

ATHENS UTILITIES BOARD

FINANCIAL STATEMENTS

JUNE 30, 2024



CERTIFIED PUBLIC ACCOUNTANTS

ATHENS UTILITIES BOARD

TABLE OF CONTENTS

JUNE 30, 2024

	PAGE
INTRODUCTORY SECTION	
Table of Contents	
List of Principal Officials	
FINANCIAL SECTION	
Independent Auditor's Report	1-3
Management's Discussion and Analysis (unaudited)	4-16
Basic Financial Statements	
Statements of Net Position	17-18
Statements of Revenues, Expenses, and Changes in Net Position	19-20
Statements of Cash Flows	21-22
Statement of Fiduciary Net Position	23
Statement of Changes in Fiduciary Net Position	24
Notes to the Financial Statements	25-46
Required Supplementary Information (unaudited)	
Schedule of Changes in Net Pension Liability and Related Ratios	47
Schedule of Plan Contributions	48
Schedule of Investment Returns	49
Supplementary Information	
Pension Trust Fund Schedule of Investments	50-56
Schedule of Debt Service Requirements	57-61
Schedule of Changes in Long-term Debt by Individual Issue	62
Schedule of Lease Obligations, Principal, and Interest Requirements	63
Schedule of Changes in Lease Obligations	64
Schedule of Rates in Force	65-70
COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards	71-72
Schedule of Findings and Questioned Costs	73-74
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	75-76
Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With The Uniform Guidance	77-79
Schedule of Prior Year Findings	80

ATHENS UTILITIES BOARD

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2024

Chairman

Frank Snyder

Vice-Chairman

Jeff Zabo

Board Member

Larry Eaton

Board Member

Shirley Woodcock

Board Member

Patti Geek

General Manager

Erick Newberry

Superintendent of Accounting

Michelle Millsaps

Superintendent of Power

Kevin Goins

Superintendent of Water/Gas/Wastewater

Craig Brymer

Director of Management Services

Phil Graves



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Athens Utilities Board
Athens, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, each of the major funds, and the aggregate remaining fund information, of Athens Utilities Board, a component unit of the City of Athens, Tennessee, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Athens Utilities Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information, of Athens Utilities Board as of June 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management 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 and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16 and the Employee Retirement Plan – schedule of changes in the net pension liability and related ratios, the Employee Retirement Plan – schedule of plan contributions, and the schedule of investment returns on pages 47 through 49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Athens Utilities Board's basic financial statements. The financial schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2024, on our consideration of Athens Utilities Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Athens Utilities Board's internal control over financial reporting and compliance.

Cleveland, Tennessee
October 16, 2024

*Henderson Hutcherson
& McCullough, PLLC*

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

The Athens Utilities Board (the Board) is organized as a component unit of the City of Athens, Tennessee. Our discussion and analysis of each Division's financial performance provides an overview of its financial activity for the year ended June 30, 2024. It should be read in conjunction with the basic financial statements.

Using this Annual Report

This annual report consists of four parts: Management's Discussion and Analysis, Financial Statements, Required Supplementary Information, and Supplementary Information. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The Board is segregated into five distinct divisions (Power Division, Water Division, Gas Division, Department of Sewer, and Fiber) that provide electricity, fiber optic, water, natural gas, and sewer services to wholesale, residential, commercial, and industrial customers located in Athens, Tennessee and surrounding areas. Each division is considered to be a separate accounting and reporting entity reporting its business-type activities in accordance with enterprise fund accounting requirements for special-purpose governments.

These financial statements report information using the accrual basis of accounting. The financial reporting and accounting methods followed by the Board are similar to those used by private sector companies. The statements offer short and long-term financial information about the Board's activities. The statement of net position includes all of the assets, liabilities, deferred inflows, and deferred outflows and provides information about the nature and amounts of investments in resources (assets) and obligation to creditors (liabilities). It also provides the basis for computing rate of return, evaluating capital structure, and assessing liquidity and financial flexibility of the utility. All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the utility's operations over the past year and can be used to determine whether the utility has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about cash receipts and cash payments during the year. The cash flow statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, capital, and noncapital financing activities. It provides answers to such questions as: from where did cash come, for what was cash used, and what was the change in the cash balance during the year?

In addition, the financial statements present the Board's fiduciary fund, the Athens Utilities Board Pension Trust Fund. This trust fund is used to account for assets held in a trustee capacity for the accountability of resources for pension benefit payments to qualified board retirees. Since these assets are held in a fiduciary capacity, they are not included in the Board's assets or results of operations. The statement of fiduciary net position and the statement of changes in fiduciary net position for the Pension Trust Fund may be found on pages 22 and 23 of the accompanying financial statements.

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

POWER DIVISION CONDENSED FINANCIAL STATEMENTS

	<u>2024</u>	<u>2023</u>	<u>Variance</u> <u>2024 to 2023</u>	<u>%</u>
ASSETS				
Capital assets	\$ 46,720,715	\$ 46,603,079	\$ 117,636	0.25
Construction in progress	1,891,330	1,456,093	435,237	29.89
Current and other assets	<u>15,478,711</u>	<u>15,238,935</u>	<u>239,776</u>	<u>1.57</u>
Total assets	64,090,756	63,298,107	792,649	1.25
Deferred outflows	<u>2,908,625</u>	<u>2,933,211</u>	<u>(24,586)</u>	<u>(0.84)</u>
	<u>\$ 66,999,381</u>	<u>\$ 66,231,318</u>	<u>\$ 768,063</u>	<u>1.16</u>
LIABILITIES				
Current liabilities	\$ 6,151,696	\$ 6,082,217	\$ 69,479	1.14
Long-term liabilities	<u>7,002,483</u>	<u>7,324,438</u>	<u>(321,955)</u>	<u>(4.40)</u>
Total liabilities	13,154,179	13,406,655	(252,476)	(1.88)
Deferred inflows	<u>455,601</u>	<u>136,759</u>	<u>318,842</u>	<u>233.14</u>
	<u>13,609,780</u>	<u>13,543,414</u>	<u>66,366</u>	<u>0.49</u>
NET POSITION				
Net investment in capital assets	45,615,034	44,795,801	819,233	1.83
Unrestricted	<u>7,774,567</u>	<u>7,892,103</u>	<u>(117,536)</u>	<u>(1.49)</u>
Total net position	<u>53,389,601</u>	<u>52,687,904</u>	<u>701,697</u>	<u>1.33</u>
	<u>\$ 66,999,381</u>	<u>\$ 66,231,318</u>	<u>\$ 768,063</u>	<u>1.16</u>
REVENUES				
Power revenues	\$ 55,707,347	\$ 58,064,287	\$ (2,356,940)	(4.06)
Other operating revenues	942,920	978,055	(35,135)	(3.59)
Non-operating income	<u>114,800</u>	<u>59,859</u>	<u>54,941</u>	<u>91.78</u>
Total revenues	<u>56,765,067</u>	<u>59,102,201</u>	<u>(2,337,134)</u>	<u>(3.95)</u>
EXPENSES				
Power costs	45,067,946	47,788,626	(2,720,680)	(5.69)
Operating expenses before depreciation	8,711,232	7,851,269	859,963	10.95
Depreciation	<u>2,560,492</u>	<u>2,554,144</u>	<u>6,348</u>	<u>0.25</u>
Total expenses	<u>56,339,670</u>	<u>58,194,039</u>	<u>(1,854,369)</u>	<u>(3.19)</u>
REVENUES OVER EXPENSES				
BEFORE CAPITAL CONTRIBUTIONS	425,397	908,162	(482,765)	(53.16)
Capital contributions	<u>276,300</u>	<u>168,540</u>	<u>107,760</u>	<u>63.94</u>
Change in net position	701,697	1,076,702	(375,005)	(34.83)
Beginning net position	<u>52,687,904</u>	<u>51,611,202</u>	<u>1,076,702</u>	<u>2.09</u>
Ending net position	<u>\$ 53,389,601</u>	<u>\$ 52,687,904</u>	<u>\$ 701,697</u>	<u>1.33</u>

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Power Division Financial Statement Analysis

The Power Division's total assets as of June 30, 2024, increased by 1.25% from the previous year. Capital assets increased by .25% from 2023. Construction in progress increased by 29.89% from 2023. Capital assets and construction in progress variances from 2023 are directly related to the amount of capital projects closed during 2024. Net position was \$701,697 more than last year because of profitable operations. Total liabilities decreased from 2023 by 1.88%.

The change in net position (net income) in 2024 decreased over 2023 because of increased expenses. Contribution margin (the difference between sales revenues and power purchased) was less than 2023 because of the proportional increase in power costs from the prior year.

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

WATER DIVISION CONDENSED FINANCIAL STATEMENTS

	<u>2024</u>	<u>2023</u>	<u>Variance</u> <u>2024 to 2023</u>	<u>%</u>
ASSETS				
Capital assets	\$ 17,967,764	\$ 17,875,246	\$ 92,518	0.52
Construction in progress	1,226,939	652,470	574,469	88.05
Current and other assets	<u>8,228,575</u>	<u>8,281,555</u>	<u>(52,980)</u>	<u>(0.64)</u>
Total assets	27,423,278	26,809,271	614,007	2.29
Deferred outflows	<u>1,189,204</u>	<u>1,049,120</u>	<u>140,084</u>	<u>13.35</u>
	<u>\$ 28,612,482</u>	<u>\$ 27,858,391</u>	<u>\$ 754,091</u>	<u>2.71</u>
LIABILITIES				
Current liabilities	\$ 613,411	\$ 680,866	\$ (67,455)	(9.91)
Long-term liabilities	<u>4,965,210</u>	<u>4,974,964</u>	<u>(9,754)</u>	<u>(0.20)</u>
Total liabilities	5,578,621	5,655,830	(77,209)	(1.37)
Deferred inflows	<u>186,274</u>	<u>48,915</u>	<u>137,359</u>	<u>280.81</u>
	<u>5,764,895</u>	<u>5,704,745</u>	<u>60,150</u>	<u>1.05</u>
NET POSITION				
Net investment in capital assets	15,725,285	14,902,230	823,055	5.52
Unrestricted	<u>7,122,302</u>	<u>7,251,416</u>	<u>(129,114)</u>	<u>(1.78)</u>
Total net position	<u>22,847,587</u>	<u>22,153,646</u>	<u>693,941</u>	<u>3.13</u>
	<u>\$ 28,612,482</u>	<u>\$ 27,858,391</u>	<u>\$ 754,091</u>	<u>2.71</u>
REVENUES				
Water sales	\$ 5,312,850	\$ 4,924,476	\$ 388,374	7.89
Other operating revenues	190,467	323,459	(132,992)	(41.12)
Non-operating income	<u>153,831</u>	<u>86,937</u>	<u>66,894</u>	<u>76.95</u>
Total revenues	<u>5,657,148</u>	<u>5,334,872</u>	<u>322,276</u>	<u>6.04</u>
EXPENSES				
Purchased water	743,258	688,023	55,235	8.03
Operating expenses before depreciation	3,327,936	3,221,487	106,449	3.30
Depreciation	<u>931,488</u>	<u>990,678</u>	<u>(59,190)</u>	<u>(5.97)</u>
Total expenses	<u>5,002,682</u>	<u>4,900,188</u>	<u>102,494</u>	<u>2.09</u>
REVENUES OVER EXPENSES BEFORE CAPITAL CONTRIBUTIONS	654,466	434,684	219,782	50.56
Capital contributions	<u>39,475</u>	<u>1,125</u>	<u>38,350</u>	<u>3,408.89</u>
Change in net position	693,941	435,809	258,132	59.23
Beginning net position	<u>22,153,646</u>	<u>21,717,837</u>	<u>435,809</u>	<u>2.01</u>
Ending net position	<u>\$ 22,847,587</u>	<u>\$ 22,153,646</u>	<u>\$ 693,941</u>	<u>3.13</u>

ATHENS UTILITIES BOARD

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Water Division Financial Statement Analysis

Total assets as of June 30, 2024, were 2.29% more than 2023 because of an increase in capital assets and construction in progress in 2024. The reason for the increase in construction in progress was because of the Phase 2 Rocky Mount Road to Dennis Street job. A rate increase passed effective October 1, 2021. During 2024, the final two planned four step increases were implemented. Total liabilities decreased from 2023 because of a decrease in current liabilities. Deferred inflows are recognized in accordance with GASB standards. Net position was \$693,941 more due to positive operating results in 2024.

Total revenue and expenses increased in comparison to 2023. The increase in revenue is because of the final step for the water rate increase. Revenues over expenses before capital contributions were more than 2023. The total change in net position (net income) was more than 2023 due to the increase in water sales revenue.

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

GAS DIVISION CONDENSED FINANCIAL STATEMENTS

	<u>2024</u>	<u>2023</u>	<u>Variance</u> <u>2024 to 2023</u>	<u>%</u>
ASSETS				
Capital assets	\$ 13,506,831	\$ 13,628,444	\$ (121,613)	(0.89)
Construction in progress	148,715	57,506	91,209	158.61
Current and other assets	<u>9,273,056</u>	<u>8,925,625</u>	<u>347,431</u>	<u>3.89</u>
Total assets	22,928,602	22,611,575	317,027	1.40
Deferred outflows	<u>606,503</u>	<u>590,376</u>	<u>16,127</u>	<u>2.73</u>
	<u>\$ 23,535,105</u>	<u>\$ 23,201,951</u>	<u>\$ 333,154</u>	<u>1.44</u>
LIABILITIES				
Current liabilities	\$ 409,464	\$ 434,787	\$ (25,323)	(5.82)
Long-term liabilities	<u>1,038,165</u>	<u>1,017,529</u>	<u>20,636</u>	<u>2.03</u>
Total liabilities	1,447,629	1,452,316	(4,687)	(0.32)
Deferred inflows	<u>95,001</u>	<u>27,526</u>	<u>67,475</u>	<u>245.13</u>
	<u>1,542,630</u>	<u>1,479,842</u>	<u>62,788</u>	<u>4.24</u>
NET POSITION				
Net investment in capital assets	13,510,096	13,685,950	(175,854)	(1.28)
Unrestricted	<u>8,482,379</u>	<u>8,036,159</u>	<u>446,220</u>	<u>5.55</u>
Total net position	<u>21,992,475</u>	<u>21,722,109</u>	<u>270,366</u>	<u>1.24</u>
	<u>\$ 23,535,105</u>	<u>\$ 23,201,951</u>	<u>\$ 333,154</u>	<u>1.44</u>
REVENUES				
Gas sales	\$ 6,662,785	\$ 8,485,999	\$ (1,823,214)	(21.48)
Other operating revenues	81,460	105,944	(24,484)	(23.11)
Non-operating income	<u>85,434</u>	<u>44,697</u>	<u>40,737</u>	<u>91.14</u>
Total revenues	<u>6,829,679</u>	<u>8,636,640</u>	<u>(1,806,961)</u>	<u>(20.92)</u>
EXPENSES				
Gas costs	3,674,670	5,347,135	(1,672,465)	(31.28)
Operating expenses before depreciation	2,217,963	2,127,175	90,788	4.27
Depreciation	<u>666,680</u>	<u>660,039</u>	<u>6,641</u>	<u>1.01</u>
Total expenses	<u>6,559,313</u>	<u>8,134,349</u>	<u>(1,575,036)</u>	<u>(19.36)</u>
REVENUES OVER EXPENSES				
BEFORE CAPITAL CONTRIBUTIONS	270,366	502,291	(231,925)	(46.17)
Capital contributions	<u>-</u>	<u>970</u>	<u>(970)</u>	<u>(100.00)</u>
Change in net position	270,366	503,261	(232,895)	(46.28)
Beginning net position	<u>21,722,109</u>	<u>21,218,848</u>	<u>503,261</u>	<u>2.37</u>
Ending net position	<u>\$ 21,992,475</u>	<u>\$ 21,722,109</u>	<u>\$ 270,366</u>	<u>1.24</u>

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Gas Division Financial Statement Analysis

The Gas Division's total assets as of June 30, 2024, increased over 2023 because of an increase in current and other assets. The current and other assets increase is in cash and warehouse inventory. The Gas Division remains debt free. Net position is 1.24% higher than 2023 due to increase in cash. Long-term liabilities increased because of the increase to net pension liabilities.

Gas sales revenues were less than 2023, due to a decrease in the cost of natural gas passed on to the customer via Purchased Gas Adjustment (PGA). Gas Division's sales decreased by 21.48% compared to 2023. Operating and maintenance expenses increased 4.27% over 2023. The Division's change in net position was 1.24% more than in 2023.

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

SEWER DIVISION CONDENSED FINANCIAL STATEMENTS

	<u>2024</u>	<u>2023</u>	<u>Variance</u> <u>2024 to 2023</u>	<u>%</u>
ASSETS				
Capital assets	\$ 33,181,526	\$ 33,284,825	\$ (103,299)	(0.31)
Construction in progress	5,866,470	1,614,549	4,251,921	263.35
Current and other assets	<u>5,338,141</u>	<u>5,663,187</u>	<u>(325,046)</u>	<u>(5.74)</u>
Total assets	44,386,137	40,562,561	3,823,576	9.43
Deferred outflows	<u>1,101,469</u>	<u>1,162,662</u>	<u>(61,193)</u>	<u>(5.26)</u>
	<u>\$ 45,487,606</u>	<u>\$ 41,725,223</u>	<u>\$ 3,762,383</u>	<u>9.02</u>
LIABILITIES				
Current liabilities	\$ 2,564,309	\$ 2,218,437	\$ 345,872	15.59
Long-term liabilities	<u>11,544,804</u>	<u>11,233,345</u>	<u>311,459</u>	<u>2.77</u>
Total liabilities	14,109,113	13,451,782	657,331	4.89
Deferred inflows	<u>172,532</u>	<u>54,208</u>	<u>118,324</u>	<u>218.28</u>
	<u>14,281,645</u>	<u>13,505,990</u>	<u>775,655</u>	<u>5.74</u>
NET POSITION				
Net investment in capital assets	27,624,657	24,181,190	3,443,467	14.24
Unrestricted	<u>3,581,304</u>	<u>4,038,043</u>	<u>(456,739)</u>	<u>(11.31)</u>
Total net position	<u>31,205,961</u>	<u>28,219,233</u>	<u>2,986,728</u>	<u>10.58</u>
	<u>\$ 45,487,606</u>	<u>\$ 41,725,223</u>	<u>\$ 3,762,383</u>	<u>9.02</u>
REVENUES				
Sewer revenues	\$ 7,506,898	\$ 6,862,694	\$ 644,204	9.39
Other operating revenues	376,118	562,606	(186,488)	(33.15)
Non-operating income	<u>53,115</u>	<u>56,205</u>	<u>(3,090)</u>	<u>(5.50)</u>
Total revenues	<u>7,936,131</u>	<u>7,481,505</u>	<u>454,626</u>	<u>6.08</u>
EXPENSES				
Operating expenses before depreciation	4,651,768	4,404,068	247,700	5.62
Depreciation	<u>1,614,248</u>	<u>1,609,843</u>	<u>4,405</u>	<u>0.27</u>
Total expenses	<u>6,266,016</u>	<u>6,013,911</u>	<u>252,105</u>	<u>4.19</u>
REVENUES OVER EXPENSES BEFORE CAPITAL CONTRIBUTIONS				
	1,670,115	1,467,594	202,521	13.80
Capital contributions	<u>1,316,613</u>	<u>255,275</u>	<u>1,061,338</u>	<u>415.76</u>
Change in net position	2,986,728	1,722,869	1,263,859	73.36
Beginning net position	<u>28,219,233</u>	<u>26,496,364</u>	<u>1,722,869</u>	<u>6.50</u>
Ending net position	<u>\$ 31,205,961</u>	<u>\$ 28,219,233</u>	<u>\$ 2,986,728</u>	<u>10.58</u>

ATHENS UTILITIES BOARD

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Department of Sewer Financial Statement Analysis

The Department of Sewer's capital assets were 0.31% less than 2023. Construction in progress was 263.35% more than 2023. The increase in construction in progress is due to the sewer improvement for Cedar Springs Road and Sterling Road. Also, due to new construction, new sewer services increased in total over 2023. Total liabilities increased over 2023 due to increased debt related to sewer improvements. Net position increased 10.58% over 2023.

Total revenues were 6.08% more than the prior year driven primarily by the increase in sewer revenue compared to 2023. Total expenses were 4.19% more than in 2023 primarily due to the increase in operating expenses before depreciation. Interest expense was more than 2023 because of increased interest rates on variable rate debt and additional debt.

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

FIBER DIVISION CONDENSED FINANCIAL STATEMENTS

	<u>2024</u>	<u>2023</u>	<u>Variance</u> <u>2024 to 2023</u>	<u>%</u>
ASSETS				
Capital assets	\$ 187,879	\$ 182,697	\$ 5,182	2.84
Construction in progress	8,898	29,208	(20,310)	(69.54)
Current and other assets	<u>483,918</u>	<u>348,546</u>	<u>135,372</u>	<u>38.84</u>
Total assets	680,695	560,451	120,244	21.45
Deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 680,695</u>	<u>\$ 560,451</u>	<u>\$ 120,244</u>	<u>21.45</u>
LIABILITIES				
Current liabilities	\$ -	\$ -	\$ -	-
Long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	-	-	-
Deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	196,777	211,905	(15,128)	(7.14)
Unrestricted	<u>483,918</u>	<u>348,546</u>	<u>135,372</u>	<u>38.84</u>
Total net position	680,695	560,451	120,244	21.45
	<u>\$ 680,695</u>	<u>\$ 560,451</u>	<u>\$ 120,244</u>	<u>21.45</u>
REVENUES				
Sales revenues	\$ 180,836	\$ 163,156	\$ 17,680	10.84
Other operating revenues	8,383	-	8,383	-
Non-operating income	<u>2,024</u>	<u>1,428</u>	<u>596</u>	<u>41.74</u>
Total revenues	<u>191,243</u>	<u>164,584</u>	<u>26,659</u>	<u>16.20</u>
EXPENSES				
Purchased costs	12,049	26,091	(14,042)	(53.82)
Operating expenses before depreciation	20,402	24,412	(4,010)	(16.43)
Depreciation	<u>38,548</u>	<u>38,548</u>	<u>-</u>	<u>-</u>
Total expenses	<u>70,999</u>	<u>89,051</u>	<u>(18,052)</u>	<u>(20.27)</u>
REVENUES OVER EXPENSES				
BEFORE CAPITAL CONTRIBUTIONS				
Capital contributions	<u>-</u>	<u>62,500</u>	<u>(62,500)</u>	<u>(100.00)</u>
Change in net position	120,244	138,033	(17,789)	(12.89)
Beginning net position	<u>560,451</u>	<u>422,418</u>	<u>138,033</u>	<u>32.68</u>
Ending net position	<u>\$ 680,695</u>	<u>\$ 560,451</u>	<u>\$ 120,244</u>	<u>21.45</u>

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Fiber Division Financial Statement Analysis

The Fiber Division's capital assets increased by 2.84% over 2023. Cash increased in 2023 due to expansion of fiber service territory. The Fiber Division's total assets increased from 2023. The Fiber Division has no debt.

The Fiber Division's total revenue increased by 16.20% from 2023. During 2024, the Fiber Division expanded the service territory to add more customers in rural areas. Total expenses decreased from 2023 by 20.27%. Depreciation remained unchanged from 2023.

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Capital Assets and Long-term Debt Activity

The Athens Utilities Board incurred new debt during 2004 for the Department of Sewer and a smaller debt issue for the Power Division. These are variable rate borrowings through the Tennessee Municipal Bond Fund. The Department of Sewer has utilized \$17.4 million, and the Power Division has utilized \$2.9 million of this debt. All available funds have been drawn. The balance due from the Department of Sewer for this debt as of June 30, 2024, was \$9.5 million, and the balance due from the Power Division was \$1.4 million. During 2008, the Power Division incurred another new debt of \$2.6 million to finance construction of a major substation. The balance due as of June 30, 2024, was \$1.6 million. The Power Division completed construction of a new substation to serve the City of Niota, Tennessee during 2013. There have been no new debt issues in the Power Division since the 2009 refinance. All infrastructure improvements have been financed with cash flow since 2009.

The Water Division began a project to upgrade treatment infrastructure during 2014. This infrastructure upgrade will be completed in two phases. The total cost of the first phase of this project was approximately \$2 million. It was financed with a new debt issue from the State of Tennessee revolving loan fund. All of the funds for the first phase were drawn as of August 2015, and the balance due is \$964,205. The second phase of the upgrade was completed in fiscal 2017. The total due for this debt issue as of June 30, 2024, was \$1.4 million.

The Gas Division remains debt free. A new eight-inch gas main and compressed natural gas filling station were constructed during 2013. The total cost of these projects was approximately \$1.2 million. A second eight-inch gas main was completed in fiscal 2016 at a cost of \$4.3 million. A new city gate station was completed in fiscal 2017 at a cost of \$1.6 million. No debt is planned to finance any gas infrastructure improvements.

The Department of Sewer incurred new debt totaling \$2.7 million in 2011 to finance part of the construction costs of a system extension to an industrial park that was not being served at that time. This debt consists of fixed rate debt from the State of Tennessee's revolving loan fund of \$2,246,000 and another fixed rate note from the American Recovery and Reinvestment Act (ARRA) for \$449,000. As of June 30, 2024, the balance due on these was \$960,792 and \$192,160, respectively. The remainder of the cost was financed by a cost sharing arrangement between the utility; the City of Athens, Tennessee; and McMinn County, as well as a principal forgiveness from the ARRA of \$1.9 million. The Department of Sewer incurred new debt in 2024 totaling \$1.7 million to finance pump station improvements for Cedar Springs and Sterling Road. All funds have not been drawn as of June 30, 2024.

The Fiber Division remains debt free. The expansion of the fiber service began in 2023 to cover customers that live in rural areas without internet access. No debt is planned to finance any fiber infrastructure improvements.

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Currently Known Facts, Decisions, or Conditions

Rates for the Sewer Division were increased using a two-year schedule to assist in the repayment of the debt service starting in 2018. The Department of Sewer has posted positive change in net position since these rate adjustments were completed. The Power Division had a retail rate increase in 2022 to the residential and general service rate classes. The Power Division has adopted a 3 % rate increase for fiscal 2024. The new rate structure became effective as of April 1, 2024. All financial reports are posted at www.aub.org. The Water Division had its first-rate increase in 12 years and is driven by state regulation. Rates for the Water Division will be on a two-year schedule until reaching the full increase. The final step increase was as of April 1, 2023. The Gas and Power Divisions have adopted rate structures that are adjusted to reflect changes in wholesale prices of gas and power sold. These fluctuating rate structures allow the Gas and Power Divisions to preserve the margin (the difference between the prices paid and charged) in the commodities sold. The Gas Division constructed a natural gas vehicle fueling station during 2013. The cost of this station was approximately \$430,000. No debt was incurred.

Contacting the Utility's Financial Management

This financial report is designed to provide our ratepayers and other users of these statements with a general overview of the utility's finances and to show the utility's accountability for the money it receives. If you have questions about this report or need additional information, contact the Superintendent of Accounting at Athens Utilities Board, P. O. Box 689, Athens, TN 37371-0689.

ATHENS UTILITY BOARD

STATEMENTS OF NET POSITION PROPRIETARY FUNDS

JUNE 30, 2024

	Business Type Activities - Enterprise Funds					Total
	Power Division	Water Division	Gas Division	Sewer Division	Fiber Division	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
UTILITY PLANT AND EQUIPMENT, at cost	\$ 78,454,849	\$ 34,406,105	\$ 25,255,670	\$ 59,033,643	\$ 329,950	\$ 197,480,217
Less accumulated depreciation	(31,734,134)	(16,438,341)	(11,748,839)	(25,852,117)	(142,071)	(85,915,502)
	46,720,715	17,967,764	13,506,831	33,181,526	187,879	111,376,836
Construction in progress	1,891,330	1,226,939	148,715	5,866,470	8,898	9,142,352
Net utility plant and equipment	48,612,045	19,194,703	13,655,546	39,047,996	196,777	120,707,067
CURRENT ASSETS						
Cash	7,598,073	7,468,674	8,503,854	4,182,059	442,551	28,195,211
Restricted cash	-	-	-	206,677	-	206,677
Receivables:						
Customer accounts, less allowance for doubtful accounts	4,774,725	412,123	171,160	558,389	14,424	5,930,821
Other	21,203	-	3,073	1,802	-	26,078
Prepaid expenses	51,449	18,374	13,885	9,945	-	93,653
Materials and supplies	3,033,261	329,404	205,141	379,269	26,943	3,974,018
Gas and propane storage inventory	-	-	375,943	-	-	375,943
Total current assets	15,478,711	8,228,575	9,273,056	5,338,141	483,918	38,802,401
Total assets	64,090,756	27,423,278	22,928,602	44,386,137	680,695	159,509,468
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pension plan	2,908,625	1,189,204	606,503	1,101,469	-	5,805,801
	<u>\$ 66,999,381</u>	<u>\$ 28,612,482</u>	<u>\$ 23,535,105</u>	<u>\$ 45,487,606</u>	<u>\$ 680,695</u>	<u>\$ 165,315,269</u>

The notes to the financial statements are an integral part of these statements.

ATHENS UTILITY BOARD

STATEMENTS OF NET POSITION PROPRIETARY FUNDS

JUNE 30, 2024

	Business Type Activities - Enterprise Funds					
	Power Division	Water Division	Gas Division	Sewer Division	Fiber Division	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
LONG-TERM LIABILITIES						
Long-term debt	\$ 2,997,011	\$ 3,419,112	\$ -	\$ 11,214,115	\$ -	\$ 17,630,238
Less current maturities shown below	(275,750)	(204,299)	-	(1,290,569)	-	(1,770,618)
Net long-term debt	2,721,261	3,214,813	-	9,923,546	-	15,859,620
Lease liability - noncurrent	-	-	145,449	-	-	145,449
Net pension liability	4,281,222	1,750,397	892,716	1,621,258	-	8,545,593
Total long-term liabilities	7,002,483	4,965,210	1,038,165	11,544,804	-	24,550,662
CURRENT LIABILITIES						
Current maturities of long-term liabilities	275,750	204,299	-	1,290,569	-	1,770,618
Payables:						
TVA for purchased power	4,155,286	-	-	-	-	4,155,286
Vendors	941,430	96,658	187,370	573,233	-	1,798,691
Primary government	-	-	306	-	-	306
Retainage	-	50,306	-	209,224	-	259,530
Unearned revenue	121,876	22,450	8,750	47,600	-	200,676
Customer deposits	537,436	83,105	107,538	255,881	-	983,960
Other current liabilities	119,918	156,593	105,500	187,802	-	569,813
Total current liabilities	6,151,696	613,411	409,464	2,564,309	-	9,738,880
Total liabilities	13,154,179	5,578,621	1,447,629	14,109,113	-	34,289,542
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension plan	455,601	186,274	95,001	172,532	-	909,408
	13,609,780	5,764,895	1,542,630	14,281,645	-	35,198,950
NET POSITION						
Net investment in capital assets	45,615,034	15,725,285	13,510,096	27,624,657	196,777	102,671,849
Unrestricted	7,774,567	7,122,302	8,482,379	3,581,304	483,918	27,444,470
Total net position	53,389,601	22,847,587	21,992,475	31,205,961	680,695	130,116,319
	<u>\$ 66,999,381</u>	<u>\$ 28,612,482</u>	<u>\$ 23,535,105</u>	<u>\$ 45,487,606</u>	<u>\$ 680,695</u>	<u>\$ 165,315,269</u>

The notes to the financial statements are an integral part of these statements.

ATHENS UTILITY BOARD

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2024

	Business Type Activities - Enterprise Funds					Total
	Power Division	Water Division	Gas Division	Department of Sewer	Department of Fiber	
OPERATING REVENUES						
Sales:						
Residential	\$ 17,958,962	\$ 2,288,066	\$ 2,630,295	\$ 2,220,620	\$ 42,364	\$ 25,140,307
Commercial	4,792,960	2,431,107	1,883,225	1,839,785	58,120	11,005,197
Industrial	31,873,407	593,677	896,040	3,446,493	4,028	36,813,645
Public street and outdoor lighting	1,082,018	-	-	-	-	1,082,018
Interruptible	-	-	1,253,225	-	-	1,253,225
Fiber optic	-	-	-	-	76,324	76,324
Other operating revenue	942,920	190,467	81,460	376,118	8,383	1,599,348
Total operating revenues	<u>56,650,267</u>	<u>5,503,317</u>	<u>6,744,245</u>	<u>7,883,016</u>	<u>189,219</u>	<u>76,970,064</u>
OPERATING EXPENSES						
Purchased supply	45,067,946	743,258	3,674,670	-	12,049	49,497,923
Power, pumping, and purification	-	537,028	-	-	-	537,028
Treatment plant	-	-	-	2,104,487	-	2,104,487
Pumping station	229,612	-	-	90,469	-	320,081
Distribution	295,361	275,772	129,688	-	2,430	703,251
Maintenance	1,995,795	567,064	328,793	778,062	-	3,669,714
Consumer accounts	617,718	486,689	464,694	274,004	-	1,843,105
Administrative and general	4,308,113	1,375,102	1,057,512	1,036,373	17,972	7,795,072
Other	221,103	-	-	-	-	221,103
Depreciation and amortization	2,560,492	931,488	666,680	1,614,248	38,548	5,811,456
Tax equivalents	926,472	-	236,220	-	-	1,162,692
Total operating expenses	<u>56,222,612</u>	<u>4,916,401</u>	<u>6,558,257</u>	<u>5,897,643</u>	<u>70,999</u>	<u>73,665,912</u>
NET OPERATING INCOME	<u>427,655</u>	<u>586,916</u>	<u>185,988</u>	<u>1,985,373</u>	<u>118,220</u>	<u>3,304,152</u>

(Continued)

The notes to the financial statements are an integral part of these statements.

ATHENS UTILITY BOARD

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2024

	Business Type Activities - Enterprise Funds				
	Power Division	Water Division	Gas Division	Department of Sewer	Department of Fiber
(Continued)					
NONOPERATING REVENUES (EXPENSES)					
Interest income	71,976	142,066	71,483	27,487	2,024
Interest expense	(117,058)	(86,281)	(1,056)	(368,373)	-
Gain (loss) on disposal of property	42,824	11,765	13,951	25,628	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net nonoperating revenues (expenses)	(2,258)	67,550	84,378	(315,258)	2,024
Income before capital contributions	<u>425,397</u>	<u>654,466</u>	<u>270,366</u>	<u>1,670,115</u>	<u>120,244</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
CAPITAL CONTRIBUTIONS	276,300	39,475	-	1,316,613	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
CHANGE IN NET POSITION	701,697	693,941	270,366	2,986,728	120,244
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net position, beginning of year	52,687,904	22,153,646	21,722,109	28,219,233	560,451
Net position, end of year	<u>\$ 53,389,601</u>	<u>\$ 22,847,587</u>	<u>\$ 21,992,475</u>	<u>\$ 31,205,961</u>	<u>\$ 680,695</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The notes to the financial statements are an integral part of these statements.

ATHENS UTILITY BOARD

STATEMENTS OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2024

	Business Type Activities - Enterprise Funds					Total
	Power Division	Water Division	Gas Division	Department of Sewer	Department of Fiber	
CASH FLOWS FROM OPERATING ACTIVITES						
Receipts from customers and users	\$ 57,427,656	\$ 5,431,089	\$ 6,792,523	\$ 7,861,396	\$ 182,844	\$ 77,695,508
Payments for employee services	(4,692,529)	(1,314,735)	(629,247)	(1,160,010)	-	(7,796,521)
Payments to suppliers for good and services	(48,703,510)	(2,261,658)	(5,064,989)	(1,863,177)	(58,539)	(57,951,873)
Payments to other divisions for services used	(16,313)	(208,955)	(25,947)	(804,840)	-	(1,056,055)
Customer deposits received	162,675	17,940	25,550	21,620	-	227,785
Customer deposits refunded	(183,535)	(22,485)	(29,175)	(25,975)	-	(261,170)
Net cash provided by operating activities	<u>3,994,444</u>	<u>1,641,196</u>	<u>1,068,715</u>	<u>4,029,014</u>	<u>124,305</u>	<u>10,857,674</u>
CASH FLOWS FROM CAPTIAL AND RELATED FINANCING ACTIVITES						
Proceeds from issuance of long-term debt	-	-	-	1,703,601	-	1,703,601
Principal paid on long-term debt	(266,360)	(205,415)	(17,226)	(1,196,182)	-	(1,685,183)
Additions to utility plant and equipment	(3,113,365)	(1,598,475)	(636,276)	(5,762,870)	(23,420)	(11,134,406)
Proceeds on disposal of property	42,824	11,765	13,951	25,628	-	94,168
Capital contributions	276,300	39,475	-	1,316,613	-	1,632,388
Interest paid on long-term liabilities	(117,058)	(86,281)	(1,056)	(368,373)	-	(572,768)
Net cash used in capital and related financing activities	<u>(3,177,659)</u>	<u>(1,838,931)</u>	<u>(640,607)</u>	<u>(4,281,583)</u>	<u>(23,420)</u>	<u>(9,962,200)</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITES						
Interest received	<u>71,976</u>	<u>142,066</u>	<u>71,483</u>	<u>27,487</u>	<u>2,024</u>	<u>315,036</u>
Net increase (decrease) in cash and cash equivalents	888,761	(55,669)	499,591	(225,082)	102,909	1,210,510
Cash and cash equivalents, beginning of year	<u>6,709,312</u>	<u>7,524,343</u>	<u>8,004,263</u>	<u>4,613,818</u>	<u>339,642</u>	<u>27,191,378</u>
Cash and cash equivalents, end of year	<u>\$ 7,598,073</u>	<u>\$ 7,468,674</u>	<u>\$ 8,503,854</u>	<u>\$ 4,388,736</u>	<u>\$ 442,551</u>	<u>\$ 28,401,888</u>
Cash	\$ 7,598,073	\$ 7,468,674	\$ 8,503,854	\$ 4,182,059	\$ 442,551	\$ 28,195,211
Restricted cash	-	-	-	206,677	-	206,677
	<u>\$ 7,598,073</u>	<u>\$ 7,468,674</u>	<u>\$ 8,503,854</u>	<u>\$ 4,388,736</u>	<u>\$ 442,551</u>	<u>\$ 28,401,888</u>

(Continued)

The notes to the financial statements are an integral part of these statements.

ATHENS UTILITY BOARD

STATEMENTS OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2024

	Business Type Activities - Enterprise Funds					
	Power Division	Water Division	Gas Division	Department of Sewer	Department of Fiber	Total
(Continued)						
Reconciliation on net operating income to net cash provided by operating activities:						
Net operating income	\$ 427,655	\$ 586,916	\$ 185,988	\$ 1,985,373	\$ 118,220	\$ 3,304,152
Adjustments to reconcile net operating income to net cash provided by operating activities:						
Depreciation and amortization	2,560,492	931,488	666,680	1,614,248	38,548	5,811,456
Changes in assets and liabilities:						
Receivables	1,218,188	(13,243)	76,303	62,625	(6,375)	1,337,498
Materials and supplies	(583,287)	(2,888)	(12,349)	36,299	(26,943)	(589,168)
Gas and propane storage inventory	-	-	82,705	-	-	82,705
Payables	906,084	(52,578)	(13,793)	228,557	-	1,068,270
Unearned revenues	(278,124)	(36,500)	1,150	(156,160)	-	(469,634)
Other current liabilities	(562,481)	16,604	4,546	173,694	-	(367,637)
Prepaid expenses	(16,646)	13,442	5,501	1,040	855	4,192
Net pension liability	(20,865)	200,680	20,636	(96,179)	-	104,272
Deferred outflows related to pension plan	24,586	(140,084)	(16,127)	61,193	-	(70,432)
Deferred inflows related to pension plan	318,842	137,359	67,475	118,324	-	642,000
Net cash provided by operating activities	<u>\$ 3,994,444</u>	<u>\$ 1,641,196</u>	<u>\$ 1,068,715</u>	<u>\$ 4,029,014</u>	<u>\$ 124,305</u>	<u>\$ 10,857,674</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITES						
Contributed lines	\$ -	\$ -	\$ 970	\$ 14,560	\$ -	\$ 15,530

The notes to the financial statements are an integral part of these statements.

ATHENS UTILITIES BOARD

STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUND FIDUCIARY FUND

JUNE 30, 2024

ASSETS

Cash	\$ 295,375
Interest receivable	39,499
	<u>334,874</u>
Investments at fair value:	
U.S. government and agency securities	1,350,401
Municipal bonds	483,853
Corporate bonds	1,652,784
Foreign bonds and notes	807,418
Mutual funds	1,475,115
Common stocks	1,186,765
Foreign stocks	-
Real estate investment trusts	12,693
Exchange traded funds	1,855,547
Proprietary funds	1,381,674
Total investments	<u>10,206,250</u>
 Total assets	 <u>\$ 10,541,124</u>

NET POSITION

Net position, held in trust for pension benefits	<u>\$ 10,541,124</u>
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ATHENS UTILITY BOARD

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUND FIDUCIARY FUND

YEAR ENDED JUNE 30, 2024

ADDITIONS

Employer contributions	\$ 1,400,000
Net investment income:	
Interest and dividend income	57,860
Net appreciation in the fair value of investments	<u>778,057</u>
Total additions	<u>2,235,917</u>

DEDUCTIONS

Benefits paid	1,119,667
Administrative expenses	<u>32,986</u>
Total deductions	<u>1,152,653</u>

CHANGE IN NET POSITION HELD IN TRUST FOR PENSION BENEFITS

	1,083,264
Net position, held in trust for pension benefits, beginning of year	<u>9,457,860</u>
Net position, held in trust for pension benefits, end of year	<u>\$ 10,541,124</u>

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

Athens Utilities Board (the Board) is a separately administered component unit of the City of Athens, Tennessee. The City of Athens was incorporated by an act of the legislature of the Tennessee General Assembly in 1891. The financial statements of the Board are included in the Annual Comprehensive Financial Report of the City. The Board is governed by a five-member commission appointed by the City Council of Athens. One commissioner also serves on the City Council.

Reporting Entity

The Board is segregated into five distinct divisions (Power Division, Water Division, Gas Division, Department of Sewer, and Department of Fiber) that provide power, water, gas, sewer, and fiber optics services to residential, commercial, and industrial customers located in Athens, Tennessee and surrounding areas. Each division is considered to be a separate accounting and reporting entity, reporting its business-type activities in accordance with enterprise fund accounting requirements for special-purpose governments. Generally, interdivisional receivables, payables, revenues, and expenses exist for services provided between divisions. For reporting purposes, all of the Board's enterprise funds qualified as major funds.

The financial statements also report the Board's fiduciary fund, Athens Utilities Board Pension Trust Fund. This trust fund is used to account for assets held by the Board in a trustee capacity for the accountability of resources for pension benefit payments to qualified Board retirees.

The financial statements of the Board have been prepared in accordance with U.S. generally accepted accounting principles in the United States of America as applied to governmental units. The more significant accounting policies used by the Board are described below.

Allocation of Operating Expenses

Certain common operating expenses are allocated among the divisions for financial reporting purposes based upon management's estimate of the pro rata relationship of the expenses to each division.

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets, Depreciation, and Maintenance

Capital assets consist of utility plant, equipment and construction in progress. Individual capital assets purchased or constructed with an original cost of \$1,000 or more are stated at cost. Such cost includes direct cost, direct labor, and applicable overhead costs (general and administrative, pensions, taxes, etc.) allocated to construction projects. Contributed assets are reported at fair market value as of the date received.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Maintenance and repairs, including the cost of renewals of minor items of property, are charged to maintenance expense accounts.

The 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 asset; 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.

Capital assets are depreciated over the following estimated useful lives:

Plant in service	7-50 years
Equipment and furniture	5-14 years
Transportation - under one ton	5-8 years
Transportation - over one ton	13 years

The composite straight-line depreciation rate, expressed as a percentage of average depreciable plant, ranged from 2.67 to 3.40 percent. The depreciation and amortization in the statements 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. Depreciation charged to other accounts is as follows:

Power	\$ 239,596
Water	49,444
Gas	40,854
Sewer	82,950

Leases

Right-to-use assets and lease liabilities are recognized upon the commencement of the lease term in relation to leases in which the Board is leasing the right to use a leased asset. These are measured at the present value of payments expected to be made by the Board during the lease term in addition to certain direct costs.

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Lease receivables and deferred inflows of resources are recognized upon the commencement of the lease term in relation to leases in which the Board is leasing another party the right to use an asset of the Board. These are measured at the present value of lease payments expected to be made to the Board during the lease term.

Subscription-Based Information Technology Arrangements (SBITA)

Right-to-use assets and SBITA liabilities are recognized upon the commencement of the contract term in relation to contracts in which the Board is contracting for the right to use this type of asset. These assets include all subscription-based software contracts including cloud-based software contracts. These are measured at the present value of payments expected to be made by the Board during the contract term in addition to certain other costs related to the assets.

Revenues and Expenses and Use of Resources

The Board records revenue billed to customers based on monthly meter-reading cycles. Charges for services are recognized when used by the customer whether billed or unbilled.

For each division, operating revenues are receipts from utility sales and all revenues related to utility operations including late payment fees, rental income and ancillary services.

Operating expenses include those expenses that result from the ongoing operations of the utility systems.

Non-operating revenues consist primarily of investment income and capital contributions. Non-operating expenses consist of interest expense on long-term indebtedness and miscellaneous expenses not directly identified with the utility system's operations.

When both restricted and unrestricted resources are available for use, the Board's policy is to use restricted resources first.

Customer Accounts Receivable

The Board provides an allowance for doubtful accounts based on review of customers' outstanding receivable balance and historical collection information. Policies exist requiring termination of services for nonpayment. Customer accounts receivable are presented net of the following allowance for doubtful accounts:

Power	\$ 74,000
Water	12,000
Gas	14,000
Sewer	17,000

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Purchased Power

The Power Division records purchased power costs based on a monthly reading of its power meters. Purchased power costs are recorded in the month they are incurred.

Materials and Supplies and Gas Storage Inventory

Materials and supplies are carried at the lower of cost (average cost method) or market value. Gas storage inventory represents surplus natural gas inventoried for later usage and is carried at the lower of cost (average cost method) or market.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Board considers all highly liquid investments with an original maturity of less than ninety days to be cash equivalents. In accordance with governmental accounting standards, certain restricted assets are considered cash equivalents for purposes of the statements of cash flows. Restricted cash includes funds restricted by outside parties for water and sewer construction projects.

Capital Contributions

Amounts charged to developers and customers for the cost incurred in installing service lines for residential developments, service and distribution lines installed by developers and donated to the Board, and amounts received from grants and other governmental funding sources are recorded as capital contributions.

Compensated Absences

Employees accrue vacation by a prescribed formula based on length of service. Vacation may be accumulated on a limited basis with certain vacation expiring annually in accordance with the Board's policy. The value of limited accumulated vacation benefits earned but not taken by employees at June 30 is recorded in other current liabilities. There are no amounts accrued for sick leave.

Income Taxes

The Board is exempt from federal and state income taxes under statutes presently in effect.

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 2 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, is as follows:

Gas Division	June 30, 2023	Additions	Retirement and Other	June 30, 2024
Gas Division Costs				
Non-Depreciable Assets:				
Land	\$ 128,752	\$ -	\$ -	\$ 128,752
Construction work in progress	57,506	496,199	(404,988)	148,717
Depreciable Assets:				
Plant in service	23,110,591	404,988	(85,334)	23,430,245
Right of use asset	175,538	-	-	175,538
Equipment & furniture	1,012,885	20,934	-	1,033,819
Transportation equipment	461,910	154,813	(122,171)	494,552
Gas Total Asset Cost	<u>24,947,182</u>	<u>1,076,934</u>	<u>(612,493)</u>	<u>25,411,623</u>
Gas Accumulated Depreciation:				
Plant in service	10,139,695	625,677	(133,314)	10,632,058
Lease amortization	12,863	-	-	12,863
Equipment & furniture	725,281	139,802	(56,052)	809,031
Transportation equipment	383,393	40,903	(122,171)	302,125
Gas Total Accumulated Depreciation	<u>11,261,232</u>	<u>806,382</u>	<u>(311,537)</u>	<u>11,756,077</u>
Gas Total Net Utility Plant	<u>\$ 13,685,950</u>	<u>\$ 270,552</u>	<u>\$ (300,956)</u>	<u>\$ 13,655,546</u>
Power Division	June 30, 2023	Additions	Retirement and Other	June 30, 2024
Power Division Costs				
Non-Depreciable Assets:				
Land	\$ 74,874	\$ -	\$ -	\$ 74,874
Construction work in progress	1,456,093	3,065,495	(2,630,257)	1,891,331
Depreciable Assets:				
Plant in service	69,473,462	2,630,257	(751,865)	71,351,854
Equipment & furniture	4,414,711	155,734	(35,547)	4,534,898
Transportation equipment	2,657,050	81,013	(244,840)	2,493,223
Power Total Asset Cost	<u>78,076,190</u>	<u>5,932,499</u>	<u>(3,662,509)</u>	<u>80,346,180</u>
Power Accumulated Depreciation:				
Plant in service	24,660,059	2,612,628	(1,235,243)	26,037,444
Equipment & furniture	3,746,053	661,332	(316,358)	4,091,027
Transportation equipment	1,610,908	239,596	(244,840)	1,605,664
Power Total Accumulated Depreciation	<u>30,017,020</u>	<u>3,513,556</u>	<u>(1,796,441)</u>	<u>31,734,135</u>
Power Total Net Utility Plant	<u>\$ 48,059,170</u>	<u>\$ 2,418,943</u>	<u>\$ (1,866,068)</u>	<u>\$ 48,612,045</u>

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 2 – CAPITAL ASSETS (Continued)

Water Division	June 30, 2023	Additions	Retirement and Other	June 30, 2024
Water Division Costs				
Non-Depreciable Assets:				
Land	\$ 128,969	\$ -	\$ -	\$ 128,969
Construction work in progress	652,470	1,282,518	(708,050)	1,226,938
Depreciable Assets:				
Plant in service	31,388,603	708,050	(65,167)	32,031,486
Equipment & furniture	1,611,473	7,907	-	1,619,380
Transportation equipment	<u>618,528</u>	<u>47,684</u>	<u>(39,941)</u>	<u>626,271</u>
Water Total Asset Cost	<u>34,400,043</u>	<u>2,046,159</u>	<u>(813,158)</u>	<u>35,633,044</u>
Water Accumulated Depreciation:				
Plant in service	14,307,630	969,858	(554,182)	14,723,306
Equipment & furniture	1,114,112	291,798	(150,963)	1,254,948
Transportation equipment	<u>450,585</u>	<u>49,444</u>	<u>(39,941)</u>	<u>460,088</u>
Water Total Accumulated Depreciation	<u>15,872,327</u>	<u>1,311,100</u>	<u>(745,086)</u>	<u>16,438,341</u>
Water Total Net Utility Plant	<u>\$ 18,527,716</u>	<u>\$ 735,059</u>	<u>\$ (68,072)</u>	<u>\$ 19,194,703</u>
 Sewer Division	 June 30, 2023	 Additions	 Retirement and Other	 June 30, 2024
Sewer Division Costs				
Non-Depreciable Assets:				
Land	\$ 219,678	\$ -	\$ -	\$ 219,678
Construction work in progress	1,614,549	5,571,702	(1,319,779)	5,866,472
Depreciable Assets:				
Plant in service	55,580,871	1,319,779	(593,808)	56,306,842
Equipment & furniture	1,052,208	230,002	(125,774)	1,156,436
Transportation equipment	<u>1,289,209</u>	<u>134,601</u>	<u>(73,124)</u>	<u>1,350,686</u>
Sewer Total Asset Cost	<u>59,756,515</u>	<u>7,256,084</u>	<u>(2,112,485)</u>	<u>64,900,114</u>
Sewer Accumulated Depreciation:				
Plant in service	23,198,126	2,456,035	(1,401,501)	24,252,660
Equipment & furniture	647,968	147,055	(218,778)	576,245
Transportation equipment	<u>1,011,048</u>	<u>85,289</u>	<u>(73,124)</u>	<u>1,023,213</u>
Sewer Total Accumulated Depreciation	<u>24,857,142</u>	<u>2,688,379</u>	<u>(1,693,403)</u>	<u>25,852,118</u>
Sewer Total Net Utility Plant	<u>\$ 34,899,373</u>	<u>\$ 4,567,705</u>	<u>\$ (419,082)</u>	<u>\$ 39,047,996</u>

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 2 – CAPITAL ASSETS (Continued)

Fiber Division	June 30, 2023	Additions	Retirement and Other	June 30, 2024
Fiber Division Costs				
Non-Depreciable Assets:				
Construction work in progress	\$ 29,208	\$ 23,419	\$ (43,730)	\$ 8,897
Depreciable Assets:				
Plant in service	<u>286,220</u>	<u>43,730</u>	<u>-</u>	<u>329,950</u>
Fiber Total Asset Cost	<u>315,428</u>	<u>67,149</u>	<u>(43,730)</u>	<u>338,847</u>
Fiber Accumulated Depreciation:				
Plant in service	<u>103,522</u>	<u>38,548</u>	<u>-</u>	<u>142,070</u>
Fiber Total Net Utility Plant	<u>\$ 211,906</u>	<u>\$ 28,601</u>	<u>\$ (43,730)</u>	<u>\$ 196,777</u>
Total	June 30, 2023	Additions	Retirement and Other	June 30, 2024
Total Costs				
Non-Depreciable Assets:				
Land	\$ 552,273	\$ -	\$ -	\$ 552,273
Construction work in progress	3,809,826	10,439,333	(5,106,804)	9,142,355
Depreciable Assets:				
Plant in service	179,839,747	5,106,804	(1,496,174)	183,450,377
Right of use asset	175,538	-	-	175,538
Equipment & furniture	8,091,277	414,577	(161,321)	8,344,533
Transportation equipment	<u>5,026,697</u>	<u>418,111</u>	<u>(480,076)</u>	<u>4,964,732</u>
Total Asset Cost	<u>197,495,358</u>	<u>16,378,825</u>	<u>(7,244,375)</u>	<u>206,629,808</u>
Total Accumulated Depreciation:				
Plant in service	72,409,032	6,702,746	(3,324,240)	75,787,538
Lease amortization	12,863	-	-	12,863
Equipment & furniture	6,233,414	1,239,987	(742,151)	6,731,250
Transportation equipment	<u>3,455,934</u>	<u>415,232</u>	<u>(480,076)</u>	<u>3,391,090</u>
Total Accumulated Depreciation	<u>82,111,243</u>	<u>8,357,965</u>	<u>(4,546,467)</u>	<u>85,922,741</u>
Total Net Utility Plant	<u>\$115,384,115</u>	<u>\$ 8,020,860</u>	<u>\$ (2,697,908)</u>	<u>\$120,707,067</u>

NOTE 3 – CASH DEPOSITS

Each division of the Board maintains funds necessary for its daily operation in its operating accounts. Funds in excess of this are deposited in interest bearing accounts with local financial institutions, when possible. The Board has authorized excess funds to be held in money market deposit accounts, sweep accounts, or certificates of deposit.

State statutes require that all deposits with financial institutions be collateralized by an amount equal to 105% of the face amount or the value of uninsured deposits. Under these statutes, the deposits must be either covered by state or federal depository insurance, by collateral held by the Board's agent in the Board's name or by the Federal Reserve Banks acting as third-party agents. These statutes also limit the types of investments in which the Board can invest funds. At June 30, 2024, the Board was fully collateralized.

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 4 – LONG-TERM LIABILITIES

Description of Long-term Obligations

Long-term liabilities are summarized as follows:

Series	Original Principal	Interest Rates	Final Maturity	Principal June 30,2024
Power Division				
Note payable – Series 2003	\$ 3,000,000	3.98%	05/25/32	\$ 1,425,000
Note payable – Series 2008	2,600,000	3.98%	05/25/37	1,572,000
Water Division				
Water revenue and tax bonds				
– Series 2009	1,414,000	3.25%	05/25/48	1,067,000
Note payable – Series 2013	2,000,000	3.18%	01/20/35	964,000
Note payable – Series 2014	2,550,000	1.69%	07/20/37	1,388,000
Sewer Division				
Note payable – Series 2003	17,500,000	3.98%	01/20/35	8,357,562
Note payable SRF base				
– Series 2009	2,370,000	2.39%	06/20/31	960,792
Note payable ARPA base				
– Series 2009	2,370,000	2.39%	06/20/31	192,160
Note payable – Series 2023	<u>1,738,000</u>	0.57%	10/25/42	<u>1,703,601</u>
Total debt payable from all funds	<u>\$ 35,542,000</u>			<u>\$ 17,631,000</u>

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 4 – LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES (Continued)

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

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

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

During 2016, the Board entered an agreement which was to provide approximately \$2,550,000 for water line and pump station upgrades. The agreement was entered into by the City of Athens, Tennessee and utilizes a State Revolving Fund Loan Program. Under the agreement, approximately \$501,500 of principal was forgiven. The debt service that must be paid under this agreement will be paid by the Board. If Board funds are not sufficient to service the debt, the City of Athens is required to establish ad valorem taxes to pay the debt.

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 4 – LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES (Continued)

Building Authority of the City of Clarksville, Tennessee, Pooled Loan Program, Series 2003 and During 2014, the Board entered an agreement which provided approximately \$2,000,000 for water treatment plant upgrades. The agreement was entered into by the City of Athens, Tennessee and utilized a State Revolving Fund Loan Program. Under the agreement, approximately \$400,000 of principal was forgiven. The debt service that must be paid under this agreement will be paid by the Board. If Board funds are not sufficient to service the debt, the City of Athens is required to establish ad valorem taxes to pay the debt.

During 2010, the Board entered an agreement which provided approximately \$4,740,000 for sewer collection system expansion and sewer line rehabilitation. The agreement was entered into by the City of Athens, Tennessee and utilized State Revolving Fund loans and American Recovery and Reinvestment Act funding. Under the agreement, approximately \$1,896,000 of principal was forgiven. The debt service that must be paid under this agreement will be paid by the Board. If Board funds are not sufficient to service the debt, the City of Athens is required to establish ad valorem taxes to pay the debt.

During 2010, the Board entered a \$1,414,000 loan agreement whereby the City of Athens issued Water Revenue and Tax Bond, Series 2009 for water system construction, improvement, and extension. The Bond was registered to USDA Rural Development and is payable from revenues to be derived from operation of the water system. If Board funds are not sufficient to service the debt, the City of Athens is required to establish ad valorem taxes to pay the debt. The Board has agreed to pay all debt service due under this agreement over a thirty-eight-year amortization period.

The Board entered a \$20,500,000 loan agreement, Series 2003, which was used to construct, repair, improve, extend, and equip the electrical distribution system and the sewer system. The note payable is between the City of Athens, Tennessee and the Public Building Authority of the City of Clarksville, Tennessee (PBA); however, the debt service will be paid by the Board over a twenty-nine-year amortization period. If Board funds are not sufficient to service the debt, the City of Athens is required to establish ad valorem taxes to pay the note. The debt issue requires monthly interest at a variable rate with the rate at June 30, 2024, set at 3.10 %.

During 2008, the Board entered a \$2,600,000 loan agreement, Series 2008, which was utilized to upgrade the North Athens electrical substation. The note payable is between the City of Athens, Tennessee and the Public Building Authority of the City of Clarksville, Tennessee (PBA); however, the debt service will be paid by the Board over a 29-year amortization period. If Board funds are not sufficient to service the debt, the City of Athens is required to establish ad valorem taxes to pay the note. The debt issue requires monthly interest at a variable rate with the rate at June 30, 2023, set at 3.12 %.

The notes payable to the Public Series 2008, carry an adjustable interest rate that is determined based on the market rate of tax-exempt variable interest. The Series 2003 and Series 2008 rates are adjusted daily and were 3.10 and 3.12 %, respectively, at June 30, 2024.

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 4 – LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES (Continued)

The Power Division and the Department of Sewer revenue bonds are payable from and are secured by a pledge of the revenues derived from the operation of the respective systems. The revenue bonds are collateralized by statutory liens on the respective systems.

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

NOTE 5 – RETIREMENT PLANS

Defined Benefit Plan

Summary of Significant Accounting Policies

Method used to value investments – Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. All investments of the Plan utilized Level 1 inputs of the fair value measurement hierarchy to measure fair value.

Plan Description

Plan administration – Athens Utilities Board Employees' Pension Plan (the Plan) is a single employer defined benefit pension plan that provides pensions to employees who have met, and continue to meet, the eligibility requirements for participation in the Plan. The Plan is frozen to anyone hired after June 30, 2010. The Board of Directors has the authority under the Plan to establish contribution rates, change benefit terms, or amend the Plan. A five-member committee is charged with the general administration of the Plan and carrying out the provisions of the Plan. The Committee works in conjunction with the Plan's Trustee, Truist Bank. Four committee members are appointed by the Board of Directors while the fifth committee member is appointed by the Committee Chairman.

Plan membership – Pension plan membership as of June 30, 2023, the valuation date, consisted of the following:

Inactive plan participants:	
Retirees and beneficiaries currently receiving benefits	20
Inactive Plan participants entitled to deferred benefits	11
Active vested Plan participants as of July 1	<u>47</u>
Total	<u>78</u>

The Plan does not issue a stand-alone financial report. The Plan is frozen and no new participants may enter, if hired after June 30, 2010. Individuals hired after June 30, 2010, are eligible to participate in the Athens Utilities Board Defined Contribution Plan, discussed later.

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 5 – RETIREMENT PLANS (Continued)

Plan Description (Continued)

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

Eligibility and Benefits

Requirements	Minimum months of service: 12 Minimum age: 25
Entry Dates	1/1 or 7/1 following fulfillment of requirements. The Plan is frozen to anyone hired after 6/30/10.
Normal Retirement Date	First day of the month coinciding with or next following attainment of age 65.

Normal Retirement Benefit

Benefit Formula	2% of average monthly compensation multiplied by credited service not in excess of 30 years. The minimum monthly benefit is the greater of (1) \$20 and (2) the accrued benefit determined as of June 30, 1990.
Average Compensation	Average monthly compensation is determined using the highest 36 consecutive months of a participant's employment.
Credited Service	For periods prior to 7/1/1976, years and completed months of full-time employment since hire. For periods after 6/30/1976, a plan year with 1,000 hours of employment, limited to 42 years.
Normal Form of Benefit	Single life annuity with 120 payments guaranteed.
Actuarial Equivalence	<p>A participant may elect to receive his benefit in another form of benefit, which is actuarially equivalent to his normal form. Actuarial equivalence is determined using the 1983 GAM for males table, with an interest rate of 5.5%.</p> <p>For the calculation of lump sums, the participant will receive the larger of the amount determined using:</p> <ul style="list-style-type: none">- 1983 GAM for males and 5.5%, or- GATT mortality and the GATT interest rate in effect for the month which is two months preceding the start of the plan year during which the lump sum is paid.

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 5 – RETIREMENT PLANS (Continued)

Plan Description (Continued)

Optional Forms of Benefit	The following optional forms are available: life annuity, joint & survivor annuity (50, 75 or 100%), 5-year certain & life annuity, 15-year certain & life annuity. A lump sum is available to a vested participant who terminates employment, provided that he was hired prior to February 1, 2008. Regardless of a participant's hire date, lump sums less than \$5,000 are mandatory and will be paid out immediately in lieu of all future benefits.
Accrued Benefit	<p>Normal retirement benefit assuming service to NRD multiplied by the number of years of credited service at termination divided by credited service projected to NRD.</p> <p>For the benefit formula effective January 1, 2000, the accrued benefit is based on service and pay to date.</p>
Early Retirement Benefit	<p>Minimum Age: 55</p> <p>Minimum Service: 15 Years</p> <p>Benefit Amount: 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.</p> <p>Effective July 1, 2005, participants age 60 whose age plus Credited Service equals 90 are eligible for an immediate unreduced benefit.</p>
Accumulated Sick Leave Balance	<p>Upon qualifying for an unreduced early retirement benefit, a balance will be established for a participant based on his accumulated unused sick leave (minimum 500 hours needed to create balance) where no more than 1,500 hours of accumulated leave will be taken into account. The balance will be equal to the number of unused hours minus 500, multiplied by the average hourly rate of pay for his final 3 years of credited service prior to retirement.</p> <p>The account balance may be used to pay medical premiums (individual or family) from the date of retirement until the later of when the participant becomes eligible for Medicare or age 65. After this point, if a younger spouse is still eligible for medical benefits, any remaining account balance may be used for the spouse's premium.</p>

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 5 – RETIREMENT PLANS (Continued)

Plan Description (Continued)

Delayed Retirement	A participant who remains in employment past NRD will receive the greater of: (1) the benefit accrued at actual retirement, or (2) the actuarial equivalent of the accrued benefit at NRD.
Pre-Retirement Death Benefit	<p>Effective February 1, 2014:</p> <p>Minimum Age: 45</p> <p>Minimum Service: 5 Years</p> <p>Prior to February 1, 2008:</p> <p>Minimum Age: 55</p> <p>Minimum Service: 15 Years</p> <p>Effective January 1, 2000, the beneficiary of a vested active participant who dies will be entitled to a survivor's benefit. It will be assumed that the participant terminated service on the date of his death, survived to his earliest retirement age, and retired with a 100% Joint & Survivor annuity. Effective February 1, 2008, the payment form was changed to a 100% Joint & Survivor Annuity with 120 guaranteed payments.</p>
Disability Benefit	At the discretion of the employer, a disabled participant may receive a monthly benefit equal to his accrued benefit, payable at NRD. The participant may commence benefits earlier, with appropriate reductions.
Vested Termination Benefit	<p>Effective July 1, 2005, a participant becomes 100% vested after 5 years of service.</p> <p>Prior to July 1, 2005, upon termination after 5 or more years of service, a participant shall be vested in his accrued benefit according to the following schedule:</p>

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 5 – RETIREMENT PLANS (Continued)

Plan Description (Continued)

Years of Credited Service for Vesting	Vesting Percentage	Years of Credited Service for Vesting	Vesting Percentage
Less than 5	0%	10	50%
5	25%	11	60%
6	30%	12	70%
7	35%	13	80%
8	40%	14	90%
9	45%	15 or more	100%

A participant shall become 100% vested upon attainment of normal retirement age or upon becoming disabled.

Contribution Required

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 funding 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 five years, providing that the actuarial value of assets shall not be greater than 120% of market value, nor less than 80% 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 thirty years beginning January 1, 2014. The amortization period for experience gains and losses shall be ten years from the date of the actuarial valuation.

Investments

Investment Policy – The Board approved an investment policy with the objective to produce growth of assets in accordance with long-term plan objectives and income to assist in meeting current plan distribution requirements. The Plan trustee, Truist Bank, is responsible for implementing the investment policy. The Board reviews the appropriateness and performance of the policy and investments annually.

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 5 – RETIREMENT PLANS (Continued)

Investments (Continued)

The following as the Plan's adopted asset allocation as of June 30, 2023:

Asset Class	Target Allocation
Equity	46%
Fixed income	50
Alternatives	3
Cash equivalents	<u>1</u>
Total	<u>100%</u>

Rate of return - For the years ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.66 percent and -14.15 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Concentrations – The Plan held investments of \$507,062 in the Touchstone Mid-Cap Value Fund, \$1,213,694 in the Vanguard S&P 500 Exchange Traded Fund, and \$1,243,635 in the Sterling Capital Quality Income Fund. Each represented more than 5 percent of the Plan's fiduciary net position at June 30, 2023.

Net Pension Liability of the Board

The components of the net pension liability at June 30, 2023, were as follows:

Total pension liability	\$18,003,453
Plan fiduciary net position	<u>9,457,860</u>
Board net pension liability	<u>\$ 8,545,593</u>
Plan fiduciary net position as a percentage of the total pension liability	52.53%
Covered-employee payroll	\$ 4,128,319
Net pension liability as a percentage of covered-employee payroll	207.00%

The Plan's fiduciary net position is reported in the Pension Trust Fund as of June 30, 2023. The Board's net pension liability is reported in the enterprise funds as of the measurement date of June 30, 2023, as permitted under the GASB standards.

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 5 – RETIREMENT PLANS (Continued)

Actuarial Assumptions and Methods for Calculation of the Net Pension Liability

An experience study was completed August 22, 2019. Assumptions for mortality rates and investment return were modified for the 2020 GASB report to reflect this study's recommendations. Additionally, the mortality rates were modified for the 2021 GASB report to PRI-2012 Total Dataset Amount-Weighted Mortality with MP-2020. For 2023, there was no recommended change to the mortality rates, retirement rates, salary scale, termination rates, and disability rates; therefore, these 2023 assumptions are the same as those used in the 2022 GASB report and are described below.

Measurement Date	June 30, 2023 – Plan.
Valuation Date	July 1, 2023 – Plan.
Mortality	PRI-2012 Total Dataset Amount-Weighted Mortality with MP-2020
Discount Rate	6.75% per annum
Inflation	2.47% per annum
Salary Projection	3.00% per annum
Cost of Living Increase	N/A

Net Pension Liability of the Board

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

Asset Class	Long-Term Expected Real Rate of Return
Equity	6.63%
Fixed income	2.38
Alternatives	3.97
Cash equivalents	0.74

The assumed inflation rate is 2.47% per annum.

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 5 – RETIREMENT PLANS (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumes that the Plan contributions will be made according to their established funding policy to contribute the actuarially determined contribution. Based on those assumptions, the 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 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 above.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	1% Decrease (5.75)%	Current Discount Rate (6.75%)	1% Increase (7.75%)
Athens Utilities Board's Net Pension Liability – June 30, 2023	\$ 11,130,392	\$ 8,545,593	\$ 6,371,047

Additional Defined Benefit Plan disclosures for the Athens Utilities Board

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:

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 5 – RETIREMENT PLANS (Continued)

Additional Board disclosures are made as of the measurement date, June 30, 2022, elected by the Board under GASB No. 68.

The changes in the Board's net pension liability are as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c)
Balances at July 1, 2021	<u>\$16,819,208</u>	<u>\$11,899,814</u>	<u>\$ 4,919,394</u>
Changes for the year:			
Service cost	327,169	-	327,169
Interest	1,075,617	-	1,075,617
Difference between expected and actual experience	1,448,164	-	1,448,164
Contributions – employer	-	1,000,000	(1,000,000)
Net investment income	-	(1,660,556)	1,660,556
Benefit payments, including refunds of employee contributions	(2,462,826)	(2,462,826)	-
Administrative expense	-	(41,151)	41,151
Net changes	<u>388,124</u>	<u>(3,164,533)</u>	<u>3,552,657</u>
Balances at June 30, 2022	<u>\$17,207,332</u>	<u>\$ 8,735,281</u>	<u>\$ 8,472,051</u>

The Board recognized pension expense of \$1,821,043 for 2023. The Board made contributions to the Defined Benefit Plan of \$1,215,000 subsequent to the measurement date of June 30, 2022. These contributions are reported as deferred outflows in the financial statements. The pension expense and the deferred outflows resulting from the subsequent contributions were as follows:

	Power Division	Water Division	Gas Division	Department of Sewer	Total
Pension expense	\$ 931,327	\$ 333,107	\$ 187,451	\$ 369,158	\$ 1,821,043
Subsequent contributions	621,381	222,249	125,068	246,302	1,215,000

For the measurement period ended June 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 5 – RETIREMENT PLANS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,452,778	\$ -
Changes of assumptions	866,566	267,408
Net difference between projected and actual earnings on pension plan investments	1,201,025	-
Contributions subsequent to measurement date of June 30, 2022	<u>1,215,000</u>	<u>-</u>
Total	<u>\$ 5,735,369</u>	<u>\$ 267,408</u>

Deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the measurement period ended June 30, 2023, and the Board's June 30, 2024, financial statements.

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

Year ended June 30:

2023	\$ 1,086,408
2024	994,668
2025	857,428
2026	998,161
2027	274,119
Thereafter	42,177

Defined Contribution Plan

Plan description

The Board established a Money Purchase Plan and Trust, The AUB Defined Contribution Plan, on July 1, 2010. Full-time employees hired on or after July 1, 2010, are eligible to participate after six months of service. Participants are required to make a pretax contribution of 3 percent of their regular earnings, which is matched by the Board. Participants may make an additional after-tax contribution of up to 4 percent of their regular earnings, which the Board also matches. The after-tax contribution percentage can be adjusted annually by the Board. Participants' interest in the contributions of the Board vest at 100 percent upon 5 years of completed service. The Plan is established with ICMA Retirement Corporation as the Plan Administrator. The Board made Plan contributions of \$233,585 during 2024.

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 6 – COMMITMENTS

Commitment to purchase power

The Power Division has committed to purchase power exclusively from the Tennessee Valley Authority. The current power contract renews annually and is subject to a 5-year notice of cancellation by either party.

Commitment to purchase water

The Board has a commitment to purchase water under a contract with a utility district. The contract establishes a minimum monthly payment and allows purchases up to 2,300,000 gallons per day to be made. The Board paid \$743,258 during 2024 for water purchased.

Commitment to sell water

The Board has a commitment to sell water under a contract with a utility district. The contract establishes a minimum monthly payment and allows purchases up to 800,000 gallons per day to be made. The Board received \$543,511 during 2024 for water sold under this contract.

NOTE 7 – MAJOR CUSTOMERS

The following divisions had sales to individual customers exceeding 10 percent of their total operating revenue:

	Number of Customers	Sales	% of Operating Revenue
Power	1	\$ 9,445,492	17%
Sewer	1	3,207,149	43

NOTE 8 – CAPITAL CONTRIBUTIONS

The Board receives capital contributions from certain governmental agencies to be used for purposes connected with the construction of various projects in each division. Capital contributions are reported as revenue rather than contributed capital as required by GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions." The following is a division by division summary for divisions with major capital contributions of current year capital contributions and the connected projects.

The Power Division recognized capital contributions of \$136,949 related to installation and relocation of poles and 3-phase service to make ready. The Power Division also recognized \$139,351 of capital contributions for installation of fiber infrastructure to various McMinn County facilities.

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 8 – CAPITAL CONTRIBUTIONS (Continued)

The Water Division recognized capital contributions of \$39,475 associated with reimbursement of costs on an installed fire hydrant.

The Department of Sewer recognized \$1,316,613 of capital contributions relating to sewer system improvements on the Cedar Springs Pump Station project.

NOTE 9 – SELF-INSURANCE

The Board is partially self-insured for employee health and life insurance benefits. The benefits are funded through a separately administered health plan, the Athens Utilities Board Employee Health Plan (the Health Plan). The Athens Utilities Board has appointed a Board of Trustees to act as the trustee and administrator of the Health Plan. The Health Plan has purchased stop-loss health insurance to cover individual health claims in excess of \$80,000 and has purchased group life insurance of approximately \$12,000 per participant and \$2,000 per dependent.

Employer contributions were \$677,228 for the Health Plan during 2024. Employer contributions to the Health Plan are based on amounts estimated by the plan supervisor to be adequate to cover current year benefit claims, administrative fees, insurance, and other expenses. Assets held by the Health Plan are considered to be sufficient to cover all claims incurred; therefore, no additional amounts were recorded in the financial statements of the divisions.

NOTE 10 – DEFERRED COMPENSATION

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation balance is not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 11 – RISK MANAGEMENT AND CONTINGENCIES

The Board is exposed to various risks of loss to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Board carries commercial insurance. For insured programs, there have been no significant reductions in insurance coverage and settlement amounts, if any, have not exceeded insurance coverage in the current year or the past three years.

The Board has received 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.

**REQUIRED
SUPPLEMENTARY INFORMATION**

ATHENS UTILITIES BOARD

EMPLOYEE RETIREMENT PLAN SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS LAST TEN YEARS

JUNE 30, 2024

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY										
Service cost	\$ 314,989	\$ 327,169	\$ 347,492	\$ 306,968	\$ 301,140	\$ 324,067	\$ 320,831	\$ 310,107	\$ 285,320	\$ 281,324
Interest	1,142,090	1,075,617	1,093,994	1,040,823	989,624	928,295	912,387	871,483	782,127	865,736
Differences between expected and actual experience	563,968	1,448,164	957,928	13,890	225,544	815,486	594,417	328,117	337,836	157,426
Changes of assumptions	-	-	(387,590)	1,522,330	-	-	-	-	523,220	(745,055)
Benefit payments, including refunds of employee contributions	(1,224,926)	(2,462,826)	(2,071,076)	(1,116,079)	(476,184)	(1,838,365)	(1,376,676)	(510,163)	(837,872)	(510,680)
Net change in total pension liability	796,121	388,124	(59,252)	1,767,932	1,040,124	229,483	450,959	999,544	1,090,631	48,751
Total pension liability-beginning	17,207,332	16,819,208	16,878,460	15,110,528	14,070,404	13,840,921	13,389,962	12,390,418	11,299,787	11,251,036
Total pension liability-ending (a)	<u>\$ 18,003,453</u>	<u>\$ 17,207,332</u>	<u>\$ 16,819,208</u>	<u>\$ 16,878,460</u>	<u>\$ 15,110,528</u>	<u>\$ 14,070,404</u>	<u>\$ 13,840,921</u>	<u>\$ 13,389,962</u>	<u>\$ 12,390,418</u>	<u>\$ 11,299,787</u>
PLAN FIDUCIARY NET POSITION										
Contributions - employer	\$ 1,215,000	\$ 1,000,000	\$ 1,000,000	\$ 800,000	\$ 800,000	\$ 794,813	\$ 794,813	\$ 1,034,813	\$ 1,034,813	\$ 1,034,813
Net investment income	764,382	(1,660,556)	2,101,908	499,253	618,778	636,018	916,709	56,288	107,156	988,753
Benefit payments, including refunds of employee contributions	(1,224,926)	(2,462,826)	(2,071,076)	(1,116,079)	(476,184)	(1,838,365)	(1,376,676)	(510,163)	(837,872)	(510,680)
Administrative expense	(31,877)	(41,151)	(25,045)	(19,394)	(10,736)	(1,176)	(12,241)	(1,238)	(1,095)	(822)
Other	-	-	-	-	-	-	-	-	-	(886)
Net change in plan fiduciary net position	722,579	(3,164,533)	1,005,787	163,780	931,858	(408,710)	322,605	579,700	303,002	1,511,178
Plan fiduciary net position-beginning	8,735,281	11,899,814	10,894,027	10,730,247	9,798,389	10,207,099	9,884,494	9,304,794	9,001,792	7,490,674
Plan fiduciary net position-ending (b)	<u>\$ 9,457,860</u>	<u>\$ 8,735,281</u>	<u>\$ 11,899,814</u>	<u>\$ 10,894,027</u>	<u>\$ 10,730,247</u>	<u>\$ 9,798,389</u>	<u>\$ 10,207,099</u>	<u>\$ 9,884,494</u>	<u>\$ 9,304,794</u>	<u>\$ 9,001,852</u>
Net pension liability-ending (a) - (b)	<u>\$ 8,545,593</u>	<u>\$ 8,472,051</u>	<u>\$ 4,919,394</u>	<u>\$ 5,984,433</u>	<u>\$ 4,380,281</u>	<u>\$ 4,272,015</u>	<u>\$ 3,633,822</u>	<u>\$ 3,505,468</u>	<u>\$ 3,085,624</u>	<u>\$ 2,297,935</u>
Plan fiduciary net position as a percentage of the total pension liability	52.53%	50.76%	70.75%	64.54%	71.01%	69.64%	73.75%	73.82%	75.10%	79.66%
Covered-employee payroll	\$ 4,128,319	\$ 4,160,884	\$ 4,335,446	\$ 4,424,698	\$ 4,386,649	\$ 4,604,594	\$ 4,557,706	\$ 4,625,267	\$ 4,625,467	\$ 4,796,970
Net pensions liability as a percentage of covered-employee payroll	207.00%	203.61%	113.47%	135.25%	99.85%	92.78%	79.73%	75.79%	66.71%	47.90%

ATHENS UTILITIES BOARD

EMPLOYEE RETIREMENT PLAN SCHEDULE OF PLAN CONTRIBUTIONS LAST TEN YEARS

JUNE 30, 2024

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,214,915	\$ 993,985	\$ 953,215	\$ 779,052	\$ 722,728	\$ 637,760	\$ 566,373	\$ 546,139	\$ 513,298	\$ 794,813
Contributions in relation to the actuarially determined contribution	<u>1,215,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>800,000</u>	<u>800,000</u>	<u>794,813</u>	<u>794,813</u>	<u>1,034,813</u>	<u>1,034,813</u>	<u>1,034,813</u>
Contribution deficiency (excess)	<u>\$ (85)</u>	<u>\$ (6,015)</u>	<u>\$ (46,785)</u>	<u>\$ (20,948)</u>	<u>\$ (77,272)</u>	<u>\$ (157,053)</u>	<u>\$ (228,440)</u>	<u>\$ (488,674)</u>	<u>\$ (521,515)</u>	<u>\$ (240,000)</u>
Covered-employee payroll	\$ 4,128,319	\$ 4,160,884	\$ 4,335,446	\$ 4,424,698	\$ 4,386,649	\$ 4,604,594	\$ 4,557,706	\$ 4,625,267	\$ 4,625,467	\$ 4,796,970
Contributions as a percentage of covered-employee payroll	29.43%	24.03%	23.07%	18.08%	18.24%	17.26%	17.44%	22.37%	22.37%	21.57%

NOTES TO SCHEDULE

The actuarially determined contributions shown above is calculated using the following assumptions:

Actuarial 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:	22 years
Asset valuation method:	Fair market value
Salary increases:	3.00%
Investment rate of return:	6.75%
Retirement age:	Age 63 for those who satisfy Rule of 90, 100% at age 65
Mortality:	PRI-2012 Total Dataset Amount-Weighted Mortality with MP-2020
Disabled Mortality:	PRI-2012 Total Dataset Amount-Weighted Mortality with MP-2020

ATHENS UTILITIES BOARD

EMPLOYEE RETIREMENT PLAN SCHEDULE OF INVESTMENT RETURNS LAST TEN YEARS

JUNE 30, 2024

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of invesment expense	8.66%	-14.15%	18.79%	4.50%	6.34%	6.28%	7.41%	0.57%	0.91%	12.34%

ATHENS UTILITIES BOARD

PENSION TRUST FUND SCHEDULE OF INVESTMENTS

JUNE 30, 2024

	Interest Rate	Maturity Date	Cost	FMV
Uninvested Cash	-	-	\$ 223	\$ 223
Abbott Labs	-	-	8,403	8,105
Abbvie Inc	-	-	16,544	19,039
Accenture Plc Cl A	-	-	3,864	3,641
Adyen Nv Un-sponsored	-	-	7,772	6,232
Aena Sme Sa Un-sponsored	-	-	4,171	5,404
Aflac Inc	-	-	14,773	16,790
Aia Group Ltd Sponsored	-	-	8,997	6,406
Akzo Nobel Nv Sponsored	-	-	10,660	9,173
Alcon Inc	-	-	6,473	7,928
Alfa Laval Ab Un-sponsored	-	-	5,802	8,124
Alibaba Group Holding Ltd Sponsored	-	-	7,518	5,040
Allianz Se Un-sponsored	-	-	16,078	19,820
Alphabet Inc Cl A	-	-	16,569	29,326
Alphabet Inc Cl C	-	-	11,726	25,862
Alstom Sa Un-sponsored	-	-	12,128	11,646
Altria Group Inc	-	-	16,049	15,943
Amadeus It Group Sa Un-sponsored	-	-	3,229	3,743
Amazon.Com Inc	-	-	30,846	48,119
Ameriprise Financial Inc	-	-	15,476	20,932
Analog Devices Inc	-	-	16,679	23,283
Anheuser Busch Inbev Sponsored	-	-	6,534	6,862
Arcelormittal Sa Sponsored	-	-	2,110	2,041
Assa Abloy Un-sponsored	-	-	4,374	4,984
Astrazeneca Plc Sponsored	-	-	7,581	8,813
Atlas Copco Ab Sponsored	-	-	4,845	8,020
Autodesk Inc	-	-	18,528	21,776
Automatic Data Processing Inc	-	-	17,657	18,618
Avery Dennison Corp	-	-	19,172	22,302
Axa Sponsored	-	-	3,853	4,890
Banco Bilbao Vizcaya Sponsored	-	-	9,020	12,548
Banco Bradesco Sponsored	-	-	1,290	1,062
Barclays Plc Sponsored	-	-	10,255	13,773
Bhp Group Ltd Sponsored	-	-	9,407	8,564
Biontech Se Sponsored	-	-	5,643	4,339
Block Inc Cl A	-	-	6,481	6,642
Bnp Paribas Sponsored	-	-	3,556	3,889
Boeing Co	-	-	41,064	42,954

(Continued)

ATHENS UTILITIES BOARD

PENSION TRUST FUND SCHEDULE OF INVESTMENTS

JUNE 30, 2024

	Interest Rate	Maturity Date	Cost	FMV
(Continued)				
Booz Allen Hamilton Holding Cl A	-	-	\$ 11,574	\$ 15,698
Bp Plc Sponsored	-	-	11,465	11,588
British Amern Tob Plc Sponsored	-	-	6,068	5,289
Canadian National Railway Co	-	-	5,500	5,434
Canadian Pacific Kansas City Ltd	-	-	6,442	6,298
Carrefour Sa Sponsored	-	-	4,063	3,022
Charles Schwab Corp	-	-	16,697	21,149
Chugai Pharmaceutical Co Un-sponsored	-	-	11,536	12,865
Coloplast A/S Sponsored	-	-	4,896	4,856
Compagnie De St Gobain Un-sponsored	-	-	7,409	6,791
Compass Group Plc Sponsored	-	-	2,671	3,104
CubsmartReal Estate Investment Trust	-	-	12,305	12,693
Daifuku Co Ltd Un-sponsored	-	-	5,838	5,493
Danone Sponsored	-	-	5,505	6,032
Dassault Sys S A Sponsored	-	-	9,211	8,578
Dbs Group Hldgs Ltd Sponsored	-	-	13,933	17,772
Deere & Co	-	-	3,615	4,110
Deutsche Telekom Ag Sponsored	-	-	7,998	9,698
Diageo Plc Sponsored	-	-	10,122	8,069
Disney Walt Co New	-	-	27,388	22,340
Elevance Health Inc	-	-	23,593	24,926
Enel Spa Un-sponsored	-	-	8,593	9,935
Epiroc Aktiebolag Un-sponsored	-	-	5,184	5,865
Expeditors Intl Wash Inc	-	-	6,168	10,857
Factset Research System Inc	-	-	6,421	9,390
Fanuc Corp Un-sponsored	-	-	9,526	8,588
Ferguson Plc	-	-	14,872	20,721
Fujitsu Ltd Un-sponsored	-	-	5,597	5,746
Genmab A/S Sponsored	-	-	7,435	5,051
Goldman Sachs Group Inc	-	-	15,039	19,450
Grail Inc	-	-	509	161
Gsk Plc Sponsored	-	-	7,004	7,046
Haier Smart Home Co Ltd Un-sponsored	-	-	4,628	4,646
Haleon Plc Sponsored	-	-	11,834	11,382
Hdfc Bank Ltd Sponsored	-	-	2,976	3,281
Heineken Nv Spons Adr	-	-	1,887	1,933
Home Depot Inc	-	-	14,101	15,835

(Continued)

ATHENS UTILITIES BOARD

PENSION TRUST FUND SCHEDULE OF INVESTMENTS

JUNE 30, 2024

	Interest Rate	Maturity Date	Cost	FMV
(Continued)				
Iberdrola Sa Sponsored	-	-	\$ 2,795	\$ 3,192
Illumina Inc	-	-	17,420	6,576
Infineon Technologies Ag Sponsored	-	-	16,783	18,125
Ing Groep Nv Sponsored	-	-	3,578	5,571
Intuitive Surgical Inc	-	-	6,322	11,566
Ishares Core Msci Emerging Markets ETF	-	-	79,759	95,712
Ishares Core Msci Intl Developed Mkts ETF	-	-	194,109	242,146
Johnson & Johnson	-	-	9,415	8,477
Julius Baer Group Ltd Un-sponsored	-	-	2,411	2,433
Kering Sa Un-sponsored	-	-	12,221	10,340
Kingfisher Plc Sponsored	-	-	3,072	3,168
Komatsu Ltd Sponsored	-	-	8,148	9,328
Koninklijke Philips Nv Sponsored	-	-	5,145	7,610
L'Air Liquide Sa Un-sponsored	-	-	10,185	12,269
L'Oreal Co Un-sponsored	-	-	14,507	15,370
Legal & Gen Group Plc Sponsored	-	-	3,816	3,762
Linde Plc	-	-	7,185	8,337
Lukoil Pjsc Sponsored	-	-	8,231	177
Manulife Financial Corp	-	-	13,490	18,714
Marsh & McLennan Cos Inc	-	-	11,223	12,011
Merck & Co Inc	-	-	6,236	7,057
Meta Platforms Inc Cl A	-	-	20,406	60,506
Metlife Inc	-	-	11,370	11,511
Microchip Technology Inc	-	-	18,224	19,673
Microsoft Corp	-	-	38,539	71,959
Monster Beverage Corp	-	-	13,948	18,382
Murata Mfg Co Ltd Un-sponsored	-	-	5,974	6,628
Nasdaq Inc	-	-	17,414	18,741
Natwest Group Plc Sponsored	-	-	2,285	3,180
Nestle Sa Sponsored	-	-	12,898	11,782
Netflix Inc	-	-	14,316	42,517
Nike Inc-Class B	-	-	8,961	7,160
Novartis Ag Sponsored	-	-	10,928	14,585
Novo Nordisk As Sponsored	-	-	7,690	19,270
Novonosis (Novozymes) B Un-sponsored	-	-	3,545	3,786
Nvidia Corp	-	-	19,333	77,830
Oracle Corporation	-	-	19,963	37,700

(Continued)

ATHENS UTILITIES BOARD

PENSION TRUST FUND SCHEDULE OF INVESTMENTS

JUNE 30, 2024

	Interest Rate	Maturity Date	Cost	FMV
(Continued)				
Paypal Holdings Inc	-	-	\$ 6,909	\$ 5,513
Pepsico Inc	-	-	20,279	19,297
Prudential Plc Sponsored	-	-	11,710	9,820
Qualcomm Inc	-	-	11,196	16,731
Raymond James Financial Inc	-	-	17,025	18,294
Reckitt Benckiser Group Sponsored	-	-	12,425	9,737
Regeneron Pharmaceuticals Inc	-	-	7,604	17,868
Relx Plc Sponsored	-	-	4,017	6,286
Renesas Electronics Corp Un-sponsored	-	-	8,743	9,320
Rio Tinto Plc Sponsored	-	-	6,859	7,450
Roche Holding Ltd Sponsored	-	-	31,133	27,736
Rolls-Royce Holdings Plc Sponsored	-	-	5,702	19,178
Rwe Aktiengesellschaft Sponsored	-	-	5,215	4,583
Ryanair Holdings Plc Sponsored	-	-	2,122	2,678
Salesforce Inc	-	-	18,911	23,396
Sanofi Sponsored	-	-	6,132	5,919
Sap Se Sponsored	-	-	16,616	26,222
Schneider Electric Un-sponsored	-	-	8,460	12,661
Sei Investments Company	-	-	6,987	8,345
Seven & I Holdings Un-sponsored	-	-	5,626	5,106
Shell Plc Sponsored	-	-	22,253	25,480
Shimano Inc Un-sponsored	-	-	3,422	3,589
Shionogi & Co Ltd Un-sponsored	-	-	6,364	4,894
Shopify Inc Cl A	-	-	12,098	14,267
Sonova Holding Ag Un-sponsored	-	-	4,468	4,997
Sony Group Corp Sponsored	-	-	10,899	10,364
Standard Chartered Un-sponsored	-	-	2,490	2,390
Starbucks Corp	-	-	12,891	11,755
Symrise Ag Un-sponsored	-	-	5,340	6,285
Sysmex Corp Un-sponsored	-	-	4,706	3,473
Taiwan Semiconductor Manu Co Ltd Sponsored	-	-	8,099	13,036
Takeda Pharmaceutical Sponsored	-	-	5,346	4,374
Telekomunikasi Indonesia Sponsored	-	-	1,481	1,010
Tencent Hldgs Ltd Un-sponsored	-	-	4,690	5,352
Tesla Inc	-	-	45,288	48,678
The Hershey Company	-	-	22,401	21,140
Thermo Fisher Scientific Inc	-	-	11,093	11,060

(Continued)

ATHENS UTILITIES BOARD

PENSION TRUST FUND SCHEDULE OF INVESTMENTS

JUNE 30, 2024

	Interest Rate	Maturity Date	Cost	FMV
(Continued)				
Unicharm Corporation Sponsored	-	-	\$ 5,796	\$ 5,402
Unicredit Spa Un-sponsored	-	-	2,019	8,210
United Overseas Bank-Sponsored	-	-	3,687	3,952
United Parcel Service Cl B	-	-	4,574	3,832
Unitedhealth Group Inc	-	-	20,435	20,370
Valero Energy Corp	-	-	7,515	7,995
Vanguard S&P 500 Etf	-	-	954,391	1,338,848
Vanguard Short-Term Government Bond Etf	-	-	179,975	178,841
Vertex Pharmaceuticals Inc	-	-	11,938	21,561
Visa Inc Cl A	-	-	28,950	39,371
Workday Inc-Class A	-	-	4,981	6,483
Yandex Nv Shs Cl A	-	-	2,611	0
Yum China Holdings Inc	-	-	3,006	2,251
Yum! Brands Inc	-	-	5,159	7,550
Allspring Special International	-	-	163,400	183,569
Federated Hermes	-	-	35,846	40,545
Hotchkis & Wiley	-	-	150,150	154,942
Pimco Real Return	-	-	52,232	51,929
Principal Origin Emerging Markets Fd Cl R6	-	-	144,261	145,697
Touchstone Mid Cap Growth FdCl R6	-	-	259,201	303,060
Touchstone Mid Cap Value FdCl Instl	-	-	428,765	451,944
Victory Sophus Emerging Markets FdCl R6	-	-	142,006	143,226
Truist Bk Trust	-	-	198,831	198,831
Abbvie Inc	4.88%	11/14/48	38,961	38,585
Air Lease Corp	2.88%	11/15/32	56,254	49,359
American Electric Power	3.20%	11/13/27	51,099	47,753
Bank Of America Corp	-	10/24/51	24,755	24,640
Berkshire Hathaway Fin	4.30%	05/15/43	32,139	22,736
Carlisle Cos Inc	3.50%	12/01/24	50,124	49,509
Citigroup Inc	-	07/24/28	59,292	52,428
Comcast Corp	1.95%	01/15/31	58,548	49,553
Corebridge Financial Inc	5.75%	01/15/34	49,904	50,332
Cvs Health Corp	2.70%	08/21/40	65,623	48,502
Discovery Communications	3.95%	03/20/28	27,598	24,299
Duke Energy Corp	2.55%	06/15/31	12,781	13,395
Entergy Louisiana Llc	2.90%	03/15/51	35,742	23,620

(Continued)

ATHENS UTILITIES BOARD

PENSION TRUST FUND SCHEDULE OF INVESTMENTS

JUNE 30, 2024

	Interest Rate	Maturity Date	Cost	FMV
(Continued)				
Fiserv Inc	4.40%	07/01/49	\$ 49,185	\$ 47,881
General Motors Finl Co	6.10%	01/07/34	48,001	48,519
Home Depot	3.30%	04/15/40	54,678	38,949
Jpmorgan Chase & Co	5.60%	07/15/41	73,831	55,941
Kimco Realty Corp	4.25%	04/01/45	50,150	38,298
Kinder Morgan Inc	4.30%	03/01/28	28,472	24,271
Kraft Heinz Foods Co	4.88%	10/01/49	24,495	24,405
Lowes Cos Inc	3.00%	10/15/50	23,921	23,762
Meta Platforms Inc	4.95%	05/15/33	47,142	48,240
Metlife Inc	4.88%	11/13/43	66,062	48,289
Morgan Stanley	4.00%	07/23/25	39,222	39,401
Nextera Energy Capital Hldgs Inc	5.05%	02/28/33	37,175	37,906
Nvidia Corp	2.85%	04/01/30	57,070	49,873
O'Reilly Automotive Inc	4.35%	06/01/28	48,231	48,638
Owl Rock Capital Corp	3.40%	07/15/26	49,071	45,228
Pfizer Inc	3.90%	03/15/39	32,640	24,792
Pnc Financial Services	2.60%	07/23/26	56,517	52,075
Public Service Electric Gas Co	2.70%	05/01/50	35,423	24,469
Regions Financial Corp	1.80%	08/12/28	46,064	49,235
Rtx Corporation	4.13%	11/16/28	46,409	48,130
Schlumberger Invt	2.65%	06/26/30	55,079	49,292
Schwab Charles Corp	5.88%	08/24/26	47,869	48,552
Sempra Energy	3.80%	02/01/38	32,531	24,510
Shell International Fin	2.38%	11/07/29	53,585	48,523
T-Mobile Usa Inc	4.38%	04/15/40	22,790	24,264
Trans-Canada Pipelines	6.20%	10/15/37	37,748	37,177
Wells Fargo & Company	-	04/24/34	53,342	54,371
Westpac Banking Corp	-	11/23/31	61,327	53,084
California State Dept	1.61%	12/01/32	49,496	50,235
Durham North Carolina	1.55%	10/01/31	60,430	48,612
Fort Lauderdale Florida	1.30%	01/01/27	55,619	50,368
Met Transprtn Auth New York	5.18%	11/15/49	6,590	4,510
Oregon State Edu Dists Full Faith	2.21%	06/30/33	55,255	60,585
Port Auth Of New York & New Jersey	2.60%	02/15/34	60,000	48,883
Prince Georges Cnty Maryland	1.19%	09/15/26	61,517	55,451
San Diego California Pub Facs Fing	2.13%	08/01/29	61,433	53,209
Virginia State Clg Bldg Auth Educ	1.74%	02/01/30	40,853	33,777

(Continued)

ATHENS UTILITIES BOARD

PENSION TRUST FUND SCHEDULE OF INVESTMENTS

JUNE 30, 2024

	Interest Rate	Maturity Date	Cost	FMV
(Continued)				
Virginia State Clg Bldg Auth Educ	1.74%	02/01/30	\$ 30,640	\$ 25,495
Virginia State Port Auth Cmwlt	1.41%	07/01/28	60,531	52,728
Sterling Capital Quality Income Fund	-	-	1,494,006	1,377,580
Truist Bk Trust Deposit Account-Ris	-	-	96,321	96,321
Federal Home Loan Mortgage Corp	5.00%	11/25/52	71,267	70,947
Federal Home Loan Mortgage Corp	4.89%	02/25/31	123,594	124,916
Federal National Mortgage Assn	5.50%	08/25/50	95,345	95,767
Federal National Mortgage Assn	0.88%	08/05/30	101,582	101,268
Federal National Mortgage Assn	2.63%	09/06/24	36,367	34,815
Government National Mortgage Assn	4.50%	08/20/40	75,988	76,447
United States Treasury Bonds	2.88%	05/15/43	95,648	85,422
United States Treasury Bonds	1.38%	08/15/50	88,786	85,464
United States Treasury Bonds	3.00%	11/15/45	109,219	96,788
United States Treasury Notes	2.00%	02/15/25	62,192	63,671
United States Treasury Notes	2.63%	02/15/29	68,990	64,892
United States Treasury Notes	2.38%	08/15/24	48,756	49,811
United States Treasury Notes	1.50%	08/15/26	162,582	154,404
United States Treasury Notes	4.13%	11/15/32	246,987	245,790
Total investments			<u>\$ 9,964,365</u>	<u>\$ 10,497,327</u>

ATHENS UTILITIES BOARD
SCHEDULE OF DEBT SERVICE REQUIREMENTS

JUNE 30, 2024

Power Division									
Fiscal Year Ending 6/30	Pooled Loan Program Series 2003			Pooled Loan Program Series 2008			Total Power Division		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 183,750	\$ 44,639	\$ 228,389	\$ 92,000	\$ 49,754	\$ 141,754	\$ 275,750	\$ 94,393	\$ 370,143
2026	183,750	38,861	222,611	96,000	46,842	142,842	279,750	85,703	365,453
2027	183,750	33,083	216,833	100,000	43,804	143,804	283,750	76,887	360,637
2028	183,750	27,305	211,055	105,000	40,639	145,639	288,750	67,944	356,694
2029	183,750	21,527	205,277	109,000	37,315	146,315	292,750	58,842	351,592
2030	183,750	15,750	199,500	114,000	33,865	147,865	297,750	49,615	347,365
2031	183,750	9,972	193,722	119,000	30,257	149,257	302,750	40,229	342,979
2032	138,761	4,194	142,955	125,000	26,491	151,491	263,761	30,685	294,446
2033	-	-	-	130,000	22,535	152,535	130,000	22,535	152,535
2034	-	-	-	136,000	18,420	154,420	136,000	18,420	154,420
2035	-	-	-	142,000	14,116	156,116	142,000	14,116	156,116
2036	-	-	-	149,000	9,622	158,622	149,000	9,622	158,622
2037	-	-	-	155,000	4,906	159,906	155,000	4,906	159,906
TOTAL	\$ 1,425,011	\$ 195,331	\$ 1,620,342	\$ 1,572,000	\$ 378,566	\$ 1,950,566	\$ 2,997,011	\$ 573,897	\$ 3,570,908

(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF DEBT SERVICE REQUIREMENTS

JUNE 30, 2024

(Continued)

Water Division						
Fiscal Year Ending 6/30	Rural and Development Loan Series 2009			State Revolving Loan Series 2013		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 30,497	\$ 34,495	\$ 64,992	\$ 78,234	\$ 29,982	\$ 108,216
2026	31,508	33,484	64,992	80,759	27,457	108,216
2027	32,552	32,440	64,992	83,365	24,851	108,216
2028	33,631	31,361	64,992	86,055	22,161	108,216
2029	34,745	30,247	64,992	88,831	19,385	108,216
2030	35,897	29,095	64,992	91,698	16,518	108,216
2031	37,086	27,906	64,992	94,657	13,559	108,216
2032	38,316	26,676	64,992	97,711	10,505	108,216
2033	39,585	25,407	64,992	100,864	7,352	108,216
2034	40,897	24,095	64,992	104,118	4,098	108,216
2035	42,253	22,739	64,992	64,048	846	64,894
2036	43,653	21,339	64,992	-	-	-
2037	45,100	19,892	64,992	-	-	-
2038	46,594	18,398	64,992	-	-	-
2039	48,138	16,854	64,992	-	-	-
2040	49,734	15,258	64,992	-	-	-
2041	51,382	13,610	64,992	-	-	-
2042	53,085	11,907	64,992	-	-	-
2043	54,844	10,148	64,992	-	-	-
2044	56,662	8,330	64,992	-	-	-
2045	58,540	6,452	64,992	-	-	-
2046	60,480	4,512	64,992	-	-	-
2047	62,484	2,508	64,992	-	-	-
2048	39,614	526	40,140	-	-	-
TOTAL	<u>\$ 1,067,277</u>	<u>\$ 467,679</u>	<u>\$ 1,534,956</u>	<u>\$ 970,340</u>	<u>\$ 176,714</u>	<u>\$ 1,147,054</u>

(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF DEBT SERVICE REQUIREMENTS

JUNE 30, 2024

(Continued)

Water Division

Fiscal Year Ending 6/30	State Revolving Loan Series 2014			Total Water Division		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 95,568	\$ 22,716	\$ 118,284	\$ 204,299	\$ 87,193	\$ 291,492
2026	97,200	21,084	118,284	209,467	82,025	291,492
2027	98,856	19,428	118,284	214,773	76,719	291,492
2028	100,536	17,748	118,284	220,222	71,270	291,492
2029	102,252	16,032	118,284	225,828	65,664	291,492
2030	103,992	14,292	118,284	231,587	59,905	291,492
2031	105,756	12,528	118,284	237,499	53,993	291,492
2032	107,568	10,716	118,284	243,595	47,897	291,492
2033	109,392	8,892	118,284	249,841	41,651	291,492
2034	111,264	7,020	118,284	256,279	35,213	291,492
2035	113,160	5,124	118,284	219,461	28,709	248,170
2036	115,080	3,204	118,284	158,733	24,543	183,276
2037	117,012	1,272	118,284	162,112	21,164	183,276
2038	3,859	14	3,873	50,453	18,412	68,865
2039	-	-	-	48,138	16,854	64,992
2040	-	-	-	49,734	15,258	64,992
2041	-	-	-	51,382	13,610	64,992
2042	-	-	-	53,085	11,907	64,992
2043	-	-	-	54,844	10,148	64,992
2044	-	-	-	56,662	8,330	64,992
2045	-	-	-	58,540	6,452	64,992
2046	-	-	-	60,480	4,512	64,992
2047	-	-	-	62,484	2,508	64,992
2048	-	-	-	39,614	526	40,140
TOTAL	<u>\$ 1,381,495</u>	<u>\$ 160,070</u>	<u>\$ 1,541,565</u>	<u>\$ 3,419,112</u>	<u>\$ 804,463</u>	<u>\$ 4,223,575</u>

(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF DEBT SERVICE REQUIREMENTS

JUNE 30, 2024

(Continued)

Department of Sewer									
Fiscal Year Ending 6/30	Public Building Authority of the City of Clarksville, TN Notes Payable			State Revolving Fund Loans			Total Department of Sewer		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 1,041,250	\$ 262,967	\$ 1,304,217	\$ 249,319	\$ 34,611	\$ 283,930	\$ 1,290,569	\$ 297,578	\$ 1,588,147
2026	1,041,250	230,226	1,271,476	237,922	31,262	269,184	1,279,172	261,488	1,540,660
2027	1,041,250	197,484	1,238,734	242,175	27,008	269,183	1,283,425	224,492	1,507,917
2028	1,041,250	164,743	1,205,993	246,522	22,661	269,183	1,287,772	187,404	1,475,176
2029	1,041,250	132,002	1,173,252	250,967	18,217	269,184	1,292,217	150,219	1,442,436
2030	1,041,250	99,260	1,140,510	255,510	13,673	269,183	1,296,760	112,933	1,409,693
2031	1,041,250	66,519	1,107,769	260,131	9,030	269,161	1,301,381	75,549	1,376,930
2032	1,074,202	33,777	1,107,979	83,890	6,258	90,148	1,158,092	40,035	1,198,127
2033	-	-	-	84,369	5,778	90,147	84,369	5,778	90,147
2034	-	-	-	84,852	5,296	90,148	84,852	5,296	90,148
2035	-	-	-	85,336	4,811	90,147	85,336	4,811	90,147
2036	-	-	-	85,824	4,324	90,148	85,824	4,324	90,148
2037	-	-	-	86,315	3,833	90,148	86,315	3,833	90,148
2038	-	-	-	86,808	3,340	90,148	86,808	3,340	90,148
2039	-	-	-	87,304	2,844	90,148	87,304	2,844	90,148
2040	-	-	-	87,803	2,345	90,148	87,803	2,345	90,148
2041	-	-	-	88,305	1,843	90,148	88,305	1,843	90,148
2042	-	-	-	88,809	1,338	90,147	88,809	1,338	90,147
2043	-	-	-	89,317	831	90,148	89,317	831	90,148
2044	-	-	-	69,685	323	70,008	69,685	323	70,008
TOTAL	\$ 8,362,952	\$ 1,186,978	\$ 9,549,930	\$ 2,851,163	\$ 199,626	\$ 3,050,789	\$ 11,214,115	\$ 1,386,604	\$ 12,600,719

(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF DEBT SERVICE REQUIREMENTS

JUNE 30, 2024

(Continued)

Fiscal Year Ending 6/30	Total Board Debt Service		
	Principal	Interest	Total
2025	\$ 1,770,618	\$ 479,164	\$ 2,249,782
2026	1,768,389	429,216	2,197,605
2027	1,781,948	378,098	2,160,046
2028	1,796,744	326,618	2,123,362
2029	1,810,795	274,725	2,085,520
2030	1,826,097	222,453	2,048,550
2031	1,841,630	169,771	2,011,401
2032	1,665,448	118,617	1,784,065
2033	464,210	69,964	534,174
2034	477,131	58,929	536,060
2035	446,797	47,636	494,433
2036	393,557	38,489	432,046
2037	403,427	29,903	433,330
2038	137,261	21,752	159,013
2039	135,442	19,698	155,140
2040	137,537	17,603	155,140
2041	139,687	15,453	155,140
2042	141,894	13,245	155,139
2043	144,161	10,979	155,140
2044	126,347	8,653	135,000
2045	58,540	6,452	64,992
2046	60,480	4,512	64,992
2047	62,484	2,508	64,992
2048	39,614	526	40,140
TOTAL	<u>\$ 17,630,238</u>	<u>\$ 2,764,964</u>	<u>\$ 20,395,202</u>

(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

JUNE 30, 2024

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2023	Paid and/or Matured During Period	Outstanding 6/30/2024
Power Division:							
Pooled Loan Program:							
Public Building Authority of the City of Clarksville, TN, Series 2003	\$ 3,000,000	Variable	2/3/2004	5/25/2032	\$ 1,603,371	\$ 178,360	\$ 1,425,011
Public Building Authority of the City of Clarksville, TN, Series 2008	2,600,000	Variable	5/13/2008	5/25/2037	1,660,000	88,000	1,572,000
Water Division:							
Rural Development, U.S. Department of Agriculture, Series 2009	1,414,000	3.25%	2/25/2010	2/25/2048	1,096,796	29,519	1,067,277
Tennessee Department of Environment and Conservation State Revolving Fund:							
Series 2013	2,000,000 (1)	3.18%	10/19/2010	1/20/2035	1,046,129	81,924	964,205
Series 2014	2,550,000 (2)	1.69%	3/20/2014	7/20/2037	1,481,602	93,972	1,387,630
Department of Sewer:							
Public Building authority of the City of Clarksville, TN, Series 2003	17,500,000	Variable	2/3/2004	5/25/2032	9,404,202	1,046,640	8,357,562
Tennessee Department of Environment and Conservation State Revolving Fund:							
2021-459 CWA	1,738,000	0.57%	8/21/2023		1,738,000	34,399	1,703,601
2009-242 CWA	2,370,198	2.39%	1/27/2010	6/20/2031	1,085,410	124,618	960,792
2009-242 ARRA	2,370,197 (3)	2.39%	1/27/2010	6/20/2031	217,084	24,924	192,160
Total Board long-term debt					<u>\$ 19,332,594</u>	<u>\$ 1,702,356</u>	<u>\$ 17,630,238</u>

Principal was forgiven on the following loans as noted below:

(1) \$400,000

(2) \$501,500

(3) \$1,896,158

ATHENS UTILITIES BOARD

SCHEDULE OF LEASE OBLIGATIONS, PRINCIPAL, AND INTEREST REQUIREMENTS

JUNE 30, 2024

Gas Division			
Fiscal Year Ending 6/30	Leased Asset		
	Principal	Interest	Total
2025	\$ 17,312	\$ 688	\$ 18,000
2026	17,399	601	18,000
2027	17,486	514	18,000
2028	17,574	426	18,000
2029	17,662	338	18,000
2030	17,751	249	18,000
2031	17,840	160	18,000
2032	17,929	71	18,000
2033	<u>4,496</u>	<u>4</u>	<u>4,500</u>
TOTAL	<u><u>\$ 145,449</u></u>	<u><u>\$ 3,051</u></u>	<u><u>\$ 148,500</u></u>

ATHENS UTILITIES BOARD

SCHEDULE OF CHANGES IN LEASE OBLIGATIONS

JUNE 30, 2024

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 07/01/23	Paid and/or Matured During Period	Outstanding 06/30/24
Lease payable through Gas Division:							
Land	\$ 175,538	0.50%	09/12/22	09/12/32	<u>\$ 162,675</u>	<u>\$ 17,226</u>	<u>\$ 145,449</u>

ATHENS UTILITIES BOARD

SCHEDULE OF RATES IN FORCE

JUNE 30, 2024

POWER DIVISION

Residential rates - RS:

Customer availability charge per month		\$ 18.38
Energy charge per kwh:	Summer	0.10267
	Winter	0.10120
	Transition	0.09546

General power - GSA:

Part 1 (0 - 50 kw demand and 0 - 15,000 kwh):

Customer availability charge per month		\$ 35.23
Energy charge per kwh (first 15,000 kwh)	Summer	0.11433
	Winter	0.11192
	Transition	0.10714

Part 2 (51 - 1,000 kw or over 15,000 kwh):

Customer availability charge per month		\$ 171.32
Summer		
Demand charge per kw:	First 50 kw	No Charge
	Above 50 kw	16.47
Energy charge per kwh:	First 15,000 kwh	0.11394
	Additional kwh	0.06936
Winter		
Demand charge per kw:	First 50 kw	No Charge
	Above 50 kw	15.46
Energy charge per kwh:	First 15,000 kwh	0.11073
	Additional kwh	0.06627
Transition		
Demand charge per kw:	First 50 kw	No Charge
	Above 50 kw	15.46
Energy charge per kwh:	First 15,000 kwh	0.10675
	Additional kwh	0.06315

Part 3 (1,001 - 2,500 kw):

Customer availability charge per month		\$ 645.03
Summer		
Demand charge per kw:	First 1,000 kw	18.10
	Additional kw	17.59
Energy charge per kwh (all kwh)		0.07346
Winter		
Demand charge per kw:	First 1,000 kw	17.09
	Additional kw	16.58
Energy charge per kwh (all kwh)		0.07006
Transition		
Demand charge per kw:	First 1,000 kw	17.09
	Additional kw	16.58
Energy charge per kwh (all kwh)		0.06726

(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF RATES IN FORCE

JUNE 30, 2024

POWER DIVISION (Continued)

General power - MSB:

Customer availability charge per month	\$	1,500
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Administrative charge		350.00
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Summer

Demand charge	On peak per kw	10.70
---------------	----------------	-------

Max peak	2.29
----------	------

Energy charge	All On peak kwh	0.07850
---------------	-----------------	---------

Off peak 1st 200 hours use	0.05537
----------------------------	---------

Off peak next 200 hours use	0.02135
-----------------------------	---------

Off peak over 400 hours use	0.01869
-----------------------------	---------

Winter

Demand charge	On peak per kw	9.69
---------------	----------------	------

Max peak	2.29
----------	------

Energy charge	All On peak kwh	0.07106
---------------	-----------------	---------

Off peak 1st 200 hours use	0.05918
----------------------------	---------

Off peak next 200 hours use	0.02582
-----------------------------	---------

Off peak over 400 hours use	0.02316
-----------------------------	---------

Transition

Demand charge	On peak per kw	9.69
---------------	----------------	------

Max peak	2.29
----------	------

Energy charge	All On peak kwh	0.05429
---------------	-----------------	---------

Off peak 1st 200 hours use	0.05429
----------------------------	---------

Off peak next 200 hours use	0.02002
-----------------------------	---------

Off peak over 400 hours use	0.01736
-----------------------------	---------

General power - MSC:

Customer availability charge per month	\$	1,500.00
--	----	----------

Administrative charge		350.00
-----------------------	--	--------

Summer

Demand charge	On peak per kw	10.70
---------------	----------------	-------

Max peak	1.68
----------	------

Energy charge	All On peak kwh	0.07733
---------------	-----------------	---------

Off peak 1st 200 hours use	0.05119
----------------------------	---------

Off peak next 200 hours use	0.02283
-----------------------------	---------

Off peak over 400 hours use	0.02283
-----------------------------	---------

Winter

Demand charge	On peak per kw	9.69
---------------	----------------	------

Max peak	1.68
----------	------

Energy charge	All On peak kwh	0.06988
---------------	-----------------	---------

Off peak 1st 200 hours use	0.05799
----------------------------	---------

Off peak next 200 hours use	0.02730
-----------------------------	---------

Off peak over 400 hours use	-
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(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF RATES IN FORCE

JUNE 30, 2024

POWER DIVISION (Continued)

General power - MSC: (Continued)

Transition

Demand charge	On peak per kw	\$ 9.69
	Max peak	1.68
Energy charge	All On peak kwh	0.05311
	Off peak 1st 200 hours use	0.05311
	Off peak next 200 hours use	0.02150
	Off peak over 400 hours use	0.02150

General power - MSD:

Customer availability charge per month	\$ 1,500.00
Administrative charge	350.00

Summer

Demand charge	On peak per kw	10.70
	Max peak	1.67
Energy charge	All On peak kwh	0.07496
	Off peak 1st 200 hours use	0.04883
	Off peak next 200 hours use	0.02105
	Off peak over 400 hours use	0.02044

Winter

Demand charge	On peak per kw	9.69
	Max peak	1.67
Energy charge	All On peak kwh	0.06749
	Off peak 1st 200 hours use	0.05561
	Off peak next 200 hours use	0.02552
	Off peak over 400 hours use	0.02491

Transition

Demand charge	On peak per kw	9.69
	Max peak	1.67
Energy charge	All On peak kwh	0.05072
	Off peak 1st 200 hours use	0.05072
	Off peak next 200 hours use	0.01972
	Off peak over 400 hours use	0.01911

Outdoor lighting - LS:

Part A - Street lighting systems, traffic signal systems, and athletic field lighting installation

Customer availability charge per month	\$ 2.50
Intestment charge: (annual rate per \$1 investment)	0.12000
Investment charge for athletic lighting systems: (annual rate per \$1 investment)	0.12000
Energy charge: (all kwh)	0.07728

(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF RATES IN FORCE

JUNE 30, 2024

POWER DIVISION (Continued)

Outdoor lighting - LS: (Continued)

Part B - Individual outdoor lighting:

Mercury vapor - per light per month	175w	\$	10.84
	400w		20.81
	1,000w		41.06
High pressure sodium - per light per month:	100w		8.63
	100w - decorative		14.52
	250w		18.02
	400w		22.08
High pressure sodium (floods)			
- per light per month:	250w		22.43
	400w		24.71
Metal halide - per light per month:	175w		22.98
	400w - flood		24.21
	400w - box		29.06
	1,000w - flood		45.90
LED - per light per month:	64w		8.45
	72w		14.36
	216w		17.75
	216w - flood		22.16
	284w		23.22
	284w - flood		24.15
Pole charge per month			2.00
Number of customers at year-end:			
Residential			11,589
Commercial			2,095
Industrial			257
Street and athletic			20
Outdoor lighting			2,165

FIBER OPTIC SERVICES

Residential - 300 megabyte	\$	60.00
Residential - 1 terabyte		100.00
Wireless		70.00
Industrial - charge per megabyte		100.00
Small commercial - charge per megabyte		75.00
Dark fiber - charge per month		200.00
Government Wholesale		750.00
Number of customers at year-end:		
Residential		59
Industrial		-
Small commercial		7
Dark fiber		4

(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF RATES IN FORCE

JUNE 30, 2024

(Continued)

WATER DIVISION

	Inside City	Outside City
Service availability charge per month	\$ 10.50	\$ 11.50
Charge per 1,000 gallons per month	3.70	3.70
Charge per 1,000 gallons over 5,000	4.25	4.25

Charges over 5,000 as disclosed are based on 5/8 inch residential service.
The volume tier and water rate charged vary for larger meters.

The single use monthly minimum bill shall be determined by the size of the meter serving the account as shown below:

Meter Size	Net Minimum
5/8 inch - inside city	\$ 10.50
5/8 inch - outside city	11.50
1 inch	28.00
1 1/4 & 1 1/2 inch	55.00
2 inch	115.00
3 inch	225.00
4 inch	450.00
6 inch	675.00

Number of customers at year-end:

Residential	7,539
Commercial	1,289
Industrial	32

DEPARTMENT OF SEWER

Sewer rates:

Service availability charge per month:

Residential	\$ 17.00
Commercial	25.00
Industrial	25.00

Charge per 1,000 gallons per month	6.50
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Number of customers at year-end:

Residential	4,719
Commercial	921
Industrial	24

(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF RATES IN FORCE

JUNE 30, 2024

(Continued)

GAS DIVISION

	Customer Charge (per month)	Commodity Charge (per therm)	PGA (per therm)
Residential	\$ 6.00	\$ 0.43480	\$ 0.36796
Residential discount	5.00	0.40480	0.36796
Small Commercial	10.00	0.28190	0.36796
	Industrial		Interruptible
	Load factor .50 or greater (discounted)	Load factor less than .50	Load factor .50 or greater (discounted)
Customer charge (per month)	\$ 200.00	\$ 200.00	\$ 200.00
Commodity charge (per therm):			
Demand	-	-	0.1540
For firm plus PGA	-	-	0.2070
First 10,000 plus PGA	0.2070	0.2280	0.2000
From 10,001-20,000 plus PGA	0.1930	0.2140	0.1860
From 20,001-40,000 plus PGA	0.1790	0.2006	0.1720
Over 40,000 plus PGA	0.1651	0.1866	0.1380
PGA	0.36796	0.36796	0.1613
Unauthorized (in addition to interruptible charge)			1.5000
Number of customers at year-end:			
Residential			5,710
Commercial			941
Industrial			10
Interruptible			6

ATHENS UTILITIES BOARD

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2024

Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Commerce			
Economic Development Cluster			
Economic Adjustment Program	11.307	N/A	\$ <u>969,976</u>
Total Expenditures of Federal Awards			\$ <u>969,976</u>

ATHENS UTILITIES BOARD

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards (the Schedule) includes the federal grant activity of the Athens Utilities Board (the Board) and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the Board has not provided any federal awards to subrecipients.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting.

NOTE 4 – INDIRECT COST RATE

The Board has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

ATHENS UTILITIES BOARD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2024

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? ☐ yes ☒ no
- Are any significant deficiencies identified not considered to be material weaknesses? ☐ yes ☒ none reported
- Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

Material weaknesses identified? ☐ yes ☒ no

Are any significant deficiencies identified not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with The Uniform Guidance ☐ yes ☒ no

Identification of major programs:

ALN Numbers	Name of Federal Program or Cluster
Economic Development Cluster 11.307	Economic Adjustment Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low risk auditee? ☐ yes ☒ no

ATHENS UTILITIES BOARD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III. FINDINGS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None reported.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Athens Utilities Board
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 business-type activities, each major fund, and the aggregate remaining fund information of the Athens Utilities Board (the Board) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 16, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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.

Athens, Tennessee
October 16, 2024

*Henderson Hutcherson
& McCullough, PLLC*



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Directors
Athens Utilities Board
Athens, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Athens Utilities Board’s (the Board) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Board’s major federal programs for the year ended June 30, 2024. The Board’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Board’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Board's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Board's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Board's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Board's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Board's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Athens, Tennessee
October 16, 2024

*Henderson Hutcherson
& McCullough, PLLC*

ATHENS UTILITIES BOARD

SCHEDULE OF PRIOR YEAR FINDINGS

JUNE 30, 2024

There were no prior year findings reported.