

ATHENS UTILITIES BOARD

FINANCIAL STATEMENTS

JUNE 30, 2025



CERTIFIED PUBLIC ACCOUNTANTS

INTRODUCTORY SECTION

ATHENS UTILITIES BOARD

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ATHENS UTILITIES BOARD

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2025

Chairman

Frank Snyder

Vice-Chairman

Jeff Zabo

Board Member

Larry Eaton

Board Member

Shirley Woodcock

Board Member

Patti Geek

General Manager

Eric Newberry

Superintendent of Accounting

Michelle Millsaps

Superintendent of Power

David St. John

Superintendent of Water/Gas/Wastewater

Craig Brymer

Director of Management Services

Phil Graves

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Athens Utilities Board
Athens, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Athens Utilities Board, a component unit of the City of Athens, Tennessee, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Athens Utilities Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Athens Utilities Board as of June 30, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16 and the required supplementary information on pages 46 through 48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2025, on our consideration of Athens Utilities Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Athens Utilities Board's internal control over financial reporting and compliance.

Cleveland, Tennessee
September 5, 2025

*Henderson Hutcherson
& McCullough, PLLC*

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

The Athens Utilities Board (the Board) is organized as a component unit of the City of Athens, Tennessee. Our discussion and analysis of each Division's financial performance provides an overview of its financial activity for the year ended June 30, 2025. It should be read in conjunction with the basic financial statements.

Using this Annual Report

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

Required Financial Statements

The Board is segregated into five distinct divisions (Power Division, Water Division, Gas Division, Sewer Division, and Fiber Division) 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 23 and 24 of the accompanying financial statements.

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

POWER DIVISION CONDENSED FINANCIAL STATEMENTS

	2025	2024	Variance 2025 to 2024	%
ASSETS				
Capital assets	\$ 48,086,039	\$ 46,720,715	\$ 1,365,324	2.92
Construction in progress	3,186,926	1,891,330	1,295,596	68.50
Current and other assets	<u>15,628,313</u>	<u>15,478,711</u>	<u>149,602</u>	<u>0.97</u>
Total assets	66,901,278	64,090,756	2,810,522	4.39
Deferred outflows	<u>2,646,584</u>	<u>2,908,625</u>	<u>(262,041)</u>	<u>(9.01)</u>
	<u>\$ 69,547,862</u>	<u>\$ 66,999,381</u>	<u>\$ 2,548,481</u>	<u>3.80</u>
LIABILITIES				
Current liabilities	\$ 6,502,777	\$ 6,151,696	\$ 351,081	5.71
Long-term liabilities	<u>7,096,719</u>	<u>7,002,483</u>	<u>94,236</u>	<u>1.35</u>
Total liabilities	13,599,496	13,154,179	445,317	3.39
Deferred inflows	<u>70,480</u>	<u>455,601</u>	<u>(385,121)</u>	<u>(84.53)</u>
	<u>13,669,976</u>	<u>13,609,780</u>	<u>60,196</u>	<u>0.44</u>
NET POSITION				
Net investment in capital assets	48,546,314	45,615,034	2,931,280	6.43
Unrestricted	<u>7,331,572</u>	<u>7,774,567</u>	<u>(442,995)</u>	<u>(5.70)</u>
Total net position	<u>55,877,886</u>	<u>53,389,601</u>	<u>2,488,285</u>	<u>4.66</u>
	<u>\$ 69,547,862</u>	<u>\$ 66,999,381</u>	<u>\$ 2,548,481</u>	<u>3.80</u>
REVENUES				
Power revenues	\$ 60,196,049	\$ 55,707,347	\$ 4,488,702	8.06
Other operating revenues	905,542	942,920	(37,378)	(3.96)
Non-operating income (expense)	<u>(19,623)</u>	<u>114,800</u>	<u>(134,423)</u>	<u>(117.09)</u>
Total revenues	<u>61,081,968</u>	<u>56,765,067</u>	<u>4,316,901</u>	<u>7.60</u>
EXPENSES				
Power costs	48,101,809	45,067,946	3,033,863	6.73
Operating expenses before depreciation	8,710,425	8,711,232	(807)	(0.01)
Depreciation	<u>2,572,191</u>	<u>2,560,492</u>	<u>11,699</u>	<u>0.46</u>
Total expenses	<u>59,384,425</u>	<u>56,339,670</u>	<u>3,044,755</u>	<u>5.40</u>
REVENUES OVER EXPENSES BEFORE CAPITAL CONTRIBUTIONS				
	1,697,543	425,397	1,272,146	299.05
Capital contributions	<u>790,742</u>	<u>276,300</u>	<u>514,442</u>	<u>186.19</u>
Change in net position	2,488,285	701,697	1,786,588	254.61
Beginning net position	<u>53,389,601</u>	<u>52,687,904</u>	<u>701,697</u>	<u>1.33</u>
Ending net position	<u>\$ 55,877,886</u>	<u>\$ 53,389,601</u>	<u>\$ 2,488,285</u>	<u>4.66</u>

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

Power Division Financial Statement Analysis

The Power Division's total assets as of June 30, 2025, increased by 4.39% from the previous year. Capital assets increased by 2.92% from 2024. Construction in progress increased by 68.50% from 2024. Capital assets and construction in progress variances from 2024 are directly related to the amount of capital projects closed during 2025. Net position was \$2,488,285 more than last year because of profitable operations. Total liabilities increased from 2024 by 3.39%.

The change in net position (net income) in 2025 increased over 2024 because of increased revenues. Contribution margin (the difference between sales revenues and power purchased) was more than 2024 because of the proportional increase in power sales from the prior year.

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

WATER DIVISION CONDENSED FINANCIAL STATEMENTS

	2025	2024	Variance 2025 to 2024	%
ASSETS				
Capital assets	\$ 19,452,906	\$ 17,967,764	\$ 1,485,142	8.27
Construction in progress	52,593	1,226,939	(1,174,346)	(95.71)
Current and other assets	8,224,765	8,228,575	(3,810)	(0.05)
Total assets	27,730,264	27,423,278	306,986	1.12
Deferred outflows	1,229,939	1,189,204	40,735	3.43
	<u>\$ 28,960,203</u>	<u>\$ 28,612,482</u>	<u>\$ 347,721</u>	<u>1.22</u>
LIABILITIES				
Current liabilities	\$ 639,589	\$ 613,411	\$ 26,178	4.27
Long-term liabilities	5,160,379	4,965,210	195,169	3.93
Total liabilities	5,799,968	5,578,621	221,347	3.97
Deferred inflows	32,754	186,274	(153,520)	(82.42)
	<u>5,832,722</u>	<u>5,764,895</u>	<u>67,827</u>	<u>1.18</u>
NET POSITION				
Net investment in capital assets	16,296,549	15,725,285	571,264	3.63
Unrestricted	6,830,932	7,122,302	(291,370)	(4.09)
Total net position	<u>23,127,481</u>	<u>22,847,587</u>	<u>279,894</u>	<u>1.23</u>
	<u>\$ 28,960,203</u>	<u>\$ 28,612,482</u>	<u>\$ 347,721</u>	<u>1.22</u>
REVENUES				
Water sales	\$ 5,329,058	\$ 5,312,850	\$ 16,208	0.31
Other operating revenues	187,773	190,467	(2,694)	(1.41)
Non-operating income	61,265	153,831	(92,566)	(60.17)
Total revenues	<u>5,578,096</u>	<u>5,657,148</u>	<u>(79,052)</u>	<u>(1.40)</u>
EXPENSES				
Purchased water	859,148	743,258	115,890	15.59
Operating expenses before depreciation	3,621,834	3,327,936	293,898	8.83
Depreciation	853,405	931,488	(78,083)	(8.38)
Total expenses	<u>5,334,387</u>	<u>5,002,682</u>	<u>331,705</u>	<u>6.63</u>
REVENUES OVER EXPENSES BEFORE CAPITAL CONTRIBUTIONS	243,709	654,466	(410,757)	(62.76)
Capital contributions	36,185	39,475	(3,290)	(8.33)
Change in net position	279,894	693,941	(414,047)	(59.67)
Beginning net position	22,847,587	22,153,646	693,941	3.13
Ending net position	<u>\$ 23,127,481</u>	<u>\$ 22,847,587</u>	<u>\$ 279,894</u>	<u>1.23</u>

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

Water Division Financial Statement Analysis

Total assets as of June 30, 2025, were 1.12% more than 2024 because of an increase in capital assets and current and other assets in 2025. The reason for the increase in capital assets is due to the number of projects closed into assets from construction in progress. A rate increase passed effective October 1, 2021. During 2024, the final two planned four step increases were implemented. Total liabilities increased from 2024 because of an increase in current liabilities and net pension liabilities (per pension actuarial report). Deferred inflows are recognized in accordance with GASB standards. Net position was \$279,892 more due to positive operating results in 2025.

Total revenue decreased and expenses increased in comparison to 2024. The decrease in revenue is because of the reduction in water sales. Revenues over expenses before capital contributions were less than 2024. The total change in net position (net income) was less than 2024 due to the increase in operating expenses.

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

GAS DIVISION CONDENSED FINANCIAL STATEMENTS

	2025	2024	Variance 2025 to 2024	%
ASSETS				
Capital assets	\$ 13,217,740	\$ 13,506,831	\$ (289,091)	(2.14)
Construction in progress	33,528	148,715	(115,187)	(77.45)
Current and other assets	<u>9,957,213</u>	<u>9,273,056</u>	<u>684,157</u>	<u>7.38</u>
Total assets	23,208,481	22,928,602	279,879	1.22
Deferred outflows	<u>507,773</u>	<u>606,503</u>	<u>(98,730)</u>	<u>(16.28)</u>
	<u>\$ 23,716,254</u>	<u>\$ 23,535,105</u>	<u>\$ 181,149</u>	<u>0.77</u>
LIABILITIES				
Current liabilities	\$ 496,923	\$ 409,464	\$ 87,459	21.36
Long-term liabilities	<u>989,176</u>	<u>1,038,165</u>	<u>(48,989)</u>	<u>(4.72)</u>
Total liabilities	1,486,099	1,447,629	38,470	2.66
Deferred inflows	<u>13,522</u>	<u>95,001</u>	<u>(81,479)</u>	<u>(85.77)</u>
	<u>1,499,621</u>	<u>1,542,630</u>	<u>(43,009)</u>	<u>(2.79)</u>
NET POSITION				
Net investment in capital assets	13,136,806	13,510,096	(373,290)	(2.76)
Unrestricted	<u>9,079,827</u>	<u>8,482,379</u>	<u>597,448</u>	<u>7.04</u>
Total net position	<u>22,216,633</u>	<u>21,992,475</u>	<u>224,158</u>	<u>1.02</u>
	<u>\$ 23,716,254</u>	<u>\$ 23,535,105</u>	<u>\$ 181,149</u>	<u>0.77</u>
REVENUES				
Gas sales	\$ 6,879,260	\$ 6,662,785	\$ 216,475	3.25
Other operating revenues	97,374	81,460	15,914	19.54
Non-operating income	<u>83,787</u>	<u>85,434</u>	<u>(1,647)</u>	<u>(1.93)</u>
Total revenues	<u>7,060,421</u>	<u>6,829,679</u>	<u>230,742</u>	<u>3.38</u>
EXPENSES				
Gas costs	3,750,910	3,674,670	76,240	2.07
Operating expenses before depreciation	2,274,946	2,217,963	56,983	2.57
Depreciation	<u>810,407</u>	<u>666,680</u>	<u>143,727</u>	<u>21.56</u>
Total expenses	<u>6,836,263</u>	<u>6,559,313</u>	<u>276,950</u>	<u>4.22</u>
REVENUES OVER EXPENSES BEFORE CAPITAL CONTRIBUTIONS	<u>224,158</u>	<u>270,366</u>	<u>(46,208)</u>	<u>(17.09)</u>
Change in net position	224,158	270,366	(46,208)	(17.09)
Beginning net position	<u>21,992,475</u>	<u>21,722,109</u>	<u>270,366</u>	<u>1.24</u>
Ending net position	<u>\$ 22,216,633</u>	<u>\$ 21,992,475</u>	<u>\$ 224,158</u>	<u>1.02</u>

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

Gas Division Financial Statement Analysis

The Gas Division's total assets as of June 30, 2025, increased over 2024 because of an increase in current and other assets. The current and other assets increase is in cash and warehouse inventory. The Gas Division remains debt free. Net position is 1.02% higher than 2024 due to the increase in revenues. Long-term liabilities decreased because of the decrease to net pension liabilities.

The Gas Division's total revenues were more than 2024, due to an increase in the sales of natural gas and other operating revenues. Gas Division's sales increased by 3.25% compared to 2024. Operating and maintenance expenses increased 2.57% over 2024. The Division's change in net position was 17.09% less than in 2024.

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

SEWER DIVISION CONDENSED FINANCIAL STATEMENTS

	2025	2024	Variance 2025 to 2024	%
ASSETS				
Capital assets	\$ 38,606,563	\$ 33,181,526	\$ 5,425,037	16.35
Construction in progress	1,343,529	5,866,470	(4,522,941)	(77.10)
Current and other assets	4,055,841	5,338,141	(1,282,300)	(24.02)
Total assets	44,005,933	44,386,137	(380,204)	(0.86)
Deferred outflows	1,144,176	1,101,469	42,707	3.88
	<u>\$ 45,150,109</u>	<u>\$ 45,487,606</u>	<u>\$ (337,497)</u>	<u>(0.74)</u>
LIABILITIES				
Current liabilities	\$ 2,116,673	\$ 2,564,309	\$ (447,636)	(17.46)
Long-term liabilities	11,028,167	11,544,804	(516,637)	(4.48)
Total liabilities	13,144,840	14,109,113	(964,273)	(6.83)
Deferred inflows	30,470	172,532	(142,062)	(82.34)
	<u>13,175,310</u>	<u>14,281,645</u>	<u>(1,106,335)</u>	<u>(7.75)</u>
NET POSITION				
Net investment in capital assets	29,608,838	27,624,657	1,984,181	7.18
Unrestricted	2,365,961	3,581,304	(1,215,343)	(33.94)
Total net position	<u>31,974,799</u>	<u>31,205,961</u>	<u>768,838</u>	<u>2.46</u>
	<u>\$ 45,150,109</u>	<u>\$ 45,487,606</u>	<u>\$ (337,497)</u>	<u>(0.74)</u>
REVENUES				
Sewer revenues	\$ 6,884,555	\$ 7,506,898	\$ (622,343)	(8.29)
Other operating revenues	277,166	376,118	(98,952)	(26.31)
Non-operating income	(272,173)	53,115	(325,288)	(612.42)
Total revenues	<u>6,889,548</u>	<u>7,936,131</u>	<u>(1,046,583)</u>	<u>(13.19)</u>
EXPENSES				
Operating expenses before depreciation	4,748,000	4,651,768	96,232	2.07
Depreciation	1,828,196	1,614,248	213,948	13.25
Total expenses	<u>6,576,196</u>	<u>6,266,016</u>	<u>310,180</u>	<u>4.95</u>
REVENUES OVER EXPENSES BEFORE CAPITAL CONTRIBUTIONS				
	313,352	1,670,115	(1,356,763)	(81.24)
Capital contributions	455,486	1,316,613	(861,127)	(65.40)
Change in net position	768,838	2,986,728	(2,217,890)	(74.26)
Beginning net position	31,205,961	28,219,233	2,986,728	10.58
Ending net position	<u>\$ 31,974,799</u>	<u>\$ 31,205,961</u>	<u>\$ 768,838</u>	<u>2.46</u>

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

Sewer Division Financial Statement Analysis

The Sewer Division's capital assets were 16.35% more than 2024. Construction in progress was 77.10% less than 2024. The decrease in construction in progress is due to the sewer improvement for Cedar Springs Road and Sterling Road. Also, due to new construction, new sewer services increased in total over 2024. Total liabilities decreased over 2024 due to decreased debt related to sewer improvements. Net position increased 2.46% over 2024.

Total revenues were 13.19% less than the prior year driven primarily by the decrease in sewer revenue compared to 2024. Total expenses were 4.95% more than in 2024 primarily due to the increase in operating expenses before depreciation. Interest expense was more than 2024 because of increased interest rates on variable rate debt and additional debt.

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

FIBER DIVISION CONDENSED FINANCIAL STATEMENTS

	2025	2024	Variance 2025 to 2024	%
ASSETS				
Capital assets	\$ 250,226	\$ 187,879	\$ 62,347	33.18
Construction in progress	80,331	8,898	71,433	802.80
Current and other assets	<u>500,949</u>	<u>483,918</u>	<u>17,031</u>	<u>3.52</u>
Total assets	831,506	680,695	150,811	22.16
Deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 831,506</u>	<u>\$ 680,695</u>	<u>\$ 150,811</u>	<u>22.16</u>
LIABILITIES				
Current liabilities	\$ 12,876	\$ -	\$ 12,876	-
Long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	12,876	-	12,876	-
Deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>12,876</u>	<u>-</u>	<u>12,876</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	330,557	196,777	133,780	67.99
Unrestricted	<u>488,073</u>	<u>483,918</u>	<u>4,155</u>	<u>0.86</u>
Total net position	818,630	680,695	137,935	20.26
	<u>\$ 831,506</u>	<u>\$ 680,695</u>	<u>\$ 150,811</u>	<u>22.16</u>
REVENUES				
Sales revenues	\$ 278,524	\$ 180,836	\$ 97,688	54.02
Other operating revenues	6,219	8,383	(2,164)	-
Non-operating income	<u>3,197</u>	<u>2,024</u>	<u>1,173</u>	<u>57.95</u>
Total revenues	287,940	191,243	96,697	50.56
EXPENSES				
Purchased costs	12,049	12,049	-	-
Operating expenses before depreciation	94,360	20,402	73,958	362.50
Depreciation	<u>43,596</u>	<u>38,548</u>	<u>5,048</u>	<u>13.10</u>
Total expenses	<u>150,005</u>	<u>70,999</u>	<u>79,006</u>	<u>111.28</u>
REVENUES OVER EXPENSES BEFORE CAPITAL CONTRIBUTIONS	137,935	120,244	17,691	14.71
Capital contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	137,935	120,244	17,691	14.71
Beginning net position	<u>680,695</u>	<u>560,451</u>	<u>120,244</u>	<u>21.45</u>
Ending net position	<u>\$ 818,630</u>	<u>\$ 680,695</u>	<u>\$ 137,935</u>	<u>20.26</u>

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

Fiber Division Financial Statement Analysis

The Fiber Division's capital assets increased by 33.18% over 2024. Construction in progress increased in 2024 due to expansion of fiber service territory. The Fiber Division's total assets increased from 2024. The Fiber Division has no debt.

The Fiber Division's total revenue increased by 50.56% from 2024. During 2025, the Fiber Division expanded the service territory to add more customers in rural areas. Total expenses increased from 2024 by 111.28%. Depreciation increased from 2024 due to the increase in Fiber services.

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

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 Sewer Division 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 Sewer Division for this debt as of June 30, 2025, was \$7.3 million, and the balance due from the Power Division was \$1.3 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, 2025, was \$1.5 million. The Power Division completed construction of a new substation to serve the City of Niota, Tennessee, during 2013. There have been no new debt issues in the Power Division since the 2009 refinance. All infrastructure improvements have been financed with cash flow since 2009.

The Water Division began a project to upgrade treatment infrastructure during 2014. This infrastructure upgrade will be completed in two phases. The total cost of the first phase of this project was approximately \$2 million. It was financed with a new debt issue from the State of Tennessee revolving loan fund. All of the funds for the first phase were drawn as of August 2015, and the balance due is \$880,108. The second phase of the upgrade was completed in fiscal 2017. The total due for this debt issue as of June 30, 2025, was \$1.3 million.

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

The Sewer Division incurred new debt totaling \$2.7 million in 2011 to finance part of the construction costs of a system extension to an industrial park that was not being served at that time. This debt consists of fixed rate debt from the State of Tennessee's revolving loan fund of \$2,246,000 and another fixed rate note from the American Recovery and Reinvestment Act (ARRA) for \$449,000. As of June 30, 2025, the balance due on these was \$833,163 and \$166,634, respectively. The remainder of the cost was financed by a cost sharing arrangement between the utility; the City of Athens, Tennessee; and McMinn County, as well as a principal forgiveness from the ARRA of \$1.9 million. The Sewer Division incurred new debt in 2025 totaling \$2.0 million to finance pump station improvements for Cedar Springs and Sterling Road. All funds have been drawn as of June 30, 2025.

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

ATHENS UTILITIES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

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 Sewer Division has posted positive change in net position since these rate adjustments were completed. The Power Division had a retail rate increase in 2022 to the residential and general service rate classes. The Power Division has adopted a 3 % rate increase for fiscal 2025. The new rate structure became effective as of April 1, 2025. All financial reports are posted at www.aub.org. The Water Division had its first-rate increase in 12 years and is driven by state regulation. Rates for the Water Division will be on a two-year schedule until reaching the full increase. The final step increase was as of April 1, 2023. The Gas and Power Divisions have adopted rate structures that are adjusted to reflect changes in wholesale prices of gas and power sold. These fluctuating rate structures allow the Gas and Power Divisions to preserve the margin (the difference between the prices paid and charged) in the commodities sold. The Gas Division constructed a natural gas vehicle fueling station during 2013. The cost of this station was approximately \$430,000. No debt was incurred.

Contacting the Board's Financial Management

This financial report is designed to provide our ratepayers and other users of these statements with a general overview of the Board's finances and to show the Board'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, 2025

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Business Type Activities - Enterprise Funds					Total
	Power Division	Water Division	Gas Division	Sewer Division	Fiber Division	
UTILITY PLANT AND EQUIPMENT, at cost	\$ 81,782,834	\$ 36,585,894	\$ 25,767,505	\$ 64,678,749	\$ 435,818	\$ 209,250,800
Less accumulated depreciation	(33,696,795)	(17,132,988)	(12,549,765)	(26,072,186)	(185,592)	(89,637,326)
	48,086,039	19,452,906	13,217,740	38,606,563	250,226	119,613,474
Construction in progress	3,186,926	52,593	33,528	1,343,529	80,331	4,696,907
Net utility plant and equipment	51,272,965	19,505,499	13,251,268	39,950,092	330,557	124,310,381
CURRENT ASSETS						
Cash	7,162,876	7,540,265	9,228,204	3,314,190	451,688	27,697,223
Receivables:						
Customer accounts, less allowance for doubtful accounts	5,292,156	348,122	203,717	509,807	19,650	6,373,452
Other	97,027	-	1,649	2,841	-	101,517
Prepaid expenses	52,050	10,083	9,855	6,449	55	78,492
Materials and supplies	3,024,204	326,295	184,992	222,554	29,556	3,787,601
Gas and propane storage inventory	-	-	328,796	-	-	328,796
Total current assets	15,628,313	8,224,765	9,957,213	4,055,841	500,949	38,367,081
Total assets	66,901,278	27,730,264	23,208,481	44,005,933	831,506	162,677,462
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pension plan	2,646,584	1,229,939	507,773	1,144,176	-	5,528,472
	<u>\$ 69,547,862</u>	<u>\$ 28,960,203</u>	<u>\$ 23,716,254</u>	<u>\$ 45,150,109</u>	<u>\$ 831,506</u>	<u>\$ 168,205,934</u>

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

ATHENS UTILITIES BOARD

STATEMENTS OF NET POSITION PROPRIETARY FUNDS

JUNE 30, 2025

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	Business Type Activities - Enterprise Funds					Total
	Power Division	Water Division	Gas Division	Sewer Division	Fiber Division	
LONG-TERM LIABILITIES						
Long-term debt	\$ 2,726,651	\$ 3,208,950	\$ -	\$ 10,310,718	\$ -	\$ 16,246,319
Less current maturities shown below	(279,750)	(209,467)	-	(1,292,770)	-	(1,781,987)
Net long-term debt	2,446,901	2,999,483	-	9,017,948	-	14,464,332
Lease liability - noncurrent	-	-	97,063	-	-	97,063
Net pension liability	4,649,818	2,160,896	892,113	2,010,219	-	9,713,046
Total long-term liabilities	7,096,719	5,160,379	989,176	11,028,167	-	24,274,441
CURRENT LIABILITIES						
Current maturities of long-term liabilities	279,750	209,467	-	1,292,770	-	1,781,987
Lease liability - current	-	-	17,399	-	-	17,399
Payables:						
TVA for purchased power	4,716,808	-	-	-	-	4,716,808
Vendors	908,207	95,628	265,045	256,266	7,947	1,533,093
Primary government	19,698	-	-	-	-	19,698
Retainage	-	-	-	30,536	-	30,536
Unearned revenue	-	38,650	7,600	91,795	-	138,045
Customer deposits	543,296	83,760	107,103	255,386	-	989,545
Other current liabilities	35,018	212,084	99,776	189,920	4,929	541,727
Total current liabilities	6,502,777	639,589	496,923	2,116,673	12,876	9,768,838
Total liabilities	13,599,496	5,799,968	1,486,099	13,144,840	12,876	34,043,279
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension plan	70,480	32,754	13,522	30,470	-	147,226
	70,480	32,754	13,522	30,470	-	147,226
NET POSITION						
Net investment in capital assets	48,546,314	16,296,549	13,136,806	29,608,838	330,557	107,919,064
Unrestricted	7,331,572	6,830,932	9,079,827	2,365,961	488,073	26,096,365
Total net position	55,877,886	23,127,481	22,216,633	31,974,799	818,630	134,015,429
Total liabilities, deferred inflows of resources, and net position	\$ 69,547,862	\$ 28,960,203	\$ 23,716,254	\$ 45,150,109	\$ 831,506	\$ 168,205,934

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

ATHENS UTILITIES BOARD

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

YEAR ENDED JUNE 30, 2025

	Business Type Activities - Enterprise Funds					Total
	Power Division	Water Division	Gas Division	Sewer Division	Fiber Division	
OPERATING REVENUES						
Sales:						
Residential	\$ 20,361,016	\$ 2,337,985	\$ 2,807,120	\$ 2,243,168	\$ 116,237	\$ 27,865,526
Commercial	5,060,379	2,436,651	2,103,659	1,825,580	72,353	11,498,622
Industrial	33,648,740	554,422	1,023,417	2,815,807	-	38,042,386
Public street and outdoor lighting	1,125,914	-	-	-	-	1,125,914
Interruptible	-	-	945,064	-	-	945,064
Fiber optic	-	-	-	-	89,934	89,934
Other operating revenue	905,542	187,773	97,374	277,166	6,219	1,474,074
Total operating revenues	<u>61,101,591</u>	<u>5,516,831</u>	<u>6,976,634</u>	<u>7,161,721</u>	<u>284,743</u>	<u>81,041,520</u>
OPERATING EXPENSES						
Purchased supply	48,101,809	859,148	3,750,910	-	12,049	52,723,916
Power, pumping, and purification	-	600,246	-	-	-	600,246
Treatment plant	-	-	-	2,245,103	-	2,245,103
Pumping station	134,301	-	-	100,089	-	234,390
Distribution	200,362	252,148	116,026	-	18,674	587,210
Maintenance	2,013,250	715,654	310,781	818,843	36,713	3,895,241
Consumer accounts	644,913	501,691	496,079	287,069	1,302	1,931,054
Administrative and general	4,469,080	1,552,095	1,110,323	1,296,896	37,671	8,466,065
Other	269,655	-	-	-	-	269,655
Depreciation and amortization	2,572,191	853,405	810,407	1,828,196	43,596	6,107,795
Tax equivalents	978,864	-	241,737	-	-	1,220,601
Total operating expenses	<u>59,384,425</u>	<u>5,334,387</u>	<u>6,836,263</u>	<u>6,576,196</u>	<u>150,005</u>	<u>78,281,276</u>
NET OPERATING INCOME	<u>1,717,166</u>	<u>182,444</u>	<u>140,371</u>	<u>585,525</u>	<u>134,738</u>	<u>2,760,244</u>

(Continued)

ATHENS UTILITIES BOARD

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

YEAR ENDED JUNE 30, 2025

	Business Type Activities - Enterprise Funds					
	Power Division	Water Division	Gas Division	Sewer Division	Fiber Division	Total
(Continued)						
NONOPERATING REVENUES (EXPENSES)						
Interest income	71,999	147,132	85,093	23,119	3,197	330,540
Interest expense	(95,171)	(81,804)	(1,306)	(294,313)	-	(472,594)
Gain (loss) on disposal of property	<u>3,549</u>	<u>(4,063)</u>	<u>-</u>	<u>(979)</u>	<u>-</u>	<u>(1,493)</u>
Net nonoperating revenues (expenses)	<u>(19,623)</u>	<u>61,265</u>	<u>83,787</u>	<u>(272,173)</u>	<u>3,197</u>	<u>(143,547)</u>
Income before capital contributions	<u>1,697,543</u>	<u>243,709</u>	<u>224,158</u>	<u>313,352</u>	<u>137,935</u>	<u>2,616,697</u>
CAPITAL CONTRIBUTIONS	<u>790,742</u>	<u>36,185</u>	<u>-</u>	<u>455,486</u>	<u>-</u>	<u>1,282,413</u>
CHANGE IN NET POSITION	<u>2,488,285</u>	<u>279,894</u>	<u>224,158</u>	<u>768,838</u>	<u>137,935</u>	<u>3,899,110</u>
Net position, beginning of year	<u>53,389,601</u>	<u>22,847,587</u>	<u>21,992,475</u>	<u>31,205,961</u>	<u>680,695</u>	<u>130,116,319</u>
Net position, end of year	<u>\$ 55,877,886</u>	<u>\$ 23,127,481</u>	<u>\$ 22,216,633</u>	<u>\$ 31,974,799</u>	<u>\$ 818,630</u>	<u>\$ 134,015,429</u>

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

ATHENS UTILITIES BOARD

STATEMENTS OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITES

Receipts from customers and users	\$ 60,319,616	\$ 5,576,452	\$ 6,917,271	\$ 7,231,049	\$ 279,517	\$ 80,323,905
Payments for employee services	(5,006,398)	(1,157,064)	(703,302)	(1,200,006)	(81,850)	(8,148,620)
Payments to suppliers for goods and services	(51,007,446)	(2,840,360)	(5,121,260)	(2,801,362)	(14,351)	(61,784,779)
Payments to other divisions for services used	(14,477)	(231,179)	(14,595)	(853,356)	-	(1,113,607)
Customer deposits received	188,720	20,580	27,080	22,410	-	258,790
Customer deposits refunded	(182,860)	(19,925)	(27,515)	(22,905)	-	(253,205)
Net cash provided by operating activities	4,297,155	1,348,504	1,077,679	2,375,830	183,316	9,282,484

CASH FLOWS FROM CAPTIAL AND RELATED FINANCING ACTIVITES

Proceeds from issuance of long-term debt	-	-	-	296,399	-	296,399
Principal paid on long-term debt	(270,360)	(210,162)	(30,987)	(1,199,796)	-	(1,711,305)
(Additions) subtractions to utility plant and equipment	(5,233,111)	(1,164,201)	(406,129)	(2,730,292)	(177,376)	(9,711,109)
Proceeds on disposal of property	3,549	(4,063)	-	(979)	-	(1,493)
Capital contributions	790,742	36,185	-	455,486	-	1,282,413
Interest paid on long-term liabilities	(95,171)	(81,804)	(1,306)	(294,313)	-	(472,594)
Net cash used in capital and related financing activities	<u>(4,804,351)</u>	<u>(1,424,045)</u>	<u>(438,422)</u>	<u>(3,473,495)</u>	<u>(177,376)</u>	<u>(10,317,689)</u>

CASH FLOWS PROVIDED BY INVESTING ACTIVITES

Interest received	<u>71,999</u>	<u>147,132</u>	<u>85,093</u>	<u>23,119</u>	<u>3,197</u>	<u>330,540</u>
Net increase (decrease) in cash and cash equivalents	(435,197)	71,591	724,350	(1,074,546)	9,137	(704,665)
Cash and cash equivalents, beginning of year	<u>7,598,073</u>	<u>7,468,674</u>	<u>8,503,854</u>	<u>4,388,736</u>	<u>442,551</u>	<u>28,401,888</u>
Cash and cash equivalents, end of year	<u>\$ 7,162,876</u>	<u>\$ 7,540,265</u>	<u>\$ 9,228,204</u>	<u>\$ 3,314,190</u>	<u>\$ 451,688</u>	<u>\$ 27,697,223</u>
Cash	\$ 7,162,876	\$ 7,540,265	\$ 9,228,204	\$ 3,314,190	\$ 451,688	\$ 27,697,223
Restricted cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,162,876</u>	<u>\$ 7,540,265</u>	<u>\$ 9,228,204</u>	<u>\$ 3,314,190</u>	<u>\$ 451,688</u>	<u>\$ 27,697,223</u>

(Continued)

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

ATHENS UTILITIES BOARD

STATEMENTS OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2025

(Continued)

	Business Type Activities - Enterprise Funds					Total
	Power Division	Water Division	Gas Division	Sewer Division	Fiber Division	
Reconciliation on net operating income to net cash provided by operating activities:						
Net operating income	\$ 1,717,166	\$ 182,444	\$ 140,371	\$ 585,525	\$ 134,738	\$ 2,760,244
Adjustments to reconcile net operating income to net cash provided by operating activities:						
Depreciation and amortization	2,572,191	853,405	810,407	1,828,196	43,596	6,107,795
Changes in assets and liabilities:						
Receivables	(593,255)	64,001	(31,133)	47,543	(5,226)	(518,070)
Materials and supplies	9,057	3,109	20,149	156,715	(2,613)	186,417
Gas and propane storage inventory	-	-	47,147	-	-	47,147
Payables	528,299	(51,336)	77,369	(316,967)	7,947	245,312
Unearned revenues	(121,876)	16,200	(1,150)	44,195	-	(62,631)
Other current liabilities	(59,342)	56,146	(6,159)	(177,065)	4,929	(181,491)
Prepaid expenses	(601)	8,291	4,030	3,496	(55)	15,161
Net pension liability	368,596	410,501	(603)	388,961	-	1,167,455
Deferred outflows related to pension plan	262,041	(40,735)	98,730	(42,707)	-	277,329
Deferred inflows related to pension plan	(385,121)	(153,522)	(81,479)	(142,062)	-	(762,184)
Net cash provided by operating activities	<u>\$ 4,297,155</u>	<u>\$ 1,348,504</u>	<u>\$ 1,077,679</u>	<u>\$ 2,375,830</u>	<u>\$ 183,316</u>	<u>\$ 9,282,484</u>

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

ATHENS UTILITIES BOARD

STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUND FIDUCIARY FUND

JUNE 30, 2025

ASSETS

Cash	\$ 429,827
Interest receivable	<u>40,665</u>
	<u>470,492</u>
Investments at fair value:	
U.S. government and agency securities	1,916,488
Municipal bonds	542,094
Corporate bonds	1,334,892
Mutual funds	2,730,576
Common stocks	<u>4,815,419</u>
Total investments	<u>11,339,469</u>
 Total assets	 <u>\$ 11,809,961</u>

NET POSITION

Net position, held in trust for pension benefits	<u>\$ 11,809,961</u>
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ATHENS UTILITIES BOARD

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

YEAR ENDED JUNE 30, 2025

ADDITIONS

Employer contributions	\$ 1,545,954
Net investment income:	
Interest and dividend income	311,814
Net appreciation in the fair value of investments	<u>940,623</u>
Total additions	<u>2,798,391</u>

DEDUCTIONS

Benefits paid	1,492,856
Administrative expenses	<u>36,698</u>
Total deductions	<u>1,529,554</u>

CHANGE IN NET POSITION HELD IN TRUST FOR PENSION BENEFITS

Net position, held in trust for pension benefits, beginning of year	<u>1,268,837</u> <u>10,541,124</u>
Net position, held in trust for pension benefits, end of year	<u>\$ 11,809,961</u>

NOTES TO THE FINANCIAL STATEMENTS

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

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

Reporting Entity

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

The financial statements also report on 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.

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets, Depreciation, and Maintenance

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

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

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

Capital assets are depreciated over the following estimated useful lives:

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

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

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

Leases

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

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

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

Subscription-Based Information Technology Arrangements (SBITA)

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

Revenues and Expenses and Use of Resources

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

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

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

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

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

Customer Accounts Receivable

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

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

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Purchased Power

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

Materials and Supplies and Gas Storage Inventory

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

Cash and Cash Equivalents

For the purposes of the statements 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. Restricted cash includes funds restricted by outside parties for water and sewer construction projects.

Capital Contributions

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

Compensated Absences

Effective July 1, 2024, the Board implemented GASB 101 “*Compensated Absences*”. The standard updates the accounting and financial reporting requirements for compensated absences – such as unused vacation, sick leave, or paid time off – that the government owes to employees. Under the statement, a government is required to record a liability for compensated absence when (1) the employee has provided services, (2) the paid leave accumulates, and (3) the leave is more likely than not to be used for paid time off or paid out. The Board accounts for compensated absences on a first in first out (FIFO) basis.

Income Taxes

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

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 2 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

Gas Division	June 30, 2024	Additions	Retirements/ Transfers Out	June 30, 2025
Gas division costs				
Non-depreciable assets:				
Land	\$ 128,752	\$ -	\$ -	\$ 128,752
Construction work in progress	148,717	-	(115,189)	33,528
Depreciable assets:				
Plant in service	23,430,245	483,034	(51,760)	23,861,519
Right of use asset - equipment	175,538	-	-	175,538
Equipment & furniture	1,033,819	80,972	(13,047)	1,101,744
Transportation equipment	<u>494,552</u>	<u>5,400</u>	<u>-</u>	<u>499,952</u>
Gas total asset cost	<u>25,411,623</u>	<u>569,406</u>	<u>(179,996)</u>	<u>25,801,033</u>
Gas accumulated depreciation:				
Plant in service	10,632,058	717,929	(59,743)	11,290,244
Lease amortization	12,863	52,985	-	65,848
Equipment & furniture	809,031	56,211	(13,047)	852,195
Transportation equipment	<u>302,125</u>	<u>39,353</u>	<u>-</u>	<u>341,478</u>
Gas total accumulated depreciation	<u>11,756,077</u>	<u>866,478</u>	<u>(72,790)</u>	<u>12,549,765</u>
Gas Total Net Utility Plant	<u>\$ 13,655,546</u>	<u>\$ (297,072)</u>	<u>\$ (107,206)</u>	<u>\$ 13,251,268</u>
Power Division	June 30, 2024	Additions	Retirements/ Transfers Out	June 30, 2025
Power Division Costs				
Non-Depreciable Assets:				
Land	\$ 74,874	\$ -	\$ -	\$ 74,874
Construction work in progress	1,891,331	5,809,593	(4,513,999)	3,186,925
Depreciable Assets:				
Plant in service	71,351,854	3,581,411	(710,813)	74,222,452
Equipment & furniture	4,534,898	432,682	(83,503)	4,884,077
Transportation equipment	<u>2,493,223</u>	<u>134,846</u>	<u>(26,637)</u>	<u>2,601,432</u>
Power Total Asset Cost	<u>80,346,180</u>	<u>9,958,532</u>	<u>(5,334,952)</u>	<u>84,969,760</u>
Power Accumulated Depreciation:				
Plant in service	26,037,444	2,349,852	(845,389)	27,541,907
Equipment & furniture	4,091,027	310,896	(83,504)	4,318,419
Transportation equipment	<u>1,605,664</u>	<u>257,442</u>	<u>(26,637)</u>	<u>1,836,469</u>
Power total accumulated depreciation	<u>31,734,135</u>	<u>2,918,190</u>	<u>(955,530)</u>	<u>33,696,795</u>
Power Total Net Utility Plant	<u>\$ 48,612,045</u>	<u>\$ 7,040,342</u>	<u>\$ (4,379,422)</u>	<u>\$ 51,272,965</u>

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 2 – CAPITAL ASSETS (Continued)

Water Division	June 30, 2024	Additions	Retirements/ Transfers Out	June 30, 2025
Water Division Costs				
Non-Depreciable Assets:				
Land	\$ 128,969	\$ -	\$ -	\$ 128,969
Construction work in progress	1,226,938	1,303,992	(2,478,337)	52,593
Depreciable Assets:				
Plant in service	32,031,486	2,165,041	(66,051)	34,130,476
Equipment & furniture	1,619,380	83,800	(84,416)	1,618,764
Transportation equipment	<u>626,271</u>	<u>129,895</u>	<u>(48,481)</u>	<u>707,685</u>
Water Total Asset Cost	<u>35,633,044</u>	<u>3,682,728</u>	<u>(2,677,285)</u>	<u>36,638,487</u>
Water Accumulated Depreciation:				
Plant in service	14,723,305	816,150	(112,060)	15,427,395
Equipment & furniture	1,254,948	43,753	(84,416)	1,214,285
Transportation equipment	<u>460,088</u>	<u>79,701</u>	<u>(48,481)</u>	<u>491,308</u>
Water total accumulated depreciation	<u>16,438,341</u>	<u>939,604</u>	<u>(244,957)</u>	<u>17,132,988</u>
Water Total Net Utility Plant	<u>\$ 19,194,703</u>	<u>\$ 2,743,124</u>	<u>\$ (2,432,328)</u>	<u>\$ 19,505,499</u>
 Sewer Division				
	June 30, 2024	Additions	Retirements/ Transfers Out	June 30, 2025
Sewer Division Costs				
Non-Depreciable Assets:				
Land	\$ 219,678	\$ -	\$ -	\$ 219,678
Construction work in progress	5,866,472	2,864,007	(7,386,950)	1,343,529
Depreciable Assets:				
Plant in service	56,306,842	7,247,840	(1,672,449)	61,882,233
Equipment & furniture	1,156,436	66,211	(7,066)	1,215,581
Transportation equipment	<u>1,350,686</u>	<u>50,117</u>	<u>(39,546)</u>	<u>1,361,257</u>
Sewer Total Asset Cost	<u>64,900,114</u>	<u>10,228,175</u>	<u>(9,106,011)</u>	<u>66,022,278</u>
Sewer Accumulated Depreciation:				
Plant in service	24,252,660	1,759,091	(1,667,835)	24,343,916
Equipment & furniture	576,245	75,791	(7,076)	644,960
Transportation equipment	<u>1,023,213</u>	<u>99,643</u>	<u>(39,546)</u>	<u>1,083,310</u>
Sewer total accumulated depreciation	<u>25,852,118</u>	<u>1,934,525</u>	<u>(1,714,457)</u>	<u>26,072,186</u>
Sewer Total Net Utility Plant	<u>\$ 39,047,996</u>	<u>\$ 8,293,650</u>	<u>\$ (7,391,554)</u>	<u>\$ 39,950,092</u>

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 2 – CAPITAL ASSETS (Continued)

Fiber Division	June 30, 2024	Additions	Retirements/ Transfers Out	June 30, 2025
Fiber Division Costs				
Non-Depreciable Assets:				
Construction work in progress	\$ 8,897	\$ 186,138	\$ (114,704)	\$ 80,331
Depreciable Assets:				
Plant in service	<u>329,950</u>	<u>108,672</u>	<u>(2,804)</u>	<u>435,818</u>
Fiber Total Asset Cost	<u>338,847</u>	<u>294,810</u>	<u>(117,508)</u>	<u>516,149</u>
Fiber Accumulated Depreciation:				
Plant in service	<u>142,070</u>	<u>46,377</u>	<u>(2,855)</u>	<u>185,592</u>
Fiber Total Net Utility Plant	<u>\$ 196,777</u>	<u>\$ 248,433</u>	<u>\$ (114,653)</u>	<u>\$ 330,557</u>
Total	June 30, 2024	Additions	Retirements/ Transfers Out	June 30, 2025
Total Costs				
Non-Depreciable Assets:				
Land	\$ 552,273	\$ -	\$ -	\$ 552,273
Construction work in progress	9,142,355	10,650,710	(15,096,158)	4,696,907
Depreciable Assets:				
Plant in service	183,450,377	13,585,997	(2,503,879)	194,532,495
Right of use asset - equipment	175,538	-	-	175,538
Equipment & furniture	8,344,533	663,667	(188,032)	8,820,168
Transportation equipment	<u>4,964,732</u>	<u>320,258</u>	<u>(114,664)</u>	<u>5,170,326</u>
Total Asset Cost	<u>206,629,808</u>	<u>25,220,632</u>	<u>(17,902,733)</u>	<u>213,947,707</u>
Total Accumulated Depreciation:				
Plant in service	75,787,538	5,689,396	(2,687,879)	78,789,055
Lease amortization	12,863	52,985	-	65,848
Equipment & furniture	6,731,250	486,652	(188,043)	7,029,859
Transportation equipment	<u>3,391,090</u>	<u>476,139</u>	<u>(114,665)</u>	<u>3,752,564</u>
Total Accumulated Depreciation	<u>85,922,741</u>	<u>6,705,172</u>	<u>(2,990,587)</u>	<u>89,637,326</u>
Total Net Utility Plant	<u>\$120,707,067</u>	<u>\$ 18,515,460</u>	<u>\$(14,912,146)</u>	<u>\$124,310,381</u>

NOTE 3 – CASH DEPOSITS

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

State statutes require that all deposits with financial institutions be collateralized by an amount equal to 105% of the face amount or the value of uninsured deposits. Under these statutes, the deposits must be either covered by state or federal depository insurance, by collateral held by the Board's agent in the Board's name, or by the Federal Reserve Banks acting as third-party agents. These statutes also limit the types of investments in which the Board can invest funds. As of June 30, 2025, the Board was fully collateralized.

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 4 – LONG-TERM LIABILITIES

Description of Long-term Liabilities

Long-term liabilities are summarized as follows:

Series	Original Principal	Interest Rates	Final Maturity	Principal June 30, 2025
Power Division:				
Note payable – Series 2003	\$ 3,000,000	3.98%	05/25/2032	\$ 1,246,651
Note payable – Series 2008	2,600,000	3.98%	05/25/2037	1,480,000
Water Division:				
Water revenue and tax bonds– Series 2009	1,414,000	3.25%	02/25/2048	1,036,780
Note payable – Series 2013	2,000,000	3.18%	01/20/2035	880,108
Note payable – Series 2014	2,550,000	1.69%	07/20/2037	1,292,062
Sewer Division:				
Note payable – Series 2003	17,500,000	3.98%	05/25/2032	7,310,921
Note payable SRF base – Series 2009	2,370,000	2.39%	06/20/2031	833,163
Note payable ARPA base – Series 2009	2,370,000	2.39%	06/20/2031	166,634
Note payable – Series 2023	<u>1,738,000</u>	0.57%	06/25/2045	<u>2,000,000</u>
Total debt payable from all funds	<u>\$ 35,542,000</u>			<u>\$ 16,246,319</u>

Changes in Long-term Liabilities

	Balance <u>July 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2025</u>	<u>Due Within One Year</u>
Business type activities					
Sewer Division					
Note payable – Series 2003	\$ 8,357,562	\$ -	\$ 1,046,641	\$ 7,310,921	\$ 1,041,250
Note payable – SRF Base	960,792	-	127,629	833,163	130,710
Note payable – ARPA base	192,160	-	25,526	166,634	26,142
Note payable – Series 2023	<u>1,703,601</u>	<u>296,399</u>	<u>-</u>	<u>2,000,000</u>	<u>94,668</u>
	<u>11,214,115</u>	<u>296,399</u>	<u>1,199,796</u>	<u>10,310,718</u>	<u>1,292,770</u>
Power Division					
Note payable – Series 2003	1,425,011	-	178,360	1,246,651	183,750
Note payable – Series 2008	<u>1,572,000</u>	<u>-</u>	<u>92,000</u>	<u>1,480,000</u>	<u>96,000</u>
	<u>2,997,011</u>	<u>-</u>	<u>270,360</u>	<u>2,726,651</u>	<u>279,750</u>
Water System					
2009 Revenue bonds	1,067,277	-	30,497	1,036,780	31,508
Note payable – Series 2013	964,205	-	84,097	880,108	80,759
Note payable – Series 2014	<u>1,387,630</u>	<u>-</u>	<u>95,568</u>	<u>1,292,062</u>	<u>97,200</u>
	<u>3,419,112</u>	<u>-</u>	<u>210,162</u>	<u>3,208,950</u>	<u>209,467</u>
Total business-type activities	<u>\$ 17,630,238</u>	<u>\$ 296,399</u>	<u>\$ 1,680,318</u>	<u>\$ 16,246,319</u>	<u>\$ 1,781,987</u>

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 4 – LONG-TERM LIABILITIES (Continued)

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

Year	Sewer		Water		Power	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,292,770	\$ 263,570	\$ 209,467	\$ 82,025	\$ 279,750	\$ 85,703
2027	1,297,112	226,486	214,773	76,719	283,750	76,887
2028	1,301,533	189,324	220,222	71,270	288,750	67,944
2029	1,306,061	152,055	225,828	65,664	292,750	58,842
2030	1,310,673	114,701	231,587	59,905	297,750	49,615
2031-2035	2,784,842	139,059	1,206,675	207,463	969,121	125,985
2036-2040	506,892	22,248	475,305	96,231	314,780	14,528
2041-2045	510,835	7,612	274,513	50,447	-	-
2046-2050	-	-	150,580	7,546	-	-
	<u>\$ 10,310,718</u>	<u>\$ 1,115,055</u>	<u>\$ 3,208,950</u>	<u>\$ 717,270</u>	<u>\$ 2,726,651</u>	<u>\$ 479,504</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.

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.

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 4 – LONG-TERM LIABILITIES (Continued)

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, 2025, set at 3.98%.

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, 2025, set at 3.98 %.

The notes payable to the Public Series 2008 carry an adjustable interest rate that is determined based on the market rate of tax-exempt variable interest. The Series 2003 and Series 2008 rates are adjusted daily and were 3.98% and 3.98%, respectively, at June 30, 2025.

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, 2025.

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.

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 5 – RETIREMENT PLANS (Continued)

Plan Description

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

Plan membership – Pension plan membership as of June 30, 2024, the valuation date, consisted of the following:

Inactive plan participants:	
Retirees and beneficiaries currently receiving benefits	20
Inactive Plan participants entitled to deferred benefits	12
Active vested Plan participants as of July 1	<u>44</u>
Total	<u>76</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 as of June 30, 2024:

Eligibility and Benefits

Requirements	Minimum months of service: 12 Minimum age: 25
Entry Dates	1/1 or 7/1 following fulfillment of requirements. The Plan is frozen to anyone hired after 6/30/10.
Normal Retirement Date	First day of the month coinciding with or next following attainment of age 65.
Normal Retirement Benefit	
Benefit Formula	2% of average monthly compensation multiplied by credited service not in excess of 30 years. The minimum monthly benefit is the greater of (1) \$20 and (2) the accrued benefit determined as of June 30, 1990.
Average Compensation	Average monthly compensation is determined using the highest 36 consecutive months of a participant's employment.

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 5 – RETIREMENT PLANS (Continued)

Plan Description (Continued)

Credited Service	For periods prior to 7/1/1976, years and completed months of full-time employment since hire. For periods after 6/30/1976, a plan year with 1,000 hours of employment, limited to 42 years.
Normal Form of Benefit	Single life annuity with 120 payments guaranteed.
Actuarial Equivalence	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: - 1983 GAM for males and 5.5%, or - GATT mortality and the GATT interest rate in effect for the month which is two months preceding the start of the plan year during which the lump sum is paid.
Optional Forms of Benefit	The following optional forms are available: life annuity, joint & survivor annuity (50, 75, or 100%), 5-year certain & life annuity, 15-year certain & life annuity. A lump sum is available to a vested participant who terminates employment, provided that he was hired prior to February 1, 2008. Regardless of a participant's hire date, lump sums less than \$5,000 are mandatory and will be paid out immediately in lieu of all future benefits.
Accrued Benefit	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. For the benefit formula effective January 1, 2000, the accrued benefit is based on service and pay to date.
Early Retirement Benefit	Minimum Age: 55 Minimum Service: 15 Years 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. Effective July 1, 2005, participants age 60 whose age plus Credited Service equals 90 are eligible for an immediate unreduced benefit.

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 5 – RETIREMENT PLANS (Continued)

Plan Description (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 their 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 active participant who dies will be entitled to a survivor's benefit. It will be assumed that the participant terminated service on the date of his death, survived to his earliest retirement age, and retired with a 100% Joint & Survivor annuity. Effective February 1, 2008, the payment form was changed to a 100% Joint & Survivor Annuity with 120 guaranteed payments.
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.

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 5 – RETIREMENT PLANS (Continued)

Plan Description (Continued)

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:

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

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

Contribution Required

Actuarially determined contributions to the Plan are determined each year as part of the Actuarial Valuation process. These contributions are determined according to the following funding policy:

Actuarial Cost Method	Entry age normal
Asset Valuation Method	The asset smoothing method utilized for the Plan shall be that investment gains or losses will be recognized over five years, providing that the actuarial value of assets shall not be greater than 120% of market value, nor less than 80% of market value.
Amortization Method	The amortization policy shall be that the UAAL, as of January 1, 2014, and any changes thereafter as a result of a change in assumptions or methods or benefit or plan changes, shall be amortized over a fixed period of 30 years beginning January 1, 2014. The amortization period for experience gains and losses shall be ten years from the date of the actuarial valuation.

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 5 – RETIREMENT PLANS (Continued)

Investments

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

The following as the Plan's adopted asset allocation as of June 30, 2024:

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

Rate of return - For the years ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.98%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Concentrations – The Plan held investments of \$646,125 in the Touchstone Mid-Cap Value Fund, \$1,614,909 in the Vanguard S&P 500 Exchange Traded Fund, and \$1,284,367 in the Sterling Capital Quality Income Fund. Each represented more than 5% of the Plan's fiduciary net position at June 30, 2025.

Net Pension Liability of the Board

The components of the net pension liability at June 30, 2024, were as follows:

Total pension liability	\$20,254,170
Plan fiduciary net position	<u>10,541,124</u>
Board net pension liability	<u>\$ 9,713,046</u>
Plan fiduciary net position as a percentage of the total pension liability	52.04%
Covered-employee payroll	\$ 3,987,071
Net pension liability as a percentage of covered-employee payroll	243.61%

The Plan's fiduciary net position is reported in the Pension Trust Fund as of June 30, 2025. The Board's net pension liability is reported in the enterprise funds as of the measurement date of June 30, 2024, as permitted under the GASB standards.

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 5 – RETIREMENT PLANS (Continued)

Actuarial Assumptions and Methods for Calculation of the Net Pension Liability

An experience study was completed in June 2024. Assumptions for mortality rates and retirement, the percentage of participants electing lump sums, and the lump sum conversion interest rate were modified for the 2024 valuation report to reflect this study's recommendations and are summarized below. For 2024, there was no recommended change to investment return (discount rate), salary scale, or to the termination rates and disability rates; therefore, these 2024 assumptions are the same as those used in the 2023 GASB report and are described below:

Measurement Date	June 30, 2024 – Plan
Valuation Date	July 1, 2024 – Plan
Mortality	SOA RP Adjusted to 2006 Blue Collar Mortality with Scale MP-2021
Discount Rate	6.75% per annum
Inflation	2.44% per annum
Salary Projection	3.00% per annum
Cost of Living Increase	N/A

Net Pension Liability of the Board

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

Asset Class	Long-Term Expected Real Rate of Return
Equity	6.85%
Fixed income	2.79
Alternatives	3.98
Cash equivalents	0.98

The assumed inflation rate is 2.44% per annum.

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 5 – RETIREMENT PLANS (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumes that the plan contributions will be made according to their established funding policy to contribute the actuarially determined contribution. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate is the single rate that reflects (1) the long-term expected rate of return on plan investments that are expected to be used to finance the payment of benefits, to the extent that the Plan's fiduciary net position is projected to be sufficient to make projected benefit payments and plan assets are expected to be invested using a strategy to achieve that return, and (2) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale), to the extent that the conditions for use of the long-term expected rate of return are not met. The projected cash flows are used to project the Plan's fiduciary net position at the beginning of each period. The Plan's projected fiduciary net position at the beginning of each period is compared to the amount of benefit payments projected to occur in that period. It is assumed that the Plan's fiduciary net position is expected to always be invested using a strategy to achieve the long-term expected rate of return on plan investments. The benefit payments that are projected to occur in a period are discounted using the long-term expected rate of return on plan investments if the amount of the Plan's beginning fiduciary net position is projected to be sufficient to make the benefit payments in that period. In periods in which the benefit payments are projected to be greater than the amount of the Plan's fiduciary net position, they are discounted using a municipal bond rate as described above.

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

	1% Decrease (5.75)%	Current Discount Rate (6.75%)	1% Increase (7.75%)
Athens Utilities Board's Net Pension Liability – June 30, 2024	\$ 11,575,684	\$ 9,713,046	\$ 8,070,770

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, 2024, elected by the Board under GASB No. 68.

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 5 – RETIREMENT PLANS (Continued)

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c)
Balances at July 1, 2023	<u>\$18,003,453</u>	<u>\$ 9,457,860</u>	<u>\$ 8,545,593</u>
Changes for the year:			
Service cost	324,275	-	324,275
Interest	1,199,950	-	1,199,950
Difference between expected and actual experience	330,541	-	330,541
Contributions – employer	-	1,400,000	(1,400,000)
Changes of assumptions	1,515,618	-	1,515,618
Net investment income	-	646,617	(646,617)
Difference between projected and actual earnings	-	189,300	(189,300)
Benefit payments, including refunds of employee contributions	(1,119,667)	(1,119,667)	-
Administrative expense	-	(32,986)	32,986
Net changes	<u>2,250,717</u>	<u>1,083,264</u>	<u>1,167,453</u>
Balances at June 30, 2024	<u>\$20,254,170</u>	<u>\$10,541,124</u>	<u>\$ 9,713,046</u>

The Board recognized pension expense of \$2,242,601 for 2024. The Board made contributions to the Defined Benefit Plan of \$1,560,000 subsequent to the measurement date of June 30, 2024. These contributions are reported as deferred outflows in the financial statements. The pension expense and the deferred outflows resulting from the subsequent contributions were as follows:

	Power Division	Water Division	Gas Division	Sewer Division	Total
Pension expense	\$ 1,073,576	\$ 498,919	\$ 205,976	\$ 464,130	\$ 2,242,601
Subsequent contributions	\$ 746,801	\$ 347,059	\$ 143,281	\$ 322,859	\$ 1,560,000

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,882,468	\$ -
Changes of assumptions	1,658,173	147,226
Net difference between projected and actual earnings on pension plan investments	427,831	-
Contributions subsequent to measurement date of June 30, 2024	<u>1,560,000</u>	<u>-</u>
Total	<u>\$ 5,528,472</u>	<u>\$ 147,226</u>

(Continued)

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 5 – RETIREMENT PLANS (Continued)

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, 2024, and the Board's June 30, 2025, 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:	
2025	\$ 1,194,767
2026	1,335,550
2027	611,460
2028	414,745
2029	264,724
Thereafter	-
	<u>\$ 3,821,246</u>

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% of their regular earnings, which is matched by the Board. Participants may make an additional after-tax contribution of up to 4% 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% upon 5 years of completed service. The Plan is established with ICMA Retirement Corporation as the Plan Administrator. The Board made Plan contributions of \$270,619 during 2024.

NOTE 6 – COMMITMENTS

Commitment to purchase power

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

Commitment to purchase water

The Board has a commitment to purchase water under a contract with a utility district. The contract establishes a minimum monthly payment and allows purchases up to 2,300,000 gallons per day to be made. The Board paid \$859,148 during 2025 for water purchased.

Commitment to sell water

The Board has a commitment to sell water under a contract with a utility district. The contract establishes a minimum monthly payment and allows purchases up to 800,000 gallons per day to be made. The Board received \$553,743 during 2025 for water sold under this contract.

ATHENS UTILITIES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 7 – MAJOR CUSTOMERS

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

	Number of Customers	Sales	% of Operating Revenue
Power	1	\$ 7,594,956	12%
Sewer	1	2,611,326	36
Fiber	1	59,484	21

NOTE 8 – CAPITAL CONTRIBUTIONS

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

The Power Division recognized capital contributions of \$790,742 relating to 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.

The Water Division recognized capital contributions of \$36,185 associated with water lines for residential developments installed by developers and donated to the Board.

The Department of Sewer recognized \$23,115 of capital contributions relating to sewer system improvements on the Cedar Springs Pump Station project and \$432,371 from the Economic Adjustment Program for wastewater system improvements.

NOTE 9 – SELF-INSURANCE

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

Employer contributions were \$1,062,138 for the Health Plan during 2025. 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 THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 10 – DEFERRED COMPENSATION

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

NOTE 11 – RISK MANAGEMENT AND CONTINGENCIES

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

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

REQUIRED SUPPLEMENTARY INFORMATION

ATHENS UTILITIES BOARD

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

JUNE 30, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY										
Service cost	\$ 324,275	\$ 314,989	\$ 327,169	\$ 347,492	\$ 306,968	\$ 301,140	\$ 324,067	\$ 320,831	\$ 310,107	\$ 285,320
Interest	1,199,950	1,142,090	1,075,617	1,093,994	1,040,823	989,624	928,295	912,387	871,483	782,127
Differences between expected and actual experience	330,541	563,968	1,448,164	957,928	13,890	225,544	815,486	594,417	328,117	337,836
Changes of assumptions	1,515,618	-	-	(387,590)	1,522,330	-	-	-	-	523,220
Benefit payments, including refunds of employee contributions	(1,119,667)	(1,224,926)	(2,462,826)	(2,071,076)	(1,116,079)	(476,184)	(1,838,365)	(1,376,676)	(510,163)	(837,872)
Net change in total pension liability	2,250,717	796,121	388,124	(59,252)	1,767,932	1,040,124	229,483	450,959	999,544	1,090,631
Total pension liability-beginning	18,003,453	17,207,332	16,819,208	16,878,460	15,110,528	14,070,404	13,840,921	13,389,962	12,390,418	11,299,787
Total pension liability-ending (a)	<u>\$ 20,254,170</u>	<u>\$ 18,003,453</u>	<u>\$ 17,207,332</u>	<u>\$ 16,819,208</u>	<u>\$ 16,878,460</u>	<u>\$ 15,110,528</u>	<u>\$ 14,070,404</u>	<u>\$ 13,840,921</u>	<u>\$ 13,389,962</u>	<u>\$ 12,390,418</u>
PLAN FIDUCIARY NET POSITION										
Contributions - employer	\$ 1,400,000	\$ 1,215,000	\$ 1,000,000	\$ 1,000,000	\$ 800,000	\$ 800,000	\$ 794,813	\$ 794,813	\$ 1,034,813	\$ 1,034,813
Net investment income	835,917	764,382	(1,660,556)	2,101,908	499,253	618,778	636,018	916,709	56,288	107,156
Benefit payments, including refunds of employee contributions	1,119,667	(1,224,926)	(2,462,826)	(2,071,076)	(1,116,079)	(476,184)	(1,838,365)	(1,376,676)	(510,163)	(837,872)
Administrative expense	32,986	(31,877)	(41,151)	(25,045)	(19,394)	(10,736)	(1,176)	(12,241)	(1,238)	(1,095)
Net change in plan fiduciary net position	1,083,264	722,579	(3,164,533)	1,005,787	163,780	931,858	(408,710)	322,605	579,700	303,002
Plan fiduciary net position-beginning	9,457,860	8,735,281	11,899,814	10,894,027	10,730,247	9,798,389	10,207,099	9,884,494	9,304,794	9,001,792
Plan fiduciary net position-ending (b)	<u>\$ 10,541,124</u>	<u>\$ 9,457,860</u>	<u>\$ 8,735,281</u>	<u>\$ 11,899,814</u>	<u>\$ 10,894,027</u>	<u>\$ 10,730,247</u>	<u>\$ 9,798,389</u>	<u>\$ 10,207,099</u>	<u>\$ 9,884,494</u>	<u>\$ 9,304,794</u>
Net pension liability-ending (a) - (b)	<u>\$ 9,713,046</u>	<u>\$ 8,545,593</u>	<u>\$ 8,472,051</u>	<u>\$ 4,919,394</u>	<u>\$ 5,984,433</u>	<u>\$ 4,380,281</u>	<u>\$ 4,272,015</u>	<u>\$ 3,633,822</u>	<u>\$ 3,505,468</u>	<u>\$ 3,085,624</u>
Plan fiduciary net position as a percentage of the total pension liability	52.04%	52.53%	50.76%	70.75%	64.54%	71.01%	69.64%	73.75%	73.82%	75.10%
Covered-employee payroll	\$ 3,987,071	\$ 4,128,319	\$ 4,160,884	\$ 4,335,446	\$ 4,424,698	\$ 4,386,649	\$ 4,604,594	\$ 4,557,706	\$ 4,625,267	\$ 4,625,467
Net pensions liability as a percentage of covered-employee payroll	243.61%	207.00%	203.61%	113.47%	135.25%	99.85%	92.78%	79.73%	75.79%	66.71%

ATHENS UTILITIES BOARD

EMPLOYEE RETIREMENT PLAN SCHEDULE OF PLAN CONTRIBUTIONS LAST TEN YEARS

JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 1,552,328	\$ 1,346,949	\$ 1,214,915	\$ 993,985	\$ 953,215	\$ 779,052	\$ 722,728	\$ 637,760	\$ 566,373	\$ 546,139
Contributions in relation to the actuarially determined contribution	<u>1,560,000</u>	<u>1,400,000</u>	<u>1,215,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>800,000</u>	<u>800,000</u>	<u>794,813</u>	<u>794,813</u>	<u>1,034,813</u>
Contribution deficiency (excess)	<u>\$ (7,672)</u>	<u>\$ (53,051)</u>	<u>\$ (85)</u>	<u>\$ (6,015)</u>	<u>\$ (46,785)</u>	<u>\$ (20,948)</u>	<u>\$ (77,272)</u>	<u>\$ (157,053)</u>	<u>\$ (228,440)</u>	<u>\$ (488,674)</u>
Covered-employee payroll	\$ 4,101,094	\$ 3,987,071	\$ 4,128,319	\$ 4,160,884	\$ 4,335,446	\$ 4,424,698	\$ 4,386,649	\$ 4,604,594	\$ 4,557,706	\$ 4,625,267
Contributions as a percentage of covered-employee payroll	38.04%	35.11%	29.43%	24.03%	23.07%	18.08%	18.24%	17.26%	17.44%	22.37%

NOTES TO SCHEDULE

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

Actuarial Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method:	Individual entry age normal, level percentage of compensation
Amortization method:	Level dollar, closed
Remaining amortization period:	22 years
Asset valuation method:	Fair market value
Salary increases:	3.00%
Investment rate of return:	6.75%
Retirement age:	Age 63 for those who satisfy Rule of 90, 100% at age 65
Mortality:	PRI-2012 Total Dataset Amount-Weighted Mortality with MP-2020
Disabled Mortality:	PRI-2012 Total Dataset Amount-Weighted Mortality with MP-2020

ATHENS UTILITIES BOARD

EMPLOYEE RETIREMENT PLAN
SCHEDULE OF INVESTMENT RETURNS
LAST TEN YEARS

JUNE 30, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of invesment expense	8.98%	8.66%	-14.15%	18.79%	4.50%	6.34%	6.28%	7.41%	0.57%	0.91%

SUPPLEMENTARY INFORMATION

ATHENS UTILITIES BOARD

PENSION TRUST FUND SCHEDULE OF INVESTMENTS

JUNE 30, 2025

	Interest Rate	Maturity Date	Cost	FMV
Uninvested Cash	-	-	\$ 2,904	\$ 2,904
Accrued Interest	-	-	40,665	40,665
Abbott Labs	-	-	10,080	12,377
Abbvie Inc	-	-	13,766	15,592
Accenture Plc Cl A	-	-	18,897	18,830
Adyen Nv Un-sponsored	-	-	5,088	6,390
Aflac Inc	-	-	16,643	17,612
Aia Group Ltd Sponsored	-	-	10,611	12,627
Akzo Nobel Nv Sponsored	-	-	10,209	10,703
Alcon Inc	-	-	6,926	8,210
Alfa Laval Ab Un-sponsored	-	-	7,154	8,949
Alibaba Group Holding Ltd Sponsored	-	-	3,681	4,196
Allianz Se Un-sponsored	-	-	11,097	17,792
Alphabet Inc Cl A	-	-	21,132	29,959
Alphabet Inc Cl C	-	-	15,762	26,431
Alstom Sa Un-sponsored	-	-	12,681	16,412
Altria Group Inc	-	-	4,661	5,804
Amazon.Com Inc	-	-	40,757	60,113
Ameriprise Financial Inc	-	-	16,915	25,085
Analog Devices Inc	-	-	21,472	28,086
Anheuser Busch Inbev Sponsored	-	-	7,052	8,865
Arcelormittal Sa Sponsored	-	-	3,615	4,769
Asml Holding Nv	-	-	10,864	12,021
Assa Abloy Un-sponsored	-	-	4,143	5,132
Astrazeneca Plc Sponsored	-	-	12,743	12,998
Atlas Copco Ab Sponsored	-	-	5,302	7,049
Autodesk Inc	-	-	20,656	29,409
Automatic Data Processing Inc	-	-	21,046	25,597
Avery Dennison Corp	-	-	6,227	5,615
Axa Sponsored	-	-	3,602	6,336
Banco Bilbao Vizcaya Sponsored	-	-	8,563	12,772
Barclays Plc Sponsored	-	-	7,718	16,099
Barrick Mining Group	-	-	3,312	3,706
Becton Dickinson & Co	-	-	10,641	8,096
Berkeley Group Hldgs Plc	-	-	3,931	3,507
Bhp Group Ltd Sponsored	-	-	7,506	6,156

(Continued)

ATHENS UTILITIES BOARD

PENSION TRUST FUND SCHEDULE OF INVESTMENTS

JUNE 30, 2025

	Interest Rate	Maturity Date	Cost	FMV
(Continued)				
Block Inc Cl A	-	-	\$ 7,416	\$ 8,152
Bnp Paribas Sponsored	-	-	7,054	9,028
Boeing Co	-	-	38,399	49,240
Booz Allen Hamilton Holding Cl A	-	-	21,712	19,056
Bp Plc Sponsored	-	-	11,215	9,488
British Amern Tob Plc Sponsored	-	-	3,556	5,206
Canadian National Railway Co	-	-	4,434	3,849
Canadian Pacific Kansas City Ltd	-	-	11,168	11,494
Capgemini SE Un-sponsored	-	-	6,416	6,919
Carnval Group	-	-	8,250	10,573
Charles Schwab Corp	-	-	25,296	36,770
Chugai Pharmaceutical Co Un-sponsored	-	-	12,369	17,232
Coloplast A/S Sponsored	-	-	4,776	3,735
Compagnie De St Gobain Un-sponsored	-	-	7,136	9,786
Coterra Energy Inc	-	-	16,944	18,071
CubesmartReal Estate Investment Trust	-	-	8,777	8,288
D R Horton Inc	-	-	8,452	8,638
Daifuku Co Ltd Un-sponsored	-	-	5,793	7,018
Dassault Sys S A Sponsored	-	-	8,302	7,314
Dbx Group Hldgs Ltd Sponsored	-	-	10,916	17,267
Deere & Co	-	-	24,404	27,458
Deutsche Bank Ag	-	-	4,399	5,739
Deutsche Telekom Ag Sponsored	-	-	4,702	7,428
Diageo Plc Sponsored	-	-	12,194	9,378
Disney Walt Co New	-	-	24,811	28,522
Disco Corp	-	-	5,238	5,343
Dominos Pizza Inc	-	-	19,442	18,024
E On Se Sponsored	-	-	2,952	4,354
Elevance Health Inc	-	-	21,281	17,892
Enel Spa Un-sponsored	-	-	4,574	7,745
Epiroc Aktiebolag Un-sponsored	-	-	6,619	6,686
Expeditors Intl Wash Inc	-	-	7,659	10,625
Everest Group Ltd	-	-	23,302	20,391
Factset Research System Inc	-	-	7,648	10,735
Fanuc Corp Un-sponsored	-	-	10,542	9,595
Ferguson Enterprises Inc	-	-	22,934	31,792

(Continued)

ATHENS UTILITIES BOARD

PENSION TRUST FUND SCHEDULE OF INVESTMENTS

JUNE 30, 2025

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Cost</u>	<u>FMV</u>
(Continued)				
Fujitsu Ltd Un-sponsored	-	-	\$ 2,256	\$ 3,364
Genmab A/S Sponsored	-	-	6,731	3,905
Goldman Sachs Group Inc	-	-	6,615	12,032
Gsk Plc Sponsored	-	-	6,850	7,488
Haleon Plc Sponsored	-	-	11,866	14,072
Hdfc Bank Ltd Sponsored	-	-	3,370	4,217
Heidelberg Materials Ag	-	-	1,352	2,495
Heineken Nv Spons Adr	-	-	6,856	7,123
Hexagon Ab Un-sponsored	-	-	2,332	2,302
Home Depot Inc	-	-	16,630	17,965
Illumina Inc	-	-	16,325	6,583
Infineon Technologies Ag Sponsored	-	-	9,231	10,773
Ing Groep Nv Sponsored	-	-	3,774	6,080
Intuitive Surgical Inc	-	-	7,861	15,215
Ishares Core Msci Emerging Markets ETF	-	-	338,768	375,668
Ishares Core Msci Intl Developed Mkts ETF	-	-	199,316	277,394
Johnson & Johnson	-	-	1,573	1,528
Kering Sa Un-sponsored	-	-	23,375	17,846
Kingfisher Plc Sponsored	-	-	2,366	2,998
Komatsu Ltd Sponsored	-	-	7,433	9,207
Koninklijke Philips Nv Sponsored	-	-	7,052	8,225
Korea Electric Power Corp Sponsored	-	-	1,877	2,506
L'Air Liquide Sa Un-sponsored	-	-	5,219	6,443
L'Oreal Co Un-sponsored	-	-	13,121	13,682
Linde Plc	-	-	31,029	33,781
Lukoil Pjsc Sponsored	-	-	8,231	-
Manulife Financial Corp	-	-	12,628	18,761
Marsh & McLennan Cos Inc	-	-	18,640	19,022
Meta Platforms Inc Cl A	-	-	27,456	87,095
Metlife Inc	-	-	9,996	11,500
Microsoft Corp	-	-	47,012	81,078
Monster Beverage Corp	-	-	18,554	26,622
Murata Mfg Co Ltd Un-sponsored	-	-	8,491	7,422
Nasdaq Inc	-	-	5,905	9,210
National Grid Plc Sponsored	-	-	3,091	3,200
Natwest Group Plc Sponsored	-	-	883	1,641

(Continued)

ATHENS UTILITIES BOARD

PENSION TRUST FUND SCHEDULE OF INVESTMENTS

JUNE 30, 2025

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Cost</u>	<u>FMV</u>
(Continued)				
Nestle Sa Sponsored	-	-	\$ 16,097	\$ 15,295
Netflix Inc	-	-	21,711	85,704
Nike Inc-Class B	-	-	8,405	8,241
Nintendo Ltd Un-sponsored	-	-	1,577	2,762
Novartis Ag Sponsored	-	-	8,042	11,012
Novo Nordisk As Sponsored	-	-	19,611	20,016
Novonosis (Novozymes) B Un-sponsored	-	-	3,545	4,442
Nvidia Corp	-	-	32,590	105,379
Oracle Corporation	-	-	25,716	59,249
Paypal Holdings Inc	-	-	7,628	7,878
Pepsico Inc	-	-	21,741	17,429
Prudential Plc Sponsored	-	-	5,925	7,581
Qualcomm Inc	-	-	10,293	11,785
Raymond James Financial Inc	-	-	11,099	12,883
Reckitt Benckiser Group Sponsored	-	-	14,968	15,913
Regeneron Pharmaceuticals Inc	-	-	16,793	16,275
Relx Plc Sponsored	-	-	2,857	4,999
Renesas Electronics Corp Un-sponsored	-	-	16,965	13,698
Rio Tinto Plc Sponsored	-	-	7,155	6,883
Roche Holding Ltd Sponsored	-	-	31,696	33,301
Rolls-Royce Holdings Plc Sponsored	-	-	4,216	19,990
Rockwell Automation Inc	-	-	16,454	19,598
Salesforce Inc	-	-	20,805	24,815
Sanofi Sponsored	-	-	8,338	8,068
Sap Se Sponsored	-	-	11,375	22,503
Schneider Electric Un-sponsored	-	-	8,906	13,185
Sei Investments Company	-	-	8,150	12,670
Shell Plc Sponsored	-	-	14,151	14,645
Shinhan Financial Group Sponsored	-	-	2,726	3,117
Shionogi & Co Ltd Un-sponsored	-	-	6,293	6,781
Shopify Inc Cl A	-	-	16,392	26,415
Smc Corporation Sponsored	-	-	10,228	9,198
Smith & Nephew Plc Sponsored	-	-	4,335	4,870
Smiths Group Plc Sponsored	-	-	888	938
Smurfit Westrock Plc	-	-	3,298	3,279
Societe Generale Sponsored	-	-	2,776	5,174

(Continued)

ATHENS UTILITIES BOARD

PENSION TRUST FUND SCHEDULE OF INVESTMENTS

JUNE 30, 2025

	Interest Rate	Maturity Date	Cost	FMV
(Continued)				
Sompo Holdings Inc	-	-	\$ 4,684	\$ 4,776
Sonova Holding Ag Un-sponsored	-	-	4,179	4,060
Sony Group Corp Sponsored	-	-	10,707	14,811
Standard Chartered Un-sponsored	-	-	2,579	4,385
Starbucks Corp	-	-	12,477	13,470
Sumitomo Mitsue Finl Group Sponsored	-	-	873	876
Symrise Ag Un-sponsored	-	-	5,358	5,246
Sysmex Corp Un-sponsored	-	-	9,831	8,576
Taiwan Semiconductor Manu Co Ltd Sponsored	-	-	8,123	14,722
Techtronic Inds Ltd Sponsored	-	-	4,488	3,483
Tencent Hldgs Ltd Un-sponsored	-	-	3,374	5,160
Tesla Inc	-	-	41,765	66,391
Thermo Fisher Scientific Inc	-	-	12,780	9,731
Unicharm Corporation Sponsored	-	-	8,425	5,879
Unicredit Spa Un-sponsored	-	-	2,048	8,923
United Overseas Bank-Sponsored	-	-	3,453	4,496
Unitedhealth Group Inc	-	-	13,627	7,487
Valero Energy Corp	-	-	3,299	3,495
Vanguard S&P 500 Etf	-	-	1,102,747	1,614,909
Vanguard Short-Term Government Bond Etf	-	-	132,293	132,843
Vertex Pharmaceuticals Inc	-	-	21,342	28,048
Visa Inc Cl A	-	-	36,272	55,033
Waste Management Inc	-	-	11,155	10,755
Workday Inc-Class A	-	-	6,357	8,160
Yum China Holdings Inc	-	-	3,371	3,532
Yum! Brands Inc	-	-	7,086	9,632
Allspring Special International	-	-	220,146	274,111
Federated Hermes	-	-	54,993	66,635
Hotchkis & Wiley	-	-	153,933	150,653
Touchstone Mid Cap Growth FdCl R6	-	-	615,866	646,125
Touchstone Mid Cap Value FdCl Instl	-	-	235,159	308,686
Abbvie Inc	4.88%	11/14/48	43,102	42,554
American Electric Power	3.20%	11/13/27	53,765	52,674
Bat Capital Corp	6.42%	08/02/33	54,460	54,301
Blackstone Reg Finance Co	5.00%	12/06/34	26,184	26,879
Boeing Co	5.15%	05/01/30	52,632	53,959

(Continued)

ATHENS UTILITIES BOARD

PENSION TRUST FUND SCHEDULE OF INVESTMENTS

JUNE 30, 2025

	Interest Rate	Maturity Date	Cost	FMV
(Continued)				
Citigroup Inc	-	11/05/30	\$ 51,855	\$ 53,327
Corebridge Financial Inc	5.75%	01/15/34	52,893	55,063
Duke Energy Corp	2.55%	06/15/31	13,005	14,257
Energy Transfer Operating	3.75%	05/15/30	52,871	53,730
Fiserv Inc	4.40%	07/01/49	54,563	54,034
General Motors Finl Co	6.10%	01/07/34	54,083	55,578
Goldman Sach Group Inc	-	07/23/30	52,851	53,880
Jpmorgan Chase & Co	5.60%	07/15/41	68,102	54,421
Jefferies Group LLC	4.15%	01/23/30	53,502	54,694
Kimco Realty Corp	4.25%	04/01/45	53,554	45,162
Kinder Morgan Inc	4.30%	03/01/28	28,003	25,021
Kraft Heinz Foods Co	4.88%	10/01/49	27,785	27,475
Meta Platforms Inc	4.95%	05/15/33	51,385	53,320
Morgan Stanley	4.00%	07/23/25	52,474	53,019
Nextera Energy Capital Hldgs Inc	5.05%	02/28/33	36,352	38,307
O'Reilly Automotive Inc	4.35%	06/01/28	49,340	51,148
Owl Rock Capital Corp	3.40%	07/15/26	54,114	53,132
Pfizer Inc	3.90%	03/15/39	33,201	27,934
Public Service Electric Gas Co	2.70%	05/01/50	34,857	27,307
Regions Financial Corp	1.80%	08/12/28	47,654	53,557
Rtx Corporation	4.13%	11/16/28	49,850	52,786
Sempra Energy	3.80%	02/01/38	33,465	27,307
T-Mobile Usa Inc	4.38%	04/15/40	24,848	26,583
Trans-Canada Pipelines	6.20%	10/15/37	40,655	40,831
Westpac Banking Corp	-	11/23/31	58,608	52,651
California State Dept	1.61%	12/01/32	49,496	53,624
California State Dept	1.79%	12/01/35	37,570	37,900
Connecticut State General	4.16%	06/15/32	57,480	59,104
Durham North Carolina	1.55%	10/01/31	60,430	50,690
Fort Lauderdale Florida	1.30%	01/01/27	55,619	52,850
Oregon State Edu Dists Full Faith	2.21%	06/30/33	55,255	62,427
Port Auth Of New York & New Jersey	2.60%	02/15/34	60,000	51,066
San Diego California Pub Facs Fing	2.13%	08/01/29	61,433	55,895
Virginia State Clg Bldg Auth Educ	1.74%	02/01/30	40,853	35,837
Virginia State Clg Bldg Auth Educ	1.74%	02/01/30	30,640	27,008
Virginia State Port Auth Cmwlt	1.41%	07/01/28	60,531	55,693

(Continued)

ATHENS UTILITIES BOARD

PENSION TRUST FUND SCHEDULE OF INVESTMENTS

JUNE 30, 2025

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Cost</u>	<u>FMV</u>
(Continued)				
Sterling Capital Quality Income Fund	-	-	\$ 1,346,798	\$ 1,284,367
Truist Bk Trust Deposit Account-Ris	-	-	210,594	210,594
Truist Bk Trust Deposit Account-Ris	-	-	216,331	216,331
Federal Home Loan Mortgage Corp	5.50%	10/01/53	85,198	85,827
Federal Home Loan Mortgage Corp	4.89%	02/15/31	123,594	128,120
Federal Home Loan Mortgage Corp	5.50%	03/25/55	34,508	34,872
Federal Home Loan Mortgage Corp	5.00%	11/25/52	62,718	64,741
Federal National Mortgage Assn	5.50%	03/25/55	89,409	89,554
Federal National Mortgage Assn	6.00%	06/01/54	148,949	150,316
Federal National Mortgage Assn	5.50%	03/01/53	102,916	103,350
Federal National Mortgage Assn	5.00%	01/01/55	94,548	94,859
Federal National Mortgage Assn	5.50%	08/25/50	66,714	68,410
Government National Mortgage Assn	4.50%	08/20/40	75,988	78,970
United States Treasury Bonds	2.88%	05/15/43	108,493	107,904
United States Treasury Bonds	1.38%	08/15/50	115,837	113,402
United States Treasury Bonds	3.00%	11/15/45	118,555	118,085
United States Treasury Notes	2.63%	02/15/29	120,867	120,376
United States Treasury Notes	1.50%	08/15/26	113,907	116,779
United States Treasury Notes	4.63%	02/15/35	102,533	103,172
United States Treasury Notes	4.00%	02/28/30	153,238	156,508
United States Treasury Notes	4.13%	11/15/32	<u>174,287</u>	<u>181,244</u>
 Total investments			 <u>\$ 10,524,998</u>	 <u>\$ 11,809,961</u>

ATHENS UTILITIES BOARD

SCHEDULE OF DEBT SERVICE REQUIREMENTS

JUNE 30, 2025

POWER DIVISION

Fiscal Year Ending 6/30	Pooled Loan Program - Series 2003			Pooled Loan Program - Series 2008			Total Power Division		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 183,750	\$ 38,861	\$ 222,611	\$ 96,000	\$ 46,842	\$ 142,842	\$ 279,750	\$ 85,703	\$ 365,453
2027	183,750	33,083	216,833	100,000	43,804	143,804	283,750	76,887	360,637
2028	183,750	27,305	211,055	105,000	40,639	145,639	288,750	67,944	356,694
2029	183,750	21,527	205,277	109,000	37,315	146,315	292,750	58,842	351,592
2030	183,750	15,750	199,500	114,000	33,865	147,865	297,750	49,615	347,365
2031	183,750	9,972	193,722	119,000	30,257	149,257	302,750	40,229	342,979
2032	144,151	4,194	148,345	125,000	26,491	151,491	269,151	30,685	299,836
2033	-	-	-	130,000	22,535	152,535	130,000	22,535	152,535
2034	-	-	-	136,000	18,420	154,420	136,000	18,420	154,420
2035	-	-	-	142,000	14,116	156,116	142,000	14,116	156,116
2036	-	-	-	149,000	9,622	158,622	149,000	9,622	158,622
2037	-	-	-	155,000	4,906	159,906	155,000	4,906	159,906
Total	<u>\$ 1,246,651</u>	<u>\$ 150,692</u>	<u>\$ 1,397,343</u>	<u>\$ 1,480,000</u>	<u>\$ 328,812</u>	<u>\$ 1,808,812</u>	<u>\$ 2,726,651</u>	<u>\$ 479,504</u>	<u>\$ 3,206,155</u>

(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF DEBT SERVICE REQUIREMENTS

JUNE 30, 2025

(Continued)

WATER DIVISION

Fiscal Year Ending 6/30	Rural and Development Loan - Series 2009			State Revolving Loan - Series 2013		
	Principal	Interest	Total	Principal	Interest	Total
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	52,050	846	52,896
2036	43,653	21,339	64,992	-	-	-
2037	45,100	19,892	64,992	-	-	-
2038	46,594	18,398	64,992	-	-	-
2039	48,138	16,854	64,992	-	-	-
2040	49,734	15,258	64,992	-	-	-
2041	51,382	13,610	64,992	-	-	-
2042	53,085	11,907	64,992	-	-	-
2043	54,844	10,148	64,992	-	-	-
2044	56,662	8,330	64,992	-	-	-
2045	58,540	6,452	64,992	-	-	-
2046	60,480	4,512	64,992	-	-	-
2047	62,484	2,508	64,992	-	-	-
2048	39,614	526	40,140	-	-	-
Total	<u>\$ 1,036,780</u>	<u>\$ 433,184</u>	<u>\$ 1,469,964</u>	<u>\$ 880,108</u>	<u>\$ 146,732</u>	<u>\$ 1,026,840</u>

(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF DEBT SERVICE REQUIREMENTS

JUNE 30, 2025

(Continued)

WATER DIVISION

Fiscal Year Ending 6/30	State Revolving Loan - Series 2014			Total Water Division		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 97,200	\$ 21,084	\$ 118,284	\$ 209,467	\$ 82,025	\$ 291,492
2027	98,856	19,428	118,284	214,773	76,719	291,492
2028	100,536	17,748	118,284	220,222	71,270	291,492
2029	102,252	16,032	118,284	225,828	65,664	291,492
2030	103,992	14,292	118,284	231,587	59,905	291,492
2031	105,756	12,528	118,284	237,499	53,993	291,492
2032	107,568	10,716	118,284	243,595	47,897	291,492
2033	109,392	8,892	118,284	249,841	41,651	291,492
2034	111,264	7,020	118,284	256,279	35,213	291,492
2035	113,160	5,124	118,284	207,463	28,709	236,172
2036	115,080	3,204	118,284	158,733	24,543	183,276
2037	117,012	1,272	118,284	162,112	21,164	183,276
2038	9,994	14	10,008	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	-	-	-	39,614	526	40,140
Total	<u>\$ 1,292,062</u>	<u>\$ 137,354</u>	<u>\$ 1,429,416</u>	<u>\$ 3,208,950</u>	<u>\$ 717,270</u>	<u>\$ 3,926,220</u>

(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF DEBT SERVICE REQUIREMENTS

JUNE 30, 2025

(Continued)

SEWER DIVISION

Fiscal Year Ending 6/30	Public Building Authority of the City of Clarksville, TN Notes Payable			State Revolving Fund Loans		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 1,041,250	\$ 230,226	\$ 1,271,476	\$ 156,852	\$ 22,184	\$ 179,036
2027	1,041,250	197,484	1,238,734	160,642	18,394	179,036
2028	1,041,250	164,743	1,205,993	164,523	14,513	179,036
2029	1,041,250	132,002	1,173,252	168,499	10,537	179,036
2030	1,041,250	99,260	1,140,510	172,571	6,465	179,036
2031	1,041,250	66,519	1,107,769	176,710	2,295	179,005
2032	1,063,421	33,777	1,097,198	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
2044	-	-	-	-	-	-
Total	<u>\$ 7,310,921</u>	<u>\$ 924,011</u>	<u>\$ 8,234,932</u>	<u>\$ 999,797</u>	<u>\$ 74,388</u>	<u>\$ 1,074,185</u>

(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF DEBT SERVICE REQUIREMENTS

JUNE 30, 2025

(Continued)

SEWER DIVISION

Fiscal Year Ending 6/30	Series 2023			Total Sewer Division		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 94,668	\$ 11,160	\$ 105,828	\$ 1,292,770	\$ 263,570	\$ 1,556,340
2027	95,220	10,608	105,828	1,297,112	226,486	1,523,598
2028	95,760	10,068	105,828	1,301,533	189,324	1,490,857
2029	96,312	9,516	105,828	1,306,061	152,055	1,458,116
2030	96,852	8,976	105,828	1,310,673	114,701	1,425,374
2031	97,416	8,412	105,828	1,315,376	77,226	1,392,602
2032	97,968	7,860	105,828	1,161,389	41,637	1,203,026
2033	98,532	7,296	105,828	98,532	7,296	105,828
2034	99,096	6,732	105,828	99,096	6,732	105,828
2035	99,660	6,168	105,828	99,660	6,168	105,828
2036	100,224	5,604	105,828	100,224	5,604	105,828
2037	100,800	5,028	105,828	100,800	5,028	105,828
2038	101,376	4,452	105,828	101,376	4,452	105,828
2039	101,952	3,876	105,828	101,952	3,876	105,828
2040	102,540	3,288	105,828	102,540	3,288	105,828
2041	103,128	2,700	105,828	103,128	2,700	105,828
2042	103,716	2,112	105,828	103,716	2,112	105,828
2043	104,304	1,524	105,828	104,304	1,524	105,828
2044	104,904	924	105,828	104,904	924	105,828
2045	105,480	348	105,828	105,480	348	105,828
2046	92	4	96	92	4	96
2047	-	-	-	-	-	-
2048	-	-	-	-	-	-
Total	<u>\$ 2,000,000</u>	<u>\$ 116,656</u>	<u>\$ 2,116,656</u>	<u>\$10,310,718</u>	<u>\$ 1,115,055</u>	<u>\$11,425,773</u>

(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF DEBT SERVICE REQUIREMENTS

JUNE 30, 2025

(Continued)

TOTAL BOARD DEBT SERVICE			
Fiscal Year Ending 6/30	Principal	Interest	Total
2026	\$ 1,781,987	\$ 431,298	\$ 2,213,285
2027	1,795,635	380,092	2,175,727
2028	1,810,505	328,538	2,139,043
2029	1,824,639	276,561	2,101,200
2030	1,840,010	224,221	2,064,231
2031	1,855,625	171,448	2,027,073
2032	1,674,135	120,219	1,794,354
2033	478,373	71,482	549,855
2034	491,375	60,365	551,740
2035	449,123	48,993	498,116
2036	407,957	39,769	447,726
2037	417,912	31,098	449,010
2038	157,964	22,864	180,828
2039	150,090	20,730	170,820
2040	152,274	18,546	170,820
2041	154,510	16,310	170,820
2042	156,801	14,019	170,820
2043	159,148	11,672	170,820
2044	161,566	9,254	170,820
2045	164,020	6,800	170,820
2046	60,572	4,516	65,088
2047	62,484	2,508	64,992
2048	39,614	526	40,140
Total	<u>\$ 16,246,319</u>	<u>\$ 2,311,829</u>	<u>\$ 18,558,148</u>

(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

JUNE 30, 2025

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2024	Additions	Paid and/or Matured During Period	Outstanding 6/30/2025
Power Division:								
Pooled Loan Program:								
Public Building Authority of the City of Clarksville, TN, Series 2003	\$ 3,000,000	Variable	2/3/2004	5/25/2032	\$ 1,425,011	\$ -	\$ 178,360	\$ 1,246,651
Public Building Authority of the City of Clarksville, TN, Series 2008	2,600,000	Variable	5/13/2008	5/25/2037	1,572,000	-	92,000	1,480,000
Water Division:								
Rural Development, U.S. Department of Agriculture, Series 2009	1,414,000	3.25%	2/25/2010	2/25/2048	1,067,277	-	30,497	1,036,780
Tennessee Department of Environment and Conservation State Revolving Fund:								
Series 2013	2,000,000 (1)	3.18%	10/19/2010	1/20/2035	964,205	-	84,097	880,108
Series 2014	2,550,000 (2)	1.69%	3/20/2014	7/20/2037	1,387,630	-	95,568	1,292,062

(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

JUNE 30, 2025

Description of Indebtedness (Continued)	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2024	Additions	Paid and/or Matured During Period	Outstanding 6/30/2025
Deparment of Sewer:								
Public Buidling authority of the City of Clarksville, TN, Series 2003	\$ 17,500,000	Variable	2/3/2004	5/25/2032	\$ 8,357,562	\$ -	\$ 1,046,641	\$ 7,310,921
Tennessee Department of Environment and Conservation State Revolving Fund:								
2021-459 CWA	1,738,000	0.57%	8/21/2023	6/5/2045	1,703,601	296,399	-	2,000,000
2009-242 CWA	2,370,198	2.39%	1/27/2010	6/20/2031	960,792	-	127,629	833,163
2009-242 ARRA	2,370,197	(3) 2.39%	1/27/2010	6/20/2031	192,160	-	25,526	166,634
Total Board long-term debt					<u>\$ 17,630,238</u>	<u>\$ 296,399</u>	<u>\$ 1,680,318</u>	<u>\$ 16,246,319</u>

Principal was forgiven on the following loans as noted below:

(1) \$400,000

(2) \$501,500

(3) \$1,896,158

ATHENS UTILITIES BOARD

SCHEDULE OF LEASE OBLIGATIONS, PRINCIPAL, AND INTEREST REQUIREMENTS

JUNE 30, 2025

GAS DIVISION

Fiscal Year Ending 6/30	Leased Asset		
	Principal	Interest	Total
2026	\$ 17,399	\$ 601	\$ 18,000
2027	17,486	514	18,000
2028	17,574	426	18,000
2029	17,662	338	18,000
2030	17,751	249	18,000
2031	17,840	160	18,000
2032	8,750	75	8,825
Total	<u>\$ 114,462</u>	<u>\$ 2,363</u>	<u>\$ 116,825</u>

ATHENS UTILITIES BOARD

SCHEDULE OF CHANGES IN LEASE OBLIGATIONS

JUNE 30, 2025

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 07/01/24	Issued	Paid and/or Matured During Period	Outstanding 06/30/25
Lease payable through Gas Division: Land	\$ 175,538	0.50%	9/12/2022	9/12/2032	<u>\$ 127,210</u>	<u>\$ -</u>	<u>\$ 12,748</u>	<u>\$ 114,462</u>

ATHENS UTILITIES BOARD

SCHEDULE OF RATES IN FORCE

JUNE 30, 2025

POWER DIVISION

Residential rates - RS:

Customer availability charge per month		\$	18.38
Energy charge per kwh:	Summer		0.11436
	Winter		0.10720
	Transition		0.11089

General power - GSA:

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

Customer availability charge per month		\$	35.23
Energy charge per kwh (first 15,000 kwh)	Summer		0.12619
	Winter		0.11909
	Transition		0.12272

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

Customer availability charge per month		\$	171.32
--	--	----	--------

Summer

Demand charge per kw:	First 50 kw		No Charge
	Above 50 kw	\$	17.11
Energy charge per kwh:	First 15,000 kwh		0.12580
	Additional kwh		0.07913

Winter

Demand charge per kw:	First 50 kw		No Charge
	Above 50 kw	\$	16.04
Energy charge per kwh:	First 15,000 kwh		0.11870
	Additional kwh		0.07224

Transition

Demand charge per kw:	First 50 kw		No Charge
	Above 50 kw	\$	16.04
Energy charge per kwh:	First 15,000 kwh		0.12233
	Additional kwh		0.07663

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

Customer availability charge per month		\$	645.03
--	--	----	--------

Summer

Demand charge per kw:	First 1,000 kw	\$	18.74
	Additional kw		18.23
Energy charge per kwh (all kwh)			0.08336

Winter

Demand charge per kw:	First 1,000 kw	\$	17.67
	Additional kw		17.16
Energy charge per kwh (all kwh)			0.07646

(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF RATES IN FORCE

JUNE 30, 2025

POWER DIVISION (Continued)

General power - GSA: (Continued)

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

Transition

Demand charge per kw:	First 1,000 kw	\$	17.67
	Additional kw		17.16
Energy charge per kwh (all kwh)			0.08087

General power - MSB:

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

Summer

Demand charge	On peak per kw	\$	11.27
	Max peak		2.33
Energy charge	All On peak kwh		0.08975
	Off peak 1st 200 hours use		0.06225
	Off peak next 200 hours use		0.02961
	Off peak over 400 hours use		0.02660

Winter

Demand charge	On peak per kw	\$	10.19
	Max peak		2.33
Energy charge	All On peak kwh		0.07464
	Off peak 1st 200 hours use		0.06214
	Off peak next 200 hours use		0.02704
	Off peak over 400 hours use		0.02423

Transition

Demand charge	On peak per kw	\$	10.19
	Max peak		2.33
Energy charge	All On peak kwh		0.06422
	Off peak 1st 200 hours use		0.06422
	Off peak next 200 hours use		0.02817
	Off peak over 400 hours use		0.02536

General power - MSC:

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

Summer

Demand charge	On peak per kw	\$	11.27
	Max peak		1.72
Energy charge	All On peak kwh		0.08852
	Off peak 1st 200 hours use		0.06101
	Off peak next 200 hours use		0.03115
	Off peak over 400 hours use		0.03115

(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF RATES IN FORCE

JUNE 30, 2025

POWER DIVISION (Continued)

General power - MSC: (Continued)

Winter

Demand charge	On peak per kw	\$	10.19
	Max peak		1.72
Energy charge	All On peak kwh		0.07340
	Off peak 1st 200 hours use		0.06089
	Off peak next 200 hours use		0.02858
	Off peak over 400 hours use		0.02858

Transition

Demand charge	On peak per kw	\$	10.19
	Max peak		1.72
Energy charge	All On peak kwh		0.06298
	Off peak 1st 200 hours use		0.06298
	Off peak next 200 hours use		0.02971
	Off peak over 400 hours use		0.02971

General power - MSD:

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

Summer

Demand charge	On peak per kw	\$	11.27
	Max peak		1.71
Energy charge	All On peak kwh		0.08602
	Off peak 1st 200 hours use		0.05852
	Off peak next 200 hours use		0.02929
	Off peak over 400 hours use		0.02864

Winter

Demand charge	On peak per kw	\$	10.19
	Max peak		1.71
Energy charge	All On peak kwh		0.07089
	Off peak 1st 200 hours use		0.58380
	Off peak next 200 hours use		0.02672
	Off peak over 400 hours use		0.02607

Transition

Demand charge	On peak per kw	\$	10.19
	Max peak		1.71
Energy charge	All On peak kwh		0.06047
	Off peak 1st 200 hours use		0.06047
	Off peak next 200 hours use		0.02785
	Off peak over 400 hours use		0.02700

(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF RATES IN FORCE

JUNE 30, 2025

POWER DIVISION (Continued)

Outdoor lighting - LS:

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

Customer availability charge per month	\$ 2.50
Intestment charge: (annual rate per \$1 investment)	0.12000
Investment charge for athletic lighting systems: (annual rate per \$1 investment)	0.12000
Energy charge: (all kwh)	0.08694

Part B - Individual outdoor lighting:

Mercury vapor - per light per month	175w	\$ 11.02
	400w	21.22
	1,000w	42.01
High pressure sodium - per light per month:	100w	8.73
	100w - decorative	14.62
	250w	18.28
	400w	22.49
High pressure sodium (floods) - per light per month:	250w	\$ 22.69
	400w	25.11
Metal halide - per light per month:	175w	23.15
	400w - flood	24.60
	400w - box	29.45
	1,000w - flood	46.83
LED - per light per month:	64w	8.50
	72w	14.42
	216w	17.93
	216w - flood	22.34
	284w	23.46
	284w - flood	24.39
Pole charge per month		2.00

Number of customers at year-end:

Residential	11,744
Commercial	2,123
Industrial	262
Street and athletic	20
Outdoor lighting	87

(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF RATES IN FORCE

JUNE 30, 2025

(Continued)

FIBER OPTIC SERVICES

Standard Plan :	300MB	\$	60.00
	1GB		100.00
	2GB		120.00
Advanced Plan:	300MB	\$	110.00
	1GB		150.00
	2GB		190.00
Performance Plan:	300MB	\$	500.00
	1GB		750.00
	2GB		1,250.00
	Initial fee		500.00
IP Blocks:	30(1 fixed IP)	\$	50.00
	29(5 fixed IP)		100.00
	28(13 fixed IP)		200.00
Wireless Router			10.00
Dark Fiber	*price determined by GM/Power Superintendent		
Government	*price determined by GM/Power Superintendent		
Number of customers at year-end:			
Standard			174
Advanced			14
Performance			3
Government			1
Dark fiber			4

(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF RATES IN FORCE

JUNE 30, 2025

(Continued)

WATER DIVISION

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

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

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

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

Number of customers at year-end:

Residential	7,611
Commercial	1,299
Industrial	32

DEPARTMENT OF SEWER

Sewer rates:

Service availability charge per month:

Residential	\$ 17.00
Commercial	25.00
Industrial	25.00
Charge per 1,000 gallons per month	6.50

Number of customers at year-end:

Residential	4,756
Commercial	932
Industrial	24

(Continued)

ATHENS UTILITIES BOARD

SCHEDULE OF RATES IN FORCE

JUNE 30, 2025

(Continued)

GAS DIVISION

	Customer Charge (per month)	Commodity Charge (per therm)	PGA (per therm)
Residential	\$ 6.00	\$ 0.43480	\$ 0.43534
Residential discount	5.00	0.40480	0.43534
Small Commercial	10.00	0.28190	0.43534

	Industrial		Interruptible	
	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	-	-	0.15400	0.19600
For firm plus PGA	-	-	0.20700	0.22800
First 10,000 plus PGA	0.2070	0.2280	0.20000	0.22100
From 10,001-20,000 plus PGA	0.1930	0.2140	0.18600	0.20700
From 20,001-40,000 plus PGA	0.1790	0.2006	0.17200	0.19300
Over 40,000 plus PGA	0.1651	0.1866	0.13800	0.15900
PGA	0.32784	0.32784	0.32784	0.32784
Unauthorized (in addition to interruptible charge)			1.5000	1.5000

Number of customers at year-end:

Residential	5,765
Commercial	947
Industrial	10
Interruptible	6

COMPLIANCE SECTION

ATHENS UTILITIES BOARD

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2025

Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Commerce Economic Development Cluster Economic Adjustment Program	11.307	N/A	\$ <u>432,371</u>
Total Expenditures of Federal Awards			\$ <u>432,371</u>

ATHENS UTILITIES BOARD

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – SUBRECIPIENTS

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 4 – INDIRECT COST RATE

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



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

To the Board of Directors
Athens Utilities Board
Athens, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Athens Utilities Board (the Board) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated September 5, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Cleveland, Tennessee
September 5, 2025

*Henderson Hutcherson
& McCullough, PLLC*

ATHENS UTILITIES BOARD

SCHEDULE OF PRIOR YEAR FINDINGS

JUNE 30, 2025

There were no prior year findings reported.