



City of Athens, Texas

Annual Financial Report

For the Year Ended September 30, 2020

CITY OF ATHENS, TEXAS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

TABLE OF CONTENTS

**Page
Number**

INTRODUCTORY SECTION

List of Principal Officials	i
-----------------------------------	---

FINANCIAL SECTION

Independent Auditor's Report	1 – 2
------------------------------------	-------

Management Discussion and Analysis	3 – 9
--	-------

Basic Financial Statements

Government-Wide Financial Statements:

Statement of Net Position	10
---------------------------------	----

Statement of Activities	11 – 12
-------------------------------	---------

Fund Financial Statements:

Governmental Funds

Balance Sheet	13 – 14
---------------------	---------

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	15
---	----

Statement of Revenues, Expenditures, and Changes in Fund Balances	16 – 17
--	---------

Reconciliation of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds to the Statement of Activities	18
---	----

Proprietary Funds

Statement of Net Position	19 – 20
---------------------------------	---------

Statement of Revenues, Expenses, and Changes in Net Position	21
---	----

Statement of Cash Flows	22 – 23
-------------------------------	---------

Notes to the Financial Statements	24 – 46
---	---------

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund – Budget and Actual	47
---	----

Notes to Budgetary Information	48
--------------------------------------	----

Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	49 – 50
--	---------

Schedule of Pension Contributions – Texas Municipal Retirement System.....	51 – 52
---	---------

Schedule of Changes in Total Other Post-Employment Benefit Liability and Related Ratios – Texas Municipal Retirement System	53
--	----

Combining Fund Financial Statements

Combining Balance Sheet – Nonmajor Governmental Funds	54 – 55
---	---------

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	56 – 57
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INTRODUCTORY SECTION

CITY OF ATHENS, TEXAS

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2020

Mayor	Monte Montgomery
Councilmember, Place 1	Toni Clay
Councilmember, Place 2	Aaron Smith
Councilmember, Place 3, Mayor Pro Tem	Edward McCain
Councilmember, Place 4	Robert Gross
City Manager	Elizabeth Borstad
Director of Finance	Mandie Quigg

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of Athens, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Athens, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Athens, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City of Athens' 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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Athens, Texas, as of September 30, 2020, and the respective changes in financial position, and, where applicable, 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, budgetary comparison information, and pension and OPEB information as presented in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Athens, Texas' basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2021 on our consideration of the City of Athens, Texas' 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Athens, Texas' internal control over financial reporting and compliance.

Patillo, Brown & Hill, L.L.P.

Waco, Texas
January 22, 2021

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management for the City of Athens, we offer readers of the City of Athens financial statements this narrative overview and analysis of the financial activities of the City of Athens for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

Financial Highlights

- The assets and deferred outflows of the City of Athens exceeded its liabilities and deferred inflows at September 30, 2020 by \$27,277,031. Of this amount, unrestricted net position equals \$7,038,214. In addition, the reporting of restricted funds in the amount of \$1,193,409. The City's net investment in capital assets is \$19,045,408.
- Total net position increased by \$2,910,261. Of this amount \$2,294,282 was associated with governmental and \$615,979 with business-type activities.
- As of the close of the current fiscal year, the City of Athens Governmental Funds reported combined ending fund balances of \$10,148,071. This is a decrease of \$5,280,853 in comparison with the prior year.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all of the City's assets, deferred outflows, liabilities and deferred inflows, with the difference between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information indicating how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, parks and recreation, culture, community development and other charges. The business-type activities include utilities and airport operations. The government-wide financial statements can be found immediately following this management's discussion and analysis.

Fund Financial Statements

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Funds balance sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Charges in Fund Balances for the General Fund, Debt Service Fund and Capital Projects Fund, which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements.

Proprietary Funds

The City of Athens maintains two proprietary funds in the form of enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its utilities and airport operations. The proprietary fund financial statements provide separate information for the Utilities and Airport Funds, with the Utility Fund as a major fund of the City.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found immediately following the notes to the financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a governments' financial position. As of September 30, 2020, the City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$27,277,031.

The largest portion of the City's net position, \$19,045,408, reflects its investment in capital assets (e.g. land, building, equipment, improvements, construction-in-progress and infrastructure), less any outstanding debt used to acquire those assets. Capital assets are used to provide services to citizens; they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

City of Athens Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 13,110,403	\$ 16,828,578	\$ 6,508,667	\$ 4,762,255	\$ 19,619,070	\$ 21,590,833
Capital assets	<u>12,882,995</u>	<u>11,084,231</u>	<u>15,197,281</u>	<u>15,653,120</u>	<u>28,080,276</u>	<u>26,737,351</u>
Total assets	<u>25,993,398</u>	<u>27,912,809</u>	<u>21,705,948</u>	<u>20,415,375</u>	<u>47,699,346</u>	<u>48,328,184</u>
Deferred outflows of resources	<u>957,671</u>	<u>2,067,603</u>	<u>198,627</u>	<u>411,671</u>	<u>1,156,298</u>	<u>2,479,274</u>
Total outflows of resources	<u>957,671</u>	<u>2,067,603</u>	<u>198,627</u>	<u>411,671</u>	<u>1,156,298</u>	<u>2,479,274</u>
Long-term liabilities	14,376,487	21,186,929	3,637,898	3,297,200	18,014,385	24,484,129
Other liabilities	<u>1,958,136</u>	<u>1,056,580</u>	<u>230,672</u>	<u>221,410</u>	<u>2,188,808</u>	<u>1,277,990</u>
Total liabilities	<u>16,334,623</u>	<u>22,243,509</u>	<u>3,868,570</u>	<u>3,518,610</u>	<u>20,203,193</u>	<u>25,762,119</u>
Deferred inflows of resources	<u>1,151,157</u>	<u>565,896</u>	<u>224,263</u>	<u>112,673</u>	<u>1,375,420</u>	<u>678,569</u>
Total inflows of resources	<u>1,151,157</u>	<u>565,896</u>	<u>224,263</u>	<u>112,673</u>	<u>1,375,420</u>	<u>678,569</u>
Net position:						
Net investment in capital assets	6,358,127	6,317,625	12,687,281	13,723,120	19,045,408	20,040,745
Restricted	1,193,409	1,131,132	-	-	1,193,409	1,131,132
Unrestricted	<u>1,913,753</u>	<u>(277,750)</u>	<u>5,124,461</u>	<u>3,472,643</u>	<u>7,038,214</u>	<u>3,194,893</u>
Total net position	<u>\$ 9,465,289</u>	<u>\$ 7,171,007</u>	<u>\$ 17,811,742</u>	<u>\$ 17,195,763</u>	<u>\$ 27,277,031</u>	<u>\$ 24,366,770</u>

An additional portion of net position, 4.4%, or \$1,193,409, represents resources that are subject to external restrictions on how they may be used. These restricted balances include amounts for capital projects, grants, public safety, and tourism and convention. The remaining unrestricted portion is a positive \$7,038,214.

City of Athens Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 2,360,318	\$ 611,799	\$ 5,825,769	\$ 7,516,055	\$ 8,186,087	\$ 8,127,854
Operating grants & contributions	290,559	11,760	40,938	4,095	331,497	15,855
Capital grants and contributions	1,231,909	12,600	112,091	613,581	1,344,000	626,181
General revenues:						
Property taxes	5,210,241	4,891,741	-	-	5,210,241	4,891,741
Sales taxes	4,924,581	4,506,331	-	-	4,924,581	4,506,331
Other taxes	1,381,068	1,284,254	-	-	1,381,068	1,284,254
Investment earnings	92,643	304,923	30,624	53,498	123,267	358,421
Miscellaneous	25,130	16,121	471	447	25,601	16,568
Gain on sale of assets	-	1,149	-	-	-	1,149
Total revenues	<u>15,516,449</u>	<u>11,640,678</u>	<u>6,009,893</u>	<u>8,187,676</u>	<u>21,526,342</u>	<u>19,828,354</u>
Expenses:						
General government	1,337,321	895,841	-	-	1,337,321	895,841
Public safety	6,529,995	4,007,955	-	-	6,529,995	4,007,955
Public services	1,864,176	47,671	-	-	1,864,176	47,671
Public works	1,306,696	1,143,158	-	-	1,306,696	1,143,158
Health	304,663	182,146	-	-	304,663	182,146
Culture and recreation	923,806	802,234	-	-	923,806	802,234
Economic development	126,707	-	-	-	126,707	-
Interest on long-term debt	824,497	465,609	-	-	824,497	465,609
Water utilities	-	-	5,270,013	5,609,050	5,270,013	5,609,050
Airport	-	-	128,207	122,621	128,207	122,621
Total expenses	<u>13,217,861</u>	<u>7,544,614</u>	<u>5,398,220</u>	<u>5,731,671</u>	<u>18,616,081</u>	<u>13,276,285</u>
Increase in net position before transfers	2,298,588	4,096,064	611,673	2,456,005	2,910,261	6,552,069
Transfers	<u>(4,306)</u>	<u>(195,862)</u>	<u>4,306</u>	<u>195,862</u>	<u>-</u>	<u>-</u>
Change in net position	2,294,282	3,900,202	615,979	2,651,867	2,910,261	6,552,069
Net position - beginning of year	7,171,007	4,238,864	17,195,763	14,713,230	24,366,770	18,952,094
Prior period adjustment	-	(968,059)	-	(169,334)	-	(1,137,393)
Net position - end of year	<u>\$ 9,465,289</u>	<u>\$ 7,171,007</u>	<u>\$ 17,811,742</u>	<u>\$ 17,195,763</u>	<u>\$ 27,277,031</u>	<u>\$ 24,366,770</u>

Governmental Activities: Governmental activities increased the City's net position by \$2,294,282. Governmental revenues for 2020 exceeded 2019 by \$3,875,771 and expenditures for 2020 exceeded 2019 by \$5,673,247. Property and sales tax collections for 2020 were higher than collected in 2019. Additionally, effects of the City's cost of living adjustment (COLA) for its TMRS pension plan were more impactful to increasing pension income and reducing expense in 2019 than in 2020.

Business-Type Activities: Business-type activities increased the City's net position by \$615,979. Business-Type revenues for 2020 were lower than 2019 by \$2,177,783 and expenditures were lower by \$333,451. In 2020, the City began capturing costs related to refuse collection and billing in the Governmental Sanitation Fund. In addition to this change Additionally, effects of the City's cost of living adjustment (COLA) for its TMRS pension plan were more impactful to increasing pension income and reducing expense in 2019 than in 2020.

Financial Analysis of the Governments

Governmental Funds Analysis

The focus of the City of Athens' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the City of Athens Governmental funds reported combined ending fund balances of \$10,148,071. Approximately 41.6% of this amount, \$4,226,408, constitutes unassigned fund balance.

The General Fund is the chief operating fund of the City. For the fiscal year ended September 30, 2020, unassigned fund balance of the General Fund was \$4,226,408, while total fund balance reached \$7,255,690.

The General Fund's fund balance increased \$1,591,885 during the current fiscal year. This increase is a result of a slight increase in sales tax coupled with a decrease in expenditures in the public safety and culture, parks and recreation functions.

The Grants fund balance increased by \$145,727 as a result of CARES Act funding received during the current fiscal year. The expenditures being reimbursed by this grant were incurred in the General Fund.

The Cain Center fund balance increased by \$18,564 as a result of resources from donations from the Murchison Foundation and resources received from other funds exceeding expenditures.

The Debt Service Fund's fund balance increased by \$30,709 as a result of property tax collections slightly exceeding debt service requirements for the year.

The Capital Projects Fund's fund balance decreased by \$7,275,990. The decrease was due to spending of bond proceeds in excess of interest earnings in addition to the defeasance of \$5,387,372 on October 1, 2019 of the 2017 Certificates of Obligation.

Proprietary Funds

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Total net position of the Utility Fund at the end of the year amounted to \$16,883,223, an increase of \$640,320; the Airport Fund ended the year with a net position of \$928,519, a decrease of \$24,341. Factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights: General Fund budgeted expenditures were increased mid-year by \$204,553 to complete ongoing projects from Fiscal Year 2019. Property and Sales tax collections were higher than budgeted and resulted in the Council's approval to increase the General Fund Emergency Reserve to the desired goal of 90 days. Significant budget adjustments were as follows:

- \$57,297 – Purchase of portable radios for the Police Department
- \$147,256 – Carroll Street drainage improvement project

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business type activities at September 30, 2020 amounts to \$28,080,276 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, easements, equipment, computer hardware, vehicles, capitalized software, as well as infrastructure assets such as roads, sidewalks, water and sewer lines, water and wastewater treatment facilities.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,242,257	\$ 2,488,136	\$ 340,324	\$ 340,324	\$ 2,582,581	\$ 2,828,460
Construction in progress	2,893,672	1,591,333	101,279	757,604	2,994,951	2,348,937
Buildings & improvements	10,204,620	10,036,802	1,603,636	1,578,752	11,808,256	11,615,554
Infrastructure	7,425,865	6,876,098	27,838,835	26,918,253	35,264,700	33,794,351
Improvements other than buildings	574,665	574,665	2,073,396	2,073,396	2,648,061	2,648,061
Machinery & equipment	7,989,283	7,298,170	2,624,632	2,323,213	10,613,915	9,621,383
Accumulated depreciation	(18,447,367)	(17,780,973)	(19,384,821)	(18,338,422)	(37,832,188)	(36,119,395)
Total	\$ 12,882,995	\$ 11,084,231	\$ 15,197,281	\$ 15,653,120	\$ 28,080,276	\$ 26,737,351

Major capital assets events during the current fiscal year included the following:

Government Activities

- \$2,288,399 – construction in progress: Cain Center
- \$1,039,543 – light equipment, vehicles, and heavy equipment
- \$549,767 – infrastructure, including road projects

Business-Type Activities

- \$984,198 – infrastructure assets funded by capital projects fund
- \$289,636 – vehicles and heavy equipment
- \$101,280 – construction in progress

Additional information on the City's capital assets can be found in the notes to the financial statements.

Long-Term Liabilities

At the end of the current fiscal year, the City had \$18,014,385 in outstanding liabilities consisting of general obligation bonds, certificates of obligation, capital leases, compensated absences, post-employment benefits and net pension liability. Additional information on the City's long-term debt can be found in the notes to the financial statements.

Significant changes in long-term liabilities include a decrease in the net pension liability of \$1,965,286. The City also issued revenue bonds in the business-type activities in the amount of \$1,125,000.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Certificates of obligation	\$ 7,010,234	\$ 12,148,746	\$ -	\$ -	\$ 7,010,234	\$ 12,148,746
General obligation bonds	-	-	1,420,000	1,930,000	1,420,000	1,930,000
Revenue bonds	-	-	1,090,000	-	1,090,000	-
Capital leases payable	1,035,877	1,246,348	-	-	1,035,877	1,246,348
Retainage payable	102,897	-	4,936	-	107,833	-
Compensated absences payable	1,218,743	1,172,493	67,588	49,255	1,286,331	1,221,748
Post-employment benefits	363,865	290,571	76,668	57,853	440,533	348,424
Net pension liability	<u>4,644,871</u>	<u>6,328,771</u>	<u>978,706</u>	<u>1,260,092</u>	<u>5,623,577</u>	<u>7,588,863</u>
Total	<u>\$ 14,376,487</u>	<u>\$ 21,186,929</u>	<u>\$ 3,637,898</u>	<u>\$ 3,297,200</u>	<u>\$ 18,014,385</u>	<u>\$ 24,484,129</u>

Economic Factors and Next Year's Budgets and Rates

- Property tax rate reduced by .02 cents to \$0.660221/\$100 valuation. Certified valuations increased by \$38,148,721.
- Sales tax revenue budgeted at a net \$4,431,136, a conservative 5% decrease over Fiscal Year 2020's projected net sales tax revenue of \$4,664,353.
- The City Council of the City of Athens elected to forego a rate increase for water and sewer services for Fiscal Year 2021.
- The Cain Center Renovation project is ongoing during Fiscal Year 2021 with an anticipated completion of late summer/early fall 2021. This project is made possible through generous grants from the Ginger Murchison Foundation and Cain Foundation, along with funding from the City's 2017 Certificates of Obligation.
- Series 2020 Revenue Bonds were issued in February 2020 for approved Texas Water Development Board Project #62848 for water line improvements at Park, Prairieville, and Clinton. Construction is expected to be completed during Fiscal Year 2021.

- Series 2020A Revenue Bonds closed in November 2020 for approved Texas Water Development Board Project #73885 for sewer line improvements at North Pinkerton. Construction is expected to begin in FY 2021.
- To capture infrastructure projects for the Utility Fund, Fund 37 Utility Capital Projects Fund, was established. A transfer from the Utility Fund at close of Fiscal Year 2020 totaling \$1,335,000 provides initial funding for the \$1,120,000 capital budget in Fiscal Year 2021.

Requests for Information

This financial report is designed to provide a general overview of the City of Athens' finances for all of Athens residents, taxpayers, customers, investors and creditors. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Director of Finance, 508 E. Tyler Athens, Texas 75751.

The City's component unit, Athens Economic Development Center, prepares separately issued financial statements. For more information regarding their report please address your requests to the Office of the Director of Finance, 508 E. Tyler, Athens, Texas 75751.

**BASIC
FINANCIAL STATEMENTS**

CITY OF ATHENS, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

	Primary Government			Component Unit
	Governmental	Business-Type		Athens Economic Development Corporation
	Activities	Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 2,497,784	\$ 1,382,766	\$ 3,880,550	\$ 1,031,062
Investments	3,978,812	1,500,435	5,479,247	3,424,635
Receivables, net of allowance for uncollectibles:				
Taxes	997,210	-	997,210	269,720
Accounts	984,052	957,967	1,942,019	11,325
Notes	50,000	-	50,000	-
Loans	-	-	-	1,716,107
Due from other governments	630,424	-	630,424	-
Internal balances	209,723	(209,723)	-	-
Due from component unit	7	-	7	-
Inventory	-	213,320	213,320	-
Prepaid expenses	473,476	2,458	475,934	-
Restricted:				
Cash and cash equivalents	944,259	210,720	1,154,979	-
Investments	2,344,656	2,450,724	4,795,380	-
Capital assets, net of accumulated depreciation	12,882,995	15,197,281	28,080,276	4,709,809
Total assets	<u>25,993,398</u>	<u>21,705,948</u>	<u>47,699,346</u>	<u>11,162,658</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	895,773	186,158	1,081,931	-
Deferred outflows related to OPEB	61,898	12,469	74,367	-
Total deferred outflows of resources	<u>957,671</u>	<u>198,627</u>	<u>1,156,298</u>	<u>-</u>
LIABILITIES				
Accounts payable	1,560,586	15,442	1,576,028	114,231
Due to other governments	6,284	-	6,284	-
Accrued expenses	341,883	-	341,883	-
Accrued interest payable	45,158	4,510	49,668	-
Customer deposits	4,225	210,720	214,945	-
Noncurrent liabilities:				
Due within one year:				
Long-term debt	968,653	453,185	1,421,838	215,770
Total OPEB liability	2,188	436	2,624	-
Due in more than one year:				
Long-term debt	8,399,098	2,129,339	10,528,437	1,646,450
Total OPEB liability	361,677	76,232	437,909	-
Net pension liability	4,644,871	978,706	5,623,577	-
Total liabilities	<u>16,334,623</u>	<u>3,868,570</u>	<u>20,203,193</u>	<u>1,976,451</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB	18,320	3,843	22,163	-
Deferred inflows related to pensions	1,132,837	220,420	1,353,257	-
Total deferred inflows of resources	<u>1,151,157</u>	<u>224,263</u>	<u>1,375,420</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	6,358,127	12,687,281	19,045,408	4,709,809
Restricted for:				
Capital projects	290,032	-	290,032	-
Debt service	7,281	-	7,281	-
Grant restrictions	149,893	-	149,893	-
Economic development	-	-	-	4,476,398
Public safety	103,827	-	103,827	-
Culture, parks and recreation	161,221	-	161,221	-
Tourism and convention	481,155	-	481,155	-
Unrestricted	1,913,753	5,124,461	7,038,214	-
Total net position	<u>\$ 9,465,289</u>	<u>\$ 17,811,742</u>	<u>\$ 27,277,031</u>	<u>\$ 9,186,207</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ATHENS, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 1,337,321	\$ 58,968	\$ 136,458	\$ -
Public safety	6,529,995	336,497	154,101	642,624
Public services and operations	1,864,176	1,834,307	-	500,000
Public works	1,306,696	74,681	-	-
Health	304,663	-	-	-
Culture, parks, and recreation	923,806	55,865	-	89,285
Economic development	126,707	-	-	-
Interest and other charges	824,497	-	-	-
Total governmental activities	<u>13,217,861</u>	<u>2,360,318</u>	<u>290,559</u>	<u>1,231,909</u>
Business-Type activities:				
Utility	5,270,013	5,767,267	-	112,091
Airport	128,207	58,502	40,938	-
Total business-type activities	<u>5,398,220</u>	<u>5,825,769</u>	<u>40,938</u>	<u>112,091</u>
Total primary government	<u>\$ 18,616,081</u>	<u>\$ 8,186,087</u>	<u>\$ 331,497</u>	<u>\$ 1,344,000</u>
Component Unit:				
Economic Development Corporation	\$ 583,557	\$ 98,406	\$ -	\$ -
Total component unit	<u>\$ 583,557</u>	<u>\$ 98,406</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes:

Property

Sales

Other

Investment income

Miscellaneous

Transfers

Total general revenues

Change in net position

Net position - beginning of year

Net position - end of year

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (1,141,895)	\$ -	\$ (1,141,895)	\$ -
(5,396,773)	-	(5,396,773)	-
470,131	-	470,131	-
(1,232,015)	-	(1,232,015)	-
(304,663)	-	(304,663)	-
(778,656)	-	(778,656)	-
(126,707)	-	(126,707)	-
(824,497)	-	(824,497)	-
(9,335,075)	-	(9,335,075)	-
-	609,345	609,345	-
-	(28,767)	(28,767)	-
-	580,578	580,578	-
(9,335,075)	580,578	(8,754,497)	-
			(485,151)
			(485,151)
5,210,241	-	5,210,241	-
4,924,581	-	4,924,581	1,641,527
1,381,068	-	1,381,068	-
92,643	30,624	123,267	84,621
25,130	471	25,601	-
(4,306)	4,306	-	-
11,629,357	35,401	11,664,758	1,726,148
2,294,282	615,979	2,910,261	1,240,997
7,171,007	17,195,763	24,366,770	7,945,210
\$ 9,465,289	\$ 17,811,742	\$ 27,277,031	\$ 9,186,207

CITY OF ATHENS, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

		<u>Special Revenue</u>	
	<u>General</u>	<u>Grants</u>	<u>Cain Center Fund</u>
ASSETS			
Cash and cash equivalents	\$ 2,497,784	\$ 179,893	\$ 19,376
Investments	3,978,812	-	-
Receivables, net:			
Taxes	964,708	-	-
Accounts	471,569	-	500,000
Due from other governments	34,973	595,451	-
Due from component unit	7	-	-
Due from other funds	1,535,264	-	-
Prepaid items	4,288	469,188	-
Total assets	<u>9,487,405</u>	<u>1,244,532</u>	<u>519,376</u>
LIABILITIES			
Accounts payable	1,560,586	-	-
Accrued expenditures	278,688	-	-
Customer deposits	-	-	-
Due to other funds	694	497,515	500,812
Due to other governments	6,284	-	-
Total liabilities	<u>1,846,252</u>	<u>497,515</u>	<u>500,812</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	108,413	-	-
Unavailable revenue - fines	230,722	-	-
Unavailable revenue - fees/liens	46,328	-	-
Unavailable revenue - grants	-	597,124	-
Total deferred inflows of resources	<u>385,463</u>	<u>597,124</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	4,288	-	-
Committed for:			
Contingency reserve	2,782,936	-	-
Capital projects	-	-	-
Assigned for:			
Subsequent year's budget	242,058	-	-
Restricted for:			
Capital projects	-	-	-
Debt service	-	-	-
Grants	-	149,893	-
Public safety	-	-	-
Culture, parks and recreation	-	-	18,564
Tourism and convention	-	-	-
Unassigned	4,226,408	-	-
Total fund balances	<u>7,255,690</u>	<u>149,893</u>	<u>18,564</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>9,487,405</u>	\$ <u>1,244,532</u>	\$ <u>519,376</u>

The accompanying notes are an integral
part of these financial statements.

Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 29,967	\$ 108	\$ 714,915	\$ 3,442,043
-	2,294,585	50,071	6,323,468
18,842	-	13,660	997,210
-	4,125	8,358	984,052
-	-	-	630,424
-	-	-	7
-	694	-	1,535,958
-	-	-	473,476
<u>48,809</u>	<u>2,299,512</u>	<u>787,004</u>	<u>14,386,638</u>
-	-	-	1,560,586
-	63,195	-	341,883
-	-	4,225	4,225
-	322,145	5,069	1,326,235
-	-	-	6,284
<u>-</u>	<u>385,340</u>	<u>9,294</u>	<u>3,239,213</u>
16,767	-	-	125,180
-	-	-	230,722
-	-	-	46,328
-	-	-	597,124
<u>16,767</u>	<u>-</u>	<u>-</u>	<u>999,354</u>
-	-	-	4,288
-	-	-	2,782,936
-	-	50,071	50,071
-	-	-	242,058
-	1,914,172	-	1,914,172
32,042	-	-	32,042
-	-	-	149,893
-	-	103,827	103,827
-	-	142,657	161,221
-	-	481,155	481,155
-	-	-	4,226,408
<u>32,042</u>	<u>1,914,172</u>	<u>777,710</u>	<u>10,148,071</u>
\$ <u>48,809</u>	\$ <u>2,299,512</u>	\$ <u>787,004</u>	\$ <u>14,386,638</u>

CITY OF ATHENS, TEXAS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2020

Total fund balances - governmental funds balance sheet	\$ 10,148,071
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	12,780,098
Long-term notes receivable are not due and receivable in the current period and therefore are not reported in the governmental funds balance sheet.	50,000
Some of the City's revenues will be collected after year end, but are not available soon enough to pay current year's expenditures. These are reported as deferred inflows of resources in the governmental fund financial statements.	999,354
Some liabilities, including bonds payable and pension and OPEB liabilities, are not due and payable in the current period and therefore are not reported in the governmental funds. Also, deferred outflows and inflows related to these liabilities are not reported in the governmental funds.	<u>(14,512,234)</u>
Net position of governmental activities - statement of net position	\$ <u>9,465,289</u>

CITY OF ATHENS, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

		Special Revenue	
	General	Grants	Cain Center Fund
REVENUES			
Property taxes	\$ 4,326,126	\$ -	\$ -
Sales tax	4,924,581	-	-
Franchise tax	1,082,553	-	-
Other taxes	36,846	-	-
Intergovernmental	89,285	194,781	-
Licenses and permits	74,221	-	-
Charges for services	2,225,064	-	-
Fine and forfeitures	119,829	-	-
Investment earnings	55,093	196	86
Donations	-	-	500,000
Miscellaneous	16,425	-	328
Total revenues	<u>12,950,023</u>	<u>194,977</u>	<u>500,414</u>
EXPENDITURES			
Current:			
General government	1,063,319	-	-
Public safety:			
Police	3,382,972	54,250	-
Fire	2,565,171	-	-
Public services and operations	1,845,635	-	-
Public works	889,239	-	-
Health	297,295	-	-
Culture, parks, and recreation	548,523	-	509,850
Economic development	126,707	-	-
Debt service:			
Principal	-	-	-
Payment to escrow agent	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay:			
General government	35,278	-	-
Public safety	14,378	-	-
Public services and operations	19,747	-	-
Public works	532,423	-	-
Total expenditures	<u>11,320,687</u>	<u>54,250</u>	<u>509,850</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,629,336</u>	<u>140,727</u>	<u>(9,436)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	40,549	-	-
Transfers in	5,000	5,000	78,000
Transfers out	(83,000)	-	(50,000)
Total other financing sources (uses)	<u>(37,451)</u>	<u>5,000</u>	<u>28,000</u>
Net change in fund balances	1,591,885	145,727	18,564
Fund balance - beginning of year	<u>5,663,805</u>	<u>4,166</u>	<u>-</u>
Fund balance - end of year	<u>\$ 7,255,690</u>	<u>\$ 149,893</u>	<u>\$ 18,564</u>

The accompanying notes are an integral part
of these financial statements.

Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 842,122	\$ -	\$ -	\$ 5,168,248
-	-	-	4,924,581
-	-	-	1,082,553
-	-	261,669	298,515
-	-	772	284,838
-	-	-	74,221
-	-	55,865	2,280,929
-	-	7,095	126,924
964	34,092	2,212	92,643
-	-	4,820	504,820
-	-	8,377	25,130
<u>843,086</u>	<u>34,092</u>	<u>340,810</u>	<u>14,863,402</u>
-	-	2,260	1,065,579
-	-	10,309	3,447,531
-	-	5,432	2,570,603
-	-	-	1,845,635
-	-	-	889,239
-	-	-	297,295
-	-	297,105	1,355,478
-	-	-	126,707
505,471	-	-	505,471
-	5,387,372	-	5,387,372
306,906	6,806	-	313,712
-	-	-	35,278
-	1,838,565	-	1,852,943
-	-	-	19,747
-	77,339	803	610,565
<u>812,377</u>	<u>7,310,082</u>	<u>315,909</u>	<u>20,323,155</u>
<u>30,709</u>	<u>(7,275,990)</u>	<u>24,901</u>	<u>(5,459,753)</u>
-	-	142,657	183,206
-	-	50,000	138,000
-	-	(9,306)	(142,306)
-	-	183,351	178,900
30,709	(7,275,990)	208,252	(5,280,853)
<u>1,333</u>	<u>9,190,162</u>	<u>569,458</u>	<u>15,428,924</u>
\$ <u>32,042</u>	\$ <u>1,914,172</u>	\$ <u>777,710</u>	\$ <u>10,148,071</u>

CITY OF ATHENS, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net change in fund balance - total governmental funds \$(5,280,853)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost and accumulated depreciation of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 1,978,822

The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations). (282,955)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 5,251,221

The reduction of long-term notes receivable provides current financial resources to governmental funds. However, in the statement of activities the issuance of the note increased net position in the first year of the note. (25,000)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Grants	597,124
Property taxes	41,993
Fines and fees	<u>13,930</u>

Change in net position of governmental activities \$ 2,294,282

CITY OF ATHENS, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2020

	Enterprise Funds		
	Utility	Nonmajor Airport	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,347,771	\$ 34,995	\$ 1,382,766
Investments	1,500,435	-	1,500,435
Receivables, net of allowance for uncollectibles	932,111	25,856	957,967
Inventories	213,320	-	213,320
Prepaid items	2,458	-	2,458
Restricted assets:			
Cash	208,495	2,225	210,720
Investments	2,450,724	-	2,450,724
Total current assets	<u>6,655,314</u>	<u>63,076</u>	<u>6,718,390</u>
Noncurrent assets:			
Capital assets, not being depreciated:			
Land	152,200	188,124	340,324
Construction in progress	101,279	-	101,279
Capital assets, net of accumulated depreciation:			
Buildings and improvements	71,301	315,208	386,509
Infrastructure	12,681,703	177,817	12,859,520
Improvements other than buildings	493,889	150,341	644,230
Machinery and equipment	827,854	37,565	865,419
Total noncurrent assets	<u>14,328,226</u>	<u>869,055</u>	<u>15,197,281</u>
Total assets	<u>20,983,540</u>	<u>932,131</u>	<u>21,915,671</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	186,158	-	186,158
Deferred outflows related to OPEB	12,469	-	12,469
Total deferred outflows of resources	<u>198,627</u>	<u>-</u>	<u>198,627</u>

CITY OF ATHENS, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2020

	Enterprise Funds		
	Utility	Nonmajor Airport	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 15,442	\$ -	\$ 15,442
Accrued interest payable	4,510	-	4,510
Due to other funds	208,336	1,387	209,723
Retainage payable - current	4,936	-	4,936
Compensated absences - current	18,249	-	18,249
Bonds payable - current	430,000	-	430,000
Total OPEB liability - current	436	-	436
Restricted liabilities:			
Customer deposits	208,495	2,225	210,720
Total current liabilities	<u>890,404</u>	<u>3,612</u>	<u>894,016</u>
Noncurrent liabilities:			
Compensated absences - long term	49,339	-	49,339
Bonds payable - long term	2,080,000	-	2,080,000
Net pension liability	978,706	-	978,706
Total OPEB liability	<u>76,232</u>	<u>-</u>	<u>76,232</u>
Total noncurrent liabilities	<u>3,184,277</u>	<u>-</u>	<u>3,184,277</u>
Total liabilities	<u>4,074,681</u>	<u>3,612</u>	<u>4,078,293</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	220,420	-	220,420
Deferred inflows related to OPEB	<u>3,843</u>	<u>-</u>	<u>3,843</u>
Total deferred inflows of resources	<u>224,263</u>	<u>-</u>	<u>224,263</u>
NET POSITION			
Net investment in capital assets	11,818,226	869,055	12,687,281
Unrestricted	<u>5,064,997</u>	<u>59,464</u>	<u>5,124,461</u>
Total net position	<u>\$ 16,883,223</u>	<u>\$ 928,519</u>	<u>\$ 17,811,742</u>

CITY OF ATHENS, TEXAS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Enterprise Funds		
	Utility	Nonmajor Airport	Total
OPERATING REVENUES			
Water revenue	\$ 2,931,747	\$ -	\$ 2,931,747
Wastewater revenue	2,586,313	-	2,586,313
Fees	190,752	-	190,752
Penalties	55,779	-	55,779
Airport sales and rentals	-	58,502	58,502
Miscellaneous	<u>2,676</u>	<u>-</u>	<u>2,676</u>
Total operating revenues	<u>5,767,267</u>	<u>58,502</u>	<u>5,825,769</u>
OPERATING EXPENSES			
Personnel services	1,786,373	24,785	1,811,158
Materials and supplies	460,986	2,544	463,530
Contractual services	2,026,519	21,835	2,048,354
Depreciation	<u>962,485</u>	<u>79,043</u>	<u>1,041,528</u>
Total operating expenses	<u>5,236,363</u>	<u>128,207</u>	<u>5,364,570</u>
OPERATING INCOME (LOSS)	<u>530,904</u>	<u>(69,705)</u>	<u>461,199</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	30,504	120	30,624
Interest expense	(33,650)	-	(33,650)
Intergovernmental	9,075	40,938	50,013
Miscellaneous	<u>471</u>	<u>-</u>	<u>471</u>
Total nonoperating revenues (expenses)	<u>6,400</u>	<u>41,058</u>	<u>47,458</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>537,304</u>	<u>(28,647)</u>	<u>508,657</u>
Capital contributions	103,016	-	103,016
Transfers in	<u>-</u>	<u>4,306</u>	<u>4,306</u>
Change in net position	640,320	(24,341)	615,979
Total net position, beginning	<u>16,242,903</u>	<u>952,860</u>	<u>17,195,763</u>
Total net position, ending	<u>\$ 16,883,223</u>	<u>\$ 928,519</u>	<u>\$ 17,811,742</u>

The accompanying notes are an integral part
of these financial statements.

CITY OF ATHENS, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Enterprise Funds		
	Utility	Nonmajor Airport	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 5,818,990	\$ 33,121	\$ 5,852,111
Cash payments to suppliers for goods and services	(2,662,585)	(26,015)	(2,688,600)
Cash payments to employees for services	(1,684,687)	(24,785)	(1,709,472)
Net cash provided (used) by operating activities	<u>1,471,718</u>	<u>(17,679)</u>	<u>1,454,039</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grant proceeds	-	40,938	40,938
Transfers in from other funds	<u>-</u>	<u>4,306</u>	<u>4,306</u>
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>45,244</u>	<u>45,244</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(464,691)	(17,982)	(482,673)
Proceeds from sale of general obligation bonds	1,125,000	-	1,125,000
Principal paid on long-term debt	(545,000)	-	(545,000)
Interest and other	<u>(25,765)</u>	<u>-</u>	<u>(25,765)</u>
Net cash provided (used) by capital and related financing activities	<u>89,544</u>	<u>(17,982)</u>	<u>71,562</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(1,875,000)	-	(1,875,000)
Interest on investments	24,156	120	24,276
Proceeds from insurance payment	<u>471</u>	<u>-</u>	<u>471</u>
Net cash provided (used) by investing activities	<u>(1,850,373)</u>	<u>120</u>	<u>(1,850,253)</u>
Net increase in cash and cash equivalents	(289,111)	9,703	(279,408)
Cash and cash equivalents, beginning	<u>1,834,630</u>	<u>27,517</u>	<u>1,862,147</u>
Cash and cash equivalents, ending	<u>\$ 1,545,519</u>	<u>\$ 37,220</u>	<u>\$ 1,582,739</u>

CITY OF ATHENS, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Enterprise Funds		
	Utility	Nonmajor Airport	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 530,904	\$(69,705)	\$ 461,199
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	962,485	79,043	1,041,528
Decrease (increase) in assets and deferred outflows:			
Receivables	46,788	(25,856)	20,932
Inventories	(37,931)	-	(37,931)
Prepaid expense	429	-	429
Deferred outflows	213,044	-	213,044
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable	5,042	-	5,042
Due to other funds	(126,266)	(1,636)	(127,902)
Customer deposits	4,935	475	5,410
Compensated absences	18,333	-	18,333
Retainage	4,936	-	4,936
Net pension liability	(281,386)	-	(281,386)
Total OPEB liability	18,815	-	18,815
Deferred inflows	<u>111,590</u>	<u>-</u>	<u>111,590</u>
Total adjustments	<u>940,814</u>	<u>52,026</u>	<u>992,840</u>
Net cash provided (used) by operating activities	\$ <u>1,471,718</u>	\$ <u>(17,679)</u>	\$ <u>1,454,039</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Contribution of capital assets	\$ 103,016	\$ -	\$ 103,016
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS			
Current assets:			
Cash and cash equivalents	\$ 1,337,024	\$ 34,995	\$ 1,372,019
Restricted assets - cash and cash equivalents	<u>208,495</u>	<u>2,225</u>	<u>210,720</u>
Total cash and cash equivalents	\$ <u>1,545,519</u>	\$ <u>37,220</u>	\$ <u>1,582,739</u>

CITY OF ATHENS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Athens, Texas have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The City of Athens, Texas (the "City") is a municipal corporation governed by an elected mayor and a four-member council. The City was incorporated in 1856 and operated under the provision of a general rule concept until June 1, 1960, when the City's first charter was adopted. The City operates under a Council-Manager form of government and provides the following authorized services: police and fire protection, streets, sanitation, health services, water utilities, library, recreation, planning and zoning, and general administrative services.

The accompanying financial statements present the City and its discretely presented component unit, Athens Economic Development Corporation. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government.

The financial statements of the individual component unit may be obtained by writing the City of Athens, Finance Department, 508 E. Tyler Street, Athens, Texas 75751.

Discretely Presented Component Unit. The financial statements of the following component unit have been discretely presented in the accompanying report because the City is considered to be financially accountable. Resources flow between a primary government and its discretely presented component units are reported as external transactions – that is, as revenue and expenses.

Athens Economic Development Corporation - The Athens Economic Development Corporation ("AEDC") is a nonprofit corporation. The seven-member governing body of AEDC is appointed by the City Council and AEDC's operating budget is subject to approval of the City Council. The purpose of AEDC, which is financed with a voter-approved half-cent city sales tax, is to aid, promote, and further economic development within the City.

Related Organizations. Organizations for which a primary government is accountable because it appoints a voting majority of the board, but is not financially accountable, are considered to be related organizations.

Athens Housing Authority - The Athens Housing Authority ("AHA") is chartered as a public corporation under the state laws for the purpose of providing safe and sanitary dwelling accommodations. This entity receives federal grant funds and administers a housing/rent subsidy program inside the city limits of Athens. The five-member governing body of AHA is appointed by City Council; however, the City has no further accountability.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effects of the interfund activity have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor governmental funds (i.e. special revenue funds) are reported in a single column in the basic fund financial statements. A combining statement is presented after the notes with detail information for each fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and legal claims and judgments, are recorded only when payment is due.

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the City's Utility fund and Airport fund are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major governmental funds:

The **General Fund** is the operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement or some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

The **Grants Fund** is a special revenue fund used to account for the resources received and expended for federal and state grants awarded to the City.

The **Cain Center Fund** is a special revenue fund used to account for the resources received from the various Foundations to reimburse the City for construction costs associated with the Cain Center renovations project.

The **Debt Service Fund** is used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt paid from taxes levied by the City.

The **Capital Projects Fund** is used to account for capital improvement projects while under way. Once completed the project is transferred to the appropriate fund.

The City reports the following major enterprise fund:

The **Utility Fund** accounts for the operation of the City's water and sewer utilities. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

Investments for the City are reported at fair value, except for the position in investment pools, which are reported at net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

The City's cash and investments with maturities of three months or less from the date of purchase are considered to be cash and cash equivalents.

2. Restricted Assets

Restricted assets are assets whose use is subject to constraints that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

The balances of the restricted asset accounts at September 30, 2020 are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Customer deposits	\$ 4,225	\$ 210,720
Grants	199,269	-
Debt service/bond reserves	29,967	-
Special revenue purposes	760,261	-
Capital projects	<u>2,294,693</u>	<u>2,450,724</u>
Total	<u>\$ 3,288,415</u>	<u>\$ 2,661,444</u>

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

3. Inventories and Prepaid Items

Supplies used in business-type activities are accounted for by the consumption method, whereby expenditures are capitalized as inventory until used. They are valued at the lower of cost or market, using the first-in, first-out (FIFO) method for determining unit cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost and reported in the Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date. Public domain (infrastructure) capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems have been recorded at estimated historical cost. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the reporting entity is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25
Machinery & equipment	3 - 20
System infrastructure	20 - 40
Vehicles	5 - 10
Office equipment	5

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one type of deferred outflows, which arise only under the accrual basis of accounting. Deferred outflows related to pensions and OPEB, are reported only in the government-wide and proprietary statements of net position. These amounts are deferred and amortized over the actuarial determined recognition period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of deferred inflows. Unavailable revenue, which only arises on a modified accrual basis of accounting, is comprised of property taxes, municipal court revenue, and fees/liens and is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows related to pensions and OPEB, in the government-wide and proprietary statements of net position, represent actuarial gains (losses) that are deferred and amortized over the actuarial determined recognition period.

6. Compensated Absences

Vacation leave is for the purpose of rejuvenating both mental and physical faculties, and all employees are urged to utilize vacation leave as appropriate for the betterment of both employee and the City. Vacation time is paid out to a terminating employee only up to the max accrual balance per the schedule below. Sick leave is not payable upon termination for non-civil service employees. Fire Services and Police Department employees are eligible for sick leave payout up to remaining balances of 1,080 and 720 hours, respectively.

Full-time employees earn vacation leave as follows:

<u>Years of Service</u>	<u>Full-time Employees (2,080 hours)</u>	<u>Civil Service Employees (2,724 hours)</u>
0 - 10	120	180
11 - 20	160	240
21+	200	300

7. Pensions

For purposes of measuring the net pension liability, pension related deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

8. Other Post-Employment Benefits (OPEB)

Supplemental Death Benefit. For purposes of measuring the Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows of resources and deferred inflows of resources, and OPEB expense, City-specific information about its Total OPEB Liability and additions to/deductions from TMRS's Total OPEB Liability have been determined on the same basis as they are reported by TMRS. The TMRS SDBF expense and deferred inflows/outflows of resources related to TMRS SDBF primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of change. For example, changes in the total TMRS SDBF liability resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

9. Fund Balances

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned, or unassigned.

- Nonspendable fund balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventories or prepaid amounts) or legally required to remain intact. Nonspendable items are not expected to be converted to cash within the next year.
- Restricted fund balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation (such as municipal court fines).
- Committed fund balance – represents amounts that can only be used for specific purposes imposed by a formal action of the City's highest level of decision-making authority, the City Council. Committed resources cannot be used for any other purpose unless the City Council removes or changes the specified use by the same action previously used to commit those amounts, an ordinance. Commitments are typically done through adoption and amendment of the budget.
- Assigned fund balance – represents amounts the City intends to use for specific purposes as expressed by the City Council or an official delegated the authority to assign amounts. This is the residual classification for all governmental funds other than the general fund.
- Unassigned fund balance – represents the residual classification for the general fund or deficit fund balances in other funds.

When an expenditure is incurred for a purpose for which more than one fund balance classification could be used, the City considers the expenditure to be made from the most restrictive classification first.

The City passed a resolution committing \$2,782,936 from the Financial Reserve, which represents approximately 90 days of operating expenditures. This amount is shown as committed fund balance in the general fund.

10. Net position

Net position represents the difference between assets, deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of net capital assets reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws and regulations of other governments.

11. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided and services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund-level statements when they are expected to be liquidated within one year. If receivables and payables are expected to be liquidated after one year, they are classified as "advances to other funds" or "advances from other funds."

In the government-wide statement of activities, the effect of interfund activity has generally been removed from the statements. Exceptions include the chargeback of services for which the elimination would distort the direct costs and program revenues of the various functions reported.

12. Use of Estimates

Preparing the City's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

13. New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which improves accounting and reporting by enhancing the consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The requirements of this statement are effective for the fiscal year ending September 30, 2021. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting by requiring reporting of certain lease liabilities that currently are not reported. The requirements of this statement are effective for the fiscal year ending September 30, 2022. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Budgetary Information

The City Council adopts an annual operating budget, which can be amended by the Council throughout the year. Legal budgets are adopted for the City's general fund. The Grant Fund and Murchison Foundation Grant do not have legally adopted budgets. Further, the following non-major funds did not have budgets adopted for fiscal year 2020: the Airport Grant Fund, Texan Theatre Fund, Special Donations Fund, Municipal Court Technology Fund, and Local Forfeited Cash Fund. The level of budgetary control (the level at which expenditures may not exceed budget) is the fund level. The City Manager is authorized to approve a transfer of budgeted amounts within departments; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Unencumbered appropriations for annual budgets lapse at fiscal year-end, with the exception of the Capital Projects fund. The Capital Projects fund appropriates funds on a project life basis, which means appropriated funds will be available for the life of the stated project.

Encumbrances outstanding at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. DEPOSITS AND INVESTMENTS

Under provisions of state and local statutes, the City's investment policies and provisions of the City's depository contracts with an area financial institution, the City is authorized to place available deposits and investments in the following:

1. Obligations of the U.S., its agencies and instrumentalities.
2. Fully insured or collateralized depository certificates of deposit of banks doing business in Texas.
3. Fully FDIC insurance brokered certificate of deposit securities in any US state delivered versus payment to the City's safekeeping depository with a maximum of one year.
4. Fully collateralized, direct purchase agreements purchased through a primary government securities dealer, as defined by the Federal Reserve with a maximum maturity of six months
5. Local Government Investment Pools authorized under Section 2256.016 of the Texas Government code which invest in instruments and follow practices allowed by current law. A pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.
6. AAA-rated, SEC registered money market mutual funds which strive to maintain a \$1 net asset value.
7. Obligations of state and local governments in the US with a maximum A rating from a nationally recognized rating agency with a stated maturity not to exceed two years.
8. A1/P1 commercial paper rated by two nationally recognized rating agencies with a maximum maturity of 90 days.

The City Council has adopted a written investment policy regarding the investments of its funds as defined by the Public Investment Act of 1995 (Chapter 2256, Texas Government Code). In addition, the component unit has adopted a written investment policy as well. Additional disclosures related to the investment policies of the component unit are disclosed in their separately issued financial reports.

The investments of the City are in compliance with the Council's investment policies. The City did not have any derivative investment products during the current year. All significant legal and contractual provisions for investments were complied with during the year. Investments at year-end are representative of the types of investments maintained by the City during the year.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of year-end, the City and its component unit's deposits were covered by Federal Depository Insurance or by collateral held by a third-party custodian.

In the case of investments, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments are with the Texas Local Government Investment Pool ("TexPool").

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

Under the LOGIC participation and trust agreement, administrative and investment services are provided by Hilltop Securities Inc. and J.P. Morgan Investment Management Inc. The reported value of the pool is the same as the fair value of the pool shares. LOGIC is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available at 1201 Elm Street, Suite 3500, Dallas, Texas 75270.

Under the TexSTAR participation and trust agreement, administrative and investment services are provided by Hilltop Securities Inc. and J.P. Morgan Investment Management Inc. The reported value of the pool is the same as the fair value of the pool shares. TexSTAR is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available at www.texstar.org.

Credit Risk. This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. It is the government's policy to limit its investments to those investments rated at least AAAM. The credit quality rating for TexPool at year end was AAAM by Standard & Poor's.

Interest Rate Risk. This is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The maximum allowable maturity for operating funds is five years. The weighted average maturity for the government's investment in external investment pools is less than 60 days.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the government's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent (5%) or more in the securities of a single issuer. It is the government's policy to not allow for a concentration of credit risk. Investments issued by the U.S. Government and investments in investment pools are excluded from the 5 percent (5%) disclosure requirement. The government is not exposed to concentration of credit risk.

At year end, the City's investment balances were as follows:

	Carrying Value	Weighted Average Maturity (days)
Primary government		
TexPool	\$ 9,247,823	38
TexStar	<u>1,026,803</u>	44
Total	<u>10,274,626</u>	
Portfolio weighted average maturity		
Primary Government		39
Component units:		
Certificates of deposit	1,026,003	123
LOGIC	1,324,768	52
TexSTAR	<u>887,861</u>	44
Total component units	<u>3,238,632</u>	
Portfolio weighted average maturity		
Component unit		72
Total Reporting Entity	<u>\$ 13,513,258</u>	

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the Office of the Comptroller of Public Accounts for review. TexPool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

The Texas Short-term Asset Reserve Program, TexSTAR, is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity and competitive yield. TexSTAR is overseen by a Governing Board consisting of individuals from participating government entities in the pool. The business and affairs of TexSTAR are managed by the Board. J.P. Morgan Investment Management, Inc. provides investment management, fund accounting, transfer agency and custodial services for the pool and Hilltop Securities Inc. provides administrative, marketing and participant services. The fund seeks to maintain a constant dollar objective and fulfills all requirement of the Texas PFIA for local government investment pools. The fund is rated AAAM by Standard and Poor's and maintains a maturity of 60 days or less, with a maximum maturity of 13 months for an individual security.

Local Government Investment Cooperative (LOGIC) (the "Pool") was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, and operates as a public funds investment pool under the Public Funds Investment Act. LOGIC is organized and existing as a business trust under the laws of the State of Texas with all Participant funds and all investment assets held and managed in trust by a Board of Trustees for the benefit of the Participants. The Board of Trustees is LOGIC's governing body and is comprised of employees, officers or elected officials of Participant Government Entities or individuals who do not have a business relationship with the Pool and are qualified to advise it. A maximum of two advisory board members represent the Co-Administrators of the Pool.

B. RECEIVABLES

Receivables at September 30, 2020 for the government's individual major funds and non-major funds in the aggregate, including the applicable allowance for uncollectible accounts, consist of the following:

Receivable	Governmental Activities					Total
	General Fund	Murchison Foundation Grant	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	
Property tax	\$ 194,514	\$ -	\$ 37,684	\$ 4,125	\$ -	\$ 236,323
Sales tax	809,159	-	-	-	-	809,159
Other taxes	58,292	-	-	-	13,660	71,952
Municipal court	1,538,142	-	-	-	-	1,538,142
Accounts	<u>394,307</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>8,358</u>	<u>902,665</u>
Gross receivables	2,994,414	500,000	37,684	4,125	22,018	3,558,241
Less: allowance for uncollectibles	(<u>1,558,137</u>)	<u>-</u>	(<u>18,842</u>)	<u>-</u>	<u>-</u>	(<u>1,576,979</u>)
Total taxes and accounts receivable (net)	\$ <u><u>1,436,277</u></u>	\$ <u><u>500,000</u></u>	\$ <u><u>18,842</u></u>	\$ <u><u>4,125</u></u>	\$ <u><u>22,018</u></u>	\$ <u><u>1,981,262</u></u>

Business-type Activities			
Receivable	Utility Fund	Nonmajor Airport	Total
Accounts	\$ <u>1,030,774</u>	\$ <u>25,856</u>	\$ <u>1,056,630</u>
Gross receivables	1,030,774	25,856	1,056,630
Less: allowance for uncollectibles	(<u>98,663</u>)	<u>-</u>	(<u>98,663</u>)
Total taxes and accounts receivable (net)	\$ <u><u>932,111</u></u>	\$ <u><u>25,856</u></u>	\$ <u><u>957,967</u></u>

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

C. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2020, was as follows:

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,488,136	\$ -	\$ (245,879)	\$ 2,242,257
Construction in progress	<u>1,591,333</u>	<u>2,288,399</u>	<u>(986,060)</u>	<u>2,893,672</u>
Total capital assets, not being depreciated	<u>4,079,469</u>	<u>2,288,399</u>	<u>(1,231,939)</u>	<u>5,135,929</u>
Capital assets, being depreciated:				
Buildings and improvements	10,036,802	167,818	-	10,204,620
Infrastructure	6,876,098	549,767	-	7,425,865
Improvements other than buildings	574,665	-	-	574,665
Machinery and equipment	<u>7,298,170</u>	<u>1,039,543</u>	<u>(348,430)</u>	<u>7,989,283</u>
Total capital assets being depreciated	<u>24,785,735</u>	<u>1,757,128</u>	<u>(348,430)</u>	<u>26,194,433</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,607,069)	(184,589)	-	(7,791,658)
Infrastructure	(4,718,315)	(309,998)	-	(5,028,313)
Improvements other than buildings	(286,724)	(36,291)	-	(323,015)
Machinery and equipment	<u>(5,168,865)</u>	<u>(478,186)</u>	<u>342,670</u>	<u>(5,304,381)</u>
Total accumulated depreciation	<u>(17,780,973)</u>	<u>(1,009,064)</u>	<u>342,670</u>	<u>(18,447,367)</u>
Total capital assets, being depreciated, net	<u>7,004,762</u>	<u>748,064</u>	<u>(5,760)</u>	<u>7,747,066</u>
Governmental activities capital assets, net	<u>\$ 11,084,231</u>	<u>\$ 3,036,463</u>	<u>\$ (1,237,699)</u>	<u>\$ 12,882,995</u>
	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 340,324	\$ -	\$ -	\$ 340,324
Construction in progress	<u>757,603</u>	<u>101,280</u>	<u>(757,604)</u>	<u>101,279</u>
Total capital assets, not being depreciated	<u>1,097,927</u>	<u>101,280</u>	<u>(757,604)</u>	<u>441,603</u>
Capital assets, being depreciated:				
Buildings and improvements	1,578,752	24,884	-	1,603,636
Infrastructure	26,918,253	984,198	(63,616)	27,838,835
Improvements other than buildings	2,073,396	-	-	2,073,396
Machinery and equipment	<u>2,323,201</u>	<u>289,636</u>	<u>11,795</u>	<u>2,624,632</u>
Total capital assets being depreciated	<u>32,893,602</u>	<u>1,298,718</u>	<u>(51,821)</u>	<u>34,140,499</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,169,844)	(38,356)	-	(1,208,200)
Infrastructure	(14,217,870)	(770,371)	-	(14,988,241)
Improvements other than buildings	(1,368,126)	(61,039)	-	(1,429,165)
Machinery and equipment	<u>(1,582,569)</u>	<u>(171,762)</u>	<u>(4,884)</u>	<u>(1,759,215)</u>
Total accumulated depreciation	<u>(18,338,409)</u>	<u>(1,041,528)</u>	<u>(4,884)</u>	<u>(19,384,821)</u>
Total capital assets, being depreciated, net	<u>14,555,193</u>	<u>257,190</u>	<u>(56,705)</u>	<u>14,755,678</u>
Business-type activities capital assets, net	<u>\$ 15,653,120</u>	<u>\$ 358,470</u>	<u>\$ (814,309)</u>	<u>\$ 15,197,281</u>

Depreciation expense was charged to functions/programs of the primary government as follow:

Governmental activities:	
General government	\$ 128,073
Public safety	322,954
Public services and operations	16,328
Public works	415,327
Parks, culture, and recreation	<u>126,382</u>
Total depreciation expense - governmental activities	\$ <u>1,009,064</u>
Business-type activities:	
Utility	\$ 962,485
Airport	<u>79,043</u>
Total depreciation expense - business-type activities	\$ <u>1,041,528</u>

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Athens Economic Development Corporation:				
Capital assets, not being depreciated:				
Land	\$ 2,525,178	\$ 49,768	\$ (68,060)	\$ 2,506,886
Total capital assets, not being depreciated	<u>2,525,178</u>	<u>49,768</u>	<u>(68,060)</u>	<u>2,506,886</u>
Capital assets, being depreciated:				
Buildings & improvements	2,163,026	-	-	2,163,026
Infrastructure	861,511	-	29,620	891,131
Machinery & equipment	<u>333,612</u>	<u>-</u>	<u>(39,613)</u>	<u>293,999</u>
Total capital assets being depreciated	<u>3,358,149</u>	<u>-</u>	<u>(9,993)</u>	<u>3,348,156</u>
Less accumulated depreciation for:				
Buildings & improvements	(973,794)	(56,585)	120,142	(910,237)
Infrastructure	(72,030)	(23,587)	(10,696)	(106,313)
Machinery & equipment	<u>(11,612)</u>	<u>(18,190)</u>	<u>(98,881)</u>	<u>(128,683)</u>
Total accumulated depreciation	<u>(1,057,436)</u>	<u>(98,362)</u>	<u>10,565</u>	<u>(1,145,233)</u>
Total capital assets, being depreciated, net	<u>2,300,713</u>	<u>(98,362)</u>	<u>572</u>	<u>2,202,923</u>
Athens Economic Development Corporation capital assets, net	\$ <u>4,825,891</u>	\$ <u>(48,594)</u>	\$ <u>(67,488)</u>	\$ <u>4,709,809</u>

Depreciation expense was charged to the component unit's lone function, economic development.

D. LONG TERM DEBT

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. During the 2015 fiscal year, General Obligation refunding bonds were issued to refund 2000 and 2004 Certificates of Obligation related to the Utility fund and 1998 Certificates of Obligation related to governmental activities. The City intends to retire all of its general long-term liabilities, plus interest, net revenues of the utility system. General obligation bonds currently outstanding are as follows:

2015 General obligation refunding bonds due in various annual principal installments through August 2024 interest at 0.60% to 2.20% \$ 1,420,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending September 30	Business-Type Activities	
	Principal	Interest
2021	\$ 345,000	\$ 27,060
2022	350,000	21,540
2023	355,000	15,240
2024	<u>370,000</u>	<u>8,140</u>
Total	\$ <u>1,420,000</u>	\$ <u>71,980</u>

Certificates of Obligation. During the 2017 fiscal year, the City issued \$11,755,000 of Combination Tax and Revenue Certificates of Obligation for the purpose of paying contractual obligations to be incurred for: (i) improving and extending the City's water and wastewater system, (ii) constructing, equipping, and improving park and recreation facilities, including improvements to the Cain Center, (iii) constructing, improving, and equipping a community events facility, (v) constructing and equipping firefighting facilities and, (vi) professional services rendered in connection therewith.

Certificate of obligation bonds may be issued for both general government and proprietary activities to provide funds for acquisition or construction of major capital facilities. The 2017 Combination Tax and Revenue Certificates of Obligation are expected to be repaid from property tax revenues; therefore, they have been reported as in governmental activities.

The City has outstanding certificate of obligation bonds as follows:

2017 Combination Tax and Revenue Certificates of Obligation due in various annual principal installments through February 2036, interest at 3% - 4.5% \$ 6,630,000

Annual debt service requirements to maturity for certificate of obligations are as follows:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2021	\$ 310,000	\$ 262,100
2022	330,000	252,800
2023	350,000	239,600
2024	370,000	225,600
2025	395,000	210,800
2026-2030	2,340,000	798,800
2031-2035	2,535,000	274,200
Total	<u>\$ 6,630,000</u>	<u>\$ 2,263,900</u>

Capital Leases. The City is obligated under four capital leases for a fire truck, a loader, and a roller. The outstanding leases at September 30, 2020 are as follows:

Fire Truck payable in 120 monthly installments of \$8,425, including interest at 2.3365%, with a final payment on September 14, 2022. \$ 197,362

Fire Truck #2 payable in 120 monthly installments of \$7,776, including interest at 2.97%, with a final payment on May 10, 2029. \$ 712,211

Loader payable in 60 monthly installments of \$2,142, including interest at 2.74%, with a final payment on May 30, 2024. \$ 89,551

Roller payable in 60 monthly installments of \$1,881, including interest at 2.67%, with a final payment on May 10, 2022. \$ 36,753

Annual debt service requirements to maturity for capital leases are as follows:

Year Ending September 30	Governmental Activities
2021	\$ 242,677
2022	235,154
2023	119,007
2024	110,441
2025	93,309
2026-2029	<u>342,133</u>
Total amount of minimum lease payments	1,142,721
Less: amount representing interest	<u>(106,844)</u>
Present value of minimum lease payments	<u>\$ 1,035,877</u>

Waterworks and Sewer System Revenue Bonds. During the 2020 fiscal year, the City issued \$1,125,000 of Waterworks and Sewer System Revenue Bonds, Series 2020 (direct borrowing) for the purpose of financing water system improvements within the City. This financial assistance was awarded by the Texas Water Development Board, who determined that the city qualified for principal forgiveness as a Disadvantaged Community pursuant to 31 TAC 371.17 and criteria set forth in the 2020 Drinking Water State Revolving Fund (DWSRF) Intended Use Plan. The principal forgiveness amount is \$300,000 and must be used for eligible expenditures. The bonds carry interest rates ranging from 0.05% to 0.48% and mature on August 1, 2029.

Annual debt service requirements to maturity for these bonds are as follows:

Year Ending September 30	Business-type Activities	
	Principal	Interest
2021	\$ 85,000	\$ 1,496
2022	85,000	1,496
2023	85,000	1,496
2024	85,000	1,454
2025	90,000	1,377
2026-2029	660,000	3,564
Total	<u>\$ 1,090,000</u>	<u>\$ 10,883</u>

Defeased Debt. In fiscal year 2020, the City defeased \$4,550,000 of certificates of obligations by placing the City's own resources into irrevocable trust accounts to provide for future debt service payments on the old obligations. Accordingly, those trust account assets and the liability for those defeased obligations are not included in the City's financial statements. As of September 30, 2020, \$4,550,000 of defeased obligations remain outstanding. To defease the obligations, the City made a payment of \$5,387,372, which exceeded the carrying value of the obligations and related premiums by \$575,943. This loss on defeasance was recognized in the current year.

Changes in Long-Term Liabilities. Long-term liability activity for the year ended September 30, 2020, was as follows:

	Beginning Balance	Additions	Retirements	Refunded	Ending Balance	Due Within One Year
Governmental activities:						
Certificates of obligation	\$ 11,475,000	\$ -	\$(295,000)	\$(4,550,000)	\$ 6,630,000	\$ 345,000
Premium	673,746	-	(32,083)	(261,429)	380,234	-
Capital leases payable	1,246,348	-	(210,471)	-	1,035,877	216,070
Retainage payable	-	102,897	-	-	102,897	102,897
Compensated absences	<u>1,172,493</u>	<u>365,672</u>	<u>(319,422)</u>	<u>-</u>	<u>1,218,743</u>	<u>304,686</u>
Total governmental activities	<u>\$ 14,567,587</u>	<u>\$ 468,569</u>	<u>\$(856,976)</u>	<u>\$(4,811,429)</u>	<u>\$ 9,367,751</u>	<u>\$ 968,653</u>
Business-type Activities:						
General obligation bonds	\$ 1,930,000	\$ -	\$(510,000)	\$ -	\$ 1,420,000	\$ 345,000
Revenue bonds (direct borrowing)	-	1,125,000	(35,000)	-	1,090,000	85,000
Retainage payable	-	4,936	-	-	4,936	4,936
Compensated absences	<u>49,255</u>	<u>72,575</u>	<u>(54,242)</u>	<u>-</u>	<u>67,588</u>	<u>18,249</u>
Total business-type activities	<u>\$ 1,979,255</u>	<u>\$ 1,202,511</u>	<u>\$(599,242)</u>	<u>\$ -</u>	<u>\$ 2,582,524</u>	<u>\$ 453,185</u>
Component Unit:						
Notes payable	\$ 1,275,085	\$ -	\$(212,965)	\$ -	\$ 1,062,120	\$ 215,770
Promissory note	<u>495,524</u>	<u>346,330</u>	<u>(41,754)</u>	<u>-</u>	<u>800,100</u>	<u>-</u>
Total component unit	<u>\$ 1,770,609</u>	<u>\$ 346,330</u>	<u>\$(254,719)</u>	<u>\$ -</u>	<u>\$ 1,862,220</u>	<u>\$ 215,770</u>

Within the governmental activities, the General Fund generally liquidates the liability for compensated absences payable.

The City's combination tax and revenue certificates of obligation are secured by revenue from ad valorem taxes on all taxable property within the City. The certificates are additionally payable from and secured by a limited pledge of \$1,000 on the net revenues of the City's waterworks and sewer system. Should the City default on these bonds, any registered owner of the certificates is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring specific performance from the City.

The City's direct borrowings (capital leases) are secured by the financed equipment as collateral.

Component Unit – Athens Economic Development Corporation. AEDC obtained notes payable for the building they are located in, various land and building purchases to attract business to the area, and for infrastructure in the Industrial Park. Notes payable outstanding at year-end are as follows:

Notes payable in monthly installments of \$4,248, including yearly adjusted interest rates. On January 1, 2017 the interest rate was increased to 2.89%. \$ 70,252

Notes payable in 110 monthly installments of \$6,577, including interest at 2.25% for 60 months and then 2.81% for 50 months. \$ 289,062

Notes payable in 180 monthly installments of \$4,505, including interest at 2.76%. \$ 447,278

Notes payable in 120 monthly installments of \$4,900, including interest at 2.85%. \$ 255,528

Component Unit – Athens Economic Development Corporation. The principal and interest requirements at September 30, 2020, for the component unit debt are as follows:

Year Ending September 30	AEDC	
	Principal	Interest
2021	\$ 215,770	\$ 26,976
2022	191,864	21,148
2023	175,604	16,169
2024	174,029	11,167
2025	77,100	6,751
2026-2030	<u>227,753</u>	<u>14,698</u>
Total	<u>\$ 1,062,120</u>	<u>\$ 96,909</u>

Component Unit – Athens Economic Development Corporation. In 2019, a construction note was entered into for a maximum of \$1 million. As of September 30, 2020, the balance of the note was \$800,100. AEDC only makes interest payments until construction is complete and at that point, a payment schedule will be set. The interest rate is 3% and the loan matures on February 04, 2027.

E. DEFINED BENEFIT PENSION PLAN

Texas Municipal Retirement System

Plan Description. The City of Athens participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

Benefits provided. TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Starting in 2005, the City granted an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount which considers salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, in 2019, the City adopted a modification to its annually repeating (automatic) basis cost of living adjustments (COLA) for retirees from 70% to 30% of the change in the consumer price index (CPI).

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to retirees)	30% of CPI

Employees covered by benefit terms. At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	86
Inactive employees entitled to but not yet receiving benefits	82
Active employees	<u>116</u>
Total	<u><u>284</u></u>

Contributions. The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.46% and 20.79% in calendar years 2020 and 2019, respectively. The City's total contributions to TMRS for the year ended September 30, 2020, were \$1,103,424, and were equal to the required contributions.

Net Pension Liability. The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Within the governmental activities, the General Fund generally liquidates the net pension liability. In the business-type activities, the net pension liability is liquidated by the Utility Fund.

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender distinct Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	<u>10.00%</u>	7.75%
Total	<u>100.00%</u>	

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 assumed that employee and employer contributions will be made at the rates specified in the statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/18	\$ 34,671,158	\$ 27,082,295	\$ 7,588,863
Changes for the year:			
Service cost	1,066,806	-	1,066,806
Interest	2,308,042	-	2,308,042
Changes of benefit terms	-	-	-
Difference between expected and actual experience	143,230	-	143,230
Changes of assumptions	201,719	-	201,719
Contributions - employer	-	1,054,841	(1,054,841)
Contributions - employee	-	465,273	(465,273)
Net investment income	-	4,189,337	(4,189,337)
Benefit payments, including refunds of employee contributions	(2,022,705)	(2,022,705)	-
Administrative expense	-	(23,658)	23,658
Other changes	-	(710)	710
Net changes	<u>1,697,092</u>	<u>3,662,378</u>	<u>(1,965,286)</u>
Balance at 12/31/19	<u>\$ 36,368,250</u>	<u>\$ 30,744,673</u>	<u>\$ 5,623,577</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 10,735,683	\$ 5,623,577	\$ 1,437,599

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension expense and deferred outflows and inflows of resources related to pensions. For the year ended September 30, 2020, the City recognized pension expense of \$975,589.

At September 30, 2020, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 111,043	\$ 394,951
Changes in actuarial assumptions	167,003	-
Difference between projected and actual investment earnings	-	958,306
Contributions subsequent to the measurement date	<u>803,885</u>	<u>-</u>
Total	<u>\$ 1,081,931</u>	<u>\$ 1,353,257</u>

\$803,885 was reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	<u>Pension Expense</u>
2021	\$(377,171)
2022	(349,504)
2023	88,838
2024	(437,374)

F. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – TMRS SUPPLEMENTAL DEATH BENEFITS FUND.

Plan Description. The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Benefits provided. Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other post-employment benefit and is a fixed amount of \$7,500.

Employees covered by benefit terms. At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	72
Inactive employees entitled to but not yet receiving benefits	13
Active employees	<u>116</u>
Total	<u><u>201</u></u>

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.16% for 2020 and 0.18% for 2019, of which 0.04%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's retiree-only portion of contributions to the SDBF for the years ended September 30, 2020 and 2019 were \$2,085 and \$1,679, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Total OPEB Liability. The City's total OPEB liability was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Within the governmental activities, the General Fund generally liquidates the total OPEB liability. In the business-type activities, the total OPEB liability is liquidated by the Utility Fund.

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups.

The Total OPEB Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	3.50% to 11.50% Including Inflation
Discount Rate	2.75% (Based on Fidelity Index's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational bases with scale UMP.
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis with scale UMP to account for future mortality improvements subject to the floor.

Changes in Total OPEB Liability

	Increase (Decrease) Total OPEB Liability
Balance at 12/31/18	\$ 348,419
Changes for the year:	
Service cost	13,294
Interest on total OPEB liability	13,124
Differences between expected and actual experience	(2,022)
Changes of assumptions or other inputs	70,377
Benefit payments	(2,659)
Net changes	92,114
Balance at 12/31/19	\$ 440,533

Sensitivity of the Total OPEB Liability to changes in the discount rate. The following presents the Total OPEB Liability of the City, calculated using the discount rate of 2.75%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
City's Total OPEB Liability	\$ 536,398	\$ 440,533	\$ 366,682

OPEB expense, deferred outflows and deferred inflows of resources related to OPEB. For the year ended September 30, 2020, the City recognized OPEB expense of \$37,420. At September 30, 2020, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 4,491
Changes in actuarial assumptions	73,729	17,672
Contributions subsequent to the measurement date	<u>638</u>	<u>-</u>
Total	<u>\$ 74,367</u>	<u>\$ 22,163</u>

\$638 was reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	OPEB Expense
2021	\$ 11,003
2022	11,003
2023	11,003
2024	7,391
2025	10,157
Thereafter	1,009

G. INTERFUND BALANCES AND ACTIVITIES

Transfers between funds during the year were as follows:

Transfers From	Transfers To	Amount
General Fund	Cain Center Fund	\$ 78,000
General Fund	Grants Fund	5,000
Nonmajor governmental Funds	General Fund	5,000
Nonmajor governmental Funds	Utility Fund	4,306
Cain Center Fund	Nonmajor governmental Funds	<u>50,000</u>
Total		<u>\$ 142,306</u>

The General Fund transferred \$78,000 to the Cain Center Fund to assist with the Cain Center project. \$50,000 was transferred from the Cain Center Fund to the Cain Center Capital Projects Fund in order to set aside funding for further improvements to the Cain Center. Other operating transfers were used for grant match and other purposes.

The composition of interfund balances as of September 30, 2020, is as follows:

Payable Fund	Receivable Fund	Amount
General Fund	Capital Projects Fund	\$ 694
Grants Fund	General Fund	497,515
Cain Center Fund	General Fund	500,812
Capital Projects Fund	General Fund	322,145
Nonmajor governmental Funds	General Fund	5,069
Utility Fund	General Fund	208,336
Nonmajor Enterprise Funds	General Fund	<u>1,387</u>
Total		<u>\$ 1,535,958</u>

All amounts due to the General Fund are related to accounts payable and payroll processed by the General Fund for all other funds.

H. COMMITMENTS AND CONTINGENCIES

Federal and State Grant Awards. The City received federal and state grants for special purposes that are subjected to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. City management believes such disallowances, if any, would be insignificant.

Contracts. Effective May 1, 2016 the City contracted with Allied Waste Systems, Inc. for the collection and disposal of garbage for residents within the city limits. The service will be paid for in accordance with the rates set forth in the contract. The contract is for a seven-year period ending April 30, 2023. During the year ended September 30, 2020, the City paid \$1,757,101 to Republic Services under the contract.

Construction Commitments. The City has active construction projects as of September 30, 2020. The projects include airport runway and the construction of water and sewer facilities. At year-end, the City's commitments with contractors are as follows:

Project	Spent-to-Date	Estimated Remaining Commitment
Cain Center Renovations	\$ 2,785,405	\$ 5,472,693
Park, Prairieville, Clinton Water Line		
Project #62848	49,363	639,420
Total	\$ 2,834,768	\$ 6,112,113

I. RISK MANAGEMENT

Group Health. The City provides health and dental insurance at no cost to all full-time employees. For the year ending September 30, 2020, the monthly City paid premium costs for each eligible employee for health and dental insurance was \$598 and \$29, respectively.

General Liability. The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

Worker's Compensation. All City employees are covered by a risk pool workmen's compensation insurance program. The City pays certain administrative fees to an independent insurance intermediary who administers the program and processes all claims. Any valid claims are paid by the City and charged as current operating expenditures. Any potential future claims cannot be determined and, as of September 30, 2020, the administrator had not reported any such claims to the City.

J. NOTE RECEIVABLE

During fiscal year 2017, the City sold a building and land to Trinity Valley Community College (TVCC) for \$250,000. At closing TVCC paid \$125,000 and signed a five-year note. The terms of the note are yearly payments of \$25,000 at 0% interest. At September 30, 2020, the balance of the note receivable was \$50,000.

K. RELATED PARTY TRANSACTIONS

In 2020, the City purchased goods or services from a vendor of which a member of City Council owns a majority stake. The council member complied with conflict of interest disclosures and abstained from voting when the invoices were approved. Total amounts paid to the vendor totaled \$3,188 in 2020.

L. SUBSEQUENT EVENTS

On November 12, 2020, the City issued \$1,546,404 of Waterworks and Sewer System Revenue Bonds, Series 2020A (direct borrowing) for the purpose of financing water system improvements within the City. This financial assistance was awarded by the Texas Water Development Board, who determined that the city qualified for principal forgiveness as a Disadvantaged Community pursuant to 31 TAC 371.17 and criteria set forth in the 2020 Clean Water State Revolving Fund (CWSRF) Intended Use Plan. The principal forgiveness amount is \$466,404 and must be used for eligible expenditures. The bonds carry interest rates ranging from 0.05% to 0.48% and mature on August 1, 2029.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF ATHENS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	\$ 4,414,480	\$ 4,414,480	\$ 4,326,126	\$ (88,354)
Sales tax	4,301,250	4,301,250	4,924,581	623,331
Franchise tax	915,000	915,000	1,082,553	167,553
Other taxes	32,000	32,000	36,846	4,846
Intergovernmental	-	-	89,285	89,285
Licenses and permits	111,950	111,950	74,221	(37,729)
Charges for services	1,914,800	2,085,683	2,225,064	139,381
Fine and forfeitures	170,600	170,600	119,829	(50,771)
Investment earnings	70,200	70,200	55,093	(15,107)
Donations	10,000	10,000	-	(10,000)
Miscellaneous	10,000	10,000	16,425	6,425
Total revenues	<u>11,950,280</u>	<u>12,121,163</u>	<u>12,950,023</u>	<u>828,860</u>
EXPENDITURES				
Current:				
General government	1,735,991	1,735,991	1,063,319	672,672
Public safety:				
Police	3,653,357	3,710,654	3,382,972	327,682
Fire	2,609,820	2,607,767	2,565,171	42,596
Public services and operations	1,905,122	1,990,122	1,845,635	144,487
Public works	1,119,136	1,119,136	889,239	229,897
Health	308,787	308,787	297,295	11,492
Culture, parks, and recreation	566,825	566,825	548,523	18,302
Economic development	170,652	170,652	126,707	43,945
Capital outlay:				
General government	158,500	158,500	35,278	123,222
Public safety	7,500	9,553	14,378	(4,825)
Public services and operations	20,500	20,500	19,747	753
Public works	425,000	572,256	532,423	39,833
Total expenditures	<u>12,681,190</u>	<u>12,970,743</u>	<u>11,320,687</u>	<u>1,650,056</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(730,910)</u>	<u>(849,580)</u>	<u>1,629,336</u>	<u>2,478,916</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	60,000	60,000	40,549	(19,451)
Transfers in	1,064,340	893,457	5,000	(888,457)
Transfers out	(237,868)	(237,868)	(83,000)	154,868
Total other financing sources (uses)	<u>886,472</u>	<u>715,589</u>	<u>(37,451)</u>	<u>(753,040)</u>
Net change in fund balances	155,562	(133,991)	1,591,885	1,725,876
Fund balance - beginning of year	<u>5,663,805</u>	<u>5,663,805</u>	<u>5,663,805</u>	<u>-</u>
Fund balance - end of year	<u>\$ 5,819,367</u>	<u>\$ 5,529,814</u>	<u>\$ 7,255,690</u>	<u>\$ 1,725,876</u>

CITY OF ATHENS, TEXAS

NOTES TO BUDGETARY INFORMATION

SEPTEMBER 30, 2020

BUDGETS AND BUDGETARY ACCOUNTING

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

1. The City Manager prepares a proposed budget and submits it to the City Council no later than 30 days prior to the beginning of the fiscal year.
2. Upon submission of the proposed budget, the City Council will call for a public hearing which is to be held at least five days after notice of hearing is published.
3. After the holding of the public hearing, the budget shall be adopted by a favorable vote of majority of the members of the Council and upon adoption shall be in effect for the fiscal year.
4. The City Manager has authority, without Council approval, to transfer appropriation balances within departments; however, any revisions that alter the total expenditures of any fund must be approved by City Council.
5. Budgetary integration is employed as a management control device during the year of the General Fund. Budgetary integration is not employed by Capital Projects Funds because effective budgetary control is achieved through grant, bond ordinance and construction contract provisions.
6. The budget for the General Fund is adopted on the modified accrual basis of accounting, which is consistent with U.S. generally accepted accounting principles.
7. While all budgeted amounts expire at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are reported as assigned fund balance and are re-appropriated and become part of the subsequent year's budget pursuant to State regulations.

CITY OF ATHENS, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Measurement period ended December 31,	2014	2015
A. Total pension liability		
Service cost	\$ 999,695	\$ 1,107,277
Interest (on the Total Pension Liability)	2,170,306	2,267,157
Changes in benefit terms including substantively automatic status	-	-
Difference between expected and actual experience	(414,587)	(209,910)
Change of assumptions	-	86,986
Benefit payments, including refunds of employee contributions	(1,289,000)	(1,562,220)
Net change in total pension liability	1,466,414	1,689,290
Total pension liability - beginning	<u>31,149,019</u>	<u>32,615,433</u>
Total pension liability - ending (a)	<u>\$ 32,615,433</u>	<u>\$ 34,304,723</u>
B. Plan fiduciary net position		
Contributions - employer	\$ 1,341,520	\$ 1,356,975
Contributions - employee	454,813	449,330
Net investment income	1,203,399	33,544
Benefit payments, including refunds of employee contributions	(1,289,000)	(1,562,220)
Administrative expenses	(12,562)	(20,429)
Other	(1,033)	(1,009)
Net change in plan fiduciary net position	1,697,137	256,191
Plan fiduciary net position - beginning	<u>21,032,890</u>	<u>22,730,027</u>
Plan fiduciary net position - ending (b)	<u>\$ 22,730,027</u>	<u>\$ 22,986,218</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 9,885,406</u>	<u>\$ 11,318,505</u>
D. Plan fiduciary net position as a percentage of total pension liability	69.69%	67.01%
E. Covered payroll	\$ 6,487,050	\$ 6,418,998
F. Net position liability as a percentage of covered payroll	152.39%	176.33%

Notes to Schedule:

10 years of information is required to be provided in this schedule, but information prior to 2014 is not available.

2016	2017	2018	2019
\$ 1,068,555 2,287,742	\$ 1,132,820 2,383,369	\$ 1,047,988 2,238,073	\$ 1,066,806 2,308,042
- (137,118) -	- (343,260) -	(3,535,790) (388,363) -	- 143,230 201,719
(1,893,054)	(1,776,171)	(1,718,356)	(2,022,705)
1,326,125	1,396,758	(2,356,448)	1,697,092
<u>34,304,723</u>	<u>35,630,848</u>	<u>37,027,606</u>	<u>34,671,158</u>
\$ <u>35,630,848</u>	\$ <u>37,027,606</u>	\$ <u>34,671,158</u>	\$ <u>36,368,250</u>
\$ 1,294,946 427,422 1,554,075	\$ 1,383,834 457,573 3,376,302	\$ 1,416,559 459,069 (832,337)	\$ 1,054,841 465,273 4,189,337
(1,893,054) (17,544) (945)	(1,776,171) (17,491) (886)	(1,718,356) (16,079) (840)	(2,022,705) (23,658) (710)
1,364,900	3,423,161	(691,984)	3,662,378
<u>22,986,218</u>	<u>24,351,118</u>	<u>27,774,279</u>	<u>27,082,295</u>
\$ <u>24,351,118</u>	\$ <u>27,774,279</u>	\$ <u>27,082,295</u>	\$ <u>30,744,673</u>
\$ <u>11,279,730</u>	\$ <u>9,253,327</u>	\$ <u>7,588,863</u>	\$ <u>5,623,577</u>
68.34%	75.01%	78.11%	84.54%
\$ 6,106,026	\$ 6,536,755	\$ 6,558,122	\$ 6,646,763
184.73%	141.56%	115.72%	84.61%

CITY OF ATHENS, TEXAS

SCHEDULE OF PENSION CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Fiscal year ended September 30,	2015	2016
Actuarial determined contribution	\$ 1,375,903	\$ 1,369,172
Contributions in relation to the actuarially determined contribution	<u>1,375,903</u>	<u>1,369,172</u>
Contribution deficiency (excess)	-	-
Covered payroll	6,487,050	6,418,998
Contributions as a percentage of covered payroll	21.21%	21.33%

Notes to Schedule:

Valuation Date Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: 2019 PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information

Notes There were no benefit changes during the year.

2017	2018	2019	2020
\$ 1,307,300	\$ 1,418,947	\$ 1,395,832	\$ 1,103,424
<u>1,307,300</u>	<u>1,418,947</u>	<u>1,395,832</u>	<u>1,103,424</u>
-	-	-	-
6,106,026	6,536,755	6,587,393	7,012,795
21.41%	21.71%	21.19%	15.73%

CITY OF ATHENS, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Plan year ended December 31,	<u>2017</u>	<u>2018</u>	<u>2019</u>
A. Total OPEB Liability			
Service Cost	\$ 14,381	\$ 16,395	\$ 13,294
Interest (on the Total OPEB Liability)	11,579	11,909	13,124
Difference between expected and actual experience	-	(4,129)	(2,022)
Changes of assumptions	28,798	(26,047)	70,372
Benefit payments, including refunds of employee contributions	(1,961)	(2,618)	(2,659)
Net change in Total OPEB Liability	52,797	(4,490)	92,109
Total OPEB Liability - beginning	<u>300,117</u>	<u>352,914</u>	<u>348,424</u>
Total OPEB liability - ending	<u>352,914</u>	<u>348,424</u>	<u>440,533</u>
B. Covered-employee payroll	\$ 6,536,755	\$ 6,558,122	\$ 6,646,763
C. Total OPEB Liability as a percentage of covered-employee payroll	5.40%	5.31%	6.63%

Notes to Schedule:

This schedule is required to have 10 years of information, but information prior to 2017 is not available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

COMBINING FUND FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Hotel Tax Fund - To account for the 7% occupancy tax on hotel accommodations. The funds are to be expended on endeavors which promote tourism and the convention and hotel industry.

Texan Theatre Fund - To account for revenue and expenditures of the Texan Theatre.

Airport Grant Fund - To account for airport grant revenue and expenditures of the City.

Special Donations Fund - To account for donations received by the City that are restricted for specific purposes.

Restricted Municipal Court Fees Fund - To account for multiple restricted municipal court fees including those related to: Technology, Building Security, Truancy and Jury.

Local Forfeited Cash Fund - To account for cash forfeited to the police department after disposition of local and state criminal cases and can be used for certain law enforcement expenditures.

Cain Center Capital Projects - To account for local resources set aside to fund the completion of the Cain Center.

CITY OF ATHENS, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	Special Revenue			
	Hotel Tax	Texan Theatre	Airport Grant	Special Donations
ASSETS				
Cash and cash equivalents	\$ 428,867	\$ 39,564	\$ -	\$ 187,043
Investments	-	-	-	-
Receivables, net:				
Taxes	13,660	-	-	-
Accounts	<u>4,863</u>	<u>3,495</u>	<u>-</u>	<u>-</u>
Total assets	<u>447,390</u>	<u>43,059</u>	<u>-</u>	<u>187,043</u>
LIABILITIES				
Customer deposits	-	4,225	-	-
Due to other funds	<u>4,002</u>	<u>1,067</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,002</u>	<u>5,292</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Committed for:				
Capital projects	-	-	-	-
Restricted for:				
Public safety	-	-	-	44,386
Culture, parks and recreation	-	-	-	142,657
Tourism and convention	<u>443,388</u>	<u>37,767</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>443,388</u>	<u>37,767</u>	<u>-</u>	<u>187,043</u>
Total liabilities and fund balances	\$ <u>447,390</u>	\$ <u>43,059</u>	\$ <u>-</u>	\$ <u>187,043</u>

Special Revenue		Capital Projects	
Restricted Municipal Court Fees	Local Forfeited Cash	Cain Center	Total Nonmajor Governmental Funds
\$ 19,903	\$ 39,538	\$ -	\$ 714,915
-	-	50,071	50,071
-	-	-	13,660
-	-	-	8,358
<u>19,903</u>	<u>39,538</u>	<u>50,071</u>	<u>787,004</u>
-	-	-	4,225
-	-	-	5,069
<u>-</u>	<u>-</u>	<u>-</u>	<u>9,294</u>
-	-	50,071	50,071
19,903	39,538	-	103,827
-	-	-	142,657
-	-	-	481,155
<u>19,903</u>	<u>39,538</u>	<u>50,071</u>	<u>777,710</u>
\$ <u>19,903</u>	\$ <u>39,538</u>	\$ <u>50,071</u>	\$ <u>787,004</u>

CITY OF ATHENS, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue			
	Hotel Tax	Texan Theatre	Airport Grant	Special Donations
REVENUES				
Other taxes	\$ 261,669	\$ -	\$ -	\$ -
Intergovernmental	-	-	772	-
Charges for services	-	55,865	-	-
Fine and forfeitures	-	-	-	-
Investment earnings	1,759	-	-	200
Donations	-	-	-	4,820
Miscellaneous	-	300	-	8,077
Total revenues	<u>263,428</u>	<u>56,165</u>	<u>772</u>	<u>13,097</u>
EXPENDITURES				
Current:				
General government	-	-	-	2,260
Public safety:				
Police	-	-	-	10,309
Fire	-	-	-	5,432
Culture, parks, and recreation	252,570	44,535	-	-
Capital outlay:				
Public works	-	-	803	-
Total expenditures	<u>252,570</u>	<u>44,535</u>	<u>803</u>	<u>18,001</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,858</u>	<u>11,630</u>	<u>(31)</u>	<u>(4,904)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	-	142,657
Transfers in	-	-	-	-
Transfers out	-	(5,000)	(4,306)	-
Total other financing sources (uses)	<u>-</u>	<u>(5,000)</u>	<u>(4,306)</u>	<u>142,657</u>
Net change in fund balances	10,858	6,630	(4,337)	137,753
Fund balance - beginning of year	<u>432,530</u>	<u>31,137</u>	<u>4,337</u>	<u>49,290</u>
Fund balance - end of year	<u>\$ 443,388</u>	<u>\$ 37,767</u>	<u>\$ -</u>	<u>\$ 187,043</u>

Special Revenue		Capital Projects	
Restricted Municipal Court Fees	Local Forfeited Cash	Cain Center	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 261,669
-	-	-	772
-	-	-	55,865
7,095	-	-	7,095
44	138	71	2,212
-	-	-	4,820
-	-	-	8,377
<u>7,139</u>	<u>138</u>	<u>71</u>	<u>340,810</u>
	-	-	2,260
-	-	-	10,309
-	-	-	5,432
-	-	-	297,105
<u>-</u>	<u>-</u>	<u>-</u>	<u>803</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>315,909</u>
<u>7,139</u>	<u>138</u>	<u>71</u>	<u>24,901</u>
-	-	-	142,657
-	-	50,000	50,000
-	-	-	(9,306)
<u>-</u>	<u>-</u>	<u>50,000</u>	<u>183,351</u>
7,139	138	50,071	208,252
<u>12,764</u>	<u>39,400</u>	<u>-</u>	<u>569,458</u>
\$ <u>19,903</u>	\$ <u>39,538</u>	\$ <u>50,071</u>	\$ <u>777,710</u>