNESSEE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
EMPLOYEE RETIREMENT PLAN

LAST 10 FISCAL YEARS ENDING JUNE 30

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 117,702 | $ 70,052 | $ 108,656 | $ 496,551 | $ 404,526 | $ 398,633 | $ 393,842 | $ 359,139 | $ 359,396 | $ 465,803 |
| Contributions in relation to the actuarially determined contribution | 600,000 | 600,000 | 600,000 | 610,000 | 640,000 | 600,000 | 600,000 | 650,000 | 1,300,000 | 1,610,000 |
| Contribution deficiency (excess) | $ (482,298) | $ (529,948) | $ (491,344) | $ (113,449) | $ (235,474) | $ (201,367) | $ (206,158) | $ (290,861) | $ (940,604) | $ (1,144,197) |
| Covered employee payroll | 1393032 | $ 1,319,571 | $ 1,475,902 | $ 1,788,153 | $ 1,826,067 | $ 2,097,532 | $ 2,217,599 | $ 2,445,296 | $ 3,067,660 | $ 3,406,196 |
| Contributions as a percentage of covered-employee payroll | 43.07% | 45.47% | 40.65% | 34.11% | 35.05% | 28.61% | 27.06% | 26.58% | 42.38% | 47.27% |

**Notes to Schedule:**

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

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Actuarial cost method | Entry age |
| Amortization method | Level percent closed |
| Remaining amortization period | 26.7 years |
| Asset valuation method | Five year smoothed market |
| Inflation | 2.750% |
| Salary increases | 3.25 - 5.00%, including inflation |
| Investment rate of return | 7.70%, net of pension plan investment expense, including inflation |

# CITY OF ATHENS, TENNESSEE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
EMPLOYEE RETIREMENT PLAN

LAST 10 FISCAL YEARS ENDING JUNE 30

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Annual money-weighted rate of return, net of investment expense | 8.90% | 7.90% | -12.26% | 18.21% | 3.83% | 6.08% | 8.58% | 12.38% | -0.85% | 1.57% |

See independent auditor's report.

## CITY OF ATHENS, TENNESSEE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
ATHENS CITY BOARD OF EDUCATION - PUBLIC EMPLOYEE PENSION PLAN

LAST 10 FISCAL YEARS ENDING JUNE 30

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total pension liability** | | | | | | | | | | |
| Service cost | $ 238,259 | $ 218,404 | $ 194,715 | $ 200,990 | $ 189,989 | $ 217,353 | $ 197,805 | $ 202,468 | $ 192,930 | $ 183,637 |
| Interest | 672,822 | 638,996 | 611,951 | 591,597 | 567,606 | 537,932 | 525,704 | 507,194 | 470,972 | 456,115 |
| Differences between expected and actual experience | 210,316 | 84,289 | 62,356 | (98,678) | (32,715) | 112,311 | (98,841) | (142,126) | 108,969 | (170,142) |
| Changes of assumptions | - | - | 569,528 | - | - | - | 148,754 | - | - | |
| Benefit payments, including refund of member contributions | (466,418) | (454,439) | (418,219) | (395,571) | (414,358) | (447,523) | (317,667) | (314,496) | (284,381) | (277,253) |
| **Net change in total pension liability** | 654,979 | 487,250 | 1,020,331 | 298,338 | 310,522 | 420,073 | 455,755 | 253,040 | 488,490 | 192,357 |
| **Total pension liability - beginning** | 9,962,680 | 9,475,430 | 8,455,099 | 8,156,761 | 7,846,239 | 7,426,166 | 6,970,411 | 6,717,371 | 6,228,881 | 6,036,524 |
| **Total pension liability - ending (a)** | $ 10,617,659 | $ 9,962,680 | $ 9,475,430 | $ 8,455,099 | $ 8,156,761 | $ 7,846,239 | $ 7,426,166 | $ 6,970,411 | $ 6,717,371 | $ 6,228,881 |
| **Plan fiduciary net position** | | | | | | | | | | |
| Contributions - employer | $ 223,399 | $ 207,252 | $ 203,379 | $ 200,213 | $ 177,242 | $ 168,249 | $ 174,295 | $ 164,526 | $ 158,450 | $ 156,714 |
| Contributions - member | 116,354 | 107,945 | 105,910 | 104,586 | 106,516 | 101,278 | 105,188 | 100,581 | 95,605 | 94,521 |
| Net investment income | 672,978 | (403,884) | 2,191,947 | 406,602 | 576,272 | 605,614 | 754,503 | 173,363 | 196,626 | 914,930 |
| Benefit payments, including refund of member contributions | (466,418) | (454,439) | (418,219) | (395,571) | (414,358) | (447,523) | (317,667) | (314,496) | (284,381) | (277,253) |
| Administrative expense | (9,690) | (7,737) | (7,219) | (7,327) | (7,699) | (8,206) | (8,045) | (6,525) | (4,335) | (3,263) |
| Other | - | - | - | - | - | - | - | - | - | - |
| **Net change in plan fiduciary net position** | 536,623 | (550,863) | 2,075,798 | 308,503 | 437,973 | 419,412 | 708,274 | 117,449 | 161,965 | 885,649 |
| **Plan fiduciary net position - beginning** | 10,079,958 | 10,630,821 | 8,555,023 | 8,246,520 | 7,808,547 | 7,389,135 | 6,680,861 | 6,563,412 | 6,401,447 | 5,515,798 |
| **Plan fiduciary net position - ending (b)** | $ 10,616,581 | $ 10,079,958 | $ 10,630,821 | $ 8,555,023 | $ 8,246,520 | $ 7,808,547 | $ 7,389,135 | $ 6,680,861 | $ 6,563,412 | $ 6,401,447 |
| **Net pension liability - ending (a) - (b)** | $ 1,078 | $ (117,278) | $ (1,155,391) | $ (99,924) | $ (89,759) | $ 37,692 | $ 37,031 | $ 289,550 | $ 153,959 | $ (172,566) |
| **Plan fiduciary net position as a percentage of the total pension liability** | 99.99% | 101.18% | 112.19% | 101.18% | 101.10% | 99.52% | 99.50% | 95.85% | 97.71% | 102.77% |
| **Covered employee payroll** | $ 2,327,074 | $ 2,158,874 | $ 2,120,819 | $ 2,085,450 | $ 2,130,306 | $ 2,022,221 | $ 2,094,909 | $ 1,976,171 | $ 1,904,451 | $ 1,888,122 |
| **Net pension liability as a percentage of covered employee payroll** | 0.05% | -5.43% | -54.48% | -4.8% | -4.21% | 1.86% | 1.77% | 14.65% | 8.08% | -9.14% |

**Notes to Schedule:**

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

See independent auditor's report and notes to Public Employee Pension Plan.

## CITY OF ATHENS, TENNESSEE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
ATHENS CITY BOARD OF EDUCATION - PUBLIC EMPLOYEE PENSION PLAN

LAST 10 FISCAL YEARS ENDING JUNE 30

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 210,871 | $ 223,399 | $ 207,706 | $ 203,379 | $ 200,213 | $ 177,242 | $ 168,249 | $ 174,295 | $ 164,526 | $ 158,450 |
| Contributions in relation to the actuarially determined contribution | 210,871 | 223,399 | 207,706 | 203,379 | 200,213 | 177,242 | 168,249 | 174,295 | 164,526 | 158,450 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Covered employee payroll | $ 2,196,573 | $ 2,327,074 | $ 2,163,604 | $ 2,120,819 | $ 2,085,450 | $ 2,130,306 | $ 2,022,221 | $ 2,094,909 | $ 1,976,171 | $ 1,904,451 |
| Actuarially determined contribution as a percentage of covered-employee payroll | 9.60% | 9.60% | 9.60% | 9.59% | 9.60% | 8.32% | 8.32% | 8.32% | 8.33% | 8.32% |
| Actual Contributions as a percentage of covered-employee payroll | 9.60% | 9.60% | 9.60% | 9.59% | 9.60% | 8.32% | 8.32% | 8.32% | 8.33% | 8.32% |

**Notes to Schedule:**
*See notes to the financial statements for valuation, methods, and assumptions information.*

# CITY OF ATHENS, TENNESSEE

REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO ATHENS CITY BOARD OF EDUCATION
PUBLIC EMPLOYEE PENSION PLAN

JUNE 30, 2024

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*Valuation date:* Actuarially determined contribution rates for fiscal year 2024 *were calculated based on the June 30, 2022 actuarial valuation.*

*Methods and assumptions used to determine contribution rates:*

| | |
|---|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level dollar, closed (not to exceed 20 years) |
| Remaining amortization period | Varies by year |
| Asset valuation | 10-year smoothed within a 20% corridor to market value |
| Inflation | 2.25% |
| Salary increases | Graded salary ranges from 8.72 to 3.44% based on age, including inflation averaging 4.00% |
| Investment Rate of Return | 6.75%, net of investment expense, including inflation |
| Retirement age | Pattern of retirement determined by experience study |
| Mortality | Customized table based on actual experience including an adjustment for some anticipated improvement |
| Cost of Living Adjustments | 2.13% |

*Changes of assumptions.* In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate from 2.50% to 2.25%, investment rate of return from 7.25% to 6.75%, cost-of-living adjustment from 2.25% to 2.125%. In 2017, the following assumptions were changed; decrease inflation rate from 3.00% to 2.50%; decrease the investment rate of return from 7.50% to 7.25%; decrease the cost-of-living adjustment from 2.50% to 2.25%; decrease salary growth graded ranges from an average of 4.25% to an average of 4.00%; and modified mortality assumptions.

## CITY OF ATHENS, TENNESSEE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ATHENS CITY BOARD OF EDUCATION - TEACHER LEGACY PENSION PLAN

LAST 10 FISCAL YEARS ENDING JUNE 30

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Employer's proportion of the collective net OPEB liability | 0.200286% | 0.184360% | 0.177677% | 0.183907% | 0.193487% | 0.189192% | 0.195561% | 0.201213% | 0.191783% | 0.188902% |
| Employer's proportionate share of the collective net OPEB liability | $ (2,361,315) | $ (2,260,998) | $ (7,663,632) | $ (1,402,423) | $ (1,989,398) | $ (665,750) | $ (63,984) | $ 1,257,467 | $ 78,561 | $ (30,696) |
| Employer's covered-employee payroll during the measurement period* | $ 6,499,356 | $ 6,067,081 | $ 5,831,656 | $ 6,120,884 | $ 6,487,902 | $ 6,624,524 | $ 6,856,088 | $ 7,263,369 | $ 7,179,415 | $ 7,414,378 |
| Employer's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll | 36.33% | 37.27% | 131.41% | 22.91% | 30.66% | 10.05% | 0.93% | 17.31% | 1.09% | 0.41% |
| Plan fiduciary net position as a percentage of the total collective OPEB liability | 104.11% | 104.42% | 116.13% | 103.09% | 104.28% | 101.49% | 100.14% | 97.14% | 99.81% | 100.08% |

**Notes to Schedule:**
The amounts presented on this schedule were determined as of June 30 of the prior fiscal year.

## CITY OF ATHENS, TENNESSEE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
ATHENS CITY BOARD OF EDUCATION - TEACHER LEGACY PENSION PLAN

LAST 10 FISCAL YEARS ENDING JUNE 30

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 396,531 | $ 564,795 | $ 624,918 | $ 598,911 | $ 650,650 | $ 678,635 | $ 601,539 | $ 624,934 | $ 656,609 | $ 649,018 |
| Contributions in relation to the actuarially determined contribution | 396,531 | 564,795 | 624,918 | 598,911 | 650,650 | 678,635 | 601,539 | 624,934 | 656,609 | 649,018 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Covered employee payroll | $ 5,822,776 | $ 6,499,356 | $ 6,067,081 | $5,831,656 | $6,120,884 | $6,487,902 | $6,624,524 | $6,856,088 | $7,263,369 | $7,179,415 |
| Contributions as a percentage of covered-employee payroll | 6.81% | 8.69% | 10.30% | 10.27% | 10.63% | 10.46% | 9.08% | 9.12% | 9.04% | 9.04% |

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

# CITY OF ATHENS, TENNESSEE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
ATHENS CITY BOARD OF EDUCATION - TEACHER RETIREMENT PLAN

LAST 9 FISCAL YEARS ENDING JUNE 30

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| Athens City Board of Education's proportion of the net pension liability | 0.159040% | 0.183229% | 0.180937% | 0.184038% | 0.178585% | 0.186509% | 0.168014% | 0.199142% | 0.339025% |
| Athens City Board of Education's proportionate share of the net pension liability | $ (67,438) | $ (55,505) | $ (195,993) | $ (104,652) | $ (100,809) | $ (84,587) | $ (44,329) | $ (20,731) | $ (13,926) |
| Athens City Board of Education's covered payroll | $ 3,163,353 | $ 3,128,975 | $ 2,611,312 | $ 2,322,420 | $ 1,892,758 | $ 1,629,866 | $ 1,159,644 | $ 876,231 | $ 719,244 |
| Athens City Board of Education's proportionate share of the collective net pension liability as a percentage of its covered payroll | 2.13% | 1.77% | 7.51% | 4.51% | 5.33% | 5.19% | 3.82% | 2.37% | 1.94% |
| Plan fiduciary net position as a percentage of the total collective pension liability | 104.97% | 104.55% | 121.53% | 116.52% | 123.07% | 126.97% | 126.81% | 121.88% | 127.46% |

**Notes to Schedule:**
The amounts presented on this schedule were determined as of June 30 of the prior fiscal year.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

## CITY OF ATHENS, TENNESSEE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
ATHENS CITY BOARD OF EDUCATION - TEACHER RETIREMENT PLAN

LAST 10 FISCAL YEARS ENDING JUNE 30

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 102,098 | $ 90,817 | $ 62,744 | $ 52,749 | $ 47,145 | $ 36,662 | $ 26,579 | $ 44,110 | $ 21,934 | $ 17,981 |
| Contributions in relation to the actuarially determined contribution | 102,098 | 90,817 | 62,744 | 52,749 | 47,145 | 36,662 | 65,195 | 44,110 | 35,049 | 28,770 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ (38,616) | $ - | $ (13,115) | $ (10,789) |
| Covered employee payroll | $ 3,460,950 | $ 3,163,353 | $ 3,121,588 | $ 2,611,312 | $ 2,322,420 | $ 1,892,758 | $ 1,629,866 | $ 1,159,644 | $ 876,231 | $ 719,244 |
| Contributions as a percentage of covered-employee payroll | 2.95% | 2.87% | 2.01% | 2.02% | 2.03% | 1.94% | 4.00% | 3.80% | 4.00% | 4.00% |

**Notes to Schedule:**

(1) In FY 2019, the Board placed the actuarially determined contribution rate, 1.94%, of covered payroll into the pension plan and placed 2.06% of covered payroll into the TCRS Stabilization Reserve Trust.

(2) In FY 2020, the Board placed the actuarially determined contribution rate, 2.03%, of covered payroll into the pension plan and placed 1.97% of covered payroll into the TCRS Stabilization Reserve Trust.

(3) In FY 2021, the Board placed the actuarially determined contribution rate, 2.02%, of covered payroll into the pension plan and placed 1.98% of covered payroll into the TCRS Stabilization Reserve Trust.

(4) In FY 2022, the Board placed the actuarially determined contribution rate, 2.01%, of covered payroll into the pension plan and placed 1.99% of covered payroll into the TCRS Stabilization Reserve Trust.

(5) In FY 2023, the Board placed the actuarially determined contribution rate, 2.87%, of covered payroll into the pension plan and placed 1.13% of covered payroll into the TCRS Stabilization Reserve Trust.

(6) In FY 2024, the Board placed the actuarially determined contribution rate, 2.95%, of covered payroll into the pension plan and placed 1.05% of covered payroll into the TCRS Stabilization Reserve Trust.

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

# CITY OF ATHENS, TENNESSEE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN PROPORTIONATE SHARE OF COLLECTIVE OPEB LIABILITY AND RELATED RATIOS
ATHENS CITY BOARD OF EDUCATION - TEACHER GROUP OPEB PLAN

JUNE 30, 2024

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|
| Total OPEB Liability | | | | | | |
| Service cost | $ 152,433 | $ 186,846 | $ 148,684 | $ 120,345 | $ 119,993 | $ 139,034 |
| Interest | 107,937 | 71,865 | 59,338 | 82,670 | 77,437 | 95,367 |
| Changes in benefit terms | - | - | - | - | (79,869) | (190,235) |
| Differences between actual and expected experience | 88,057 | (49,326) | 213,515 | (26,071) | 418,071 | (433,868) |
| Change in assumptions and other assumptions | 277,836 | (318,961) | 339,955 | 275,222 | (170,842) | 44,973 |
| Benefit payments, including refunds of employee contributions | (113,646) | (154,600) | (160,397) | (140,860) | (157,028) | (196,195) |
| Net change in total OPEB liability | 512,617 | (264,176) | 601,095 | 311,306 | 207,762 | (540,924) |
| Total OPEB liability - beginning | 2,952,963 | 3,217,139 | 2,616,044 | 2,304,738 | 2,096,976 | 2,637,900 |
| Total OPEB liability - ending (a) | $ 3,465,580 | $ 2,952,963 | $ 3,217,139 | $ 2,616,044 | $ 2,304,738 | $ 2,096,976 |
| Nonemployer contributing entities proportionate share of the collective total OPEB liability | $ 1,247,065 | $ 1,010,458 | $ 1,048,708 | $ 799,934 | $ 738,685 | $ 619,403 |
| Employer`s proportionate share of the collective total OPEB OPEB liability | $ 2,218,515 | $ 1,942,505 | $ 2,168,431 | $ 1,816,110 | $ 1,566,053 | $ 1,477,573 |
| Covered - employee payroll | $ 11,137,516 | $ 11,926,955 | $ 10,012,017 | $ 10,496,012 | $ 10,238,579 | $ 9,945,181 |
| Total OPEB liability as a percentage of covered-employee payroll | 19.92% | 16.29% | 21.66% | 17.30% | 15.30% | 14.86% |

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

See independent auditor's report and notes to Teacher Group OPEB Plan.

# CITY OF ATHENS, TENNESSEE

REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO ATHENS CITY BOARD OF EDUCATION
TEACHER GROUP OPEB PLAN

JUNE 30, 2024

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**Notes to Schedule:**

| | |
|---|---|
| *Valuation date:* | July 1, 2023 |
| *Measurement date:* | June 30, 2023 |

*Methods and assumptions used to determine total OPEB liability:*

| | |
|---|---|
| Actuarial cost method | Entry age normal |
| Inflation | 2.25% |
| Discount rate | 3.65% |
| Salary increases | Assumed salary increases are the same as used by TCRS: 8.72% at age 20 graded to 3.44% at age 70 (with 4.00% weighted average). |
| Mortality | Pre-retirement: PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2021 from 2010. Post-retirement: Headcount-weighted Teacher Below Median Healthy Annuitant and adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2021. Disabled: Reflects those used by TCRS and are taken from the gender distinct table published in the IRS Revenue Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2021. |

Healthcare cost trend rates

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

*Changes in assumptions:* The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change in assumption decreased the total OPEB liability.

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

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

# CITY OF ATHENS, TENNESSEE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN PROPORTIONATE SHARE OF
COLLECTIVE OPEB LIABILITY AND RELATED RATIOS
ATHENS CITY BOARD OF EDUCATION - TENNESSEE OPEB PLAN

JUNE 30, 2024

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|
| Total OPEB Liability | | | | | | |
| Service cost | $ 5,433 | $ 7,973 | $ 9,734 | $ 6,798 | $ 5,386 | $ 6,482 |
| Interest | 18,468 | 13,658 | 16,864 | 23,431 | 21,021 | 24,002 |
| Differences between actual and expected experience | 21,462 | (1,573) | (16,813) | (6,589) | 89,751 | (79,587) |
| Change in assumptions and other assumptions | (4,595) | (88,378) | (97,303) | 112,045 | 9,992 | (3,957) |
| Benefit payments, including refunds of employee contributions | (39,273) | (40,404) | (42,507) | (43,569) | (37,898) | (41,143) |
| Net change in total OPEB liability | 1,495 | (108,724) | (130,025) | 92,116 | 88,252 | (94,203) |
| Total OPEB liability - beginning | 535,716 | 644,440 | 774,465 | 682,349 | 594,097 | 688,300 |
| Total OPEB liability - ending (a) | $ 537,211 | $ 535,716 | $ 644,440 | $ 774,465 | $ 682,349 | $ 594,097 |
| Nonemployer contributing entities proportionate share of the collective total OPEB liability | $ 537,211 | $ 535,716 | $ 644,440 | $ 774,465 | $ 682,349 | $ 594,097 |
| Employer`s proportionate share of the collective total OPEB OPEB liability | $ - | $ - | $ - | $ - | $ - | $ - |
| Covered - employee payroll | $ 11,384,745 | $ 12,239,012 | $ 10,181,329 | $ 10,637,843 | $ 10,547,888 | $ 10,381,280 |
| Total OPEB liability as a percentage of covered-employee payroll | N/A | N/A | N/A | N/A | N/A | N/A |

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

See independent auditor's report and notes to Tennessee OPEB Plan.

**Notes to Schedule:**

| | |
|---|---|
| *Valuation date:* | July 1, 2023 |
| *Measurement date:* | June 30, 2023 |

*Methods and assumptions used to determine total OPEB liability:*

| | |
|---|---|
| Actuarial cost method | Entry age normal |
| Inflation | 2.25% |
| Discount rate | 3.65% |
| Salary increases | Assumed salary increases are the same as used by TCRS: 8.72% at age 20 graded to 3.44% at age 70 (with 4.00% weighted average). |
| Mortality | Pre-retirement: PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2021 from 2010. Post-retirement: Headcount-weighted Teacher Below Median Healthy Annuitant and adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2021.<br>Disabled: Reflects those used by TCRS and are taken from the gender distinct table published in the IRS Revenue Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2021. |
| Healthcare cost trend rates | Premium subsidies provided by the State and the employer are assumed to remain unchanged for the entire projection. |

*Changes in assumptions:* The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change in assumption decreased the total OPEB liability.

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

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

# OTHER SUPPLEMENTARY INFORMATION

# NONMAJOR GOVERNMENTAL FUNDS

# CITY OF ATHENS, TENNESSEE

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2024

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### Capital Projects Fund

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

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

### Debt Service Funds

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

### Special Revenue Funds

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

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

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

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

**Internal School Fund:** This fund is used to account for funds held at individual schools for internal school use such as the purchase of supplies, school clubs, and student activities.

### Permanent Fund

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

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

# CITY OF ATHENS, TENNESSEE

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2024

| | | | | Special Revenue | | | | Permanent Fund | |
|---|---|---|---|---|---|---|---|---|---|
| | General Obligation Bond | Debt Service - Schools | Debt Service - City Projects | Hotel/ Motel Tax | Drug | Centralized Cafeteria | Internal School Funds | Cemetery Perpetual Care | Total |
| **ASSETS** | | | | | | | | | |
| Cash and cash equivalents | $ - | $ - | $ 335 | $ 170,898 | $ 18,281 | $ 915,858 | 174,293 | $ - | $ 1,279,665 |
| Investments | - | - | 78,891 | 479,120 | 146,081 | - | - | 407,601 | 1,111,693 |
| Receivables: | | | | | | | | | |
| Other | - | - | - | 37,000 | 4,324 | 81,750 | - | - | 123,074 |
| Inventories | - | - | - | - | - | 32,203 | - | - | 32,203 |
| Total assets | $ - | $ - | $ 79,226 | $ 687,018 | $ 168,686 | $ 1,029,811 | $ 174,293 | $ 407,601 | $ 2,546,635 |
| **LIABILITIES** | | | | | | | | | |
| Accounts payable | $ - | $ - | $ - | $ 906 | $ - | $ - | $ - | $ - | $ 906 |
| Accrued payroll and withholdings | - | - | - | 2,390 | - | 52,538 | - | - | 54,928 |
| Total liabilities | - | - | - | 3,296 | - | 52,538 | - | - | 55,834 |
| **FUND BALANCES** | | | | | | | | | |
| Nonspendable | - | - | - | - | - | 32,203 | - | 102,326 | 134,529 |
| Restricted | - | - | 79,226 | 683,722 | 168,686 | 945,070 | 174,293 | 305,275 | 2,356,272 |
| Total fund balances | - | - | 79,226 | 683,722 | 168,686 | 977,273 | 174,293 | 407,601 | 2,490,801 |
| Total liabilities, deferred inflows of resources, fund balances | $ - | $ - | $ 79,226 | $ 687,018 | $ 168,686 | $ 1,029,811 | $ 174,293 | $ 407,601 | $ 2,546,635 |

See independent auditor's report.

# CITY OF ATHENS, TENNESSEE

NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2024

| | | | | Special Revenue | | | | Permanent Fund | |
|---|---|---|---|---|---|---|---|---|---|
| | General Obligation Bond | Debt Service - Schools | Debt Service - City Projects | Hotel/ Motel Tax | Drug | Centralized Cafeteria | Internal School Funds | Cemetery Perpetual Care | Total |
| **REVENUES** | | | | | | | | | |
| Other local taxes | $ - | $ - | $ - | $ 431,520 | $ - | $ - | $ - | $ - | $ 431,520 |
| Intergovernmental | - | - | - | 10,067 | - | 1,438,457 | - | - | 1,448,524 |
| Charges for services | - | - | - | - | - | 35,637 | 274,868 | 3,670 | 314,175 |
| Fines and forfeitures | - | - | - | - | 36,440 | - | - | - | 36,440 |
| Investment and interest income | - | - | 14,517 | 23,118 | 5,605 | 4,561 | - | 46,833 | 94,634 |
| Miscellaneous | - | - | - | - | - | 515 | - | - | 515 |
| Total revenues | - | - | 14,517 | 464,705 | 42,045 | 1,479,170 | 274,868 | 50,503 | 2,325,808 |
| **EXPENDITURES** | | | | | | | | | |
| Current: | | | | | | | | | |
| General government | - | - | 1,000 | 262,989 | - | - | - | 3,745 | 267,734 |
| Public safety | - | - | - | - | 1,589 | - | - | - | 1,589 |
| Education | - | - | - | - | - | 1,625,311 | 262,690 | - | 1,888,001 |
| Debt service: | | | | | | | | | |
| Principal | - | - | 225,000 | - | - | - | - | - | 225,000 |
| Interest | - | - | 154,214 | - | - | - | - | - | 154,214 |
| Total expenditures | - | - | 380,214 | 262,989 | 1,589 | 1,625,311 | 262,690 | 3,745 | 2,536,538 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** | - | - | (365,697) | 201,716 | 40,456 | (146,141) | 12,178 | 46,758 | (210,730) |
| **OTHER FINANCING SOURCES (USES)** | | | | | | | | | |
| Transfers in | - | - | 400,000 | - | - | - | - | - | 400,000 |
| Proceeds from sale of assets | - | - | - | - | - | 6,015 | - | - | 6,015 |
| Total financing sources (uses) | - | - | 400,000 | - | - | 6,015 | - | - | 406,015 |
| **NET CHANGE IN FUND BALANCES** | - | - | 34,303 | 201,716 | 40,456 | (140,126) | 12,178 | 46,758 | 195,285 |
| Fund Balance | | | | | | | | | |
| Beginning, as previously reported | 4,374,542 | 2,811,574 | 44,923 | 482,006 | 128,230 | 1,117,399 | 162,115 | 360,843 | 9,481,632 |
| Change within financial reporting entity (nonmajor to major fund) | (4,374,542) | (2,811,574) | - | - | - | - | - | - | (7,186,116) |
| Beginning, as restated | - | - | 44,923 | 482,006 | 128,230 | 1,117,399 | 162,115 | 360,843 | 2,295,516 |
| Ending | $ - | $ - | $ 79,226 | $ 683,722 | $ 168,686 | $ 977,273 | $ 174,293 | $ 407,601 | $ 2,490,801 |

See independent auditor's report.

# CITY OF ATHENS, TENNESSEE

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL DEBT SERVICE - CITY PROJECTS FUND

YEAR ENDED JUNE 30, 2024

| | Budget | | | Variance with Final Budget |
|---|---|---|---|---|
| | Original | Final | Actual | |
| **REVENUES** | | | | |
| Investment and interest income | $ 1,000 | $ 1,000 | $ 14,517 | $ 13,517 |
| Total revenues | 1,000 | 1,000 | 14,517 | 13,517 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | 1,000 | 1,000 | 1,000 | - |
| Debt service: | | | | |
| Principal | 225,000 | 225,000 | 225,000 | - |
| Interest | 159,000 | 159,000 | 154,214 | 4,786 |
| Total expenditures | 385,000 | 385,000 | 380,214 | 4,786 |
| **REVENUES OVER (UNDER) EXPENDITURES** | (384,000) | (384,000) | (365,697) | 18,303 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers | 400,000 | 400,000 | 400,000 | - |
| Net change in fund balance | 16,000 | 16,000 | 34,303 | 18,303 |
| **FUND BALANCE,** beginning of year | 44,923 | 44,923 | 44,923 | - |
| **FUND BALANCE,** end of year | $ 60,923 | $ 60,923 | $ 79,226 | $ 18,303 |

See independent auditor's report.

# CITY OF ATHENS, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL/MOTEL TAX FUND

YEAR ENDED JUNE 30, 2024

| | Budget | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **REVENUES** | | | | |
| Hotel/Motel tax | $ 400,000 | $ 400,000 | $ 431,520 | $ 31,520 |
| Intergovernmental | - | - | 10,067 | 10,067 |
| Investment and interest income | - | - | 23,118 | 23,118 |
| Total revenues | 400,000 | 400,000 | 464,705 | 64,705 |
| **EXPENDITURES** | | | | |
| Personnel | 58,700 | 58,700 | 60,477 | (1,777) |
| Operations | 70,000 | 70,000 | 58,104 | 11,896 |
| Tourism | 270,000 | 270,000 | 144,408 | 125,592 |
| Total expenditures | 398,700 | 398,700 | 262,989 | 135,711 |
| **REVENUES OVER (UNDER) EXPENDITURES** | 1,300 | 1,300 | 201,716 | 200,416 |
| **FUND BALANCE,** beginning of year | 482,006 | 482,006 | 482,006 | - |
| **FUND BALANCE,** end of year | $ 483,306 | $ 483,306 | $ 683,722 | $ 200,416 |

See independent auditor's report.

# CITY OF ATHENS, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DRUG FUND

YEAR ENDED JUNE 30, 2024

| | Budget | | | Variance |
|---|---|---|---|---|
| | Original | Final | Actual | with Final Budget |
| **REVENUES** | | | | |
| Drug fines and forfeitures | $ 20,000 | $ 20,000 | $ 36,440 | $ 16,440 |
| Investment and interest income | - | - | 5,605 | 5,605 |
| Total revenues | 20,000 | 20,000 | 42,045 | 22,045 |
| **EXPENDITURES** | | | | |
| Drug investigation | 5,000 | 5,000 | - | 5,000 |
| Awareness, education and training | 7,000 | 7,000 | - | 7,000 |
| Professional supplies | - | - | 1,589 | (1,589) |
| Total expenditures | 12,000 | 12,000 | 1,589 | 10,411 |
| **REVENUES OVER (UNDER) EXPENDITURES** | 8,000 | 8,000 | 40,456 | 32,456 |
| **FUND BALANCE,** beginning of year | 128,230 | 128,230 | 128,230 | - |
| **FUND BALANCE,** end of year | $ 136,230 | $ 136,230 | $ 168,686 | $ 32,456 |

See independent auditor's report.

# CITY OF ATHENS, TENNESSEE

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL CENTRALIZED CAFETERIA FUND

YEAR ENDED JUNE 30, 2024

| | Budget | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **REVENUES** | | | | |
| State funds | $ 14,000 | $ 14,000 | $ 12,127 | $ (1,873) |
| Federal funds received through state | 1,458,470 | 1,458,470 | 1,426,330 | (32,140) |
| Charges for services | 69,000 | 69,000 | 35,637 | (33,363) |
| Interest | 3,750 | 3,750 | 4,561 | 811 |
| Other | - | - | 515 | 515 |
| Total revenues | 1,545,220 | 1,545,220 | 1,479,170 | (66,050) |
| **EXPENDITURES** | | | | |
| Education | 1,670,220 | 1,730,220 | 1,625,311 | 104,909 |
| Total expenditures | 1,670,220 | 1,730,220 | 1,625,311 | 104,909 |
| **REVENUES OVER (UNDER) EXPENDITURES** | (125,000) | (185,000) | (146,141) | 38,859 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Proceeds from sale of assets | - | - | 6,015 | 6,015 |
| Total other financing sources (used) | - | - | 6,015 | 6,015 |
| **NET CHANGES IN FUND BALANCE** | (125,000) | (185,000) | (140,126) | 44,874 |
| **FUND BALANCE,** beginning of year | 1,117,399 | 1,117,399 | 1,117,399 | - |
| **FUND BALANCE,** end of year | $ 992,399 | $ 932,399 | $ 977,273 | $ 44,874 |

See independent auditor's report.

# CITY OF ATHENS, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE - SCHOOLS FUND

YEAR ENDED JUNE 30, 2024

| | Budget Amounts | | | Variance |
|---|---|---|---|---|
| | Original | Final | Actual | with Final Budget |
| **REVENUES** | | | | |
| Intergovernmental | $ 700,000 | $ 700,000 | $ 700,000 | $ - |
| Investment and interest income | 80,000 | 80,000 | 98,411 | 18,411 |
| Total revenues | 780,000 | 780,000 | 798,411 | 18,411 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Bond issuance cost | - | - | 3,000 | (3,000) |
| | - | - | 3,000 | (3,000) |
| Debt service: | | | | |
| Principal | 700,000 | 35,700,000 | 30,140,710 | 5,559,290 |
| Interest and fiscal charges | 1,400,000 | 1,800,000 | 1,654,243 | 145,757 |
| | 2,100,000 | 37,500,000 | 31,794,953 | 5,705,047 |
| Total expenditures | 2,100,000 | 37,500,000 | 31,797,953 | 5,702,047 |
| **EXCESS OF REVENUES OVER EXPENDITURES** | (1,320,000) | (36,720,000) | (30,999,542) | 5,720,458 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Issuance of debt | - | 40,000,000 | 30,000,000 | (10,000,000) |
| Transfers in | 1,000,000 | 1,000,000 | 1,000,000 | - |
| Total other financing sources (uses) | 1,000,000 | 41,000,000 | 31,000,000 | (10,000,000) |
| Net change in fund balances | (320,000) | 4,280,000 | 458 | (4,279,542) |
| **FUND BALANCES**, beginning | 2,811,574 | 2,811,574 | 2,811,574 | - |
| **FUND BALANCES**, ending | $ 2,491,574 | $ 7,091,574 | $ 2,812,032 | $ (4,279,542) |

See independent auditor's report.

# INTERNAL SERVICE FUNDS

# CITY OF ATHENS, TENNESSEE

## INTERNAL SERVICE FUNDS

## JUNE 30, 2024

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

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

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

# CITY OF ATHENS, TENNESSEE

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

JUNE 30, 2024

| | Fleet Management Fund | Employee Medical Benefits Fund | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ 49,870 | $ - | $ 49,870 |
| Investments | 6,525,591 | 290,021 | 6,815,612 |
| Accounts receivable | 114,364 | - | 114,364 |
| Total current assets | 6,689,825 | 290,021 | 6,979,846 |
| Noncurrent assets: | | | |
| Other capital assets | 3,593,409 | - | 3,593,409 |
| Net capital assets | 3,593,409 | - | 3,593,409 |
| Total assets | 10,283,234 | 290,021 | 10,573,255 |
| **LIABILITIES** | - | - | - |
| **NET POSITION** | | | |
| Net investment in capital assets | 3,593,409 | - | 3,593,409 |
| Unrestricted | 6,689,825 | 290,021 | 6,979,846 |
| Total net position | $ 10,283,234 | $ 290,021 | $ 10,573,255 |

# CITY OF ATHENS, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS

YEAR ENDED JUNE 30, 2024

| | Fleet Managament Fund | Employee Medical Benefits Fund | Total |
|---|---|---|---|
| **OPERATING REVENUES** | | | |
| Charges for services | $ 1,183,899 | $ - | $ 1,183,899 |
| Intergovernmental | 70,192 | - | 70,192 |
| Total operating revenues | 1,254,091 | - | 1,254,091 |
| **OPERATING EXPENSES** | | | |
| Claims paid | - | 125,901 | 125,901 |
| Depreciation | 533,815 | - | 533,815 |
| Total operating expenses | 533,815 | 125,901 | 659,716 |
| **OPERATING INCOME** | 720,276 | (125,901) | 594,375 |
| **NONOPERATING REVENUE (EXPENSES)** | | | |
| Gain on sale of capital assets | 32,005 | - | 32,005 |
| Capital contributions | 76,845 | - | 76,845 |
| Unrealized gain (loss) on investments | (3,432) | - | (3,432) |
| Interest income | 428,871 | 21,585 | 450,456 |
| Total nonoperating (revenue) expenses | 534,289 | 21,585 | 555,874 |
| **CHANGE IN NET POSITION** | 1,254,565 | (104,316) | 1,150,249 |
| **NET POSITION**, beginning | 9,028,669 | 394,337 | 9,423,006 |
| **NET POSITION**, ending | $ 10,283,234 | $ 290,021 | $ 10,573,255 |

# CITY OF ATHENS, TENNESSEE

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

YEAR ENDED JUNE 30, 2024

| | Fleet Management Fund | Employee Medical Benefits Fund | Total |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers and users | $ 1,139,727 | $ - | $ 1,139,727 |
| Payments to suppliers and vendors | - | (125,901) | (125,901) |
| Net cash from operating activities | 1,139,727 | (125,901) | 1,013,826 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | - | - | - |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | |
| Proceeds from sale of capital assets | 32,005 | - | 32,005 |
| Capital contributions | 76,845 | - | 76,845 |
| Acquisition of capital assets | (650,679) | - | (650,679) |
| Net cash flows used on capital and related financing activities | (541,829) | - | (541,829) |
| **CASH FLOWS FROM INVESTING ACTIVITES** | | | |
| Investment and interest earnings | 425,440 | 21,585 | 447,025 |
| Increase (decrease) in investments | (1,021,267) | 104,316 | (916,951) |
| Net cash provided by (used in) investing activities | (595,827) | 125,901 | (469,926) |
| Net increase (decrease) in cash and cash equivalents | 2,071 | - | 2,071 |
| Cash and cash equivalents, beginning of year | 47,799 | - | 47,799 |
| Cash and cash equivalents, end of year | $ 49,870 | $ - | $ 49,870 |
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES** | | | |
| **OPERATING INCOME (LOSS)** | $ 720,276 | $ (125,901) | $ 594,375 |
| **ADJUSTMENTS NOT AFFECTING CASH** | | | |
| Depreciation expense | 533,815 | - | 533,815 |
| (Increase) decrease in: | | | |
| Accounts receivable | (114,364) | - | (114,364) |
| Total adjustments | 419,451 | - | 419,451 |
| Net cash from operating activities | $ 1,139,727 | $ (125,901) | $ 1,013,826 |

See independent auditor's report.

# FINANCIAL SCHEDULES

# CITY OF ATHENS, TENNESSEE

SCHEDULE OF UNCOLLECTED DELINQUENT TAXES FILED
LAST TEN YEARS

JUNE 30, 2024

| Tax Year | Delinquent Taxes filed | July 1, 2023 Delinquent Taxes Receivable | Current Collections and Adjustments | June 30, 2024 Delinquent Taxes Receivable |
|---|---|---|---|---|
| 2013 and Prior | $ 475,077 | $ 26,148 | $ 1,372 | $ 24,776 |
| 2014 | 83,863 | 13,628 | 1,434 | 12,194 |
| 2015 | 116,012 | 20,908 | 310 | 20,598 |
| 2016 | 94,263 | 22,440 | 833 | 21,607 |
| 2017 | 158,360 | 26,927 | 2,129 | 24,798 |
| 2018 | 154,831 | 27,577 | 3,662 | 23,915 |
| 2019 | 140,539 | 41,516 | 9,102 | 32,414 |
| 2020 | 104,186 | 53,056 | 11,553 | 41,503 |
| 2021 | 111,718 | 101,420 | 34,660 | 66,760 |
| 2022 | 128,102 | 215,250 | 95,288 | 119,962 |

# CITY OF ATHENS, TENNESSEE

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE

YEAR ENDED JUNE 30, 2024

| | Total | 2024 Assessment | 2023 Assessment | Prior Years |
|---|---|---|---|---|
| **PROPERTY TAXES RECEIVABLE** | | | | |
| July 1, 2023 | $ 7,358,830 | $ - | $ 6,809,960 | $ 548,870 |
| Add - | | | | |
| Taxes Assessed | 6,850,000 | 6,850,000 | - | - |
| Late Listings | 69,348 | - | 64,968 | 4,380 |
| | 6,919,348 | 6,850,000 | 64,968 | 4,380 |
| Deduct - | | | | |
| Collections | 6,765,462 | - | 6,600,739 | 164,723 |
| Adjustments and abatements | 24,135 | - | 24,135 | - |
| | 6,789,597 | - | 6,624,874 | 164,723 |
| **PROPERTY TAXES RECEIVABLE** | | | | |
| June 30, 2024 | $ 7,488,581 | $ 6,850,000 | $ 250,054 | $ 388,527 |

See independent auditor's report.

# CITY OF ATHENS, TENNESSEE

SCHEDULE OF INVESTMENTS

JUNE 30, 2024

| FUNDS GOVERNED BY THE CITY COUNCIL | Interest Rate | Maturity Date | Cost | Market Value |
|---|---|---|---|---|
| Cemetery Perpetual Care Fund: | | | | |
| Simmons Bank Money Market Fund | - | - | $ 39,504 | $ 39,504 |
| Mutual Funds: | | | | |
| Federated Hermes Institutional High Yield Bond Fund | - | - | 21,887 | 22,585 |
| Federated Hermes Total Return Bond Fund | - | - | 50,026 | 48,367 |
| Guggenheim Total Return Bond Fund Institutional Class | - | - | 67,233 | 65,842 |
| PIMCO Foreign Bond Fund | - | - | 10,943 | 11,300 |
| Baron Emerging Markets Institutional Fund | - | - | 12,402 | 13,865 |
| Fuller & Thaller Behavioral Small-Cap Equity Fund | - | - | 12,402 | 15,341 |
| Columbia Dividend Income Institutional Fund | - | - | 53,153 | 60,176 |
| Columbia Overseas Value Fund | - | - | 17,718 | 19,037 |
| Federated Hermes International Growth Fund | - | - | 17,718 | 19,411 |
| Fidelity Mid-Cap Stock Fund | - | - | 10,631 | 11,161 |
| T. Rowe Price Large-Cap Growth Fund | - | - | 53,153 | 81,012 |
| Total mutual funds | | | 327,266 | 368,097 |
| Total Cemetery Perpetual Care Fund | | | $ 366,770 | $ 407,601 |

(Continued)

# CITY OF ATHENS, TENNESSEE

SCHEDULE OF INVESTMENTS

JUNE 30, 2024

| | Interest Rate | Maturity Date | Cost | Market Value |
|---|---|---|---|---|
| FUNDS GOVERNED BY THE CITY COUNCIL (Continued) | | | | |
| Athens Pension Trust Fund: | | | | |
| Charles Schwab Trust Bank Sweep - Cash | - | - | $ 199,399 | $ 199,400 |
| Cash | - | - | 2,570 | 2,570 |
| Total cash and cash equivalents | | | 201,969 | 201,970 |
| Mutual Funds: | | | | |
| Ab Small Cap Growth Port Class Z Fund | - | - | 693,350 | 701,280 |
| Cohen & Stees Realty Shares Fund | - | - | 828,811 | 879,515 |
| Columbia Dividend Income Institutional Fund | - | - | 1,024,616 | 1,252,393 |
| Eaton Vance Income Fund | - | - | 872,046 | 864,037 |
| Fidelity ADV Total Bonded Fund | - | - | 720,341 | 716,635 |
| Franklin Small Cap Fund | - | - | 621,680 | 716,771 |
| Goldman Sachs GLBL Core Fixed Income Fund | - | - | 1,336,981 | 1,227,920 |
| Goldman Sachs Short Duration Govt INSTL Fund | - | - | 763,729 | 718,327 |
| Invesco Oppeneimer Dev MKTS Fund | - | - | 987,533 | 901,560 |
| JP Morgan Large Cap Growth Fund | - | - | 1,162,500 | 1,543,187 |
| K2 Alternative Strategies Fund | - | - | 188,046 | 187,561 |
| Merger I Fund | - | - | 1,070,760 | 1,060,690 |
| MFS Corp Bond Fund | - | - | 770,281 | 716,304 |
| MFS INTL Diversification Fund | - | - | 1,320,012 | 1,435,214 |
| MFS Mid Cap Growth Fund | - | - | 712,181 | 696,266 |
| Pioneer Short Term Income Fund | - | - | 722,292 | 722,315 |
| Touchstone Mid Cap Value Fund | - | - | 750,222 | 866,912 |
| Virtus SEIX Core Bond Fund | - | - | 1,201,676 | 1,059,385 |
| Total mutual funds | | | 15,747,057 | 16,266,272 |
| U.S. Treasury Bonds: | | | | |
| U.S. Treasury NT | 0.63% | 12/15/2024 | 1,064,538 | 1,075,848 |
| Total U.S. Treasury Bonds | | | 1,064,538 | 1,075,848 |
| Total Athens Pension Trust Fund | | | $ 17,013,564 | $ 17,544,090 |

(Continued)

See independent auditor's report.

# CITY OF ATHENS, TENNESSEE

SCHEDULE OF INVESTMENTS

JUNE 30, 2024

| | Interest Rate | Maturity Date | Cost | Market Value |
|---|---|---|---|---|
| INVESTMENTS - OTHER FUNDS | | | | |
| General Fund: | | | | |
| Participation in the State of Tennessee | | | | |
| Local Government Investment Pool (LGIP) | - | - | $ 9,507,615 | $ 9,507,615 |
| Raymond James Bank Sweep - Cash | - | - | 4,702 | 4,702 |
| U.S. Treasury Note | 4.125% | 1/31/2025 | 1,789,231 | 1,777,577 |
| U.S. Treasury Note | 3.875% | 4/30/2025 | 1,550,566 | 1,538,268 |
| Certificate of Deposit | 5.35% | 10/23/2024 | 4,426,908 | 4,426,908 |
| | | | $ 17,279,022 | $ 17,255,070 |
| Drug Fund - LGIP | - | - | $ 146,081 | $ 146,081 |
| Capital Improvement Fund: | | | | |
| LGIP | - | - | $ 9,261,152 | $ 9,261,152 |
| U.S. Treasury Note | 2.125% | 7/31/2024 | 1,442,695 | 1,495,995 |
| U.S. Treasury Note | 4.375% | 10/31/2024 | 1,501,175 | 1,494,840 |
| U.S. Treasury Note | 4.250% | 1/31/2026 | 1,600,000 | 1,584,624 |
| U.S. Treasury Note | 4.875% | 4/30/2026 | 1,630,000 | 1,632,412 |
| | | | $ 15,435,022 | $ 15,469,023 |
| Employee Medical Benefits Fund - LGIP | - | - | $ 290,021 | $ 290,021 |
| Sanitation Fund - LGIP | - | - | $ 3,040,377 | $ 3,040,377 |
| Debt Service Fund - Schools: | | | | |
| LGIP | - | - | $ 2,758,165 | $ 2,758,165 |
| | | | $ 2,758,165 | $ 2,758,165 |
| Debt Service Fund - City Projects - LGIP | - | - | $ 78,891 | $ 78,891 |

(Continued)

# CITY OF ATHENS, TENNESSEE

SCHEDULE OF INVESTMENTS

JUNE 30, 2024

| | Interest Rate | Maturity Date | Cost | Market Value |
|---|---|---|---|---|
| Fleet Management Fund: | | | | |
| LGIP | - | - | $ 461,004 | $ 461,004 |
| U.S. Treasury Note | 4.75% | 7/31/2025 | 1,575,000 | 1,569,409 |
| U.S. Treasury Note | 5.00% | 10/31/2025 | 1,585,000 | 1,585,190 |
| Certificate of Deposit | 5.00% | 5/8/2025 | 2,909,988 | 2,909,988 |
| | | | $ 6,530,992 | $ 6,525,591 |
| General Obligation Bond Fund - LGIP | - | - | $ 1,961,767 | $ 1,961,767 |
| Hotel/Motel Tax Fund - LGIP | - | - | $ 479,120 | $ 479,120 |
| General Purpose School Fund: | | | | |
| Certificate of Deposit | 5.00% | 5/8/2025 | $ 4,199,905 | $ 4,199,905 |
| Certificate of Deposit | 0.89% | 5/8/2025 | 2,018,772 | 2,018,772 |
| | | | $ 6,218,677 | $ 6,218,677 |

# CITY OF ATHENS, TENNESSEE

SCHEDULE OF DEBT SERVICE REQUIREMENTS

JUNE 30, 2024

| Year Ending June 30, | General Obligation Anticipation Note, Series 2020 | | USDA Community Facilities Loan | | General Obligation Bonds - Series 2021 | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2025 | $ 5,000,000 | $ 150,000 | $ 576,003 | $ 765,657 | $ 235,000 | $ 147,465 | $ 5,811,003 | $ 1,063,122 |
| 2026 | - | - | 587,806 | 753,854 | 240,000 | 140,415 | 827,806 | 894,269 |
| 2027 | - | - | 600,945 | 740,715 | 245,000 | 133,215 | 845,945 | 873,930 |
| 2028 | - | - | 613,377 | 728,283 | 255,000 | 125,865 | 868,377 | 854,148 |
| 2029 | - | - | 629,085 | 712,575 | 260,000 | 118,215 | 889,085 | 830,790 |
| 2030 | - | - | 642,149 | 699,511 | 270,000 | 110,415 | 912,149 | 809,926 |
| 2031 | - | - | 656,503 | 685,157 | 275,000 | 105,015 | 931,503 | 790,172 |
| 2032 | - | - | 670,257 | 671,403 | 280,000 | 99,515 | 950,257 | 770,918 |
| 2033 | - | - | 687,078 | 654,582 | 285,000 | 93,915 | 972,078 | 748,497 |
| 2034 | - | - | 701,519 | 640,141 | 290,000 | 88,215 | 991,519 | 728,356 |
| 2035 | - | - | 717,201 | 624,459 | 300,000 | 82,415 | 1,017,201 | 706,874 |
| 2036 | - | - | 732,399 | 609,261 | 305,000 | 76,415 | 1,037,399 | 685,676 |
| 2037 | - | - | 750,436 | 591,224 | 310,000 | 70,315 | 1,060,436 | 661,539 |
| 2038 | - | - | 766,383 | 575,277 | 315,000 | 64,115 | 1,081,383 | 639,392 |
| 2039 | - | - | 783,516 | 558,144 | 320,000 | 57,815 | 1,103,516 | 615,959 |
| 2040 | - | - | 800,290 | 541,370 | 330,000 | 51,415 | 1,130,290 | 592,785 |
| 2041 | - | - | 819,657 | 522,003 | 335,000 | 44,815 | 1,154,657 | 566,818 |
| 2042 | - | - | 837,248 | 504,412 | 340,000 | 38,115 | 1,177,248 | 542,527 |
| 2043 | - | - | 855,966 | 485,694 | 350,000 | 30,975 | 1,205,966 | 516,669 |
| 2044 | - | - | 874,464 | 467,196 | 355,000 | 23,625 | 1,229,464 | 490,821 |
| 2045 | - | - | 895,283 | 446,377 | 365,000 | 16,170 | 1,260,283 | 462,547 |
| 2046 | - | - | 914,671 | 426,989 | 370,000 | 8,140 | 1,284,671 | 435,129 |
| 2047 | - | - | 935,121 | 406,539 | - | - | 935,121 | 406,539 |
| 2048 | - | - | 955,502 | 386,158 | - | - | 955,502 | 386,158 |
| 2049 | - | - | 977,907 | 363,753 | - | - | 977,907 | 363,753 |
| 2050 | - | - | 999,258 | 342,402 | - | - | 999,258 | 342,402 |
| 2051 | - | - | 1,021,601 | 320,059 | - | - | 1,021,601 | 320,059 |
| 2052 | - | - | 1,044,040 | 297,621 | - | - | 1,044,040 | 297,621 |
| 2053 | - | - | 1,068,178 | 273,482 | - | - | 1,068,178 | 273,482 |
| 2054 | - | - | 1,091,674 | 249,986 | - | - | 1,091,674 | 249,986 |
| 2055 | - | - | 1,116,085 | 225,575 | - | - | 1,116,085 | 225,575 |
| 2056 | - | - | 1,140,771 | 200,889 | - | - | 1,140,771 | 200,889 |
| 2057 | - | - | 1,166,804 | 174,856 | - | - | 1,166,804 | 174,856 |
| 2058 | - | - | 1,192,643 | 149,017 | - | - | 1,192,643 | 149,017 |
| 2059 | - | - | 1,219,313 | 122,347 | - | - | 1,219,313 | 122,347 |
| 2060 | - | - | 1,246,455 | 95,205 | - | - | 1,246,455 | 95,205 |
| 2061 | - | - | 1,145,946 | 67,465 | - | - | 1,145,946 | 67,465 |
| 2062 | - | - | 924,923 | 45,097 | - | - | 924,923 | 45,097 |
| 2063 | - | - | 945,949 | 24,071 | - | - | 945,949 | 24,071 |
| 2064 | - | - | 555,419 | 4,147 | - | - | 555,419 | 4,147 |
| Total | $ 5,000,000 | $ 150,000 | $ 34,859,825 | $ 17,152,953 | $ 6,630,000 | $ 1,726,580 | $ 46,489,825 | $ 19,029,533 |

# CITY OF ATHENS, TENNESSEE

SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

June 30, 2024

| Description of Indebtedness | Original Amount of issue | Interest Rate | Date of Issue | Final Maturity Date | Outstanding 7/1/2023 | Issued During Period | Paid and/or Matured During Period | Refunded During Period | Outstanding 6/30/2024 |
|---|---|---|---|---|---|---|---|---|---|
| **Governmental Activities** | | | | | | | | | |
| NOTES PAYABLE | | | | | | | | | |
| Payable through Debt Service Fund | | | | | | | | | |
| General Obligation Anticipation Note, Series 2020 | $ 35,000,000 | Variable | 12/22/2020 | 12/22/2024 | $ 35,000,000 | $ - | $ 30,000,000 | $ - | $ 5,000,000 |
| USDA Community Facilities Loans | $ 3,325 | 2.125-2.250% | 12/22/2020 | 1/15/2064 | 3,325 | 34,996,675 | 140,175 | - | 34,859,825 |
| General Obligation Bonds, Series 2021 | $ 7,350,000 | 2.00-3.00% | 10/15/2021 | 6/1/2046 | 6,855,000 | - | 225,000 | - | 6,630,000 |
| Total Notes Payable through Debt Service Fund | | | | | 41,858,325 | 34,996,675 | 30,365,175 | - | 46,489,825 |
| Total Governmental Activities | | | | | $ 41,858,325 | $ 34,996,675 | $ 30,365,175 | $ - | $ 46,489,825 |

See independent auditor's report.

# STATISTICAL SECTION

# CITY OF ATHENS, TENNESSEE

STATISTICAL SECTION

JUNE 30, 2024

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

# CITY OF ATHENS, TENNESSEE

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

JUNE 30, 2024
(Accrual Basis of Accounting)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Governmental activities** | | | | | | | | | | |
| Net investment in capital assets | $ 31,686,208 | $ 25,657,482 | $ 16,942,999 | $ 21,656,926 | $ 21,099,293 | $ 20,849,207 | $ 19,491,006 | $ 19,686,309 | $ 19,116,948 | $ 17,489,334 |
| Restricted | 9,113,503 | 11,126,490 | 20,408,267 | 5,663,685 | 3,842,600 | 1,344,567 | 918,557 | 942,859 | 1,037,679 | 1,344,973 |
| Unrestricted | 48,742,555 | 46,569,154 | 37,778,216 | 34,965,684 | 28,387,708 | 27,680,347 | 25,987,491 | 22,062,417 | 19,379,552 | 22,497,971 |
| Total governmental activities net position | $ 89,542,266 | $ 83,353,126 | $ 75,129,482 | $ 62,286,295 | $ 53,329,601 | $ 49,874,121 | $ 46,397,054 | $ 42,691,585 | $ 39,534,179 | $ 41,332,278 |
| **Business-type activities** | | | | | | | | | | |
| Net investment in capital assets | $ 817,374 | $ 968,791 | $ 1,180,032 | $ 804,418 | $ 722,042 | $ 899,650 | $ 1,068,385 | $ 1,213,388 | $ 1,166,634 | $ 1,051,952 |
| Restricted | - | - | - | 34,375 | - | - | - | - | - | - |
| Unrestricted | 3,304,841 | 3,231,303 | 2,946,724 | 2,929,154 | 2,914,676 | 2,654,207 | 2,330,800 | 2,009,088 | 1,843,698 | 1,722,010 |
| Total business-type activities net position | $ 4,122,215 | $ 4,200,094 | $ 4,126,756 | $ 3,767,947 | $ 3,636,718 | $ 3,553,857 | $ 3,399,185 | $ 3,222,476 | $ 3,010,332 | $ 2,773,962 |
| **Primary government** | | | | | | | | | | |
| Net investment in capital assets | $ 32,503,582 | $ 26,626,273 | $ 18,123,031 | $ 22,461,344 | $ 21,821,335 | $ 21,748,857 | $ 20,559,391 | $ 20,899,697 | $ 20,283,582 | $ 18,541,286 |
| Restricted | 9,113,503 | 11,126,490 | 20,408,267 | 5,698,060 | 3,842,600 | 1,344,567 | 918,557 | 942,859 | 1,037,679 | 1,344,973 |
| Unrestricted | 52,047,396 | 49,800,457 | 40,724,940 | 37,894,838 | 31,302,384 | 30,334,554 | 28,318,291 | 24,071,505 | 21,223,250 | 24,219,981 |
| Total primary government net position | $ 93,664,481 | $ 87,553,220 | $ 79,256,238 | $ 66,054,242 | $ 56,966,319 | $ 53,427,978 | $ 49,796,239 | $ 45,914,061 | $ 42,544,511 | $ 44,106,240 |

# CITY OF ATHENS, TENNESSEE

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

JUNE 30, 2024
(Accrual Basis of Accounting)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| **EXPENSES** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | $ 7,760,725 | $ 3,984,132 | $ 5,098,311 | $ 3,223,998 | $ 4,070,588 | $ 4,189,942 | $ 2,615,251 | $ 2,933,418 | $ 3,264,019 | $ 3,383,866 |
| Public safety | 6,861,880 | 6,232,860 | 5,096,312 | 5,090,333 | 5,259,541 | 4,571,553 | 4,258,395 | 3,766,146 | 3,872,018 | 3,842,422 |
| Highways and streets | 3,031,090 | 5,045,203 | 2,943,414 | 2,833,795 | 4,701,837 | 2,478,087 | 2,342,509 | 3,359,132 | 2,332,120 | 2,115,793 |
| Culture and recreation | 1,452,111 | 1,412,701 | 1,416,819 | 956,232 | 1,402,284 | 1,469,977 | 1,241,870 | 1,106,216 | 943,464 | 932,977 |
| Education: | | | | | | | | | | |
| Instructional | 12,593,188 | 11,982,201 | 10,397,740 | 10,930,632 | 10,061,931 | 9,949,243 | 9,281,529 | 9,340,964 | 8,755,499 | 8,523,347 |
| Support services | 11,808,044 | 7,027,189 | 6,176,800 | 6,222,938 | 5,884,236 | 5,927,090 | 6,200,354 | 6,246,659 | 6,599,401 | 6,239,889 |
| Non-instructional | 1,625,311 | 1,508,834 | 1,182,944 | 1,305,943 | 1,304,117 | 1,171,125 | 1,223,957 | 1,240,285 | 1,239,669 | 1,243,551 |
| Unallocated depreciation | 760,197 | 505,436 | 342,607 | 348,418 | 354,713 | 359,427 | 326,260 | 319,797 | 295,880 | 304,666 |
| Health and welfare | 219,688 | 182,697 | 148,282 | 116,181 | 172,629 | 153,093 | 104,309 | 97,281 | 93,581 | 95,333 |
| Interest on long-term debt | 1,799,739 | 1,390,171 | 451,107 | - | - | - | - | 19,659 | 17,533 | 21,927 |
| Passthrough grants | - | - | - | - | - | - | - | 2,279,544 | 303,616 | 1,373,723 |
| Total governmental activities expenses | 47,911,973 | 39,271,424 | 33,254,336 | 31,028,470 | 33,211,876 | 30,269,537 | 27,594,434 | 30,709,101 | 27,716,800 | 28,077,494 |
| Business-type activities: | | | | | | | | | | |
| Conference center | 84,847 | 86,066 | 82,546 | 74,705 | 78,597 | 77,790 | 74,280 | 72,597 | 70,222 | 78,224 |
| Sanitation | 1,168,641 | 977,381 | 887,434 | 821,271 | 880,695 | 827,025 | 759,581 | 719,514 | 725,701 | 721,393 |
| Total business-type activities expenses | 1,253,488 | 1,063,447 | 969,980 | 895,976 | 959,292 | 904,815 | 833,861 | 792,111 | 795,923 | 799,617 |
| Total primary government expenses | $ 49,165,461 | $ 40,334,871 | $ 34,224,316 | $ 31,924,446 | $ 34,171,168 | $ 31,174,352 | $ 28,428,295 | $ 31,501,212 | $ 28,512,723 | $ 28,877,111 |

(Continued)

# CITY OF ATHENS, TENNESSEE

CHANGES IN NET POSITION (Continued)
LAST TEN FISCAL YEARS

JUNE 30, 2024
(Accrual Basis of Accounting)

(Continued from previous page)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| **PROGRAM REVENUES** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | $ 427,893 | $ 251,579 | $ 144,763 | $ 172,156 | $ 137,479 | $ 89,789 | $ 189,261 | $ 134,040 | $ 109,955 | $ 166,047 |
| Public safety | - | 173,455 | 226,024 | 219,798 | 211,886 | 227,013 | 285,018 | 491,208 | 528,190 | 500,147 |
| Culture and recreation | - | 154,170 | 154,497 | 94,297 | 74,219 | 132,712 | 139,100 | 138,254 | 130,545 | 125,460 |
| Education | 628,388 | 525,902 | 462,838 | 328,966 | 203,331 | 315,139 | 272,035 | 282,624 | 273,801 | 280,239 |
| Health and welfare | - | 975 | 1,440 | 1,155 | 1,759 | 1,932 | 3,295 | 3,305 | 2,575 | 2,845 |
| Operating grants and contributions | 6,846,259 | 8,610,122 | 8,676,827 | 6,722,509 | 4,420,432 | 4,201,316 | 5,011,745 | 4,953,863.00 | 5,204,178.00 | 4,824,958 |
| Capital grants and contributions | 1,086,439 | 2,594,738 | 3,029,088 | 123,701 | 786,445 | 1,459,594 | 344,456 | 2,465,099 | 389,535 | 1,492,666 |
| Total governmental activities program revenues | 8,988,979 | 12,310,941 | 12,695,477 | 7,662,582 | 5,835,551 | 6,427,495 | 6,244,910 | 8,468,393 | 6,638,779 | 7,392,362 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Conference center | 41,634 | 36,126 | 36,215 | 35,832 | 23,428 | 41,739 | 25,355 | 27,490 | 25,785 | 23,281 |
| Sanitation | 1,013,070 | 994,965 | 986,570 | 975,945 | 969,683 | 966,090 | 955,903 | 909,285 | 932,616 | 893,352 |
| Total business-type activities program revenues | 1,054,704 | 1,031,091 | 1,022,785 | 1,011,777 | 993,111 | 1,007,829 | 981,258 | 936,775 | 958,401 | 916,633 |
| Total primary government program revenues | $ 10,043,683 | $ 13,342,032 | $ 13,718,262 | $ 8,674,359 | $ 6,828,662 | $ 7,435,324 | $ 7,226,168 | $ 9,405,168 | $ 7,597,180 | $ 8,308,995 |

(Continued)

# CITY OF ATHENS, TENNESSEE

CHANGES IN NET POSITION (Continued)
LAST TEN FISCAL YEARS

JUNE 30, 2024
(Accrual Basis of Accounting)

(Continued from previous page)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| **NET (EXPENSES)/REVENUES** | | | | | | | | | | |
| Governmental activities | $(38,922,994) | $(26,960,483) | $(20,558,859) | $(23,365,888) | $(27,376,325) | $(23,842,042) | $(21,349,524) | $(22,240,708) | $(21,078,021) | $(20,685,132) |
| Business-type activities | (198,784) | (32,356) | 52,805 | 115,801 | 33,819 | 103,014 | 147,397 | 144,664 | 162,478 | 117,016 |
| Total primary government net expenses | $(39,121,778) | $(26,992,839) | $(20,506,054) | $(23,250,087) | $(27,342,506) | $(23,739,028) | $(21,202,127) | $(22,096,044) | $(20,915,543) | $(20,568,116) |
| **GENERAL REVENUES AND OTHER CHANGES IN NET POSITION** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | $ 8,152,008 | $ 7,629,706 | $ 8,296,297 | $ 8,381,814 | $ 8,516,240 | $ 8,194,198 | $ 7,916,052 | $ 7,498,856 | $ 7,580,694 | $ 6,057,188 |
| Local sales tax | 14,437,989 | 8,714,639 | 7,844,750 | 7,427,784 | 7,384,232 | 4,821,329 | 4,592,782 | 4,411,095 | 4,391,883 | 4,121,597 |
| In lieu of taxes | 270,086 | 1,170,854 | 1,209,781 | 1,174,091 | 1,230,379 | 1,201,185 | 1,184,317 | 1,190,047 | 1,155,672 | 1,099,075 |
| Wholesale beer tax | 531,343 | 526,156 | 539,233 | 548,395 | 514,165 | 493,351 | 478,662 | 477,240 | 499,443 | 504,260 |
| Wholesale liquor tax | 309,955 | 295,481 | 286,535 | 299,267 | 258,866 | 237,433 | 217,305 | 221,916 | 148,667 | - |
| Business tax | 642,074 | 668,779 | 597,181 | 512,075 | 442,594 | 474,994 | 498,806 | 492,395 | 425,161 | 364,399 |
| Franchise tax | 142,268 | 163,372 | 170,739 | 176,343 | 177,600 | 181,845 | 183,053 | 188,754 | 192,185 | 173,483 |
| Hotel/motel tax | 431,520 | 405,286 | 321,863 | - | - | - | - | - | - | - |
| Other local taxes | 2,593,964 | 49,703 | 73,568 | 112,102 | 54,633 | 46,936 | 57,035 | 72,430 | 108,862 | 77,011 |
| Intergovernmental revenues not restricted to specific programs | 14,608,508 | 14,178,869 | 13,593,663 | 12,788,094 | 11,475,082 | 11,078,464 | 10,483,650 | 10,447,295 | 10,094,663 | 9,915,955 |
| Insurance proceeds | - | 1,600 | 375 | 101,463 | 165,553 | 3,594 | 13,220 | 84,021 | 15,593 | 3,769 |
| Investment income | 2,601,620 | 1,351,535 | 117,292 | 229,872 | 423,038 | 458,095 | 260,103 | 123,918 | 70,802 | 39,615 |
| Gain (loss) on disposal of capital assets | 47,120 | (219,481) | 260,852 | (1,024) | 23,770 | (4,384) | 7,578 | 21,145 | 75,185 | 29,846 |
| Unrealized gain(loss) on investments | - | 34,352 | (60,066) | - | - | - | - | - | - | - |
| Miscellaneous | 343,679 | 213,276 | 149,983 | 422,863 | 165,653 | 132,069 | 459,999 | 169,002 | 134,972 | 169,859 |
| Total governmental activities | 45,112,134 | 35,184,127 | 33,402,046 | 32,173,139 | 30,831,805 | 27,319,109 | 26,352,562 | 25,398,114 | 24,893,782 | 22,556,057 |

(Continued)

## CITY OF ATHENS, TENNESSEE

CHANGES IN NET POSITION (Continued)
LAST TEN FISCAL YEARS

JUNE 30, 2024
(Accrual Basis of Accounting)

(Continued from previous page)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| **GENERAL REVENUES AND OTHER CHANGES IN NET POSITION** (Continued) | | | | | | | | | | |
| Business-type activities: | | | | | | | | | | |
| Insurance proceeds | $ - | $ - | $ 44,000 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Investment income | 75,476 | 97,981 | 7,474 | 9,447 | 41,649 | 44,842 | 22,194 | 10,409 | 6,555 | 1,458 |
| Gain on disposal of capital assets | - | 2,803 | 245,400 | - | - | - | 226 | 49,202 | 9,181 | 5,850 |
| Miscellaneous | 763 | 4,910 | 9,130 | 5,981 | 7,393 | 6,816 | 6,892 | 7,869 | 9,070 | 9,763 |
| Total business type activities | 76,239 | 105,694 | 306,004 | 15,428 | 49,042 | 51,658 | 29,312 | 67,480 | 24,806 | 17,071 |
| Total primary government | $ 45,188,373 | $ 35,289,821 | $ 33,708,050 | $ 32,188,567 | $ 30,880,847 | $ 27,370,767 | $ 26,381,874 | $ 25,465,594 | $ 24,918,588 | $ 22,573,128 |
| **GOVERNMENTAL ACTIVITIES** | | | | | | | | | | |
| Error correction | $ - | $ - | $ - | $ 149,443 | $ - | $ - | $ (1,297,569) | $ - | $ - | $ (7,484,785) |
| **BUSINESS-TYPE ACTIVITIES** | | | | | | | | | | |
| Error correction | 44,666 | - | - | - | - | - | - | - | - | (85,001) |
| Total primary government | $ 44,666 | $ - | $ - | $ 149,443 | $ - | $ - | $ (1,297,569) | $ - | $ - | $ (7,569,786) |
| **CHANGES IN NET POSITION** | | | | | | | | | | |
| Governmental activities | $ 6,189,140 | $ 8,223,644 | $ 12,843,187 | $ 8,807,251 | $ 3,455,480 | $ 3,477,067 | $ 5,003,038 | $ 3,157,406 | $ 3,815,761 | $ 1,870,925 |
| Business-type activities | (122,545) | 73,338 | 358,809 | 131,229 | 82,861 | 154,672 | 176,709 | 212,144 | 187,284 | 134,087 |
| Total changes in net position | $ 6,066,595 | $ 8,296,982 | $ 13,201,996 | $ 8,938,480 | $ 3,538,341 | $ 3,631,739 | $ 5,179,747 | $ 3,369,550 | $ 4,003,045 | $ 2,005,012 |

# CITY OF ATHENS, TENNESSEE

## FUND BALANCES, GOVERNMENTAL FUNDS
## LAST TEN FISCAL YEARS

JUNE 30, 2024
(Modified Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| **General Fund** | | | | | | | | | | |
| Nonspendable | $ 110,281 | $ 209,257 | $ 103,810 | $ 102,934 | $ 101,668 | $ 101,813 | $ 103,132 | $ 101,485 | $ 165,778 | $ 116,334 |
| Restricted | 93,701 | 88,959 | 120,028 | 120,313 | 120,785 | 89,567 | 98,684 | 103,424 | 108,395 | 111,441 |
| Committed | 26,168 | 25,613 | 24,036 | 22,463 | 21,383 | 20,782 | 20,164 | 19,855 | 20,673 | 20,343 |
| Unassigned | 18,854,640 | 19,147,282 | 18,416,143 | 17,507,197 | 13,640,768 | 13,947,862 | 11,713,042 | 9,214,911 | 8,495,582 | 7,579,861 |
| Total General Fund | $ 19,084,790 | $ 19,471,111 | $ 18,664,017 | $ 17,752,907 | $ 13,884,604 | $ 14,160,024 | $ 11,935,022 | $ 9,439,675 | $ 8,790,428 | $ 7,827,979 |
| **All Other Governmental Funds** | | | | | | | | | | |
| Nonspendable | $ 134,529 | $ 123,007 | $ 132,053 | $ 117,706 | $ 131,094 | $ 111,155 | $ 265,700 | $ 254,797 | $ 203,719 | $ 166,829 |
| Restricted | 6,939,586 | 8,501,423 | 11,173,687 | 2,941,970 | 1,454,610 | 391,403 | 629,950 | 739,554 | 868,076 | 1,163,466 |
| Committed | 16,647,843 | 12,482,921 | 10,752,310 | 6,839,727 | 6,961,283 | 6,290,801 | 7,276,622 | 6,946,587 | 3,673,665 | 2,219,063 |
| Assigned | 8,733,320 | 9,874,858 | 9,191,862 | 7,039,030 | 5,023,621 | 4,049,095 | 4,594,290 | 3,762,204 | 6,108,592 | 6,778,853 |
| Unassigned | - | (289,819) | - | - | - | - | - | - | - | - |
| Total all other governmental funds | $ 32,455,278 | $ 30,692,390 | $ 31,249,912 | $ 16,938,433 | $ 13,570,608 | $ 10,842,454 | $ 12,766,562 | $ 11,703,142 | $ 10,854,052 | $ 10,328,211 |

# CITY OF ATHENS, TENNESSEE

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

JUNE 30, 2024
(Modified Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** | **2015** |
| **REVENUES** | | | | | | | | | | |
| Property taxes | $ 8,211,937 | $ 7,595,707 | $ 8,373,059 | $ 8,509,904 | $ 8,450,913 | $ 8,071,449 | $ 7,846,742 | $ 7,522,044 | $ 7,568,597 | $ 6,009,899 |
| Other local taxes | 17,880,424 | 14,912,788 | 13,738,942 | 12,596,938 | 10,622,979 | 8,873,397 | 8,486,616 | 8,339,742 | 8,152,947 | 7,504,028 |
| Intergovernmental | 22,758,431 | 22,339,880 | 22,188,260 | 17,200,732 | 15,958,132 | 14,982,511 | 14,512,526 | 16,545,054 | 14,351,909 | 15,014,618 |
| Charges for services and tuition | 996,731 | 932,627 | 763,538 | 596,573 | 416,789 | 539,572 | 603,691 | 558,223 | 516,877 | 574,590 |
| Fines and forfeitures | 149,887 | 173,454 | 226,024 | 219,797 | 211,887 | 227,013 | 285,018 | 491,208 | 528,190 | 500,148 |
| Investment and interest income | 2,125,403 | 1,197,160 | 43,264 | 206,666 | 337,182 | 366,618 | 212,246 | 102,114 | 57,162 | 36,950 |
| Miscellaneous | 241,158 | 234,035 | 204,941 | 346,240 | 185,384 | 136,427 | 369,798 | 173,200 | 230,364 | 203,915 |
| Total revenues | 52,363,971 | 47,385,651 | 45,538,028 | 39,676,850 | 36,183,266 | 33,196,987 | 32,316,637 | 33,731,585 | 31,406,046 | 29,844,148 |
| **EXPENDITURES** | | | | | | | | | | |
| General government | 6,589,299 | 3,495,105 | 3,008,074 | 2,897,265 | 2,863,820 | 2,660,795 | 2,499,327 | 2,318,846 | 2,347,339 | 2,404,328 |
| Public safety | 6,806,669 | 5,790,424 | 5,698,241 | 5,520,150 | 5,185,452 | 5,209,693 | 4,606,257 | 4,239,143 | 4,676,698 | 4,899,076 |
| Highways and streets | 4,463,641 | 2,687,935 | 2,785,761 | 2,522,289 | 4,490,059 | 2,399,538 | 2,264,670 | 2,998,764 | 2,467,023 | 2,245,781 |
| Culutre and recreation | 1,452,111 | 1,225,821 | 1,319,275 | 1,258,051 | 1,266,971 | 1,432,126 | 1,161,941 | 1,015,966 | 985,544 | 956,090 |
| Education | 26,077,943 | 23,010,801 | 21,579,867 | 19,332,065 | 17,581,844 | 18,671,508 | 17,614,052 | 17,587,158 | 18,047,303 | 16,947,592 |
| Health and welfare | 219,688 | 183,427 | 152,161 | 123,404 | 169,818 | 165,051 | 108,927 | 105,316 | 106,498 | 110,614 |
| Bond issue cost | 3,000 | 12,500 | 143,353 | 50,000 | - | - | - | - | - | - |
| Capital outlay | 8,241,869 | 20,416,641 | 20,900,973 | 6,888,509 | 2,355,701 | 2,605,176 | 516,126 | 2,425,843 | 525,497 | 2,230,090 |
| Debt service: | | | | | | | | | | |
| Principal | 30,365,710 | 220,000 | 275,000 | - | - | - | - | 1,610,000 | 770,000 | 747,000 |
| Interest and fiscal charges | 1,808,457 | 1,307,766 | 263,188 | 7,178 | - | - | - | 19,660 | 17,533 | 21,927 |
| Total Expenditures | 86,028,387 | 58,350,420 | 56,125,893 | 38,598,911 | 33,913,665 | 33,143,887 | 28,771,300 | 32,320,696 | 29,943,435 | 30,562,498 |
| **REVENUES OVER (UNDER) EXPENDITURES** | (33,664,416) | (10,964,769) | (10,587,865) | 1,077,939 | 2,269,601 | 53,100 | 3,545,337 | 1,410,889 | 1,462,611 | (718,350) |

(Continued)

# CITY OF ATHENS, TENNESSEE

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (Continued)

JUNE 30, 2024
(Modified Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| **OTHER FINANCING SOURCES (USES)** | | | | | | | | | | |
| Capital contributions | $ - | $ - | $ 250,000 | $ - | $ - | $ 244,000 | $ - | $ - | $ - | $ - |
| Unrealized gain (loss) of investments | 29,193 | - | - | - | - | - | - | - | - | - |
| Transfers | - | - | - | - | - | - | - | - | - | - |
| Issuance of debt | 34,996,675 | 11,200,000 | 25,556,329 | 5,903,325 | - | - | - | - | - | - |
| Proceeds from the sale of capital assets | 15,115 | 12,741 | 3,750 | 3,958 | 17,586 | 200 | 210 | 3,427 | 10,086 | 365 |
| Insurance proceeds | - | 1,600 | 375 | 101,463 | 165,553 | 3,594 | 13,220 | 84,021 | 15,593 | 3,769 |
| | 35,040,983 | 11,214,341 | 25,810,454 | 6,008,746 | 183,139 | 247,794 | 13,430 | 87,448 | 25,679 | 4,134 |
| **NET CHANGE IN FUND BALANCES** | $ 1,376,567 | $ 249,572 | $ 15,222,589 | $ 7,086,685 | $ 2,452,740 | $ 300,894 | $ 3,558,767 | $ 1,498,337 | $ 1,488,290 | $ (714,216) |
| **DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES** | 70.54% | 4.20% | 1.56% | 0.02% | 0.00% | 0.00% | 0.00% | 5.77% | 2.75% | 2.79% |

# CITY OF ATHENS, TENNESSEE

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

JUNE 30, 2024

| Fiscal Year | Real Property | Personal Property | Public Utility Property | Total Taxable Assessed Value | Estimated Actual Taxable Values | City Tax Rate | Taxable Assessed Value as a % of Actual Taxable Value |
|---|---|---|---|---|---|---|---|
| 2015 | $ 300,454,640 | $ 99,320,541 | $ 8,479,395 | $ 408,254,576 | $ 1,289,031,476 | $ 1.4770 | 31.7 % |
| 2016 | 301,608,970 | 104,469,997 | 8,847,818 | 414,926,785 | 1,310,260,486 | 1.3628 | 31.7 |
| 2017 | 307,557,565 | 104,159,884 | 8,626,091 | 420,343,540 | 1,324,491,242 | 1.3628 | 31.7 |
| 2018 | 342,899,510 | 119,882,970 | 9,066,486 | 471,848,966 | 1,488,482,543 | 1.2676 | 31.7 |
| 2019 | 359,859,615 | 148,380,544 | 7,977,436 | 516,217,595 | 1,621,870,015 | 1.2676 | 31.8 |
| 2020 | 354,793,495 | 148,130,932 | 8,276,948 | 511,201,375 | 1,681,302,672 | 1.2676 | 30.4 |
| 2021 | 357,939,265 | 141,295,083 | 8,151,434 | 507,385,782 | 1,662,642,356 | 1.3476 | 30.5 |
| 2022 | 360,211,030 | 121,889,523 | 7,306,198 | 489,406,751 | 1,711,362,887 | 1.3476 | 28.6 |
| 2023 | 502,534,155 | 163,239,503 | 8,944,195 | 674,717,853 | 2,165,424,645 | 1.0078 | 31.2 |
| 2024 | 510,866,050 | 160,400,873 | 9,950,171 | 681,217,094 | 2,186,996,062 | 1.0078 | 31.1 |

Note: City rate for 2024 is 1.0078 and the county rate is 1.0823.

Source: McMinn County Tax Assessor's Office

# CITY OF ATHENS, TENNESSEE

DIRECT AND OVERLAPPING
PROPERTY TAX RATES
(PER $100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

JUNE 30, 2024

| Tax Year | | City (Direct Rate) | County (Overlapping Rate) | Total |
|---|---|---|---|---|
| 2015 | | $ 1.4770 | $ 1.6155 | $ 3.0925 |
| 2016 | | 1.3628 | 1.6155 | 2.9783 |
| 2017 | | 1.3628 | 1.6155 | 2.9783 |
| 2018 | (1) | 1.2676 | 1.5469 | 2.8145 |
| 2019 | | 1.2676 | 1.5469 | 2.8145 |
| 2020 | | 1.2676 | 1.5469 | 2.8145 |
| 2021 | | 1.3476 | 1.5469 | 2.8945 |
| 2022 | | 1.3476 | 1.5469 | 2.8945 |
| 2023 | (1) | 1.0078 | 1.0823 | 2.0901 |
| 2024 | | 1.0078 | 1.0823 | 2.0901 |

Sources: Minutes of City Council and County Commission meetings

(1) Reappraisal

# CITY OF ATHENS, TENNESSEE

PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO

JUNE 30, 2024

| 2024 | | | | 2015 | | | |
|---|---|---|---|---|---|---|---|
| Taxpayer | Type of Business | Taxable Assessed Value | Percentage of Total Taxable Assessed Value | Taxpayer | Type of Business | Taxable Assessed Value | Percentage of Total Taxable Assessed Value |
| Denso Tennessee Inc. | Automotive parts manufacturer | $ 98,500,289 | 14.5 % | Denso Tennessee Inc. | Automotive parts manufacturer | $ 47,002,742 | 11.50 % |
| E&E Manufacturing | Automotive parts supplier | 18,046,672 | 2.6 | Johnson Controls, Inc. | Automotive seating | 11,756,127 | 2.90 |
| Starr Regional Medical Center | Healthcare | 14,668,901 | 2.2 | Starr Regional Medical Center | Healthcare | 9,698,781 | 2.40 |
| ABB | Electrical component manufacturer | 11,324,173 | 1.7 | HP Pelzer | Automotive parts supplier | 9,293,433 | 2.30 |
| HP Pelzer | Automotive parts supplier | 9,746,443 | 1.4 | Dean Foods/Mayfield Dairy Farms, Inc. | Dairy products | 9,001,422 | 2.20 |
| Adient | Automotive seating | 8,881,104 | 1.3 | MCR Acquisition | Electrical component manufacturer | 6,808,937 | 1.70 |
| Heil Trailer International | Trailer tanks | 7,514,725 | 1.1 | Walmart | Retail | 5,859,242 | 1.40 |
| Dean Foods/Mayfield Dairy Farms, Inc. | Dairy products | 7,410,784 | 1.1 | Heil Company | Trailer tanks | 3,854,028 | 0.90 |
| Walmart | Retail | 6,671,684 | 1.0 | Plastic Industries, Inc. | Plastic component manufacturer | 3,834,394 | 0.90 |
| A&R Lobasco | Real estate investment | 6,404,280 | 0.9 | BRE Retail | Real estate investment | 3,157,040 | 0.80 |

Note: Total assessed valuations for 2024 and 2015 are $681,217,094 and $408,254,576 respectively.

Source: Official records of the Department of Finance

# CITY OF ATHENS, TENNESSEE

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

JUNE 30, 2024
(Modified Accrual Basis of Accounting)

| Fiscal Year Ended June 30 | Taxes Levied for the Fiscal Year | Collected Within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---|---|---|---|---|---|---|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2015 | $ 4,412,937 | $ 4,207,109 | 95.34 % | $ 186,929 | $ 4,394,038 | 99.57 % |
| 2016 | 5,965,875 | 5,729,519 | 96.04 | 216,813 | 5,946,332 | 99.67 |
| 2017 | 5,706,737 | 5,525,863 | 96.83 | 155,938 | 5,681,801 | 99.56 |
| 2018 | 6,059,372 | 5,818,967 | 96.03 | 170,679 | 5,989,646 | 98.85 |
| 2019 | 6,401,548 | 6,063,563 | 94.72 | 329,986 | 6,393,549 | 99.88 |
| 2020 | 6,484,702 | 6,161,920 | 95.02 | 284,089 | 6,446,009 | 99.40 |
| 2021 | 6,468,677 | 6,152,881 | 95.12 | 267,539 | 6,420,420 | 99.25 |
| 2022 | 6,927,796 | 6,715,296 | 96.93 | 157,720 | 6,873,016 | 99.21 |
| 2023 | 6,654,949 | 6,440,241 | 96.77 | 99,240 | 6,539,481 | 98.26 |
| 2024 | 6,855,173 | 6,600,739 | 96.29 | - | 6,600,739 | 96.29 |

Source: Official records of Department of Finance

# CITY OF ATHENS, TENNESSEE

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

June 30, 2024

| | General Debt Outstanding | | | | |
|---|---|---|---|---|---|
| **Fiscal Year** | **General Obligation Bonds** | **Notes Payable** | **Total Primary Government** | **Percentage of Personal Income** | **Per Capita** |
| 2015 | $ - | $ 2,380,000 | $ 2,380,000 | 0.52 % | $ 177 |
| 2016 | - | 1,610,000 | 1,610,000 | 0.35 | 120 |
| 2017 | - | - | - | - | - |
| 2018 | - | - | - | - | - |
| 2019 | - | - | - | - | - |
| 2020 | - | - | - | - | - |
| 2021 | - | 5,903,325 | 5,903,325 | 0.96 | 419 |
| 2022 | 7,075,000 | 23,803,325 | 30,878,325 | 4.89 | 2,192 |
| 2023 | 6,855,000 | 35,003,325 | 41,858,325 | 6.47 | 2,972 |
| 2024 | 6,630,000 | 39,859,287 | 46,489,287 | 7.60 | 3,301 |

Note: Details regarding the City's outstanding debt can be found in the notes to financial statements.

Source: Official records of Department of Finance

# CITY OF ATHENS, TENNESSEE

## RATIOS OF GENERAL DEBT OUTSTANDING
## LAST TEN FISCAL YEARS

JUNE 30, 2024

| | General Debt Outstanding | | | | |
|---|---|---|---|---|---|
| **Fiscal Year** | **General Obligation Bonds** | **Notes Payable** | **Total Primary Government** | **Percentage of Actual Taxable Value of Property** | **Per Capita** |
| 2015 | $ - | $ 2,380,000 | $ 2,380,000 | 0.58 % | $ 177 |
| 2016 | - | 1,610,000 | 1,610,000 | 0.39 | 120 |
| 2017 | - | - | - | - | - |
| 2018 | - | - | - | - | - |
| 2019 | - | - | - | - | - |
| 2020 | - | - | - | - | - |
| 2021 | - | 5,903,325 | 5,903,325 | 1.16 | 419 |
| 2022 | 7,075,000 | 23,803,325 | 30,878,325 | 4.86 | 2,192 |
| 2023 | 6,855,000 | 35,003,325 | 41,858,325 | 5.19 | 2,972 |
| 2024 | 6,630,000 | 39,859,287 | 46,489,287 | 6.82 | 3,301 |

Note: Details regarding the City's outstanding debt can be found in the notes to financial statements.
The notes payable shown above are backed by a pledge of the City's property taxes.

Source: Official records of Department of Finance

# CITY OF ATHENS, TENNESSEE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

JUNE 30, 2024

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|---|---|---|---|
| City of Athens (direct debt) | $ 46,489,287 | 100 % | $ 46,489,287 |
| Total direct and overlapping debt | $ 46,489,287 | | $ 46,489,287 |

Source: Official records of Department of Finance

# CITY OF ATHENS, TENNESSEE

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

JUNE 30, 2024

The State of Tennessee imposes no legal debt margin on municipalities. The City of Athens has not established a legal debt margin; therefore, this schedule is inapplicable.

# CITY OF ATHENS, TENNESSEE

PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

JUNE 30, 2024

All debt for the City of Athens is general obligation debt; therefore, this schedule is inapplicable.

# CITY OF ATHENS, TENNESSEE

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

June 30, 2024

| Fiscal Year | Population | Personal Income | Per Capita Personal Income | Median Age | School Enrollment | Civilian Labor Force | Unemployment Rate |
|---|---|---|---|---|---|---|---|
| 2015 | 13,458 | $ 448,272,522 | $ 33,309 | 39.1 | 1,563 | 10,720 | 7.10 % |
| 2016 | 13,458 | 455,136,102 | 33,819 | 39.1 | 1,546 | 10,692 | 5.60 |
| 2017 | 13,458 | 472,093,182 | 35,079 | 39.1 | 1,556 | 10,800 | 4.80 |
| 2018 | 13,458 | 492,239,808 | 36,576 | 39.1 | 1,609 | 10,850 | 4.70 |
| 2019 | 13,458 | 510,623,436 | 37,942 | 39.1 | 1,620 | 10,870 | 4.60 |
| 2020 | 13,458 | 548,453,874 | 40,753 | 39.1 | 1,615 | 10,885 | 9.80 |
| 2021 | 14,084 | 615,682,060 | 43,715 | 42.7 | 1,557 | 10,900 | 6.40 |
| 2022 | 14,084 | 631,075,872 | 44,808 | 42.7 | 1,634 | 10,850 | 4.90 |
| 2023 | 14,084 | 646,849,952 | 45,928 | 42.7 | 1,650 | 10,950 | 4.70 |
| 2024 | 14,084 | 611,499,112 | 43,418 | 42.7 | 1,683 | 10,950 | 4.60 |

Source: U.S. Census, U.S. Bureau of Economic Analysis, Tennessee Department of Labor Market Reports, Athens City Schools, ESRI Research

# CITY OF ATHENS, TENNESSEE

## PRINCIPAL EMPLOYERS
## CURRENT FISCAL YEAR AND NINE YEARS AGO

JUNE 30, 2024

| 2024 | | | 2015 | | |
|---|---|---|---|---|---|
| **Employer** | **Taxable Employees** | **Percentage of Total City Employment** | **Employer** | **Taxable Employees** | **Percentage of Total City Employment** |
| DENSO Tennessee, Inc. | 1,360 | 12.42 % | DENSO Tennessee, Inc. | 1,300 | 12.13 % |
| McMinn County Board of Education | 746 | 6.81 | McMinn County Board of Education | 682 | 6.36 |
| Starr Regional Medical Center | 737 | 6.73 | Manufacturers Industrial Group | 458 | 4.27 |
| Adient | 520 | 4.75 | Heil Trailer International | 419 | 3.91 |
| Walmart | 396 | 3.62 | Mayfield Dairy Farms, Inc. | 350 | 3.26 |
| Dean Foods/Mayfield Dairy Farms, Inc. | 381 | 3.48 | Walmart | 325 | 3.03 |
| E&E Manufacturing | 368 | 3.36 | Athens Regional Medical Center | 290 | 2.71 |
| Heil Trailer International | 335 | 3.06 | Thomas & Betts | 289 | 2.70 |
| ABB | 255 | 2.33 | Dynasty Spas | 246 | 2.29 |
| HP Pelzer | 200 | 1.83 | E&E Manufacturing | 233 | 2.17 |
| | 5,298 | 48.38 % | | 4,592 | 42.83 % |

Sources: McMinn County Economic Development Authority, McMinn County School System, Athens City Schools and local businesses.

# CITY OF ATHENS, TENNESSEE

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

JUNE 30, 2024

| Function/Program | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| City Manager | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 |
| Finance | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Human Resources | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Purchasing | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Information Technology | - | - | - | - | 1 | 1 | 1 | 2 | 2 | 2 |
| Community Development | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Police | 33 | 33 | 33 | 33 | 34 | 34 | 36 | 36 | 36 | 38 |
| Fire | 22 | 22 | 22 | 22 | 22 | 22 | 23 | 24 | 24 | 24 |
| Parks and Recreation | 9 | 9 | 9 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Public Works | 31 | 33 | 33 | 33 | 34 | 34 | 33 | 34 | 34 | 35 |
| | 109 | 111 | 111 | 113 | 116 | 116 | 118 | 121 | 122 | 125 |

Source: City Finance Department

# CITY OF ATHENS, TENNESSEE

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

JUNE 30, 2024

| Function/Program | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Governmental Activities: | | | | | | | | | | |
| Community Development: | | | | | | | | | | |
| Number of building permits | 313 | 318 | 370 | 374 | 355 | 315 | 288 | 372 | 713 | 395 |
| Police: | | | | | | | | | | |
| Number of arrests | 1,292 | 997 | 1,017 | 1,353 | 1,648 | 992 | 1,038 | 1,466 | 1,653 | 1,449 |
| Number of traffic citations issued | 6,561 | 6,473 | 5,096 | 2,973 | 2,126 | 1,417 | 2,114 | 1,862 | 1,979 | 1,843 |
| Fire: | | | | | | | | | | |
| Total calls | 567 | 631 | 659 | 670 | 780 | 846 | 1,741 | 2,138 | 2,249 | 2,360 |
| Inspections | 806 | 668 | 1,350 | 248 | 264 | 289 | 121 | 312 | 462 | 96 |
| Business-type Activities: | | | | | | | | | | |
| Conference center rentals | 121 | 130 | 195 | 149 | 178 | 124 | 201 | 187 | 179 | 223 |

Source: Various City Departments

# CITY OF ATHENS, TENNESSEE

## INFRASTRUCTURE STATISTICS BY FUNCTION
## LAST TEN FISCAL YEARS

JUNE 30, 2024

| Function/Program | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Fire: | | | | | | | | | | |
| Stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Fire trucks | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Parks and recreation: | | | | | | | | | | |
| Parks | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Park acreage | 233 | 233 | 233 | 233 | 233 | 233 | 233 | 233 | 233 | 233 |
| Tennis courts | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Softball fields | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Baseball fields | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Conference Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Soccer fields | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Public works: | | | | | | | | | | |
| Streets (miles) | 126 | 126 | 126 | 126 | 126 | 126 | 126 | 126 | 126 | 126 |
| Square feet of sidewalks | 824,360 | 824,360 | 824,360 | 824,360 | 824,360 | 824,360 | 824,360 | 824,360 | 824,360 | 824,360 |

Source: Various City Departments

# CITY OF ATHENS, TENNESSEE

SCHEDULE OF BONDS OF PRINCIPAL OFFICIALS

JUNE 30, 2024

**CITY OF ATHENS**

Council members and management are covered under a $150,000 crime policy. The Finance Director is covered under an additional $100,000 bond.

| Name | Office |
|---|---|
| Steven Sherlin | Mayor |
| Larry Eaton | Vice-Mayor |
| Dick Pelley | Council Member |
| Frances Witt-McMahan | Council Member |
| Jordan Curtis | Council Member |
| Deb Wallace | City Manager |
| Michael L. Keith | Finance Director/CMFO designee |

**BOARD OF EDUCATION**

Board Members and Administrative Staff are covered under a Surety blanket bond of $400,000 for each loss.

**BOARD MEMBERS**

| | |
|---|---|
| Chris Adams | Chairman |
| Michael L. Bevins | Vice-Chairman |
| Johnny Coffman | Member |
| Beth Jackson | Member |
| Emily Forrest | Member |
| Abby Carroll | Member |
| Joe Barnett | Director of Schools |
| Missy Boyd | Administrative Assistant to Director of Schools and School Board |

**ADMINISTRATIVE STAFF**

| | |
|---|---|
| Joe Barnett | Director of Schools |
| Melody Armstrong | Supervisor of Curriculum and Instruction |
| James McCullough | Supervisor of Transportation |
| Andrew Kimball | Supervisor of Federal Programs |
| Molly McLean | Supervisor of Special Education |
| Angie Newman | Supervisor of Food Services |
| Robert Owens | Supervisor of Maintenance |
| Lisa Cranfill | Supervisor of Finance |

# OTHER REPORTS SECTION

# CITY OF ATHENS, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| Federal Grantor/Pass-Through/Grantor/Program Title | Federal Assistance Listing Number | Pass-through Entity Identifying Number | Expenditures |
|---|---|---|---|
| **PRIMARY GOVERNMENT:** | | | |
| **CITY OF ATHENS** | | | |
| **FEDERAL AWARDS** | | | |
| **U.S Department of Transportation** | | | |
| Passed through Tennessee Department of Transportation | | | |
| Highway Planning and Construction | | | |
| Resurfacing Streets | 20.205 | N/A | $ 36,747 |
| Tennessee Highway Safety Office | | | |
| Alcohol Open Container | 20.607 | N/A | 16,021 |
| Tennessee Highway Safety Office | | | |
| Alcohol Open Container | 20.607 | N/A | 1,293 |
| Total Passed through Tennessee Department of Transportation | | | 54,061 |
| **Total U.S Department of Transportation** | | | |
| **U.S Department of Housing and Urban Development** | | | |
| Passed through Tennessee Department of Economic Community Development | | | |
| CBDG-Entitlement Grants Cluster | | | |
| Community Development Block Grants | 14.228 | N/A | 350,057 |
| **Total U.S Department of Housing and Urban Development** | | | 350,057 |
| **U.S Department of Homeland Security** | | | |
| Assistance to Firefighters Grant | 97.044 | N/A | 97,954 |
| **Total for U.S Department of Homeland Security** | | | 97,954 |

(Continued)

See independent auditor's report.

| Federal Grantor/Pass-Through/Grantor/Program Title | Federal Assistance Listing Number | Pass-through Entity Identifying Number | Expenditures |
|---|---|---|---|
| **PRIMARY GOVERNMENT:** | | | |
| **CITY OF ATHENS** (Continued) | | | |
| **FEDERAL AWARDS** (Continued) | | | |
| **U.S Department of Homeland Security** | | | |
| State and Local Fiscal Recovery Funds | 21.027 | N/A | $ 74,609 |
| **Total for U.S Department of Homeland Security** | | | 74,609 |
| **Total Federal Awards - City of Athens** | | | 576,681 |
| **ATHENS CITY BOARD OF EDUCATION** | | | |
| **FEDERAL AWARDS** | | | |
| **U.S. Department of Agriculture** | | | |
| Passed through the East Tennessee Human Resource Agency: | | | |
| Child and Adult Food Care Program | 10.558 | N/A | 70,999 |
| Total East Tennessee Human Resource Agency | | | 70,999 |
| Passed through the Tennessee Department of Education: | | | |
| COVID-19-PEBT Local Level Admin Cost | 10.649 | N/A | 3,256 |
| Total COVID-19 PEBT Local Level Admin Cost | | | 3,256 |
| Child Nutrition Cluster: | | | |
| National School Lunch Program | 10.555 | N/A | 1,487 |
| School Breakfast Program | 10.553 | N/A | 1,110,927 |
| Summer Food Service Program for Children | 10.559 | N/A | 40,994 |
| Total Child Nutrition Cluster | | | 1,153,408 |
| Total Tennessee Department of Education | | | 1,156,664 |

(Continued)

# CITY OF ATHENS, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| Federal Grantor/Pass-Through/Grantor/Program Title | Federal Assistance Listing Number | Pass-through Entity Identifying Number | Expenditures |
|---|---|---|---|
| **PRIMARY GOVERNMENT:** | | | |
| **ATHENS CITY BOARD OF EDUCATION** (Continued) | | | |
| **FEDERAL AWARDS** (Continued) | | | |
| | | | |
| **U.S. Department of Agriculture** (Continued) | | | |
| Passed through the Tennessee Department of Agriculture: | | | |
| Child Nutrition Cluster: | | | |
| Food Distribution | 10.555 | N/A | $ 14,561 |
| Total Tennessee Department of Agriculture | | | 14,561 |
| | | | |
| **Total U.S. Department of Agriculture** | | | 1,242,224 |
| | | | |
| **U.S. Department of Education** | | | |
| Passed through the Tennessee Department of Education | | | |
| Education Stabilization Fund Subprograms: | | | |
| COVID-19-Math Implementation Support | 84.425B | N/A | 71,250 |
| COVID-19-Elementary and Secondary School Emergency Relief (ESSER II) Fund | 84.425D | N/A | 1,845,783 |
| COVID-19-Elementary and Secondary School Emergency Relief (ESSER III) Fund | 84.425D | N/A | 230,705 |
| COVID-19- Tennessee All Corps | 84.425UD | N/A | 173,600 |
| COVID-19-American Rescue Plan Homeless 2.0 | 84.425W | N/A | 11,089 |
| Total Education Stabilization Fund Subprograms | | | 2,332,427 |

(Continued)

# CITY OF ATHENS, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| Federal Grantor/Pass-Through/Grantor/Program Title | Federal Assistance Listing Number | Pass-through Entity Identifying Number | Expenditures |
|---|---|---|---|
| **PRIMARY GOVERNMENT:** | | | |
| **ATHENS CITY BOARD OF EDUCATION** (Continued) | | | |
| **FEDERAL AWARDS** (Continued) | | | |
| | | | |
| **U.S. Department of Education** (Continued) | | | |
| Special Education Cluster: | | | |
| Special Education - Grants to States | 84.027 | N/A | $ 366,378 |
| Special Education- Preschool Grants | 84.173 | N/A | 22,468 |
| Total Special Education Cluster | | | 388,846 |
| Total Tennessee Department of Education | | | 2,721,273 |
| | | | |
| Title I-Grants to Local Educational Agencies | 84.010 | N/A | 105,239 |
| Title IA- Improving Academic Achievement | 84.010A | N/A | 580,163 |
| High Quality Literacy Implementation Networks | 84.371C | N/A | 123,000 |
| Title IV-Student Support and Academic Achievement | 84.424 | N/A | 3,222 |
| Early Reading Training | 84.459A | N/A | 2,000 |
| Title V- Rural Education Achievement Program | 84.358 | N/A | 40,360 |
| Title II-Part A-Improving Teacher Quality-State Grants | 84.367 | N/A | 5,249 |
| Title III-English Language Acquisitions-State Grants | 84.365 | N/A | 9,310 |
| Title IV-Safe and Drug-Free Schools and Communities-State Grants | 84.186 | N/A | 130,902 |
| | | | |
| **Total U.S. Department of Education** | | | 3,720,718 |

(Continued)

See independent auditor's report.

| Federal Grantor/Pass-Through/Grantor/Program Title | Federal Assistance Listing Number | Pass-through Entity Identifying Number | Expenditures |
|---|---|---|---|
| **PRIMARY GOVERNMENT:** | | | |
| **ATHENS CITY BOARD OF EDUCATION** (Continued) | | | |
| **FEDERAL AWARDS** (Continued) | | | |
| **U.S Department of State** | | | |
| Passed through the Tennessee Department of Education | | | |
| Paid Parental Leave | 19.345 | N/A | $ 10,327 |
| **Total U.S. Department of State** | | | 10,327 |
| **Total Federal Awards - Athens City Board of Education** | | | 4,973,269 |
| **Total Federal Awards - Primary Government** | | | $ 5,549,950 |
| **PRIMARY GOVERNMENT:** | | | |
| **CITY OF ATHENS** | | | |
| **STATE AWARDS** | | | |
| **Tennessee Art Commission** | | | |
| Arts Pathways for Youth Success | N/A | N/A | $ 5,000 |
| **Total Tennessee Art Commission** | | | 5,000 |
| **Tennessee Department of Finance and Administration** | | | |
| VCIF Collaborative | N/A | 77241-VCIF | 157,900 |
| **Total for Tennessee Department of Finance and Administration** | | | 157,900 |

(Continued)

See independent auditor's report.

# CITY OF ATHENS, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| Federal Grantor/Pass-Through/Grantor/Program Title | Federal Assistance Listing Number | Pass-through Entity Identifying Number | Expenditures |
|---|---|---|---|
| **PRIMARY GOVERNMENT:** | | | |
| **CITY OF ATHENS** | | | |
| **STATE AWARDS** | | | |
| **Tennessee Department of Safety and Homeland Security** | | | |
| Statewide School Resource Officer (SRO) Grant Program | N/A | 34901-01482 | $ 225,000 |
| **Total Tennessee Department of Safety and Homeland Security** | | | 225,000 |
| **Tennessee Department of Environment and Conservation** | | | |
| Heritage Park | N/A | 2020-6866 | 39,499 |
| VW Deisel Settlement Environmental Grant | N/A | 2020-6946 | 70,192 |
| **Total Tennessee Department of Safety and Homeland Security** | | | 109,691 |
| **Total State Awards - City of Athens** | | | 497,591 |

(Continued)

# CITY OF ATHENS, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| Federal Grantor/Pass-Through/Grantor/Program Title | Federal Assistance Listing Number | Pass-through Entity Identifying Number | Expenditures |
|---|---|---|---|
| **PRIMARY GOVERNMENT:** | | | |
| **ATHENS CITY BOARD OF EDUCATION** | | | |
| **STATE AWARDS** | | | |
| **Tennessee Department of Education** | | | |
| Innovation School Model | N/A | N/A | $ 260,542 |
| Safe Schools | N/A | N/A | 68,191 |
| Special Education Preschool | N/A | N/A | 19,374 |
| Learning Camps- Summer Learning Camps | N/A | N/A | 254,880 |
| Learning Camps Transportation | N/A | N/A | 40,612 |
| Voluntary PreK | N/A | N/A | 653,403 |
| **Total Tennessee Department of Education** | | | 1,297,002 |
| **Total State Awards - Athens City Board of Education** | | | 1,297,002 |
| **Total State Awards - Primary Government** | | | $ 1,794,593 |

**Notes:**
The total expenditures related to the Child Nutrition Cluster are $1,167,969.

# CITY OF ATHENS, TENNESSEE

NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS

JUNE 30, 2024

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal and State Awards (the Schedule) includes the federal and state grant activity of the City and its blended component unit and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The Athens City Board of Education, a blended component unit of the City of Athens, received federal awards which made it subject to an audit under the Uniform Guidance for the year ended June 30, 2024. The Athens City Board of Education awards have been included in the Schedule of Expenditures of Federal and State Awards to reflect the entire reporting entity. See separately issued Athens City Board of Education financial report regarding the Board's Schedule of Expenditures of Federal and State Awards.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of assistance listing number 21.027, which follow criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

Expenditures under the U.S. Department of Agriculture Food Distribution grant received by the Athens City Board of Education represent receipts and expenditures of noncash commodities as valued based on equivalent purchased products.

**NOTE 3 – INDIRECT COST RATE**

The City and Athens City Board of Education have elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4 – SUBRECIPIENTS**

Of the federal expenditures presented in the Schedule, the City and Athens City Board of Education have not provided any federal awards to subrecipients.

HHM
CERTIFIED PUBLIC ACCOUNTANTS

# INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and City Council
City of Athens
Athens, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, budgetary comparisons for the General Fund, General Purpose School Fund and Federal Projects Fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 13, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for determining the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

266 Inman Street East, Cleveland, TN 37311 | T 423.756.7771 | F 423.265.8125

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cleveland, Tennessee
March 13, 2025

Henderson Hutcherson
& McCullough, PLLC

# CITY OF ATHENS, TENNESSEE

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2024

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**SECTION IV - PRIOR YEAR FINDINGS**

None noted.