CITY OF ATHENS, TENNESSEE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

Prepared by:
Department of Finance

CONTENTS

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, 2021.

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

The City of Athens' financial statements have been audited by Neal, Scouten and McConnell, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Athens, for the fiscal year ended June 30, 2021, 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, 2021, 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.

MICHAEL L. KEITH, CPA
DIRECTOR OF FINANCE

815 NORTH JACKSON STREET
ATHENS, TENNESSEE 37303

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

PROFILE OF THE CITY OF ATHENS

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

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

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

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

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

Economic Condition and Outlook

The economic indicators for the City of Athens and the region were very positive and unemployment rates were very low until the impact of COVID-19. Unemployment rates increased significantly as many businesses were forced to close for a period of time. Conditions began to stabilize in May and June of 2020 and have shown significant improvement since then including a steady decline in the unemployment rates. The highest unemployment rate was 17.2% in April and has declined since then to 6.4% in June of this year. Compared to the prior year, sales tax increased 20.4% in 2021 and state shared sales tax increased 15.7%.

Major industries located within the City include several automotive parts suppliers, manufacturers of electrical components and plastics, and a producer of dairy products. Denso, the City's largest employer, has expanded three times in the past seven years. This increased employment by over 400 employees for this one industry. An Aspen Dental and Aldi grocery store will open during the next six months. A new retail development is being planned that will include at least four new retail establishments and three outparcels. Three single family housing developments have started the required earthwork for up to 170 houses.

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

The Tennessee Board of Regents opened the McMinn Higher Education Center at a cost of $17.75 million to provide workforce training and development for industries in our community. McMinn County and the City of Athens both contributed funding to assist in building this facility.

Long-Term Financial Planning

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

The City has identified approximately $40,000,000 in capital funding items. The policy for the City has been to fund many of these types of projects with grant monies or the funds accumulated in the capital improvement fund. The City and McMinn County, with assistance from the Athens Parks Foundation, have been making improvements to the Eureka Trail, which is 5.6 miles of abandoned rail line purchased from CSX and goes from Athens to Englewood.

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.

Major Initiatives

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. A portion of the building is expected to open in January, 2023 and the entire building will be opened in August, 2023. This will result in the closing of four older school buildings.

The City issued $7,350,000 in bonds in October, 2021 for road improvements around the new school, renovations to the public works facility, renovations to City Hall, a fire training tower and a new animal shelter. These items will be completed over a two year period.

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, 2020. 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 mayor, city council, and the city manager for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Athens' finances. We also wish to express our sincere appreciation to our independent certified public accountants for their technical expertise and assistance. We recently learned that former finance director, Jackie Jenkins, passed away. She served from 1989 to 1994 and it was during her tenure that the City received the first two awards for 1992 and 1993. We will miss her and will always be grateful for the foundation she prepared, her work ethic and leadership she showed during her time with the City.

Respectfully submitted,

Michael L. Keith

Michael L. Keith, CPA
Director of Finance

December 23, 2021

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

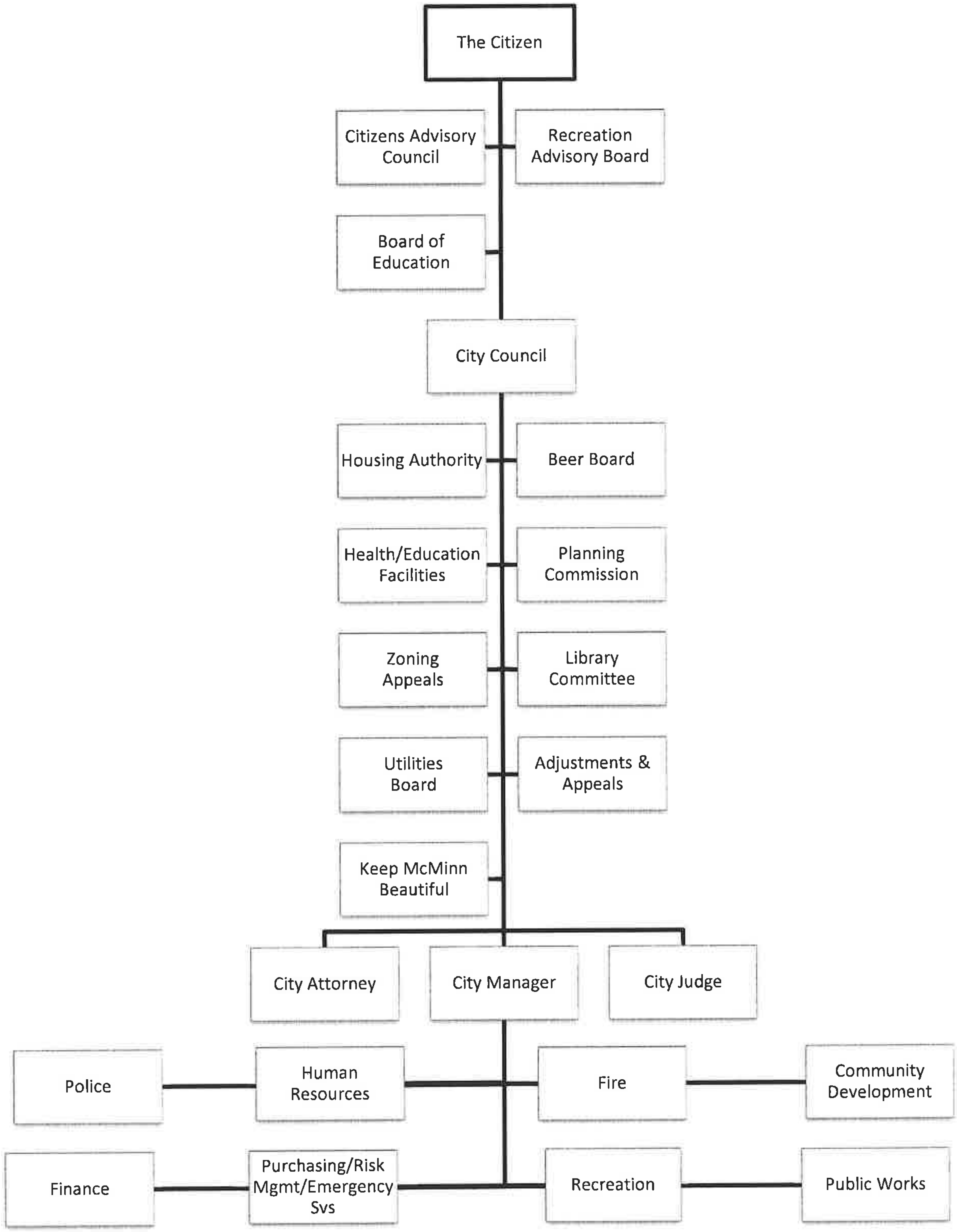
City of Athens
Tennessee

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO


The Citizen
Citizens Advisory Council
Recreation Advisory Board
Board of Education
City Council
Housing Authority
Beer Board
Health/Education Facilities
Planning Commission
Zoning Appeals
Library Committee
Utilities Board
Adjustments & Appeals
Keep McMinn Beautiful
City Attorney
City Manager
City Judge
Police
Human Resources
Fire
Community Development
Finance
Purchasing/Risk Mgmt/Emergency Svs
Recreation
Public Works

CITY OF ATHENS, TENNESSEE
LIST OF PRINCIPAL OFFICIALS
June 30, 2021

City of Athens	
Chuck Burris	Mayor
William Bo Perkinson	Vice-Mayor
John Coker	Council Member
Mark Lockmiller	Council Member
Dick Pelley	Council Member
C. Seth Sumner	City Manager
H. Chris Trew	City Attorney
Derek Green	City Judge
Nina Edmonds	Director of Human Resources
Anthony Casteel	Director of Community Development
Brandon Ainsworth	Fire Chief
Austin Fesmire	Director of Parks & Recreation
Michael L. Keith, CPA, CMFO	Director of Finance
Ben Burchfield	Director of Public Works
Cliff Couch	Police Chief
Athens City Board of Education	
Michael L. Bevins	Chairman
Chris Adams	Vice-Chairman
Johnny Coffman	Board Member
Dr. Amy Sullins	Board Member
Beth Jackson	Board Member
Abby Carroll	Board Member
Dr. Melanie Miller	Director of Schools
Melody Armstrong	Supervisor of Instruction
Bob Harrison	Supervisor of Transportation
Andrew Kimball	Supervisor of Federal Programs
Molly Mclean	Supervisor of Special Education
Angie Newman	Supervisor of Food Services
Robert Owens	Supervisor of Facilities and Attendance
Traci Bryant	Supervisor of Finance
Athens Utilities Board	
Tom Hughes	Chairman
Stan Harrison	Vice-Chairman
John Coker	Board Member
Lisa Dotson	Board Member
Bob Sevigny	Board Member
Eric Newberry	General Manager
Michelle Millsaps	Superintendent of Accounting
David St. John	Superintendent of Power
Sherree Reed	Superintendent of Gas
Craig Brymer	Superintendent of Water/Wastewater
Wayne Scarbrough	Assistant General Manager
Phil Graves	Director of Management Service

FINANCIAL SECTION

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

Report of Independent Certified Public Accountants on Financial Statements

To the City Council
City of Athens
Athens, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Athens, Tennessee, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Athens, Tennessee, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and General Purpose School Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 11 to the financial statements, the City of Athens, Tennessee adopted Governmental Accounting Standards Board No. 84, Fiduciary Activities. In conjunction with the adoption of this standard, the accompanying statements include the Internal School Funds, which had previously not been reported by the City of Athens, Tennessee. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages B-1 through B-10 and other required supplemental information on pages 92 through 102 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Athens, Tennessee's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements on pages 103 through 104, the budgetary comparison schedules on pages 105 through 107, combining and individual internal service fund financial statements on pages 108 through 110, the statistical section and the financial schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 23, 2021 on our consideration of the City of Athens, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Athens, Tennessee's internal control over financial reporting and compliance.

Neal, Scoater & McConnell, P.C.

Chattanooga, Tennessee
December 23, 2021

City of Athens, Tennessee
Management's Discussion and Analysis
June 30, 2021

As management of the City of Athens, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Athens for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in pages A-1 to A-4 of this report.

Financial Highlights

- The assets and deferred outflows of the City of Athens exceeded its liabilities and deferred inflows at June 30, 2021 by $66,054,242 (net position). Of this amount, $37,894,838 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- Net position increased by $8,938,480, an increase of 15.65% compared to fiscal year 2020 total net position. The City of Athens' changes in net position is detailed in the chart on page B-5 of this report. Total revenues increased $3,153,417, primarily due to an increase in local sales taxes, state shared revenue and increased funding from the State and McMinn County for schools. Expenses decreased $2,246,722 primarily due to approximately $2,000,000 less in paving.
- The City's property tax rate increased to $1.3476 per hundred dollars of assessment.
- The City's residential sanitation fee remained at $9.50 per month.
- As of the close of the current fiscal year, the City of Athens' governmental funds reported combined ending fund balances of $34,691,340.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $17,507,197 or 142.09% of total General Fund expenditures. Expenditures do not include transfers to other funds, which totaled $4,381,000 in the City's General Fund. The percentage drops to 104.82% if transfers are included with the total expenditures. This demonstrates the City's fiscal discipline and places the City in a strong financial position to meet unexpected emergencies, uncertainties at the State level or slowdowns in the economy.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 4-5 of this report.

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

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

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

The City of Athens maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the General Purpose School Fund, the Capital Improvement

Fund, the School Construction Fund and the Education Capital Projects Fund which are considered to be major funds. Data from the other five 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 103.

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

The basic governmental fund financial statements can be found on pages 6-9 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the Southeast Tennessee Trade and Conference Center operations and the Sanitation Fund, both of which are considered to be major funds of the City of Athens. The internal service funds are presented in the proprietary fund financial statement. Individual data for each of the internal service funds is provided in the form of combining statements later in this report beginning on page 108.

The basic proprietary fund financial statements can be found on pages 15-17 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 of Athens' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Athens Pension Trust Fund is the one fiduciary maintained by the City and is shown on pages 18 and 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 20-91 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Athens' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 92-102 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 103-107 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Athens, assets exceeded liabilities by $66,054,242 at the close of this fiscal year.

The largest portion of the City of Athens net position (57.37%) 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 (34.0% of net position) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any debt used to acquire those assets that is still outstanding. The City of Athens uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City of Athens' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position comprises 8.63% of net position. These resources are subject to external restrictions on how they may be used.

At June 30, 2021, the City of Athens is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities and its component units.

City of Athens
Net Position

	Governmental Activities 2021	Governmental Activities 2020	Business-type Activities 2021	Business-type Activities 2020	Total 2021	Total 2020
Current and other assets	$ 55,684,691	$ 46,538,285	$ 3,061,111	$ 2,972,240	$ 58,745,802	$ 49,510,525
Capital assets	27,562,090	21,099,293	804,418	722,042	28,366,508	21,821,335
Total assets	83,246,781	67,637,578	3,865,529	3,694,282	87,112,310	71,331,860
Deferred outflows of resources:	2,151,557	2,656,782	248	30,508	2,151,805	2,687,290
Long-term liabilities	8,088,954	3,382,826	-	58,703	8,088,954	3,441,529
Other liabilities	4,531,841	2,779,097	51,238	28,458	4,583,079	2,807,555
Total liabilities	12,620,795	6,161,923	51,238	87,161	12,672,033	6,249,084
Deferred inflows of resources:	10,491,248	10,802,836	46,592	911	10,537,840	10,803,747
Net investment in capital assets	21,656,926	21,099,293	804,418	722,042	22,461,344	21,821,335
Restricted	5,663,685	3,842,600	34,375	-	5,698,060	3,842,600
Unrestricted	34,965,684	28,387,708	2,929,154	2,914,676	37,894,838	31,302,384
Total net position	$ 62,286,295	$ 53,329,601	$ 3,767,947	$ 3,636,718	$ 66,054,242	$ 56,966,319

Governmental activities. Governmental activities increased the City of Athens' net position by $8,807,251 which accounts for the majority of the increase in the net position for the City of Athens. The State provided additional operating grants in order to mitigate dangers of spreading Covid-19. Sales tax increased due to an increase in the rate by .75% effective November 1, 2019. This amounted to the increase being for eight months in the prior year compared to an entire year in 2021. Expenses for highways and streets were down for 2021 since approximately $1,900,000 in paving was done in the prior year.

Business-type activities. Business-type activities increased the City of Athens' net position by $131,229. This increase was due primarily to the operations in the Sanitation Fund. Depreciation decreased due to a replacement for a front loading truck not being purchased in the current year as it was delayed due to Covid-19. There was also a vacancy in Sanitation for a period of months that reduced salaries and related benefits.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	$ 816,372	$ 628,674	$ 1,011,777	$ 993,111	$ 1,828,149	$ 1,621,785
Operating grants and contributions	6,722,509	4,420,432	-	-	6,722,509	4,420,432
Capital grants and contributions	123,701	786,445	-	-	123,701	786,445
General revenues:						
Property taxes	8,381,814	8,516,240	-	-	8,381,814	8,516,240
Other taxes	10,250,057	10,062,469	-	-	10,250,057	10,062,469
Intergovernmental revenues not restricted to specific programs	12,788,094	11,475,082	-	-	12,788,094	11,475,082
Other	753,174	778,014	15,428	49,042	768,602	827,056
Total revenues	39,835,721	36,667,356	1,027,205	1,042,153	40,862,926	37,709,509
Expenses:						
General government	3,216,820	4,070,588	-	-	3,216,820	4,070,588
Public safety	5,090,333	5,259,541	-	-	5,090,333	5,259,541
Highways and streets	2,833,795	4,701,837	-	-	2,833,795	4,701,837
Culture and recreation	956,232	1,402,284	-	-	956,232	1,402,284
Education	18,807,931	17,604,997	-	-	18,807,931	17,604,997
Health and welfare	116,181	172,629	-	-	116,181	172,629
Interest on debt	7,178	-	-	-	7,178	-
Conference center	-	-	74,705	78,597	74,705	78,597
Sanitation	-	-	821,271	880,695	821,271	880,695
Total expenses	31,028,470	33,211,876	895,976	959,292	31,924,446	34,171,168
Change in net position	8,807,251	3,455,480	131,229	82,861	8,938,480	3,538,341
Net position, beginning of year	53,479,044	49,874,121	3,636,718	3,553,857	57,115,762	53,427,978
Net position, end of year	$ 62,286,295	$ 53,329,601	$ 3,767,947	$ 3,636,718	$ 66,054,242	$ 56,966,319

Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City of Athens' governmental funds reported combined ending fund balances of $34,691,340, an increase of $7,086,685 in comparison to the prior year. Approximately 50.47% of this total amount ($17,507,197) 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 -$220,640; restricted for a specific purpose by external constraint or enabling legislation -$3,062,283 (law enforcement - $120,313; City Schools - $4,050 for career ladder and $160,162 for stabilization reserve; School Construction Fund - $263,815; Cemetery Perpetual Care - $287,015; Debt Service - $1,997,652; Internal School Fund student activities – 153,073; Drug Fund - $76,203); committed for a specific purpose per action of the City Council - $6,862,190 (law enforcement - $22,463; capital projects - $6,486,680; education capital projects - $24,247; School Construction Fund - $313,210; Drug Fund - $15,590); or assigned – intended by the City to be used for a specific purpose - $7,039,030 (education - $6,380,701; cafeteria operations - $658,329).

The General Fund is the chief operating fund of the City of Athens. At the end of the current fiscal year, unassigned fund balance of the General Fund was $17,507,197. 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 142.09% of total fund expenditures, but represents 104.82% when compared to total fund expenditures and transfers to other funds (General Purpose School Fund, Debt Service Fund and Capital Improvement Fund).

The fund balance of the City of Athens' General Fund increased by $3,868,303 during the current fiscal year. Revenues increased by $3,633,503 while expenditures decreased by $1,631,093 before transfers to other funds. Property taxes, local sales tax, state shared revenues and interest earnings increased, while state income tax decreased over the prior year. The transfer to the Athens City Schools increased $50,000, the debt service transfer increased $1,000,000 and the transfer to the Capital Projects Fund increased by $150,000.

The fund balance of the General Purpose School Fund increased by $1,537,539. Much of this was due to increased funding from McMinn County and the State of Tennessee.

The Capital Improvement Fund has a total fund balance of $6,486,680. The net decrease was $434,766. Capital items consisted of street improvements, traffic studies, Heritage Park and Eureka Trail improvements and renovations of the Public Works and City Hall.

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

Unrestricted net position at the end of the year amounted to $44,653 for the Conference Center Fund, $2,884,501 for the Sanitation Fund, $5,097,856 for the Fleet Management Fund and $379,265 for the Employee Medical Benefits Fund.

General Fund Budgetary Highlights

Differences in the original budget and the final amended budget for revenues were $763,000 and consisted of increases in property taxes and local sales tax. Differences between the original budget and the final amended budgeted expenditures, including transfers, were $763,000 and are summarized below:

$50,000 for traffic signals in public works.

$192,500 for master plan services and equipment replacement in parks and recreation.

$49,800 for fire equipment.

$50,700 for miscellaneous line items in general government departments.

$420,000 net increase in transfers due to an increase of $820,000 to the Capital Improvement Fund transfer and a $400,000 decrease in the debt service transfer.

Final actual revenues exceeded amended budgeted revenues by $2,348,598 and significant variances are summarized below:

$419,990 more in property taxes.

$969,056 more in other local taxes primarily because of local sales tax, wholesale beer taxes and wholesale liquor taxes.

$745,856 more in intergovernmental revenues due to state sales tax, state grants and reimbursements from other governments.

$80,876 more in charges for services due to building permits.

$65,497 more in fines and forfeitures.

$4,269 more in interest.

$63,054 more in miscellaneous revenues.

Final amended budgeted expenditures, including transfers, exceeded actual expenditures by $1,476,841 and are summarized below:

$208,535 in general government expenditures, related primarily to less economic development expenditures, less contracted services, less computer equipment purchased and less travel and registration fees.

$461,850 in public safety expenditures, primarily due to vacancies in police and related employee benefits and fewer repairs on vehicles.

$631,711 in highways and streets due to vacancies and related employee benefits, traffic signals not installed prior to year end, traffic signal loop repairs, annual paving not getting done before year end and lower fuel costs.

$161,749 in parks and recreation primarily due to less seasonal employees, fewer programs being offered due to Covid and playground equipment not able to be replaced prior to year end.

$12,996 due to multiple line items being under budget in animal control.

Capital Asset and Debt Administration

Capital assets. The City of Athens' investment in capital assets for its governmental and business-type fund activities as of June 30, 2021, was $28,366,508 (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.

City of Athens
Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Buildings and improvements	$ 22,321,354	$ 22,104,697	$ 1,517,930	$ 1,517,930	$ 23,839,284	$ 23,622,627
Infrastructure	10,258,178	10,164,759	-	-	10,258,178	10,164,759
Furniture and office equipment	5,766,360	4,577,973	29,864	29,864	5,796,224	4,607,837
Machinery and equipment	8,387,171	9,219,709	1,748,771	1,705,006	10,135,942	10,924,715
Land	3,221,556	3,221,556	34,500	34,500	3,256,056	3,256,056
Construction in progress	7,627,837	1,497,790	-	-	7,627,837	1,497,790
	$ 57,582,456	$ 50,786,484	$ 3,331,065	$ 3,287,300	$ 60,913,521	$ 54,073,784

Additional information on the City of Athens' capital assets can be found in Note 2 on pages 36-39 of this report.

Long-term debt. At the end of the current fiscal year, the City of Athens had a bond anticipation note outstanding with a balance of $5,903,325. It is backed by the full faith and credit of the City. This short term financing will be converted to long term general obligation debt through the USDA in an amount not to exceed $40,000,000 once the project is completed. These monies are being used to construct a new Pre-K to 5th grade school building, resulting in four schools being combined into one. The Athens Utilities Board has debt outstanding totaling $20,886,261 to be repaid by user fees and Board funds. In the event of default, the City is required to establish ad valorem taxes to repay the outstanding debt. Detailed information on long-term debt activity can be found in Note 3 on pages 40-41 of this report.

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

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the City of Athens is currently 6.4%, which is a decrease from the rate of 9.8% a year ago. Athens' rate is higher than the federal rate and the state rate. This rate has continued to decline since June.

The local option sales tax has grown in excess of 8% beginning in May, 2020 and the state shared sales tax growth has exceeded the local rate. The State of Tennessee allocated approximately $168,000 in one-time funds which were budgeted for capital items in 2021-2022. Management has been conservative in estimating all revenues for 2021-2022. The property tax rate increased to $1.3476 for the 2021 taxes and the monthly residential refuse fee remained at $9.50. A 2% salary increase was budgeted for full time employees. The property tax increase will be used to fund the debt service on a $7,350,000 general obligation bond to fund a new animal shelter building, a fire training tower, road improvements, renovations to the public works facility and renovations to City Hall.

Requests for Information

This financial report is designed to provide a general overview of the City of Athens' finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the City of Athens, Office of the Finance Director, 815 North Jackson Street, Athens, Tennessee 373303.

BASIC

FINANCIAL STATEMENTS

CITY OF ATHENS, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government			Component Unit Proprietary
	Governmental Activities	Business-Type Activities	Total	Athens Utilities Board
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Cash and cash equivalents	$ 12,457,201	$ 360,054	$ 12,817,255	$ 24,450,846
Restricted cash	263,815	-	263,815	-
Investments	24,826,081	2,565,902	27,391,983	-
Receivables:				
Customers, net	-	20,434	20,434	5,359,597
Other	1,876,248	-	1,876,248	128,120
Property taxes, net	8,517,808	-	8,517,808	-
Other governments	3,560,338	-	3,560,338	-
Component unit/primary government	-	80,346	80,346	52,072
Interdivisional	-	-	-	124,888
Deposits	1,385,258	-	1,385,258	75,053
Inventories	128,509	-	128,509	2,620,313
Net pension asset	2,509,271	34,375	2,543,646	-
Restricted stabilization reserve	160,162	-	160,162	-
Capital assets, net of depreciation	16,712,697	769,918	17,482,615	111,137,215
Nondepreciable capital assets	10,849,393	34,500	10,883,893	4,119,690
Total assets	83,246,781	3,865,529	87,112,310	148,067,794
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to OPEB	618,904	-	618,904	-
Deferred outflows related to pensions	1,532,653	248	1,532,901	3,853,183
Total assets and deferred outflows	$ 85,398,338	$ 3,865,777	$ 89,264,115	$ 151,920,977
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION				
LIABILITIES				
Accounts payable	$ 2,646,581	$ 51,238	$ 2,697,819	$ 4,244,966
Accrued payroll and withholdings	1,540,507	-	1,540,507	-
Retainage payable	263,815	-	263,815	-
Due to component unit/primary government	52,072	-	52,072	80,346
Interdivisional	-	-	-	124,888
Other current liabilities	1,839	-	1,839	851,265
Unearned revenues	27,027	-	27,027	131,150
Customer deposits	-	-	-	1,040,705
Noncurrent liabilities due in more than one year:				
Net pension liability	-	-	-	5,984,433
OPEB liability	1,816,110	-	1,816,110	-
Long-term liabilities:				
Due within one year	256,748	-	256,748	1,637,197
Due in more than one year	6,016,096	-	6,016,096	19,249,064
Total liabilities	12,620,795	51,238	12,672,033	33,344,014
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to property tax	8,002,014	-	8,002,014	-
Deferred inflows related to OPEB	431,343	-	431,343	-
Deferred inflows related to pensions	2,057,891	46,592	2,104,483	150,370
Total deferred inflows	10,491,248	46,592	10,537,840	150,370
NET POSITION				
Net investment in capital assets	21,656,926	804,418	22,461,344	94,289,735
Restricted for:				
Law enforcement	120,313	-	120,313	-
Drug	76,203	-	76,203	-
Education	157,123	-	157,123	-
Stabilization reserve	160,162	-	160,162	-
School construction	263,815	-	263,815	-
Pension	2,509,271	34,375	2,543,646	-
Debt service	1,997,652	-	1,997,652	-
Cemetery perpetual care:				
Nonexpendable	92,131	-	92,131	-
Expendable	287,015	-	287,015	-
Unrestricted	34,965,684	2,929,154	37,894,838	24,136,858
Total net position	62,286,295	3,767,947	66,054,242	118,426,593
Total liabilities, deferred inflows, and net position	$ 85,398,338	$ 3,865,777	$ 89,264,115	$ 151,920,977

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

CITY OF ATHENS, TENNESSEE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position — Primary Government			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Govern-mental Activities	Business-Type Activities	Total	Athens Utilities Board
Primary government:								
Governmental activities:								
General government	$ 3,216,820	$ 172,156	$ 633,675	$ 74,101	$ (2,336,888)	$ -	$ (2,336,888)	$ -
Public safety	5,090,333	219,798	53,443	-	(4,817,092)	-	(4,817,092)	-
Highways and streets	2,833,795	-	510,656	49,600	(2,273,539)	-	(2,273,539)	-
Culture and recreation	956,232	94,297	-	-	(861,935)	-	(861,935)	-
Education:								
Instructional	10,930,632	49,466	2,527,036	-	(8,354,130)	-	(8,354,130)	-
Support services	6,222,938	238,293	1,410,443	-	(4,574,202)	-	(4,574,202)	-
Non-instructional	1,305,943	41,207	1,554,770	-	290,034	-	290,034	-
Unallocated depreciation	348,418	-	-	-	(348,418)	-	(348,418)	-
Health and welfare	116,181	1,155	32,486	-	(82,540)	-	(82,540)	-
Interest on debt	7,178	-	-	-	(7,178)	-	(7,178)	-
Total governmental activities	31,028,470	816,372	6,722,509	123,701	(23,365,888)	-	(23,365,888)	-
Business-type activities:								
Conference center	74,705	35,832	-	-	-	(38,873)	(38,873)	-
Sanitation	821,271	975,945	-	-	-	154,674	154,674	-
Total business-type activities	895,976	1,011,777	-	-	-	115,801	115,801	-
Total primary government	$ 31,924,446	$ 1,828,149	$ 6,722,509	$ 123,701	(23,365,888)	115,801	(23,250,087)	$ -
Component unit:								
Public utilities	$ 65,809,332	$ 66,906,119	$ -	$ 10,536				$ 1,107,323
Total component unit	$ 65,809,332	$ 66,906,119	$ -	$ 10,536				1,107,323
General revenues:								
Property taxes					8,381,814	-	8,381,814	-
Local sales tax					7,427,784	-	7,427,784	-
In lieu of taxes					1,174,091	-	1,174,091	-
Wholesale beer tax					548,395	-	548,395	-
Wholesale liquor tax					299,267	-	299,267	-
Other local taxes					800,520	-	800,520	-
Intergovernmental revenues not restricted to specific programs					12,788,094	-	12,788,094	-
Investment income					229,872	9,447	239,319	86,109
Gain (loss) on disposal of capital assets					(1,024)	-	(1,024)	15,415
Insurance proceeds					101,463	-	101,463	-
Miscellaneous					422,863	5,981	428,844	-
Total general revenues					32,173,139	15,428	32,188,567	101,524
Change in net position					8,807,251	131,229	8,938,480	1,208,847
Net position, beginning of year, as restated					53,479,044	3,636,718	57,115,762	117,217,746
Net position, end of year					$ 62,286,295	$ 3,767,947	$ 66,054,242	$ 118,426,593

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

CITY OF ATHENS, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General	General Purpose School	Capital Projects Funds: Capital Improvement	Capital Projects Funds: School Construction	Capital Projects Funds: Education Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ 4,712,308	$ 5,948,132	$ 162,051	$ 584,968	$ 24,247	$ 925,383	$ 12,357,089
Restricted cash	-	-	-	263,815	-	-	263,815
Investments	11,981,638	-	6,421,875	-	-	2,422,100	20,825,613
Receivables:							
Property taxes, net	7,275,794	1,242,014	-	-	-	-	8,517,808
Other governments	1,774,739	1,006,711	25,184	-	-	753,704	3,560,338
Interfund	3,421	1,082,029	-	-	-	-	1,085,450
Other	74,925	-	-	1,800,000	-	40	1,874,965
Inventories	102,934	-	-	-	-	25,575	128,509
Restricted stabilization reserve	-	160,162	-	-	-	-	160,162
Total assets	$ 25,925,759	$ 9,439,048	$ 6,609,110	$ 2,648,783	$ 24,247	$ 4,126,802	$ 48,773,749
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 257,270	$ 458,938	$ 122,430	$ 1,807,943	$ -	$ -	$ 2,646,581
Retainage payable	-	-	-	263,815	-	-	263,815
Interfund payable	430,000	3,421	-	-	-	652,029	1,085,450
Accrued payroll and withholdings	181,540	1,189,762	-	-	-	169,205	1,540,507
Due to component unit	52,072	-	-	-	-	-	52,072
Unearned revenues	491,970	-	-	-	-	-	491,970
Total liabilities	1,412,852	1,652,121	122,430	2,071,758	-	821,234	6,080,395
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to property taxes	6,760,000	1,242,014	-	-	-	-	8,002,014
	8,172,852	2,894,135	122,430	2,071,758	-	821,234	14,082,409
FUND BALANCES							
Nonspendable	102,934	-	-	-	-	117,706	220,640
Restricted	120,313	164,212	-	263,815	-	2,513,943	3,062,283
Committed	22,463	-	6,486,680	313,210	24,247	15,590	6,862,190
Assigned	-	6,380,701	-	-	-	658,329	7,039,030
Unassigned	17,507,197	-	-	-	-	-	17,507,197
Total fund balances	17,752,907	6,544,913	6,486,680	577,025	24,247	3,305,568	34,691,340
Total liabilities, deferred inflows, and fund balances	$ 25,925,759	$ 9,439,048	$ 6,609,110	$ 2,648,783	$ 24,247	$ 4,126,802	$ 48,773,749

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

CITY OF ATHENS, TENNESSEE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2021

Total fund balances		$ 34,691,340
Amounts for governmental activities in the statement of net position are different because:		
Capital assets and related accumulated depreciation are not financial resources or uses and not reported in the funds.		
Capital assets	$ 50,965,928	
Accumulated depreciation	(25,884,720)	25,081,208
Certain property taxes and intergovernmental revenues are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes	463,443	
Intergovernmental revenue	1,500	464,943
Deposit expensed in funds		10,000
Net pension asset		2,509,271
Deferred outflows related to pensions		1,532,653
Deferred inflows related to pensions		(2,057,891)
Deferred outflows related to OPEB		618,904
Deferred inflows related to OPEB		(431,343)
Certain liabilities are not considered a use of current financial resources in the funds.		
Compensated absences	(318,927)	
OPEB liability	(1,816,110)	
Long-term debt	(5,903,325)	
Accrued interest	(1,839)	
Sick leave liability	(50,592)	(8,090,793)
Internal service funds are used by management to charge the cost of internal services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
Cash	100,112	
Deposit	1,375,258	
Interest receivable	1,283	
Investments	4,000,468	
Capital assets	6,616,528	
Accumulated depreciation	(4,135,646)	
		7,958,003
Net position		$ 62,286,295

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

CITY OF ATHENS, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	General	General Purpose School	Capital Projects Funds: Capital Improvement	Capital Projects Funds: School Construction	Capital Projects Funds: Education Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	$ 6,642,990	$1,866,914	$ -	$ -	$ -	$ -	$ 8,509,904
Other local taxes	10,250,056	2,346,882	-	-	-	-	12,596,938
Intergovernmental	2,918,856	10,362,020	53,648	-	-	3,866,208	17,200,732
Charges for services	262,876	177,512	-	-	-	156,185	596,573
Fines and forfeitures	185,497	-	-	-	-	34,300	219,797
Investment and interest income	104,269	52,213	9,625	-	-	40,559	206,666
Miscellaneous	103,054	50,643	140,028	-	-	52,515	346,240
Total revenues	20,467,598	14,856,184	203,301	-	-	4,149,767	39,676,850
EXPENDITURES							
Current:							
General government	2,897,265	-	-	-	-	-	2,897,265
Public safety	5,520,150	-	-	-	-	-	5,520,150
Highways and streets	2,522,289	-	-	-	-	-	2,522,289
Culture and recreation	1,258,051	-	-	-	-	-	1,258,051
Education	-	15,568,615	-	-	-	3,763,450	19,332,065
Health and welfare	123,404	-	-	-	-	-	123,404
Debt service:							
Interest	-	-	-	-	-	7,178	7,178
Capital outlay	-	-	634,430	-	6,179,937	74,142	6,888,509
Total expenditures	12,321,159	15,568,615	634,430	-	6,179,937	3,844,770	38,548,911
REVENUES OVER (UNDER) EXPENDITURES	8,146,439	(712,431)	(431,129)	-	(6,179,937)	304,997	1,127,939
OTHER FINANCING SOURCES (USES)							
Transfers	(4,381,000)	2,481,000	(3,637)	(5,276,300)	6,179,937	1,000,000	-
Proceeds from debt issuance	-	-	-	5,903,325	-	-	5,903,325
Bond issue cost	-	-	-	(50,000)	-	-	(50,000)
Proceeds from sale of property	1,401	2,557	-	-	-	-	3,958
Insurance proceeds	101,463	-	-	-	-	-	101,463
Total other financing sources (uses)	(4,278,136)	2,483,557	(3,637)	577,025	6,179,937	1,000,000	5,958,746
NET CHANGE IN FUND BALANCES	3,868,303	1,771,126	(434,766)	577,025	-	1,304,997	7,086,685
FUND BALANCES, beginning of year, as restated	13,884,604	4,773,787	6,921,446	-	24,247	2,000,571	27,604,655
FUND BALANCES, end of year	$17,752,907	$6,544,913	$6,486,680	$ 577,025	$ 24,247	$ 3,305,568	$34,691,340

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

CITY OF ATHENS, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Net change in fund balances		$ 7,086,685
Amounts for governmental activities included in the statement of activities are different because:		
Property taxes are recognized as revenue in the period for which they are levied in the statement of activities while funds recognize revenue when collected and available.		
Current year levy	$ 6,015,565	
Fund revenue recognized	(6,143,655)	(128,090)
Intergovernmental revenues that do not provide current financial resources are not reported as revenue in the funds.		
State income tax-full accrual	57,517	
State beer tax-full accrual	6,471	
Collected fund revenue	(70,888)	(6,900)
Funds report capital outlays as expenditures. Asset cost is capitalized and allocated over the estimated useful lives as depreciation expense in the statement of activities.		
Capital asset expenditures in the current period	7,478,562	
Net book value of capital assets retired	(41,927)	
Less current year depreciation	(1,243,149)	6,193,486
Internal service funds are used by management to charge the cost of internal services to individual funds. The change in net position of the internal service funds is reported with governmental activities.		509,161
Funds report proceeds from the issuance of long-term debt as financing sources and the related liabilities as expenditures when paid, but the proceeds and payments are recorded through a liability in the statement of net position.		
Accrued interest	(1,839)	
Net change in debt	(5,903,325)	
Net change in compensated absences	(9,621)	
Net change in sick leave liability	(2,076)	(5,916,861)
Deposit in government-wide		10,000
Pension expense in funds not expensed in government-wide		1,443,087
Pension expense not recognized in funds		(339,207)
OPEB expense not recognized in funds		(249,477)
OPEB expense in funds not expensed in government-wide		106,803
OPEB revenue in government-wide not in funds		100,163
Expense reported in government-wide not in funds		(1,599)
Change in net position		$ 8,807,251

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

CITY OF ATHENS, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2021

	Budget Original	Budget Final	Actual	Variance With Final Budget
REVENUES				
PROPERTY TAXES				
Property taxes-current	$ 5,900,000	$ 5,900,000	$ 6,143,655	$ 243,655
Property taxes-prior	100,000	163,000	176,547	13,547
Property taxes-delinquent	70,000	70,000	233,095	163,095
Public utilities taxes	90,000	90,000	89,693	(307)
Total property taxes	6,160,000	6,223,000	6,642,990	419,990
OTHER LOCAL TAXES				
Penalty and interest on property tax-prior	20,000	20,000	39,231	19,231
Penalty and interest on property tax-delinquent	20,000	20,000	72,871	52,871
In lieu of taxes	1,160,000	1,160,000	1,174,091	14,091
Local sales tax	6,100,000	6,800,000	7,427,784	627,784
Wholesale beer tax	470,000	470,000	548,395	78,395
Wholesale liquor tax	200,000	200,000	299,267	99,267
Cable TV franchise tax	170,000	170,000	176,342	6,342
Business license fee	1,000	1,000	1,212	212
Business tax-state clerk fee	40,000	40,000	49,267	9,267
Business tax-state collected	400,000	400,000	461,596	61,596
Total other local taxes	8,581,000	9,281,000	10,250,056	969,056
INTERGOVERNMENTAL				
State sales tax	1,100,000	1,100,000	1,429,000	329,000
State beer tax	6,000	6,000	6,371	371
State income tax	20,000	20,000	64,517	44,517
State gas and motor fuel tax	470,000	470,000	486,681	16,681
State gasoline inspection tax	28,000	28,000	26,718	(1,282)
State mixed drink tax	50,000	50,000	66,642	16,642
State excise tax	40,000	40,000	90,374	50,374
State sportsbetting tax	-	-	4,973	4,973
Reimbursements-other government agencies	103,000	103,000	172,356	69,356
Grants	356,000	356,000	571,224	215,224
Total intergovernmental	2,173,000	2,173,000	2,918,856	745,856

(continued)

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

CITY OF ATHENS, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2021
(continued)

	Budget Original	Budget Final	Actual	Variance With Final Budget
CHARGES FOR SERVICES				
Utility damage reimbursements	$ 25,000	$ 25,000	$ 35,664	$ 10,664
Animal control	1,000	1,000	1,155	155
Recreation fees	76,000	76,000	60,516	(15,484)
Building permits	50,000	50,000	131,760	81,760
Recreation concessions	30,000	30,000	33,781	3,781
Total charges for services	182,000	182,000	262,876	80,876
FINES AND FORFEITURES				
Court fines	120,000	120,000	151,197	31,197
Law enforcement forfeitures	-	-	34,300	34,300
Total fines and forfeitures	120,000	120,000	185,497	65,497
INTEREST	100,000	100,000	104,269	4,269
MISCELLANEOUS	40,000	40,000	103,054	63,054
Total revenues	17,356,000	18,119,000	20,467,598	2,348,598
EXPENDITURES				
GENERAL GOVERNMENT				
Administrative:				
City Manager's Office	340,000	340,000	299,374	40,626
City Council	55,500	55,500	38,478	17,022
City Judge	13,000	13,000	12,918	82
City Attorney	40,000	40,000	27,106	12,894
Special appropriations	364,900	364,900	364,900	-
Athens Utilities Board	480,000	480,000	458,695	21,305
Finance	462,200	469,200	459,402	9,798
Personnel	223,100	223,100	206,360	16,740
Administrative services:				
Administration	110,200	114,200	108,384	5,816
City Hall	160,000	160,000	148,174	11,826
Information technology	339,800	347,700	302,464	45,236
Community development:				
Administration	173,200	173,200	164,534	8,666
Codes enforcement	260,600	284,600	266,188	18,412
Cemeteries	32,600	40,400	40,288	112
Total general government	3,055,100	3,105,800	2,897,265	208,535

(continued)

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

CITY OF ATHENS, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2021
(continued)

	Budget Original	Budget Final	Actual	Variance With Final Budget
PUBLIC SAFETY				
Police:				
Administration	$ 334,900	$ 334,900	$ 318,248	$ 16,652
Patrol	2,423,500	2,423,500	2,232,795	190,705
Special services	555,800	555,800	430,172	125,628
Fire:				
Administration	124,400	124,400	120,822	3,578
Prevention	84,300	101,300	93,466	7,834
Suppression	2,149,300	2,179,300	2,062,123	117,177
Administrative services:				
Communications	260,000	262,800	262,524	276
Total public safety	5,932,200	5,982,000	5,520,150	461,850
HIGHWAYS AND STREETS				
Public Works:				
Administration	275,800	275,800	257,939	17,861
Traffic control	222,900	272,900	246,740	26,160
Street maintenance	893,100	893,100	432,665	460,435
Street construction	523,900	523,900	465,363	58,537
Street cleaning	874,700	874,700	839,385	35,315
City garage	313,600	313,600	280,197	33,403
Total highways and streets	3,104,000	3,154,000	2,522,289	631,711
CULTURE AND RECREATION				
Parks and Recreation:				
Administration	236,200	296,200	283,882	12,318
Maintenance	660,200	780,200	653,604	126,596
Swimming pools	43,600	43,600	43,097	503
Program planning	287,300	299,800	277,468	22,332
Total culture and recreation	1,227,300	1,419,800	1,258,051	161,749
HEALTH AND WELFARE				
Public Works:				
Animal control	136,400	136,400	123,404	12,996
Total expenditures	13,455,000	13,798,000	12,321,159	1,476,841
REVENUES OVER EXPENDITURES	3,901,000	4,321,000	8,146,439	3,825,439

(continued)

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

CITY OF ATHENS, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2021
(continued)

	Budget			Variance
	Original	Final	Actual	With Final Budget
OTHER FINANCING SOURCES (USES)				
Transfer to general purpose school fund	$ (2,421,000)	$ (2,421,000)	$ (2,481,000)	$ (60,000)
Transfer to capital projects fund	(80,000)	(900,000)	(900,000)	-
Transfer to debt service fund	(1,400,000)	(1,000,000)	(1,000,000)	-
Proceeds from sale of property	-	-	1,401	1,401
Insurance proceeds	-	-	101,463	101,463
Total other financing sources (uses)	(3,901,000)	(4,321,000)	(4,278,136)	42,864
Net change in fund balance	-	-	3,868,303	3,868,303
FUND BALANCE, beginning of year	13,884,604	13,884,604	13,884,604	-
FUND BALANCE, end of year	$13,884,604	$13,884,604	$17,752,907	$ 3,868,303

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

CITY OF ATHENS, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL PURPOSE SCHOOL FUND
Year Ended June 30, 2021

	Budget Original	Budget Final	Actual	Variance with Final Budget
REVENUES				
Property taxes	$ 1,644,000	$ 1,684,000	$ 1,866,914	$ 182,914
County revenue	1,366,000	1,594,000	2,346,882	752,882
State funds	9,532,860	9,694,860	10,100,458	405,598
Federal funds received through state	248,200	510,326	260,877	(249,449)
Direct federal funds	-	-	685	685
Tuition	250,000	250,000	177,512	(72,488)
Interest	23,000	23,000	52,213	29,213
Other	16,000	16,000	50,643	34,643
Total revenues	13,080,060	13,772,186	14,856,184	1,083,998
EXPENDITURES				
Current:				
Instruction				
Regular instruction	8,483,063	8,758,378	8,695,690	62,688
Special education	601,740	620,313	603,488	16,825
Early childhood education	658,378	660,799	638,675	22,124
Other instruction	5,500	5,500	2,024	3,476
	9,748,681	10,044,990	9,939,877	105,113
Support services				
Instructional support	1,033,752	1,046,135	925,037	121,098
Student support	274,483	343,855	268,870	74,985
Administration	1,692,552	1,712,775	1,640,279	72,496
Operation and maintenance of plant	1,197,326	1,208,823	1,170,668	38,155
Transportation	516,533	573,959	512,938	61,021
Other support services	916,733	928,767	833,469	95,298
	5,631,379	5,814,314	5,351,261	463,053
Non-instructional services				
Capital outlay	200,000	290,000	277,477	12,523
Total expenditures	15,580,060	16,149,304	15,568,615	580,689
REVENUES OVER (UNDER) EXPENDITURES	(2,500,000)	(2,377,118)	(712,431)	1,664,687
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	-	-	2,557	2,557
Transfer from general fund	2,421,000	2,421,000	2,481,000	60,000
Total other financing sources	2,421,000	2,421,000	2,483,557	62,557
NET CHANGE IN FUND BALANCE	(79,000)	43,882	1,771,126	1,727,244
FUND BALANCE, beginning of year	4,773,787	4,773,787	4,773,787	-
FUND BALANCE, end of year	$ 4,694,787	$ 4,817,669	$ 6,544,913	$ 1,727,244

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

CITY OF ATHENS, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Conference Center	Sanitation	Total	Internal Service Funds
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current assets:				
Cash and cash equivalents	$ 44,706	$ 315,348	$ 360,054	$ 100,112
Investments	-	2,565,902	2,565,902	4,000,468
Accounts receivable	-	20,434	20,434	-
Deposit	-	-	-	1,375,258
Interest receivable	-	-	-	1,283
Due from component unit	-	80,346	80,346	-
Net pension asset	-	34,375	34,375	-
Total current assets	44,706	3,016,405	3,061,111	5,477,121
Capital assets:				
Land	34,500	-	34,500	-
Other capital assets, net	506,997	262,921	769,918	2,480,882
Total capital assets	541,497	262,921	804,418	2,480,882
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	-	248	248	-
Total assets and deferred outflows	$ 586,203	$ 3,279,574	$ 3,865,777	$ 7,958,003
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
Current liabilities:				
Accounts payable	$ 53	$ 51,185	$ 51,238	$ -
Total current liabilities	53	51,185	51,238	-
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	-	46,592	46,592	-
Total liabilities and deferred inflows	53	97,777	97,830	-
NET POSITION				
Net investment in capital assets	541,497	262,921	804,418	2,480,882
Restricted for pension	-	34,375	34,375	-
Unrestricted	44,653	2,884,501	2,929,154	5,477,121
Total net position	586,150	3,181,797	3,767,947	7,958,003
Total liabilities, deferred inflows, and net postion	$ 586,203	$ 3,279,574	$ 3,865,777	$ 7,958,003

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

CITY OF ATHENS, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Conference Center	Sanitation	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services	$ -	$ 975,945	$ 975,945	$ 825,900
Rental income	35,832	-	35,832	-
Miscellaneous	-	5,981	5,981	-
Total operating revenues	35,832	981,926	1,017,758	825,900
OPERATING EXPENSES				
Salaries and employee benefits	6,801	275,600	282,401	-
Operations	16,379	186,547	202,926	-
Maintenance	945	4,745	5,690	-
Depreciation	50,580	120,001	170,581	446,944
Landfill services	-	234,378	234,378	-
Total operating expenses	74,705	821,271	895,976	446,944
OPERATING INCOME (LOSS)	(38,873)	160,655	121,782	378,956
NONOPERATING REVENUES				
Gain on sale of assets	-	-	-	36,945
Interest income	-	9,447	9,447	24,828
Total nonoperating revenues	-	9,447	9,447	61,773
Income (loss) before capital contributions	(38,873)	170,102	131,229	440,729
CAPITAL CONTRIBUTIONS	-	-	-	68,432
CHANGE IN NET POSITION	(38,873)	170,102	131,229	509,161
NET POSITION, beginning of year	625,023	3,011,695	3,636,718	7,448,842
NET POSITION, end of year	$ 586,150	$ 3,181,797	$ 3,767,947	$ 7,958,003

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

CITY OF ATHENS, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Conference Center	Sanitation	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 36,057	$ 992,329	$ 1,028,386	$ 859,900
Payments to employees	(6,317)	(280,844)	(287,161)	-
Payments to suppliers and vendors	(17,755)	(414,836)	(432,591)	-
Net cash provided by operating activities	11,985	296,649	308,634	859,900
CASH FLOWS USED IN NONCAPITAL FINANCING ACTIVITIES	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	-	(252,957)	(252,957)	(716,254)
Proceeds from sale of capital assets	-	-	-	36,945
Contributed capital	-	-	-	68,432
Deposit	-	-	-	(1,375,258)
Net cash used in noncapital financing activites	-	(252,957)	(252,957)	(1,986,135)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment and interest earnings	-	9,447	9,447	27,045
Decrease in investments	-	147,185	147,185	1,165,998
Net cash provided (used in) investing activities	-	156,632	156,632	1,193,043
Net increase in cash and cash equivalents	11,985	200,324	212,309	66,808
Cash and cash equivalents, beginning of year	32,721	115,024	147,745	33,304
Cash and cash equivalents, end of year	$ 44,706	$ 315,348	$ 360,054	$ 100,112
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ (38,873)	$ 160,655	$ 121,782	$ 378,956
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	50,580	120,001	170,581	446,944
Changes in assets and liabilities:				
Accounts receivable	225	10,403	10,628	34,000
Accounts payable and accrued liabilities	53	22,727	22,780	-
Deferred outflows	-	30,260	30,260	-
Deferred inflows	-	45,681	45,681	-
Net pension liability/asset	-	(93,078)	(93,078)	-
Net cash provided by operating activities	$ 11,985	$ 296,649	$ 308,634	$ 859,900

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

CITY OF ATHENS, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
ATHENS PENSION TRUST FUND
FIDUCIARY FUND
June 30, 2021

ASSETS		
Cash	$	438,863
Investments, at fair value:		
Money market funds		18,782,642
Total assets	$	19,221,505
LIABILITIES AND NET POSITION		
Accounts payable	$	10,375
NET POSITION		
Net position restricted for pensions		19,211,130
Total liabilities and net position	$	19,221,505

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

CITY OF ATHENS, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
ATHENS PENSION TRUST FUND
FIDUCIARY FUND
Year Ended June 30, 2021

ADDITIONS	
Employer contributions	$ 610,000
Net investment income:	
Interest and dividend income	230,059
Net appreciation in the fair value of investments	2,828,889
Other	24,767
Total additions	3,693,715
DEDUCTIONS	
Benefits paid	1,093,628
Administrative expenses	47,004
Total deductions	1,140,632
CHANGE IN NET POSITION HELD IN TRUST FOR PENSION BENEFITS	2,553,083
NET POSITION, restricted for pensions, beginning of year	16,658,047
NET POSITION, restricted for pensions, end of year	$ 19,211,130

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

Note 1. Summary of Significant Accounting Policies

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

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

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

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

A. Financial Reporting Entity

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

Blended Component Unit:

Athens City Board of Education

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

Note 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

Blended Component Unit: (continued)

Athens City Board of Education (continued)

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

Discretely Presented Component Unit:

Athens Utilities Board

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

Other Related Organizations:

Athens Housing Authority

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

McMinn County Economic Development Authority

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

Note 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

Other Related Organizations: (continued)

E. G. Fisher Public Library

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

Athens Health and Education Facilities Board

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

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

Government-wide Financial Statements:

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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

Government-wide Financial Statements: (continued)

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

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

Fund Financial Statements:

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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

Fund Financial Statements: (continued)

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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

Fund Financial Statements: (continued)

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

Governmental Funds:

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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

Fund Financial Statements: (continued)

Governmental Funds: (continued)

Special Revenue Funds: (continued)

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

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

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

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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

Fund Financial Statements: (continued)

Governmental Funds: (continued)

Debt Service Fund: This fund accounts for the payment of principal and interest on the City's general obligation long-term debt.

Proprietary Funds:

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

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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

Fund Financial Statements: (continued)

Fiduciary Funds:

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

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

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

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

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

C. Budgets and Budgetary Accounting

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

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

Note 1. Summary of Significant Accounting Policies (continued)

C. Budgets and Budgetary Accounting (continued)

5. Formal budgets are adopted for the General Fund, the General Purpose School Fund, and the Special Revenue Funds on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts reflected in the accompanying budget and actual comparison are as originally adopted, unless amended by the City Council.

6. All appropriations which are not expensed or encumbered lapse at year end.

D. Use of Estimates in the Preparation of Financial Statements

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

E. Cash and Cash Equivalents

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

F. Investments

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

G. Inventories and Prepaid Items

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

G. Inventories and Prepaid Items (continued)

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

H. Capital Assets

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

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

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

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

Component Unit - Athens Utilities Board:

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

The composite straight-line depreciation rate, expressed as a percentage of average depreciable plant, property and equipment, ranged from 2.72 to 3.98 percent. The depreciation and amortization in the Utilities Board's statement of revenues, expenses and changes in net position does not include depreciation on certain transportation equipment, which is allocated to other expense classifications based on relative usage.

Note 1. Summary of Significant Accounting Policies (continued)

I. Debt Issue Costs

Debt issue costs are accounted for as expenditures when incurred.

J. Interfund Transactions

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

K. Long-Term Debt

Bonds and Notes Payable:

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

Compensated Absences:

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

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

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

Vacation Pay and Sick Leave:

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

Note 1. Summary of Significant Accounting Policies (continued)

K. Long-Term Debt (continued)

Vacation Pay and Sick Leave: (continued)

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

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

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

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

L. Net Position and Fund Balances

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

L. Net Position and Fund Balances (continued)

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

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

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

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

M. Property Taxes

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

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

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

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

Taxes were levied at a rate of $1.2676 and $1.3476 per $100 of assessed value for 2020 and 2021, respectively. An allowance has been established for delinquent taxes to the extent that their collectability is improbable. The allowance at June 30, 2021, for the 2020 tax levy was $84,400. An allowance for doubtful collection of $60,000 has been estimated and established for the 2021 levy at June 30, 2021. There are no current tax collections related to the 2021 levy.

Note 1. Summary of Significant Accounting Policies (continued)

N. Allowances for Doubtful Property Taxes

The following allowances have been established for uncollectible property taxes at June 30, 2021:

General Fund	$ 144,400
General Purpose School Fund	161,392

O. Employee Retirement Plans

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

P. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the 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. Capital Assets

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

	Governmental Activities At City of Athens			
	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets being depreciated:				
Buildings and improvements	$ 6,726,060	$ 254,897	$ 38,240	$ 6,942,717
Infrastructure	10,127,109	93,419	-	10,220,528
Furniture and office equipment	1,865,273	1,277,757	315,264	2,827,766
Machinery and equipment	9,219,709	-	832,538	8,387,171
Total depreciable capital assets	27,938,151	1,626,073	1,186,042	28,378,182
Accumulated depreciation:				
Buildings and improvements	4,640,568	160,243	33,962	4,766,849
Infrastructure	4,706,274	261,471	-	4,967,745
Furniture and office equipment	926,208	291,244	310,086	907,366
Machinery and equipment	6,154,497	460,927	821,395	5,794,029
Total accumulated depreciation	16,427,547	1,173,885	1,165,443	16,435,989
Net depreciable capital assets	11,510,604	452,188	20,599	11,942,193
Capital assets not being depreciated:				
Land	3,008,070	-	-	3,008,070
Construction in progress	231,912	154,294	257,536	128,670
Nondepreciable capital assets	3,239,982	154,294	257,536	3,136,740
Net capital assets	$ 14,750,586	$ 606,482	$ 278,135	$ 15,078,933

Note 2. Capital Assets (continued)

	Governmental Activities - At Board of Education			
	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets being depreciated:				
Buildings and improvements	$ 15,378,637	$ -	$ -	$ 15,378,637
Infrastructure	37,650	-	-	37,650
Furniture, equipment, and vehicles	2,712,700	439,697	213,803	2,938,594
Total depreciable capital assets	18,128,987	439,697	213,803	18,354,881
Accumulated depreciation:				
Buildings and improvements	11,181,001	345,115	-	11,526,116
Infrastructure	25,999	915	-	26,914
Furniture, equipment, and vehicles	2,053,644	170,178	192,475	2,031,347
Total accumulated depreciation	13,260,644	516,208	192,475	13,584,377
Net depreciable capital assets	4,868,343	(76,511)	21,328	4,770,504
Capital assets not being depreciated:				
Land	213,486	-	-	213,486
Construction in progress	1,266,878	6,232,289	-	7,499,167
Nondepreciable capital assets	1,480,364	6,232,289	-	7,712,653
Net capital assets	$ 6,348,707	$ 6,155,778	$ 21,328	$ 12,483,157

	Total Governmental Activities Capital Assets			
	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assests being depreciated:				
Buildings and improvements	$ 22,104,697	$ 254,897	$ 38,240	$ 22,321,354
Infrastructure	10,164,759	93,419	-	10,258,178
Furniture, equipment and vehicles	4,577,973	1,717,454	529,067	5,766,360
Machinery and equipment	9,219,709	-	832,538	8,387,171
Total depreciable capital assets	46,067,138	2,065,770	1,399,845	46,733,063
Accumulated depreciation:				
Buildings and improvements	15,821,569	505,358	33,962	16,292,965
Infrastructure	4,732,273	262,386	-	4,994,659
Furniture, equipment and vehicles	2,979,852	461,422	502,561	2,938,713
Machinery and equipment	6,154,497	460,927	821,395	5,794,029
Total accumulated depreciation	29,688,191	1,690,093	1,357,918	30,020,366
Net depreciable capital assets	16,378,947	375,677	41,927	16,712,697
Capital assets not being depreciated:				
Land	3,221,556	-	-	3,221,556
Construction in progress	1,498,790	6,386,583	257,536	7,627,837
Nondepreciable capital assets	4,720,346	6,386,583	257,536	10,849,393
Net capital assets	$ 21,099,293	$ 6,762,260	$ 299,463	$ 27,562,090

Note 2. Capital Assets (continued)

	Total Business-Type Activities Capital Assets			
	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets being depreciated:				
Buildings and improvements	$ 1,517,930	$ -	$ -	$ 1,517,930
Furniture and office equipment	29,864	-	-	29,864
Machinery and equipment	1,705,006	252,957	209,192	1,748,771
Total depreciable capital assets	3,252,800	252,957	209,192	3,296,565
Accumulated depreciation:				
Buildings and improvements	960,353	50,580	-	1,010,933
Furniture and office equipment	29,864	-	-	29,864
Machinery and equipment	1,575,041	120,001	209,192	1,485,850
Total accumulated depreciation	2,565,258	170,581	209,192	2,526,647
Net depreciable capital assets	687,542	82,376	-	769,918
Capital assets not being depreciated:				
Land	34,500	-	-	34,500
Net capital assets	$ 722,042	$ 82,376	$ -	$ 804,418

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	$ 70,181
Public safety	344,455
Highways and streets	531,928
Culture and recreation	227,321
Schools:	
Regular instruction	75,778
Administration	23,710
Operation and maintenance	3,666
Transportation	55,429
Food services	9,207
Unallocated depreciation	348,418
	$ 1,690,093

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

Business-Type Activities	
Conference Center	$ 50,580
Sanitation	120,001
	$ 170,581

Note 2. Capital Assets (continued)

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

Utilities Board:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assests being depreciated:				
Plant in service	$ 168,772,742	$ 6,418,279	$ 2,066,997	$ 173,124,024
Equipment and furniture	8,548,250	345,885	222,482	8,671,653
Transportation equipment	4,700,730	112,697	118,031	4,695,396
Total depreciable capital assets	182,021,722	6,876,861	2,407,510	186,491,073
Accumulated depreciation:				
Plant in service	63,439,553	5,850,554	2,494,873	66,795,234
Equipment and furniture	5,074,179	568,135	225,180	5,417,134
Transportation equipment	2,956,659	302,031	117,200	3,141,490
Total accumulated depreciation	71,470,391	6,720,720	2,837,253	75,353,858
Net depreciable capital assets	110,551,331	156,141	(429,743)	111,137,215
Capital assets not being depreciated:				
Land	837,023	-	-	837,023
Construction in progress	4,263,046	6,527,145	7,507,524	3,282,667
Nondepreciable capital assets	5,100,069	6,527,145	7,507,524	4,119,690
Net capital assets	$ 115,651,400	$ 6,683,286	$ 7,077,781	$ 115,256,905

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

Depreciation was charged as follows:

	Charged to Depreciation and Amortization	Charged to Other Accounts	Total Depreciation and Amortization
Power Division	$ 2,470,288	$ 179,500	$ 2,649,788
Water Division	1,002,242	20,032	1,022,274
Gas Division	661,634	35,418	697,052
Department of Sewer	2,284,525	67,081	2,351,606
	$ 6,418,689	$ 302,031	$ 6,720,720

Note 3. Long-Term Debt

The City has approved $40,000,000 for the School Consolidation Building Program discussed in Note 14. The City has arranged for short-term construction financing through a General Obligation Anticipation Note, Series 2020, with Regions Capital Advantage, Inc. The loan is being disbursed on a monthly basis with variable interest based on LIBOR or Prime Index calculation. At the date of the agreement, the calculation yielded interest rates from 1.11% - 1.19%. Interest will be due semi-annually with principal due when permanent financing is utilized which is expected to be December 2022. Permanent financing will be through a $40,000,000 USDA Community Facilities Loan. The 40 year loan will bear interest at 2.125% - 2.250%. For disclosure purposes, the bond anticipation note will be disclosed on the payment paid maturity terms of the permanent financing for the amount drawn.

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

	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021	Due within one year
City of Athens:					
Compensated absences	$ 309,306	$ 272,063	$ 262,442	$ 318,927	$ 212,629
General Obiligation Bond Anticipation Note, Series 2020	-	5,903,325	-	5,903,325	-
Total	309,306	6,175,388	262,442	6,222,252	212,629
Board of Education:					
Sick leave	48,516	28,770	26,694	50,592	44,119
Total	$ 357,822	$ 6,204,158	$ 289,136	$ 6,272,844	$ 256,748

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

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

June 30	Principal	Interest	Total
2023	$ 1,394,270	$ 132,825	$ 1,527,095
2024	1,425,642	101,453	1,527,095
2025	1,457,718	69,377	1,527,095
2026	1,490,517	36,578	1,527,095
2027	135,178	3,042	138,220
	$ 5,903,325	$ 343,275	$ 6,246,600

Note 3. Long-Term Debt (continued)

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

Utilities Board:

	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021	Due within one year
Revenue and tax bonds	$ 1,183,765	$ -	$ 26,768	$ 1,156,997	$ 27,655
Notes payable	21,324,069	-	1,594,805	19,729,264	1,609,542
Total	$ 22,507,834	$ -	$ 1,621,573	$ 20,886,261	$ 1,637,197

The Power Division and the Department of Sewer debt is payable from and secured by a first pledge of the revenues derived from the operation of the respective systems. The above debt and certain Water Division notes payable are collateralized by a statutory lien on the respective systems.

The principal and interest payments on all long-term debt were current as of June 30, 2021.

The Athens Utilities Board has debt issues with outstanding balances totaling $20,886,261, representing debt issued by the City where the Utilities Board has assumed all responsibility through resolution. This long-term debt is reported in the Athens Utilities Board financial statements. The debt service is to be paid through user fees and Utilities Board funds. If Utilities Board funds are not sufficient to service the debt, the City is required to establish ad valorem taxes under each debt issue.

Aggregate maturities or payments required on principal under long-term debt obligations are as follows:

June 30	Principal	Interest	Total
2022	$ 1,637,197	$ 171,985	$ 1,809,182
2023	1,649,402	160,906	1,810,308
2024	1,661,818	149,607	1,811,425
2025	1,674,450	138,084	1,812,534
2026	1,687,319	126,314	1,813,633
2027-2031	8,644,869	446,450	9,091,319
2032-2036	3,018,569	187,017	3,205,586
2037-2041	522,954	85,639	608,593
2042-2046	285,615	41,349	326,964
2047-2048	104,068	3,034	107,102
	$ 20,886,261	$ 1,510,385	$ 22,396,646

Note 4. Cash Deposits and Investments

Cash Deposits:

Primary government

City of Athens:

State statutes require that all deposits with financial institutions must be collateralized in an amount equal to 105 percent of the face amount of uninsured deposits. Under these statutes, the deposits must be either covered by state or federal depository insurance, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third-party agents. At June 30, 2021, all the City's deposits were insured or collateralized.

Board of Education:

At June 30, 2021, all cash deposits of the Board were insured or collateralized in accordance with state statutes.

Component unit

At June 30, 2021, all cash deposits of the Athens Utilities Board were covered by state or federal depository insurance or collateralized with securities held by the Board's agents in the Board's name.

Investments:

Primary government

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

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

Note 4. Cash Deposits and Investments (continued)

Investments: (continued)

Primary government (continued)

As of June 30, 2021, the City had $20,197,426 invested in the LGIP and $6,818,655 in certificates of deposit which represent all of the City's investments excluding those included in the Cemetery Perpetual Care Fund and the Athens Pension Trust Fund. The certificates of deposit included in investments had original maturity dates in excess of 90 days. At June 30, 2021, the investments of the LGIP had a weighted average maturity of 44 days. Investments in the LGIP are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with SEC Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. Regulatory oversight for the LGIP is provided by the State legislature, the State Comptroller and the State Funding Board.

Cemetery Perpetual Fund:

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

As of June 30, 2021, the Cemetery Perpetual Care Fund's investments consisted of the following:

	Fair Value
Money market funds - cash	$ 3,204
Mutual funds	375,902
	$ 379,106

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

Athens Pension Trust Fund:

As of June 30, 2021, the Pension Trust Fund's investments consisted of the following:

	Fair Value
Bank sweep - cash	$ 438,863
Mutual funds	18,782,642
	$ 19,221,505

Note 4. Cash Deposits and Investments (continued)

Investments: (continued)

Primary government (continued)

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

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

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

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

- **Level 1** – Unadjusted quoted prices in active markets for identical assets or liabilities the City has the ability to access.

- **Level 2** – Inputs (other than quoted prices within Level 1) such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or other inputs that can be corroborated by observable market data.

- **Level 3** – Inputs which are unobservable for the asset or liability and rely on management's own assumptions that market participants would use in pricing the asset or liability.

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021.

Note 4. Cash Deposits and Investments (continued)

Investments: (continued)

Primary government (continued)

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

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

The following table sets forth by level, within the fair value hierarchy, the City's assets at fair value as of June 30, 2021:

Investment type	Fair Value	Level 1	Level 2	Level 3
Athens Pension Trust Fund:				
Money market funds - cash	$ 438,863	$ 438,863	$ -	$ -
Mutual funds	18,782,642	-	18,782,642	-
	19,221,505	438,863	18,782,642	-
Cemetery Perpetual Fund:				
Money market funds - cash	3,204	3,204	-	-
Mutual funds	375,902	-	375,902	-
	379,106	3,204	375,902	-
	$ 19,600,611	$ 442,067	$ 19,158,544	$ -

Note 5. Interfund Transactions

Interfund Balances:

At June 30, 2021, the General Purpose School Fund had interfund receivables that consist of $430,000 due from the General Fund and $652,029 due from the Federal Projects Fund. The General Purpose School Fund had an interfund payable of $3,421 due to the General Fund.

Interfund transfers during the year consisted of the General Fund transferring $2,481,000 to the Board of Education General Purpose Fund, $900,000 to the Capital Improvement Funds, and $1,000,000 to the Debt Service Fund. The Capital Improvement Fund and School Construction Fund transferred $903,637 and $5,276,300, respectively, to the Education Capital Projects Fund. Interfund transactions were for the purpose of funding annual appropriations, debt service requirements, capital outlay, and the school's building program. Interfund activity is netted in the government-wide financial statements within the governmental activities column.

Note 6. Component Unit Transactions

Utilities Board:

Generally, all transactions with the Utilities Board are as a result of services being provided. The Utilities Board provides utilities to the City. In addition, the Utilities Board bills and collects residential sanitation services for the City. At June 30, 2021, the Utilities Board has a due from the primary government of $52,072 and a due to the primary government of $80,346.

Note 7. Detail of Net Position and Fund Balances

Net Position:

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

	Governmental Activities	Business - Type Activities	Total
Capital assets, net of debt and accrued interest	$ 51,677,292	$ 3,331,065	$ 55,008,357
Accumulated depreciation	(30,020,366)	(2,526,647)	(32,547,013)
Net investment in capital assets	21,656,926	804,418	22,461,344
Restricted	5,663,685	34,375	5,698,060
Unrestricted	34,965,684	2,929,154	37,894,838
Total net position	$ 62,286,295	$ 3,767,947	$ 66,054,242

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

Fund Balances:

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

Nonspendable		
General Fund-Inventory	$	102,934
Centralized Cafeteria Fund-Inventory		25,575
Cemetery Perpetual Care Fund-Nonexpendable		92,131
Total nonspendable fund balances		220,640
Restricted		
General Fund-Law Enforcement		120,313
General Purpose School Fund-Career Ladder		4,050
General Purpose School Fund-Stabilization Reserve		160,162
School Construction Fund		263,815
Cemetery Perpetual Care Fund-Expendable		287,015
Debt Service		1,997,652
Internal School Fund-student activities		153,073
Drug Fund		76,203
Total restricted fund balances		3,062,283
Committed		
General Fund-Police benefit		22,463
Capital Improvement Fund-Capital improvements		6,486,680
Education Capital Projects Fund-Education capital projects		24,247
School Construction Fund		313,210
Drug Fund		15,590
Total committed fund balances		6,862,190
Assigned		
General Purpose School Fund-Education		6,380,701
Centralized Cafeteria Fund		658,329
Total assigned fund balances		7,039,030
Unassigned		
General Fund		17,507,197
Total fund balances	$	34,691,340

Utilities Board

Net position of the Utilities Board consist of the following:

Net investment in capital assets	$	94,289,735
Unrestricted		24,136,858
	$	118,426,593

Note 8. Employee Retirement Plans

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

Employee Retirement Plan

Plan Description

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

Plan Membership:

	July 1, 2021
Inactive Plan participants or beneficiaries currently receiving benefits	72
Inactive Plan participants entitled to deferred benefits	36
Active vested Plan participants	28
Total	136

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.

Note 8. Employee Retirement Plans (continued)

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

Employee Retirement Plan (continued)

Plan Provisions: Plan provisions in effect at June 30, 2021:

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,

(a) 30% of average compensation, reduced by 1/10 for each year of continuous service less than 10 (reduced by 1/20 for each year of continuous service less than 20 for employees hired after 6/30/1999), plus

(b) One percent of average compensation in excess of the average covered wage, given by the table below, for each year of service up to 35 years.

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

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

Note 8. Employee Retirement Plans (continued)

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

Employee Retirement Plan (continued)

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.
Early Retirement Benefit	Minimum Age: 55 Minimum Service: 15 Years Accrued benefit, reduced by 1/15 for each of the first five years and 1/30 for each of the next five years by which early retirement precedes normal retirement. Participants age 62 with 15 years of service or age 55 with 25 years of service are eligible for an unreduced benefit.
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.

Note 8. Employee Retirement Plans (continued)

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

Employee Retirement Plan (continued)

Pre-Retirement Death Benefit	Effective January 1, 2009: Minimum Age: 45 Minimum Service: 10 Years Prior to January 1, 2009: Minimum Age: 55 Minimum Service: 15 Years The survivor benefit payable assuming the participant had retired on the day prior to death and elected a 100% (50% prior to 1/1/2009) Joint & Survivor Annuity.
Disability Benefit	A totally and permanently disabled participant with 10 years of continuous service may retire and receive his accrued benefit on the day of disability, reduced 1/15 for each of the first 5 years and 1/30 for each of the next 5 years by which disability precedes NRD and actuarially reduced for each additional year.
Vested Termination Benefit	Upon termination after 5 or more years of service, a participant shall be 100% vested in his accrued benefit.

Contribution Required

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

Note 8. Employee Retirement Plans (continued)

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

Employee Retirement Plan (continued)

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

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

Investments

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the City of Athens City Council by a majority vote of its members. It is the policy of the City to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The Plan Trustee, Charles Schwab Trust Bank, is responsible for implementing the investment policy. The following was the Board's adopted asset allocation as of June 30, 2021:

Asset Class	Target Allocation
Domestic equity	36 %
International equity	21
Fixed income	18
Hedge fund	10
Real estate	5
Cash and cash equivalents	10
Total	100 %

Note 8. Employee Retirement Plans (continued)

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

Employee Retirement Plan (continued)

Rate of return: For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 18.21 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability (Asset) of the City

The components of the net pension liability (asset) at June 30, 2021, was as follows:

Total pension liability	$ 18,284,858
Plan fiduciary net position	(19,221,505)
City net pension liability (asset)	$ (936,647)
Plan fiduciary net position as a percentage of the total pension liability	105.12%
Covered payroll	$ 1,788,153
Net pension liability (asset) as a percentage of covered payroll	-52.38%

The Plan's fiduciary net position is reported in the Athens Pension Trust Fund as of June 30, 2021. 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, 2021.

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

Measurement Date – June 30, 2021

Valuation Date – July 1, 2021

Mortality – Pre-Retirement and Post-Retirement: SOA RP-2014 Total Dataset Mortality Table adjusted to 2006 with Improvement Scale MP-2020

Discount Rate – 7.00% per annum in previous years; 6.75 % per annum in current year

Inflation – 2.24% per annum

Salary Projection – 3.00% per annum

Cost of Living Increase – N/A

Note 8. Employee Retirement Plans (continued)

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

Employee Retirement Plan (continued)

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

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

Withdrawal rates: 150% of Table T-7

	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 2019 for the period January 1, 2014 through June 30, 2019.

Long-Term Expected Rate of Return on Pension Plan Investments

The long-term expected rate of return on pension plan investments was determined by the investment advisor, USI Advisors, Inc. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, (see the discussion of the pension plan's investment policy) are summarized in the following table:

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

Note 8. Employee Retirement Plans (continued)

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

Employee Retirement Plan (continued)

Discount rate

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

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

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City of Athens' Net Pension Liability (Asset) - June 30, 2021	$ 984,213	$ (936,647)	$ (2,565,192)

Note 8. Employee Retirement Plans (continued)

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

Employee Retirement Plan (continued)

Additional Defined Benefit Plan disclosures for the City of Athens

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

Additional City disclosures are made as of the measurement date, June 30, 2021, elected by the City under GASB No. 68.

The changes in the City's net pension liability (asset) are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at June 30, 2020	$ 18,175,701	$ 16,658,047	$ 1,517,654
Changes for the year:			
Service cost	102,772	-	102,772
Interest	1,197,490	-	1,197,490
Differences between expected and actual experience	27,264	-	27,264
Changes in assumptions	(124,741)	-	(124,741)
Contributions - employer	-	610,000	(610,000)
Net investment income	-	3,073,148	(3,073,148)
Benefit payments, including refunds of employee contributions	(1,093,628)	(1,093,628)	-
Administrative expense	-	(26,062)	26,062
Net changes	109,157	2,563,458	(2,454,301)
Balance at June 30, 2021	$ 18,284,858	$ 19,221,505	$ (936,647)

Note 8. Employee Retirement Plans (continued)

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

Employee Retirement Plan (continued)

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

	Governmental Activities	Sanitation	Total
Pension expense	$ 176,886	$ 6,739	$ 183,625

For the measurement period ended June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,765	$ -
Changes in assumptions	-	30,951
Net difference between projected and actual earnings on pension plan investments	-	1,238,589
Total	$ 6,765	$ 1,269,540

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:	
2022	$ (325,092)
2023	(252,189)
2024	(292,363)
2025	(393,131)

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

Defined Contribution Plan:

Plan description – 401(a) Retirement Plan

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

Note 8. Employee Retirement Plans (continued)

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

Defined Contribution Plan (continued)

City. Participants' interest in the contributions of the City vest at 100% upon 3 years of completed service. The Plan is established with ICMA Retirement Corporation as the Plan administrator. The City made Plan contributions of $190,975 during 2021.

Primary Government (Board of Education employees)

Public Employee Retirement Plan

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

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

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

Note 8. Employee Retirement Plans (continued)

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

Public Employee Retirement Plan (continued)

Employees covered by benefit terms. At the measurement date of June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	66
Inactive employees entitled to but not yet receiving benefits	124
Active employees	81
	271

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Athens City Board of Education makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2021, employer contributions were $203,448 based on a rate of 9.60 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Athens City Board of Education's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Athens City Board of Education's net pension liability (asset) was measured as of June 30, 2020, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	7.25%, net of pension plan investment expenses, including inflation
Cost of living adjustment	2.25%

Note 8. Employee Retirement Plans (continued)

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

Public Employee Retirement Plan (continued)

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

The actuarial assumptions used in the June 30, 2020, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.50 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	5.69 %	31 %
Developed market international equity	5.29	14
Emerging market international equity	6.36	4
Private equity and strategic lending	5.79	20
U.S. fixed income	2.01	20
Real estate	4.32	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 7.25 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Athens City Board of Education will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute.

Note 8. Employee Retirement Plans (continued)

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

Public Employee Retirement Plan (continued)

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at June 30, 2019	$ 8,156,761	$ 8,246,520	$ (89,759)
Changes for the year:			
Service cost	200,990	-	200,990
Interest	591,597	-	591,597
Differences between expected and actual experience	(98,678)	-	(98,678)
Contributions - Employer	-	200,213	(200,213)
Contributions - Employees	-	104,586	(104,586)
Net investment income	-	406,602	(406,602)
Benefit payments, including refunds of employee contributions	(395,571)	(395,571)	-
Administrative expense	-	(7,327)	7,327
Net changes	298,338	308,503	(10,165)
Balance at June 30, 2020	$ 8,455,099	$ 8,555,023	$ (99,924)

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of Athens City Board of Education calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Athens City Board of Education's net pension liability (asset)	$ 906,979	$ (99,924)	$ (941,638)

Note 8. Employee Retirement Plans (continued)

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

Public Employee Retirement Plan (continued)

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

Pension expense. For the year ended June 30, 2021, Athens City Board of Education recognized pension expense of $109,303.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2021, Athens City Board of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resoures	Deferred Inflows of Resources
Differences between expected and actual experience	$ 28,077	$ 110,134
Net difference between projected and actual earnings on pension plan investments	59,374	-
Changes in assumptions	29,750	-
Contributions subsequent to the measurement date of June 30, 2020	203,448	-
Total	$ 320,649	$ 110,134

The amount shown above for contributions subsequent to the measurement date of June 30, 2020, 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:	
2022	$ (26,642)
2023	(13,669)
2024	9,840
2025	37,538

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

Note 8. Employee Retirement Plans (continued)

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

Teacher Legacy Pension Plan

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

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

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

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

Note 8. Employee Retirement Plans (continued)

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

Teacher Legacy Pension Plan (continued)

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Athens City Board of Education for the year ended June 30, 2021, to the Teacher Legacy Pension Plan were $599,330 which is 10.27 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension liability (asset). At June 30, 2021, the Athens City Board of Education reported a liability (asset) of $(1,402,423) for its proportionate share of net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. Athens City Board of Education's proportion of the net pension liability (asset) was based on Athens City Board of Education's employer share of contributions to the pension plan, relative to the contributions of all participating LEAs. At the June 30, 2020, measurement date, Athens City Board of Education's proportion was 0.183907 percent. The proportion measured as of June 30, 2019, was 0.193487 percent.

Pension expense. For the year ended June 30, 2021, Athens City Board of Education recognized pension expense of $10,441.

Note 8. Employee Retirement Plans (continued)

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

Teacher Legacy Pension Plan (continued)

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2021, Athens City Board of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resoures	Deferred Inflows of Resources
Differences between expected and actual experience	$ 53,314	$ 674,260
Changes in assumptions	127,404	-
Net difference between projected and actual earnings on pension plan investments	313,217	-
Changes in proportion of net pension liability (asset)	35,500	18,168
LEA's contributions subsequent to the measurement date of June 30, 2020	599,330	-
Total	$ 1,128,765	$ 692,428

The amount shown above for contributions subsequent to the measurement date of June 30, 2020, will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2022	$ (341,157)
2023	(46,747)
2024	17,427
2025	207,484

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

Note 8. Employee Retirement Plans (continued)

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

Teacher Legacy Pension Plan (continued)

Actuarial assumptions. The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	7.25%, net of pension plan investment expenses, including inflation
Cost of living adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2020, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.50 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Note 8. Employee Retirement Plans (continued)

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

Teacher Legacy Pension Plan (continued)

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	5.69 %	31 %
Developed market international equity	5.29	14
Emerging market international equity	6.36	4
Private equity and strategic lending	5.79	20
U.S. fixed income	2.01	20
Real estate	4.32	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 7.25 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate. The following presents Athens City Board of Education's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what Athens City Board of Education's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Athens City Board of Education's proportionate share of the net pension liability (asset)	$ 4,361,506	$ (1,402,423)	$ (6,182,075)

Note 8. Employee Retirement Plans (continued)

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

Teacher Legacy Pension Plan (continued)

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

Teacher Retirement Plan

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

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

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

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the

Note 8. Employee Retirement Plans (continued)

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

Teacher Retirement Plan (continued)

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 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. The actuarially determined contribution rate of 4 percent has been split between the Teacher Retirement Plan and TCRS Stabilization Reserve Trust. The Board placed the actuarially determined contribution rate of 2.02 percent of covered payroll into the Teacher Retirement Plan and 1.98 percent of covered payroll into the TCRS Stabilization Reserve Trust. By law, employer contributions for the Teacher Retirement Plan are required to be paid. TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2021, to the Teacher Retirement Plan were $52,697 which is 2.02 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension liability (asset). At June 30, 2021, Athens City Board of Education reported a liability (asset) of ($104,652) for its proportionate share of the net pension liability. The net pension liability (asset) was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial value as of that date. Athens City Board of Education's proportion of the net pension liability (asset) was based on Athens City Board of Education's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2020, Athens City Board of Education's proportion was 0.184038 percent. The proportion measured as of June 30, 2019, was 0.178585 percent.

Pension expense. For the year ended June 30, 2021, Athens City Board of Education recognized pension expense of $42,577.

Note 8. Employee Retirement Plans (continued)

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

Teacher Retirement Plan (continued)

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2021, Athens City Board of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,888	$ 26,225
Net difference between projected and actual earnings on pension plan investments	8,525	-
Changes in assumptions	3,281	-
Changes in proportion of net pension liability	8,331	6,156
LEA's contributions subsequent to the measurement date of June 30, 2020	52,697	-
Total	$ 76,722	$ 32,381

Athens City Board of Education's employer contributions of $52,697 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, 2022. 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:	
2022	$ (595)
2023	637
2024	1,265
2025	1,444
2026	(1,444)
Thereafter	(9,663)

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

Note 8. Employee Retirement Plans (continued)

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

Teacher Retirement Plan (continued)

Actuarial assumptions. The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	7.25%, net of pension plan investment expenses, including inflation
Cost of living adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2020, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.50 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	5.69 %	31 %
Developed market international equity	5.29	14
Emerging market international equity	6.36	4
Private equity and strategic lending	5.79	20
U.S. fixed income	2.01	20
Real estate	4.32	10
Short-term securities	0.00	1
		100 %

Note 8. Employee Retirement Plans (continued)

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

Teacher Retirement Plan (continued)

The long term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate. The following presents Athens City Board of Education's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what Athens City Board of Education's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Athens City Board of Education's proportionate share of the net pension liability (asset)	$ 81,402	$ (104,652)	$ (241,796)

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

TCRS Stabilization Reserve Trust

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

Note 8. Employee Retirement Plans (continued)

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

TCRS Stabilization Reserve Trust (continued)

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

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

Investments are reported at fair value or amortized cost which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2021, 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.

Note 8. Employee Retirement Plans (continued)

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

TCRS Stabilization Reserve Trust (continued)

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

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

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

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

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

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

Note 8. Employee Retirement Plans (continued)

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

TCRS Stabilization Reserve Trust (continued)

strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2021, the Athens City Board of Education had the following investments held by the trust on its behalf:

Investment	Target Allocation	Fair Value
Investments at fair value:		
U.S. equity	31 %	$ 49,651
Developed market international equity	14	22,423
Emerging market international equity	4	6,406
U.S. fixed income	20	32,032
Real estate	10	16,016
Short-term securities	1	1,602
Investments at amortized cost using the NAV:		
Private equity and strategic lending	20	32,032
Total	100 %	$ 160,162

		Fair Value Measurements Using			Amortized Cost
Investments by Fair Value Level	Total 6/30/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. equity	$ 49,651	$ 49,651	$ -	$ -	$ -
Developed market international equity	22,423	22,423	-	-	-
Emerging market international equity	6,406	6,406	-	-	-
U.S. fixed income	32,032	-	32,032	-	-
Real estate	16,016	-	-	16,016	-
Short-term securities	1,602	-	1,602	-	-
Private equity and strategic lending	32,032	-	-	-	32,032
Total	$ 160,162	$ 78,480	$ 33,634	$ 16,016	$ 32,032

Note 8. Employee Retirement Plans (continued)

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

TCRS Stabilization Reserve Trust (continued)

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

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

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

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

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

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

Note 8. Employee Retirement Plans (continued)

Aggregation of all pension plans

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 92,044	$ 810,619
Changes in assumptions	160,435	30,951
Net difference between projected and actual earnings on pension plan investments	381,116	1,238,589
Changes in proportion of net pension liability (asset)	43,831	24,324
Employer contributions subsequent to the measurement date	855,475	-
Total	$ 1,532,901	$ 2,104,483

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

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

Year Ended June 30:	
2022	$ (693,486)
2023	(311,968)
2024	(263,831)
2025	(146,665)
2026	(1,444)
Thereafter	(9,663)

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

Note 8. Employee Retirement Plans (continued)

Aggregation of all pension plans (continued)

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

City - Employee Retirement Plan	$ 936,647
Board of Education - Public Employee Retirement Plan	99,924
Board of Education - Teacher Legacy Plan	1,402,423
Board of Educaiton - Teacher Retirement Plan	104,652
	$ 2,543,646

Pension expense related to all plans were as follows:

City - Employee Retirement Plan	$ 183,625
Board of Education - Public Employee Retirement Plan	109,303
Board of Education - Teacher Legacy Plan	10,441
Board of Education - Teacher Retirement Plan	42,577
Total aggregate pension expense	$ 345,946

Defined Contribution Plan

As a component of the Teacher Retirement Plan, a defined contribution plan has been established for all teachers hired on or after July 1, 2014. Athens City Board of Education is required to contribute 5 percent of salaries, while participants may contribute up to 2 percent of salary. Participants are immediately vested. The Plan is established with Great-West Financial as Plan Administrators. The Board contributed $124,835 to the Plan in 2021.

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.

Note 9. Other Postemployment Benefits (OPEB)

Teacher Group OPEB Plan

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

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

Employees covered by benefit terms. At July 1, 2020, the following employees were covered by the benefit terms of the TGOP:

Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	1
Active employees	144
	161

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

Teacher Group OPEB Plan (continued)

An insurance committee, created in accordance with TCA 8-27-301, established the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During 2021, the Board paid $106,803 to the TGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions. The collective total OPEB liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement period, unless otherwise specified:

Inflation	2.10%
Salary increases	Graded salary ranges from 3.44% to 8.72% based on age, including inflation, averaging 4.00%
Healthcare cost trend rates	9.02% for pre-65 in 2020, decreasing annually over a 10 year period to an ultimate rate of 4.50%. 7.56% for post-65 in 2020, decreasing annually over a 4 year year period to an ultimate rate of 4.50%.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation a weighted average has been used with weights derived from the current distribution of members among plans.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2020, valuations were the same as those employed in the July 1, 2019 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, 2012 – June 30, 2016. 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 RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post retirement tables are Blue Collar and adjusted with a 2 percent load for males and a minus 3 percent load for females.

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

Teacher Group OPEB Plan (continued)

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

Discount rate. The discount rate used to measure the total OPEB liability was 2.21 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

Changes in the collective total OPEB liability are as follows:

Balance at June 30, 2019	$ 2,304,738
Changes for the year:	
Service cost	120,345
Interest	82,670
Differences between expected and actual experience	(26,071)
Changes in assumptions and other inputs	275,222
Benefit payments	(140,860)
Net changes	311,306
Balance at June 30, 2020	$ 2,616,044
Nonemployer contributing entities proportionate share of the collective total OPEB liability	$ 799,934
Employer's proportionate share of the collective total OPEB liability	$ 1,816,110
Employer's proportion of the collective total OPEB liability	69.42%

The Board has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participation in the TGOP. The Board's proportionate share of the collective total OPEB liability was based on a projection of the employers long term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed 1.47 percent from the prior measurement date. The Board recognized $59,091 of revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for Board retirees.

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

Teacher Group OPEB Plan (continued)

Changes in assumptions. The discount rate was changed from 3.51 percent as of the beginning of the measurement period to 2.21 percent as of June 30, 2020. 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 (1.21 percent) or 1 percentage point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Proportionate share of the collective total OPEB liability	$ 1,951,252	$ 1,816,110	$ 1,686,385

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

	1% Decrease (8.02%/6.56% decreasing to 3.50%)	Healthcare Cost Trend Rate (9.02%/7.56% decreasing to 4.50%)	1% Increase (10.02% /8.56% decreasing to 5.50%)
Proportionate share of the collective total OPEB liability	$ 1,602,534	$ 1,816,110	$ 2,072,099

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

OPEB expense. For the year ended June 30, 2021, the Board recognized OPEB expense of $208,405.

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

Teacher Group OPEB Plan (continued)

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2021, 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	$ 227,616	$ 231,221
Changes in assumptions	192,042	145,709
Changes in proportion and difference between amounts paid as benefits came due and proportionate share certain amounts paid by the employer and nonemployer contributors as the benefits came due	92,443	54,413
Employer payments subsequent to the measurement date	106,803	-
Total	$ 618,904	$ 431,343

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

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

Year ended June 30:	
2022	$ 8,377
2023	8,377
2024	8,377
2025	8,377
2026	8,377
Thereafter	38,873

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

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

Tennessee OPEB Plan

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

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

Employees covered by benefit terms. At June 30, 2020, the following employees were covered by the benefit terms of the TNP:

Inactive employees or beneficiaries currently receiving benefits	85
Inactive employees entitled to but not yet receiving benefits	16
Active employees	103
	204

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

Tennessee OPEB Plan (continued)

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

Total OPEB Liability

Actuarial assumptions. The collective total OPEB liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement period, unless otherwise specified:

Inflation	2.10%
Salary increases	Graded salary ranges from 3.44% to 8.72% based on age, including inflation, averaging 4.00%
Healthcare cost trend rates	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2020, valuations were the same as those employed in the July 1, 2019 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, 2012 – June 30, 2016. 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 RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post retirement tables are Blue Collar and adjusted with a 2 percent load for males and a minus 3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in IRS Ruling 96-7 for disabled lives with a 10 percent load.

Discount rate. The discount rate used to measure the total OPEB liability was 2.21 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

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

Tennessee OPEB Plan (continued)

Changes in the collective total OPEB liability are as follows:

Balance at June 30, 2019	$ 682,349
Changes for the year:	
Service cost	6,798
Interest	23,431
Differences between expected and actual experience	(6,589)
Changes in assumptions and other inputs	112,045
Benefit payments	(43,569)
Net changes	92,116
Balance at June 30, 2020	$ 774,465
Nonemployer contributing entities proportionate share of the collective total OPEB liability	$ 774,465
Employer's proportionate share of the collective total OPEB liability	$ -
Employer's proportion of the collective total OPEB liability	- %

The Board has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participation in the TNP. The Board's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The Board's proportion of zero percent did not change from the prior measurement date. The Board recognized $41,072 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 3.51 percent as of the beginning of the measurement period to 2.21 percent as of June 30, 2020. This change in assumptions decreased the total OPEB liability.

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

OPEB expense. For the year ended June 30, 2021, the Board recognized OPEB expense of $41,072.

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

Aggregation of all OPEB Plans

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 227,616	$ 231,221
Changes in assumptions	192,042	145,709
Changes in proportion and difference between amounts paid as benefits came due and proportionate share certain amounts paid by the employer and nonemployer contributors as the benefits came due	92,443	54,413
Employer payments subsequent to the measurement date	106,803	-
Total	$ 618,904	$ 431,343

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

Year ended June 30:	
2022	$ 8,377
2023	8,377
2024	8,377
2025	8,377
2026	8,377
Thereafter	38,873

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

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

Aggregation of all OPEB plans (continued)

The OPEB plans resulted in the following net OPEB liability:

	Net OPEB Liability
Teacher Group OPEB Plan	$ 1,816,110
Tennessee OPEB Plan	-
	$ 1,816,110

OPEB expense related to all plans were as follows:

Teacher Group OPEB Plan	$ 208,405
Tennessee OPEB Plan	41,072
Total aggregate OPEB expense	$ 249,477

In addition, the Board of Education's Teacher Group OPEB Plan and Tennessee OPEB Plan recognized $59,091 and $41,072 of revenue, respectively.

Note 10. On-Behalf Payments

The State of Tennessee makes on-behalf payments to the State's Tennessee OPEB Plan and the Teacher Group OPEB Plan for retired teachers of Athens City Board of Education. GASB Statement No. 24 requires that on-behalf payments be recognized in the Board's financial statements. During the year ended June 30, 2021, the State of Tennessee made contributions to healthcare plans on behalf of the Board as follows:

Plan	Amount
Teacher Group OPEB Plan	$ 53,594
Tennesse OPEB Plan	42,507
	$ 96,101

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

Note 11. Implementation of Governmental Accounting Standards Board Pronouncement

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 84 "Fiduciary Activities". The pronouncement establishes standards for the treatment of certain type activities and funds. In conjunction with the implementation of GASB Statement No. 84, the Internal School Funds (ISF) are reflected as a special revenue fund in the accompanying financial statements. In previous years, the City did not include the ISF in their financial statements based on their interpretation of the State of Tennessee guidance regarding ISF's. A restatement of $149,443 is presented to reflect the ISF beginning fund balance/net position as follows:

	Governmental Funds Fund Balance	Government - Wide Net Position
Previously reported, 6/30/20	$ 27,455,212	$ 53,329,601
Restatement	149,443	149,443
As restated, 7/1/20	$ 27,604,655	$ 53,479,044

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

Note 13. Tax Abatements (continued)

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

The City has a tax abatement agreement with one entity as of June 30, 2021:

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

Note 14. Consolidation of Schools - Building Program

The Athens City Board of Education (Board) has undertaken a school Building Program to reduce and consolidate the number of school facilities operated by the Board. Accordingly, the Board has entered a construction contract with an estimated cost of $36,340,000 to construct a Pre-K-5 facility and perform other renovations. Upon completion, the current five schools will be consolidated into the current middle school and the new Pre-K-5 facility.

The City of Athens has approved debt of $40,000,000 to fund the Building Program. An agreement between the City and the Board requires the City to provide $1,000,000 of annual debt payments from the 2019 increase in local option sales tax. The Board is to provide $700,000 annually to the City based on anticipated savings from operating fewer facilities. These payments begin after construction is complete. Construction is expected to be completed by the summer of 2023. The Board will own the property. The construction costs are being accounted for in the Education Capital Projects Fund. At June 30, 2021, the City's government-wide financial statements reflect construction in progress of $7,499,167 related to this program.

Note 15. Commitments and Contingencies

The Athens Utilities Board has debt issues with outstanding balances totaling $20,886,261, 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.

Note 15. Commitments and Contingencies (continued)

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. Subsequent Event

The City issued $7,350,000 of General Obligation Bonds in October, 2021. The Bonds will fund street improvements related to the new school building, and purchases, construction and improvements to facilities for a new animal shelter, public works, fire training, and City Hall.

Note 17. Risk Management

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

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

REQUIRED
SUPPLEMENTAL INFORMATION

CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
EMPLOYEE RETIREMENT PLAN
LAST SEVEN FISCAL YEARS
June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	$ 102,772	$ 110,220	$ 130,864	$ 134,000	$ 181,239	$ 202,251	$ 219,376
Interest	1,197,490	1,145,821	1,135,933	1,136,290	1,142,721	1,086,325	1,094,369
Differences between expected and actual experience	27,264	(59,268)	(234,506)	(249,085)	(460,714)	327,458	45,954
Changes in assumptions	(124,741)	1,304,306	-	-	-	-	277,477
Benefit payments	(1,093,628)	(1,148,642)	(1,095,290)	(953,466)	(863,801)	(717,399)	(668,078)
Other changes	-	251,133	-	-	-	-	-
Net change in total pension liability	109,157	1,603,570	(62,999)	67,739	(555)	898,635	969,098
Total pension liability - beginning	18,175,701	16,572,131	16,635,130	16,567,391	16,567,946	15,669,311	14,700,213
Total pension liability - ending (a)	$ 18,284,858	$ 18,175,701	$ 16,572,131	$ 16,635,130	$ 16,567,391	$ 16,567,946	$ 15,669,311
Plan Fiduciary Net Position							
Contributions - employer	$ 610,000	$ 640,000	$ 600,000	$ 600,000	$ 650,000	$ 1,300,000	$ 1,610,000
Net investment income	3,073,148	638,288	914,882	1,320,179	1,737,667	(116,640)	200,379
Benefit payments	(1,093,628)	(1,148,642)	(1,095,290)	(953,466)	(863,801)	(717,399)	(668,078)
Administrative expense	(26,062)	(73,971)	-	(64,193)	(55,593)	(55,550)	(66,580)
Net change in plan fiduciary net position	2,563,458	55,675	419,592	902,520	1,468,273	410,411	1,075,721
Plan fiduciary net position - beginning	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)	$ 19,221,505	$ 16,658,047	$ 16,602,372	$ 16,182,780	$ 15,280,260	$ 13,811,987	$ 13,401,576
Net pension liability (asset) - ending (a) - (b)	$ (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	105.12%	91.65%	100.18%	97.28%	92.23%	83.37%	85.53%
Covered payroll	$ 1,788,153	$ 1,826,067	$ 2,097,532	$ 2,217,599	$ 2,445,296	$ 3,067,660	$ 3,406,196
Net pension liability (asset) as a percentage of covered payroll	-52.38%	83.11%	-1.44%	20.40%	52.64%	89.84%	66.58%

Notes to Schedule

Changes in assumptions:

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

For 2020, the investment return was 6.75% per annum. Beginning in 2015, the investment return had been 7.00% per annum. Prior to 2015, the investment return was 7.5% per per annum.

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

CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CONTRIBUTIONS
EMPLOYEE RETIREMENT PLAN
LAST SEVEN FISCAL YEARS
June 30, 2021

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

Notes to Schedule

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age normal, level percentage of compensation
Amortization method	Level dollar, closed
Remaining amortization period	24.5 years as of July 1, 2020
Asset valuation method	Five-year asset average spreading, 20% corridor around market value
Salary increases	3.00% per annum
Investment rate of return	6.75% per annum
Retirement age	5.00% at ages 55-61, 75% at age 62, 50% at ages 63-64, 100% at age 65
Mortality	SOA RP-2014 Total Dateset Mortality Table adjusted to 2006 with Improvement Scale MP-2020

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

CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF INVESTMENT RETURNS
EMPLOYEE RETIREMENT PLAN
LAST EIGHT FISCAL YEARS
June 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	18.21%	3.83%	6.08%	8.58%	12.38%	(0.85)%	1.57%	15.41%

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

CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
ATHENS CITY BOARD OF EDUCATION
PUBLIC EMPLOYEE PENSION PLAN
LAST SEVEN FISCAL YEARS
June 30, 2021

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

Notes to Schedule

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

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

CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CONTRIBUTIONS
ATHENS CITY BOARD OF EDUCATION
PUBLIC EMPLOYEE PENSION PLAN
LAST EIGHT FISCAL YEARS
June 30, 2021

	2014	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	$ 156,714	$ 158,450	$ 164,526	$ 174,295	$ 168,249	$ 177,242	$ 200,213	$ 203,448
Contributions in relation to the actuarially determined contribution	156,714	158,450	164,526	174,295	168,249	177,242	200,213	203,448
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$1,888,122	$1,904,451	$1,976,171	$2,094,909	$2,022,221	$2,130,306	$2,085,450	$2,119,140
Contributions as a percentage covered payroll	8.30%	8.32%	8.33%	8.32%	8.32%	8.32%	9.60%	9.60%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates for 2021 were calculated based on the June 30, 2019, 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	2.50%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation averaging 4.00%
Investment rate of return	7.25%, 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	2.25%

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

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

CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
ATHENS CITY BOARD OF EDUCATION
TEACHER LEGACY PENSION PLAN
LAST SEVEN FISCAL YEARS
June 30, 2021

	2015	2016	2017	2018	2019	2020	2021
Athens City Board of Education's proportion of the net pension liability (asset)	(0.188902)%	0.191783%	0.201213%	(0.195561)%	(0.189192)%	(0.193487)%	(0.183907)%
Athens City Board of Education's proportionate share of the net pension liability (asset)	$ (30,696)	$ 78,561	$ 1,257,467	$ (63,984)	$ (665,750)	$ (1,989,398)	$ (1,402,423)
Athens City Board of Education's covered payroll	$ 7,414,378	$ 7,179,415	$ 7,263,369	$ 6,856,088	$ 6,624,524	$ 6,487,902	$ 6,120,884
Athens City Board of Education's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(0.414002)%	1.094252%	17.31%	(0.93)%	(10.05)%	(30.66)%	(22.91)%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%

Notes to Schedule

The amounts presented on this schedule were determined as of June 30 of the prior fiscal year.

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

CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CONTRIBUTIONS
ATHENS CITY BOARD OF EDUCATION
TEACHER LEGACY PENSION PLAN
LAST EIGHT FISCAL YEARS
June 30, 2021

	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	$ 658,397	$ 649,018	$ 656,609	$ 624,934	$ 601,539	$ 678,635	$ 650,650	$ 599,330
Contribution in relation to the contractually required contribution	658,397	649,018	656,609	624,934	601,539	678,635	650,650	599,330
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Athens City Board of Education's covered payroll	$ 7,414,378	$ 7,179,415	$ 7,263,369	$ 6,856,088	$ 6,624,524	$ 6,487,902	$ 6,120,884	$ 5,835,728
Contributions as a percentage of the Athens City Board of Education's covered payroll	8.88%	9.04%	9.04%	9.12%	9.08%	10.46%	10.63%	10.27%

Notes to Schedule

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

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

CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
ATHENS CITY BOARD OF EDUCATION
TEACHER RETIREMENT PLAN
LAST SIX FISCAL YEARS
June 30, 2021

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

Notes to Schedule

The amounts presented on this schedule were determined as of June 30 of the prior fiscal year.

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

CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CONTRIBUTIONS
ATHENS CITY BOARD OF EDUCATION
TEACHER RETIREMENT PLAN
LAST SEVEN FISCAL YEARS
June 30, 2021

	2015	2016	2017	2018	2019*	2020**	2021***
Contractually required contribution	$ 17,981	$ 21,934	$ 44,110	$ 26,579	$ 36,662	$ 47,145	$ 52,697
Contribution in relation to the contractually required contribution	28,770	35,049	44,110	65,195	36,662	47,145	52,697
Contribution deficiency (excess)	$ (10,789)	$ (13,115)	$ -	$ (38,616)	$ -	$ -	$ -
Athens City Board of Education's covered payroll	$ 719,244	$ 876,231	$ 1,159,644	$ 1,629,866	$ 1,892,758	$ 2,322,420	$ 2,608,751
Contributions as a percentage of Athens City Board of Education's covered payroll	4.00%	4.00%	3.80%	4.00%	1.94%	2.03%	2.02%

Notes to Schedule

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

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

*** In FY 2021, the Board placed the actuarially determined contribution tate 2.02 percent of covered payroll into the pension plan and placed 1.98 percent of covered payroll into the TCRS Stabilization Reserve Trust.

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

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

CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN TOTAL PROPORTIONATE SHARE OF COLLECTIVE OPEB LIABILITY AND RELATED RATIOS
ATHENS CITY BOARD OF EDUCATION
TEACHER GROUP OPEB PLAN
June 30, 2021

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

Notes to Schedule

Valuation date: June 30, 2020

Measurement date: June 30, 2020

Methods and assumptions used to determine total OPEB liability:

Actuarial cost method: Entry age normal

Inflation: 2.10%

Discount rate: 2.21%

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: Healthy: RP-2014 Employees and Healthy Annuitants mortality table projected generationally with MP-2016 from the central year.
Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females, projected generationally from 2014 with MP-2016.
Disabled: Reflects those used by TCRS and are taken from the gender distinct table published in IRS Revenue Ruling 96-7 for disabled lives with a 10% load.

Healthcare cost trend rates:

Year	Pre-65	Post-65
2019	6.03%	5.20%
2020	5.84%	5.03%
2021	5.66%	4.85%
2022	5.14%	6.16%

Changes in assumptions: The discount rate was changed from 3.51% as of the beginning of the measurement period to 2.21% as of June 30, 2020. This change is reflected in the Schedule of Changes in Proportionate Share of Collective OPEB Liability and Related Ratios. Benefit changes reflect the change in the subsidy level of the Employer's premium subsidy.

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

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

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

CITY OF ATHENS, TENNESSEE
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN TOTAL PROPORTIONATE SHARE OF COLLECTIVE OPEB LIABILITY AND RELATED RATIOS
ATHENS CITY BOARD OF EDUCATION
TENNESSEE OPEB PLAN
June 30, 2021

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

Notes to Schedule

Valuation date: June 30, 2020
Measurement date: June 30, 2020

Methods and assumptions used to determine total OPEB liability:

Actuarial cost method	Entry age normal
Inflation	2.10%
Discount rate	2.21%
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	Healthy: RP-2014 Employees and Healthy Annuitants mortality table projected generationally with MP-2016 from the central year. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females, projected generationally from 2014 with MP-2016. Disabled: Reflects those used by TCRS and are taken from the gender distinct table published in IRS Revenue Ruling 96-7 for disabled lives with a 10% load.
Healthcare cost trend rates	Premium subsidies provided by the State and the employer are assumed to remain unchanged for the projection.

Changes in assumptions: The discount rate was changed from 3.51% as of the beginning of the measurement period to 2.21% as of June 30, 2020. This change is reflected in the Schedule of Changes in Proportionate Share of Collective OPEB Liability and Related Ratios. There were no benefits changes during the measurement period.

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

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

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

SUPPLEMENTAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Debt Service Fund

The Debt Service Fund is used for the accumulation of resources for, and the payment of, principal and interest on general long-term debt.

Special Revenue Funds

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

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

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

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

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

Permanent Fund

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

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

CITY OF ATHENS, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

		Special Revenue Funds				Permanent Fund	Total
	Debt Service	Federal Projects	Drug	Centralized Cafeteria	Internal School Funds	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	$ -	$ 70,496	$ 34,311	$664,299	$153,073	$ 3,204	$ 925,383
Investments	1,997,652	-	48,546	-	-	375,902	2,422,100
Accounts receivable	-	-	-	-	-	40	40
Due from other governments	-	698,868	8,936	45,900	-	-	753,704
Inventories	-	-	-	25,575	-	-	25,575
Total assets	$ 1,997,652	$769,364	$ 91,793	$735,774	$153,073	$379,146	$ 4,126,802
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Interfund payable	$ -	$652,029	$ -	$ -	$ -	$ -	$ 652,029
Accrued payroll and withholdings	-	117,335	-	51,870	-	-	169,205
Total liabilities	-	769,364	-	51,870	-	-	821,234
FUND BALANCES							
Nonspendable	-	-	-	25,575	-	92,131	117,706
Restricted	1,997,652	-	76,203	-	153,073	287,015	2,513,943
Committed	-	-	15,590	-	-	-	15,590
Assigned	-	-	-	658,329	-	-	658,329
Total fund balances	1,997,652	-	91,793	683,904	153,073	379,146	3,305,568
Total liabilities and fund balances	$ 1,997,652	$769,364	$ 91,793	$735,774	$153,073	$379,146	$ 4,126,802

CITY OF ATHENS, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2021

		Special Revenue Funds				Permanent Fund	
	Debt Service	Federal Projects	Drug	Centralized Cafeteria	Internal School Funds	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
REVENUES							
Intergovernmental	$ -	$2,314,462	$ -	$ 1,551,746	$ -	$ -	$ 3,866,208
Fines and forfeitures	-	-	34,300	-	-	-	34,300
Investment and interest income	1,821	-	119	2,162	560	35,897	40,559
Charges for services	-	-	-	41,207	110,246	4,732	156,185
Miscellaneous	-	-	-	4,377	48,138	-	52,515
Total revenues	1,821	2,314,462	34,419	1,599,492	158,944	40,629	4,149,767
EXPENDITURES							
Current:							
Education	-	2,314,462	-	1,293,674	155,314	-	3,763,450
Debt service - interest	7,178	-	-		-	-	7,178
Capital outlay	-	-	74,142	-	-	-	74,142
Total expenditures	7,178	2,314,462	74,142	1,293,674	155,314	-	3,844,770
REVENUES OVER (UNDER) EXPENDITURES	(5,357)	-	(39,723)	305,818	3,630	40,629	304,997
OTHER FINANCING SOURCES (USES)							
Interest expense	(7,178)	-	-	-	-	-	(7,178)
Transfer in	1,000,000	-	-	-	-	-	1,000,000
Total other financing sources (uses)	992,822	-	-	-	-	-	992,822
NET CHANGE IN FUND BALANCE	987,465	-	(39,723)	305,818	3,630	40,629	1,304,997
FUND BALANCES, beginning of year, as restated	1,003,009	-	131,516	378,086	149,443	338,517	2,000,571
FUND BALANCES, end of year	$ 1,990,474	$ -	$ 91,793	$ 683,904	$ 153,073	$ 379,146	$ 3,298,390

CITY OF ATHENS, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
FEDERAL PROJECTS FUND
Year Ended June 30, 2021

	Budget			Variance
	Original	Final	Actual	with Final Budget
REVENUES				
Federal funds received through state	$ 4,338,953	$ 4,672,061	$ 2,314,462	$(2,357,599)
Total revenues	4,338,953	4,672,061	2,314,462	(2,357,599)
EXPENDITURES				
Current:				
Instruction				
Regular instruction	1,751,395	1,696,899	1,131,210	565,689
Special education	408,637	427,880	346,812	81,068
	2,160,032	2,124,779	1,478,022	646,757
Support services				
Instructional support	374,004	409,544	339,901	69,643
Student support	1,774,314	2,106,662	496,067	1,610,595
Transportation	30,603	31,076	472	30,604
	2,178,921	2,547,282	836,440	1,710,842
Total expenditures	4,338,953	4,672,061	2,314,462	2,357,599
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

CITY OF ATHENS, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
DRUG FUND
Year Ended June 30, 2021

	Budget			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Drug fines and forfeitures	$ 20,000	$ 20,000	$ 34,300	$ 14,300
Investment and interest income	-	-	119	119
Total revenues	20,000	20,000	34,419	14,419
EXPENDITURES				
Drug investigation	5,000	5,000	-	5,000
Awareness, education and training	4,000	4,000	-	4,000
Capital outlay	70,000	70,000	74,142	(4,142)
Total expenditures	79,000	79,000	74,142	4,858
REVENUES (UNDER) EXPENDITURES	(59,000)	(59,000)	(39,723)	(19,277)
FUND BALANCE, beginning of year	131,516	131,516	131,516	-
FUND BALANCE, end of year	$ 72,516	$ 72,516	$ 91,793	$ (19,277)

CITY OF ATHENS, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
CENTRALIZED CAFETERIA FUND
Year Ended June 30, 2021

	Budget Original	Budget Final	Actual	Variance with Final Budget
REVENUES				
State funds	$ 10,300	$ 10,300	$ 12,965	$ 2,665
Federal funds received through state	1,079,071	1,228,773	1,538,781	310,008
Charges for services	70,000	70,000	41,207	(28,793)
Interest	950	950	2,162	1,212
Other	93,126	93,126	4,377	(88,749)
Total revenues	1,253,447	1,403,149	1,599,492	196,343
EXPENDITURES				
Food services	1,253,447	1,403,149	1,293,674	109,475
Total expenditures	1,253,447	1,403,149	1,293,674	109,475
REVENUES OVER EXPENDITURES	-	-	305,818	305,818
FUND BALANCE, beginning of year	378,086	378,086	378,086	-
FUND BALANCE, end of year	$ 378,086	$ 378,086	$ 683,904	$ 305,818

INTERNAL SERVICE FUNDS

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

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

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

CITY OF ATHENS, TENNESSEE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2021

	Fleet Fund	Employee Medical Benefits Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 100,112	$ -	$ 100,112
Investments	3,621,203	379,265	4,000,468
Deposit	1,375,258	-	1,375,258
Interest receivable	1,283	-	1,283
Total current assets	5,097,856	379,265	5,477,121
Capital assets:			
Capital assets, net	2,480,882	-	2,480,882
Total assets	$ 7,578,738	$ 379,265	$ 7,958,003
LIABILITIES AND NET POSITION			
LIABILITIES	$ -	$ -	$ -
NET POSITION			
Net investment in capital assets	2,480,882	-	2,480,882
Unrestricted	5,097,856	379,265	5,477,121
Total net position	7,578,738	379,265	7,958,003
Total liabilities and net position	$ 7,578,738	$ 379,265	$ 7,958,003

CITY OF ATHENS, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2021

	Fleet Fund	Employee Medical Benefits Fund	Total
OPERATING REVENUES			
Charges for services	$ 825,900	$ -	$ 825,900
OPERATING EXPENSES			
Depreciation	446,944	-	446,944
OPERATING INCOME	378,956	-	378,956
NONOPERATING REVENUES			
Gain on sale of assets	36,945	-	36,945
Interest income	24,285	543	24,828
Total nonoperating revenues	61,230	543	61,773
Income before capital contributions	440,186	543	440,729
CAPITAL CONTRIBUTIONS	68,432	-	68,432
CHANGE IN NET POSITION	508,618	543	509,161
NET POSITION, beginning of year	7,070,120	378,722	7,448,842
NET POSITION, end of year	$ 7,578,738	$ 379,265	$ 7,958,003

CITY OF ATHENS, TENNESSEE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2021

	Fleet Fund	Employee Medical Benefits Fund	Total
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES			
Receipts from customers	$ 859,900	$ -	$ 859,900
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(716,254)	-	(716,254)
Proceeds from sale of capital assets	36,945	-	36,945
Contributed capital	68,432	-	68,432
Deposit	(1,375,258)	-	(1,375,258)
Net cash used in capital and related financing activities	(1,986,135)	-	(1,986,135)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment and interest earnings	26,502	543	27,045
Increase (decrease) in investments	1,166,541	(543)	1,165,998
Net cash provided by investing activities	1,193,043	-	1,193,043
Net increase in cash and cash equivalents	66,808	-	66,808
Cash and cash equivalents, beginning of year	33,304	-	33,304
Cash and cash equivalents, end of year	$ 100,112	$ -	$ 100,112
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 378,956	$ -	$ 378,956
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	446,944	-	446,944
Changes in assets and liabilities:			
Accounts receivable	34,000	-	34,000
Net cash provided by operating activities	$ 859,900	$ -	$ 859,900

FINANCIAL SCHEDULES

CITY OF ATHENS, TENNESSEE
SCHEDULE OF UNCOLLECTED DELINQUENT TAXES FILED
LAST TEN YEARS
June 30, 2021

Tax Year	Delinquent Taxes Filed	July 1, 2020 Delinquent Taxes Receivable	Current Collections and Adjustments	June 30, 2021 Delinquent Taxes Receivable
2010 and Prior	$ *	$ 15,785	$ 9,767	$ 6,018
2011	97,583	15,483	6,279	9,204
2012	78,451	19,854	9,639	10,215
2013	72,120	16,750	11,839	4,911
2014	83,863	22,114	6,569	15,545
2015	116,012	37,827	12,790	25,037
2016	94,263	41,011	12,650	28,361
2017	158,360	106,701	65,160	41,541
2018	154,831	146,756	97,259	49,497
2019	140,539	323,578	229,509	94,069

* Not available

CITY OF ATHENS, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
Year Ended June 30, 2021

	Total	2021 Assessment	2020 Assessment	Prior Years
PROPERTY TAXES RECEIVABLE July 1, 2020	$ 7,196,859	$ -	$ 6,451,000	$ 745,859
Add -				
Taxes assessed	6,820,000	6,820,000	-	-
Late listings	119,263	-	118,956	307
	6,939,263	6,820,000	118,956	307
Deduct -				
Collections	6,657,124	-	6,241,868	415,256
Adjustments and abatements	58,804	-	12,292	46,512
	6,715,928	-	6,254,160	461,768
PROPERTY TAXES RECEIVABLE June 30, 2021	$ 7,420,194	$ 6,820,000	$ 315,796	$ 284,398

CITY OF ATHENS, TENNESSEE
SCHEDULE OF INVESTMENTS
June 30, 2021

	Interest Rate	Maturity Date	Cost	Market Value
FUNDS GOVERNED BY THE CITY COUNCIL				
Cemetery Perpetual Care Fund:				
Truist Bank US Treasury Money Market Fund			$ 3,204	$ 3,204
Mutual Funds:				
DFA International Core Equity Fund	-	-	4,501	4,649
Dodge and Cox Income Fund	-	-	85,131	82,983
DoubleLine Total Return Bond Fund	-	-	42,476	41,474
Eaton Vance Atlanta Capital SMID-R6 Fund	-	-	6,551	7,845
Goldman Sachs GQG Partners International Fund	-	-	4,049	4,663
Harding Loevner International Fund	-	-	2,799	4,684
Hartford Dividend and Growth Fund	-	-	3,904	5,084
Invesco Oppenheimer Developing Markets Fund	-	-	2,713	4,255
Invesco S&P 500 Equal Weight Fund	-	-	7,788	9,044
Ishares 1-5Y Investment Grade Corporate Exchange Trade Fund	-	-	27,562	27,624
Ishares MSCI EAFE Small Cap Index Fund	-	-	1,918	2,670
Ishares S&P Midcap 400 Fund	-	-	3,363	4,568
Janus Henderson Perkins Value Fund	-	-	4,256	4,548
JOHCM International Select Fund	-	-	4,141	4,663
Natixis Loomis Say Growth Fund	-	-	5,212	11,051
Neuberger Berman Real Estate Fund	-	-	2,817	3,109
PIMCO Investment Grade Credit Bond Fund	-	-	42,512	41,856
T. Rowe Price QM US Fund	-	-	850	959
Touchstone Large Cap Fund	-	-	2,927	3,139
VanEck Emerging Markets Fund	-	-	3,768	4,316
Vanguard 500 Index Fund	-	-	6,555	12,508
Vanguard Dividend Appreciation Index Fund	-	-	3,958	4,953
Virtus Kar Quality Small Cap Fund	-	-	1,172	2,078
Western Asset Core Bond Fund	-	-	86,323	83,179
Total mutual funds			357,246	375,902
Total Cemetery Perpetual Care Fund			$ 360,450	$ 379,106

(continued)

CITY OF ATHENS, TENNESSEE
SCHEDULE OF INVESTMENTS
June 30, 2021
(continued)

	Interest Rate	Maturity Date	Cost	Market Value
FUNDS GOVERNED BY THE CITY COUNCIL				
Athens Pension Trust Fund:				
Charles Schwab Trust Bank Sweep - Cash			$ 438,863	$ 438,863
Mutual Funds:				
Ab Small Cap Growth Port Class Z Fund	-	-	492,198	621,932
Cohen & Steers Realty Shares Fund	-	-	936,206	1,186,281
Columbia Dividend Income Institutional 3 Class Fund	-	-	1,910,017	2,304,729
Eaton Vance Income Fund of Boston	-	-	1,123,130	1,172,332
Franklin Alternative Strategies Fund	-	-	1,078,303	1,163,007
Franklin Small Cap Value Fund	-	-	661,593	920,544
Goldman Sachs Global Core Fixed Income Fund	-	-	813,215	772,173
Goldman Sachs Short Duration Government Fund	-	-	1,729,224	1,716,214
Invesco Oppenheimer Developing Markets Fund	-	-	1,083,110	1,369,907
Ivy Mid Cap Growth Fund	-	-	501,022	612,172
JP Morgan Large Cap Growth R6 Fund	-	-	1,017,594	1,207,019
Merger Fund; Institutional	-	-	1,126,299	1,139,836
MFS Corporate Bond Class R6 Fund	-	-	1,003,534	979,246
MFS International Diversification Class R6 Fund	-	-	1,272,762	1,529,376
Touchstone Mid Cap Value Fund	-	-	1,021,069	1,312,917
Virtus Seix Core Bond Fund	-	-	802,328	774,957
Total mutual funds			16,571,604	18,782,642
Total Athens Pension Trust Fund			$ 17,010,467	$ 19,221,505

CITY OF ATHENS, TENNESSEE
SCHEDULE OF INVESTMENTS
June 30, 2021
(continued)

	Interest Rate	Maturity Date	Cost	Market Value
INVESTMENTS - OTHER FUNDS				
General Fund				
Participation in the State of Tennessee				
Local Government Investment Pool (LGIP)	-	-	$ 7,906,328	$ 7,906,328
Certificate of Deposit	0.15%	4/30/2022	4,075,310	4,075,310
			$ 11,981,638	$ 11,981,638
Drug Fund - LGIP	-	-	$ 48,546	$ 48,546
Capital Improvement Fund				
LGIP	-	-	$ 6,356,083	$ 6,356,083
Certificate of Deposit	0.70%	2/20/2022	65,792	65,792
			$ 6,421,875	$ 6,421,875
Employee Medical Benefits Fund - LGIP	-	-	$ 379,265	$ 379,265
Sanitation Fund - LGIP	-	-	$ 2,565,902	$ 2,565,902
Debt Service Fund - LGIP	-	-	$ 1,997,652	$ 1,997,652
Fleet Fund				
LGIP	-	-	$ 943,650	$ 943,650
Certificate of Deposit	0.70%	10/6/2021	2,677,553	2,677,553
			$ 3,621,203	$ 3,621,203

CITY OF ATHENS, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Accrued (Unearned) Grant Revenues July 1, 2020	Grant Revenues Received	Expenditures	Accrued (Unearned) Grant Revenues June 30, 2021
PRIMARY GOVERNMENT:						
CITY OF ATHENS						
FEDERAL AWARDS						
U.S. DEPARTMENT OF TRANSPORTATION						
Passed through TN Department of Transportation:						
Highway Planning and Construction						
Resurfacing Streets	20.205	STP-M-9201 (15)	$ -	$ 30,000	$ 49,600	$ 19,600
Tennessee Highway Safety Office						
Alcohol Open Container	20.607	Z-20-THS-007	-	12,690	12,690	-
Tennessee Highway Safety Office						
Alcohol Open Container	20.607	Z-21-THS-008	-	2,453	3,953	1,500
			-	45,143	66,243	21,100
U.S. DEPARTMENT Of THE TREASURY						
COVID-19-Coronavirus Relief Fund	21.019	N/A	-	207,855	207,855	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Passed through TN Department of Economic & Community Development:						
Community Development Block Grants	14.228	33004-09421	-	4,048	4,048	-
Community Development Block Grants	14.228	33004-94617	21,799	21,799	-	-
Community Development Block Grants	14.228	33004-55117	14,975	14,975	-	-
			36,774	40,822	4,048	-
U.S. DEPARTMENT OF LABOR						
COVID-19-Unemployment Insurance	17.225	N/A	-	2,931	2,931	-
APPALACHIAN REGIONAL COMMISSION						
Appalachian Regional Development						
Downtown Wi-Fi	23.001	TN-19498	10,219	10,219	-	-
Total Federal Awards - Primary Government City of Athens			46,993	306,970	281,077	21,100
STATE AWARDS						
Tennessee Department of Finance and Adminstration						
State Direct Appropriation Grant FY 2020		N/A	-	335,802	335,802	-
Tennessee Department of Agriculture						
Denso Eco Park/North Mouse Creek Restoration		52639	57,993	57,993	-	-
Total State Awards - Primary Government City of Athens			57,993	393,795	335,802	-
Total Primary Government City of Athens			$ 104,986	$ 700,765	$ 616,879	$ 21,100

(continued)

CITY OF ATHENS, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Accrued (Unearned) Grant Revenues July 1, 2020	Grant Revenues Received	Expenditures	Accrued (Unearned) Grant Revenues June 30, 2021
PRIMARY GOVERNMENT:						
ATHENS CITY BOARD OF EDUCATION						
FEDERAL AWARDS:						
U.S. DEPARTMENT OF AGRICULTURE						
Passed through the TN Department of Human Services:						
Child and Adult Food Care Program	10.558	N/A	$ 4,550	$ 86,989	$ 82,439	$ -
Passed through the TN Department of Education:						
Child Nutrition Cluster:						
National School Lunch Program	10.555	N/A	-	694,302	694,302	-
School Breakfast Program	10.553	N/A	-	476,117	476,117	-
Summer Food Service Program for Children	10.559	N/A	154,983	302,878	193,795	45,900
Passed through the TN Department of Agriculture:						
Food Distribution	10.555	N/A	-	92,129	92,129	-
			159,533	1,652,415	1,538,782	45,900
U.S. DEPARTMENT OF EDUCATION						
Passed through the TN Department of Education:						
Special Education Cluster:						
Special Education - Grants to States	84.027	N/A	5,228	349,254	441,667	97,641
Special Education - Preschool Grants	84.173	N/A	-	16,184	21,495	5,311
Title I - Grants to Local Educational Agencies	84.010	N/A	-	620,409	737,411	117,002
Twenty-First Century Community Learning Centers	84.287	N/A	28,136	240,679	260,458	47,915
Title II, Part A- Improving Teacher Quality - State Grants	84.367	N/A	-	41,898	59,829	17,931
Title III - English Language Acquisition-State Grants	84.365	N/A	1,618	11,197	23,219	13,640
Title IV - Safe and Drug-Free Schools and Communities - State Grants	84.186	N/A	-	54,308	61,616	7,308
Title V - Innovative Program	84.298	N/A	-	29,067	31,702	2,635
COVID-19-Education Stabilization Fund Under The Coronovirus Aid Relief, and Economic Security Act	84.425D	N/A	-	477,463	545,811	68,348
COVID-19-Education Stabilization Fund Under The Coronovirus Aid Relief, and Economic Security Act	N/A	N/A	-	-	347,910	347,910
COVID-19-Local Educational Agencies Reopening & Programmatic Support	N/A	N/A	-	40,000	40,000	-
Literacy Training Stipend	N/A	N/A	-	-	21,000	21,000
			34,982	1,880,459	2,592,118	746,641
U.S. DEPARTMENT OF LABOR						
COVID-19-Unemployment Insurance	17.225	N/A	-	3,872	3,872	-
Total Federal Awards - Primary Government Athens Board of Education			$ 194,515	$ 3,536,746	$ 4,134,772	$ 792,541

(continued)

CITY OF ATHENS, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2021
(continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Accrued (Unearned) Grant Revenues July 1, 2020	Grant Revenues Received	Expenditures	Accrued (Unearned) Grant Revenues June 30, 2021
STATE AWARDS						
Tennessee Department of Education:						
Coordinated School Health		N/A	$ 22,087	$ 95,471	$ 83,869	$ 10,485
Early Childhood Education - Lottery		N/A	153,169	635,423	641,348	159,094
Voluntary Pre-K		N/A	-	2,534	2,534	-
Learning Camps - Bridge Camp		N/A	-	-	61,879	61,879
Family Resource Centers		N/A	-	29,612	40,197	10,585
Learning Camps - Transportation		N/A	-	-	15,484	15,484
Learning Camps - Summer Learning Camps		N/A	-	-	168,024	168,024
Learning Camps - STREAM Mini Camps		N/A	-	-	45,754	45,754
Career Ladder Salary Supplement		N/A	-	41,154	42,333	1,179
Remote Technology Grant		N/A	-	155,852	155,852	-
Safe Schools		N/A	12,319	42,911	30,592	-
Total State Awards - Primary Government Athens Board of Education			187,575	1,002,957	1,287,866	472,484
Total Primary Government Athens Board of Education			$ 382,090	$ 4,539,703	$ 5,422,638	$ 1,265,025
PRIMARY GOVERNMENT:						
Total Federal Awards			$ 241,508	$ 3,843,716	$ 4,415,849	$ 813,641
Total State Awards			245,568	1,396,752	1,623,668	472,484
TOTAL AWARDS			$ 487,076	$ 5,240,468	$ 6,039,517	$ 1,286,125

Note 1: The City of Athens received federal awards which were below the level requiring the City to have a "Single Audit" in accordance with the Uniform Guidance for the year ended June 30, 2021. The Schedule of Expenditures of Federal and State Awards includes the federal and state grant activity of the City of Athens and its blended component unit and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 2: The Board of Education, a blended component unit of the City, received federal awards which made it subject to audit under the Uniform Guidance for the year ended June 30, 2021. The Board of Education awards have been reported on in the separately issued financial statements of Athens City Board of Education. The 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 Board of Education financial report regarding the Board's Schedule of Expenditures of Federal and State Awards.

Note 3. Expenditures under the U.S. Department of Agriculture Food Distribution grant received by the Board of Education represent receipts and expenditures of noncash commodities as valued based on equivalent purchased product.

Note 4. The City of Athens and the Board of Education have elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

CITY OF ATHENS, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIRMENTS
June 30, 2021

Year Ending 6/30	Principal	Interest	Total
2023	$ 1,394,270	$ 132,825	$ 1,527,095
2024	1,425,642	101,453	1,527,095
2025	1,457,718	69,377	1,527,095
2026	1,490,517	36,578	1,527,095
2027	135,178	3,042	138,220
	$ 5,903,325	$ 343,275	$ 6,246,600

Schedule 6

CITY OF ATHENS, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
June 30, 2021

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2020	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2021
Governmental Activities								
General Obligation Bond Anticipation Note, Series 2020	$ 5,903,325	Variable	12/22/2020	12/22/2022 *	$ -	$ 5,903,325	$ -	$ 5,903,325

* The Bond Anticipation Note represents interim financing. Permanent financing is expected to be in place at 12/22/2022.

STATISTICAL SECTION

STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operation Information

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

THE FOLLOWING TABLES ARE INAPPLICABLE

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

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

Table 1

CITY OF ATHENS, TENNESSEE
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
June 30, 2021
(Accrual Basis of Accounting)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	$ 21,656,926	$ 21,099,293	$ 20,849,207	$ 19,491,006	$ 19,686,309	$ 19,116,948	$ 17,989,282	$ 17,489,334	$ 17,004,556	$ 14,435,026
Restricted	5,663,685	3,842,600	1,344,567	918,557	942,859	1,037,679	1,322,190	1,344,973	1,329,154	563,958
Unrestricted	34,965,684	28,387,708	27,680,347	25,987,491	22,062,417	19,379,552	16,406,946	22,497,971	21,586,035	13,725,546
Total governmental activities net position	$ 62,286,295	$ 53,329,601	$ 49,874,121	$ 46,397,054	$ 42,691,585	$ 39,534,179	$ 35,718,418	$ 41,332,278	$ 39,919,745	$ 28,724,530
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	$ 804,418	$ 722,042	$ 899,650	$ 1,068,385	$ 1,213,388	$ 1,166,634	$ 1,087,417	$ 1,051,952	$ 1,250,026	$ 1,448,098
Restricted	34,375	-	-	-	-	-	-	-	-	-
Unrestricted	2,929,154	2,914,676	2,654,207	2,330,800	2,009,088	1,843,698	1,735,631	1,722,010	1,439,227	1,190,353
Total business-type activities net position	$ 3,767,947	$ 3,636,718	$ 3,553,857	$ 3,399,185	$ 3,222,476	$ 3,010,332	$ 2,823,048	$ 2,773,962	$ 2,689,253	$ 2,638,451
PRIMARY GOVERNMENT										
Net investment in capital assets	$ 22,461,344	$ 21,821,335	$ 21,748,857	$ 20,559,391	$ 20,899,697	$ 20,283,582	$ 19,076,699	$ 18,541,286	$ 18,254,582	$ 15,883,124
Restricted	5,698,060	3,842,600	1,344,567	918,557	942,859	1,037,679	1,322,190	1,344,973	1,329,154	563,958
Unrestricted	37,894,838	31,302,384	30,334,554	28,318,291	24,071,505	21,223,250	18,142,577	24,219,981	23,025,262	14,915,899
Total primary government net position	$ 66,054,242	$ 56,966,319	$ 53,427,978	$ 49,796,239	$ 45,914,061	$ 42,544,511	$ 38,541,466	$ 44,106,240	$ 42,608,998	$ 31,362,981

NOTE 1: The City adopted GASB No. 61 in fiscal year 2013, which required the inclusion of the Athens City Board of Education as a blended component unit. Information prior to fiscal 2013 is shown with the Board of Education meeting the requirements of a discretely presented component unit.

Source: Annual Comprehensive Financial Reports

CITY OF ATHENS, TENNESSEE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
June 30, 2021
(Accrual Basis of Accounting)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
EXPENSES										
Governmental activities:										
General government	$ 3,223,998	$ 4,070,588	$ 4,189,942	$ 2,615,251	$ 2,933,418	$ 3,264,019	$ 3,383,866	$ 2,039,765	$ 3,140,398	$ 1,588,651
Public safety	5,090,333	5,259,541	4,571,553	4,258,395	3,766,146	3,872,018	3,842,422	4,290,714	4,348,906	4,534,214
Highways and streets	2,833,795	4,701,837	2,478,087	2,342,509	3,359,132	2,332,120	2,115,793	2,148,218	1,709,642	2,129,289
Culture and recreation	956,232	1,402,284	1,469,977	1,241,870	1,106,216	943,464	932,977	960,444	913,856	1,112,979
Education:										2,108,268
Instructional	10,930,632	10,061,931	9,949,243	9,281,529	9,340,964	8,755,499	8,523,347	9,309,345	9,653,532	-
Support services	6,222,938	5,884,236	5,927,090	6,200,354	6,246,659	6,599,401	6,239,889	5,927,266	5,077,403	-
Non-instructional	1,305,943	1,304,117	1,171,125	1,223,957	1,240,285	1,239,669	1,243,551	1,287,497	1,260,999	-
Unallocated depreciation	348,418	354,713	359,427	326,260	319,797	295,880	304,666	294,918	277,449	-
Health and welfare	116,181	172,629	153,093	104,309	97,281	93,581	95,333	106,926	111,079	105,949
Interest on long-term debt	-	-	-	-	19,659	17,533	21,927	28,568	33,823	33,938
Passthrough grants	-	-	-	-	2,279,544	303,616	1,373,723	1,096,736	-	500,000
Total governmental activities expenses	31,028,470	33,211,876	30,269,537	27,594,434	30,709,101	27,716,800	28,077,494	27,490,397	26,527,087	12,113,288
Business-type activities:										
Conference center	74,705	78,597	77,790	74,280	72,597	70,222	78,224	70,788	65,074	64,483
Sanitation	821,271	880,695	827,025	759,581	719,514	725,701	721,393	750,605	788,503	754,868
Total business-type activities expenses	895,976	959,292	904,815	833,861	792,111	795,923	799,617	821,393	853,577	819,351
Total primary government expenses	$ 31,924,446	$ 34,171,168	$ 31,174,352	$ 28,428,295	$ 31,501,212	$ 28,512,723	$ 28,877,111	$ 28,311,790	$ 27,380,664	$ 12,932,639
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	$ 172,156	$ 137,479	$ 89,789	$ 189,261	$ 134,040	$ 109,955	$ 166,047	$ 91,301	$ 133,031	$ 106,902
Public safety	219,798	211,886	227,013	285,018	491,208	528,190	500,147	483,831	691,534	458,959
Culture and recreation	94,297	74,219	132,712	139,100	138,254	130,545	125,460	136,431	137,282	141,374
Education	328,966	203,331	315,139	272,035	282,624	273,801	280,239	419,058	467,264	-
Health and welfare	1,155	1,759	1,932	3,295	3,305	2,575	2,845	3,270	3,080	3,244

(continued)

CITY OF ATHENS, TENNESSEE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
June 30, 2021
(Accrual Basis of Accounting)
(continued)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
PROGRAM REVENUES										
Governmental activities: (continued)										
Operating grants and contributions	$ 6,722,509	$ 4,420,432	$ 4,201,316	$ 5,011,745	$ 4,953,863	$ 5,204,178	$ 4,824,958	$ 4,532,151	$ 4,045,399	$ 495,710
Capital grants and contributions	123,701	786,445	1,459,594	344,456	2,465,099	389,535	1,492,666	1,289,952	483,264	704,762
Total governmental activities program revenue:	7,662,582	5,835,551	6,427,495	6,244,910	8,468,393	6,638,779	7,392,362	6,955,994	5,960,854	1,910,951
Business-type activities:										
Charges for services:										
Conference center	35,832	23,428	41,739	25,355	27,490	25,785	23,281	24,024	20,503	17,606
Sanitation	975,945	969,683	966,090	955,903	909,285	932,616	893,352	868,330	870,916	795,608
Total business-type activities program revenue:	1,011,777	993,111	1,007,829	981,258	936,775	958,401	916,633	892,354	891,419	813,214
Total primary government program revenues	$ 8,674,359	$ 6,828,662	$ 7,435,324	$ 7,226,168	$ 9,405,168	$ 7,597,180	$ 8,308,995	$ 7,848,348	$ 6,852,273	$ 2,724,165
NET (EXPENSES)/REVENUES										
Governmental activities	$(23,365,888)	$(27,376,325)	$(23,842,042)	$(21,349,524)	$ (22,240,708)	$ (21,078,021)	$(20,685,132)	$ (20,534,403)	$ (20,566,233)	$ (10,202,337)
Business-type activities	115,801	33,819	103,014	147,397	144,664	162,478	117,016	70,961	37,842	(6,137)
Total primary government net expenses	$(23,250,087)	$(27,342,506)	$(23,739,028)	$(21,202,127)	$ (22,096,044)	$ (20,915,543)	$(20,568,116)	$ (20,463,442)	$ (20,528,391)	$ (10,208,474)

(continued)

CITY OF ATHENS, TENNESSEE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
June 30, 2021
(Accrual Basis of Accounting)
(continued)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Property taxes	$ 8,381,814	$ 8,516,240	$ 8,194,198	$ 7,916,052	$ 7,498,856	$ 7,580,694	$ 6,057,188	$ 5,830,296	$ 5,650,152	$ 4,374,135
Local sales tax	7,427,784	7,384,232	4,821,329	4,592,782	4,411,095	4,391,883	4,121,597	4,009,132	3,963,722	3,913,163
In lieu of taxes	1,174,091	1,230,379	1,201,185	1,184,317	1,190,047	1,155,672	1,099,075	1,073,663	1,046,664	1,007,421
Wholesale beer tax	548,395	514,165	493,351	478,662	477,240	499,443	504,260	500,748	515,558	510,549
Wholesale liquor tax	299,267	258,866	237,433	217,305	221,916	148,667	-	-	-	-
Business tax	512,075	442,594	474,994	498,806	492,395	425,161	364,399	432,454	423,898	392,867
Franchise tax	176,343	177,600	181,845	183,053	188,754	192,185	173,483	172,510	145,434	154,429
Other local taxes	112,102	54,633	46,936	57,035	72,430	108,862	77,011	85,455	82,858	87,076
Intergovernmental revenues not restricted to specific programs	12,788,094	11,475,082	11,078,464	10,483,650	10,447,295	10,094,663	9,915,955	9,544,232	9,223,315	1,140,201
Insurance proceeds	101,463	165,553	3,594	13,220	84,021	15,593	3,769	2,479	58,280	8,330
Investment income	229,872	423,038	458,095	260,103	123,918	70,802	39,615	77,599	62,608	85,889
Gain (loss) on disposal of capital assets	(1,024)	23,770	(4,384)	7,578	21,145	75,185	29,846	44,158	16,378	-
Miscellaneous	422,863	165,653	132,069	459,999	169,002	134,972	169,859	185,935	118,634	65,286
Total governmental activities	32,173,139	30,831,805	27,319,109	26,352,562	25,398,114	24,893,782	22,556,057	21,958,661	21,307,501	11,739,346
Business-type activities:										
Investment income	9,447	41,649	44,842	22,194	10,409	6,555	1,458	1,229	1,723	6,524
Gain on disposal of capital assets	-	-	-	226	49,202	9,181	5,850	4,045	-	25,000
Miscellaneous	5,981	7,393	6,816	6,892	7,869	9,070	9,763	8,474	11,237	24,645
Total business-type activities	15,428	49,042	51,658	29,312	67,480	24,806	17,071	13,748	12,960	56,169
Total primary government	$ 32,188,567	$ 30,880,847	$ 27,370,767	$ 26,381,874	$ 25,465,594	$ 24,918,588	$ 22,573,128	$ 21,972,409	$ 21,320,461	$ 11,795,515

(continued)

CITY OF ATHENS, TENNESSEE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
June 30, 2021
(Accrual Basis of Accounting)
(continued)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
GOVERNMENTAL ACTIVITIES										
Prior period adjustments and restatements	$ 149,443	$ -	$ -	$ (1,297,569)	$ -	$ -	$ (7,484,785)	$ (11,725)	$ 10,453,947	$ -
BUSINESS-TYPE ACTIVITIES										
Prior period adjustments and restatements	-	-	-	-	-	-	(85,001)	-	-	-
Total primary government	$ 149,443	$ -	$ -	$ (1,297,569)	$ -	$ -	$ (7,569,786)	$ (11,725)	$ 10,453,947	$ -
CHANGES IN NET POSITION										
Governmental activities	$ 8,807,251	$ 3,455,480	$ 3,477,067	$ 5,003,038	$ 3,157,406	$ 3,815,761	$ 1,870,925	$ 1,424,258	$ 741,268	$ 1,537,009
Business-type activities	131,229	82,861	154,672	176,709	212,144	187,284	134,087	84,709	50,802	50,032
Total changes in net position	$ 8,938,480	$ 3,538,341	$ 3,631,739	$ 5,179,747	$ 3,369,550	$ 4,003,045	$ 2,005,012	$ 1,508,967	$ 792,070	$ 1,587,041

NOTE 1: The City adopted GASB No. 61 in fiscal year 2013, which required the inclusion of the Athens City Board of Education as a blended component unit. Information prior to fiscal 2013 is shown with the Board of Education meeting the requirements of a discretely presented component unit.

Source: Annual Comprehensive Financial Reports

CITY OF ATHENS, TENNESSEE
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
June 30, 2021
(Modified Accrual Basis of Accounting)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
GENERAL FUND										
Nonspendable	$ 102,934	$ 101,668	$ 101,813	$ 103,132	$ 101,485	$ 165,778	$ 116,334	$ 183,917	$ 107,345	$ 391,001
Restricted	120,313	120,785	89,567	98,684	103,424	108,395	111,441	111,363	111,386	152,520
Committed	22,463	21,383	20,782	20,164	19,855	20,673	20,343	20,079	19,278	18,317
Assigned	-	-	-	-	-	-	-	-	-	32,000
Unassigned	17,507,197	13,640,768	13,947,862	11,713,042	9,214,911	8,495,582	7,579,861	7,881,265	7,854,881	7,671,422
Total General Fund	$ 17,752,907	$ 13,884,604	$ 14,160,024	$ 11,935,022	$ 9,439,675	$ 8,790,428	$ 7,827,979	$ 8,196,624	$ 8,092,890	$ 8,265,260
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	$ 117,706	$ 131,094	$ 111,155	$ 265,700	$ 254,797	$ 203,719	$ 166,829	$ 168,636	$ 187,933	$ 47,283
Restricted	2,941,970	1,454,610	391,403	629,950	739,554	868,076	1,163,466	1,186,327	1,170,485	364,155
Committed	6,839,727	6,961,283	6,290,801	7,276,622	6,946,587	3,673,665	2,219,063	1,607,235	1,898,474	2,590,360
Assigned	7,039,030	5,023,621	4,049,095	4,594,290	3,762,204	6,108,592	6,778,853	7,711,584	7,322,172	3,554,467
Total all other governmental funds	$ 16,938,433	$ 13,570,608	$ 10,842,454	$ 12,766,562	$ 11,703,142	$10,854,052	$10,328,211	$10,673,782	$10,579,064	$ 6,556,265

NOTE 1: The City adopted GASB No. 61 in fiscal year 2013, which required the inclusion of the Athens City Board of Education as a blended component unit. Information prior to fiscal 2013 is shown with the Board of Education meeting the requirements of a discretely presented component unit.

Source: Annual Comprehensive Financial Reports

CITY OF ATHENS, TENNESSEE
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
June 30, 2021
(Modified Accrual Basis of Accounting)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
REVENUES										
Property taxes	$ 8,509,904	$ 8,450,913	$ 8,071,449	$ 7,846,742	$ 7,522,044	$ 7,568,597	$ 6,009,899	$ 5,848,755	$ 5,787,626	$ 4,368,696
Other local taxes	12,596,938	10,622,979	8,873,397	8,486,616	8,339,742	8,152,947	7,504,028	7,382,746	9,594,041	6,065,506
Intergovernmental	17,200,732	15,958,132	14,982,511	14,512,526	16,545,054	14,351,909	15,014,618	14,257,121	10,293,399	2,341,673
Charges for services and tuition	596,573	416,789	539,572	603,691	558,223	516,877	574,590	650,060	740,657	251,520
Fines and forfeitures	219,797	211,887	227,013	285,018	491,208	528,190	500,148	483,831	691,534	458,960
Investment and interest income	206,666	337,182	366,618	212,246	102,114	57,162	36,950	52,655	59,830	74,728
Miscellaneous	346,240	185,384	136,427	369,798	173,200	230,364	203,915	205,043	160,425	71,692
Total revenues	39,676,850	36,183,266	33,196,987	32,316,637	33,731,585	31,406,046	29,844,148	28,880,211	27,327,512	13,632,775
EXPENDITURES										
General government	2,897,265	2,863,820	2,660,795	2,499,327	2,318,846	2,347,339	2,404,328	2,281,359	2,599,003	2,331,668
Public safety	5,520,150	5,185,452	5,209,693	4,606,257	4,239,143	4,676,698	4,899,076	4,429,497	4,496,635	4,608,530
Highways and streets	2,522,289	4,490,059	2,399,538	2,264,670	2,998,764	2,467,023	2,245,781	1,976,925	2,007,157	2,118,202
Culture and recreation	1,258,051	1,266,971	1,432,126	1,161,941	1,015,966	985,544	956,090	875,887	914,958	891,780
Education	19,332,065	17,581,844	18,671,508	17,614,052	17,587,158	18,047,303	16,947,592	16,554,903	15,970,471	2,108,268
Health and welfare	123,404	169,818	165,051	108,927	105,316	106,498	110,614	110,326	114,479	109,349
Capital outlay	6,888,509	2,355,701	2,605,176	516,126	2,425,843	525,497	2,230,090	1,667,273	1,406,633	1,451,621
Debt service:										
Principal	-	-	-	-	1,610,000	770,000	747,000	725,000	703,000	683,000
Interest and fiscal charges	-	-	-	-	19,660	17,533	21,927	28,568	33,823	33,938
Total expenditures	38,541,733	33,913,665	33,143,887	28,771,300	32,320,696	29,943,435	30,562,498	28,649,738	28,246,159	14,336,356
REVENUES OVER (UNDER) EXPENDITURES	1,135,117	2,269,601	53,100	3,545,337	1,410,889	1,462,611	(718,350)	230,473	(918,647)	(703,581)

(continued)

CITY OF ATHENS, TENNESSEE
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
June 30, 2021
(Modified Accrual Basis of Accounting)
(continued)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
OTHER FINANCING SOURCES (USES)										
Capital contributions	$ -	$ -	$ 244,000	$ -	$ -	$ -	$ -	$ -	$ 10,080	$ -
Interest expense	(7,178)	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	(41,031)	-	-
Proceeds from debt issuance	5,903,325	-	-	-	-	-	-	-	-	-
Bond issue cost	(50,000)	-	-	-	-	-	-	-	-	-
Proceeds from the sale of capital assets	3,958	17,586	200	210	3,427	10,086	365	6,531	680	439
Insurance proceeds	101,463	165,553	3,594	13,220	84,021	15,593	3,769	2,479	58,280	8,330
Total other financing resources	5,951,568	183,139	247,794	13,430	87,448	25,679	4,134	(32,021)	69,040	8,769
NET CHANGE IN FUND BALANCES	$ 7,086,685	$ 2,452,740	$ 300,894	$ 3,558,767	$ 1,498,337	$ 1,488,290	$ (714,216)	$ 198,452	$ (849,607)	$ (694,812)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	0.00%	0.00%	0.00%	0.00%	5.14%	2.72%	2.57%	2.71%	2.76%	5.56%

NOTE 1: The City adopted GASB No. 61 in fiscal year 2013, which required the inclusion of the Athens City Board of Education as a blended component unit. Information prior to fiscal year 2013 is shown with the Board of Education meeting the requirements of a discretely presented component unit.

Source: Annual Comprehensive Financial Reports

CITY OF ATHENS, TENNESSEE
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
June 30, 2021

Fiscal Year	Real Property	Personal Property	Public Utility Property	Total Taxable Assessed Value	Estimated Market Value	City Property Tax Rate	Taxable Assessed Value as a % of Actual Taxable Value
2012	$ 297,938,950	$ 88,125,866	$ 6,984,848	$ 393,049,664	$ 1,237,942,071	$ 1.1147	31.8%
2013 (1)	292,970,485	83,197,188	8,204,116	384,371,789	1,205,548,537	1.1328	31.9
2014	290,338,620	85,473,263	7,053,398	382,865,281	1,204,540,874	1.1328	31.8
2015	300,454,640	99,320,541	8,479,395	408,254,576	1,289,031,476	1.4770	31.7
2016	301,608,970	104,469,997	8,847,818	414,926,785	1,310,260,486	1.3628	31.7
2017	307,557,565	104,159,884	8,626,091	420,343,540	1,324,491,242	1.3628	31.7
2018 (1)	342,899,510	119,882,970	9,066,486	471,848,966	1,488,482,543	1.2676	31.7
2019	359,859,615	148,380,544	7,977,436	516,217,595	1,621,870,015	1.2676	31.8
2020	354,793,495	148,130,932	8,276,948	511,201,375	1,681,302,672	1.2676	30.4
2021	357,939,265	141,295,083	8,151,434	507,385,782	1,662,642,356	1.3476	30.5

Data Source: McMinn County Tax Assessor's Office

(1) Reappraisal

CITY OF ATHENS, TENNESSEE
DIRECT AND OVERLAPPING
PROPERTY TAX RATES
(PER $100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS
June 30, 2021

Tax Year	City (Direct Rate)	County (Overlapping Rate)	Total
2012	$ 1.1147	$ 1.5553	$ 2.6700
2013 (1)	1.1328	1.6155	2.7483
2014	1.1328	1.6155	2.7483
2015	1.4770	1.6155	3.0925
2016	1.3628	1.6155	2.9783
2017	1.3628	1.6155	2.9783
2018 (1)	1.2676	1.5469	2.8145
2019	1.2676	1.5469	2.8145
2020	1.2676	1.5469	2.8145
2021	1.3476	1.5469	2.8145

(1) Reappraisal

Sources: Minutes of City Council and County Commission meetings

Table 7

CITY OF ATHENS, TENNESSEE
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO
June 30, 2021

2021				2012			
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	$ 88,774,127	17.5 %	Denso Tennessee, Inc.	Automotive parts manufacturer	$ 50,407,713	13.3 %
E & E Manufacturing	Automotive parts supplier	13,588,310	2.7	Johnson Controls, Inc.	Automotive seating	9,835,904	2.4
Starr Regional Medical Center	Healthcare	12,039,456	2.4	Dean Foods/Mayfield Dairy Farms, Inc.	Dairy products	9,021,500	2.2
ABB	Electrical component manufacturer	11,577,222	2.3	Plastic Industries, Inc.	Plastic component manufacturer	8,524,163	2.1
Adient	Automotive seating	9,563,315	1.9	Athens Regional Medical Center/Lifepoint	Healthcare	8,255,642	2.1
HP Pelzer	Automotive parts supplier	8,950,110	1.8	Thomas & Betts	Electrical component manufacturer	5,811,344	1.5
Dean Foods/Mayfield Dairy Farms, Inc.	Dairy products	6,664,787	1.3	Walmart	Retail	4,471,500	1.1
D&B Athens Hotel	Hotels	6,507,600	1.3	E & E Manufacturing	Automotive parts manufacturer	3,637,857	0.9
Walmart	Retail	5,923,611	1.2	Centro New Plan of Tennessee	Real estate investment	3,115,280	0.8
Heil Trailer International	Trailer tanks	5,026,270	1.0	Bellsouth	Telephone company	3,002,990	0.8

Note: Total assessed valuations for 2021 and 2012 are $507,385,782 and $393,049,664, respectively.

Source: Official records of the Department of Finance

CITY OF ATHENS, TENNESSEE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
June 30, 2021
(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
2012	$ 4,399,152	$ 4,149,785	94.33%	$ 229,890	$ 4,379,675	99.56%
2013	4,316,647	4,083,062	94.59	212,709	4,295,771	99.52
2014	4,359,762	4,161,945	95.46	183,737	4,345,682	99.68
2015	4,412,937	4,207,109	95.34	184,909	4,392,018	99.53
2016	5,965,875	5,729,519	96.04	211,250	5,940,769	99.58
2017	5,706,737	5,525,863	96.83	178,717	5,704,580	99.96
2018	6,059,372	5,818,967	96.03	155,232	5,974,199	97.59
2019	6,401,548	6,063,563	94.72	305,937	6,369,500	99.50
2020	6,484,702	6,161,920	95.02	227,874	6,389,794	98.54
2021	6,468,677	6,152,881	95.12	-	6,152,881	95.12

Source: Official records of Department of Finance

CITY OF ATHENS, TENNESSEE
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
June 30, 2021

	General Debt Outstanding				
Fiscal Year	General Obligation Bonds	Notes Payable	Total Primary Government	Percentage of Personal Income	Per Capita
2012	$ -	$ 4,555,000	$ 4,555,000	1.85	$ 338
2013	-	3,852,000	3,852,000	1.49	286
2014	-	3,127,000	3,127,000	1.22	232
2015	-	2,380,000	2,380,000	.89	177
2016	-	1,610,000	1,610,000	.65	120
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	5,903,325	5,903,325	2.02	419

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: Official records of Department of Finance

Source: Percentage of personal income and per capita data from Table 14

CITY OF ATHENS, TENNESSEE
RATIO OF GENERAL DEBT OUTSTANDING
LAST TEN FISCAL YEARS
June 30, 2021

	General Debt Outstanding				
Fiscal Year	General Obligation Bonds	Notes Payable	Total	Percentage of Actual Taxable Value of Property	Per Capita
2012	$ -	$ 4,555,000	$ 4,555,000	1.16	$ 338
2013	-	3,852,000	3,852,000	1.00	286
2014	-	3,127,000	3,127,000	0.82	232
2015	-	2,380,000	2,380,000	0.58	177
2016	-	1,610,000	1,610,000	0.39	120
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	5,903,325	5,903,325	1.16	419

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. The notes payable shown above are backed by a pledge of the City's property taxes.

Source: Official records of Department of Finance

Source: Per capita data from Table 14

Source: Actual taxable value of property data from Table 5

CITY OF ATHENS, TENNESSEE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2021

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
City of Athens (direct debt)	$ 5,903,325	100	$ 5,903,325
Total direct and overlapping debt			$ 5,903,325

Source: Official records of Department of Finance

CITY OF ATHENS, TENNESSEE
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
June 30, 2021

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, 2021

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, 2021

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Civilian Labor Force	Unemployment Rate
2012	13,458	$ 245,729,622	$ 18,259	39.1	1,494	10,419	10.00 %
2013	13,458	258,326,310	19,195	39.1	1,524	10,681	9.90
2014	13,458	255,527,046	18,987	39.1	1,592	10,691	8.20
2015	13,458	266,791,392	19,824	39.1	1,563	10,720	7.10
2016	13,458	247,842,528	18,416	39.1	1,546	10,692	5.60
2017	13,458	255,029,961	18,950	39.1	1,556	10,800	4.80
2018	13,458	260,130,560	19,329	39.1	1,609	10,850	4.70
2019	13,458	265,333,171	19,367	39.1	1,620	10,870	4.60
2020	13,458	274,368,246	20,387	39.1	1,615	10,885	9.80
2021	14,084	291,938,460	20,823	42.7	1,557	10,900	6.40

Sources: U.S. Census, U.S. Bureau of Economic Analysis, Tennessee Department of Labor Market Reports, Athens City Schools, McMinn County Schools, and ESRI Research

CITY OF ATHENS, TENNESSEE
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO
June 30, 2021

	2021			2012	
Employer	Taxable Employees	Percentage of Total City Employment	Employer	Taxable Employees	Percentage of Total City Employment
Denso Tennessee, Inc.	1,600	14.72 %	Manufacturers Industrial Group	992	9.75 %
Adient	750	6.90	Denso Tennessee, Inc.	900	8.85
McMinn County Board of Education	740	6.81	McMinn County Board of Education	689	6.77
Starr Regional Medical Center	692	6.37	Heil Trailer International	475	4.67
E & E Manufacturing	392	3.61	Dean Foods/Mayfield Dairy Farms, Inc.	390	3.83
Dean Foods/Mayfield Dairy Farms, Inc.	350	3.22	Walmart	359	3.53
Walmart	300	2.76	Athens Regional Medical Center	305	3.00
ABB	299	2.75	Thomas & Betts	295	2.90
HP Pelzer	220	2.02	Dynasty Spas	220	2.16
Heil Trailer International	220	2.02	Mills Products	175	1.72
	5,563	51.18 %		4,800	47.18 %

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, 2021

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
City Manager	2	2	2	2	2	2	2	2	2	2
Finance	5	5	5	5	5	5	5	5	5	5
Human Resources	2	2	2	2	2	2	2	2	2	2
Purchasing	1	1	1	1	1	1	1	1	1	1
Information Technology	-	-	-	-	-	-	-	1	1	1
Community Development	4	4	4	4	4	4	5	5	5	5
Police	33	33	33	33	33	33	33	34	34	36
Fire	22	22	22	22	22	22	22	22	22	23
Parks and Recreation	10	9	9	9	9	9	10	10	10	10
Public Works	32	31	31	31	33	33	33	34	34	33
	111	109	109	109	111	111	113	116	116	118

Source: City Finance Department

CITY OF ATHENS, TENNESSEE
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
June 30, 2021

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities:										
Community Development:										
Number of building permits	382	360	347	313	318	370	374	355	315	288
Police:										
Number of arrests	1,488	1,113	1,097	1,292	997	1,017	1,353	1,648	992	1,038
Number of traffic citations issued	7,431	10,953	7,729	6,561	6,473	5,096	2,973	2,126	1,417	2,114
Fire:										
Total calls	520	418	515	567	631	659	670	780	846	1,741
Inspections	924	650	773	806	668	1,350	248	264	289	121
Business-type Activities:										
Conference center rentals	115	108	125	121	130	195	149	178	124	201

Source: Various City Departments

CITY OF ATHENS, TENNESSEE
INFRASTRUCTURE STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
June 30, 2021

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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, 2021

CITY OF ATHENS

Council members and management are covered under a $150,000 crime policy. The Finance Director is covered under an additional $100,000 bond.

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

BOARD OF EDUCATION

Board Members and Administrative Staff are covered under a Surety blanket bond of $400,000 for each loss.

BOARD MEMBERS

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

ADMINISTRATIVE STAFF

Robert Greene	Director of Schools
Melody Armstrong	Supervisor of Instruction
Bob Harrison	Supervisor of Transportation
Andrew Kimball	Supervisor of Federal Programs
Molly McLean	Supervisor of Special Education
Angie Newman	Supervisor of Food Services
Robert Owens	Supervisor of Maintenance
Lisa Cranfill	Supervisor of Finance

OTHER

REPORTS SECTION

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

Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards

To the City Council
City of Athens
Athens, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Athens, Tennessee, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Athens, Tennessee's basic financial statements, and have issued our report thereon dated December 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Athens, Tennessee's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Athens, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Athens, Tennessee's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Telephone: (423) 267-4400

Fax: (423) 266-2444

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Athens, Tennessee'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.

Neal, Scouten & McConnell, P.C.

Chattanooga, Tennessee
December 23, 2021

CITY OF ATHENS, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS
June 30, 2021

2020-001: Compliance with State Budgetary Requirements

Condition: Fund expenditures exceeded budgeted expenditures for the Centralized Cafeteria Fund by $73,403 for the year ended June 30, 2020.

Criteria: The State of Tennessee requires all expenditures of governmental funds to be appropriated.

Cause: The summer feeding program was expanded to accommodate additional needs as a result of the COVID -19 pandemic. Expenditures incurred during this period were not properly budgeted.

Effect: Non budgeted expenditures result in noncompliance with State law.

Recommendation: We recommend the Board of Education budget all expenditures in their governmental funds in the future. Procedures should be implemented to ensure that unbudgeted expenditures do not occur.

Management Response: Due to the COVID-2019 pandemic, our summer feeding program was expanded, resulting in an increase in food and labor cost. Additional training has been conducted with the Food Service Director. We understand we are to budget accordingly, and amendments are to be submitted in a timely manner.

Status: The Centralized Cafeteria Fund was properly budgeted for 2021.

CITY OF ATHENS, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS
June 30, 2021

PRIOR YEAR FINANCIAL STATEMENT FINDINGS (GRID)

Finding Number	Finding Title	Status	Origination
2020-001	Compliance with State Budgetary Requirements	Resolved in 2021	6/30/20