

**ATHENS UTILITIES BOARD**

**FINANCIAL REPORT**

**JUNE 30, 2020**

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**Report of Independent Certified Public Accountants**  
**on the Financial Statements**

NEAL, SCOUTEN & McCONNELL, P.C.  
Certified Public Accountants

To the Commissioners  
Athens Utilities Board  
Athens, Tennessee

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities, each of the major funds, and the aggregate remaining fund information, the Pension Trust Fund, of Athens Utilities Board, a component unit of the City of Athens, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Athens Utilities Board, as of June 30, 2020, and the 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A-1 through A-11 and the schedule of changes in the net pension liability and related ratios, the schedule of plan contributions, and the schedule of investment returns on pages 34 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Athens Utilities Board's basic financial statements. The accompanying information, shown on pages 37 through 60 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The accompanying information on pages 37 through 57 has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The accompanying information on pages 58 through 60 has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with Government Auditing Standards, we have also issued our report dated September 15, 2020, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Athens Utilities Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Athens Utilities Board's internal control over financial reporting and compliance.

*Neel, Scottan, & McConnell, P.C.*

Chattanooga, Tennessee  
September 15, 2020

**Athens Utilities Board  
Management's Discussion and Analysis  
June 30, 2020**

The Athens Utilities 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, 2019. 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 Supplemental Information, and Accompanying 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 four distinct divisions (Power Division, Water Division, Gas Division, and Department of Sewer), 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 8 and 9 of the accompanying financial statements.

**Athens Utilities Board  
Management's Discussion and Analysis  
June 30, 2020**

**Department of Power  
Condensed Statements of Net Position  
June 2020**

	2020	2019	Variance 2020 to 2019	%
<b>Assets</b>				
Capital assets	\$ 44,930,009	\$ 43,667,909	\$ 1,262,100	2.89 %
Construction in progress	2,668,600	2,849,033	(180,433)	-6.33
Current and other assets	12,474,117	13,545,003	(1,070,886)	-7.91
<b>Total assets</b>	<b>60,072,726</b>	<b>60,061,945</b>	<b>10,781</b>	<b>0.02</b>
Deferred outflows	1,452,811	1,628,269	(175,458)	-10.78
	<u><b>\$ 61,525,537</b></u>	<u><b>\$ 61,690,214</b></u>	<u><b>\$ (164,677)</b></u>	<u><b>-0.27 %</b></u>
<b>Liabilities:</b>				
Current liabilities	\$ 5,101,446	\$ 5,852,064	\$ (750,618)	-12.83 %
Long-term liabilities	6,209,811	6,430,710	(220,899)	-3.44
<b>Total liabilities</b>	<b>11,311,257</b>	<b>12,282,774</b>	<b>(971,517)</b>	<b>-7.91</b>
Deferred inflows	130,581	179,810	(49,229)	-27.38
	<u><b>11,441,838</b></u>	<u><b>12,462,584</b></u>	<u><b>(1,020,746)</b></u>	<u><b>-8.19</b></u>
<b>Net position:</b>				
Net investment in capital assets	43,559,097	42,216,054	1,343,043	3.18
Unrestricted	6,525,052	7,011,576	(486,524)	-6.94
<b>Total net position</b>	<b>50,084,149</b>	<b>49,227,630</b>	<b>856,519</b>	<b>1.74</b>
	<u><b>\$ 61,525,987</b></u>	<u><b>\$ 61,690,214</b></u>	<u><b>\$ (164,227)</b></u>	<u><b>-0.27 %</b></u>

**Department of Power  
Condensed Statements of Revenues, Expenses and Changes in Net Position  
Year Ended June 30**

	2020	2019	Variance 2020 to 2019	%
<b>Revenues:</b>				
Power revenues	\$ 49,867,874	\$ 51,149,614	\$ (1,281,740)	-2.51 %
Other operating revenue	741,150	747,907	(6,757)	-0.90
Non operating income	52,851	105,078	(52,227)	-49.70
<b>Total revenues</b>	<b>50,661,875</b>	<b>52,002,599</b>	<b>(1,340,724)</b>	<b>-2.58</b>
<b>Expenses:</b>				
Power costs	40,850,342	42,447,746	(1,597,404)	-3.76
Operating expenses before depreciation	6,694,788	6,177,530	517,258	8.37
Depreciation	2,275,445	2,144,610	130,835	6.10
<b>Total expenses</b>	<b>49,820,575</b>	<b>50,769,886</b>	<b>(949,311)</b>	<b>-1.87</b>
<b>Revenues over expenses before capital contributions</b>	<b>841,300</b>	<b>1,232,713</b>	<b>(391,413)</b>	<b>-31.75</b>
Capital contributions	15,219	-	15,219	-
<b>Change in net position</b>	<b>856,519</b>	<b>1,232,713</b>	<b>(376,194)</b>	<b>-30.52</b>
Beginning net position	49,227,630	47,994,917	1,232,713	2.57
Ending net position	<u><b>\$ 50,084,149</b></u>	<u><b>\$ 49,227,630</b></u>	<u><b>\$ 856,519</b></u>	<u><b>1.74 %</b></u>

**Athens Utilities Board  
Management's Discussion and Analysis  
June 30, 2020**

**Power Division Financial Statement Analysis**

The Power Division's total assets as of June 30, 2020, increased 0.02 % from the previous year. Capital Assets decreased by 1.07% from 2019. Construction in progress decreased by 39.06% from fiscal 2019. Net position was \$856,519 more than last year because of profitable operations. Liabilities decreased from 2019 because of accrued accounts payable and a decrease in notes payable from 2019.

The change in net position (net income) in 2020 decreased over 2019 because of a decrease in power sales. Contribution margin (the difference between sales revenues and power purchased) was more than 2019 because of the decrease in purchased power. This was primarily driven by the reduction in power sales and other revenues.



**Athens Utilities Board  
Management's Discussion and Analysis  
June 30, 2020**

**Water Division  
Condensed Statements of Net Position  
June 30**

	2020	2019	Variance 2020 to 2019	%
<b>Assets:</b>				
Capital assets	\$ 18,550,413	\$ 18,751,920	\$ (201,507)	-1.07 %
Construction in progress	278,662	457,303	(178,641)	-39.06
Current and other assets	7,460,810	7,197,830	262,980	3.65
<b>Total assets</b>	<b>26,289,885</b>	<b>26,407,053</b>	<b>(117,168)</b>	<b>-0.44</b>
Deferred outflows	422,625	474,087	(51,462)	-10.85
	<u><b>\$ 26,712,510</b></u>	<u><b>\$ 26,881,140</b></u>	<u><b>\$ (168,630)</b></u>	<u><b>-0.63 %</b></u>
<b>Liabilities:</b>				
Current liabilities	\$ 497,809	\$ 641,533	\$ (143,724)	-22.40 %
Long-term liabilities	4,716,039	4,896,435	(180,396)	-3.68
<b>Total liabilities</b>	<b>5,213,848</b>	<b>5,537,968</b>	<b>(324,120)</b>	<b>-5.85</b>
Deferred inflows	37,986	52,733	(14,747)	-27.97
	<u><b>5,251,834</b></u>	<u><b>5,590,701</b></u>	<u><b>(338,867)</b></u>	<u><b>-6.06</b></u>
<b>Net position:</b>				
Net investment in capital assets	14,635,095	14,829,302	(194,207)	-1.31
Unrestricted	6,825,581	6,461,137	364,444	5.64
<b>Total net position</b>	<b>21,460,676</b>	<b>21,290,439</b>	<b>170,237</b>	<b>0.80</b>
	<u><b>\$ 26,712,510</b></u>	<u><b>\$ 26,881,140</b></u>	<u><b>\$ (168,630)</b></u>	<u><b>-0.63 %</b></u>

**Water Division  
Condensed Statements of Revenues, Expenses and Changes in Net Position  
Year Ended June 30**

	2020	2019	Variance 2020 to 2019	%
<b>Revenues:</b>				
Water sales	\$ 4,251,729	\$ 4,160,036	\$ 91,693	2.20 %
Other operating revenue	153,050	126,186	26,864	21.29
Non operating income	57,221	61,158	(3,937)	-6.44
<b>Total revenues</b>	<b>4,462,000</b>	<b>4,347,380</b>	<b>114,620</b>	<b>2.64</b>
<b>Expenses:</b>				
Purchased water	660,971	566,245	94,726	16.73
Operating and other expenses before depreciation	2,715,221	2,548,475	166,746	6.54
Depreciation	915,571	917,612	(2,041)	-0.22
<b>Total expenses</b>	<b>4,291,763</b>	<b>4,032,332</b>	<b>259,431</b>	<b>6.43</b>
<b>Change in net position</b>	<b>170,237</b>	<b>315,048</b>	<b>(144,811)</b>	<b>-45.96</b>
Beginning net position	21,290,439	20,975,391	315,048	1.50
<b>Ending net position</b>	<u><b>\$ 21,460,676</b></u>	<u><b>\$ 21,290,439</b></u>	<u><b>\$ 170,237</b></u>	<u><b>0.80 %</b></u>

**Athens Utilities Board  
Management's Discussion and Analysis  
June 30, 2020**

**Water Division Financial Statement Analysis**

Total assets as of June 30, 2020 were 0.44% less than 2019. Total liabilities decreased from 2019 because of a decrease in current liabilities (accounts payable were \$180,000 less in 2020 than in previous year). Deferred inflows are recognized in accordance with GASB standards. Net position was \$144,811 less than 2019 due to the increase in purchased water and other operating expenses..

Non-operating income was less in comparison to 2019. Total expenses increased from 2019. Revenues over expenses before capital contributions were more than 2019. The total change in net position (net income) was less than 2019 due to the increase in purchased water supply and other operating expenses.

**Athens Utilities Board**  
**Management's Discussion and Analysis**  
**June 30, 2020**

**Gas Division**  
**Condensed Statements of Net Position**  
**June 30**

	<u>2020</u>	<u>2019</u>	<u>Variance 2020 to 2019</u>	<u>%</u>
<b>Assets:</b>				
Capital assets	\$ 14,096,032	\$ 14,243,270	\$ (147,238)	-1.03 %
Construction in progress	190,327	184,090	6,237	3.39
Current and other assets	6,832,477	6,533,742	298,735	4.57
<b>Total assets</b>	<b>21,118,836</b>	<b>20,961,102</b>	<b>157,734</b>	<b>0.75</b>
Deferred outflows	310,915	315,580	(4,665)	-1.48
	<u>\$ 21,429,751</u>	<u>\$ 21,276,682</u>	<u>\$ 153,069</u>	<u>0.72 %</u>
<b>Liabilities:</b>				
Current liabilities	\$ 359,572	\$ 493,690	\$ (134,118)	-27.17 %
Long term liabilities	515,764	464,768	50,996	10.97
<b>Total liabilities</b>	<b>875,336</b>	<b>958,458</b>	<b>(83,122)</b>	<b>-8.67</b>
Deferred inflows	27,709	34,667	(6,958)	-20.07
	<u>903,045</u>	<u>993,125</u>	<u>(90,080)</u>	<u>-9.07</u>
<b>Net position:</b>				
Net investment in capital assets	14,286,359	14,427,360	(141,001)	-0.98
Unrestricted	6,240,347	5,856,197	384,150	6.56
<b>Total net position</b>	<b>20,526,706</b>	<b>20,283,557</b>	<b>243,149</b>	<b>1.20</b>
	<u>\$ 21,429,751</u>	<u>\$ 21,276,682</u>	<u>\$ 153,069</u>	<u>0.72 %</u>

**Gas Division**  
**Condensed Statements of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30**

	<u>2020</u>	<u>2019</u>	<u>Variance 2020 to 2019</u>	<u>%</u>
<b>Revenues:</b>				
Gas sales	\$ 5,802,567	\$ 6,430,404	\$ (627,837)	-9.76 %
Other operating revenue	79,295	81,955	(2,660)	-3.25
Non operating income	55,222	52,332	2,890	5.52
<b>Total revenues</b>	<b>5,937,084</b>	<b>6,564,691</b>	<b>(627,607)</b>	<b>-9.56</b>
<b>Expenses:</b>				
Gas costs	2,992,880	3,848,410	(855,530)	-22.23
Other operating expenses				
before depreciation	2,060,774	1,890,011	170,763	9.04
Depreciation	645,241	629,477	15,764	2.50
<b>Total expenses</b>	<b>5,698,895</b>	<b>6,367,898</b>	<b>(669,003)</b>	<b>-10.51</b>
<b>Revenues over expenses</b>				
before capital contributions	238,189	196,793	41,396	21.04
Capital contributions	4,960	2,190	2,770	126.48
<b>Change in net position</b>	<b>243,149</b>	<b>198,983</b>	<b>44,166</b>	<b>22.20</b>
Beginning net position	20,283,557	20,084,574	198,983	0.99
Ending net position	<u>\$ 20,526,706</u>	<u>\$ 20,283,557</u>	<u>\$ 243,149</u>	<u>1.20 %</u>

**Athens Utilities Board  
Management's Discussion and Analysis  
June 30, 2020**

**Gas Division Financial Statement Analysis**

The Gas Division's total assets as of June 30, 2019 increased over 2019 because of an increase in current and other assets and construction in progress. The Gas Division remains debt free. Net position is 1.20% higher than 2019 due to an increase in current and other assets. Revenues over expenses before capital contributions were more than 2019 because a reduction in gas costs and a mild winter. Purchased gas costs were 22.23% less than in 2019 due to cost of natural gas for 2020 was less than the previous year.

Gas sales revenues were less than 2019. Operating and maintenance expenses were higher than 2019. The division's change in net position was 22.20% more than in 2019.

**Athens Utilities Board  
Management's Discussion and Analysis  
June 30, 2020**

**Department of Sewer  
Condensed Statements of Net Position  
June 30**

	2020	2019	Variance 2020 to 2019	%
<b>Assets:</b>				
Capital assets	\$ 33,811,900	\$ 33,439,296	\$ 372,604	1.11 %
Construction in progress	1,125,457	1,559,311	(433,854)	-27.82
Current and other assets	5,327,945	5,257,724	70,221	1.34
<b>Total assets</b>	<b>40,265,302</b>	<b>40,256,331</b>	<b>8,971</b>	<b>0.02</b>
Deferred outflows	438,877	484,414	(45,537)	-9.40
	<u><b>\$ 40,704,179</b></u>	<u><b>\$ 40,740,745</b></u>	<u><b>\$ (36,566)</b></u>	<u><b>-0.09 %</b></u>
<b>Liabilities:</b>				
Current liabilities	1,698,162	1,637,019	61,143	3.74 %
Long-term liabilities	13,820,753	14,993,268	(1,172,515)	-7.82
<b>Total liabilities</b>	<b>15,518,915</b>	<b>16,630,287</b>	<b>(1,111,372)</b>	<b>-6.68</b>
Deferred inflows	39,049	53,070	(14,021)	-26.42
	<u><b>15,557,964</b></u>	<u><b>16,683,357</b></u>	<u><b>(1,125,393)</b></u>	<u><b>-6.75</b></u>
<b>Net position:</b>				
Net investment in capital assets	20,661,802	19,541,826	1,119,976	5.73
Unrestricted	4,484,413	4,515,562	(31,149)	-0.69
<b>Total net position</b>	<b>25,146,215</b>	<b>24,057,388</b>	<b>1,088,827</b>	<b>4.53</b>
	<u><b>\$ 40,704,179</b></u>	<u><b>\$ 40,740,745</b></u>	<u><b>\$ (36,566)</b></u>	<u><b>-0.09 %</b></u>

**Department of Sewer  
Condensed Statements of Revenues, Expenses and Changes in Net Position  
Year Ended June 30**

	2020	2019	Variance 2020 to 2019	%
<b>Revenues:</b>				
Sewer revenues	\$ 6,435,938	\$ 6,364,315	\$ 71,623	1.13 %
Other operating revenue	183,086	177,750	5,336	3.00
Non operating income	53,622	20,953	32,669	155.92
<b>Total revenues</b>	<b>6,672,646</b>	<b>6,563,018</b>	<b>109,628</b>	<b>1.67</b>
<b>Expenses:</b>				
Operating expenses before depreciation	4,185,112	3,878,765	306,347	7.90
Depreciation	1,775,458	1,582,313	193,145	12.21
<b>Total expenses</b>	<b>5,960,570</b>	<b>5,461,078</b>	<b>499,492</b>	<b>9.15</b>
<b>Revenues over expenses before capital contributions</b>	<b>712,076</b>	<b>1,101,940</b>	<b>(389,864)</b>	<b>-35.38</b>
Capital contributions	376,751	470,213	(93,462)	-19.88
<b>Change in net position</b>	<b>1,088,827</b>	<b>1,572,153</b>	<b>(483,326)</b>	<b>-30.74</b>
Beginning net position	24,057,388	22,485,235	1,572,153	6.99
Ending net position	<u><b>\$ 25,146,215</b></u>	<u><b>\$ 24,057,388</b></u>	<u><b>\$ 1,088,827</b></u>	<u><b>4.53 %</b></u>

**Athens Utilities Board  
Management's Discussion and Analysis  
June 30, 2020**

**Department of Sewer Financial Statement Analysis**

The Department of Sewer's capital assets were 1.11% more than 2019. Construction in progress was 27.82% less than fiscal 2019. Total liabilities were less than 2019 because of debt service payments. Total change in net position was less than 2019.

Total revenues were 1.67% more than last year driven primarily by an increase in sales and non-operating revenues compared to 2019. Total expenses were 9.15% higher than in 2019 primarily due to the increase in sewer treatment plant expense (increased power costs, chemicals, and sludge removal). Interest expense was less than 2019 because of decreased interest rates on variable rate debt a direct result from COVID-19.

**Athens Utilities Board  
Management's Discussion and Analysis  
June 30, 2020**

**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, 2019, was \$13.6 million, and the balance due from the Power Division was \$2.3 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, 2019, was \$2.0 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 a 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 \$1.2 million. The second phase of the upgrade was completed in 2017. The total due for this debt issue as of June 30, 2019, was \$1.2 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 2016 at a cost of \$4.3 million. A new city gate station was completed in 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 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, 2019, the balance due on these was \$1.6 million and \$311,000, 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. No additional debt was incurred in the Department of Sewer during 2019.

**Athens Utilities Board**  
**Management's Discussion and Analysis**  
**June 30, 2020**

**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 in net position since the rates adjustments were completed. The Power Division had its first local rate increase in eleven years during 2019. The increase was approximately .9% on retail rates for residential and general services. 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 rate payers 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.



**BASIC  
FINANCIAL STATEMENTS**

**ATHENS UTILITIES BOARD**  
**STATEMENTS OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2020**

	Business-Type Activities - Enterprise Funds				
	Power Division	Water Division	Gas Division	Department of Sewer	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>UTILITY PLANT AND EQUIPMENT, at cost</b>					
Less accumulated depreciation	\$ 70,119,478 (25,189,469)	\$ 33,076,254 (14,525,841)	\$ 23,986,930 (9,890,898)	\$ 55,676,083 (21,864,183)	\$ 182,858,745 (71,470,391)
Construction in progress	44,930,009 2,668,600	18,550,413 278,662	14,096,032 190,327	33,811,900 1,125,457	111,388,354 4,263,046
Net utility plant and equipment	47,598,609	18,829,075	14,286,359	34,937,357	115,651,400
<b>CURRENT ASSETS</b>					
Cash	6,586,572	6,816,507	6,245,361	4,519,441	24,167,881
Receivables:					
Customer accounts, less allowance for doubtful accounts	4,046,500	282,618	247,763	471,871	5,048,752
Other	191,441	12,995	3,018	4,763	212,217
Primary government	10,219	-	-	70,742	80,961
Prepaid expenses	50,798	110,192	24,037	16,988	202,015
Materials and supplies	1,588,587	238,498	124,087	244,140	2,195,312
Gas and propane storage inventory	-	-	188,211	-	188,211
Total current assets	12,474,117	7,460,810	6,832,477	5,327,945	32,095,349
Total assets	60,072,726	26,289,885	21,118,836	40,265,302	147,746,749
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pension plan	1,452,811	422,625	310,915	438,877	2,625,228
	\$ 61,525,537	\$ 26,712,510	\$ 21,429,751	\$ 40,704,179	\$ 150,371,977

The Notes to Financial Statements are an integral part of these statements.

	Business-Type Activities - Enterprise Funds				
	Power Division	Water Division	Gas Division	Department of Sewer	Total
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>					
<b>LONG-TERM LIABILITIES</b>					
Long-term debt	\$ 4,039,512	\$ 4,193,980	\$ -	\$ 14,274,342	\$ 22,507,834
Less current maturities shown below	(260,750)	(184,997)	-	(1,180,451)	(1,626,198)
Net long-term debt	3,778,762	4,008,983	-	13,093,891	20,881,636
Net pension liability	2,430,599	707,056	515,764	726,862	4,380,281
Total long-term liabilities	6,209,361	4,716,039	515,764	13,820,753	25,261,917
<b>CURRENT LIABILITIES</b>					
Current maturities of long-term liabilities	260,750	184,997	-	1,180,451	1,626,198
Payables:					
TVA for purchased power	3,414,991	-	-	-	3,414,991
Vendors	227,354	116,335	186,379	77,284	607,352
Retainage	-	-	-	1,213	1,213
Primary government	92,937	-	-	-	92,937
Unearned revenues	-	6,650	6,150	70,200	83,000
Customer deposits	575,771	87,430	111,058	262,620	1,036,879
Other current liabilities	529,643	102,397	55,985	106,394	794,419
Total current liabilities	5,101,446	497,809	359,572	1,698,162	7,656,989
Total liabilities	11,310,807	5,213,848	875,336	15,518,915	32,918,906
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pension plan	130,581	37,986	27,709	39,049	235,325
	11,441,388	5,251,834	903,045	15,557,964	33,154,231
<b>NET POSITION</b>					
Net investment in capital assets	43,559,097	14,635,095	14,286,359	20,661,802	93,142,353
Unrestricted	6,525,052	6,825,581	6,240,347	4,484,413	24,075,393
Total net position	50,084,149	21,460,676	20,526,706	25,146,215	117,217,746
	\$ 61,525,537	\$ 26,712,510	\$ 21,429,751	\$ 40,704,179	\$150,371,977

**ATHENS UTILITIES BOARD**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2020**

	Business-Type Activities - Enterprise Funds				
	Power Division	Water Division	Gas Division	Department of Sewer	Total
<b>OPERATING REVENUES</b>					
Sales:					
Residential	\$ 15,948,997	\$ 1,815,345	\$ 2,298,195	\$ 2,106,883	\$ 22,169,420
Commercial	4,087,526	1,919,010	1,584,998	1,772,261	9,363,795
Industrial	28,710,115	517,374	810,951	2,556,794	32,595,234
Public street and outdoor lighting	1,001,058	-	-	-	1,001,058
Interruptible	-	-	1,108,423	-	1,108,423
Fiber optic	120,178	-	-	-	120,178
Other operating revenue	741,150	153,050	79,295	183,086	1,156,581
Total operating revenues	<u>50,609,024</u>	<u>4,404,779</u>	<u>5,881,862</u>	<u>6,619,024</u>	<u>67,514,689</u>
<b>OPERATING EXPENSES</b>					
Purchased supply	40,850,342	660,971	2,992,880	-	44,504,193
Power, pumping, and purification	-	444,465	-	-	444,465
Treatment plant	-	-	-	1,391,739	1,391,739
Pumping station	-	-	-	93,292	93,292
Distribution	1,151,882	218,178	394,718	-	1,764,778
Maintenance	1,296,529	524,813	280,398	669,435	2,771,175
Consumer accounts	1,081,027	511,600	383,676	438,364	2,414,667
Administrative and general	2,052,430	901,557	741,680	1,045,517	4,741,184
Other	4,796	-	-	315,307	320,103
Depreciation and amortization	2,275,445	915,571	645,241	1,775,458	5,611,715
Tax equivalents	1,021,614	-	234,697	-	1,256,311
Total operating expenses	<u>49,734,065</u>	<u>4,177,155</u>	<u>5,673,290</u>	<u>5,729,112</u>	<u>65,313,622</u>
<b>NET OPERATING INCOME</b>	<u>874,959</u>	<u>227,624</u>	<u>208,572</u>	<u>889,912</u>	<u>2,201,067</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	42,961	57,221	50,659	45,372	196,213
Interest expense	(53,947)	(106,338)	(1,539)	(223,644)	(385,468)
Gain on disposal of capital assets	9,890	-	4,563	8,250	22,703
Other	(32,563)	(8,270)	(24,066)	(7,814)	(72,713)
Net nonoperating revenues (expenses)	<u>(33,659)</u>	<u>(57,387)</u>	<u>29,617</u>	<u>(177,836)</u>	<u>(239,265)</u>
Income before capital contributions	841,300	170,237	238,189	712,076	1,961,802
<b>CAPITAL CONTRIBUTIONS</b>	<u>15,219</u>	<u>-</u>	<u>4,960</u>	<u>376,751</u>	<u>396,930</u>
<b>CHANGE IN NET POSITION</b>	<u>856,519</u>	<u>170,237</u>	<u>243,149</u>	<u>1,088,827</u>	<u>2,358,732</u>
Net position, beginning of year	49,227,630	21,290,439	20,283,557	24,057,388	114,859,014
Net position, end of year	<u>\$ 50,084,149</u>	<u>\$ 21,460,676</u>	<u>\$ 20,526,706</u>	<u>\$ 25,146,215</u>	<u>\$ 117,217,746</u>

The Notes to Financial Statements are an integral part of these statements.

**ATHENS UTILITIES BOARD**  
**STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2020**

	Business-Type Activities - Enterprise Funds				
	Power Division	Water Division	Gas Division	Department of Sewer	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 50,841,825	\$ 4,451,116	\$ 5,849,229	\$ 6,676,087	\$ 67,818,257
Receipts from other divisions for services provided	672,996	14,251	83,518	5,874	776,639
Payments for employee services	(4,187,440)	(981,051)	(725,368)	(1,247,554)	(7,141,413)
Payments to suppliers for goods and services	(43,524,714)	(2,150,143)	(4,331,137)	(2,093,119)	(52,099,113)
Payments to other divisions for services used	(14,999)	(177,186)	(12,084)	(572,370)	(776,639)
Customer deposits received	228,591	47,525	34,943	213,310	524,369
Customer deposits refunded	(77,920)	(11,220)	(20,520)	(12,890)	(122,550)
Net cash provided by operating activities	<u>3,938,339</u>	<u>1,193,292</u>	<u>878,581</u>	<u>2,969,338</u>	<u>8,979,550</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal paid on long-term debt	(251,482)	(185,941)	-	(1,182,439)	(1,619,862)
Additions to utility plant and equipment	(3,716,939)	(615,589)	(577,887)	(1,712,394)	(6,622,809)
Removal cost, salvage, and other, net	(128,994)	(15,940)	(12,682)	(141,076)	(298,692)
Proceeds on disposal of property	12,086	-	4,563	8,250	24,899
Capital contributions	5,000	-	-	306,009	311,009
Interest paid on long-term liabilities	(53,947)	(106,338)	(1,539)	(223,644)	(385,468)
Net cash used in capital and related financing activities	<u>(4,134,276)</u>	<u>(923,808)</u>	<u>(587,545)</u>	<u>(2,945,294)</u>	<u>(8,590,923)</u>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>					
Interest received	<u>42,961</u>	<u>57,221</u>	<u>50,659</u>	<u>45,372</u>	<u>196,213</u>
Net increase (decrease) in cash and cash equivalents	(152,976)	326,705	341,695	69,416	584,840
Cash and cash equivalents, beginning of year	<u>6,739,223</u>	<u>6,489,802</u>	<u>5,903,666</u>	<u>4,450,025</u>	<u>23,582,716</u>
Cash and cash equivalents, end of year	<u>\$ 6,586,247</u>	<u>\$ 6,816,507</u>	<u>\$ 6,245,361</u>	<u>\$ 4,519,441</u>	<u>\$ 24,167,556</u>

(continued on page 7)

**ATHENS UTILITIES BOARD**  
**STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2020**  
**(continued)**

Business-Type Activities - Enterprise Funds				
Power Division	Water Division	Gas Division	Department of Sewer	Total
(continued from page 6)				
\$ 874,959	\$ 227,624	\$ 208,572	\$ 889,912	\$ 2,201,067
2,596,379	962,144	736,530	1,903,522	6,198,575
(32,563)	(8,270)	(24,066)	(7,814)	(72,713)
905,797	64,388	51,185	54,238	1,075,608
41,905	8,581	(3,931)	21,344	67,899
-	-	2,966	-	2,966
(732,384)	(130,125)	(139,530)	(138,835)	(1,140,874)
-	(3,800)	(300)	8,700	4,600
143,132	35,350	5,712	199,192	383,386
(19,248)	(9,244)	(7,260)	(5,645)	(41,397)
34,133	9,929	50,996	13,208	108,266
175,458	51,462	4,665	45,537	277,122
(49,229)	(14,747)	(6,958)	(14,021)	(84,955)
\$ 3,938,339	\$ 1,193,292	\$ 878,581	\$ 2,969,338	\$ 8,979,550

**SUPPLEMENTAL DISCLOSURES OF  
NONCASH INVESTING, CAPITAL, AND  
FINANCING ACTIVITIES**

Outstanding capital contributions	\$ 10,219	\$ -	\$ -	\$ 70,742	\$ 80,961
Contributed lines	-	-	4,960	-	4,960

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

**ATHENS UTILITIES BOARD  
STATEMENT OF FIDUCIARY NET POSITION  
PENSION TRUST FUND  
FIDUCIARY FUND  
June 30, 2020**

**ASSETS**

Cash	\$ 106,806
Interest receivable	<u>36,190</u>
	<u>142,996</u>
Investments, at fair value:	
U.S. government and agency securities	1,335,657
Municipal bonds	569,717
Collateralized mortgage obligations - asset backed	298,022
Corporate bonds	2,139,353
Foreign bonds and notes	366,892
Mutual funds	4,368,776
Common stocks	964,082
Foreign stocks	<u>708,532</u>
Total investments	<u>10,751,031</u>
Total assets	<u><u>\$ 10,894,027</u></u>

**NET POSITION**

Net position, held in trust for pension benefits	<u><u>\$ 10,894,027</u></u>
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The Notes to Financial Statements are an integral part of this statement.

**ATHENS UTILITIES BOARD**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION TRUST FUND**  
**FIDUCIARY FUND**  
**Year Ended June 30, 2020**

**ADDITIONS**

Employer contributions	\$ 800,000
Net investment income:	
Interest and dividend income	270,527
Net appreciation in the fair value of investments	<u>228,726</u>
 Total additions	 <u>1,299,253</u>

**DEDUCTIONS**

Benefits paid	1,116,079
Administrative expenses	<u>19,394</u>
 Total deductions	 <u>1,135,473</u>

<b>CHANGE IN NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	 163,780
 <b>NET POSITION, held in trust for pension benefits, beginning of year</b>	 <u>10,730,247</u>
 <b>NET POSITION, held in trust for pension benefits, end of year</b>	 <u><u>\$ 10,894,027</u></u>

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



**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies**

***Organization and basis of presentation:***

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 Comprehensive Annual Financial Report of the City. The Board is governed by a five-member commission appointed by the City Council of Athens. One commissioner is to also serve on the City Council.

The Board is segregated into four distinct divisions (Power Division, Water Division, Gas Division and Department of Sewer) that provide power, fiber optics, water, gas, and sewer 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. The Board provides fiber optic services through the Power Division. 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 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.

**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**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 2.69 to 3.31 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	\$ 320,934
Water	46,573
Gas	91,289
Sewer	128,064

***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.

**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies (continued)**

***Revenues and expenses and use of resources: (continued)***

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

***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 statement of cash flows, the Board considers all highly liquid investments with an original maturity of less than 90 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.

***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.

**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies (continued)**

***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.

***Capitalized interest:***

The Board capitalizes material net interest costs and interest earned as part of the cost of construction. The Board capitalized no interest during 2020.

***Income taxes:***

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

***Fair value measurements:***

Investments of the Board are reported at fair value. Investments are measured and reported at fair value and are classified according to the following hierarchy:

Level 1 – Investments reflect prices quoted in active markets.

Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3 – Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

At June 30, 2020, all investments held in the Pension Trust Fund have been classified as Level 1 in the fair value hierarchy as they are valued directly from a predetermined primary external pricing vendor utilizing quoted market prices in active markets.

**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 2. Capital Assets**

Capital asset activity for the year ended June 30, 2020, is as follows:

	Balance 6/30/19	Additions	Deletions	Balance 6/30/20
<b><u>Power Division</u></b>				
Capital assets-depreciated:				
Plant in service	\$ 60,781,906	\$ 3,302,283	\$ 609,253	\$ 63,474,936
Equipment and furniture	3,765,027	187,707	-	3,952,734
Transportation equipment	2,157,396	246,676	71,888	2,332,184
Capital assets-depreciated	66,704,329	3,736,666	681,141	69,759,854
Land-not depreciated	359,624	-	-	359,624
Total power utility plant and equipment	67,063,953	3,736,666	681,141	70,119,478
Less accumulated depreciation:				
Plant in service	20,722,529	2,021,943	733,166	22,011,306
Equipment and furniture	1,796,126	253,503	96	2,049,533
Transportation equipment	877,389	320,933	69,692	1,128,630
Total accumulated depreciation	23,396,044	2,596,379	802,954	25,189,469
	43,667,909	1,140,287	(121,813)	44,930,009
Construction in progress- not depreciated	2,849,033	3,848,202	4,028,635	2,668,600
Net power utility plant and equipment	\$ 46,516,942	\$ 4,988,489	\$ 3,906,822	\$ 47,598,609
<b><u>Water Division</u></b>				
Capital assets-depreciated:				
Plant in service	\$ 29,748,282	\$ 708,529	\$ 46,985	\$ 30,409,826
Equipment and furniture	1,931,899	48,161	1,498	1,978,562
Transportation equipment	558,897	-	-	558,897
Capital assets-depreciated	32,239,078	756,690	48,483	32,947,285
Land-not depreciated	128,969	-	-	128,969
Total water utility plant and equipment	32,368,047	756,690	48,483	33,076,254
Less accumulated depreciation:				
Plant in service	12,177,913	793,589	50,932	12,920,570
Equipment and furniture	948,424	129,661	1,498	1,076,587
Transportation equipment	489,790	38,894	-	528,684
Total accumulated depreciation	13,616,127	962,144	52,430	14,525,841
	18,751,920	(205,454)	(3,947)	18,550,413
Construction in progress- not depreciated	457,303	594,838	773,479	278,662
Net water utility plant and equipment	\$ 19,209,223	\$ 389,384	\$ 769,532	\$ 18,829,075

**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 2. Capital Assets (continued)**

	Balance 6/30/19	Additions	Deletions	Balance 6/30/20
<b><u>Gas Division</u></b>				
Capital assets-depreciated:				
Plant in service	\$ 21,830,994	\$ 376,110	\$ 56,864	\$ 22,150,240
Equipment and furniture	1,151,326	62,524	10,963	1,202,887
Transportation equipment	432,414	137,976	65,339	505,051
Capital assets-depreciated	23,414,734	576,610	133,166	23,858,178
Land-not depreciated	128,752	-	-	128,752
Total gas utility plant and equipment	23,543,486	576,610	133,166	23,986,930
Less accumulated depreciation:				
Plant in service	8,147,836	586,833	69,546	8,665,123
Equipment and furniture	825,579	63,715	10,963	878,331
Transportation equipment	326,801	85,982	65,339	347,444
Total accumulated depreciation	9,300,216	736,530	145,848	9,890,898
	14,243,270	(159,920)	(12,682)	14,096,032
Construction in progress- not depreciated	184,090	617,833	611,596	190,327
Net gas utility plant and equipment	<u>\$ 14,427,360</u>	<u>\$ 457,913</u>	<u>\$ 598,914</u>	<u>\$ 14,286,359</u>
<b><u>Department of Sewer</u></b>				
Capital assets-depreciated:				
Plant in service	\$ 51,061,509	\$ 1,979,622	\$ 303,391	\$ 52,737,740
Equipment and furniture	1,363,035	67,908	16,876	1,414,067
Transportation equipment	1,271,940	87,520	54,862	1,304,598
Capital assets-depreciated	53,696,484	2,135,050	375,129	55,456,405
Land-not depreciated	219,678	-	-	219,678
Total sewer utility plant and equipment	53,916,162	2,135,050	375,129	55,676,083
Less accumulated depreciation:				
Plant in service	18,590,331	1,696,689	444,466	19,842,554
Equipment and furniture	1,007,835	78,769	16,876	1,069,728
Transportation equipment	878,700	128,064	54,863	951,901
Total accumulated depreciation	20,476,866	1,903,522	516,205	21,864,183
	33,439,296	231,528	(141,076)	33,811,900
Construction in progress- not depreciated	1,559,311	1,847,299	2,281,153	1,125,457
Net sewer utility plant and equipment	<u>\$ 34,998,607</u>	<u>\$ 2,078,827</u>	<u>\$ 2,140,077</u>	<u>\$ 34,937,357</u>

**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 2. Capital Assets (continued)**

	Balance 6/30/19	Additions	Deletions	Balance 6/30/20
<b><u>Board Total</u></b>				
Capital assets-depreciated:				
Plant in service	\$163,422,691	\$ 6,366,544	\$ 1,016,493	\$168,772,742
Equipment and furniture	8,211,287	366,300	29,337	8,548,250
Transportation equipment	4,420,647	472,172	192,089	4,700,730
Capital assets-depreciated	176,054,625	7,205,016	1,237,919	182,021,722
Land-not depreciated	837,023	-	-	837,023
Total utility plant and equipment	176,891,648	7,205,016	1,237,919	182,858,745
Less accumulated depreciation:				
Plant in service	59,638,609	5,099,054	1,298,110	63,439,553
Equipment and furniture	4,577,964	525,648	29,433	5,074,179
Transportation equipment	2,572,680	573,873	189,894	2,956,659
Total accumulated depreciation	66,789,253	6,198,575	1,517,437	71,470,391
	110,102,395	1,006,441	(279,518)	111,388,354
Construction in progress-not depreciated	5,049,737	6,908,172	7,694,863	4,263,046
Net utility plant and equipment	\$115,152,132	\$ 7,914,613	\$ 7,415,345	\$115,651,400

**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 percent 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, 2020, the Board was fully collateralized.

**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 4. Long-Term Debt and Other Long-Term Liabilities**

Long-term debt at June 30, 2020, consisted of the following:

**Power Division**

Note payable to the Public Building Authority of the City of Clarksville, Tennessee, Series 2003; variable interest; principal due annually on May 25; interest due monthly	\$ 2,138,512
Note payable to the Public Building Authority of the City of Clarksville, Tennessee, Series 2008; variable interest; principal due annually on May 25; interest due monthly	<u>1,901,000</u>
	4,039,512
Less current maturities	<u>(260,750)</u>
Net Power long-term debt	<u>\$ 3,778,762</u>

**Water Division**

Water Revenue and Tax Bond, Series 2009; payable to Rural Development, U.S. Department of Agriculture; 3.25% interest; due in monthly installments of \$5,416 including interest	\$ 1,183,765
Note payable to the Tennessee Department of Environment and Conservation, Series 2013; State Revolving Fund Loan Program; 3.18% interest; due in monthly installments of \$9,121	1,256,033
Note payable to the Tennessee Department of Environment and Conservation, Series 2014; State Revolving Fund Loan Program; 1.69% interest; due in monthly installments of \$9,857	<u>1,754,182</u>
	4,193,980
Less current maturities	<u>(184,997)</u>
Net Water long-term debt	<u>\$ 4,008,983</u>



**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 4. Long-Term Debt and Other Long-Term Liabilities (continued)**

**Department of Sewer**

Note payable to the Public Building Authority of the City of Clarksville, Tennessee, Series 2003; variable interest; principal due annually; interest due monthly	\$ 12,544,061
State of Tennessee Department of Environment and Conservation:	
2.39% State Revolving Fund note payable; due in monthly installments of \$12,433 including interest	1,441,900
2.39% ARRA State Revolving Fund note payable; due in monthly installments of \$2,487 including interest	<u>288,381</u>
	14,274,342
Less current maturities	<u>(1,180,451)</u>
Net Sewer long-term debt	<u>\$ 13,093,891</u>

**Summary of Board Long-Term Debt**

Total Board long-term debt	\$ 22,507,834
Less current maturities	<u>(1,626,198)</u>
Net Board long-term debt	<u>\$ 20,881,636</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.

**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 4. Long-Term Debt and Other Long-Term Liabilities (continued)**

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 38-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 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, 2020, set at 0.27 percent.

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, 2020, set at 0.27 percent.

**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 4. Long-Term Debt and Other Long-Term Liabilities (continued)**

The notes payable to the Public Building Authority of the City of Clarksville, Tennessee, Pooled Loan Program, Series 2003 and 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 0.27 percent at June 30, 2020.

Changes in long-term debt and other long-term liabilities for the year ended June 30, 2020, are summarized as follows:

	Balance 6/30/2019	Additions	Retirements	Balance 6/30/2020	Due within one year
Revenue and tax bonds-water	\$ 1,209,674	\$ -	\$ 25,909	\$ 1,183,765	\$ 26,768
Notes payable-power	4,290,994	-	251,482	4,039,512	260,750
Notes payable-water	3,170,247	-	160,032	3,010,215	158,229
Notes payable-sewer	15,456,781	-	1,182,439	14,274,342	1,180,451
Total Board long-term debt and liabilities	<u>\$ 24,127,696</u>	<u>\$ -</u>	<u>\$ 1,619,862</u>	<u>\$ 22,507,834</u>	<u>\$ 1,626,198</u>

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, 2020.

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

	Power			Water		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 260,750	\$ 10,920	\$ 271,670	\$ 184,997	\$ 106,495	\$ 291,492
2022	263,750	10,215	273,965	189,632	101,860	291,492
2023	267,750	9,503	277,253	194,392	97,100	291,492
2024	271,750	8,779	280,529	199,280	92,212	291,492
2025	275,750	8,044	283,794	204,299	87,193	291,492
2026-2030	1,442,750	28,812	1,471,562	1,101,877	355,583	1,457,460
2031-2035	953,012	10,682	963,694	1,203,133	207,463	1,410,596
2036-2040	304,000	1,240	305,240	475,305	96,231	571,536
2041-2045	-	-	-	274,513	50,447	324,960
2046-2048	-	-	-	166,552	7,546	174,098
	<u>\$ 4,039,512</u>	<u>\$ 88,195</u>	<u>\$ 4,127,707</u>	<u>\$ 4,193,980</u>	<u>\$ 1,202,130</u>	<u>\$ 5,396,110</u>

**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 4. Long-Term Debt and Other Long-Term Liabilities (continued)**

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

	Sewer			Board Total		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 1,180,451	\$ 73,746	\$ 1,254,197	\$ 1,626,198	\$ 191,161	\$ 1,817,359
2022	1,183,815	67,567	1,251,382	1,637,197	179,642	1,816,839
2023	1,187,260	61,307	1,248,567	1,649,402	167,910	1,817,312
2024	1,190,788	54,964	1,245,752	1,661,818	155,955	1,817,773
2025	1,194,401	48,536	1,242,937	1,674,450	143,773	1,818,223
2026-2030	6,029,337	143,128	6,172,465	8,573,964	527,523	9,101,487
2031-2035	2,308,290	11,005	2,319,295	4,464,435	229,150	4,693,585
2036-2040	-	-	-	779,305	97,471	876,776
2041-2045	-	-	-	274,513	50,447	324,960
2046-2048	-	-	-	166,552	7,546	174,098
	<u>\$ 14,274,342</u>	<u>\$ 460,253</u>	<u>\$ 14,734,595</u>	<u>\$ 22,507,834</u>	<u>\$ 1,750,578</u>	<u>\$ 24,258,412</u>

**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 is a single employer defined benefit pension plan that provides pensions to all employees in all divisions 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, Branch Banking and Trust Company (BB&T). Four committee members are appointed by the Board of Directors while the fifth committee member is appointed by the Committee Chairman.

**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 5. Retirement Plans (continued)**

*Plan Membership*

	<u>2020</u>	<u>2019</u>
Inactive Plan participants or beneficiaries currently receiving benefits	23	23
Inactive Plan participants entitled to deferred benefits	15	15
Active vested Plan participants as of July 1	<u>56</u>	<u>60</u>
Total	<u>94</u>	<u>98</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.

*Plan Provisions*

Plan provisions in effect at June 30, 2020 and 2019:

Eligibility and Benefits

Requirements	Minimum months of service: 12 Minimum Age: 25
Entry Dates	1/1 or 7/1 following fulfillment of requirements. <b><i>The plan is frozen to anyone hired after 6/30/10.</i></b>

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) \$20.00 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.

**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 5. Retirement Plans (continued)**

*Plan Provisions (continued)*

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%. For the calculation of lump sums, the participant will receive the larger of the amount determined using:</p> <ul style="list-style-type: none"><li>- 1983 GAM for males and 5.5%, or</li><li>- 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.</li></ul>
Optional Forms of Benefit	<p>The following optional forms are available: life annuity, joint &amp; survivor annuity (50, 75, or 100%), 5-year certain &amp; life annuity, 15-year certain &amp; 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.</p>
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>
<u>Early Retirement Benefit</u>	<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>

**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 5. Retirement Plans (continued)**

*Plan Provisions (continued)*

Accumulated Sick Leave  
Balance

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.

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.

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

Effective February 1, 2014:

Minimum Age: 45

Minimum Service: 5 Years

Prior to February 1, 2008:

Minimum Age: 55

Minimum Service: 15 Years

Effective January 1, 2000, the beneficiary of a vested 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.

**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 5. Retirement Plans (continued)**

*Plan Provisions (continued)*

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

Effective July 1, 2005, a participant becomes 100% vested after 5 years of service.

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:

<u>Years of Credited Service for Vesting</u>	<u>Vesting Percentage</u>	<u>Years of Credited Service for Vesting</u>	<u>Vesting Percentage</u>
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 (5) years, providing that the actuarial value of assets shall not be greater than 110% of market value, nor less than 90% of market value.

Amortization Method: The amortization policy shall be that the UAAL, as of January 1, 2014, and any changes thereafter as a result of a change in assumptions or methods or benefit or plan changes, shall be amortized over a fixed period of 19 years beginning January 1, 2014. The amortization period for experience gains and losses shall be 10 years from the date of the actuarial valuation.



**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 5. Retirement Plans (continued)**

***Investments***

***Investment Policy***

The Board has passed 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, Branch Banking and Trust Company, is responsible for implementing the investment policy. The Board reviews the appropriateness and performance of the policy and investments annually.

The following was the Plan's adopted asset allocation as of June 30, 2020 and 2019:

<u>Asset Class</u>	<u>Target Allocation</u>	
	<u>2020</u>	<u>2019</u>
Equity	46.0%	46.0%
Fixed income	50.0	36.0
Alternatives	3.0	4.0
Cash equivalents	1.0	14.0
Total	<u>100.0%</u>	<u>100.0%</u>

***Rate of return***

For the years ended June 30, 2020 and 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.50 percent and 6.34 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 \$674,152 and \$1,120,513 investments in the Sterling Capital Securitized Opportunities Fund and the Vanguard 500 Index Fund, respectively. Each represented more than 5 percent of the Plan's fiduciary net position at June 30, 2020.

***Net Pension Liability of the Board***

The components of the net pension liability at June 30, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>
Total pension liabilities	\$ 16,878,460	\$ 15,110,528
Plan fiduciary net position	<u>10,894,027</u>	<u>10,730,247</u>
Board net pension liability	<u>\$ 5,984,433</u>	<u>\$ 4,380,281</u>

**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 5. Retirement Plans (continued)**

*Net Pension Liability of the Board (continued)*

	<u>2020</u>	<u>2019</u>
Plan fiduciary net position as a percentage of the total pension liability	64.54%	71.01%
Covered-employee payroll	\$4,424,698	\$4,386,649
Net pension liability as a percentage of covered-employee payroll	135.25%	99.85%

The Plan's fiduciary net position is reported in the Pension Trust Fund as of June 30, 2020. The Board's net pension liability is reported in the enterprise funds as of the measurement date of June 30, 2019, as permitted under the GASB standards.

*Actuarial Assumptions for Calculation of the Net Pension Liability*

Assumptions for calculation of net pension liability were reviewed as part of an experience study for the period July 1, 2010, through June 30, 2014. Future experience reviews are anticipated every five years.

Measurement Date	June 30, 2020 – Plan. June 30, 2019 – Employer.
Valuation Date	July 1, 2020 – Plan. July 1, 2019 – Employer.
Mortality:	SOA RP-2014 Total Dataset Mortality Table adjusted to 2006 with Improvement scale MP-2018
Discount Rate	6.75% per annum
Inflation	2.50% per annum
Salary Projection	3.00% per annum
Cost of Living Increase	N/A

*Long-Term Expected Rate of Return on Pension Plan Investments*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of

**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 5. Retirement Plans (continued)**

***Net Pension Liability of the Board (continued)***

***Long-Term Expected Rate of Return on Pension Plan Investments (continued)***

return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	6.69%
Fixed income	1.52
Alternatives	3.85
Cash equivalents	0.11

The assumed inflation rate is 2.50% per annum.

***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.

**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 5. Retirement Plans (continued)**

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

	1% Decrease <u>(5.75%)</u>	Current Discount <u>Rate (6.75%)</u>	1% Increase <u>(7.75%)</u>
Athens Utilities Board's Net Pension Liability – June 30, 2020	\$8,536,896	\$5,984,433	\$3,854,309
	1% Decrease <u>(6.00%)</u>	Current Discount <u>Rate (7.00%)</u>	1% Increase <u>(8.00%)</u>
Athens Utilities Board's Net Pension Liability – June 30, 2019	\$6,517,700	\$4,380,281	\$2,572,351

***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:

Additional Board disclosures are made as of the measurement date, June 30, 2019, 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 (a) – (b)
Balances at July 1, 2018	\$ 14,070,404	\$ 9,798,389	\$ 4,272,015
Changes for the year:			
Service cost	301,140	-	301,140
Interest	989,624	-	989,624
Differences between expected and actual experience	225,544	-	225,544
Contributions - Employer	-	800,000	(800,000)
Contributions - Employee	-	-	-
Net investment income	-	618,778	(618,778)
Benefit payments, including refunds of employee contributions	(476,184)	(476,184)	-
Administrative expense	-	(10,736)	10,736
Net changes	1,040,124	931,858	108,266
Balances at June 30, 2019	\$ 15,110,528	\$ 10,730,247	\$ 4,380,281

**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 5. Retirement Plans (continued)**

***Additional Defined Benefit Plan disclosures for the Athens Utilities Board (continued)***

The Board recognized pension expense of \$579,889 for 2020. The Board made contributions to the Defined Benefit Plan of \$800,000 subsequent to the measurement date of June 30, 2019. 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:

	<u>Power Division</u>	<u>Water Division</u>	<u>Gas Division</u>	<u>Department of Sewer</u>	<u>Total</u>
Pension expense	\$ 605,238	\$ 176,069	\$ 132,052	\$ 187,074	\$ 1,100,433
Subsequent contributions	448,774	130,548	87,035	133,643	800,000

For the measurement period ended June 30, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,506,769	\$ -
Changes of assumptions	206,115	235,325
Net difference between projected and actual earnings on pension plan investments	112,344	-
Contributions subsequent to measurement date of June 30, 2019	<u>800,000</u>	<u>-</u>
Total	<u>\$ 2,625,228</u>	<u>\$ 235,325</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, 2020, and the Board's June 30, 2020, 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:

2020	\$ 389,652
2021	267,038
2022	331,495
2023	287,490
2024	195,749
Thereafter	118,479

**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 5. Retirement Plans (continued)**

***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 \$142,087 during 2020.

**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 1,476,000 gallons per day to be made. The Board paid \$660,971 during 2020 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 1,476,000 gallons per day to be made. The Board received \$365,908 during 2020 for water sold under this contract. Total sales to other utilities were \$400,063 during 2020.

**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 7. 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 Department of Sewer recognized \$372,981 of capital contributions in 2020 passed through a City of Athens grant to the Board for sewer system improvements, and \$3,770 received for line extensions.

The Fiber Optic Services Division recognized \$15,219 of capital contributions in 2020 passed through a City of Athens grant to the Board for a downtown Wi-Fi project.

The Gas Division recognized \$4,960 of capital contributions from contributed lines.

**Note 8. Major Customers**

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

	<u>Number of Customers</u>	<u>Sales</u>	<u>% of Operating Revenue</u>
Power	1	\$ 9,386,742	19%
Gas	1	732,105	12
Sewer	1	2,346,967	40

**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 \$70,000 and has purchased group life insurance of approximately \$12,000 per participant and \$2,000 per dependent.

Employer contributions were \$666,775 for the Health Plan during 2020. 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.

**ATHENS UTILITIES BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**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.

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.

**Note 12. Subsequent Event**

In March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a pandemic. COVID-19 continues to spread across the globe and is impacting worldwide economic activity and financial markets, forcing closures of certain types of public places and businesses. As of the date the financial statements were issued, the Board's operations have not been significantly impacted by COVID-19. The ultimate impact, if any, of the pandemic on the Board's results of operations and financial position cannot be reasonably estimated at this time.



**REQUIRED**

**SUPPLEMENTAL INFORMATION**

**ATHENS UTILITIES BOARD  
EMPLOYEE RETIREMENT PLAN  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY  
AND RELATED RATIOS  
LAST SEVEN YEARS  
June 30, 2020**

	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>							
Service cost	\$ 306,968	\$ 301,140	\$ 324,067	\$ 320,831	\$ 310,107	\$ 285,320	\$ 281,324
Interest	1,040,823	989,624	928,295	912,387	871,483	782,127	865,736
Differences between expected and actual experience	13,890	225,544	815,486	594,417	328,117	337,836	157,426
Changes of assumptions	1,522,330	-	-	-	-	523,220	(745,055)
Benefit payments, including refunds of employee contributions	(1,116,079)	(476,184)	(1,838,365)	(1,376,676)	(510,163)	(837,872)	(510,680)
<b>Net change in total pension liability</b>	<b>1,767,932</b>	<b>1,040,124</b>	<b>229,483</b>	<b>450,959</b>	<b>999,544</b>	<b>1,090,631</b>	<b>48,751</b>
<b>Total pension liability - beginning</b>	<b>15,110,528</b>	<b>14,070,404</b>	<b>13,840,921</b>	<b>13,389,962</b>	<b>12,390,418</b>	<b>11,299,787</b>	<b>11,251,036</b>
<b>Total pension liability - ending (a)</b>	<b>\$16,878,460</b>	<b>\$15,110,528</b>	<b>\$14,070,404</b>	<b>\$13,840,921</b>	<b>\$13,389,962</b>	<b>\$12,390,418</b>	<b>\$11,299,787</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 800,000	\$ 800,000	\$ 794,813	\$ 794,813	\$ 1,034,813	\$ 1,034,813	\$ 1,034,813
Contributions - employee	-	-	-	-	-	-	-
Net investment income	499,253	618,778	636,018	916,709	56,288	107,156	988,753
Benefit payments, including refunds of employee contributions	(1,116,079)	(476,184)	(1,838,365)	(1,376,676)	(510,163)	(837,872)	(510,680)
Administrative expense	(19,394)	(10,736)	(1,176)	(12,241)	(1,238)	(1,095)	(882)
Other	-	-	-	-	-	-	(886)
<b>Net change in plan fiduciary net position</b>	<b>163,780</b>	<b>931,858</b>	<b>(408,710)</b>	<b>322,605</b>	<b>579,700</b>	<b>303,002</b>	<b>1,511,118</b>
<b>Plan fiduciary net position - beginning</b>	<b>10,730,247</b>	<b>9,798,389</b>	<b>10,207,099</b>	<b>9,884,494</b>	<b>9,304,794</b>	<b>9,001,792</b>	<b>7,490,674</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$10,894,027</b>	<b>\$10,730,247</b>	<b>\$ 9,798,389</b>	<b>\$10,207,099</b>	<b>\$ 9,884,494</b>	<b>\$ 9,304,794</b>	<b>\$ 9,001,792</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 5,984,433</b>	<b>\$ 4,380,281</b>	<b>\$ 4,272,015</b>	<b>\$ 3,633,822</b>	<b>\$ 3,505,468</b>	<b>\$ 3,085,624</b>	<b>\$ 2,297,995</b>
<b>Plan fiduciary net position as percentage of the total pension liability</b>	64.54%	71.01%	69.64%	73.75%	73.82%	75.10%	79.66%
<b>Covered-employee payroll</b>	\$ 4,424,698	\$ 4,386,649	\$ 4,604,594	\$ 4,557,706	\$ 4,625,267	\$ 4,625,267	\$ 4,796,970
<b>Net pension liability as a percentage of covered-employee payroll</b>	135.25%	99.85%	92.78%	79.73%	75.79%	66.71%	47.91%

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

**ATHENS UTILITIES BOARD  
EMPLOYEE RETIREMENT PLAN  
SCHEDULE OF PLAN CONTRIBUTIONS  
LAST SEVEN YEARS  
June 30, 2020**

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 779,052	\$ 722,728	\$ 637,760	\$ 566,373	\$ 546,139	\$ 513,298	\$ 794,813
Contributions in relation to the actuarially determined contribution	800,000	800,000	794,813	794,813	1,034,813	1,034,813	1,034,813
Contribution deficiency (excess)	<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	\$4,424,698	\$4,386,649	\$4,604,594	\$4,557,706	\$4,625,267	\$4,625,267	\$4,796,970
Contributions as a percentage of covered-employee payroll	18.08%	18.24%	17.26%	17.44%	22.37%	22.37%	21.57%

**NOTES TO SCHEDULE**

The actuarially determined contribution shown above is calculated using the following assumptions.

**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:	25 years
Asset valuation method:	Fair market value
Salary increases:	3.00%
Investment rate of return:	7.00%
Retirement age:	Age 63 for those who satisfy Rule of 90, 100% at Age 65
Mortality:	SOA RP-2014 Total Dataset Mortality Table adjusted to 2006 with improvement scale MP-2018
Disabled mortality:	SOA RP-2014 Total Dataset Mortality Table adjusted to 2006 with improvement scale MP-2018

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

**ATHENS UTILITIES BOARD  
EMPLOYEE RETIREMENT PLAN  
SCHEDULE OF INVESTMENT RETURNS  
LAST SEVEN YEARS  
June 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, Net of investment expense	4.50%	6.34%	6.28%	7.41%	0.57%	0.91%	12.34%

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

## **ACCOMPANYING INFORMATION**

**ATHENS UTILITIES BOARD**  
**SCHEDULE OF NET POSITION BY SERVICE**  
**POWER DIVISION**  
**June 30, 2020**

	Power Division		
	Power Services	Fiber Optic Services	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>UTILITY PLANT AND EQUIPMENT, at cost</b>	\$ 70,030,456	\$ 89,022	\$ 70,119,478
Less accumulated depreciation	(25,150,067)	(39,402)	(25,189,469)
	44,880,389	49,620	44,930,009
Construction in progress	2,650,851	17,749	2,668,600
Net utility plant and equipment	47,531,240	67,369	47,598,609
<b>CURRENT ASSETS</b>			
Cash	6,398,685	187,887	6,586,572
Receivables:			
Customer accounts, less allowance doubtful accounts	4,042,301	4,199	4,046,500
Other	191,441	-	191,441
Primary government	-	10,219	10,219
Prepaid expenses	50,798	-	50,798
Materials and supplies	1,588,587	-	1,588,587
Total current assets	12,271,812	202,305	12,474,117
Total assets	59,803,052	269,674	60,072,726
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension plan	1,452,811	-	1,452,811
	\$ 61,255,863	\$ 269,674	\$ 61,525,537
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>			
<b>LONG-TERM LIABILITIES</b>			
Long-term debt	\$ 4,039,512	\$ -	\$ 4,039,512
Less current maturities shown below	(260,750)	-	(260,750)
Net long-term debt	3,778,762	-	3,778,762
Net pension liability	2,430,599	-	2,430,599
Total long-term liabilities	6,209,361	-	6,209,361
<b>CURRENT LIABILITIES</b>			
Current maturities of long-term liabilities	260,750	-	260,750
Payables:			
TVA for purchased power	3,414,991	-	3,414,991
Vendors	227,354	-	227,354
Primary government	92,937	-	92,937
Customer deposits	575,771	-	575,771
Other current liabilities	529,643	-	529,643
Total current liabilities	5,101,446	-	5,101,446
Total liabilities	11,310,807	-	11,310,807
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension plan	130,581	-	130,581
	11,441,388	-	11,441,388
<b>NET POSITION</b>			
Net investment in capital assets	43,491,728	67,369	43,559,097
Unrestricted	6,322,747	202,305	6,525,052
	49,814,475	269,674	50,084,149
Total net position	\$ 61,255,863	\$ 269,674	\$ 61,525,537

**ATHENS UTILITIES BOARD**  
**SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION BY SERVICE**  
**POWER DIVISION**  
**June 30, 2020**

	Power Division		
	Power Services	Fiber Optic Services	Total
<b>OPERATING REVENUES</b>			
Sales:			
Residential	\$ 15,948,997	\$ -	\$ 15,948,997
Commercial	4,087,526	-	4,087,526
Industrial	28,710,115	-	28,710,115
Public street and outdoor lighting	1,001,058	-	1,001,058
Fiber optic	-	120,178	120,178
Other operating revenue	741,150	-	741,150
Total operating revenue	<u>50,488,846</u>	<u>120,178</u>	<u>50,609,024</u>
<b>OPERATING EXPENSES</b>			
Purchased supply	40,801,244	49,098	40,850,342
Distribution	1,151,882	-	1,151,882
Maintenance	1,296,529	-	1,296,529
Consumer accounts	1,081,027	-	1,081,027
Administrative and general	2,048,378	4,052	2,052,430
Other	4,796	-	4,796
Depreciation and amortization	2,268,003	7,442	2,275,445
Tax equivalents	1,021,614	-	1,021,614
Total operating expense	<u>49,673,473</u>	<u>60,592</u>	<u>49,734,065</u>
<b>NET OPERATING INCOME</b>	<u>815,373</u>	<u>59,586</u>	<u>874,959</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	42,339	622	42,961
Interest expense	(53,947)	-	(53,947)
Gain on disposal of capital assets	9,890	-	9,890
Other	(32,563)	-	(32,563)
Net nonoperating revenues (expenses)	<u>(34,281)</u>	<u>622</u>	<u>(33,659)</u>
Income before capital contributions	781,092	60,208	841,300
<b>CAPITAL CONTRIBUTIONS</b>	<u>-</u>	<u>15,219</u>	<u>15,219</u>
<b>CHANGE IN NET POSITION</b>	781,092	75,427	856,519
Net position, beginning of year	<u>49,033,383</u>	<u>194,247</u>	<u>49,227,630</u>
Net position, end of year	<u>\$ 49,814,475</u>	<u>\$ 269,674</u>	<u>\$ 50,084,149</u>

**ATHENS UTILITIES BOARD  
PENSION TRUST FUND  
SCHEDULE OF INVESTMENTS  
June 30, 2020**

	Interest Rate	Maturity Date	Cost	FMV
Federal Home Loan Bank	3.250	11/16/28	\$ 76,668	\$ 89,380
Federal Home Loan Mortgage Corporation	2.375	01/13/22	121,757	124,001
Federal National Mortgage Association	2.125	04/24/26	94,572	108,978
Federal National Mortgage Association	2.375	01/19/23	98,907	105,643
Federal National Mortgage Association	2.625	09/06/24	50,914	53,648
US Treasury Note	1.500	08/15/26	108,341	112,944
US Treasury Note	2.750	02/15/28	52,770	55,991
US Treasury Note	2.625	12/31/25	49,854	55,064
US Treasury Note	2.375	05/15/29	50,389	54,241
US Treasury Note	2.750	02/15/24	89,277	92,806
US Treasury Note	2.375	08/15/24	52,262	54,398
US Treasury Note	2.125	12/31/22	49,023	52,435
US Treasury Note	1.875	01/31/22	54,489	56,472
US Treasury Note	2.500	08/15/23	62,662	64,329
US Treasury Note	2.500	05/15/24	103,908	107,713
US Treasury Note	2.125	06/30/22	61,369	62,344
US Treasury Bond	2.875	08/15/28	78,510	85,270
Energy Northwest WA Electric Bond	2.803	07/01/21	50,456	51,103
Los Angeles CA Community College District Bond	3.009	08/01/23	51,743	53,746
Metropolitan Transportation Authority NY Bond	5.369	11/15/21	51,919	47,074
New York NY Build America Bond	5.049	12/01/21	45,372	42,519
New York City NY Transitional Finance Authority Bond	2.610	02/01/25	59,050	59,398
Palm Beach County FL Bond	1.789	10/01/20	50,000	50,113
Richmond VA Public Improvement Bond	2.599	07/15/21	50,551	51,184
Tennessee St - Series C Bond	3.378	08/01/22	78,789	78,860
University of California Taxable Relief Bond	3.063	07/01/25	55,066	60,302
Williamson County TX Bond	2.000	02/15/21	75,394	75,418
Ally Auto Receivables Trust Series 19-3 Class A3	1.930	05/15/24	59,998	61,258
Bank of America Credit Card Issuance Trust Series 19-A1	1.740	01/15/25	59,985	61,694
Capital One Multi-Asset Series 19-A1 Class A1	2.840	12/16/24	62,049	62,336
Ford Credit Auto Owner Trust Series 19-C Class A3	1.870	03/15/24	54,997	56,401
Honda Auto Receivables Onwer Series 20-1 Class A3	1.610	04/22/24	54,989	56,333
AT&T, Inc.	4.125	02/17/26	55,344	62,678
Abbvie, Inc.	4.250	11/14/28	49,030	56,182

(continued)



**ATHENS UTILITIES BOARD  
PENSION TRUST FUND  
SCHEDULE OF INVESTMENTS  
June 30, 2020  
(continued)**

	Interest Rate	Maturity Date	Cost	FMV
American Electric Power	3.200	11/13/27	\$ 51,099	\$ 56,032
BAT Capital Corporation	3.557	08/15/27	50,352	51,736
Bank of America Corporation	3.300	01/11/23	56,157	58,700
Bank of NY Mellon	2.950	01/29/23	48,568	53,162
CVS Health Corporation	2.875	06/01/26	52,589	55,205
Capital One Financial Corporation	3.200	02/05/25	51,690	53,685
Carlisle COS, Inc.	3.500	12/01/24	50,124	54,104
Citigroup, Inc.	3.750	06/16/24	55,498	60,690
The Coca-Cola Company	1.450	06/01/27	54,933	56,590
Comcast Corporation	3.600	03/01/24	50,196	53,253
Constellation Brands, Inc.	4.650	11/15/28	49,503	55,238
Crown Castle Corporation	4.875	04/15/22	60,113	58,756
Duke Energy Corporation	3.950	10/15/23	51,676	54,540
Energy Transfer Partners	5.200	02/01/22	38,413	38,718
ERP Operating LP Callable	3.000	04/15/23	55,085	57,779
Fiserv, Inc.	3.200	07/01/26	50,090	55,341
Goldman Sachs Group, Inc.	2.875	02/25/21	55,130	55,742
Holly Frontier Corporation	5.875	04/01/26	21,551	21,948
Huntington Bancshares, Inc.	4.000	05/15/25	54,827	62,302
JP Morgan Chase & Company	3.200	01/25/23	55,760	58,475
KeyCorp	2.550	10/01/29	54,179	57,967
Kimco Realty Corporation	3.400	11/01/22	56,770	57,233
Kinder Morgan, Inc.	4.300	03/01/28	54,666	54,399
Merck & Co., Inc.	1.450	06/24/30	54,528	54,937
Morgan Stanley	4.000	07/23/25	50,744	56,693
Nucor Corporation	3.950	05/01/28	29,956	34,436
Nvidia Corporation	2.850	04/01/30	53,519	56,737
Proctor & Gamble	2.450	03/25/25	16,033	17,365
Prudential Financial, Inc.	3.878	03/27/28	50,373	54,298
Regions Financial Corporation	2.250	05/18/25	54,832	57,599
Republic Services, Inc.	3.550	06/01/22	56,508	57,780
Ryder System, Inc.	3.875	12/01/23	49,969	53,861
Sherwin - Williams Company	3.450	06/01/27	49,818	55,942
Simon Property	2.625	06/15/22	55,337	56,533
United Technologies Corporation	4.125	11/16/28	57,238	61,250
Ventas Realty LP	4.400	01/15/29	52,416	54,518
Virginia Electric & Power	2.950	01/15/22	49,569	51,371

(continued)

**ATHENS UTILITIES BOARD  
PENSION TRUST FUND  
SCHEDULE OF INVESTMENTS  
June 30, 2020  
(continued)**

	Interest Rate	Maturity Date	Cost	FMV
Wells Fargo & Company	3.000	10/23/26	\$ 50,676	\$ 55,578
Bank of Montreal	2.500	06/28/24	49,993	53,030
Invesco Finance PLC	3.125	11/30/22	40,065	42,202
Mitsubishi UJF Financial Group	3.677	02/22/27	52,240	53,411
Shell International Financial	2.375	11/07/29	51,633	54,871
Shire Acquisitions Investments Ireland	2.400	09/23/21	50,680	51,993
Sumitomo Mitsui Financial Group	2.846	01/11/22	55,838	56,811
Toronto Dominion Bank	2.650	06/12/24	51,469	54,574
Blackstone Alternative Multi-Strategy Fund	-	-	234,171	211,106
Credit Suisse Commodity Return Strategy				
Institutional Shares Fund	-	-	157,983	132,982
Federated MDT Small-Cap Growth R6 Fund	-	-	142,107	159,888
Invesco Oppenheimer Developing Markets Fund	-	-	211,427	225,590
Ishares MSCI EAFE Small-Cap Index Fund	-	-	145,975	144,399
Ishares Iboxx High Yield Corporate Bond Fund	-	-	82,316	81,865
Lazard Emerging Markets Portfolio Institutional				
Class Fund	-	-	242,244	208,858
Morgan Stanley Global Opportunity Institutional Fund	-	-	143,306	259,635
Sterling Capital Quality, Inc. Fund	-	-	660,401	674,152
Touchstone Mid-Cap Growth Institutional Fund	-	-	239,788	256,399
Touchstone Mid-Cap Value Fund	-	-	534,331	504,795
Vanguard 500 Index Fund	-	-	864,633	1,120,513
Vanguard Developed Markets Fund	-	-	187,984	187,977
Virtus Quality Small-Cap Fund	-	-	178,866	200,617
Abbott Laboratories	-	-	15,243	24,960
Abbvie, Inc.	-	-	13,594	17,967
Alphabet, Inc. - Class A	-	-	10,856	17,017
Alphabet, Inc. - Class C	-	-	9,808	16,963
Amazon.com, Inc.	-	-	15,572	46,900
Analog Devices, Inc.	-	-	16,952	22,321
Anthem, Inc.	-	-	14,334	19,461
Autodesk, Inc.	-	-	11,913	31,573
Automatic Data Processing	-	-	3,478	4,764
Boeing Company Capital	-	-	17,234	20,896
Brookfield Property REIT Inc.	-	-	4,861	4,462
Cerner Corporation	-	-	9,993	11,242

(continued)

**ATHENS UTILITIES BOARD  
PENSION TRUST FUND  
SCHEDULE OF INVESTMENTS  
June 30, 2020  
(continued)**

	Interest Rate	Maturity Date	Cost	FMV
Cisco Systems, Inc.	-	-	\$ 10,580	\$ 14,179
Citigroup, Inc.	-	-	8,483	8,789
The Coca - Cola Co.	-	-	5,043	4,781
Colgate Palmolive Company	-	-	8,992	10,183
Corning, Inc.	-	-	15,002	14,582
Crown Castle International Corporation	-	-	11,420	16,902
CVS Common	-	-	19,273	18,387
Deere & Company	-	-	14,172	17,758
The Walt Disney Company Common	-	-	12,265	11,486
Discover Financial Services	-	-	16,976	15,728
Expeditors International Wash, Inc.	-	-	11,172	14,752
Facebook, Inc.	-	-	22,747	36,785
Factset Research Systems, Inc.	-	-	6,646	11,496
Goldman Sachs	-	-	10,023	12,450
Home Depot, Inc.	-	-	21,039	25,051
Honeywell International	-	-	14,131	16,050
Illumina, Inc.	-	-	9,396	9,999
Intuitive Surgical, Inc.	-	-	6,581	6,838
Johnson & Johnson	-	-	15,385	17,579
Maxim Integrated Products	-	-	10,732	14,849
Merck & Co, Inc.	-	-	16,521	20,260
Microsoft Corporation	-	-	19,514	55,558
Monster Beverage Corporation	-	-	15,965	20,865
Motorola Solutions, Inc.	-	-	5,020	5,045
NASDAQ, Inc.	-	-	12,624	17,801
Northern Trust Group	-	-	9,097	9,441
Nvidia Corporation	-	-	11,408	26,974
Oracle Corp	-	-	21,985	26,474
Pepsico, Inc.	-	-	15,084	18,913
Phillips 66	-	-	16,117	13,014
Qualcomm, Inc.	-	-	9,181	13,590
Regeneron Pharmaceuticals, Inc.	-	-	14,460	26,193
SEI Investments Company	-	-	11,034	10,886
Salesforce.com, Inc.	-	-	20,054	24,915
Starbucks Corporation	-	-	18,210	22,887
Tyson Foods, Inc.	-	-	10,336	11,524
United Parcel Services, Inc.	-	-	15,549	17,011

(continued)

**ATHENS UTILITIES BOARD  
PENSION TRUST FUND  
SCHEDULE OF INVESTMENTS**

**June 30, 2020**

**(continued)**

	Interest Rate	Maturity Date	Cost	FMV
Varian Medical Systems, Inc.	-	-	\$ 2,940	\$ 4,288
Verizon Communications, Inc.	-	-	16,639	17,642
Visa, Inc.	-	-	21,284	40,566
Workday, Inc.	-	-	6,245	8,993
Yum! Brands, Inc.	-	-	6,855	8,083
Yum China Holdings, Inc.	-	-	4,187	6,009
Accenture PLC Ireland PLC	-	-	13,830	22,975
ABB Limited Sponsored ADR	-	-	11,084	12,408
AIA Group	-	-	5,297	7,425
Adidas	-	-	3,027	3,280
Adyen N V Un-sponsored	-	-	2,679	5,180
Air Liquide	-	-	1,835	2,394
Airbus SE Un-sponsored ADR	-	-	3,387	3,638
Akzo Nobel N V Sponsored ADR	-	-	6,874	7,881
Alfa Laval AB	-	-	2,036	2,479
Alibaba Group Holding - SP	-	-	21,169	37,963
Allianz Society AS Europaea SE	-	-	8,745	10,207
Amadeus IT Holdings	-	-	6,526	5,574
Ambev S.A. ADR	-	-	3,907	2,738
Astrazeneca PLC	-	-	3,708	5,659
Atlas Copco Group	-	-	4,694	7,200
Aviva PLC	-	-	5,766	3,441
Baidu.com, Inc.	-	-	17,958	14,627
Balfour Beatty PLC	-	-	2,124	1,869
Banco Bilbao Vizcaya SP ADR	-	-	10,064	7,568
Barclays PLC	-	-	14,183	10,709
BASF AG Sponsored ADR	-	-	18,619	14,076
Bayer AG Sponsored ADR	-	-	7,539	7,445
BNP Paribas	-	-	8,240	7,866
BP PLC Sponsored ADR	-	-	5,674	4,011
British American Tobacco	-	-	11,545	9,511
Caixabank - Un-sponsored	-	-	5,272	3,732
Canadian Imperial Bank	-	-	2,961	2,478
Canadian National RY Company	-	-	1,567	2,214
Carrefour S.A.	-	-	3,890	3,263
Checkpoint Software Technology	-	-	4,940	5,371
China Mobile HK	-	-	3,688	2,489

(continued)

**ATHENS UTILITIES BOARD  
PENSION TRUST FUND  
SCHEDULE OF INVESTMENTS**

**June 30, 2020**

**(continued)**

	Interest Rate	Maturity Date	Cost	FMV
Chubb Limited	-	-	\$ 18,894	\$ 18,107
Chugai Pharmaceutic Un-sponsored ADR	-	-	2,350	5,858
Coca-Cola European Partners	-	-	1,557	1,322
Compagnie Financiere Richemont	-	-	8,169	8,816
Compass Group PLC - Sponsored ADR	-	-	4,197	4,053
DBS Group Holdings Limited	-	-	5,080	5,546
Danone - Sponsored ADR	-	-	5,473	5,006
Dassault Systems S.A.	-	-	3,743	6,211
Deutsche Post - Sponsored ADR	-	-	7,589	9,030
Diageo PLC - Sponsored ADR	-	-	3,766	3,360
Enel S.P.A. - Un-sponsored ADR	-	-	755	836
Epiroc - Un-sponsored ADR	-	-	2,293	2,767
Fanuc Limited	-	-	13,842	14,264
Fomento Economico Mexican S.A.	-	-	3,161	2,170
Fuchs Petrolu Se - Pref ADR	-	-	1,157	1,064
Grupo Financial Banorte - Sponsored ADR	-	-	1,679	2,082
HDFC Bank	-	-	2,204	2,000
ICICI Bank	-	-	2,207	2,388
Infineon Technology	-	-	13,314	17,350
ING Groep N.V. - Sponsored ADR	-	-	9,849	8,542
International Consolidated Airlines Group	-	-	815	736
Itau Unibanco Banco Multiplo S.A.	-	-	1,833	1,276
Johnson Matthey PLC - Sponsored ADR	-	-	2,102	1,296
Komatsu LTD	-	-	6,130	6,659
Kubota Corporation	-	-	3,029	3,130
Linde PLC	-	-	8,273	10,605
Lonza Group	-	-	3,400	5,965
L'Oreal S.A.	-	-	4,418	7,059
Lukoil PJSC - Sponsored ADR	-	-	3,332	2,890
Medtronic PLC	-	-	15,838	16,781
Micro Focus International	-	-	3,929	1,206
Murata Manufacturing Company	-	-	5,310	6,103
Nestle S.A.	-	-	4,164	5,748
Nitori Holdings Company - Un-sponsored	-	-	1,734	2,506
Novartis AG ADR	-	-	18,651	21,835
Novo - Nordisk	-	-	4,947	6,744
Novozymes	-	-	1,982	2,312

(continued)

**ATHENS UTILITIES BOARD  
PENSION TRUST FUND  
SCHEDULE OF INVESTMENTS  
June 30, 2020  
(continued)**

	Interest Rate	Maturity Date	Cost	FMV
Ping An Insurance Group Company of China Limited	-	-	\$ 4,034	\$ 3,380
Prudential PLC	-	-	6,427	5,073
RWE AG	-	-	1,455	2,062
Relx PLC - Sponsored ADR	-	-	5,761	5,914
Restaurant Brands International, Inc.	-	-	13,991	12,565
Rio Tinto PLC - ADR	-	-	6,053	6,348
Roche Holding Limited	-	-	26,563	33,353
Rolls Royce PLC	-	-	13,533	6,329
Royal Dutch Shell PLC ADR	-	-	3,934	2,680
Ryanair Holdings PLC - Sponsored ADR	-	-	7,576	8,027
Sands China	-	-	750	745
SAP SE ADR	-	-	12,024	18,480
Schlumberger Limited	-	-	14,429	4,395
Schneider Electric SA - Un-sponsored ADR	-	-	4,728	5,175
SGS SA - Un-sponsored ADR	-	-	2,158	2,077
Shionogi Company LTD - Un-sponsored ADR	-	-	1,925	2,518
Siemens AG - Sponsored ADR	-	-	11,510	12,884
Sinopharm Group Company - Un-sponsored ADR	-	-	2,135	1,613
SK Telecom Co LTD - ADR	-	-	7,901	6,607
Sonova Holding AG	-	-	2,109	2,934
SSE PLC - Sponsored ADR	-	-	1,802	1,619
Sumitomo Mitsui - Sponsored ADR	-	-	6,637	5,255
Swedbank AB ADR	-	-	1,276	1,551
Symrise AG ADR	-	-	2,279	3,894
Sysmex Corporation	-	-	1,961	3,166
Taiwan Semiconductor Manufacturing Company	-	-	4,544	9,367
Takeda Pharmaceutical	-	-	14,056	11,852
Tencent Holdings Limited - Un-sponsored ADR	-	-	2,849	4,246
Total S.A. - Sponsored	-	-	9,747	7,038
Unicharm Corporation	-	-	4,118	5,293
Unicredit SPA	-	-	20,980	15,399
Unilever PLC	-	-	3,453	4,006
Vinci SA ADR	-	-	1,557	2,095
Vodafone Group PLC - SP ADR	-	-	10,977	7,173
Volkswagen AG	-	-	17,729	16,224
Volvo AB-B SHS - Un-sponsored ADR	-	-	2,456	2,600
Yandex N.V.-A	-	-	2,092	3,301
Total investments			<u>\$ 9,884,047</u>	<u>\$ 10,751,031</u>

## ATHENS UTILITIES BOARD

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
2021	\$ 183,750	\$ 5,781	\$ 189,531	\$ 77,000	\$ 5,139	\$ 82,139	\$ 260,750	\$ 10,920	\$ 271,670
2022	183,750	5,284	189,034	80,000	4,931	84,931	263,750	10,215	273,965
2023	183,750	4,788	188,538	84,000	4,715	88,715	267,750	9,503	277,253
2024	183,750	4,291	188,041	88,000	4,488	92,488	271,750	8,779	280,529
2025	183,750	3,794	187,544	92,000	4,250	96,250	275,750	8,044	283,794
2026	183,750	3,297	187,047	96,000	4,001	100,001	279,750	7,298	287,048
2027	183,750	2,801	186,551	100,000	3,741	103,741	283,750	6,542	290,292
2028	183,750	2,304	186,054	105,000	3,471	108,471	288,750	5,775	294,525
2029	183,750	1,807	185,557	109,000	3,187	112,187	292,750	4,994	297,744
2030	183,750	1,310	185,060	114,000	2,893	116,893	297,750	4,203	301,953
2031	183,750	814	184,564	119,000	2,584	121,584	302,750	3,398	306,148
2032	117,262	317	117,579	125,000	2,263	127,263	242,262	2,580	244,842
2033	-	-	-	130,000	1,925	131,925	130,000	1,925	131,925
2034	-	-	-	136,000	1,573	137,573	136,000	1,573	137,573
2035	-	-	-	142,000	1,206	143,206	142,000	1,206	143,206
2036	-	-	-	149,000	821	149,821	149,000	821	149,821
2037	-	-	-	155,000	419	155,419	155,000	419	155,419
TOTAL	<u>\$ 2,138,512</u>	<u>\$ 36,588</u>	<u>\$ 2,175,100</u>	<u>\$ 1,901,000</u>	<u>\$ 51,607</u>	<u>\$ 1,952,607</u>	<u>\$ 4,039,512</u>	<u>\$ 88,195</u>	<u>\$ 4,127,707</u>

(continued)

**ATHENS UTILITIES BOARD**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS**  
**June 30, 2020**  
**(continued)**

Fiscal Year Ending 6/30	Water Division					
	R. D. Loan Series 2009		State Revolving Loan Series 2013			
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 26,768	\$ 38,224	\$ 64,992	\$ 68,901	\$ 39,315	\$ 108,216
2022	27,655	37,337	64,992	71,125	37,091	108,216
2023	28,572	36,420	64,992	73,420	34,796	108,216
2024	29,519	35,473	64,992	75,789	32,427	108,216
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	60,506	846	61,352
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	43,588	526	44,114	-	-	-
TOTAL	\$ 1,183,765	\$ 615,133	\$ 1,798,898	\$ 1,256,033	\$ 320,343	\$ 1,576,376

(continued)  
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**ATHENS UTILITIES BOARD**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS**  
**June 30, 2020**  
**(continued)**

Fiscal Year Ending 6/30	State Revolving Loan				Water Division			
	Series 2014		Total		Principal		Interest	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 89,328	\$ 28,956	\$ 118,284	\$ 106,495	\$ 184,997	\$ 106,495	\$ 184,997	\$ 106,495
2022	90,852	27,432	118,284	101,860	189,632	101,860	189,632	101,860
2023	92,400	25,884	118,284	97,100	194,392	97,100	194,392	97,100
2024	93,972	24,312	118,284	92,212	199,280	92,212	199,280	92,212
2025	95,568	22,716	118,284	87,193	204,299	87,193	204,299	87,193
2026	97,200	21,084	118,284	82,025	209,467	82,025	209,467	82,025
2027	98,856	19,428	118,284	76,719	214,773	76,719	214,773	76,719
2028	100,536	17,748	118,284	71,270	220,222	71,270	220,222	71,270
2029	102,252	16,032	118,284	65,664	225,828	65,664	225,828	65,664
2030	103,992	14,292	118,284	59,905	231,587	59,905	231,587	59,905
2031	105,756	12,528	118,284	53,993	237,499	53,993	237,499	53,993
2032	107,568	10,716	118,284	47,897	243,595	47,897	243,595	47,897
2033	109,392	8,892	118,284	41,651	249,841	41,651	249,841	41,651
2034	111,264	7,020	118,284	35,213	256,279	35,213	256,279	35,213
2035	113,160	5,124	118,284	28,709	215,919	28,709	215,919	28,709
2036	115,080	3,204	118,284	24,543	158,733	24,543	158,733	24,543
2037	117,012	1,272	118,284	21,164	162,112	21,164	162,112	21,164
2038	9,994	14	10,008	18,412	56,588	18,412	56,588	18,412
2039	-	-	-	16,854	48,138	16,854	48,138	16,854
2040	-	-	-	15,258	49,734	15,258	49,734	15,258
2041	-	-	-	13,610	51,382	13,610	51,382	13,610
2042	-	-	-	11,907	53,085	11,907	53,085	11,907
2043	-	-	-	10,148	54,844	10,148	54,844	10,148
2044	-	-	-	8,330	56,662	8,330	56,662	8,330
2045	-	-	-	6,452	58,540	6,452	58,540	6,452
2046	-	-	-	4,512	60,480	4,512	60,480	4,512
2047	-	-	-	2,508	62,484	2,508	62,484	2,508
2048	-	-	-	526	43,588	526	43,588	526
<b>TOTAL</b>	<b>\$ 1,754,182</b>	<b>\$ 266,654</b>	<b>\$ 2,020,836</b>	<b>\$ 1,202,130</b>	<b>\$ 4,193,980</b>	<b>\$ 1,202,130</b>	<b>\$ 4,193,980</b>	<b>\$ 1,202,130</b>
								<b>\$ 5,396,110</b>

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**ATHENS UTILITIES BOARD**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS**  
**June 30, 2020**  
**(continued)**

Fiscal Year Ending 6/30	Department of Sewer					
	Public Building Authority of the City of Clarksville, TN Notes Payable			State Revolving Fund Loans		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 1,041,250	\$ 33,911	\$ 1,075,161	\$ 139,201	\$ 39,835	\$ 179,036
2022	1,041,250	31,096	1,072,346	142,565	36,471	179,036
2023	1,041,250	28,281	1,069,531	146,010	33,026	179,036
2024	1,041,250	25,466	1,066,716	149,538	29,498	179,036
2025	1,041,250	22,651	1,063,901	153,151	25,885	179,036
2026	1,041,250	19,837	1,061,087	156,852	22,184	179,036
2027	1,041,250	17,022	1,058,272	160,642	18,394	179,036
2028	1,041,250	14,207	1,055,457	164,523	14,513	179,036
2029	1,041,250	11,392	1,052,642	168,499	10,537	179,036
2030	1,041,250	8,577	1,049,827	172,571	6,465	179,036
2031	1,041,250	5,762	1,047,012	176,729	2,295	179,024
2032	1,090,311	2,948	1,093,259	-	-	-
TOTAL	\$ 12,544,061	\$ 221,150	\$ 12,765,211	\$ 1,730,281	\$ 239,103	\$ 1,969,384

(continued)

**ATHENS UTILITIES BOARD**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS**  
**June 30, 2020**  
**(continued)**

Fiscal Year Ending 6/30	Total Board Debt Service		
	Principal	Interest	Total
2021	\$ 1,626,198	\$ 191,161	\$ 1,817,359
2022	1,637,197	179,642	1,816,839
2023	1,649,402	167,910	1,817,312
2024	1,661,818	155,955	1,817,773
2025	1,674,450	143,773	1,818,223
2026	1,687,319	131,344	1,818,663
2027	1,700,415	118,677	1,819,092
2028	1,714,745	105,765	1,820,510
2029	1,728,327	92,587	1,820,914
2030	1,743,158	79,150	1,822,308
2031	1,758,228	65,448	1,823,676
2032	1,576,168	53,425	1,629,593
2033	379,841	43,576	423,417
2034	392,279	36,786	429,065
2035	357,919	29,915	387,834
2036	307,733	25,364	333,097
2037	317,112	21,583	338,695
2038	56,588	18,412	75,000
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	43,588	526	44,114
<b>TOTAL</b>	<b>\$ 22,507,834</b>	<b>\$ 1,750,578</b>	<b>\$ 24,258,412</b>

**ATHENS UTILITIES BOARD**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
**June 30, 2020**

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2019	Paid and/or Matured During Period	Outstanding 6/30/2020
<b>Power Division:</b>							
Pooled Loan Program:							
Public Building Authority of the							
City of Clarksville, TN, Series 2003	\$3,000,000	Variable	2/3/2004	5/25/2032	\$ 2,316,994	\$ 178,482	\$ 2,138,512
Public Building Authority of the							
City of Clarksville, TN, Series 2008	2,600,000	Variable	5/13/2008	5/25/2037	1,974,000	73,000	1,901,000
<b>Water Division:</b>							
Rural Development, U.S. Department							
of Agriculture, Series 2009	1,414,000	3.25%	2/25/2010	2/25/2048	1,209,674	25,909	1,183,765
Tennessee Department of Environment							
and Conservation State Revolving Fund:							
Series 2013	2,000,000 (1)	3.18%	10/19/2010	1/20/2035	1,328,237	72,204	1,256,033
Series 2014	2,550,000 (2)	1.69%	3/20/2014	7/20/2037	1,842,010	87,828	1,754,182
<b>Department of Sewer:</b>							
Public Building Authority of the							
City of Clarksville, TN, Series 2003	17,500,000	Variable	2/3/2004	5/25/2032	13,590,578	1,046,517	12,544,061
Tennessee Department of Environment							
and Conservation State Revolving Fund:							
2009-242 CWA	2,370,198	2.39%	1/27/2010	6/20/2031	1,555,168	113,268	1,441,900
2009-242 ARRA	2,370,197 (3)	2.39%	1/27/2010	6/20/2031	311,035	22,654	288,381
<b>Total Board long-term debt</b>					<b>\$24,127,696</b>	<b>\$ 1,619,862</b>	<b>\$22,507,834</b>

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 RATES IN FORCE**  
**June 30, 2020**

Power Division

Residential rates - RS:

Customer availability charge per month		\$ 15.82
Energy charge per kwh:	Summer	0.09295
	Winter	0.09169
	Transition	0.08938

General power - GSA:

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

Customer availability charge per month		\$ 32.22
Energy charge per kwh (first 15,000 kwh)	Summer	0.10329
	Winter	0.10201
	Transition	0.09970

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

Customer availability charge per month		\$ 32.22
Energy charge per kwh (first 15,000 kwh)	Summer	0.10329
	Winter	0.10201
	Transition	0.09970

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

Customer availability charge per month		\$ 164.19
Summer		
Demand charge per kw:	First 50 kw	No Charge
	Above 50 kw	15.49
Energy charge per kwh:	First 15,000 kwh	0.10214
	Additional kwh	0.06049
Winter		
Demand charge per kw:	First 50 kw	No Charge
	Above 50 kw	14.52
Energy charge per kwh:	First 15,000 kwh	0.10086
	Additional kwh	0.05935
Transition		
Demand charge per kw:	First 50 kw	No Charge
	Above 50 kw	14.52
Energy charge per kwh:	First 15,000 kwh	0.09855
	Additional kwh	0.05781

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

Customer availability charge per month		\$ 164.19
Summer		
Demand charge per kw:	First 50 kw	No Charge
	Above 50 kw	15.49
Energy charge per kwh:	First 15,000 kwh	0.10214
	Additional kwh	0.06049

(continued)

**ATHENS UTILITIES BOARD  
SCHEDULE OF RATES IN FORCE**

**June 30, 2020**

**(continued)**

**Power Division (continued)**

**General power - GSA: (continued)**

**Part 2 Seasonal (51 – 1,000 kw or over 15,000 kwh): (continued)**

**Winter**

Demand charge per kw:	First 50 kw	No Charge
	Above 50 kw	\$ 14.52
Energy charge per kwh:	First 15,000 kwh	0.10086
	Additional kwh	0.05935

**Transition**

Demand charge per kw:	First 50 kw	No Charge
	Above 50 kw	14.52
Energy charge per kwh:	First 15,000 kwh	0.09855
	Additional kwh	0.05781

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

Customer availability charge per month \$ 623.52

**Summer**

Demand charge per kw:	First 1,000 kw	17.08
	Additional kw	16.57
Energy charge per kwh (all kwh)		0.06408

**Winter**

Demand charge per kw:	First 1,000 kw	16.11
	Additional kw	15.60
Energy charge per kwh (all kwh)		0.06292

**Transition**

Demand charge per kw:	First 1,000 kw	16.11
	Additional kw	15.60
Energy charge per kwh (all kwh)		0.06140

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

Customer availability charge per month \$ 623.52

**Summer**

Demand charge per kw:	First 1,000 kw	17.08
	Additional kw	16.57
Energy charge per kwh (all kwh)		0.06408

**Winter**

Demand charge per kw:	First 1,000 kw	16.11
	Additional kw	15.60
Energy charge per kwh (all kwh)		0.06292

**Transition**

Demand charge per kw:	First 1,000 kw	16.11
	Additional kw	15.60
Energy charge per kwh (all kwh)		0.06140

(continued)

**ATHENS UTILITIES BOARD**  
**SCHEDULE OF RATES IN FORCE**  
**June 30, 2020**  
**(continued)**

Power Division (continued)

General power - MSB:

Customer availability charge per month \$ 1,500.00

Administrative charge 350.00

Summer

Demand charge On peak per kw 10.24

Max peak 2.26

Energy charge All On peak kwh 0.07450

Off peak 1<sup>st</sup> 200 hours use 0.04950

Off peak next 200 hours use 0.01981

Off peak over 400 hours use 0.01726

Winter

Demand charge On peak per kw 9.90

Max peak 5.21

Energy charge All On peak kwh 0.07523

Off peak 1<sup>st</sup> 200 hours use 0.06389

Off peak next 200 hours use 0.02709

Off peak over 400 hours use 0.02368

Transition

Demand charge On peak per kw 9.27

Max peak 2.26

Energy charge All On peak kwh 0.05530

Off peak 1<sup>st</sup> 200 hours use 0.05530

Off peak next 200 hours use 0.02274

Off peak over 400 hours use 0.02019

General power - MSD:

Customer availability charge per month \$ 1,500.00

Administrative charge 350.00

Summer

Demand charge On peak per kw 10.24

Max peak 1.64

Energy charge All On peak kwh 0.07111

Off peak 1<sup>st</sup> 200 hours use 0.04610

Off peak next 200 hours use 0.01953

Off peak over 400 hours use 0.01894

Winter

Demand charge On peak per kw 9.27

Max peak 2.26

Energy charge All On peak per kwh 0.06742

Off peak 1<sup>st</sup> 200 hours use 0.05605

Off peak next 200 hours use 0.02413

Off peak over 400 hours use 0.02158

(continued)

**ATHENS UTILITIES BOARD**  
**SCHEDULE OF RATES IN FORCE**  
**June 30, 2020**  
**(continued)**

Power Division (continued)

General Power – MSD (continued)

Transition

Demand charge	On peak per kw	\$ 9.27
	Max peak	1.64
Energy charge	All On peak kwh	0.05212
	Off peak 1 <sup>st</sup> 200 hours use	0.05212
	Off peak next 200 hours use	0.02246
	Off peak over 400 hours use	0.02187

Outdoor lighting - LS:

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

Customer availability charge per month	\$ 2.50
Investment charge: (annual rate per \$1 investment)	.12
Investment charge for athletic lighting systems: (annual rate per \$1 investment)	.12
Energy charge: all kwh	0.06945

Part B - Individual outdoor lighting:

Mercury vapor - per light per month:	175w	\$ 10.24
	400w	19.44
	1,000w	37.94
High pressure sodium - per light per month:	100w	8.28
	100w - decorative	14.17
	250w	17.15
	400w	21.56
High pressure sodium (floods)		
- per light per month:	250w	20.75
	400w	23.37
Metal halide - per light per month:	175w	22.39
	400w - flood	22.93
	400w - box	27.78
	1,000w - flood	42.81
LED - per light per month:	64w	8.27
	72w - decorative	14.16
	216w	17.13
	216w - flood	21.54
	284w	22.40
	284w - flood	23.33
Pole charge per month		2.00

Number of customers at year-end:

Residential	11,126
Commercial	1,999
Industrial	269
Street and athletic	20
Outdoor lighting	2,031

(continued)



**ATHENS UTILITIES BOARD**  
**SCHEDULE OF RATES IN FORCE**  
**June 30, 2020**  
**(continued)**

Fiber Optic Services

Industrial - charge per megabyte	\$ 100.00
Small commercial - charge per megabyte	75.00
Dark fiber - charge per month	200.00

Number of customers at year-end:

Industrial	2
Small commercial	6
Dark fiber	1

Water Division

	<u>Inside City</u>	<u>Outside City</u>
Service availability charge per month	\$ 9.50	\$ 10.50
Charge per 1,000 gallons per month	2.70	2.70
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:

<u>Meter Size</u>	<u>Net Minimum</u>
5/8 inch	\$ 9.50
1 inch	25.00
1 ¼ & 1 ½ inch	50.00
2 inch	100.00
3 inch	200.00
4 inch	400.00
6 inch	600.00

Number of customers at year-end:

Residential	7,050
Commercial	1,246
Industrial	36

Gas Division

	<u>Customer Charge (per month)</u>	<u>Commodity Charge (per therm)</u>	<u>PGA (per therm)</u>
Residential	\$ 6.00	\$ 0.4098	\$ 0.3957
Residential discount	5.00	0.3798	0.3957
Small commercial	10.00	0.2569	0.3957

(continued)

**ATHENS UTILITIES BOARD**  
**SCHEDULE OF RATES IN FORCE**  
**June 30, 2020**  
**(continued)**

Gas Division (continued)

	<u>Industrial</u>		<u>Interruptible</u>	
	Load factor .50 or greater (discounted)	Load factor less than .50	Load factor .50 or greater (discounted)	Load factor less than .50
Customer charge (per month)	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00
Commodity charge (per therm):				
Demand	-	-	0.1540	0.1960
For firm plus PGA	-	-	0.1820	0.2030
First 10,000 plus PGA	0.1820	0.2030	0.1750	0.1960
From 10,001-20,000 plus PGA	0.1680	0.1890	0.1610	0.1820
From 20,001-40,000 plus PGA	0.1540	0.1756	0.1470	0.1680
Over 40,000 plus PGA	0.1401	0.1616	0.1130	0.1340
PGA	0.3957	0.3957	0.2114	0.2114
Unauthorized (in addition to interruptible charge)			1.5000	1.5000
Number of customers at year-end:				
Residential				5,474
Commercial				934
Industrial				10
Interruptible				6

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

Number of customers at year-end:

Residential	4,434
Commercial	912
Industrial	21

# ATHENS UTILITIES BOARD

## SCHEDULE OF WATER LOSS

### JUNE 30, 2020

#### AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0  
American Water Works Association.  
Copyright © 2014, All Rights Reserved.

? Click to access definition  
+ Click to add a comment

Water Audit Report for: **Athens Utilities Board (0000024)**  
Reporting Year: **2020** **7/2019 - 6/2020**

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

#### WATER SUPPLIED

Enter grading in column 'E' and 'J'

Volume from own sources:	+	?	10	650.896	MG/Yr	+	?	10	1.00%	Value:	MG/Yr
Water imported:	+	?	10	494.864	MG/Yr	+	?	10	1.00%		MG/Yr
Water exported:	+	?	10	175.185	MG/Yr	+	?	10	1.00%		MG/Yr

#### Master Meter and Supply Error Adjustments

Enter negative % or value for under-registration  
Enter positive % or value for over-registration

**WATER SUPPLIED:** **960.965** MG/Yr

#### AUTHORIZED CONSUMPTION

Billed metered: + ? 10 772.629 MG/Yr  
Billed unmetered: + ? 10 1.764 MG/Yr  
Unbilled metered: + ? 10 12.012 MG/Yr  
Unbilled unmetered: + ? 10 12.012 MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

**AUTHORIZED CONSUMPTION:** **786.405** MG/Yr

Click here: ? for help using option buttons below

Pcnt: 1.25% Value: MG/Yr

Use buttons to select percentage of water supplied OR value

#### WATER LOSSES (Water Supplied - Authorized Consumption)

**174.560** MG/Yr

#### Apparent Losses

Unauthorized consumption: + ? 10 2.402 MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies: + ? 9 0.696 MG/Yr  
Systematic data handling errors: + ? 5 1.932 MG/Yr

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

**Apparent Losses:** **5.030** MG/Yr

Pcnt: 0.25% Value: MG/Yr

0.09% 0.25% MG/Yr

#### Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: **169.530** MG/Yr

**WATER LOSSES:** **174.560** MG/Yr

#### NON-REVENUE WATER

**NON-REVENUE WATER:** **186.572** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

#### SYSTEM DATA

Length of mains: + ? 10 360.0 miles  
Number of active AND inactive service connections: + ? 10 9,038  
Service connection density: ? 25 conn./mile main

Are customer meters typically located at the curbstop or property line? **Yes** (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: + ? 10 75.0 psi

#### COST DATA

Total annual cost of operating water system: + ? 10 \$3,348,235 \$/Year  
Customer retail unit cost (applied to Apparent Losses): + ? 9 \$3.20 \$/1000 gallons (US)  
Variable production cost (applied to Real Losses): + ? 10 \$1,809.68 \$/Million gallons ☐ Use Customer Retail Unit Cost to value real losses

#### WATER AUDIT DATA VALIDITY SCORE:

\*\*\* YOUR SCORE IS: 93 out of 100 \*\*\*

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

#### PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Unauthorized consumption

2: Systematic data handling errors

3: Customer metering inaccuracies

(continued)

# **ATHENS UTILITIES BOARD** **SCHEDULE OF WATER LOSS** **JUNE 30, 2020** **(continued)**



## **AWWA Free Water Audit Software:** **System Attributes and Performance Indicators**

WAS v5.0  
 American Water Works Association.  
 Copyright © 2014, All Rights Reserved.

Water Audit Report for: Athens Utilities Board (0000024)  
 Reporting Year: 2020 7/2019 - 6/2020

\*\*\* YOUR WATER AUDIT DATA VALIDITY SCORE IS: 93 out of 100 \*\*\*

### **System Attributes:**

Apparent Losses:	5.030	MG/Yr
+	169.530	MG/Yr
=	174.560	MG/Yr
?	Unavoidable Annual Real Losses (UARL):	90.43 MG/Yr
	Annual cost of Apparent Losses:	\$16,096
	Annual cost of Real Losses:	\$306,796

Valued at **Variable Production Cost**  
 Return to Reporting Worksheet to change this assumption

### **Performance Indicators:**

Financial: { Non-revenue water as percent by volume of Water Supplied: 19.4%  
 Non-revenue water as percent by cost of operating system: 10.3% Real Losses valued at Variable Production Cost

Operational Efficiency: { Apparent Losses per service connection per day: 1.52 gallons/connection/day  
 Real Losses per service connection per day: N/A gallons/connection/day  
 Real Losses per length of main per day\*: 1,290.18 gallons/mile/day  
 Real Losses per service connection per day per psi pressure: N/A gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): 169.53 million gallons/year  
 ? Infrastructure Leakage Index (ILI) [CARL/UARL]: 1.87

\* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

**ATHENS UTILITIES BOARD  
LIST OF PRINCIPAL OFFICIALS  
June 30, 2020**

Tom Hughes  
Stan Harrison  
John Coker  
Bob Sevigny  
Lisa Dotson

Chairman  
Vice-Chairman  
Board Member  
Board Member  
Board Member

Eric Newberry  
Michelle Millsaps  
David St. John  
Sherree Reed  
Craig Brymer  
Wayne Scarbrough  
Phil Graves

General Manager  
Superintendent of Accounting  
Superintendent of Power  
Superintendent of Gas  
Superintendent of Water/Wastewater  
Assistant General Manager  
Director of Management Service

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

Suite 1440 Republic Centre  
633 Chestnut Street  
Chattanooga, TN 37450-1440  
Telephone (423) 267-4400  
Facsimile (423) 266-2444

NEAL, SCOUTEN & McCONNELL, P.C.  
Certified Public Accountants

To the Commissioners  
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 of the major funds, and the aggregate remaining fund information, the Pension Trust Fund, of Athens Utilities Board, a component unit of the City of Athens, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Athens Utilities Board's basic financial statements and have issued our report thereon dated September 15, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Athens Utilities Board's internal control over financial reporting (internal control) to determine 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 Athens Utilities Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Athens Utilities 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 may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Athens Utilities Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Neal, Scouter & McConnell, P.C.*

Chattanooga, Tennessee  
September 15, 2020

**ATHENS UTILITIES BOARD  
SCHEDULE OF PRIOR YEAR FINDINGS AND  
QUESTIONED COSTS  
Year Ended June 30, 2020**

**FINANCIAL STATEMENT FINDINGS**

There were no prior year findings or questioned costs.