

ATHENS UTILITIES BOARD

FINANCIAL REPORT

JUNE 30, 2021

CONTENTS

	<u>Page</u>
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON THE FINANCIAL STATEMENTS	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	A-1 - A-11
BASIC FINANCIAL STATEMENTS	
Major Funds	
Statements of net position	4
Statements of revenues, expenses and changes in net position	5
Statements of cash flows	6-7
Statement of fiduciary net position – Pension Trust Fund – fiduciary fund	8
Statement of changes in fiduciary net position – Pension Trust Fund – fiduciary fund	9
Notes to financial statements	10-33
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of changes in the net pension liability and related ratios	34
Schedule of plan contributions	35
Schedule of investment returns	36
ACCOMPANYING INFORMATION	
Schedule of net position by service – power division	37
Schedule of revenues, expenses and changes in net position – power division	38
Schedule of investments	39-46
Schedule of debt service requirements	47-51
Schedule of changes in long-term debt by individual issue	52
Schedule of rates in force	53-58
Schedule of water loss	59-60
List of principal officials	61
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	62-63
Schedule of findings and questioned costs	64-65
Schedule of prior year findings and questioned costs	66
Management's Corrective Action Plan	67-68

Report of Independent Certified Public Accountants

on the Financial Statements

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

To the Commissioners
Athens Utilities Board
Athens, Tennessee

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Athens Utilities Board, as of June 30, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Athens Utilities Board's basic financial statements. The accompanying information, shown on pages 37 through 61 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The accompanying information on pages 37 through 58 has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The accompanying information on pages 59 through 61 has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 8, 2021, on our consideration of Athens Utilities Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Athens Utilities Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Athens Utilities Board's internal control over financial reporting and compliance.

Neal, Scouter & McConnell, P.C.

Chattanooga, Tennessee
October 8, 2021

Athens Utilities Board
Management's Discussion and Analysis
June 30, 2021

The Athens Utilities Board is organized as a component unit of the City of Athens, Tennessee. Our discussion and analysis of each Division's financial performance provides an overview of its financial activity for the year ended June 30, 2021. It should be read in conjunction with the basic financial statements.

Using this Annual Report

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

Required Financial Statements

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

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

In addition, the financial statements present the Board's fiduciary fund, the Athens Utilities Board Pension Trust Fund. This trust fund is used to account for assets held in a trustee capacity for the accountability of resources for pension benefit payments to qualified board retirees. Since these assets are held in a fiduciary capacity, they are not included in the Board's assets or results of operations. The statement of fiduciary net position and the statement of changes in fiduciary net position for the Pension Trust Fund may be found on pages 8 and 9 of the accompanying financial statements.

**Athens Utilities Board
Management's Discussion and Analysis
June 30, 2021**

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

	2021	2020	Variance 2021 to 2020	%
Assets				
Capital assets	\$ 46,186,897	\$ 44,930,009	\$ 1,256,888	2.80 %
Construction in progress	1,591,564	2,668,600	(1,077,036)	-40.36
Current and other assets	13,086,418	12,474,117	612,301	4.91
Total assets	60,864,879	60,072,726	792,153	1.32
Deferred outflows	2,054,298	1,452,811	601,487	41.40
	<u>\$ 62,919,177</u>	<u>\$ 61,525,537</u>	<u>\$ 1,393,640</u>	<u>2.27 %</u>
Liabilities:				
Current liabilities	\$ 5,458,510	\$ 5,101,446	\$ 357,064	7.00 %
Long-term liabilities	6,710,901	6,209,361	501,540	8.08
Total liabilities	12,169,411	11,310,807	858,604	7.59
Deferred inflows	80,169	130,581	(50,412)	-38.61
	<u>12,249,580</u>	<u>11,441,388</u>	<u>808,192</u>	<u>7.06</u>
Net position:				
Net investment in capital assets	43,994,370	43,559,097	435,273	1.00
Unrestricted	6,675,227	6,525,052	150,175	2.30
Total net position	50,669,597	50,084,149	585,448	1.17
	<u>\$ 62,919,177</u>	<u>\$ 61,525,537</u>	<u>\$ 1,393,640</u>	<u>2.27 %</u>

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

	2021	2020	Variance 2021 to 2020	%
Revenues:				
Power revenues	\$ 48,773,020	\$ 49,867,874	\$ (1,094,854)	-2.20 %
Other operating revenue	837,355	741,150	96,205	12.98
Non operating income	22,605	52,851	(30,246)	-57.23
Total revenues	49,632,980	50,661,875	(1,028,895)	-2.03
Expenses:				
Power costs	39,619,816	40,850,342	(1,230,526)	-3.01
Operating expenses before depreciation	6,967,428	6,694,788	272,640	4.07
Depreciation	2,470,288	2,275,445	194,843	8.56
Total expenses	49,057,532	49,820,575	(763,043)	-1.53
Revenues over expenses before capital contributions	575,448	841,300	(265,852)	-31.60
Capital contributions	10,000	15,219	(5,219)	-34.29
Change in net position	585,448	856,519	(271,071)	-31.65
Beginning net position	50,084,149	49,227,630	856,519	1.74
Ending net position	<u>\$ 50,669,597</u>	<u>\$ 50,084,149</u>	<u>\$ 585,448</u>	<u>1.17 %</u>

**Athens Utilities Board
Management's Discussion and Analysis
June 30, 2021**

Power Division Financial Statement Analysis

The Power Division's total assets as of June 30, 2021, increased 1.32% from the previous year. Capital assets increased by 2.80% from 2020. Construction in progress decreased by 40.36% from 2020. Capital assets and construction in progress variances from 2020 are directly related to the amount of capital projects closed during 2021. Net position was \$585,448 more than last year because of profitable operations. Liabilities increased from 2020 because of accounts payable, other current liabilities, and net pension liability from 2020.

The change in net position (net income) in 2021 decreased over 2020 because of a decrease in power sales. Contribution margin (the difference between sales revenues and power purchased) was more than 2020 because of the decrease in purchased power. This was primarily driven by the reduction in power sales and other revenues.

**Athens Utilities Board
Management's Discussion and Analysis
June 30, 2021**

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

	<u>2021</u>	<u>2020</u>	<u>Variance 2021 to 2020</u>	<u>%</u>
Assets:				
Capital assets	\$ 18,273,088	\$ 18,550,413	\$ (277,325)	-1.49 %
Construction in progress	607,432	278,662	328,770	117.98
Current and other assets	7,166,900	7,460,810	(293,910)	-3.94
Total assets	26,047,420	26,289,885	(242,465)	-0.92
Deferred outflows	581,279	422,625	158,654	37.54
	<u>\$ 26,628,699</u>	<u>\$ 26,712,510</u>	<u>\$ (83,811)</u>	<u>-0.31 %</u>
Liabilities:				
Current liabilities	\$ 480,455	\$ 497,809	\$ (17,354)	-3.49 %
Long-term liabilities	4,726,773	4,716,039	10,734	0.23
Total liabilities	5,207,228	5,213,848	(6,620)	-0.13
Deferred inflows	22,684	37,986	(15,302)	-40.28
	<u>5,229,912</u>	<u>5,251,834</u>	<u>(21,922)</u>	<u>-0.42</u>
Net position:				
Net investment in capital assets	14,785,998	14,635,095	150,903	1.03
Unrestricted	6,612,789	6,825,581	(212,792)	-3.12
Total net position	21,398,787	21,460,676	(61,889)	-0.29
	<u>\$ 26,628,699</u>	<u>\$ 26,712,510</u>	<u>\$ (83,811)</u>	<u>-0.31 %</u>

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

	<u>2021</u>	<u>2020</u>	<u>Variance 2020 to 2019</u>	<u>%</u>
Revenues:				
Water sales	\$ 4,196,274	\$ 4,251,729	\$ (55,455)	-1.30 %
Other operating revenue	165,803	153,050	12,753	8.33
Non operating income	24,481	57,221	(32,740)	-57.22
Total revenues	4,386,558	4,462,000	(75,442)	-1.69
Expenses:				
Purchased water	666,116	660,971	5,145	0.78
Operating and other expenses before depreciation	2,780,089	2,715,221	64,868	2.39
Depreciation	1,002,242	915,571	86,671	9.47
Total expenses	4,448,447	4,291,763	156,684	3.65
Change in net position	(61,889)	170,237	(232,126)	-136.35
Beginning net position	21,460,676	21,290,439	170,237	0.80
Ending net position	<u>\$ 21,398,787</u>	<u>\$ 21,460,676</u>	<u>\$ (61,889)</u>	<u>-0.29 %</u>

**Athens Utilities Board
Management's Discussion and Analysis
June 30, 2021**

Water Division Financial Statement Analysis

Total assets as of June 30, 2021 were 0.92% less than 2020 because of the capital projects closed out of construction in progress and reduction in capital projects completed in fiscal 2021. The reason for the reduction in capital projects completed in fiscal 2021 is because of COVID. Total liabilities decreased from 2020 because of a decrease in current liabilities. Deferred inflows are recognized in accordance with GASB standards. Net position was \$61,890 less than 2020 due to the increase in other operating expenses, depreciation, and reduced water sales.

Non-operating income was less in comparison to 2020. Total expenses increased from 2020. Revenues over expenses before capital contributions were less than 2020. The total change in net position (net income) was less than 2020 due to the reduced water sales and non-operating revenue, increase in depreciation, and other operating expenses.

**Athens Utilities Board
Management's Discussion and Analysis
June 30, 2021**

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

	<u>2021</u>	<u>2020</u>	<u>Variance 2021 to 2020</u>	<u>%</u>
Assets:				
Capital assets	\$ 13,952,885	\$ 14,096,032	\$ (143,147)	-1.02 %
Construction in progress	129,539	190,327	(60,788)	-31.94
Current and other assets	<u>7,470,751</u>	<u>6,832,477</u>	<u>638,274</u>	<u>9.34</u>
Total assets	21,553,175	21,118,836	434,339	2.06
Deferred outflows	<u>416,500</u>	<u>310,915</u>	<u>105,585</u>	<u>33.96</u>
	<u>\$ 21,969,675</u>	<u>\$ 21,429,751</u>	<u>\$ 539,924</u>	<u>2.52 %</u>
Liabilities:				
Current liabilities	\$ 463,710	\$ 359,572	\$ 104,138	28.96 %
Long term liabilities	<u>646,872</u>	<u>515,764</u>	<u>131,108</u>	<u>25.42</u>
Total liabilities	1,110,582	875,336	235,246	26.87
Deferred inflows	<u>16,254</u>	<u>27,709</u>	<u>(11,455)</u>	<u>-41.34</u>
	<u>1,126,836</u>	<u>903,045</u>	<u>223,791</u>	<u>24.78</u>
Net position:				
Net investment in capital assets	14,082,425	14,286,359	(203,934)	-1.43
Unrestricted	<u>6,760,414</u>	<u>6,240,347</u>	<u>520,067</u>	<u>8.33</u>
Total net position	20,842,839	20,526,706	316,133	1.54
	<u>\$ 21,969,675</u>	<u>\$ 21,429,751</u>	<u>\$ 539,924</u>	<u>2.52 %</u>

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

	<u>2021</u>	<u>2020</u>	<u>Variance 2021 to 2020</u>	<u>%</u>
Revenues:				
Gas sales	\$ 6,375,947	\$ 5,802,567	\$ 573,380	9.88 %
Other operating revenue	97,160	79,295	17,865	22.53
Non operating income	<u>38,375</u>	<u>55,222</u>	<u>(16,847)</u>	<u>-30.51</u>
Total revenues	6,511,482	5,937,084	574,398	9.67
Expenses:				
Gas costs	3,507,102	2,992,880	514,222	17.18
Other operating expenses before depreciation	2,027,149	2,060,774	(33,625)	-1.63
Depreciation	<u>661,634</u>	<u>645,241</u>	<u>16,393</u>	<u>2.54</u>
Total expenses	6,195,885	5,698,895	496,990	8.72
Revenues over expenses before capital contributions	315,597	238,189	77,408	32.50
Capital contributions	<u>536</u>	<u>4,960</u>	<u>(4,424)</u>	<u>-89.19</u>
Change in net position	316,133	243,149	72,984	30.02
Beginning net position	<u>20,526,706</u>	<u>20,283,557</u>	<u>243,149</u>	<u>1.20</u>
Ending net position	<u>\$ 20,842,839</u>	<u>\$ 20,526,706</u>	<u>\$ 316,133</u>	<u>1.54 %</u>

**Athens Utilities Board
Management's Discussion and Analysis
June 30, 2021**

Gas Division Financial Statement Analysis

The Gas Division's total assets as of June 30, 2021 increased over 2020 because of an increase in current and other assets. Gas Division had an increase in cash and accounts receivable due to a colder than usual spring. The Gas Division remains debt free. Net position is 1.54% higher than 2020 due to an increase in current and other assets. Revenues over expenses before capital contributions were more than 2020 because of an increase in gas sales and a decrease in operating and maintenance expenses. Purchased gas costs were 17.18% more than in 2020 due to the cost of natural gas for 20212 which was more than the previous year.

Gas sales revenues were more than 2020. Due to a colder than normal spring, Gas Division's sales increased. Operating and maintenance expenses were higher than 2020. The increase in total operating and maintenance expenses, plus purchased gas is due to the increase in the cost of gas. The division's change in net position was 30.02% more than in 2020.

**Athens Utilities Board
Management's Discussion and Analysis
June 30, 2021**

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

	<u>2021</u>	<u>2020</u>	<u>Variance 2021 to 2020</u>	<u>%</u>
Assets:				
Capital assets	\$ 33,561,368	\$ 33,811,900	\$ (250,532)	-0.74 %
Construction in progress	954,132	1,125,457	(171,325)	-15.22
Current and other assets	5,086,820	5,327,945	(241,125)	-4.53
Total assets	39,602,320	40,265,302	(662,982)	-1.65
Deferred outflows	801,106	438,877	362,229	82.54
	<u>\$ 40,403,426</u>	<u>\$ 40,704,179</u>	<u>\$ (300,753)</u>	<u>-0.74 %</u>
Liabilities:				
Current liabilities	1,707,842	1,698,162	9,680	0.57 %
Long-term liabilities	13,148,951	13,820,753	(671,802)	-4.86
Total liabilities	14,856,793	15,518,915	(662,122)	-4.27
Deferred inflows	31,263	39,049	(7,786)	-19.94
	<u>14,888,056</u>	<u>15,557,964</u>	<u>(669,908)</u>	<u>-4.31</u>
Net position:				
Net investment in capital assets	21,426,942	20,661,802	765,140	3.70
Unrestricted	4,088,428	4,484,413	(395,985)	-8.83
Total net position	25,515,370	25,146,215	369,155	1.47
	<u>\$ 40,403,426</u>	<u>\$ 40,704,179</u>	<u>\$ (300,753)</u>	<u>-0.74 %</u>

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

	<u>2021</u>	<u>2020</u>	<u>Variance 2021 to 2020</u>	<u>%</u>
Revenues:				
Sewer revenues	\$ 6,210,203	\$ 6,435,938	\$ (225,735)	-3.51 %
Other operating revenue	250,357	183,086	67,271	36.74
Non operating income	16,063	53,622	(37,559)	-70.04
Total revenues	6,476,623	6,672,646	(196,023)	-2.94
Expenses:				
Operating expenses before depreciation	3,822,943	4,185,112	(362,169)	-8.65
Depreciation	2,284,525	1,775,458	509,067	28.67
Total expenses	6,107,468	5,960,570	146,898	2.46
Revenues over expenses before capital contributions	369,155	712,076	(342,921)	-48.16
Capital contributions	-	376,751	(376,751)	-100.00
Change in net position	369,155	1,088,827	(719,672)	-66.10
Beginning net position	25,146,215	24,057,388	1,088,827	4.53
Ending net position	<u>\$ 25,515,370</u>	<u>\$ 25,146,215</u>	<u>\$ 369,155</u>	<u>1.47 %</u>

**Athens Utilities Board
Management's Discussion and Analysis
June 30, 2021**

Department of Sewer Financial Statement Analysis

The Department of Sewer's capital assets were 0.74% more than 2020. Construction in progress was 15.22% less than fiscal 2020. The decrease in construction in progress is due to the Madison Avenue Mini System capital project was closed out. Total liabilities were less than 2020 because of debt service payments. Total change in net position was less than 2020. This is due to a reduction in wastewater sales, increase in depreciation, and less grants, and contributions in fiscal 2020.

Total revenues were 2.94% less than last year driven primarily by the decrease in small and large commercial sales compared to 2020. Total expenses were 2.46% higher than in 2020 primarily due to the increase in depreciation. Interest expense was less than 2020 because of decreased interest rates on variable rate debt a direct result from COVID-19.

**Athens Utilities Board
Management's Discussion and Analysis
June 30, 2021**

Capital Assets and Long-term Debt Activity

The Athens Utilities Board incurred new debt during 2004 for the Department of Sewer and a smaller debt issue for the Power Division. These are variable rate borrowings through the Tennessee Municipal Bond Fund. The Department of Sewer has utilized \$17.4 million, and the Power Division has utilized \$2.9 million of this debt. All available funds have been drawn. The balance due from the Department of Sewer for this debt as of June 30, 2021, was \$11.5 million, and the balance due from the Power Division was \$2.0 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, 2021, was \$1.8 million. The Power Division completed construction of a new substation to serve the City of Niota, Tennessee during 2013. There have been no new debt issues in the Power Division since a 2009 refinance. All infrastructure improvements have been financed with cash flow since 2009.

The Water Division began a project to upgrade treatment infrastructure during 2014. This infrastructure upgrade will be completed in two phases. The total cost of the first phase of this project was approximately \$2 million. It was financed with a new debt issue from the State of Tennessee revolving loan fund. All of the funds for the first phase were drawn as of August 2015, and the balance due is \$1.2 million. The second phase of the upgrade was completed in 2017. The total due for this debt issue as of June 30, 2021, was \$1.2 million.

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

The Department of Sewer incurred new debt totaling \$2.7 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, 2021, the balance due on these was \$1.3 million and \$265,000, respectively. The remainder of the cost was financed by a cost sharing arrangement between the utility, the City of Athens, Tennessee and McMinn County as well as a principal forgiveness from the ARRA of \$1.9 million. No additional debt was incurred in the Department of Sewer during 2021.

**Athens Utilities Board
Management's Discussion and Analysis
June 30, 2021**

Currently Known Facts, Decisions, or Conditions

Rates for the Sewer Division were increased using a two-year schedule to assist in the repayment of the debt service starting in 2018. The Department of Sewer has posted positive in net position since the rates adjustments were completed. The Power Division had a retail rate increase in 2019 to the residential and general service rate classes. The Power Division has adopted a 1% rate increase for fiscal year 2022. The new rate structure will become effective as of October 1, 2021. The Water Division had its first-rate increase in twelve 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 first step increase for the new Water rate structure will be effective as of October 1, 2021. The Gas and Power Divisions have adopted rate structures that are adjusted to reflect changes in wholesale prices of gas and power sold. These fluctuating rate structures allow the Gas and Power Divisions to preserve the margin (the difference between the prices paid and charged) in the commodities sold. The Gas Division constructed a natural gas vehicle fueling station during 2013. The cost of this station was approximately \$430,000. No debt was incurred.

Contacting the Utility's Financial Management

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

**BASIC
FINANCIAL STATEMENTS**

ATHENS UTILITIES BOARD
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Business-Type Activities - Enterprise Funds				Total
	Power Division	Water Division	Gas Division	Department of Sewer	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
UTILITY PLANT AND EQUIPMENT, at cost					
Less accumulated depreciation	\$ 72,507,430	\$ 33,498,422	\$ 24,360,605	\$ 56,961,639	\$ 187,328,096
	(26,320,533)	(15,225,334)	(10,407,720)	(23,400,271)	(75,353,858)
	46,186,897	18,273,088	13,952,885	33,561,368	111,974,238
Construction in progress	1,591,564	607,432	129,539	954,132	3,282,667
Net utility plant and equipment	<u>47,778,461</u>	<u>18,880,520</u>	<u>14,082,424</u>	<u>34,515,500</u>	<u>115,256,905</u>
CURRENT ASSETS					
Cash	6,740,084	6,556,615	6,840,623	4,313,524	24,450,846
Receivables:					
Customer accounts, less allowance for doubtful accounts	4,309,257	346,830	271,052	432,458	5,359,597
Other	145,402	23,871	3,554	7,365	180,192
Interdivisional	-	-	4,177	120,711	124,888
Prepaid expenses	30,252	19,288	16,696	8,817	75,053
Materials and supplies	1,861,423	220,296	142,571	203,945	2,428,235
Gas and propane storage inventory	-	-	192,078	-	192,078
Total current assets	<u>13,086,418</u>	<u>7,166,900</u>	<u>7,470,751</u>	<u>5,086,820</u>	<u>32,810,889</u>
Total assets	60,864,879	26,047,420	21,553,175	39,602,320	148,067,794
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pension plan	2,054,298	581,279	416,500	801,106	3,853,183
	<u>\$ 62,919,177</u>	<u>\$ 26,628,699</u>	<u>\$ 21,969,675</u>	<u>\$ 40,403,426</u>	<u>\$ 151,920,977</u>

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

	Business-Type Activities - Enterprise Funds				Total
	Power Division	Water Division	Gas Division	Department of Sewer	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION					
LONG-TERM LIABILITIES					
Long-term debt	\$ 3,784,091	\$ 4,013,612	\$ -	\$ 13,088,558	\$ 20,886,261
Less current maturities shown below	(263,750)	(189,632)	-	(1,183,815)	(1,637,197)
Net long-term debt	3,520,341	3,823,980	-	11,904,743	19,249,064
Net pension liability	3,190,560	902,793	646,872	1,244,208	5,984,433
Total long-term liabilities	6,710,901	4,726,773	646,872	13,148,951	25,233,497
CURRENT LIABILITIES					
Current maturities of long-term liabilities	263,750	189,632	-	1,183,815	1,637,197
Payables:					
TVA for purchased power	3,669,627	-	-	-	3,669,627
Vendors	173,352	76,586	279,020	46,381	575,339
Interdivisional	124,888	-	-	-	124,888
Primary government	80,346	-	-	-	80,346
Unearned revenues	-	17,750	7,800	105,600	131,150
Customer deposits	573,872	90,895	114,543	261,395	1,040,705
Other current liabilities	572,675	105,592	62,347	110,651	851,265
Total current liabilities	5,458,510	480,455	463,710	1,707,842	8,110,517
Total liabilities	12,169,411	5,207,228	1,110,582	14,856,793	33,344,014
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension plan	80,169	22,684	16,254	31,263	150,370
	12,249,580	5,229,912	1,126,836	14,888,056	33,494,384
NET POSITION					
Net investment in capital assets	43,994,370	14,785,998	14,082,425	21,426,942	94,289,735
Unrestricted	6,675,227	6,612,789	6,760,414	4,088,428	24,136,858
Total net position	50,669,597	21,398,787	20,842,839	25,515,370	118,426,593
	\$ 62,919,177	\$ 26,628,699	\$ 21,969,675	\$ 40,403,426	\$151,920,977

ATHENS UTILITIES BOARD
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds				Total
	Power Division	Water Division	Gas Division	Department of Sewer	
OPERATING REVENUES					
Sales:					
Residential	\$ 15,838,999	\$ 1,835,850	\$ 2,559,881	\$ 2,122,282	\$ 22,357,012
Commercial	3,989,651	1,864,719	1,700,873	1,764,683	9,319,926
Industrial	27,843,293	495,705	906,312	2,323,238	31,568,548
Public street and outdoor lighting	984,739	-	-	-	984,739
Interruptible	-	-	1,208,881	-	1,208,881
Fiber optic	116,338	-	-	-	116,338
Other operating revenue	837,355	165,803	97,160	250,357	1,350,675
Total operating revenues	<u>49,610,375</u>	<u>4,362,077</u>	<u>6,473,107</u>	<u>6,460,560</u>	<u>66,906,119</u>
OPERATING EXPENSES					
Purchased supply	39,619,816	666,116	3,507,102	-	43,793,034
Power, pumping, and purification	-	394,306	-	-	394,306
Treatment plant	-	-	-	1,385,082	1,385,082
Pumping station	-	-	-	86,464	86,464
Distribution	1,242,669	248,117	378,852	-	1,869,638
Maintenance	1,348,941	551,172	272,376	570,299	2,742,788
Consumer accounts	888,839	450,087	351,634	161,312	1,851,872
Administrative and general	2,475,595	1,015,799	782,895	1,226,421	5,500,710
Other	5,419	-	-	304,561	309,980
Depreciation and amortization	2,470,288	1,002,242	661,634	2,284,525	6,418,689
Tax equivalents	958,046	-	231,478	-	1,189,524
Total operating expenses	<u>49,009,613</u>	<u>4,327,839</u>	<u>6,185,971</u>	<u>6,018,664</u>	<u>65,542,087</u>
NET OPERATING INCOME	<u>600,762</u>	<u>34,238</u>	<u>287,136</u>	<u>441,896</u>	<u>1,364,032</u>
NONOPERATING REVENUES					
(EXPENSES)					
Interest income	22,605	24,481	22,960	16,063	86,109
Interest expense	(16,502)	(112,167)	(1,499)	(71,297)	(201,465)
Gain on disposal of capital assets	-	-	15,415	-	15,415
Other	(31,417)	(8,441)	(8,415)	(17,507)	(65,780)
Net nonoperating revenues (expenses)	<u>(25,314)</u>	<u>(96,127)</u>	<u>28,461</u>	<u>(72,741)</u>	<u>(165,721)</u>
Income (loss) before capital contributions	575,448	(61,889)	315,597	369,155	1,198,311
CAPITAL CONTRIBUTIONS	<u>10,000</u>	<u>-</u>	<u>536</u>	<u>-</u>	<u>10,536</u>
CHANGE IN NET POSITION	585,448	(61,889)	316,133	369,155	1,208,847
Net position, beginning of year	<u>50,084,149</u>	<u>21,460,676</u>	<u>20,526,706</u>	<u>25,146,215</u>	<u>117,217,746</u>
Net position, end of year	<u>\$ 50,669,597</u>	<u>\$ 21,398,787</u>	<u>\$ 20,842,839</u>	<u>\$ 25,515,370</u>	<u>\$ 118,426,593</u>

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

**ATHENS UTILITIES BOARD
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2021**

	Business-Type Activities - Enterprise Funds				Total
	Power Division	Water Division	Gas Division	Department of Sewer	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 48,767,659	\$ 4,283,114	\$ 6,356,302	\$ 6,406,637	\$ 65,813,712
Receipts from other divisions for services provided	625,998	14,976	90,453	5,424	736,851
Payments for employee services	(4,335,890)	(1,060,392)	(700,472)	(1,251,964)	(7,348,718)
Payments to suppliers for goods and services	(41,896,709)	(1,964,032)	(4,688,476)	(1,734,245)	(50,283,462)
Payments to other divisions for services used	(15,198)	(172,834)	(12,123)	(536,696)	(736,851)
Customer deposits received	205,081	27,305	33,745	28,195	294,326
Customer deposits refunded	(206,980)	(23,840)	(30,260)	(29,420)	(290,500)
Net cash provided by operating activities	<u>3,143,961</u>	<u>1,104,297</u>	<u>1,049,169</u>	<u>2,887,931</u>	<u>8,185,358</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on long-term debt	(255,421)	(180,368)	-	(1,185,784)	(1,621,573)
Additions to utility plant and equipment	(2,394,552)	(1,064,628)	(472,419)	(1,701,963)	(5,633,562)
Removal cost, salvage, and other, net	(390,524)	(31,507)	(18,364)	(221,609)	(662,004)
Proceeds on disposal of property	24,051	-	15,415	-	39,466
Capital contributions	20,219	-	-	70,742	90,961
Interest paid on long-term liabilities	(16,502)	(112,167)	(1,499)	(71,297)	(201,465)
Net cash used in capital and related financing activities	<u>(3,012,729)</u>	<u>(1,388,670)</u>	<u>(476,867)</u>	<u>(3,109,911)</u>	<u>(7,988,177)</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES					
Interest received	<u>22,605</u>	<u>24,481</u>	<u>22,960</u>	<u>16,063</u>	<u>86,109</u>
Net increase (decrease) in cash and cash equivalents	153,837	(259,892)	595,262	(205,917)	283,290
Cash and cash equivalents, beginning of year	<u>6,586,247</u>	<u>6,816,507</u>	<u>6,245,361</u>	<u>4,519,441</u>	<u>24,167,556</u>
Cash and cash equivalents, end of year	<u>\$ 6,740,084</u>	<u>\$ 6,556,615</u>	<u>\$ 6,840,623</u>	<u>\$ 4,313,524</u>	<u>\$ 24,450,846</u>

(continued on page 7)

ATHENS UTILITIES BOARD
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2021
(continued)

	Business-Type Activities - Enterprise Funds				Total
	Power Division	Water Division	Gas Division	Department of Sewer	
Reconciliation of net operating income to net cash provided by operating activities:					
Net operating income	\$ 600,762	\$ 34,238	\$ 287,136	\$ 441,896	\$ 1,364,032
Adjustments to reconcile net operating income to net cash provided by operating activities:					
Depreciation and amortization	2,649,788	1,034,658	697,052	2,351,606	6,733,104
Other	(31,417)	(8,441)	(8,415)	(17,507)	(65,780)
Changes in assets and liabilities:					
Receivables	(216,718)	(75,087)	(28,002)	(83,900)	(403,707)
Materials and supplies	(272,836)	18,202	(18,484)	37,195	(235,923)
Gas and propane storage inventory	-	-	(3,867)	-	(3,867)
Payables	244,641	(29,717)	90,843	(35,294)	270,473
Unearned revenues	-	11,100	1,650	35,400	48,150
Other current liabilities	41,133	6,659	9,847	3,032	60,671
Prepaid expenses	20,546	90,904	7,341	8,171	126,962
Net pension liability	759,961	195,737	131,108	517,346	1,604,152
Deferred outflows related to pension plan	(601,487)	(158,654)	(105,585)	(362,228)	(1,227,954)
Deferred inflows related to pension plan	(50,412)	(15,302)	(11,455)	(7,786)	(84,955)
Net cash provided by operating activities	<u>\$ 3,143,961</u>	<u>\$ 1,104,297</u>	<u>\$ 1,049,169</u>	<u>\$ 2,887,931</u>	<u>\$ 8,185,358</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Contributed lines	\$ -	\$ -	\$ 536	\$ -	\$ 536

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

**ATHENS UTILITIES BOARD
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUND
FIDUCIARY FUND
June 30, 2021**

ASSETS

Cash	\$ 101,414
Interest receivable	36,614
	138,028
Investments, at fair value:	
U.S. government and agency securities	735,713
Municipal bonds	864,677
Corporate bonds	2,193,389
Foreign bonds and notes	361,660
Mutual funds	2,053,309
Common stocks	1,149,568
Foreign stocks	849,552
Real estate investment trusts	30,304
Exchange traded funds	1,962,498
Proprietary funds	1,561,116
	11,761,786
Total investments	11,761,786
 Total assets	 \$ 11,899,814

NET POSITION

Net position, held in trust for pension benefits	\$ 11,899,814
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The Notes to Financial Statements are an integral part of this statement.

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

ADDITIONS

Employer contributions	\$ 1,000,000
Net investment income:	
Interest and dividend income	203,419
Net appreciation in the fair value of investments	<u>1,898,489</u>
 Total additions	 <u>3,101,908</u>

DEDUCTIONS

Benefits paid	2,071,076
Administrative expenses	<u>25,045</u>
 Total deductions	 <u>2,096,121</u>

CHANGE IN NET POSITION HELD IN TRUST FOR PENSION BENEFITS	1,005,787
 NET POSITION, held in trust for pension benefits, beginning of year	 <u>10,894,027</u>
 NET POSITION, held in trust for pension benefits, end of year	 <u><u>\$ 11,899,814</u></u>

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

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies

Organization and basis of presentation:

Athens Utilities Board (the Board) is a separately administered component unit of the City of Athens, Tennessee. The City of Athens was incorporated by an act of the legislature of the Tennessee General Assembly in 1891. The financial statements of the Board are included in the 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 is to also serve on the City Council.

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

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

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

Allocation of operating expenses:

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

Basis of accounting:

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

Use of estimates in the preparation of financial statements:

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

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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 2.72 to 3.98 percent. The depreciation and amortization in the statements of revenues, expenses and changes in net position does not include depreciation on certain transportation equipment, which is allocated to other expense classifications based on relative usage. Depreciation charged to other accounts is as follows:

Power	\$ 179,500
Water	32,416
Gas	35,418
Sewer	67,081

Revenues and expenses and use of resources:

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

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

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Revenues and expenses and use of resources: (continued)

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

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

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

Customer accounts receivable:

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

Power	\$ 73,940
Water	12,000
Gas	14,000
Sewer	17,000

Interdivisional receivables and payables:

The Board periodically incurs interdivisional receivables and payables for services provided between divisions. At June 30, 2021, the Power Division had an interdivisional payable of \$124,888 which consist of \$4,177 to the Gas Division and \$120,711 to the Department of Sewer.

Purchased power:

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

Materials and supplies and gas storage inventory:

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

Cash and cash equivalents:

For purposes of the statements of cash flows, the Board considers all highly liquid investments with an original maturity of less than 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.

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Capital contributions:

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

Compensated absences:

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

Capitalized interest:

The Board capitalizes material net interest costs and interest earned as part of the cost of construction. The Board capitalized no interest during 2021.

Income taxes:

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

Fair value measurements:

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

Level 1 – Investments reflect prices quoted in active markets.

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

Level 3 – Investments reflect prices based upon unobservable sources.

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

At June 30, 2021, all investments held in the Pension Trust Fund have been classified as Level 1 in the fair value hierarchy as they are valued directly from a predetermined primary external pricing vendor utilizing quoted market prices in active markets.

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 2. Capital Assets

Capital asset activity for the year ended June 30, 2021, is as follows:

	Balance 6/30/20	Additions	Deletions	Balance 6/30/21
<u>Power Division</u>				
Capital assets-depreciated:				
Plant in service	\$ 63,474,936	\$ 3,379,862	\$ 1,100,005	\$ 65,754,793
Equipment and furniture	3,952,734	205,948	97,853	4,060,829
Transportation equipment	2,332,184	-	-	2,332,184
Capital assets-depreciated	69,759,854	3,585,810	1,197,858	72,147,806
Land-not depreciated	359,624	-	-	359,624
Total power utility plant and equipment	70,119,478	3,585,810	1,197,858	72,507,430
Less accumulated depreciation:				
Plant in service	22,011,306	2,125,758	1,418,173	22,718,891
Equipment and furniture	2,049,533	344,530	100,551	2,293,512
Transportation equipment	1,128,630	179,500	-	1,308,130
Total accumulated depreciation	25,189,469	2,649,788	1,518,724	26,320,533
	44,930,009	936,022	(320,866)	46,186,897
Construction in progress- not depreciated	2,668,600	2,955,873	4,032,909	1,591,564
Net power utility plant and equipment	<u>\$ 47,598,609</u>	<u>\$ 3,891,895</u>	<u>\$ 3,712,043</u>	<u>\$ 47,778,461</u>
<u>Water Division</u>				
Capital assets-depreciated:				
Plant in service	\$ 30,409,826	\$ 575,383	\$ 189,250	\$ 30,795,959
Equipment and furniture	1,978,562	38,774	20,607	1,996,729
Transportation equipment	558,897	111,276	93,408	576,765
Capital assets-depreciated	32,947,285	725,433	303,265	33,369,453
Land-not depreciated	128,969	-	-	128,969
Total water utility plant and equipment	33,076,254	725,433	303,265	33,498,422
Less accumulated depreciation:				
Plant in service	12,920,570	931,174	209,597	13,642,147
Equipment and furniture	1,076,587	71,069	20,607	1,127,049
Transportation equipment	528,684	20,032	92,578	456,138
Total accumulated depreciation	14,525,841	1,022,275	322,782	15,225,334
	18,550,413	(296,842)	(19,517)	18,273,088
Construction in progress- not depreciated	278,662	1,097,955	769,185	607,432
Net water utility plant and equipment	<u>\$ 18,829,075</u>	<u>\$ 801,113</u>	<u>\$ 749,668</u>	<u>\$ 18,880,520</u>

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 2. Capital Assets (continued)

	Balance 6/30/20	Additions	Deletions	Balance 6/30/21
<u>Gas Division</u>				
Capital assets-depreciated:				
Plant in service	\$ 22,150,240	\$ 665,681	\$ 222,940	\$ 22,592,981
Equipment and furniture	1,202,887	20,473	64,916	1,158,444
Transportation equipment	505,051	-	24,623	480,428
Capital assets-depreciated	23,858,178	686,154	312,479	24,231,853
Land-not depreciated	128,752	-	-	128,752
Total gas utility plant and equipment	23,986,930	686,154	312,479	24,360,605
Less accumulated depreciation:				
Plant in service	8,665,123	600,443	90,691	9,174,875
Equipment and furniture	878,331	61,190	64,916	874,605
Transportation equipment	347,444	35,418	24,622	358,240
Total accumulated depreciation	9,890,898	697,051	180,229	10,407,720
	14,096,032	(10,897)	132,250	13,952,885
Construction in progress- not depreciated	190,327	524,200	584,988	129,539
Net gas utility plant and equipment	<u>\$ 14,286,359</u>	<u>\$ 513,303</u>	<u>\$ 717,238</u>	<u>\$ 14,082,424</u>
<u>Department of Sewer</u>				
Capital assets-depreciated:				
Plant in service	\$ 52,737,740	\$ 1,797,353	\$ 554,802	\$ 53,980,291
Equipment and furniture	1,414,067	80,690	39,106	1,455,651
Transportation equipment	1,304,598	1,421	-	1,306,019
Capital assets-depreciated	55,456,405	1,879,464	593,908	56,741,961
Land-not depreciated	219,678	-	-	219,678
Total sewer utility plant and equipment	55,676,083	1,879,464	593,908	56,961,639
Less accumulated depreciation:				
Plant in service	19,842,554	2,193,179	776,412	21,259,321
Equipment and furniture	1,069,728	91,346	39,106	1,121,968
Transportation equipment	951,901	67,081	-	1,018,982
Total accumulated depreciation	21,864,183	2,351,606	815,518	23,400,271
	33,811,900	(472,142)	(221,610)	33,561,368
Construction in progress- not depreciated	1,125,457	1,949,117	2,120,442	954,132
Net sewer utility plant and equipment	<u>\$ 34,937,357</u>	<u>\$ 1,476,975</u>	<u>\$ 1,898,832</u>	<u>\$ 34,515,500</u>

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 2. Capital Assets (continued)

	Balance 6/30/20	Additions	Deletions	Balance 6/30/21
<u>Board Total</u>				
Capital assets-depreciated:				
Plant in service	\$168,772,742	\$ 6,418,279	\$ 2,066,997	\$173,124,024
Equipment and furniture	8,548,250	345,885	222,482	8,671,653
Transportation equipment	<u>4,700,730</u>	<u>112,697</u>	<u>118,031</u>	<u>4,695,396</u>
Capital assets-depreciated	182,021,722	6,876,861	2,407,510	186,491,073
Land-not depreciated	<u>837,023</u>	-	-	<u>837,023</u>
Total utility plant and equipment	<u>182,858,745</u>	<u>6,876,861</u>	<u>2,407,510</u>	<u>187,328,096</u>
Less accumulated depreciation:				
Plant in service	63,439,553	5,850,554	2,494,873	66,795,234
Equipment and furniture	5,074,179	568,135	225,180	5,417,134
Transportation equipment	<u>2,956,659</u>	<u>302,031</u>	<u>117,200</u>	<u>3,141,490</u>
Total accumulated depreciation	<u>71,470,391</u>	<u>6,720,720</u>	<u>2,837,253</u>	<u>75,353,858</u>
	111,388,354	156,141	(429,743)	111,974,238
Construction in progress-not depreciated	<u>4,263,046</u>	<u>6,527,145</u>	<u>7,507,524</u>	<u>3,282,667</u>
Net utility plant and equipment	<u>\$115,651,400</u>	<u>\$ 6,683,286</u>	<u>\$ 7,077,781</u>	<u>\$115,256,905</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 percent of the face amount or the value of uninsured deposits. Under these statutes, the deposits must be either covered by state or federal depository insurance, by collateral held by the Board's agent in the Board's name or by the Federal Reserve Banks acting as third-party agents. These statutes also limit the types of investments in which the Board can invest funds. At June 30, 2021, the Board was fully collateralized.

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

Long-term debt at June 30, 2021, consisted of the following:

Power Division

Note payable to the Public Building Authority of the City of Clarksville, Tennessee, Series 2003; variable interest; principal due annually on May 25; interest due monthly	\$ 1,960,091
Note payable to the Public Building Authority of the City of Clarksville, Tennessee, Series 2008; variable interest; principal due annually on May 25; interest due monthly	<u>1,824,000</u>
	3,784,091
Less current maturities	<u>(263,750)</u>
Net Power long-term debt	<u>\$ 3,520,341</u>

Water Division

Water Revenue and Tax Bond, Series 2009; payable to Rural Development, U.S. Department of Agriculture; 3.25% interest; due in monthly installments of \$5,416 including interest	\$ 1,156,997
Note payable to the Tennessee Department of Environment and Conservation, Series 2013; State Revolving Fund Loan Program; 3.18% interest; due in monthly installments of \$9,121 including interest	1,191,761
Note payable to the Tennessee Department of Environment and Conservation, Series 2014; State Revolving Fund Loan Program; 1.69% interest; due in monthly installments of \$9,857 including interest	<u>1,664,854</u>
	4,013,612
Less current maturities	<u>(189,632)</u>
Net Water long-term debt	<u>\$ 3,823,980</u>

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

Department of Sewer

Note payable to the Public Building Authority of the City of Clarksville, Tennessee, Series 2003; variable interest; principal due annually; interest due monthly	\$ 11,497,482
State of Tennessee Department of Environment and Conservation:	
2.39% State Revolving Fund note payable; due in monthly installments of \$12,433 including interest	1,325,896
2.39% ARRA State Revolving Fund note payable; due in monthly installments of \$2,487 including interest	<u>265,180</u>
	13,088,558
Less current maturities	<u>(1,183,815)</u>
Net Sewer long-term debt	<u>\$ 11,904,743</u>

Summary of Board Long-Term Debt

Total Board long-term debt	\$ 20,886,261
Less current maturities	<u>(1,637,197)</u>
Net Board long-term debt	<u>\$ 19,249,064</u>

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

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

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

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

During 2010, the Board entered a \$1,414,000 loan agreement whereby the City of Athens issued Water Revenue and Tax Bond, Series 2009 for water system construction, improvement, and extension. The Bond was registered to USDA Rural Development and is payable from revenues to be derived from operation of the water system. If Board funds are not sufficient to service the debt, the City of Athens is required to establish ad valorem taxes to pay the debt. The Board has agreed to pay all debt service due under this agreement over a 38-year amortization period.

The Board entered a \$20,500,000 loan agreement, Series 2003, which was used to construct, repair, improve, extend, and equip the electrical distribution system and the sewer system. The note payable is between the City of Athens, Tennessee and the Public Building Authority of the City of Clarksville, Tennessee (PBA); however, the debt service will be paid by the Board over a 29-year amortization period. If Board funds are not sufficient to service the debt, the City of Athens is required to establish ad valorem taxes to pay the note. The debt issue requires monthly interest at a variable rate with the rate at June 30, 2021, set at 0.22 percent.

During 2008, the Board entered a \$2,600,000 loan agreement, Series 2008, which was utilized to upgrade the North Athens electrical substation. The note payable is between the City of Athens, Tennessee and the Public Building Authority of the City of Clarksville, Tennessee (PBA); however, the debt service will be paid by the Board over a 29-year amortization period. If Board funds are not sufficient to service the debt, the City of Athens is required to establish ad valorem taxes to pay the note. The debt issue requires monthly interest at a variable rate with the rate at June 30, 2021, set at 0.22 percent.

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

The notes payable to the Public Building Authority of the City of Clarksville, Tennessee, Pooled Loan Program, Series 2003 and Series 2008, carry an adjustable interest rate that is determined based on the market rate of tax-exempt variable interest. The Series 2003 and Series 2008 rates are adjusted daily and were 0.22 percent at June 30, 2021.

Changes in long-term debt and other long-term liabilities for the year ended June 30, 2021, are summarized as follows:

	Balance 6/30/2020	Additions	Retirements	Balance 6/30/2021	Due within one year
Revenue and tax bonds-water	\$ 1,183,765	\$ -	\$ 26,768	\$ 1,156,997	\$ 27,655
Notes payable-power	4,039,512	-	255,421	3,784,091	263,750
Notes payable-water	3,010,215	-	153,600	2,856,615	161,977
Notes payable-sewer	14,274,342	-	1,185,784	13,088,558	1,183,815
Total Board long-term debt and liabilities	<u>\$ 22,507,834</u>	<u>\$ -</u>	<u>\$ 1,621,573</u>	<u>\$ 20,886,261</u>	<u>\$ 1,637,197</u>

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

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

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

	Power			Water		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 263,750	\$ 8,334	\$ 272,084	\$ 189,632	\$ 101,860	\$ 291,492
2023	267,750	7,753	275,503	194,392	97,100	291,492
2024	271,750	7,163	278,913	199,280	92,212	291,492
2025	275,750	6,565	282,315	204,299	87,193	291,492
2026	279,750	5,957	285,707	209,467	82,025	291,492
2027-2031	1,465,750	20,353	1,486,103	1,129,909	327,551	1,457,460
2032-2036	804,591	6,615	811,206	1,128,996	178,013	1,307,009
2037-2041	155,000	341	155,341	367,954	85,298	453,252
2042-2046	-	-	-	285,615	41,349	326,964
2047-2048	-	-	-	104,068	3,034	107,102
	<u>\$ 3,784,091</u>	<u>\$ 63,081</u>	<u>\$ 3,847,172</u>	<u>\$ 4,013,612</u>	<u>\$ 1,095,635</u>	<u>\$ 5,109,247</u>

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

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

	Sewer			Board Total		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 1,183,815	\$ 61,791	\$ 1,245,606	\$ 1,637,197	\$ 171,985	\$ 1,809,182
2023	1,187,260	56,053	1,243,313	1,649,402	160,906	1,810,308
2024	1,190,788	50,232	1,241,020	1,661,818	149,607	1,811,425
2025	1,194,401	44,326	1,238,727	1,674,450	138,084	1,812,534
2026	1,198,102	38,332	1,236,434	1,687,319	126,314	1,813,633
2027-2031	6,049,210	98,546	6,147,756	8,644,869	446,450	9,091,319
2032-2036	1,084,982	2,389	1,087,371	3,018,569	187,017	3,205,586
2037-2041	-	-	-	522,954	85,639	608,593
2042-2046	-	-	-	285,615	41,349	326,964
2047-2048	-	-	-	104,068	3,034	107,102
	<u>\$ 13,088,558</u>	<u>\$ 351,669</u>	<u>\$ 13,440,227</u>	<u>\$ 20,886,261</u>	<u>\$ 1,510,385</u>	<u>\$ 22,396,646</u>

Note 5. Retirement Plans

Defined Benefit Plan:

Summary of Significant Accounting Policies

Method used to value investments

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

Plan Description

Plan Administration

Athens Utilities Board Employees' Pension Plan is a single employer defined benefit pension plan that provides pensions to all employees in all divisions who have met, and continue to meet, the eligibility requirements for participation in the Plan. The Plan is frozen to anyone hired after June 30, 2010. The Board of Directors has the authority under the Plan to establish contribution rates, change benefit terms, or amend the Plan. A five-member committee is charged with the general administration of the Plan and carrying out the provisions of the Plan. The Committee works in conjunction with the Plan's Trustee, Truist Bank, formerly Branch Banking and Trust Company (BB&T). Four committee members are appointed by the Board of Directors while the fifth committee member is appointed by the Committee Chairman.

**ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 5. Retirement Plans (continued)

Plan Membership

	<u>2021</u>	<u>2020</u>
Inactive Plan participants or beneficiaries currently receiving benefits	20	23
Inactive Plan participants entitled to deferred benefits	15	15
Active vested Plan participants as of July 1	<u>54</u>	<u>56</u>
Total	<u>89</u>	<u>94</u>

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

Plan Provisions

Plan provisions in effect at June 30, 2021 and 2020:

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) \$20.00 and (2) the accrued benefit determined as of June 30, 1990.

Average Compensation

Average monthly compensation is determined using the highest 36 consecutive months of a participant's employment.

Credited Service

For periods prior to 7/1/1976, years and completed months of full-time employment since hire. For periods after 6/30/1976, a plan year with 1,000 hours of employment, limited to 42 years.

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 5. Retirement Plans (continued)

Plan Provisions (continued)

Normal Form of Benefit	Single life annuity with 120 payments guaranteed.
Actuarial Equivalence	<p>A participant may elect to receive his benefit in another form of benefit, which is actuarially equivalent to his normal form. Actuarial equivalence is determined using the 1983 GAM for males table, with an interest rate of 5.5%. For the calculation of lump sums, the participant will receive the larger of the amount determined using:</p> <ul style="list-style-type: none">- 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	<p>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.</p>
Accrued Benefit	<p>Normal retirement benefit assuming service to NRD multiplied by the number of years of credited service at termination divided by credited service projected to NRD.</p> <p>For the benefit formula effective January 1, 2000, the accrued benefit is based on service and pay to date.</p>
<u>Early Retirement Benefit</u>	<p>Minimum Age: 55</p> <p>Minimum Service: 15 Years</p> <p>Benefit Amount: Accrued benefit, reduced by 1/15 for each of the first five years and 1/30 for each of the next five years by which early retirement precedes normal retirement.</p>

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 5. Retirement Plans (continued)

Plan Provisions (continued)

Accumulated Sick Leave
Balance

Upon qualifying for an unreduced early retirement benefit, a balance will be established for a participant based on his accumulated unused sick leave (minimum 500 hours needed to create balance) where no more than 1,500 hours of accumulated leave will be taken into account. The balance will be equal to the number of unused hours minus 500, multiplied by the average hourly rate of pay for his final 3 years of credited service prior to retirement.

The account balance may be used to pay medical premiums (individual or family) from the date of retirement until the later of when the participant becomes eligible for Medicare or age 65. After this point, if a younger spouse is still eligible for medical benefits, any remaining account balance may be used for the spouse's premium.

Delayed Retirement

A participant who remains in employment past NRD will receive the greater of: (1) the benefit accrued at actual retirement, or (2) the actuarial equivalent of the accrued benefit at NRD.

Pre-Retirement Death Benefit

Effective February 1, 2014:

Minimum Age: 45

Minimum Service: 5 Years

Prior to February 1, 2008:

Minimum Age: 55

Minimum Service: 15 Years

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

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 5. Retirement Plans (continued)

Plan Provisions (continued)

Disability Benefit

At the discretion of the employer, a disabled participant may receive a monthly benefit equal to his accrued benefit, payable at NRD. The participant may commence benefits earlier, with appropriate reductions.

Vested Termination Benefit

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

Prior to July 1, 2005, upon termination after 5 or more years of service, a participant shall be vested in his accrued benefit according to the following schedule:

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

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

Contribution Required

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

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

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 5. Retirement Plans (continued)

Investments

Investment Policy

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

The following was the Plan's adopted asset allocation as of June 30, 2021 and 2020:

<u>Asset Class</u>	<u>Target Allocation</u>	
	<u>2021</u>	<u>2020</u>
Equity	46.0%	46.0%
Fixed income	50.0	50.0
Alternatives	3.0	3.0
Cash equivalents	<u>1.0</u>	<u>1.0</u>
Total	<u>100.0%</u>	<u>100.0%</u>

Rate of return

For the years ended June 30, 2021 and 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 18.79 percent and 4.50 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Concentrations

The Plan held investments of \$611,509 in the Touchstone Mid-Cap Value Fund, \$1,420,607 in the Vanguard S&P 500 Index Fund, and \$1,561,116 in the Sterling Capital Quality Income Fund. Each represented more than 5 percent of the Plan's fiduciary net position at June 30, 2021.

Net Pension Liability of the Board

The components of the net pension liability at June 30, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Total pension liabilities	\$ 16,819,208	\$ 16,878,460
Plan fiduciary net position	<u>11,899,814</u>	<u>10,894,027</u>
Board net pension liability	<u>\$ 4,919,394</u>	<u>\$ 5,984,433</u>

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 5. Retirement Plans (continued)

Net Pension Liability of the Board (continued)

	<u>2021</u>	<u>2020</u>
Plan fiduciary net position as a percentage of the total pension liability	70.75%	64.54%
Covered-employee payroll	\$4,335,446	\$4,424,698
Net pension liability as a percentage of covered-employee payroll	113.47%	135.25%

The Plan's fiduciary net position is reported in the Pension Trust Fund as of June 30, 2021. The Board's net pension liability is reported in the enterprise funds as of the measurement date of June 30, 2020, as permitted under the GASB standards.

Actuarial Assumptions for Calculation of the Net Pension Liability

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

Measurement Date	June 30, 2021 – Plan. June 30, 2020 – Employer.
Valuation Date	July 1, 2021 – Plan. July 1, 2020 – Employer.
Mortality:	2021-PRI-2012 Total Dataset Amount-Weighted Mortality with MP-2020 2020-SOA RP-2014 Total Dataset Mortality Table adjusted to 2006 with Improvement scale MP-2018
Discount Rate	6.75% per annum
Inflation	2.50% per annum
Salary Projection	3.00% per annum
Cost of Living Increase	N/A

Long-Term Expected Rate of Return on Pension Plan Investments

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

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 5. Retirement Plans (continued)

Net Pension Liability of the Board (continued)

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

return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	6.21%
Fixed income	1.11
Alternatives	3.39
Cash equivalents	-0.32

The assumed inflation rate is 2.50% per annum.

Discount rate

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

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

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 5. Retirement Plans (continued)

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

	1% Decrease <u>(5.75%)</u>	Current Discount Rate (6.75%)	1% Increase <u>(7.75%)</u>
Athens Utilities Board's Net Pension Liability – June 30, 2021	\$7,369,606	\$4,919,394	\$2,861,867
June 30, 2020	\$8,536,896	\$5,984,433	\$3,854,309

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, 2020, elected by the Board under GASB No. 68.

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

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability <u>(a) – (b)</u>
Balances at July 1, 2019	\$ 15,110,528	\$ 10,730,247	\$ 4,380,281
Changes for the year:			
Service cost	306,968	-	306,968
Interest	1,040,823	-	1,040,823
Differences between expected and actual experience	13,890	-	13,890
Changes of assumptions	1,522,330	-	1,522,330
Contributions - Employer	-	800,000	(800,000)
Net investment income	-	499,253	(499,253)
Benefit payments, including refunds of employee contributions	(1,116,079)	(1,116,079)	-
Administrative expense	-	(19,394)	19,394
Net changes	<u>1,767,932</u>	<u>163,780</u>	<u>1,604,152</u>
Balances at June 30, 2020	<u>\$ 16,878,460</u>	<u>\$ 10,894,027</u>	<u>\$ 5,984,433</u>

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 5. Retirement Plans (continued)

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

The Board recognized pension expense of \$1,291,242 for 2021. The Board made contributions to the Defined Benefit Plan of \$1,000,000 subsequent to the measurement date of June 30, 2020. These contributions are reported as deferred outflows in the financial statements. The pension expense and the deferred outflows resulting from the subsequent contributions were as follows:

	<u>Power Division</u>	<u>Water Division</u>	<u>Gas Division</u>	<u>Department of Sewer</u>	<u>Total</u>
Pension expense	\$ 688,417	\$ 194,793	\$ 139,573	\$ 268,459	\$ 1,291,242
Subsequent contributions	533,143	150,857	108,092	207,908	1,000,000

For the measurement period ended June 30, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,205,078	\$ -
Changes of assumptions	1,441,152	150,370
Net difference between projected and actual earnings on pension plan investments	206,953	-
Contributions subsequent to measurement date of June 30, 2020	<u>1,000,000</u>	<u>-</u>
Total	<u>\$ 3,853,183</u>	<u>\$ 150,370</u>

Deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the measurement period ended June 30, 2021, and the Board's June 30, 2021, 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:

2021	\$ 541,017
2022	605,474
2023	561,469
2024	469,729
2025	332,490
Thereafter	192,634

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 5. Retirement Plans (continued)

Defined Contribution Plan:

Plan description

The Board established a Money Purchase Plan and Trust, The AUB Defined Contribution Plan, on July 1, 2010. Full-time employees hired on or after July 1, 2010, are eligible to participate after six months of service. Participants are required to make a pretax contribution of 3 percent of their regular earnings, which is matched by the Board. Participants may make an additional after-tax contribution of up to 4 percent of their regular earnings, which the Board also matches. The after-tax contribution percentage can be adjusted annually by the Board. Participants' interest in the contributions of the Board vest at 100 percent upon 5 years of completed service. The Plan is established with ICMA Retirement Corporation as the Plan Administrator. The Board made Plan contributions of \$162,055 during 2021.

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 \$666,116 during 2021 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 \$323,968 during 2021 for water sold under this contract. Total sales to other utilities were \$348,235 during 2021.

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 7. Capital Contributions

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

The Fiber Optic Services Division recognized \$10,000 of capital contributions in 2021 for services and installation of fiber infrastructure to City of Athens.

The Gas Division recognized \$536 of capital contributions from contributed lines.

Note 8. Major Customers

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

	<u>Number of Customers</u>	<u>Sales</u>	<u>% of Operating Revenue</u>
Power	1	\$ 7,587,501	15%
Gas	1	794,930	12
Sewer	1	2,089,430	32

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 \$719,597 for the Health Plan during 2021. Employer contributions to the Health Plan are based on amounts estimated by the plan supervisor to be adequate to cover current year benefit claims, administrative fees, insurance, and other expenses. Assets held by the Health Plan are considered to be sufficient to cover all claims incurred; therefore, no additional amounts were recorded in the financial statements of the divisions.

ATHENS UTILITIES BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

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

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.

During the year, the Board, along with three other local power companies, filed a complaint before the Federal Energy Regulatory Commission (FERC) against Tennessee Valley Authority (TVA) under the Federal Power Act, Sections 210 and 211A, that could allow the Board's utility customers access to cheaper, cleaner power. The possibility of the Board purchasing energy from sources other than TVA could have a significant financial impact to the Board's rate structure. Negotiations for unbundled transmission service are ongoing as of June 30, 2021, and the ultimate financial impact, if any, cannot be determined at the financial statement date. Subsequent to year-end, one of the petitioners has since withdrawn from the complaint.

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
SUPPLEMENTAL INFORMATION**

**ATHENS UTILITIES BOARD
EMPLOYEE RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
LAST EIGHT YEARS
June 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability								
Service cost	\$ 347,492	\$ 306,968	\$ 301,140	\$ 324,067	\$ 320,831	\$ 310,107	\$ 285,320	\$ 281,324
Interest	1,093,994	1,040,823	989,624	928,295	912,387	871,483	782,127	865,736
Differences between expected and actual experience	957,928	13,890	225,544	815,486	594,417	328,117	337,836	157,426
Changes of assumptions	(387,590)	1,522,330	-	-	-	-	523,220	(745,055)
Benefit payments, including refunds of employee contributions	<u>(2,071,076)</u>	<u>(1,116,079)</u>	<u>(476,184)</u>	<u>(1,838,365)</u>	<u>(1,376,676)</u>	<u>(510,163)</u>	<u>(837,872)</u>	<u>(510,680)</u>
Net change in total pension liability	(59,252)	1,767,932	1,040,124	229,483	450,959	999,544	1,090,631	48,751
Total pension liability - beginning	<u>16,878,460</u>	<u>15,110,528</u>	<u>14,070,404</u>	<u>13,840,921</u>	<u>13,389,962</u>	<u>12,390,418</u>	<u>11,299,787</u>	<u>11,251,036</u>
Total pension liability - ending (a)	<u>\$16,819,208</u>	<u>\$16,878,460</u>	<u>\$15,110,528</u>	<u>\$14,070,404</u>	<u>\$13,840,921</u>	<u>\$13,389,962</u>	<u>\$12,390,418</u>	<u>\$11,299,787</u>
Plan fiduciary net position								
Contributions - employer	\$ 1,000,000	\$ 800,000	\$ 800,000	\$ 794,813	\$ 794,813	\$ 1,034,813	\$ 1,034,813	\$ 1,034,813
Contributions - employee	-	-	-	-	-	-	-	-
Net investment income	2,101,908	499,253	618,778	636,018	916,709	56,288	107,156	988,753
Benefit payments, including refunds of employee contributions	(2,071,076)	(1,116,079)	(476,184)	(1,838,365)	(1,376,676)	(510,163)	(837,872)	(510,680)
Administrative expense	(25,045)	(19,394)	(10,736)	(1,176)	(12,241)	(1,238)	(1,095)	(882)
Other	-	-	-	-	-	-	-	(886)
Net change in plan fiduciary net position	1,005,787	163,780	931,858	(408,710)	322,605	579,700	303,002	1,511,118
Plan fiduciary net position - beginning	<u>10,894,027</u>	<u>10,730,247</u>	<u>9,798,389</u>	<u>10,207,099</u>	<u>9,884,494</u>	<u>9,304,794</u>	<u>9,001,792</u>	<u>7,490,674</u>
Plan fiduciary net position - ending (b)	<u>\$11,899,814</u>	<u>\$10,894,027</u>	<u>\$10,730,247</u>	<u>\$ 9,798,389</u>	<u>\$10,207,099</u>	<u>\$ 9,884,494</u>	<u>\$ 9,304,794</u>	<u>\$ 9,001,792</u>
Net pension liability - ending (a) - (b)	<u>\$ 4,919,394</u>	<u>\$ 5,984,433</u>	<u>\$ 4,380,281</u>	<u>\$ 4,272,015</u>	<u>\$ 3,633,822</u>	<u>\$ 3,505,468</u>	<u>\$ 3,085,624</u>	<u>\$ 2,297,995</u>
Plan fiduciary net position as percentage of the total pension liability	70.75%	64.54%	71.01%	69.64%	73.75%	73.82%	75.10%	79.66%
Covered-employee payroll	\$ 4,335,446	\$ 4,424,698	\$ 4,386,649	\$ 4,604,594	\$ 4,557,706	\$ 4,625,267	\$ 4,625,267	\$ 4,796,970
Net pension liability as a percentage of covered-employee payroll	113.47%	135.25%	99.85%	92.78%	79.73%	75.79%	66.71%	47.91%

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

**ATHENS UTILITIES BOARD
EMPLOYEE RETIREMENT PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
LAST EIGHT YEARS
June 30, 2021**

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

NOTES TO SCHEDULE

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method:	Individual entry age normal, level percentage of compensation
Amortization method:	Level dollar, closed
Remaining amortization period:	24 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

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

**ATHENS UTILITIES BOARD
EMPLOYEE RETIREMENT PLAN
SCHEDULE OF INVESTMENT RETURNS
LAST EIGHT YEARS
June 30, 2021**

	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return,								
Net of investment expense	18.79%	4.50%	6.34%	6.28%	7.41%	0.57%	0.91%	12.34%

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

ACCOMPANYING INFORMATION

ATHENS UTILITIES BOARD
SCHEDULE OF NET POSITION BY SERVICE
POWER DIVISION
June 30, 2021

	Power Division		
	Power Services	Fiber Optic Services	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
UTILITY PLANT AND EQUIPMENT, at cost			
Less accumulated depreciation	\$ 72,384,201	\$ 123,229	\$ 72,507,430
	(26,272,641)	(47,892)	(26,320,533)
	46,111,560	75,337	46,186,897
Construction in progress	1,493,458	98,106	1,591,564
Net utility plant and equipment	47,605,018	173,443	47,778,461
CURRENT ASSETS			
Cash	6,579,167	160,917	6,740,084
Receivables:			
Customer accounts, less allowance doubtful accounts	4,307,172	2,085	4,309,257
Other	145,402	-	145,402
Prepaid expenses	30,252	-	30,252
Materials and supplies	1,861,423	-	1,861,423
Total current assets	12,923,416	163,002	13,086,418
Total assets	60,528,434	336,445	60,864,879
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension plan	2,054,298	-	2,054,298
	<u>\$ 62,582,732</u>	<u>\$ 336,445</u>	<u>\$ 62,919,177</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
LONG-TERM LIABILITIES			
Long-term debt	\$ 3,784,091	\$ -	\$ 3,784,091
Less current maturities shown below	(263,750)	-	(263,750)
Net long-term debt	3,520,341	-	3,520,341
Net pension liability	3,190,560	-	3,190,560
Total long-term liabilities	6,710,901	-	6,710,901
CURRENT LIABILITIES			
Current maturities of long-term liabilities	263,750	-	263,750
Payables:			
TVA for purchased power	3,669,627	-	3,669,627
Vendors	173,352	-	173,352
Interdivisional	124,888	-	124,888
Primary government	80,346	-	80,346
Customer deposits	573,872	-	573,872
Other current liabilities	572,675	-	572,675
Total current liabilities	5,458,510	-	5,458,510
Total liabilities	12,169,411	-	12,169,411
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension plan	80,169	-	80,169
	<u>12,249,580</u>	<u>-</u>	<u>12,249,580</u>
NET POSITION			
Net investment in capital assets	43,820,927	173,443	43,994,370
Unrestricted	6,512,225	163,002	6,675,227
	50,333,152	336,445	50,669,597
Total net position	<u>\$ 62,582,732</u>	<u>\$ 336,445</u>	<u>\$ 62,919,177</u>

ATHENS UTILITIES BOARD
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION BY SERVICE
POWER DIVISION
June 30, 2021

	Power Division		Total
	Power Services	Fiber Optic Services	
OPERATING REVENUES			
Sales:			
Residential	\$ 15,838,999	\$ -	\$ 15,838,999
Commercial	3,989,651	-	3,989,651
Industrial	27,843,293	-	27,843,293
Public street and outdoor lighting	984,739	-	984,739
Fiber optic	-	116,338	116,338
Other operating revenue	837,355	-	837,355
Total operating revenue	<u>49,494,037</u>	<u>116,338</u>	<u>49,610,375</u>
OPERATING EXPENSES			
Purchased supply	39,575,179	44,637	39,619,816
Distribution	1,242,669	-	1,242,669
Maintenance	1,348,941	-	1,348,941
Consumer accounts	888,839	-	888,839
Administrative and general	2,468,411	7,184	2,475,595
Other	5,419	-	5,419
Depreciation and amortization	2,461,798	8,490	2,470,288
Tax equivalents	958,046	-	958,046
Total operating expense	<u>48,949,302</u>	<u>60,311</u>	<u>49,009,613</u>
NET OPERATING INCOME	<u>544,735</u>	<u>56,027</u>	<u>600,762</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	21,861	744	22,605
Interest expense	(16,502)	-	(16,502)
Other	(31,417)	-	(31,417)
Net nonoperating revenues (expenses)	<u>(26,058)</u>	<u>744</u>	<u>(25,314)</u>
Income before capital contributions	518,677	56,771	575,448
CAPITAL CONTRIBUTIONS	<u>-</u>	<u>10,000</u>	<u>10,000</u>
CHANGE IN NET POSITION	518,677	66,771	585,448
Net position, beginning of year	<u>49,814,475</u>	<u>269,674</u>	<u>50,084,149</u>
Net position, end of year	<u>\$ 50,333,152</u>	<u>\$ 336,445</u>	<u>\$ 50,669,597</u>

**ATHENS UTILITIES BOARD
PENSION TRUST FUND
SCHEDULE OF INVESTMENTS
June 30, 2021**

	Interest Rate	Maturity Date	Cost	FMV
Federal National Mortgage Association	2.125	04/24/26	\$ 94,572	\$ 105,930
Federal National Mortgage Association	2.375	01/19/23	98,907	103,381
Federal National Mortgage Association	2.625	09/06/24	50,914	52,361
US Treasury Note	0.125	08/31/22	109,064	109,005
US Treasury Note	2.000	11/30/22	123,605	123,103
US Treasury Note	2.500	08/15/23	62,662	62,819
US Treasury Note	2.375	08/15/24	52,262	52,936
US Treasury Note	2.625	12/31/25	49,854	52,970
US Treasury Bond	2.875	05/15/43	48,415	43,703
US Treasury Bond	1.375	08/15/50	33,045	29,505
Arlington County Virginia General Obligation	0.790	08/01/25	100,839	100,041
Chicago IL O'Hare Internation Airport Revenue	1.704	01/01/26	35,000	35,714
Durham, NC LTD Obligation Revenue Bond	1.550	10/01/31	60,430	58,272
Fort Lauderdale FL Obligation Revenue Bond	1.300	01/01/27	55,619	55,080
Los Angeles CA Community College District Bond	3.009	08/01/23	51,743	52,814
Metropolitan Transportation Authority NY Bond	5.369	11/15/21	51,919	45,741
Metropolitan Transportation Authority NY Bond	5.175	11/15/49	39,543	40,499
New York NY Build America Bond	5.049	12/01/21	45,372	40,780
New York City NY Transitional Finance Authority Bond	2.610	02/01/25	59,050	58,316
Prince Georges County MD General Obligation	1.186	09/15/26	61,517	60,728
Richmond VA Public Improvement Bond	2.599	07/15/21	50,551	50,045
Tennessee St - Series C Bond	3.378	08/01/22	78,789	77,608
University of California Taxable Relief Bond	3.063	07/01/25	55,066	59,453
VA State College Building Authority Higher Education	1.735	02/01/30	71,492	70,141
VA State Port Authority Commonwealth Revenue Bond	1.407	07/01/28	60,531	59,445
AT&T, Inc.	4.500	05/15/35	58,843	57,517
Abbvie, Inc.	4.250	11/14/28	49,030	55,583
American Electric Power	3.200	11/13/27	51,099	55,056
BAT Capital Corporation	3.577	08/15/27	50,352	51,401
Bank of America Corporation	3.300	01/11/23	56,157	57,406
Bank of America Corporation	2.831	10/24/51	33,522	32,181
Berkshire Hathaway	4.300	05/15/43	28,867	27,414
CVS Health Corporation	2.700	05/21/40	59,229	58,159
Capital One Financial Corporation	3.200	02/05/25	51,690	53,739

(continued)

**ATHENS UTILITIES BOARD
PENSION TRUST FUND
SCHEDULE OF INVESTMENTS
June 30, 2021
(continued)**

	Interest Rate	Maturity Date	Cost	FMV
Carlisle COS, Inc.	3.500	12/01/24	\$ 50,124	\$ 53,959
Cisco Systems, Inc.	5.500	01/15/40	28,717	26,760
Citigroup, Inc.	3.668	07/24/28	55,538	54,041
Comcast Corporation	1.950	01/15/31	59,725	58,163
ConocoPhillips	6.500	02/01/39	30,279	31,006
Constellation Brands, Inc.	4.650	11/15/28	49,503	55,209
Crown Castle Corporation	3.300	07/01/30	55,534	52,493
Duke Energy Corporation	3.950	10/15/23	51,676	53,300
Entergy Louisiana LLC	2.900	03/15/51	28,842	26,594
Enterprise Products Operating, LLC	6.125	10/15/39	29,889	30,921
Federal Realty Investment Trust	3.500	06/01/30	54,973	56,002
Goldman Sachs Group, Inc.	2.600	02/07/30	55,285	53,959
Holly Frontier Corporation	5.875	04/01/26	55,016	56,682
Home Depot, Inc.	3.300	04/15/40	47,037	43,814
JP Morgan Chase & Company	5.600	07/15/41	57,367	53,285
KeyCorp	2.550	10/01/29	54,179	58,599
Kimco Realty Corporation	4.250	04/01/45	45,878	48,605
Kinder Morgan, Inc.	4.300	03/01/28	28,472	28,536
Lowe's COS, Inc.	2.500	04/15/26	55,493	54,103
McDonald's Corporation	2.125	03/01/30	57,580	55,603
Merck & Co., Inc.	2.450	06/24/50	28,345	26,415
Morgan Stanley	4.000	07/23/25	50,744	55,613
Norfolk Southern Corporation	3.050	05/15/50	28,251	25,989
Nucor Corporation	3.950	05/01/28	29,956	34,158
Nvidia Corporation	2.850	04/01/30	53,519	55,206
Owl Rock Capital Corporation	3.400	07/15/26	61,557	61,492
PNC Financial Services	2.600	07/23/26	57,248	57,553
Pepsico, Inc.	3.450	10/06/46	37,470	34,864
Pfizer, Inc.	3.900	03/15/39	33,418	32,305
Prudential Financial, Inc.	3.878	03/27/28	50,373	53,728
Public Service Electric Gas Co.	2.700	05/01/50	28,403	26,717
Regions Financial Corporation	2.250	05/18/25	54,832	57,271
Sherwin - Williams Company	3.450	06/01/27	49,819	55,145
Target Corporation	3.625	04/15/46	28,177	26,118
United Technologies Corporation	4.125	11/16/28	57,238	59,829
Verizon Communications	4.862	08/21/46	42,048	40,107
Wells Fargo & Company	3.000	10/23/26	57,139	61,469

(continued)

**ATHENS UTILITIES BOARD
PENSION TRUST FUND
SCHEDULE OF INVESTMENTS
June 30, 2021
(continued)**

	Interest Rate	Maturity Date	Cost	FMV
Westlake Chemical Corporation	4.375	11/15/47	\$ 28,869	\$ 29,320
Athene Holding LTD	3.950	05/25/51	31,085	33,166
Bank of Montreal	2.500	06/28/24	49,993	52,778
Mitsubishi UJF Financial Group	3.677	02/22/27	52,240	53,540
Shell International Financial	2.375	11/07/29	54,852	57,086
Schlumberger Investments	2.650	06/26/30	54,687	56,732
Toronto Dominion Bank	2.650	06/12/24	51,469	53,982
Westpac Banking Corporation	4.322	11/23/31	55,562	54,376
Federated MDT Small-Cap Growth R6 Fund	-	-	45,455	77,255
Morgan Stanley Global Opportunity Institutional Fund	-	-	142,097	299,462
Principal Origin Emerging Markets Fund	-	-	178,558	208,755
Touchstone Mid-Cap Growth Institutional Fund	-	-	254,106	341,156
Touchstone Mid-Cap Value Fund	-	-	445,636	611,509
Victory Sophus Emerging Markets Fund	-	-	171,219	211,864
Virtus Quality Small-Cap Fund	-	-	201,711	303,308
Adobe, Inc.	-	-	21,852	26,939
Alphabet, Inc. - Class A	-	-	11,269	24,418
Alphabet, Inc. - Class C	-	-	10,706	25,063
Amazon.com, Inc.	-	-	25,344	55,043
Ameriprise Financial, Inc.	-	-	11,332	14,684
Amgen, Inc.	-	-	14,079	15,600
Ansys, Inc.	-	-	19,607	20,477
Autodesk, Inc.	-	-	15,742	37,655
Automatic Data Processing	-	-	3,234	5,561
Boeing Company Capital	-	-	17,357	25,393
Cabot Oil & Gas Corporation	-	-	12,060	11,890
Capital One Financial Corporation	-	-	12,698	19,336
Cerner Corporation	-	-	9,617	11,880
Cincinnati Financial Corporation	-	-	9,873	13,645
Cisco Systems, Inc.	-	-	9,178	12,879
The Coca - Cola Co.	-	-	12,458	13,473
Colgate Palmolive Company	-	-	8,689	10,494
Commerce Bancshares, Inc.	-	-	8,325	9,767
Corteva, Inc.	-	-	16,160	18,450
Cullen Frost Bankers Inc.	-	-	8,341	9,632
Danaher Corporation	-	-	20,879	25,226

(continued)

**ATHENS UTILITIES BOARD
PENSION TRUST FUND
SCHEDULE OF INVESTMENTS
June 30, 2021
(continued)**

	Interest Rate	Maturity Date	Cost	FMV
Deere & Company	-	-	\$ 10,116	\$ 25,042
The Walt Disney Company Common	-	-	9,877	14,413
East West Bancorp, Inc.	-	-	7,099	10,969
Elanco Animal Health, Inc.	-	-	10,275	11,829
Expeditors International Wash, Inc.	-	-	10,156	19,117
Facebook, Inc.	-	-	24,602	50,070
Factset Research Systems, Inc.	-	-	8,490	12,418
General Dynamics Corporation	-	-	9,050	11,107
Honeywell International	-	-	7,865	7,458
Illumina, Inc.	-	-	11,756	16,562
Intuitive Surgical, Inc.	-	-	7,401	11,036
JP Morgan Chase & Co.	-	-	5,710	7,466
Lennar Corporation - Class A	-	-	12,294	16,691
Lennar Corporation - Class B	-	-	178	244
Martin Marietta Materials, Inc.	-	-	12,700	16,887
Microsoft Corporation	-	-	38,875	58,244
Microchip Technology, Inc.	-	-	15,313	17,220
Monster Beverage Corporation	-	-	16,247	24,573
Nvidia Corporation	-	-	18,448	52,006
Oracle Corp	-	-	17,972	28,100
PNC Financial Services Group, Inc.	-	-	11,576	15,833
Parker Hannifin Corporation	-	-	15,279	17,505
Paypal Holdings, Inc.	-	-	13,015	17,489
Phillips 66	-	-	9,649	9,869
Proctor & Gamble Co.	-	-	14,413	14,168
Qualcomm, Inc.	-	-	31,960	38,734
RPM International, Inc.	-	-	13,370	13,479
Regeneron Pharmaceuticals, Inc.	-	-	18,759	25,134
SEI Investments Company	-	-	9,346	10,535
Salesforce.com, Inc.	-	-	22,918	31,267
Starbucks Corporation	-	-	7,946	14,088
Twitter, Inc.	-	-	12,258	17,615
Tyson Foods, Inc.	-	-	7,407	9,958
Visa, Inc.	-	-	24,187	44,893
Walgreens Boots Alliance, Inc.	-	-	5,000	6,787
Workday, Inc.	-	-	6,358	9,550
Xylem, Inc.	-	-	12,926	16,195

(continued)

**ATHENS UTILITIES BOARD
PENSION TRUST FUND
SCHEDULE OF INVESTMENTS
June 30, 2021
(continued)**

	Interest Rate	Maturity Date	Cost	FMV
Yum! Brands, Inc.	-	-	\$ 6,725	\$ 9,893
Yum China Holdings, Inc.	-	-	4,221	7,619
ABB Limited Sponsored ADR	-	-	3,163	5,099
AIA Group	-	-	6,856	10,891
Aena SME S.A. Un-sponsored	-	-	5,483	4,973
Adyen N V Un-sponsored	-	-	7,094	13,415
Air Liquide	-	-	2,214	3,127
Airbus SE Un-sponsored ADR	-	-	4,889	8,308
Akzo Nobel N V Sponsored ADR	-	-	4,710	7,064
Alcon, Inc.	-	-	14,726	16,441
Alfa Laval AB	-	-	2,391	4,250
Alibaba Group Holding - SP	-	-	36,791	46,263
Allegion, PLC	-	-	11,325	13,930
Allianz Society AS Europaea SE	-	-	8,456	10,221
Alstom S.A. Un-sponsored	-	-	4,509	4,071
Amadeus IT Holdings	-	-	9,451	10,668
Ambev S.A. ADR	-	-	3,932	3,870
Arcelormittal S.A. Sponsored	-	-	2,805	4,286
Atlas Copco Group	-	-	5,995	11,037
Axa Sponsored	-	-	5,363	7,050
Banco Bilbao Vizcaya SP ADR	-	-	6,632	10,818
Barclays PLC	-	-	3,649	5,018
BASF AG Sponsored ADR	-	-	7,680	8,467
Bayer AG Sponsored ADR	-	-	4,463	3,840
BNP Paribas	-	-	1,850	2,850
BP PLC Sponsored ADR	-	-	6,639	7,820
BHP Group Limited	-	-	9,037	8,812
British American Tobacco	-	-	7,461	6,801
CSPC Pharmaceutical Group	-	-	2,972	3,440
Caixabank - Un-sponsored	-	-	5,791	7,095
Canadian National RY Company	-	-	1,960	2,744
Carrefour S.A.	-	-	1,437	1,626
Checkpoint Software Technology	-	-	6,338	6,968
Chubb Limited	-	-	8,537	10,331
Chugai Pharmaceutic - Un-sponsored ADR	-	-	3,398	4,997
Compagnie Financiere Richemont	-	-	3,501	6,958
Compass Group PLC - Sponsored ADR	-	-	1,202	1,757

(continued)

**ATHENS UTILITIES BOARD
PENSION TRUST FUND
SCHEDULE OF INVESTMENTS
June 30, 2021
(continued)**

	Interest Rate	Maturity Date	Cost	FMV
Credicorp Limited	-	-	\$ 2,111	\$ 1,817
Credit Suisse Group - Sponsored	-	-	7,101	6,095
DBS Group Holdings Limited	-	-	6,299	9,271
Danone - Sponsored ADR	-	-	6,060	6,022
Dassault Systems S.A.	-	-	5,575	9,989
Diageo PLC - Sponsored ADR	-	-	2,836	3,450
Enel S.P.A. - Un-sponsored ADR	-	-	9,263	9,465
Enn Energy Holdings LTD - Un-sponsored	-	-	2,584	2,724
Epiroc - Un-sponsored ADR	-	-	2,820	5,274
Fanuc Limited	-	-	9,183	11,074
Fomento Economico Mexican S.A.	-	-	4,157	4,564
Fuchs Petrolu Se - Pref ADR	-	-	1,109	1,200
Grupo Financial Banorte - Sponsored ADR	-	-	1,023	2,125
HDFC Bank	-	-	2,916	3,802
ICICI Bank	-	-	2,869	4,856
Infineon Technology	-	-	7,700	15,036
ING Groep N.V. - Sponsored ADR	-	-	3,945	6,342
Itau Unibanco Banco Multiplo S.A.	-	-	4,310	5,042
Johnson Controls International	-	-	11,733	17,707
Komatsu LTD	-	-	3,376	3,918
Kubota Corporation	-	-	3,800	4,747
Linde PLC	-	-	1,820	3,180
Lonza Group	-	-	3,372	6,311
L'Oreal S.A.	-	-	5,469	10,101
Lukoil PJSC	-	-	4,682	5,428
Michelin (CGDE)	-	-	14,807	15,628
Medtronic PLC	-	-	11,017	15,268
Mitsubishi UFJ Financial	-	-	5,372	6,732
Murata Manufacturing Company	-	-	7,327	8,891
Nestle S.A.	-	-	5,018	6,985
Nitori Holdings Company - Un-sponsored	-	-	2,554	2,926
Novartis AG ADR	-	-	33,696	37,226
Novo - Nordisk	-	-	5,575	8,628
Novozymes	-	-	2,315	3,243
PT Bank Madiri Persero TBK	-	-	1,775	1,604
Pernod Ricard S.A. - Un-sponsored	-	-	5,605	6,453
Ping An Insurance Group Company of China Limited	-	-	4,440	3,690

(continued)

**ATHENS UTILITIES BOARD
PENSION TRUST FUND
SCHEDULE OF INVESTMENTS
June 30, 2021
(continued)**

	Interest Rate	Maturity Date	Cost	FMV
Prudential PLC	-	-	\$ 5,242	\$ 5,563
RWE AG	-	-	7,267	7,071
Relx PLC - Sponsored ADR	-	-	5,760	6,107
Rio Tinto PLC - ADR	-	-	4,773	6,963
Roche Holding Limited	-	-	33,384	41,868
Rolls Royce PLC	-	-	23,317	12,942
Royal Dutch Shell PLC ADR	-	-	4,035	3,805
Ryanair Holdings PLC - Sponsored ADR	-	-	2,818	4,869
SAP SE ADR	-	-	14,594	18,541
Sands China	-	-	4,808	4,923
Sanofi - Sponsored	-	-	11,575	12,375
Schlumberger Limited	-	-	11,746	7,042
Schneider Electric SA - Un-sponsored ADR	-	-	5,457	7,708
SGS SA - Un-sponsored ADR	-	-	1,989	2,418
Shionogi Company LTD - Un-sponsored ADR	-	-	3,478	3,617
Siemens AG - Sponsored ADR	-	-	5,390	7,168
Sony Group Corporation	-	-	17,237	17,694
Sonova Holding AG	-	-	2,751	5,859
Sumitomo Mitsui - Sponsored ADR	-	-	4,940	5,657
Symrise AG ADR	-	-	3,242	5,265
Sysmex Corporation	-	-	2,782	5,165
Taiwan Semiconductor Manufacturing Company	-	-	3,347	11,656
Takeda Pharmaceutical	-	-	12,766	10,653
Telekomunikasi Indonesia	-	-	3,595	3,012
Tencent Holdings Limited - Un-sponsored ADR	-	-	6,197	8,057
Total S.A. - Sponsored	-	-	10,756	10,772
Unicharm Corporation	-	-	5,173	5,869
Unicredit SPA	-	-	13,315	13,386
Unilever PLC	-	-	12,099	12,870
Valeo S.A. - Sponsored	-	-	2,537	2,363
Vinci SA ADR	-	-	3,684	4,602
Volkswagen AG	-	-	580	1,085
Yandex N.V. - Class A	-	-	1,431	2,759
Zurich Insurance Group	-	-	7,371	7,728

(continued)

**ATHENS UTILITIES BOARD
PENSION TRUST FUND
SCHEDULE OF INVESTMENTS
June 30, 2021
(continued)**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Cost</u>	<u>FMV</u>
Crown Castle International Corporation	-	-	\$ 13,568	\$ 16,388
Equity Lifestyle Properties, Inc.	-	-	5,571	7,060
Sun Communities, Inc.	-	-	5,562	6,856
Ishares MSCI EAFE Small Cap Fund	-	-	131,242	176,723
Vanguard FTSE Developed Markets Fund	-	-	192,668	218,857
Vanguard FTSE Emerging Markets Fund	-	-	128,544	146,311
Vanguard S&P 500 Fund	-	-	1,197,816	1,420,607
Sterling Capital Quality Income Fund	-	-	1,564,484	1,561,116
Total investments			<u>\$ 10,274,475</u>	<u>\$ 11,761,786</u>

ATHENS UTILITIES BOARD
SCHEDULE OF DEBT SERVICE REQUIREMENTS
June 30, 2021

Fiscal Year Ending 6/30	Power Division								
	Pooled Loan Program Series 2003			Pooled Loan Program Series 2008			Total Power Division		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 183,750	\$ 4,317	\$ 188,067	\$ 80,000	\$ 4,017	\$ 84,017	\$ 263,750	\$ 8,334	\$ 272,084
2023	183,750	3,912	187,662	84,000	3,841	87,841	267,750	7,753	275,503
2024	183,750	3,507	187,257	88,000	3,656	91,656	271,750	7,163	278,913
2025	183,750	3,103	186,853	92,000	3,462	95,462	275,750	6,565	282,315
2026	183,750	2,698	186,448	96,000	3,259	99,259	279,750	5,957	285,707
2027	183,750	2,293	186,043	100,000	3,048	103,048	283,750	5,341	289,091
2028	183,750	1,889	185,639	105,000	2,828	107,828	288,750	4,717	293,467
2029	183,750	1,484	185,234	109,000	2,596	111,596	292,750	4,080	296,830
2030	183,750	1,079	184,829	114,000	2,356	116,356	297,750	3,435	301,185
2031	183,750	675	184,425	119,000	2,105	121,105	302,750	2,780	305,530
2032	122,591	270	122,861	125,000	1,843	126,843	247,591	2,113	249,704
2033	-	-	-	130,000	1,568	131,568	130,000	1,568	131,568
2034	-	-	-	136,000	1,282	137,282	136,000	1,282	137,282
2035	-	-	-	142,000	982	142,982	142,000	982	142,982
2036	-	-	-	149,000	670	149,670	149,000	670	149,670
2037	-	-	-	155,000	341	155,341	155,000	341	155,341
TOTAL	\$ 1,960,091	\$ 25,227	\$ 1,985,318	\$ 1,824,000	\$ 37,854	\$ 1,861,854	\$ 3,784,091	\$ 63,081	\$ 3,847,172

(continued)

ATHENS UTILITIES BOARD
SCHEDULE OF DEBT SERVICE REQUIREMENTS
June 30, 2021
(continued)

Fiscal Year Ending 6/30	Water Division					
	R. D. Loan Series 2009			State Revolving Loan Series 2013		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 27,655	\$ 37,337	\$ 64,992	\$ 71,125	\$ 37,091	\$ 108,216
2023	28,572	36,420	64,992	73,420	34,796	108,216
2024	29,519	35,473	64,992	75,789	32,427	108,216
2025	30,497	34,495	64,992	78,234	29,982	108,216
2026	31,508	33,484	64,992	80,759	27,457	108,216
2027	32,552	32,440	64,992	83,365	24,851	108,216
2028	33,631	31,361	64,992	86,055	22,161	108,216
2029	34,745	30,247	64,992	88,831	19,385	108,216
2030	35,897	29,095	64,992	91,698	16,518	108,216
2031	37,086	27,906	64,992	94,657	13,559	108,216
2032	38,316	26,676	64,992	97,711	10,505	108,216
2033	39,585	25,407	64,992	100,864	7,352	108,216
2034	40,897	24,095	64,992	104,118	4,098	108,216
2035	42,253	22,739	64,992	65,135	846	65,981
2036	43,653	21,339	64,992	-	-	-
2037	45,100	19,892	64,992	-	-	-
2038	46,594	18,398	64,992	-	-	-
2039	48,138	16,854	64,992	-	-	-
2040	49,734	15,258	64,992	-	-	-
2041	51,382	13,610	64,992	-	-	-
2042	53,085	11,907	64,992	-	-	-
2043	54,844	10,148	64,992	-	-	-
2044	56,662	8,330	64,992	-	-	-
2045	58,540	6,452	64,992	-	-	-
2046	60,480	4,512	64,992	-	-	-
2047	62,484	2,508	64,992	-	-	-
2048	43,588	526	44,114	-	-	-
TOTAL	<u>\$ 1,156,997</u>	<u>\$ 576,909</u>	<u>\$ 1,733,906</u>	<u>\$ 1,191,761</u>	<u>\$ 281,028</u>	<u>\$ 1,472,789</u>

(continued)

ATHENS UTILITIES BOARD
SCHEDULE OF DEBT SERVICE REQUIREMENTS
June 30, 2021
(continued)

Fiscal Year Ending 6/30	Water Division					
	State Revolving Loan Series 2014			Total Water Division		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 90,852	\$ 27,432	\$ 118,284	\$ 189,632	\$ 101,860	\$ 291,492
2023	92,400	25,884	118,284	194,392	97,100	291,492
2024	93,972	24,312	118,284	199,280	92,212	291,492
2025	95,568	22,716	118,284	204,299	87,193	291,492
2026	97,200	21,084	118,284	209,467	82,025	291,492
2027	98,856	19,428	118,284	214,773	76,719	291,492
2028	100,536	17,748	118,284	220,222	71,270	291,492
2029	102,252	16,032	118,284	225,828	65,664	291,492
2030	103,992	14,292	118,284	231,587	59,905	291,492
2031	105,756	12,528	118,284	237,499	53,993	291,492
2032	107,568	10,716	118,284	243,595	47,897	291,492
2033	109,392	8,892	118,284	249,841	41,651	291,492
2034	111,264	7,020	118,284	256,279	35,213	291,492
2035	113,160	5,124	118,284	220,548	28,709	249,257
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	-	-	-	43,588	526	44,114
TOTAL	\$ 1,664,854	\$ 237,698	\$ 1,902,552	\$ 4,013,612	\$ 1,095,635	\$ 5,109,247

(continued)

ATHENS UTILITIES BOARD
SCHEDULE OF DEBT SERVICE REQUIREMENTS
June 30, 2021
(continued)

Fiscal Year Ending 6/30	Department of Sewer								
	Public Building Authority of the City of Clarksville, TN Notes Payable			State Revolving Fund Loans			Total Department of Sewer		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 1,041,250	\$ 25,320	\$ 1,066,570	\$ 142,565	\$ 36,471	\$ 179,036	\$ 1,183,815	\$ 61,791	\$ 1,245,606
2023	1,041,250	23,027	1,064,277	146,010	33,026	179,036	1,187,260	56,053	1,243,313
2024	1,041,250	20,734	1,061,984	149,538	29,498	179,036	1,190,788	50,232	1,241,020
2025	1,041,250	18,441	1,059,691	153,151	25,885	179,036	1,194,401	44,326	1,238,727
2026	1,041,250	16,148	1,057,398	156,852	22,184	179,036	1,198,102	38,332	1,236,434
2027	1,041,250	13,855	1,055,105	160,642	18,394	179,036	1,201,892	32,249	1,234,141
2028	1,041,250	11,562	1,052,812	164,523	14,513	179,036	1,205,773	26,075	1,231,848
2029	1,041,250	9,268	1,050,518	168,499	10,537	179,036	1,209,749	19,805	1,229,554
2030	1,041,250	6,975	1,048,225	172,571	6,465	179,036	1,213,821	13,440	1,227,261
2031	1,041,250	4,682	1,045,932	176,725	2,295	179,020	1,217,975	6,977	1,224,952
2032	1,084,982	2,389	1,087,371	-	-	-	1,084,982	2,389	1,087,371
TOTAL	\$ 11,497,482	\$ 152,401	\$ 11,649,883	\$ 1,591,076	\$ 199,268	\$ 1,790,344	\$ 13,088,558	\$ 351,669	\$ 13,440,227

(continued)

ATHENS UTILITIES BOARD
SCHEDULE OF DEBT SERVICE REQUIREMENTS
June 30, 2021
(continued)

Fiscal Year Ending 6/30	Total Board Debt Service		
	Principal	Interest	Total
2022	\$ 1,637,197	\$ 171,985	\$ 1,809,182
2023	1,649,402	160,906	1,810,308
2024	1,661,818	149,607	1,811,425
2025	1,674,450	138,084	1,812,534
2026	1,687,319	126,314	1,813,633
2027	1,700,415	114,309	1,814,724
2028	1,714,745	102,062	1,816,807
2029	1,728,327	89,549	1,817,876
2030	1,743,158	76,780	1,819,938
2031	1,758,224	63,750	1,821,974
2032	1,576,168	52,399	1,628,567
2033	379,841	43,219	423,060
2034	392,279	36,495	428,774
2035	362,548	29,691	392,239
2036	307,733	25,213	332,946
2037	317,112	21,505	338,617
2038	56,588	18,412	75,000
2039	48,138	16,854	64,992
2040	49,734	15,258	64,992
2041	51,382	13,610	64,992
2042	53,085	11,907	64,992
2043	54,844	10,148	64,992
2044	56,662	8,330	64,992
2045	58,540	6,452	64,992
2046	60,480	4,512	64,992
2047	62,484	2,508	64,992
2048	43,588	526	44,114
TOTAL	\$ 20,886,261	\$ 1,510,385	\$ 22,396,646

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

<u>Description of Indebtedness</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding 7/1/2020</u>	<u>Paid and/or Matured During Period</u>	<u>Outstanding 6/30/2021</u>
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	\$ 2,138,512	\$ 178,421	\$ 1,960,091
Public Building Authority of the City of Clarksville, TN, Series 2008	2,600,000	Variable	5/13/2008	5/25/2037	1,901,000	77,000	1,824,000
Water Division:							
Rural Development, U.S. Department of Agriculture, Series 2009	1,414,000	3.25%	2/25/2010	2/25/2048	1,183,765	26,768	1,156,997
Tennessee Department of Environment and Conservation State Revolving Fund:							
Series 2013	2,000,000	(1) 3.18%	10/19/2010	1/20/2035	1,256,033	64,272	1,191,761
Series 2014	2,550,000	(2) 1.69%	3/20/2014	7/20/2037	1,754,182	89,328	1,664,854
Department of Sewer:							
Public Building Authority of the City of Clarksville, TN, Series 2003	17,500,000	Variable	2/3/2004	5/25/2032	12,544,061	1,046,579	11,497,482
Tennessee Department of Environment and Conservation State Revolving Fund:							
2009-242 CWA	2,370,198	2.39%	1/27/2010	6/20/2031	1,441,900	116,004	1,325,896
2009-242 ARRA	2,370,197	(3) 2.39%	1/27/2010	6/20/2031	288,381	23,201	265,180
Total Board long-term debt					<u>\$22,507,834</u>	<u>\$ 1,621,573</u>	<u>\$20,886,261</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 RATES IN FORCE
June 30, 2021**

Power Division

Residential rates - RS:

Customer availability charge per month		\$ 15.82
Energy charge per kwh:	Summer	0.09105
	Winter	0.08617
	Transition	0.08580

General power - GSA:

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

Customer availability charge per month		\$ 32.22
Energy charge per kwh (first 15,000 kwh)	Summer	0.10127
	Winter	0.09640
	Transition	0.09601

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

Customer availability charge per month		\$ 32.22
Energy charge per kwh (first 15,000 kwh)	Summer	0.10127
	Winter	0.09640
	Transition	0.09601

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

Customer availability charge per month		\$ 164.19
Summer		
Demand charge per kw:	First 50 kw	No Charge
	Above 50 kw	15.20
Energy charge per kwh:	First 15,000 kwh	0.10012
	Additional kwh	0.05938
Winter		
Demand charge per kw:	First 50 kw	No Charge
	Above 50 kw	14.25
Energy charge per kwh:	First 15,000 kwh	0.09525
	Additional kwh	0.05469
Transition		
Demand charge per kw:	First 50 kw	No Charge
	Above 50 kw	14.25
Energy charge per kwh:	First 15,000 kwh	0.09486
	Additional kwh	0.05503

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

Customer availability charge per month		\$ 164.19
Summer		
Demand charge per kw:	First 50 kw	No Charge
	Above 50 kw	15.20
Energy charge per kwh:	First 15,000 kwh	0.10012
	Additional kwh	0.05938

(continued)

ATHENS UTILITIES BOARD
SCHEDULE OF RATES IN FORCE
June 30, 2021
(continued)

Power Division (continued)

General power - GSA: (continued)

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

Winter

Demand charge per kw:	First 50 kw	No Charge
	Above 50 kw	\$ 14.25
Energy charge per kwh:	First 15,000 kwh	0.09525
	Additional kwh	0.05469

Transition

Demand charge per kw:	First 50 kw	No Charge
	Above 50 kw	14.25
Energy charge per kwh:	First 15,000 kwh	0.09486
	Additional kwh	0.05503

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

Customer availability charge per month	\$ 623.52
--	-----------

Summer

Demand charge per kw:	First 1,000 kw	16.79
	Additional kw	16.28
Energy charge per kwh (all kwh)		0.06291

Winter

Demand charge per kw:	First 1,000 kw	15.84
	Additional kw	15.33
Energy charge per kwh (all kwh)		0.05821

Transition

Demand charge per kw:	First 1,000 kw	15.84
	Additional kw	15.33
Energy charge per kwh (all kwh)		0.05856

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

Customer availability charge per month	\$ 623.52
--	-----------

Summer

Demand charge per kw:	First 1,000 kw	16.79
	Additional kw	16.28
Energy charge per kwh (all kwh)		0.06291

Winter

Demand charge per kw:	First 1,000 kw	15.84
	Additional kw	15.33
Energy charge per kwh (all kwh)		0.05821

Transition

Demand charge per kw:	First 1,000 kw	15.84
	Additional kw	15.33
Energy charge per kwh (all kwh)		0.05856

(continued)

ATHENS UTILITIES BOARD
SCHEDULE OF RATES IN FORCE
June 30, 2021
(continued)

Power Division (continued)

General power - MSB:		
Customer availability charge per month		\$ 1,500.00
Administrative charge		350.00
Summer		
Demand charge	On peak per kw	10.24
	Max peak	2.26
Energy charge	All On peak kwh	0.07403
	Off peak 1 st 200 hours use	0.04903
	Off peak next 200 hours use	0.01934
	Off peak over 400 hours use	0.01679
Winter		
Demand charge	On peak per kw	9.27
	Max peak	2.26
Energy charge	All On peak kwh	0.06208
	Off peak 1 st 200 hours use	0.05071
	Off peak next 200 hours use	0.01879
	Off peak over 400 hours use	0.01624
Transition		
Demand charge	On peak per kw	9.27
	Max peak	2.26
Energy charge	All On peak kwh	0.05213
	Off peak 1 st 200 hours use	0.05213
	Off peak next 200 hours use	0.01934
	Off peak over 400 hours use	0.01679
General power - MSD:		
Customer availability charge per month		\$ 1,500.00
Administrative charge		350.00
Summer		
Demand charge	On peak per kw	10.24
	Max peak	1.64
Energy charge	All On peak kwh	0.07064
	Off peak 1 st 200 hours use	0.04563
	Off peak next 200 hours use	0.01906
	Off peak over 400 hours use	0.01847
Winter		
Demand charge	On peak per kw	9.27
	Max peak	1.64
Energy charge	All On peak per kwh	0.05867
	Off peak 1 st 200 hours use	0.04730
	Off peak next 200 hours use	0.01851
	Off peak over 400 hours use	0.01792

(continued)

ATHENS UTILITIES BOARD
SCHEDULE OF RATES IN FORCE
June 30, 2021
(continued)

Power Division (continued)

General Power – MSD (continued)

Transition

Demand charge	On peak per kw	\$ 9.27
	Max peak	1.64
Energy charge	All On peak kwh	0.04872
	Off peak 1 st 200 hours use	0.04872
	Off peak next 200 hours use	0.01906
	Off peak over 400 hours use	0.01847

Outdoor lighting - LS:

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

Customer availability charge per month	\$ 2.60
Investment charge: (annual rate per \$1 investment)	.12
Investment charge for athletic lighting systems: (annual rate per \$1 investment)	.12
Energy charge: all kwh	0.06848

Part B - Individual outdoor lighting:

Mercury vapor - per light per month:	175w	\$ 8.76
	400w	16.10
	1,000w	30.28
High pressure sodium - per light per month:	100w	7.41
	100w - decorative	13.30
	250w	15.02
	400w	17.46
High pressure sodium (floods) - per light per month:	250w	19.43
	400w	20.08
Metal halide - per light per month:	175w	20.95
	400w - flood	19.78
	400w - box	24.63
	1,000w - flood	35.25
LED - per light per month:	64w	7.83
	72w - decorative	13.66
	216w	15.61
	216w - flood	20.02
	284w	20.41
	284w - flood	21.34
Pole charge per month		2.00

Number of customers at year-end:

Residential	11,163
Commercial	2,055
Industrial	256
Street and athletic	19
Outdoor lighting	2,086

(continued)

ATHENS UTILITIES BOARD
SCHEDULE OF RATES IN FORCE
June 30, 2021
(continued)

Fiber Optic Services

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

Number of customers at year-end:

Industrial	2
Small commercial	7
Dark fiber	1

Water Division

	<u>Inside City</u>	<u>Outside City</u>
Service availability charge per month	\$ 9.50	\$ 10.50
Charge per 1,000 gallons per month	2.70	2.70
Charge per 1,000 gallons over 5,000	4.25	4.25

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

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

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

Number of customers at year-end:

Residential	7,105
Commercial	1,262
Industrial	37

Gas Division

	<u>Customer Charge (per month)</u>	<u>Commodity Charge (per therm)</u>	<u>PGA (per therm)</u>
Residential	\$ 6.00	\$ 0.4348	\$ 0.5251
Residential discount	5.00	0.4048	0.5251
Small commercial	10.00	0.2819	0.5251

(continued)

ATHENS UTILITIES BOARD
SCHEDULE OF RATES IN FORCE
June 30, 2021
(continued)

Gas Division (continued)

	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	-	-	0.1540	0.1960
For firm plus PGA	-	-	0.2070	0.2280
First 10,000 plus PGA	0.2280	0.2070	0.2000	0.2210
From 10,001-20,000 plus PGA	0.2140	0.1930	0.1860	0.2070
From 20,001-40,000 plus PGA	0.2006	0.1790	0.1720	0.1930
Over 40,000 plus PGA	0.1866	0.1631	0.1380	0.1590
PGA	0.5251	0.5251	0.3238	0.3238
Unauthorized (in addition to interruptible charge)			1.5000	1.5000
Number of customers at year-end:				
Residential				5,545
Commercial				951
Industrial				10
Interruptible				6

Department of Sewer

Sewer rates:

Service availability charge per month:

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

Number of customers at year-end:

Residential	4,485
Commercial	928
Industrial	24

ATHENS UTILITIES BOARD SCHEDULE OF WATER LOSS JUNE 30, 2021

AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0
American Water Works Association.
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Water Audit Report for: Athens Utilities Board (0000024)
Reporting Year: 2021 7/2020 - 6/2021

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

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

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

WATER SUPPLIED

Volume from own sources:	+	?	10	627.250	MG/Yr
Water imported:	+	?	10	489.140	MG/Yr
Water exported:	+	?	10	169.730	MG/Yr

Master Meter and Supply Error Adjustments

		Pcnt:		Value:	
+	?	10	1.00%	<input type="text"/>	MG/Yr
+	?	10	1.00%	<input type="text"/>	MG/Yr
+	?	10	1.00%	<input type="text"/>	MG/Yr

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

WATER SUPPLIED: 937.287 MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	+	?	10	765.720	MG/Yr
Billed unmetered:	+	?	10	1.764	MG/Yr
Unbilled metered:	+	?	10	0.059	MG/Yr
Unbilled unmetered:	+	?	5	17.810	MG/Yr

Unbilled Unmetered volume entered is greater than the recommended default value

AUTHORIZED CONSUMPTION: ? 785.353 MG/Yr

Click here: ?
for help using option
buttons below

Pcnt:	Value:
1.25%	<input type="text"/>

Use buttons to select
percentage of water
supplied
OR
value

Pcnt:	Value:
0.25%	<input type="text"/>

0.09%	<input type="text"/>
0.25%	<input type="text"/>

WATER LOSSES (Water Supplied - Authorized Consumption)

151.934 MG/Yr

Apparent Losses

Unauthorized consumption: + ? 2.343 MG/Yr

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

Customer metering inaccuracies:	+	?	9	0.690	MG/Yr
Systematic data handling errors:	+	?		1.914	MG/Yr

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

Apparent Losses: ? 4.947 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: ? 146.987 MG/Yr

WATER LOSSES: 151.934 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: ? 169.803 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	+	?	10	360.0	miles
Number of active AND inactive service connections:	+	?	10	9,092	
Service connection density:	?			25	conn./mile main

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

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

Average operating pressure: + ? 10 75.0 psl

COST DATA

Total annual cost of operating water system:	+	?	10	\$3,325,597	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+	?	9	\$2.93	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+	?	10	\$1,896.52	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 94 out of 100 ***

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

PRIORITY AREAS FOR ATTENTION:

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

- 1: Unauthorized consumption
- 2: Systematic data handling errors
- 3: Customer metering inaccuracies

(continued)

**ATHENS UTILITIES BOARD
SCHEDULE OF WATER LOSS
JUNE 30, 2021
(continued)**



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

WAS v5.0

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

Water Audit Report for:
Reporting Year:

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 94 out of 100 ***

System Attributes:

	Apparent Losses:	<input type="text" value="4.947"/>	MG/Yr
	+ Real Losses:	<input type="text" value="146.987"/>	MG/Yr
	= Water Losses:	<input type="text" value="151.934"/>	MG/Yr

? Unavoidable Annual Real Losses (UARL): MG/Yr

Annual cost of Apparent Losses:

Annual cost of Real Losses: Valued at **Variable Production Cost**

Return to Reporting Worksheet to change this assumption

Performance Indicators:

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

Operational Efficiency: { Apparent Losses per service connection per day: gallons/connection/day
Real Losses per service connection per day: gallons/connection/day
Real Losses per length of main per day*: gallons/mile/day
Real Losses per service connection per day per psi pressure: gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): million gallons/year

? Infrastructure Leakage Index (ILI) [CARL/UARL]:

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

**ATHENS UTILITIES BOARD
LIST OF PRINCIPAL OFFICIALS
June 30, 2021**

Tom Hughes
Bob Sevigny
William Perkinson
Frank Snyder
Lisa Dotson

Chairman
Vice-Chairman
Board Member
Board Member
Board Member

Eric Newberry
Michelle Millsaps
Kevin Goins
Craig Brymer
Wayne Scarbrough
Phil Graves

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

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

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

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

To the Commissioners
Athens Utilities Board
Athens, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the business-type activities, each of the major funds, and the aggregate remaining fund information, the Pension Trust Fund, of Athens Utilities Board, a component unit of the City of Athens, Tennessee, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Athens Utilities Board's basic financial statements and have issued our report thereon dated October 8, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

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

Athens Utilities Board's Response to Finding

Athens Utilities Board's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Athens Utilities Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Neal, Scouter & McConnell, P.C.

Chattanooga, Tennessee
October 8, 2021

**ATHENS UTILITIES BOARD
SCHEDULE OF FINDINGS AND
QUESTIONED COSTS
June 30, 2021**

Questioned
Costs

2021-001 – Customer Accounts Receivable Reconciliation

\$ - 0 -

Criteria:

Standard accounting procedures and properly established internal controls require that general ledger balances are reconciled and supported by appropriate underlying documentation. At a minimum, these reconciliations should be prepared monthly.

Condition:

The Board did not maintain proper controls over the customer accounts receivable reconciliation process by division or in total. Customer accounts receivable balances were not reconciled to supporting accounts receivable ledgers and other associated billing registers at June 30, 2021, which resulted in material audit adjustments. Controls should ensure that all divisional customer accounts receivable balances are reconciled monthly to the underlying subsidiary ledgers and supporting documentation in a timely manner. Control processes and procedures to accomplish accounts receivable reconciliation on a monthly and year-end basis were not in place.

Cause:

The Board underwent a billing software conversion in August 2020. As a result, interdivisional accounts related to accounts receivable were coded or mapped improperly which resulted in the accounts receivable detail reports not reconciling to the general ledger accounts receivable balances. While the Board worked to resolve these issues during the year, these discrepancies were not resolved in their entirety at the balance sheet date of June 30, 2021.

Effect:

Lack of proper controls resulted in errors and misstatements that were not detected and resolved in a timely manner requiring material audit adjustments.

**ATHENS UTILITIES BOARD
SCHEDULE OF FINDINGS AND
QUESTIONED COSTS
June 30, 2021**

Questioned
Costs

2021-001 – Customer Accounts Receivable Reconciliation (continued)

\$ - 0 -

Recommendation:

We recommend that the Board take appropriate steps to ensure that controls are in place and operating effectively to reconcile all customer accounts receivable balances by division to subsidiary ledgers and other associated billing registers on a monthly basis. These controls should include monthly review procedures which verify and take responsibility for the agreement of the balances.

Board's Response:

The Athens Utilities Board has been engaged in full discussion and disclosure with our auditors regarding the material weakness identified as part of this year's audit.

Management understands and concurs that by definition the adjustment necessary to correct our accounts receivable issue qualifies as "material" per accounting standards and definitions.

We would expand upon the auditor's explanation of "Cause" by stating it was not only a conversion issue in terms of software coding, but this issue was also compounded by a lack of training and support in the new accounting system due to the Coronavirus epidemic.

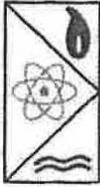
The epidemic not only impacted our vendor's ability to provide full on-site support and training to AUB in the critical period immediately following conversion, AUB was also impacted directly by the epidemic resulting in our inability to have key staff in the office during this timeframe due to illness.

AUB staff initially identified the accounts receivable issue and began working to correct the situation with the vendor in October of 2020, approximately two months after conversion. Staff and vendor technicians were able to correct the accounts receivable distribution between divisions by February of 2021. However, as discussed by the auditors, staff was unable to fully reconcile annual accounts receivable against the general ledger prior to the end of the fiscal year.

We have taken corrective actions to address the weakness identified and these are detailed under "Athens Utilities Board Management Corrective Action Plan" and management is confident that this action plan will assure that this will not be an issue in the future.

**ATHENS UTILITIES BOARD
SCHEDULE OF PRIOR YEAR FINDINGS AND
QUESTIONED COSTS
June 30, 2021**

There were no prior year findings or questioned costs.



Athens Utilities Board

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AUB MANAGEMENT'S CORRECTIVE ACTION PLAN

Summary of Finding:

The Board did not maintain proper controls over the customer accounts receivable reconciliation process by division or in total. Customer accounts receivable balances were not reconciled to supporting accounts receivable ledgers and other associated billing registers at June 30, 2021, which resulted in material audit adjustments.

Summary of Corrective Action:

The Board has taken the appropriate steps to ensure that controls are in place and operating effectively to reconcile all customer accounts receivable balances by division and in total each month.

Contact Person responsible for the Corrective Action: Michelle Millsaps – Superintendent of Accounting

Primary Cause – Coding issues identified with new accounting software

Corrective Action: Work with vendor to address and correct coding issues to ensure accounts receivables are distributed to each division

Date Completed: All coding issues were identified and corrected by March 1st, 2021.

Ancillary Cause – Lack of internal controls and processes to reconcile accounts receivable to general ledger

Corrective Action – Establish process to reconcile accounts receivables to general ledger on a monthly basis within the new system's reporting capabilities.

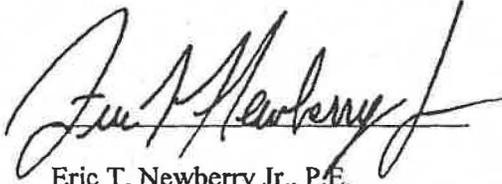
The following is a summary of the steps that will be taken to reconcile accounts receivable on a monthly basis:

1. AUB will generate the "AGED TRIAL BALANCE" by service summary history every month end to provide the subsidiary balances by division;
2. As an additional measure, AUB will generate the "RECONCILIATION REPORT 4" as a check of the subsidiary balance generated in Step 1;
3. AUB will generate the "POSTED ACTIONS" report to provide revenue balances that are posted outside the revenue month to be accounted for in the monthly accounts receivable balance;
4. AUB will reconcile the subsidiary and posted action balances to determine monthly accounts receivable and reconcile these balances to the general ledger

Date Completed: All reconciliation steps have been in place since September 30, 2021.

This corrective action plan applies company-wide to all divisions of Athens Utilities Board.

Signed:



Date:

10/13/2021

Eric T. Newberry Jr., P.E.
General Manager
Athens Utilities Board