



City of Athens, Texas

Annual Financial Report

For the Year Ended September 30, 2021

CITY OF ATHENS, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Prepared by:
City of Athens Finance Department
Mandie Quigg, Director of Finance

CITY OF ATHENS, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021
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INTRODUCTORY SECTION

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CITY OF ATHENS, TEXAS

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2021

| | |
|--|-------------------|
| Mayor | Toni Clay |
| Councilmember, Place 1 | Mark Carroll |
| Councilmember, Place 2, Mayor Pro Tem | Aaron Smith |
| Councilmember, Place 3, | SyTanna Freeman |
| Councilmember, Place 4 | Robert Gross |
| City Manager | Elizabeth Borstad |
| Director of Finance | Mandie Quigg |

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FINANCIAL SECTION

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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, 2021, 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, Texas' 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, 2021, 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 February 8, 2022 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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
February 8, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2021. 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, 2021 by \$35,996,232. Of this amount, unrestricted net position equals \$8,777,362. In addition, the City reports restricted net position in the amount of \$886,433. The City's net investment in capital assets is \$26,332,437.
- Total net position increased by \$8,719,201. Of this amount \$7,957,305 was associated with governmental and \$761,896 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 \$10,465,785. This is an increase of \$317,714 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, 2021, the City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$35,996,232.

The largest portion of the City's net position, \$26,332,437, 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 | |
|----------------------------------|----------------------------|---------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Current and other assets | \$ 14,922,997 | \$ 13,110,403 | \$ 7,773,812 | \$ 6,508,667 | \$ 22,696,809 | \$ 19,619,070 |
| Capital assets | <u>19,690,632</u> | <u>12,882,995</u> | <u>15,753,319</u> | <u>15,197,281</u> | <u>35,443,951</u> | <u>28,080,276</u> |
| Total assets | <u>34,613,629</u> | <u>25,993,398</u> | <u>23,527,131</u> | <u>21,705,948</u> | <u>58,140,760</u> | <u>47,699,346</u> |
| Deferred outflows of resources | <u>1,072,299</u> | <u>957,671</u> | <u>225,884</u> | <u>198,627</u> | <u>1,298,183</u> | <u>1,156,298</u> |
| Total outflows of resources | <u>1,072,299</u> | <u>957,671</u> | <u>225,884</u> | <u>198,627</u> | <u>1,298,183</u> | <u>1,156,298</u> |
| Long-term liabilities | 13,708,300 | 14,273,590 | 4,613,537 | 3,632,962 | 18,321,837 | 17,906,552 |
| Other liabilities | <u>3,614,798</u> | <u>2,061,033</u> | <u>367,776</u> | <u>235,608</u> | <u>3,982,574</u> | <u>2,296,641</u> |
| Total liabilities | <u>17,323,098</u> | <u>16,334,623</u> | <u>4,981,313</u> | <u>3,868,570</u> | <u>22,304,411</u> | <u>20,203,193</u> |
| Deferred inflows of resources | <u>940,236</u> | <u>1,151,157</u> | <u>198,064</u> | <u>224,263</u> | <u>1,138,300</u> | <u>1,375,420</u> |
| Total inflows of resources | <u>940,236</u> | <u>1,151,157</u> | <u>198,064</u> | <u>224,263</u> | <u>1,138,300</u> | <u>1,375,420</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 12,036,653 | 6,358,127 | 14,295,784 | 12,687,281 | 26,332,437 | 19,045,408 |
| Restricted | 886,433 | 1,193,409 | - | - | 886,433 | 1,193,409 |
| Unrestricted | <u>4,499,508</u> | <u>1,913,753</u> | <u>4,277,854</u> | <u>5,124,461</u> | <u>8,777,362</u> | <u>7,038,214</u> |
| Total net position | <u>\$ 17,422,594</u> | <u>\$ 9,465,289</u> | <u>\$ 18,573,638</u> | <u>\$ 17,811,742</u> | <u>\$ 35,996,232</u> | <u>\$ 27,277,031</u> |

An additional portion of net position, 2.5%, or \$886,433, 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 \$8,777,362.

City of Athens Changes in Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|---------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 2,432,201 | \$ 2,360,318 | \$ 6,046,613 | \$ 5,825,769 | \$ 8,478,814 | \$ 8,186,087 |
| Operating grants & contributions | 252,496 | 290,559 | 12,630 | 40,938 | 265,126 | 331,497 |
| Capital grants and contributions | 5,314,519 | 1,231,909 | 74,075 | 112,091 | 5,388,594 | 1,344,000 |
| General revenues: | | | | | | |
| Property taxes | 5,391,222 | 5,210,241 | - | - | 5,391,222 | 5,210,241 |
| Sales taxes | 5,170,339 | 4,924,581 | - | - | 5,170,339 | 4,924,581 |
| Other taxes | 1,579,323 | 1,381,068 | - | - | 1,579,323 | 1,381,068 |
| Investment earnings | 19,491 | 92,643 | 7,964 | 30,624 | 27,455 | 123,267 |
| Miscellaneous | 16,136 | 25,130 | 815 | 471 | 16,951 | 25,601 |
| Gain on sale of assets | - | - | - | - | - | - |
| Total revenues | <u>20,175,727</u> | <u>15,516,449</u> | <u>6,142,097</u> | <u>6,009,893</u> | <u>26,317,824</u> | <u>21,526,342</u> |
| Expenses: | | | | | | |
| General government | 1,643,204 | 1,464,028 | - | - | 1,643,204 | 1,464,028 |
| Public safety | 5,976,599 | 6,529,995 | - | - | 5,976,599 | 6,529,995 |
| Public works | 3,090,936 | 3,170,872 | - | - | 3,090,936 | 3,170,872 |
| Health | 274,837 | 304,663 | - | - | 274,837 | 304,663 |
| Culture and recreation | 966,114 | 923,806 | - | - | 966,114 | 923,806 |
| Interest on long-term debt | 266,732 | 824,497 | - | - | 266,732 | 824,497 |
| Water utilities | - | - | 5,248,792 | 5,270,013 | 5,248,792 | 5,270,013 |
| Airport | - | - | 131,409 | 128,207 | 131,409 | 128,207 |
| Total expenses | <u>12,218,422</u> | <u>13,217,861</u> | <u>5,380,201</u> | <u>5,398,220</u> | <u>17,598,623</u> | <u>18,616,081</u> |
| Increase in net position before transfers | 7,957,305 | 2,298,588 | 761,896 | 611,673 | 8,719,201 | 2,910,261 |
| Transfers | - | (4,306) | - | 4,306 | - | - |
| Change in net position | 7,957,305 | 2,294,282 | 761,896 | 615,979 | 8,719,201 | 2,910,261 |
| Net position - beginning 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> |
| Net position - end of year | <u>\$ 17,422,594</u> | <u>\$ 9,465,289</u> | <u>\$ 18,573,638</u> | <u>\$ 17,811,742</u> | <u>\$ 35,996,232</u> | <u>\$ 27,277,031</u> |

Governmental Activities: Governmental activities increased the City's net position by \$7,957,305. Governmental revenues increased by \$4,659,278 and expenses decreased by \$999,439. Property and sales tax collections increased during the current year. Additionally, capital grants and contributions increased significantly due to funding provided by local Foundations for the Cain Center construction project totaling \$4,500,000, \$157,406 contributions by local entities for the Cain Center, plus Grant Reimbursements of \$657,113 comprised primarily of the FAST Grant fire engine delivered in FY 2021 and Fire Department radio grants.

Business-Type Activities: Business-type activities increased the City's net position by \$761,896. Business-Type revenues increased by \$132,204 and expenses decreased by \$18,019. Net position increased primarily due to charges for services exceeding expenses.

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 \$10,465,785. Approximately 56.6% of this amount, \$5,920,517, constitutes unassigned fund balance.

The General Fund is the chief operating fund of the City. For the fiscal year ended September 30, 2021, unassigned fund balance of the General Fund was \$6,161,881, while total fund balance reached \$9,199,273.

The General Fund's fund balance increased \$1,943,583 during the current fiscal year. This increase is a result of an increase in sales tax and property tax caused by a strong economy. Further, intergovernmental revenues increased by more than \$680,000 due to the recognition of CARES Act grant funding earned in the prior year. Expenses increased in nearly every function.

The Grants fund balance decreased by \$149,281 due to the transfer out of CARES Act funding received during the prior fiscal year. The expenditures being reimbursed by this grant were incurred in the General Fund.

The Cain Center fund balance decreased by \$259,928 as a result of expenditures exceeding resources from grants from the Murchison Foundation and Cain Foundation. The fund ended with a deficit fund balance of \$241,364. The deficit will be cleared in fiscal year 2022 upon receipt of the final \$500,000 drawdowns.

The Debt Service Fund's fund balance increased by \$24,397 as a result of property tax collections slightly exceeding debt service requirements for the year.

The Capital Projects Fund's fund balance decreased by \$1,457,893. The decrease was due to spending of bond proceeds in excess of interest earnings.

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 \$17,712,246, an increase of \$829,023; the Airport Fund ended the year with a net position of \$861,392, a decrease of \$67,127. 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 by \$975,625 to complete ongoing projects from fiscal year 2020 and add capital equipment budget as a result of higher than budgeted revenues. Significant budget adjustments were as follows:

- \$78,957 - Light duty trucks for various departments
- \$66,884 - Skid Steer for Public Works
- \$321,680 - Dispatch console
- \$142,724 - Public Safety vehicle equipment

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business type activities at September 30, 2021 amounts to \$35,443,951 (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 | |
|--------------------------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land | \$ 2,242,257 | \$ 2,242,257 | \$ 340,324 | \$ 340,324 | \$ 2,582,581 | \$ 2,582,581 |
| Construction in progress | 9,112,489 | 2,893,672 | 772,375 | 101,279 | 9,884,864 | 2,994,951 |
| Buildings & improvements | 10,359,754 | 10,204,620 | 1,594,709 | 1,603,636 | 11,954,463 | 11,808,256 |
| Infrastructure | 7,750,914 | 7,425,865 | 28,050,930 | 27,838,835 | 35,801,844 | 35,264,700 |
| Improvements other than buildings | 666,501 | 574,665 | 2,085,356 | 2,073,396 | 2,751,857 | 2,648,061 |
| Machinery & equipment | 8,962,333 | 7,989,283 | 3,389,344 | 2,624,632 | 12,351,677 | 10,613,915 |
| Accumulated depreciation | <u>(19,403,616)</u> | <u>(18,447,367)</u> | <u>(20,479,719)</u> | <u>(19,384,821)</u> | <u>(39,883,335)</u> | <u>(37,832,188)</u> |
| Total | \$ <u>19,690,632</u> | \$ <u>12,882,995</u> | \$ <u>15,753,319</u> | \$ <u>15,197,281</u> | \$ <u>35,443,951</u> | \$ <u>28,080,276</u> |

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

- \$6,896,003 – Construction in progress, including the Cain Center
- \$1,852,842 – Machinery and equipment, including a new fire truck

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 \$18,321,837 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 \$255,557. The City also issued revenue bonds in the business-type activities in the amount of \$1,546,404 and capital leases in the amount of \$268,465 in governmental activities.

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Certificates of obligation | \$ 6,674,885 | \$ 7,010,234 | \$ - | \$ - | \$ 6,674,885 | \$ 7,010,234 |
| General obligation bonds | - | - | 1,075,000 | 1,420,000 | 1,075,000 | 1,420,000 |
| Revenue bonds | - | - | 2,456,404 | 1,090,000 | 2,456,404 | 1,090,000 |
| Capital leases payable | 1,066,455 | 1,035,877 | - | - | 1,066,455 | 1,035,877 |
| Compensated absences payable | 1,159,405 | 1,218,743 | 69,157 | 67,588 | 1,228,562 | 1,286,331 |
| Post-employment benefits | 418,241 | 363,865 | 88,104 | 76,668 | 506,345 | 440,533 |
| Net pension liability | <u>4,389,314</u> | <u>4,644,871</u> | <u>924,872</u> | <u>978,706</u> | <u>5,314,186</u> | <u>5,623,577</u> |
| Total | \$ <u>13,708,300</u> | \$ <u>14,273,590</u> | \$ <u>4,613,537</u> | \$ <u>3,632,962</u> | \$ <u>18,321,837</u> | \$ <u>17,906,552</u> |

Economic Factors and Next Year's Budgets and Rates

- Property tax rate reduced by .015 cents to \$0.645221/\$100 valuation. Certified valuations increased by \$52,793,405. Total ad valorem revenues increased by \$213,595.
- Sales tax revenue budgeted at a net \$5,100,000, a conservative 1.5% increase over the prior four quarter's sales tax collections (July 2020 - June 2021) period.
- The City of Athens elected to forego a rate increase for water and sewer services for Fiscal Year 2022.
- Group insurance rates budgeted at 1.5% increase over FY 2021 actual rates. Insurance re-rate will occur in October following adoption of FY 2022 Budget.
- The Emergency Reserve of 90 days of operating expenditures for the General Fund is maintained at a balance of \$3,029,825 as of September 30th, 2021.

- Series 2020 Revenue Bonds issued in February 2020 for approved Texas Water Development Board Project #62848 for water line improvements at Park, Prairieville, and Clinton is expected to be completed. Capital Project Fund 34 setup to capture inflow and outflow of project activity.
- Series 2020A Revenue Bonds issued in November 2020 for approved Texas Water Development Board Project #73885 for sewer line improvements at North Pinkerton to begin in FY 2022. Capital Project Fund 341 setup to capture inflow and outflow of project activity.
- The City received \$1,580,007 in American Rescue Plan funds in August 2021 and plans to utilize those funds to improve utility infrastructure for projects listed on the Utility Capital Projects 5-year plan.

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.

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**BASIC
FINANCIAL STATEMENTS**

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CITY OF ATHENS, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

| | Primary Government | | | Component Unit |
|---|----------------------|----------------------|----------------------|-------------------------|
| | Governmental | Business-Type | | Athens Economic |
| | Activities | Activities | Total | Development Corporation |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 4,344,867 | \$ 1,527,347 | \$ 5,872,214 | \$ 2,773,365 |
| Investments | 3,980,787 | 1,501,794 | 5,482,581 | 3,250,402 |
| Receivables, net of allowance for uncollectibles: | | | | |
| Taxes | 1,108,668 | - | 1,108,668 | 313,957 |
| Accounts | 1,238,859 | 809,141 | 2,048,000 | |
| Notes | 25,000 | - | 25,000 | - |
| Loans | - | - | - | 1,606,802 |
| Due from other governments | 41,610 | 15,455 | 57,065 | - |
| Internal balances | 13,807 | (13,807) | - | - |
| Inventory | - | 239,167 | 239,167 | - |
| Prepaid expenses | 7,567 | 2,100 | 9,667 | - |
| Restricted: | | | | |
| Cash and cash equivalents | 3,058,201 | 283,698 | 3,341,899 | - |
| Investments | 1,103,631 | 3,408,917 | 4,512,548 | - |
| Capital assets, net of accumulated depreciation | 19,690,632 | 15,753,319 | 35,443,951 | 4,579,061 |
| Total assets | <u>34,613,629</u> | <u>23,527,131</u> | <u>58,140,760</u> | <u>12,523,587</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows related to pensions | 972,221 | 204,802 | 1,177,023 | - |
| Deferred outflows related to OPEB | 100,078 | 21,082 | 121,160 | - |
| Total deferred outflows of resources | <u>1,072,299</u> | <u>225,884</u> | <u>1,298,183</u> | <u>-</u> |
| LIABILITIES | | | | |
| Accounts payable | 1,469,733 | 17,314 | 1,487,047 | 190,864 |
| Due to other governments | 21,654 | - | 21,654 | - |
| Accrued expenses | 496,821 | 63,381 | 560,202 | - |
| Accrued interest payable | 43,683 | 3,383 | 47,066 | - |
| Customer & escrow deposits | 2,900 | 283,698 | 286,598 | - |
| Unearned Revenue | 1,580,007 | - | 1,580,007 | - |
| Noncurrent liabilities: | | | | |
| Due within one year: | | | | |
| Long-term debt | 923,048 | 563,672 | 1,486,720 | 170,744 |
| Total OPEB liability | 8,205 | 1,728 | 9,933 | - |
| Due in more than one year: | | | | |
| Long-term debt | 7,977,697 | 3,036,889 | 11,014,586 | 1,581,214 |
| Total OPEB liability | 410,036 | 86,376 | 496,412 | - |
| Net pension liability | 4,389,314 | 924,872 | 5,314,186 | - |
| Total liabilities | <u>17,323,098</u> | <u>4,981,313</u> | <u>22,304,411</u> | <u>1,942,822</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows related to OPEB | 34,205 | 7,205 | 41,410 | - |
| Deferred inflows related to pensions | 906,031 | 190,859 | 1,096,890 | - |
| Total deferred inflows of resources | <u>940,236</u> | <u>198,064</u> | <u>1,138,300</u> | <u>-</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 12,036,653 | 14,295,784 | 26,332,437 | 4,579,061 |
| Restricted for: | | | | |
| Debt service | 26,508 | - | 26,508 | - |
| Grant restrictions | 451 | - | 451 | - |
| Economic development | - | - | - | 6,001,704 |
| Public safety | 113,045 | - | 113,045 | - |
| Culture, parks and recreation | 142,657 | - | 142,657 | - |
| Tourism and convention | 603,772 | - | 603,772 | - |
| Unrestricted | 4,499,508 | 4,277,854 | 8,777,362 | - |
| Total net position | <u>\$ 17,422,594</u> | <u>\$ 18,573,638</u> | <u>\$ 35,996,232</u> | <u>\$ 10,580,765</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, 2021

| Functions/Programs | Expenses | Program Revenues | | |
|----------------------------------|----------------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 1,643,204 | \$ 63,689 | \$ 222,762 | \$ - |
| Public safety | 5,976,599 | 365,867 | 20,842 | 496,250 |
| Public works | 3,090,936 | 1,960,927 | 8,892 | - |
| Health | 274,837 | - | - | - |
| Culture, parks, and recreation | 966,114 | 41,718 | - | 4,818,269 |
| Interest and other charges | 266,732 | - | - | - |
| Total governmental activities | <u>12,218,422</u> | <u>2,432,201</u> | <u>252,496</u> | <u>5,314,519</u> |
| Business-Type activities: | | | | |
| Utility | 5,248,792 | 5,995,368 | - | 74,075 |
| Airport | 131,409 | 51,245 | 12,630 | - |
| Total business-type activities | <u>5,380,201</u> | <u>6,046,613</u> | <u>12,630</u> | <u>74,075</u> |
| Total primary government | <u>\$ 17,598,623</u> | <u>\$ 8,478,814</u> | <u>\$ 265,126</u> | <u>\$ 5,388,594</u> |
| Component Unit: | | | | |
| Economic Development Corporation | \$ 598,655 | \$ 168,066 | \$ - | \$ - |
| Total component unit | <u>\$ 598,655</u> | <u>\$ 168,066</u> | <u>\$ -</u> | <u>\$ -</u> |

General Revenues:

Taxes:

Property
Sales
Other

Investment income
Sale of capital asset
Miscellaneous

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 |
| \$(1,356,753) | \$ - | \$(1,356,753) | \$ - |
| (5,093,640) | - | (5,093,640) | - |
| (1,121,117) | - | (1,121,117) | - |
| (274,837) | - | (274,837) | - |
| 3,893,873 | - | 3,893,873 | - |
| (266,732) | - | (266,732) | - |
| (4,219,206) | - | (4,219,206) | - |
| - | 820,651 | 820,651 | - |
| - | (67,534) | (67,534) | - |
| - | 753,117 | 753,117 | - |
| (4,219,206) | 753,117 | (3,466,089) | - |
| | | | (430,589) |
| | | | (430,589) |
| 5,391,222 | - | 5,391,222 | - |
| 5,170,339 | - | 5,170,339 | 1,723,446 |
| 1,579,323 | - | 1,579,323 | - |
| 19,491 | 7,964 | 27,455 | 81,004 |
| - | - | - | 20,697 |
| 16,136 | 815 | 16,951 | - |
| 12,176,511 | 8,779 | 12,185,290 | 1,825,147 |
| 7,957,305 | 761,896 | 8,719,201 | 1,394,558 |
| 9,465,289 | 17,811,742 | 27,277,031 | 9,186,207 |
| \$ 17,422,594 | \$ 18,573,638 | \$ 35,996,232 | \$ 10,580,765 |

CITY OF ATHENS, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

| | | <u>Special Revenue</u> | |
|--|--------------------------|-------------------------|---------------------------------|
| | <u>General</u> | <u>Grants</u> | <u>Cain Center Fund</u> |
| ASSETS | | | |
| Cash and cash equivalents | \$ 4,347,767 | \$ 1,580,458 | \$ 578,337 |
| Investments | 3,980,787 | - | - |
| Receivables, net: | | | |
| Taxes | 1,045,993 | - | - |
| Accounts | 710,796 | - | 500,000 |
| Due from other governments | 41,610 | - | - |
| Due from other funds | 1,192,382 | - | - |
| Prepaid items | 7,567 | - | - |
| Total assets | <u>11,326,902</u> | <u>1,580,458</u> | <u>1,078,337</u> |
| LIABILITIES | | | |
| Accounts payable | 1,469,733 | - | - |
| Accrued expenditures | 127,903 | - | - |
| Customer deposits | - | - | 500 |
| Due to other funds | 157,794 | - | 819,201 |
| Due to other governments | 21,654 | - | - |
| Unearned revenue | - | 1,580,007 | - |
| Total liabilities | <u>1,777,084</u> | <u>1,580,007</u> | <u>819,701</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - property taxes | 75,779 | - | - |
| Unavailable revenue - fines | 238,499 | - | - |
| Unavailable revenue - fees/liens | 36,267 | - | - |
| Unavailable revenue - grants | - | - | 500,000 |
| Total deferred inflows of resources | <u>350,545</u> | <u>-</u> | <u>500,000</u> |
| FUND BALANCES | | | |
| Nonspendable: | | | |
| Prepaid items | 7,567 | - | - |
| Committed for: | | | |
| Contingency reserve | 3,029,825 | - | - |
| Capital projects | - | - | - |
| Tourism and convention | - | - | - |
| Restricted for: | | | |
| Capital projects | - | - | - |
| Debt service | - | - | - |
| Grants | - | 451 | - |
| Public safety | - | - | - |
| Culture, parks and recreation | - | - | - |
| Tourism and convention | - | - | - |
| Unassigned | <u>6,161,881</u> | <u>-</u> | <u>(241,364)</u> |
| Total fund balances | <u>9,199,273</u> | <u>451</u> | <u>(241,364)</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 11,326,902</u> | <u>\$ 1,580,458</u> | <u>\$ 1,078,337</u> |

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

| Debt Service | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|------------------|---------------------|-----------------------------------|--------------------------------|
| \$ 57,436 | \$ 109 | \$ 838,961 | \$ 7,403,068 |
| - | 1,001,127 | 102,504 | 5,084,418 |
| 9,555 | - | 53,120 | 1,108,668 |
| - | 16,125 | 11,938 | 1,238,859 |
| - | - | - | 41,610 |
| - | - | - | 1,192,382 |
| - | - | - | 7,567 |
| <u>66,991</u> | <u>1,017,361</u> | <u>1,006,523</u> | <u>16,076,572</u> |
| - | - | - | 1,469,733 |
| - | 368,918 | - | 496,821 |
| - | - | 2,400 | 2,900 |
| - | 192,164 | 9,416 | 1,178,575 |
| - | - | - | 21,654 |
| - | - | - | 1,580,007 |
| <u>-</u> | <u>561,082</u> | <u>11,816</u> | <u>4,749,690</u> |
| 10,552 | - | - | 86,331 |
| - | - | - | 238,499 |
| - | - | - | 36,267 |
| - | - | - | 500,000 |
| <u>10,552</u> | <u>-</u> | <u>-</u> | <u>861,097</u> |
| - | - | - | 7,567 |
| - | - | - | 3,029,825 |
| - | - | 102,504 | 102,504 |
| - | - | 32,729 | 32,729 |
| - | 456,279 | - | 456,279 |
| 56,439 | - | - | 56,439 |
| - | - | - | 451 |
| - | - | 113,045 | 113,045 |
| - | - | 142,657 | 142,657 |
| - | - | 603,772 | 603,772 |
| - | - | - | 5,920,517 |
| <u>56,439</u> | <u>456,279</u> | <u>994,707</u> | <u>10,465,785</u> |
| \$ <u>66,991</u> | \$ <u>1,017,361</u> | \$ <u>1,006,523</u> | \$ <u>16,076,572</u> |

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CITY OF ATHENS, TEXAS

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

SEPTEMBER 30, 2021

| | |
|--|----------------------|
| Total fund balances - governmental funds balance sheet | \$ 10,465,785 |
| 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. | 19,690,632 |
| Long-term notes receivable are not due and receivable in the current period and therefore are not reported in the governmental funds balance sheet. | 25,000 |
| 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. | 861,097 |
| 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>(13,619,920)</u> |
| Net position of governmental activities - statement of net position | \$ <u>17,422,594</u> |

CITY OF ATHENS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | | Special Revenue | |
|--|---------------------|-------------------|------------------------|
| | General | Grants | Cain Center Fund |
| REVENUES | | | |
| Property taxes | \$ 4,565,084 | \$ - | \$ - |
| Sales tax | 5,170,339 | - | - |
| Franchise tax | 1,173,324 | - | - |
| Other taxes | 52,387 | - | - |
| Intergovernmental | 773,162 | 519,842 | - |
| Licenses and permits | 73,445 | - | - |
| Charges for services | 2,364,981 | - | 8,260 |
| Fine and forfeitures | 141,140 | - | - |
| Investment earnings | 13,241 | 2,020 | 407 |
| Donations | 8,900 | - | 4,155,000 |
| Miscellaneous | 12,685 | - | - |
| Total revenues | <u>14,348,688</u> | <u>521,862</u> | <u>4,163,667</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 1,677,097 | 8,892 | - |
| Public safety: | | | |
| Police | 3,337,198 | 2,052 | - |
| Fire | 2,803,051 | - | - |
| Public works | 2,675,835 | - | - |
| Health | 311,067 | - | - |
| Culture, parks, and recreation | 530,526 | - | 145,580 |
| Debt service: | | | |
| Principal | - | - | - |
| Interest and fiscal charges | - | - | - |
| Capital outlay: | | | |
| General government | 35,247 | - | - |
| Public safety | 669,471 | 511,079 | - |
| Public works | - | - | - |
| Health | 482,564 | - | - |
| Culture, parks, and recreation | 53,810 | - | 4,500,000 |
| Total expenditures | <u>12,575,866</u> | <u>522,023</u> | <u>4,645,580</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,772,822</u> | <u>(161)</u> | <u>(481,913)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds from sale of capital assets | 25,000 | - | - |
| Issuance of capital lease | 268,465 | - | - |
| Transfers in | 149,281 | - | 271,985 |
| Transfers out | (271,985) | (149,281) | (50,000) |
| Total other financing sources (uses) | <u>170,761</u> | <u>(149,281)</u> | <u>221,985</u> |
| Net change in fund balances | 1,943,583 | (149,442) | (259,928) |
| Fund balance - beginning of year | <u>7,255,690</u> | <u>149,893</u> | <u>18,564</u> |
| Fund balance - end of year | \$ <u>9,199,273</u> | \$ <u>451</u> | \$ <u>(241,364)</u> |

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

| <u>Debt Service</u> | <u>Capital Projects</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|-------------------------|-----------------------------|--|---|
| \$ 864,987 | \$ - | \$ - | \$ 5,430,071 |
| - | - | - | 5,170,339 |
| - | - | - | 1,173,324 |
| - | - | 353,612 | 405,999 |
| - | - | - | 1,293,004 |
| - | - | - | 73,445 |
| - | - | 34,058 | 2,407,299 |
| - | - | 11,888 | 153,028 |
| 853 | 991 | 1,979 | 19,491 |
| - | - | 6,142 | 4,170,042 |
| - | - | 5,257 | 17,942 |
| <u>865,840</u> | <u>991</u> | <u>412,936</u> | <u>20,313,984</u> |
| - | - | 2,150 | 1,688,139 |
| - | - | - | 3,339,250 |
| - | - | 9,766 | 2,812,817 |
| - | - | 381 | 2,676,216 |
| - | - | - | 311,067 |
| - | - | 233,642 | 909,748 |
| 547,887 | - | - | 547,887 |
| 293,556 | - | - | 293,556 |
| - | 25,336 | - | 60,583 |
| - | 119,887 | - | 1,300,437 |
| - | - | - | - |
| - | - | - | 482,564 |
| - | <u>1,313,661</u> | <u>-</u> | <u>5,867,471</u> |
| <u>841,443</u> | <u>1,458,884</u> | <u>245,939</u> | <u>20,289,735</u> |
| <u>24,397</u> | <u>(1,457,893)</u> | <u>166,997</u> | <u>24,249</u> |
| - | - | - | 25,000 |
| - | - | - | 268,465 |
| - | - | 50,000 | 471,266 |
| - | - | - | (471,266) |
| - | - | <u>50,000</u> | <u>293,465</u> |
| 24,397 | (1,457,893) | 216,997 | 317,714 |
| <u>32,042</u> | <u>1,914,172</u> | <u>777,710</u> | <u>10,148,071</u> |
| \$ <u>56,439</u> | \$ <u>456,279</u> | \$ <u>994,707</u> | \$ <u>10,465,785</u> |

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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, 2021

| | | |
|---|----|---------|
| Net change in fund balance - total governmental funds | \$ | 317,714 |
|---|----|---------|

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. | | 6,813,727 |
|--|--|-----------|

| | | |
|--|---|--------|
| The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations). | (| 6,090) |
|--|---|--------|

| | | |
|---|--|---------|
| 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. | | 995,211 |
|---|--|---------|

| | | |
|--|---|---------|
| 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 | (| 97,124) |
| Property taxes | (| 38,849) |
| Revenue liens | (| 10,061) |
| Fines and fees | | <u>7,777</u> |

| | | |
|---|----|------------------|
| Change in net position of governmental activities | \$ | <u>7,957,305</u> |
|---|----|------------------|

CITY OF ATHENS, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2021

| | Enterprise Funds | | |
|--|-------------------|---------------------|-------------------|
| | Utility | Nonmajor Airport | Total |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 1,470,178 | \$ 57,169 | \$ 1,527,347 |
| Investments | 1,501,794 | - | 1,501,794 |
| Receivables, net of allowance for uncollectibles | 809,141 | - | 809,141 |
| Due from other governments | 15,455 | - | 15,455 |
| Due from other funds | 157,794 | - | 157,794 |
| Inventories | 239,167 | - | 239,167 |
| Prepaid items | 2,100 | - | 2,100 |
| Restricted assets: | | | |
| Cash | 273,474 | 10,224 | 283,698 |
| Investments | 3,408,917 | - | 3,408,917 |
| Total current assets | <u>7,878,020</u> | <u>67,393</u> | <u>7,945,413</u> |
| Noncurrent assets: | | | |
| Capital assets, not being depreciated: | | | |
| Land | 152,200 | 188,124 | 340,324 |
| Construction in progress | 772,374 | - | 772,374 |
| Capital assets, net of accumulated depreciation: | | | |
| Buildings and improvements | 59,482 | 297,528 | 357,010 |
| Infrastructure | 12,128,783 | 168,686 | 12,297,469 |
| Improvements other than buildings | 481,668 | 112,287 | 593,955 |
| Machinery and equipment | 1,353,673 | 38,514 | 1,392,187 |
| Total noncurrent assets | <u>14,948,180</u> | <u>805,139</u> | <u>15,753,319</u> |
| Total assets | <u>22,826,200</u> | <u>872,532</u> | <u>23,698,732</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions | 204,802 | - | 204,802 |
| Deferred outflows related to OPEB | 21,082 | - | 21,082 |
| Total deferred outflows of resources | <u>225,884</u> | <u>-</u> | <u>225,884</u> |

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

CITY OF ATHENS, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2021

| | Enterprise Funds | | |
|--------------------------------------|----------------------|---------------------|----------------------|
| | Utility | Nonmajor Airport | Total |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 17,314 | \$ - | \$ 17,314 |
| Accrued interest payable | 3,383 | - | 3,383 |
| Due to other funds | 170,685 | 916 | 171,601 |
| Retainage payable - current | 63,381 | - | 63,381 |
| Compensated absences - current | 18,672 | - | 18,672 |
| Bonds payable - current | 545,000 | - | 545,000 |
| Total OPEB liability - current | 1,728 | - | 1,728 |
| Restricted liabilities: | | | |
| Customer & escrow deposits | 273,474 | 10,224 | 283,698 |
| Total current liabilities | <u>1,093,637</u> | <u>11,140</u> | <u>1,104,777</u> |
| Noncurrent liabilities: | | | |
| Compensated absences - long term | 50,485 | - | 50,485 |
| Bonds payable - long term | 2,986,404 | - | 2,986,404 |
| Net pension liability | 924,872 | - | 924,872 |
| Total OPEB liability | <u>86,376</u> | <u>-</u> | <u>86,376</u> |
| Total noncurrent liabilities | <u>4,048,137</u> | <u>-</u> | <u>4,048,137</u> |
| Total liabilities | <u>5,141,774</u> | <u>11,140</u> | <u>5,152,914</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to pensions | 190,859 | - | 190,859 |
| Deferred inflows related to OPEB | <u>7,205</u> | <u>-</u> | <u>7,205</u> |
| Total deferred inflows of resources | <u>198,064</u> | <u>-</u> | <u>198,064</u> |
| NET POSITION | | | |
| Net investment in capital assets | 13,490,645 | 805,139 | 14,295,784 |
| Unrestricted | <u>4,221,601</u> | <u>56,253</u> | <u>4,277,854</u> |
| Total net position | <u>\$ 17,712,246</u> | <u>\$ 861,392</u> | <u>\$ 18,573,638</u> |

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CITY OF ATHENS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | Enterprise Funds | | |
|---|----------------------|---------------------|----------------------|
| | Utility | Nonmajor Airport | Total |
| OPERATING REVENUES | | | |
| Water revenue | \$ 2,909,089 | \$ - | \$ 2,909,089 |
| Wastewater revenue | 2,772,385 | - | 2,772,385 |
| Fees | 225,342 | - | 225,342 |
| Penalties | 74,123 | - | 74,123 |
| Airport sales and rentals | - | 51,245 | 51,245 |
| Miscellaneous | 14,429 | - | 14,429 |
| Total operating revenues | <u>5,995,368</u> | <u>51,245</u> | <u>6,046,613</u> |
| OPERATING EXPENSES | | | |
| Personnel services | 1,729,016 | 22,504 | 1,751,520 |
| Materials and supplies | 525,530 | 5,229 | 530,759 |
| Contractual services | 1,908,680 | 21,806 | 1,930,486 |
| Depreciation | 1,013,027 | 81,870 | 1,094,897 |
| Total operating expenses | <u>5,176,253</u> | <u>131,409</u> | <u>5,307,662</u> |
| OPERATING INCOME (LOSS) | <u>819,115</u> | <u>(80,164)</u> | <u>738,951</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment earnings | 7,807 | 157 | 7,964 |
| Interest expense | (28,461) | - | (28,461) |
| Bond issuance costs | (44,078) | - | (44,078) |
| Intergovernmental | 56,309 | 12,630 | 68,939 |
| Miscellaneous | 565 | 250 | 815 |
| Total nonoperating revenues (expenses) | <u>(7,858)</u> | <u>13,037</u> | <u>5,179</u> |
| INCOME (LOSS) BEFORE CONTRIBUTIONS | <u>811,257</u> | <u>(67,127)</u> | <u>744,130</u> |
| Capital contributions | 17,766 | - | 17,766 |
| Change in net position | 829,023 | (67,127) | 761,896 |
| Total net position, beginning | <u>16,883,223</u> | <u>928,519</u> | <u>17,811,742</u> |
| Total net position, ending | <u>\$ 17,712,246</u> | <u>\$ 861,392</u> | <u>\$ 18,573,638</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, 2021

| | Enterprise Funds | | |
|--|---------------------|---------------------|---------------------|
| | Utility | Nonmajor Airport | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers | \$ 6,043,289 | \$ 85,101 | \$ 6,128,390 |
| Cash payments to suppliers for goods and services | (2,440,453) | (27,506) | (2,467,959) |
| Cash payments to employees for services | (1,819,881) | (22,504) | (1,842,385) |
| Net cash provided (used) by operating activities | <u>1,782,955</u> | <u>35,091</u> | <u>1,818,046</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Operating grants | <u>40,854</u> | <u>12,630</u> | <u>53,484</u> |
| Net cash provided (used) by noncapital financing activities | <u>40,854</u> | <u>12,630</u> | <u>53,484</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition and construction of capital assets | (1,632,981) | (17,955) | (1,650,936) |
| Proceeds from sale of revenue bonds | 1,502,326 | - | 1,502,326 |
| Principal paid on long-term debt | (525,000) | - | (525,000) |
| Interest and other | (29,588) | - | (29,588) |
| Net cash provided (used) by capital and related financing activities | <u>(685,243)</u> | <u>(17,955)</u> | <u>(703,198)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of investments | (1,546,404) | - | (1,546,404) |
| Proceeds from sale of investments | 586,852 | - | 586,852 |
| Interest on investments | 7,807 | 157 | 7,964 |
| Proceeds from insurance payment | <u>565</u> | <u>250</u> | <u>815</u> |
| Net cash provided (used) by investing activities | <u>(951,180)</u> | <u>407</u> | <u>(950,773)</u> |
| Net increase in cash and cash equivalents | 187,386 | 30,173 | 217,559 |
| Cash and cash equivalents, beginning | <u>1,556,266</u> | <u>37,220</u> | <u>1,593,486</u> |
| Cash and cash equivalents, ending | <u>\$ 1,743,652</u> | <u>\$ 67,393</u> | <u>\$ 1,811,045</u> |

CITY OF ATHENS, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | Enterprise Funds | | |
|---|---------------------|---------------------|---------------------|
| | Utility | Nonmajor Airport | Total |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$ 819,115 | \$(80,164) | \$ 738,951 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 1,013,027 | 81,870 | 1,094,897 |
| Decrease (increase) in assets and deferred outflows: | | | |
| Receivables | 122,970 | 25,857 | 148,827 |
| Due from other funds | (157,794) | - | (157,794) |
| Inventories | (25,847) | - | (25,847) |
| Prepaid expense | 358 | - | 358 |
| Deferred outflows | (27,257) | - | (27,257) |
| Increase (decrease) in liabilities and deferred inflows: | | | |
| Accounts payable | 1,872 | - | 1,872 |
| Due to other funds | (37,651) | (471) | (38,122) |
| Customer deposits | 82,745 | 7,999 | 90,744 |
| Compensated absences | 1,569 | - | 1,569 |
| Retainage | 58,445 | - | 58,445 |
| Net pension liability | (53,834) | - | (53,834) |
| Total OPEB liability | 11,436 | - | 11,436 |
| Deferred inflows | (26,199) | - | (26,199) |
| Total adjustments | <u>963,840</u> | <u>115,255</u> | <u>1,079,095</u> |
| Net cash provided by operating activities | \$ <u>1,782,955</u> | \$ <u>35,091</u> | \$ <u>1,818,046</u> |
| RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 1,470,178 | \$ 57,169 | \$ 1,527,347 |
| Restricted assets - cash and cash equivalents | <u>273,474</u> | <u>10,224</u> | <u>283,698</u> |
| Total cash and cash equivalents | \$ <u>1,743,652</u> | \$ <u>67,393</u> | \$ <u>1,811,045</u> |

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CITY OF ATHENS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

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 fund is also used to capture operating revenues and expenditures of the Cain Center facility.

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, 2021 are as follows:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|----------------------------|------------------------------------|-------------------------------------|
| Customer deposits | \$ 2,900 | \$ 226,464 |
| Escrow deposits | - | 57,234 |
| Grants | 1,580,458 | - |
| Debt service/bond reserves | 57,436 | - |
| Special revenue purposes | 1,519,802 | - |
| Capital projects | <u>1,001,236</u> | <u>3,408,917</u> |
| Total | <u>\$ 4,161,832</u> | <u>\$ 3,692,615</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. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

4. 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.

5. 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 |

6. 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.

7. 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 |

8. 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.

9. 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.

10. 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.

It is the goal of the City to achieve and maintain a minimum of committed fund balance of 90 days of operating expenditures each fiscal year. At year-end this amount is \$3,029,825. The amount is annually and formally set aside for use in emergency situations where mid-year unanticipated budgetary shortfalls in fund revenues arise or an unforeseen event occurs that costs the City more than budget appropriations. Should the use reduce the balance below the appropriate level of committed funds the balance must be restored within one fiscal year. This arrangement was approved through City Ordinance by City Council.

11. 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.

12. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions, except interfund services provided and used, are recorded as transfers.

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.

13. Property taxes

Property taxes are levied from valuations assessed as of January 1 and are recognized as revenue beginning on the date of levy, October 1, when they become available. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Taxes not expected to be collected within 60 days of the fiscal year are recorded as a deferred outflow and is recognized when it becomes available. Taxes collected prior to the levy date to which they apply are recorded as unearned revenue and recognized as revenue of the period to which they apply. Current taxes are due on October 1 and become delinquent if unpaid on February 1 and are turned over to the City Attorney for collection on July 1. Delinquent property taxes attach as an enforceable lien on property as of January 1.

14. 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.

15. New Accounting Pronouncements

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.

Statement No. 96, *Subscription-Based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement will become effective for the City in fiscal year 2024.

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, Cain Center Fund, Capital Projects Fund, Hotel Tax fund, and Texan Theatre. The Grants Fund does not have a legally adopted budget. Further, the following non-major funds did not have budgets adopted for the current fiscal year: Special Donations Fund, Municipal Court Fees 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-length basis, which means appropriated funds will be available for the life of the project.

Encumbrances outstanding at year-end which are not otherwise payable from restricted, committed, or assigned resources are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

2. Expenditures Exceeding Appropriations

Expenditures exceed appropriations in the General Fund Fire Department in the amount of \$91,433. The overage is largely caused by an increase in personnel expenditures related to unanticipated employee retirements. Other overages in this department were caused by unplanned Texas Intrastate Fire Mutual Aid System (TIFMAS) deployments that will be reimbursed by the state in a subsequent fiscal year. The Culture, Parks & Recreation Capital Outlay line was over budget by \$53,810 for unbudgeted capital improvements. The department had ample savings to cover these costs.

3. Deficit Fund Balance

As of September 30, 2021, the Cain Center fund had deficit fund balance of \$241,364. This was caused by grant funding of \$500,000 earned during the fiscal year, but not received within 60 days of year-end. See Note C for more information about the City's accounting policies for revenue recognition. The deficit fund balance will be funded in the next fiscal year upon receipt of the grant payments.

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. 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. The investment pools' 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.

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"), TexStar and LOGIC.

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 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.

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.

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 | \$ 8,111,236 | 37 |
| TexStar | <u>1,883,893</u> | 39 |
| Total primary government | <u>9,995,129</u> | |
| Portfolio weighted average maturity | | |
| Primary government | | 37 |
| Component units: | | |
| LOGIC | 1,326,062 | 59 |
| TexSTAR | 888,196 | 39 |
| Certificate of deposit | <u>1,036,144</u> | 124 |
| Total component units | <u>3,250,402</u> | |
| Portfolio weighted average maturity | | |
| Component unit | | 74 |
| Total Reporting Entity | <u>\$ 11,361,638</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.

A. RECEIVABLES

Receivables at September 30, 2021 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 | Cain Center Grant | Debt Service Fund | Capital Projects Fund | Nonmajor Governmental Funds | |
| Property tax | \$ 192,931 | \$ - | \$ 36,749 | \$ - | \$ - | \$ 229,680 |
| Sales tax | 937,539 | - | - | - | - | 937,539 |
| Other taxes | 58,292 | - | - | - | 53,120 | 111,412 |
| Municipal court | 1,589,994 | - | - | - | - | 1,589,994 |
| Accounts | <u>651,404</u> | <u>500,000</u> | <u>-</u> | <u>16,125</u> | <u>11,938</u> | <u>1,179,467</u> |
| Gross receivables | 3,430,160 | 500,000 | 36,749 | 16,125 | 65,058 | 4,048,092 |
| Less: allowance for uncollectibles | <u>(1,673,371)</u> | <u>-</u> | <u>(27,194)</u> | <u>-</u> | <u>-</u> | <u>(1,700,565)</u> |
| Total receivables (net) | <u>\$ 1,756,789</u> | <u>\$ 500,000</u> | <u>\$ 9,555</u> | <u>\$ 16,125</u> | <u>\$ 65,058</u> | <u>\$ 2,347,527</u> |

Business-type Activities

| Receivable | Utility Fund |
|------------------------------------|-------------------|
| Customer charges | \$ 815,741 |
| Sales tax | 12,654 |
| Accounts | <u>33,250</u> |
| Gross receivables | 861,645 |
| Less: allowance for uncollectibles | <u>(52,504)</u> |
| Total receivables (net) | <u>\$ 809,141</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.

B. INTERFUND BALANCES AND ACTIVITIES

The composition of interfund balances as of September 30, 2021, is as follows:

| Payable Fund | Receivable Fund | Amount |
|-----------------------------|-----------------|---------------------|
| Nonmajor governmental Funds | General Fund | \$ 9,416 |
| Capital Projects Fund | General Fund | 192,164 |
| Cain Center Fund | General Fund | 819,201 |
| Utility Fund | General Fund | 170,685 |
| Nonmajor enterprise funds | General Fund | 916 |
| General Fund | Utility Fund | <u>157,794</u> |
| Total | | <u>\$ 1,350,176</u> |

All amounts due to the General Fund are related to accounts payable and payroll processed by the General Fund for all other funds. The amount payable to the utility fund from General Fund are related to sanitation fees charged at year end.

Transfers between funds during the year were as follows:

| Transfers From | Transfers To | Amount |
|------------------|-----------------------------|-------------------|
| General Fund | Cain Center Fund | \$ 271,985 |
| Grants Fund | General Fund | 149,281 |
| Cain Center Fund | Nonmajor governmental funds | 50,000 |
| Total | | <u>\$ 471,266</u> |

The General Fund transferred \$271,985 to the Cain Center Fund to assist with the funding of 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.

C. **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, 2021, the balance of the note receivable is \$25,000.

D. **CAPITAL ASSETS**

Capital assets activity for the primary government for the year ended September 30, 2021, was as follows:

| | Beginning Balance | Increases | Transfers/ Decreases | Ending Balance |
|--|----------------------|---------------------|-------------------------|----------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 2,242,257 | \$ - | \$ - | \$ 2,242,257 |
| Construction in progress | <u>2,893,672</u> | <u>6,224,907</u> | <u>(6,090)</u> | <u>9,112,489</u> |
| Total capital assets, not being depreciated | <u>5,135,929</u> | <u>6,224,907</u> | <u>(6,090)</u> | <u>11,354,746</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 10,204,620 | 155,134 | - | 10,359,754 |
| Infrastructure | 7,425,865 | 325,049 | - | 7,750,914 |
| Improvements other than buildings | 574,665 | 91,836 | - | 666,501 |
| Machinery and equipment | <u>7,989,283</u> | <u>1,088,130</u> | <u>(115,080)</u> | <u>8,962,333</u> |
| Total capital assets being depreciated | <u>26,194,433</u> | <u>1,660,149</u> | <u>(115,080)</u> | <u>27,739,502</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (7,791,658) | (188,161) | - | (7,979,819) |
| Infrastructure | (5,028,313) | (323,258) | - | (5,351,571) |
| Improvements other than buildings | (323,015) | (33,130) | - | (356,145) |
| Machinery and equipment | <u>(5,304,381)</u> | <u>(526,780)</u> | <u>115,080</u> | <u>(5,716,081)</u> |
| Total accumulated depreciation | <u>(18,447,367)</u> | <u>(1,071,329)</u> | <u>115,080</u> | <u>(19,403,616)</u> |
| Total capital assets, being depreciated, net | <u>7,747,066</u> | <u>588,820</u> | <u>-</u> | <u>8,335,886</u> |
| Governmental activities capital assets, net | <u>\$ 12,882,995</u> | <u>\$ 6,813,727</u> | <u>\$ (6,090)</u> | <u>\$ 19,690,632</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>101,279</u> | <u>671,096</u> | <u>-</u> | <u>772,375</u> |
| Total capital assets, not being depreciated | <u>441,603</u> | <u>671,096</u> | <u>-</u> | <u>1,112,699</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 1,603,636 | - | (8,927) | 1,594,709 |
| Infrastructure | 27,838,835 | 203,167 | 8,927 | 28,050,929 |
| Improvements other than buildings | 2,073,396 | 11,960 | - | 2,085,356 |
| Machinery and equipment | <u>2,624,632</u> | <u>764,712</u> | <u>-</u> | <u>3,389,344</u> |
| Total capital assets being depreciated | <u>34,140,499</u> | <u>979,839</u> | <u>-</u> | <u>35,120,338</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (1,208,200) | (29,499) | - | (1,237,699) |
| Infrastructure | (14,988,241) | (765,220) | - | (15,753,461) |
| Improvements other than buildings | (1,429,165) | (62,235) | - | (1,491,400) |
| Machinery and equipment | <u>(1,759,215)</u> | <u>(237,943)</u> | <u>-</u> | <u>(1,997,158)</u> |
| Total accumulated depreciation | <u>(19,384,821)</u> | <u>(1,094,897)</u> | <u>-</u> | <u>(20,479,718)</u> |
| Total capital assets, being depreciated, net | <u>14,755,678</u> | <u>(115,058)</u> | <u>-</u> | <u>14,640,620</u> |
| Business-type activities capital assets, net | <u>\$ 15,197,281</u> | <u>\$ 556,038</u> | <u>\$ -</u> | <u>\$ 15,753,319</u> |

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

| | |
|---|---------------------|
| Governmental activities: | |
| General government | \$ 134,167 |
| Public safety | 370,597 |
| Public works | 446,651 |
| Parks, culture, and recreation | <u>119,914</u> |
| Total depreciation expense - governmental activities | \$ <u>1,071,329</u> |
| Business-type activities: | |
| Utility | \$ 1,013,027 |
| Airport | <u>81,870</u> |
| Total depreciation expense - business-type activities | \$ <u>1,094,897</u> |

Capital assets activity for the Athens Economic Development Corporation for the year ended September 30, 2021, was as follows:

| | Beginning Balance | Increases | Adjustments/ Decreases | Ending Balance |
|---|----------------------|---------------------|---------------------------|---------------------|
| Athens Economic Development Corporation: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 2,506,886 | \$ - | \$ (92,849) | \$ 2,414,037 |
| CIP | <u>-</u> | <u>57,551</u> | <u>-</u> | <u>57,551</u> |
| Total capital assets, not being depreciated | <u>2,506,886</u> | <u>57,551</u> | <u>(92,849)</u> | <u>2,471,588</u> |
| Capital assets, being depreciated: | | | | |
| Buildings & improvements | 2,163,026 | - | - | 2,163,026 |
| Infrastructure | 891,131 | - | - | 891,131 |
| Machinery & equipment | <u>293,999</u> | <u>-</u> | <u>-</u> | <u>293,999</u> |
| Total capital assets being depreciated | <u>3,348,156</u> | <u>-</u> | <u>-</u> | <u>3,348,156</u> |
| Less accumulated depreciation for: | | | | |
| Buildings & improvements | (910,237) | (54,628) | - | (964,865) |
| Infrastructure | (106,313) | (23,584) | - | (129,897) |
| Machinery & equipment | <u>(128,683)</u> | <u>(17,238)</u> | <u>-</u> | <u>(145,921)</u> |
| Total accumulated depreciation | <u>(1,145,233)</u> | <u>(95,450)</u> | <u>-</u> | <u>(1,240,683)</u> |
| Total capital assets, being depreciated, net | <u>2,202,923</u> | <u>(95,450)</u> | <u>-</u> | <u>2,107,473</u> |
| Athens Economic Development Corporation capital assets, net | \$ <u>4,709,809</u> | \$ <u>(37,899)</u> | \$ <u>(92,849)</u> | \$ <u>4,579,061</u> |

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

E. 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% \$ 1,075,000

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

| Year Ending September 30 | Business-Type Activities | |
|-----------------------------|--------------------------|------------------|
| | Principal | Interest |
| 2022 | \$ 350,000 | \$ 21,540 |
| 2023 | 355,000 | 15,240 |
| 2024 | 370,000 | 8,140 |
| Total | <u>\$ 1,075,000</u> | <u>\$ 44,920</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% \$ 6,320,000

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

| Year Ending September 30 | Governmental Activities | |
|-----------------------------|-------------------------|---------------------|
| | Principal | Interest |
| 2022 | \$ 330,000 | \$ 252,800 |
| 2023 | 350,000 | 239,600 |
| 2024 | 370,000 | 225,600 |
| 2025 | 395,000 | 210,800 |
| 2026 | 415,000 | 195,000 |
| 2027-2031 | 2,475,000 | 705,200 |
| 2032-2035 | <u>1,985,000</u> | <u>172,800</u> |
| Total | <u>\$ 6,320,000</u> | <u>\$ 2,001,800</u> |

Capital Leases. The City is obligated under five capital leases for a fire truck, a loader, a roller, and Public Safety Vehicles. The outstanding leases at September 30, 2021 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. | \$ 99,832 |
| Fire Truck #2 payable in 120 monthly installments of \$7,776, including interest at 2.97%, with a final payment on May 10, 2029. | 639,243 |
| Loader payable in 60 monthly installments of \$2,142, including interest at 2.74%, with a final payment on May 30, 2024. | 66,065 |
| Roller payable in 60 monthly installments of \$1,881, including interest at 2.67%, with a final payment on May 10, 2022. | 14,897 |
| Police Vehicle payable in 36 monthly installments of \$7,638, including interest at 1.32%, with a final payment on June 10, 2024. | <u>246,418</u> |
| Total governmental activities | <u>\$ 1,066,455</u> |

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

| <u>Year Ending September 30</u> | <u>Governmental Activities</u> |
|---|------------------------------------|
| 2022 | \$ 326,809 |
| 2023 | 210,663 |
| 2024 | 179,183 |
| 2025 | 93,309 |
| 2026 | 93,309 |
| 2027-2029 | <u>248,824</u> |
| Total amount of minimum lease payments | 1,152,097 |
| Less: amount representing interest | <u>(85,642)</u> |
| Present value of minimum lease payments | <u>\$ 1,066,455</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.

During the 2021 fiscal year, 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 Drinking Water State Revolving Fund (DWSRF) Intended Use Plan. The principal forgiveness amount is \$466,404 and must be used for eligible expenditures. The bonds carry interest rates ranging from 0.01% to 0.54% and mature on August 1, 2029.

Revenue bonds currently outstanding are as follows:

| | |
|---|---------------------|
| 2020 Waterworks and Sewer System Revenue Bonds, due in various annual principal installments through February 2029, interest at 0.05% - 0.48%. \$300,000 of this loan is forgivable if spent on eligible expenditures. At the time of forgiveness, this portion will be removed from the City's debt. | \$ 1,005,000 |
| 2020A Waterworks and Sewer System Revenue Bonds, due in various annual principal installments through August 2030, interest at 0.01% - 0.54%. \$466,404 of this loan is forgivable if spent on eligible expenditures. At the time of forgiveness, this portion will be removed from the City's debt. | <u>1,451,404</u> |
| Total business-type activities | <u>\$ 2,456,404</u> |

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

| <u>Year Ending September 30</u> | <u>Business-type Activities</u> | |
|-------------------------------------|---------------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2022 | \$ 195,000 | \$ 1,496 |
| 2023 | 195,000 | 1,496 |
| 2024 | 195,000 | 1,454 |
| 2025 | 200,000 | 1,377 |
| 2026 | 200,000 | 1,260 |
| 2027-2030 | <u>1,471,404</u> | <u>2,304</u> |
| Total | <u>\$ 2,456,404</u> | <u>\$ 9,387</u> |

Defeased Debt. The City has defeased certificates of obligation in a prior year by placing the proceeds of those bonds into an irrevocable trust account to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for those defeased bonds are not included in the City's financial statements. As of September 30, 2021, \$4,550,000 of defeased bonds remain outstanding.

Changes in Long-Term Liabilities. Long-term liability activity for the year ended September 30, 2021, was as follows:

| | Beginning Balance | Additions | Retirements | Ending Balance | Due Within One Year |
|----------------------------------|----------------------|---------------------|----------------------|---------------------|------------------------|
| Governmental activities: | | | | | |
| Certificates of obligation | \$ 6,630,000 | \$ - | \$(310,000) | \$ 6,320,000 | \$ 330,000 |
| Premium | 380,234 | - | (25,349) | 354,885 | - |
| Capital leases payable | 1,035,877 | 268,465 | (237,887) | 1,066,455 | 303,197 |
| Compensated absences | <u>1,218,743</u> | <u>276,076</u> | <u>(335,414)</u> | <u>1,159,405</u> | <u>289,851</u> |
| Total governmental activities | \$ <u>9,264,854</u> | \$ <u>544,541</u> | \$(<u>908,650</u>) | \$ <u>8,900,745</u> | \$ <u>923,048</u> |
| Business-type Activities: | | | | | |
| General obligation bonds | \$ 1,420,000 | \$ - | \$(345,000) | \$ 1,075,000 | \$ 350,000 |
| Revenue bonds (direct borrowing) | 1,090,000 | 1,546,404 | (180,000) | 2,456,404 | 195,000 |
| Compensated absences | <u>67,588</u> | <u>73,320</u> | <u>(71,751)</u> | <u>69,157</u> | <u>18,672</u> |
| Total business-type activities | \$ <u>2,577,588</u> | \$ <u>1,619,724</u> | \$(<u>596,751</u>) | \$ <u>3,600,561</u> | \$ <u>563,672</u> |
| Component Unit: | | | | | |
| Notes payable | \$ 1,062,120 | \$ - | \$(237,744) | \$ 824,376 | \$ 170,744 |
| Promissory note | <u>800,100</u> | <u>179,082</u> | <u>(51,600)</u> | <u>927,582</u> | <u>-</u> |
| Total component unit | \$ <u>1,862,220</u> | \$ <u>179,082</u> | \$(<u>289,344</u>) | \$ <u>1,751,958</u> | \$ <u>170,744</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 110 monthly installments of \$6,577, including interest at 2.25% for 60 months and then 2.81% for 50 months. | \$ 215,855 |
| Notes payable in 180 monthly installments of \$4,505, including interest at 2.76%. | 405,126 |
| Notes payable in 120 monthly installments of \$4,900, including interest at 2.85%. | <u>203,395</u> |
| Total discretely presented component unit | \$ <u>824,376</u> |

Component Unit – Athens Economic Development Corporation. The principal and interest requirements at September 30, 2021, for the component unit debt are as follows:

| Year Ending September 30 | AEDC | |
|-----------------------------|-------------------|------------------|
| | Principal | Interest |
| 2022 | \$ 170,744 | \$ 21,029 |
| 2023 | 175,604 | 16,169 |
| 2024 | 174,029 | 11,167 |
| 2025 | 77,100 | 6,751 |
| 2026 | 48,368 | 5,690 |
| 2027-2030 | <u>178,531</u> | <u>9,008</u> |
| Total | \$ <u>824,376</u> | \$ <u>69,814</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, 2021, the balance of the note was \$927,582. The interest rate is 3% and the loan matures on February 04, 2027.

F. DEFINED BENEFIT PENSION PLAN

Texas Municipal Retirement System

Plan Description. The City of Athens participates as one of 895 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 (ACFR) that can be obtained at www.tmr.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 Repeating |

Employees covered by benefit terms. At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 89 |
| Inactive employees entitled to but not yet receiving benefits | 84 |
| Active employees | <u>124</u> |
| Total | <u><u>297</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 16.45 % and 15.46% in calendar years 2021 and 2020, respectively. The City's total contributions to TMRS for the year ended September 30, 2021, were \$1,105,113, and were equal to the required contributions.

Net Pension Liability. The City's Net Pension Liability (NPL) was measured as of December 31, 2020, 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, 2020 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 2021 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 12/31/19 | \$ 36,368,250 | \$ 30,744,673 | \$ 5,623,577 |
| Changes for the year: | | | |
| Service cost | 1,146,792 | - | 1,146,792 |
| Interest | 2,430,444 | - | 2,430,444 |
| Difference between expected and actual experience | 43,193 | - | 43,193 |
| Contributions - employer | - | 1,105,113 | (1,105,113) |
| Contributions - employee | - | 505,891 | (505,891) |
| Net investment income | - | 2,334,507 | (2,334,507) |
| Benefit payments, including refunds of employee contributions | (1,870,140) | (1,870,140) | - |
| Administrative expense | - | (15,101) | 15,101 |
| Other changes | - | (590) | 590 |
| Net changes | 1,750,289 | 2,059,680 | (309,391) |
| Balance at 12/31/20 | \$ 38,118,539 | \$ 32,804,353 | \$ 5,314,186 |

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 | \$ 10,706,609 | \$ 5,314,186 | \$ 907,429 |

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, 2021, the City recognized pension expense of \$587,395.

At September 30, 2021, 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 | \$ 111,197 | \$ 209,047 |
| Changes in actuarial assumptions | 111,059 | - |
| Difference between projected and actual investment earnings | - | 887,843 |
| Contributions subsequent to the measurement date | 954,767 | - |
| Total | \$ 1,177,023 | \$ 1,096,890 |

\$954,767 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, 2022. 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> |
|-------------------------------------|----------------------------|
| 2022 | \$(392,042) |
| 2023 | 47,843 |
| 2024 | (478,587) |
| 2025 | (51,848) |

G. 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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|-----------------------|
| Inactive employees or beneficiaries currently receiving benefits | 70 |
| Inactive employees entitled to but not yet receiving benefits | 13 |
| Active employees | <u>124</u> |
| Total | <u><u>207</u></u> |

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.21% for 2021 and 0.16% for 2020, of which 0.13% and 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, 2021 and 2020 were \$8,230 and \$2,085, 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, 2020 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

| | |
|-------------------------------------|---|
| Inflation | 2.50% |
| Salary Increases | 3.50% to 11.50% Including Inflation |
| Discount Rate | 2.00% (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 12/31/19 | \$ 440,533 |
| Changes for the year: | |
| Service cost | 17,741 |
| Interest on total OPEB liability | 12,320 |
| Differences between expected and actual experience | (29,708) |
| Changes of assumptions or other inputs | 68,298 |
| Benefit payments | (2,839) |
| Net changes | <u>65,812</u> |
| Balance at 12/31/20 | <u>\$ 506,345</u> |

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 2.00%, 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 (1.00%) | Discount Rate (2.00%) | 1% Increase in Discount Rate (3.00%) |
|-----------------------------|--|--------------------------|--|
| City's Total OPEB Liability | \$ 621,361 | \$ 506,345 | \$ 418,193 |

OPEB expense, deferred outflows and deferred inflows of resources related to OPEB. For the year ended September 30, 2021, the City recognized OPEB expense of \$47,917. At September 30, 2021, 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 | \$ - | \$ 27,927 |
| Changes in actuarial assumptions | 113,710 | 13,483 |
| Contributions subsequent to the measurement date | <u>7,450</u> | <u>-</u> |
| Total | <u>\$ 121,160</u> | <u>\$ 41,410</u> |

\$7,450 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ended September 30,</u> | <u>OPEB Expense</u> |
|-------------------------------------|-------------------------|
| 2022 | \$ 17,857 |
| 2023 | 17,857 |
| 2024 | 14,246 |
| 2025 | 17,011 |
| 2026 | 5,329 |

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 Republic Services 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, 2021, the City paid \$1,804,671 to Republic Services under the contract.

Construction Commitments. The City has active construction projects as of September 30, 2021. The projects include the Cain Center and the construction of water and sewer facilities. At year-end, the City's commitments with contractors are as follows:

| <u>Project</u> | <u>Spent-to-Date</u> | <u>Estimated Remaining Commitment</u> |
|--|----------------------|---|
| Cain Center Renovations | \$ 8,610,348 | \$ 75,319 |
| Park, Prairieville, Clinton Water Line Project #62848 | 644,113 | 141,159 |
| Manhole Grant Project | 46,255 | 268,793 |
| Loop 7 Sewer Line Extension | 17,766 | 213,949 |
| South 19 Lift Station | - | 281,405 |
| N. Prairieville Sewer Line | - | 118,750 |
| Total | <u>\$ 9,318,482</u> | <u>\$ 1,099,375</u> |

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, 2021, 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, 2021, the administrator had not reported any such claims to the City.

J. RELATED PARTY TRANSACTIONS

In 2021, the City purchased goods in the amount of \$6,399 from a vendor of which a member of City Council owns a majority stake. The City also purchased goods or services in the amount of \$18,079 from a vendor of which a member of City Council owns a stake. In both cases, the council members complied with conflict-of-interest disclosures and abstained from voting when the invoices were approved.

K. SUBSEQUENT EVENTS

In November 2021, the City held a bond election for the issuance of not to exceed \$5,500,000 of General Obligation bonds for police facilities improvements, and the imposition of a tax sufficient to pay the principal and interest of the bonds. The bond ordinance was passed by voters and a Bond Ordinance is expected to be considered later in fiscal year 2022.

**REQUIRED
SUPPLEMENTARY INFORMATION**

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CITY OF ATHENS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| REVENUES | | | | |
| Property taxes | \$ 4,561,573 | \$ 4,561,573 | \$ 4,565,084 | \$ 3,511 |
| Sales tax | 4,431,136 | 4,431,136 | 5,170,339 | 739,203 |
| Franchise tax | 1,204,849 | 1,204,849 | 1,173,324 | (31,525) |
| Other taxes | 33,472 | 33,472 | 52,387 | 18,915 |
| Intergovernmental | - | - | 773,162 | 773,162 |
| Licenses and permits | 75,500 | 75,500 | 73,445 | (2,055) |
| Charges for services | 2,363,352 | 2,363,352 | 2,364,981 | 1,629 |
| Fine and forfeitures | 136,300 | 136,300 | 141,140 | 4,840 |
| Investment earnings | 40,100 | 40,100 | 13,241 | (26,859) |
| Donations | 8,000 | 8,000 | 8,900 | 900 |
| Miscellaneous | 10,000 | 10,000 | 12,685 | 2,685 |
| Total revenues | <u>12,864,282</u> | <u>12,864,282</u> | <u>14,348,688</u> | <u>1,484,406</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 2,320,182 | 2,355,030 | 1,677,097 | 677,933 |
| Public safety: | | | | |
| Police | 3,659,076 | 3,705,594 | 3,337,198 | 368,396 |
| Fire | 2,711,618 | 2,711,618 | 2,803,051 | (91,433) |
| Public works | 3,057,597 | 3,057,597 | 2,675,835 | 381,762 |
| Health | 326,633 | 326,633 | 311,067 | 15,566 |
| Culture, parks, and recreation | 579,750 | 579,750 | 530,526 | 49,224 |
| Capital outlay: | | | | |
| General government | 50,000 | 50,000 | 35,247 | 14,753 |
| Public safety | 15,000 | 763,418 | 669,471 | 93,947 |
| Public works | 400,000 | 545,841 | 482,564 | 63,277 |
| Culture, parks, recreation | - | - | 53,810 | (53,810) |
| Total expenditures | <u>13,119,856</u> | <u>14,095,481</u> | <u>12,575,866</u> | <u>1,519,615</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(255,574)</u> | <u>(1,231,199)</u> | <u>1,772,822</u> | <u>3,004,021</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of assets | 50,000 | 50,000 | 25,000 | (25,000) |
| Issuance of capital lease | - | 268,465 | 268,465 | - |
| Transfers in | 584,891 | 584,891 | 149,281 | (435,610) |
| Transfers out | (271,985) | (271,985) | (271,985) | - |
| Total other financing sources (uses) | <u>362,906</u> | <u>631,371</u> | <u>170,761</u> | <u>(460,610)</u> |
| Net change in fund balances | 107,332 | (599,828) | 1,943,583 | 2,543,411 |
| Fund balance - beginning of year | <u>7,255,690</u> | <u>7,255,690</u> | <u>7,255,690</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 7,363,022</u> | <u>\$ 6,655,862</u> | <u>\$ 9,199,273</u> | <u>\$ 2,543,411</u> |

The accompanying notes are an integral
part of this schedule.

CITY OF ATHENS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|--------------------|-------------------|---------------------|-------------------------------|
| REVENUES | | | | |
| Charges for services | \$ - | \$ - | \$ 8,260 | \$ 8,260 |
| Investment earnings | 150 | 150 | 407 | 257 |
| Donations | <u>5,100,000</u> | <u>5,100,000</u> | <u>4,155,000</u> | <u>(945,000)</u> |
| Total revenues | <u>5,100,150</u> | <u>5,100,150</u> | <u>4,163,667</u> | <u>(936,483)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Culture, parks, and recreation | 221,985 | 221,985 | 145,580 | 76,405 |
| Capital outlay: | | | | |
| Culture, parks, recreation | <u>5,000,000</u> | <u>5,000,000</u> | <u>4,500,000</u> | <u>500,000</u> |
| Total expenditures | <u>5,221,985</u> | <u>5,221,985</u> | <u>4,645,580</u> | <u>576,405</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(121,835)</u> | <u>(121,835)</u> | <u>(481,913)</u> | <u>(360,078)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 271,985 | 271,985 | 271,985 | - |
| Transfers out | <u>(150,000)</u> | <u>(150,000)</u> | <u>(50,000)</u> | <u>100,000</u> |
| Total other financing sources (uses) | <u>121,985</u> | <u>121,985</u> | <u>221,985</u> | <u>100,000</u> |
| Net change in fund balances | 150 | 150 | (259,928) | (260,078) |
| Fund balance - beginning of year | <u>18,564</u> | <u>18,564</u> | <u>18,564</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 18,714</u> | <u>\$ 18,714</u> | <u>\$(241,364)</u> | <u>\$(260,078)</u> |

The accompanying notes are an integral
part of this schedule.

CITY OF ATHENS, TEXAS

NOTES TO REQUIRED BUDGETARY SCHEDULES

SEPTEMBER 30, 2021

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 City's budgeted funds.
6. The City's budgets are 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 (except for those which are not otherwise payable from restricted, committed, or assigned resources) 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, 2021

| 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 pension 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 | 2020 |
|--------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|
| \$ 1,068,555 2,287,742 | \$ 1,132,820 2,383,369 | \$ 1,047,988 2,238,073 | \$ 1,066,806 2,308,042 | \$ 1,146,792 2,430,444 |
| - (137,118) - | - (343,260) - | (3,535,790) (388,363) - | - 143,230 201,719 | - 43,193 - |
| (1,893,054) | (1,776,171) | (1,718,356) | (2,022,705) | (1,870,140) |
| 1,326,125 | 1,396,758 | (2,356,448) | 1,697,092 | 1,750,289 |
| <u>34,304,723</u> | <u>35,630,848</u> | <u>37,027,606</u> | <u>34,671,158</u> | <u>36,368,250</u> |
| \$ <u>35,630,848</u> | \$ <u>37,027,606</u> | \$ <u>34,671,158</u> | \$ <u>36,368,250</u> | \$ <u>38,118,539</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 | \$ 1,105,113 505,891 2,334,507 |
| (1,893,054) (17,544) (945) | (1,776,171) (17,491) (886) | (1,718,356) (16,079) (840) | (2,022,705) (23,658) (710) | (1,870,140) (15,101) (590) |
| 1,364,900 | 3,423,161 | (691,984) | 3,662,378 | 2,059,680 |
| <u>22,986,218</u> | <u>24,351,118</u> | <u>27,774,279</u> | <u>27,082,295</u> | <u>30,744,673</u> |
| \$ <u>24,351,118</u> | \$ <u>27,774,279</u> | \$ <u>27,082,295</u> | \$ <u>30,744,673</u> | \$ <u>32,804,353</u> |
| \$ <u>11,279,730</u> | \$ <u>9,253,327</u> | \$ <u>7,588,863</u> | \$ <u>5,623,577</u> | \$ <u>5,314,186</u> |
| 68.34% | 75.01% | 78.11% | 84.54% | 86.06% |
| \$ 6,106,026 | \$ 6,536,755 | \$ 6,558,122 | \$ 6,646,763 | \$ 7,096,482 |
| 184.73% | 141.56% | 115.72% | 84.61% | 74.88% |

CITY OF ATHENS, TEXAS

SCHEDULE OF PENSION CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2021

| 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 | 25 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: 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 Adopted buy-back provision.

| 2017 | 2018 | 2019 | 2020 | 2021 |
|------------------|------------------|------------------|------------------|------------------|
| \$ 1,307,300 | \$ 1,418,947 | \$ 1,395,832 | \$ 1,103,424 | \$ 1,105,113 |
| <u>1,307,300</u> | <u>1,418,947</u> | <u>1,395,832</u> | <u>1,103,424</u> | <u>1,105,113</u> |
| - | - | - | - | - |
| 6,106,026 | 6,536,755 | 6,587,393 | 7,012,795 | 7,680,879 |
| 21.41% | 21.71% | 21.19% | 15.73% | 14.39% |

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, 2021

| Measurement period December 31, | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|----------------|----------------|----------------|----------------|
| A. Total OPEB Liability | | | | |
| Service Cost | \$ 14,381 | \$ 16,395 | \$ 13,294 | \$ 17,741 |
| Interest (on the Total OPEB Liability) | 11,579 | 11,909 | 13,124 | 12,320 |
| Difference between expected and actual experience | - | (4,129) | (2,022) | (29,708) |
| Changes of assumptions | 28,798 | (26,047) | 70,372 | 68,298 |
| Benefit payments, including refunds of employee contributions | (1,961) | (2,618) | (2,659) | (2,839) |
| Net change in Total OPEB Liability | 52,797 | (4,490) | 92,109 | 65,812 |
| Total OPEB Liability - beginning | <u>300,117</u> | <u>352,914</u> | <u>348,424</u> | <u>440,533</u> |
| Total OPEB liability - ending | <u>352,914</u> | <u>348,424</u> | <u>440,533</u> | <u>506,345</u> |
| B. Covered-employee payroll | \$ 6,536,755 | \$ 6,558,122 | \$ 6,646,763 | \$ 7,096,482 |
| C. Total OPEB Liability as a percentage of covered-employee payroll | 5.40% | 5.31% | 6.63% | 7.14% |

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

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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.

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.

Capital Projects Funds

Cain Center - 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, 2021

| | Special Revenue | | | |
|---|-----------------------|----------------------|-----------------------|---------------------------------------|
| | Hotel Tax | Texan Theatre | Special Donations | Restricted Municipal Court Fees |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 543,574 | \$ 39,212 | \$ 184,685 | \$ 31,843 |
| Investments | - | - | - | - |
| Receivables, net: | | | | |
| Taxes | 53,120 | - | - | - |
| Accounts | 11,938 | - | - | - |
| Total assets | <u>608,632</u> | <u>39,212</u> | <u>184,685</u> | <u>31,843</u> |
| LIABILITIES | | | | |
| Customer deposits | - | 2,400 | - | - |
| Due to other funds | 4,860 | 4,083 | 473 | - |
| Total liabilities | <u>4,860</u> | <u>6,483</u> | <u>473</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Committed for: | | | | |
| Capital projects | - | - | - | - |
| Tourism and convention | - | 32,729 | - | - |
| Restricted for: | | | | |
| Public safety | - | - | 41,555 | 31,843 |
| Culture, parks and recreation | - | - | 142,657 | - |
| Tourism and convention | 603,772 | - | - | - |
| Total fund balances | <u>603,772</u> | <u>32,729</u> | <u>184,212</u> | <u>31,843</u> |
| Total liabilities and fund balances | \$ <u>608,632</u> | \$ <u>39,212</u> | \$ <u>184,685</u> | \$ <u>31,843</u> |

| <u>Special Revenue</u> | <u>Capital Projects</u> | |
|-------------------------------------|-----------------------------|--|
| <u>Local Forfeited Cash</u> | <u>Cain Center</u> | <u>Total Nonmajor Governmental Funds</u> |
| \$ 39,647 | \$ - | \$ 838,961 |
| - | 102,504 | 102,504 |
| - | - | 53,120 |
| - | - | 11,938 |
| <u>39,647</u> | <u>102,504</u> | <u>1,006,523</u> |
| - | - | 2,400 |
| - | - | 9,416 |
| <u>-</u> | <u>-</u> | <u>11,816</u> |
| - | 102,504 | 102,504 |
| - | - | 32,729 |
| 39,647 | - | 113,045 |
| - | - | 142,657 |
| - | - | 603,772 |
| <u>39,647</u> | <u>102,504</u> | <u>994,707</u> |
| <u>\$ 39,647</u> | <u>\$ 102,504</u> | <u>\$ 1,006,523</u> |

CITY OF ATHENS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | Special Revenue | | | |
|--|-------------------|------------------|----------------------|---------------------------------------|
| | Hotel Tax | Texan Theatre | Special Donations | Restricted Municipal Court Fees |
| REVENUES | | | | |
| Other taxes | \$ 353,612 | \$ - | \$ - | \$ - |
| Charges for services | - | 34,058 | - | - |
| Fine and forfeitures | - | - | - | 11,888 |
| Investment earnings | 1,278 | - | 513 | 52 |
| Donations | - | - | 6,142 | - |
| Miscellaneous | - | 40 | 2,811 | - |
| Total revenues | <u>354,890</u> | <u>34,098</u> | <u>9,466</u> | <u>11,940</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | 2,150 | - |
| Public safety: | | | | |
| Fire | - | - | 9,766 | - |
| Police | - | - | 381 | - |
| Culture, parks, and recreation | <u>194,506</u> | <u>39,136</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>194,506</u> | <u>39,136</u> | <u>12,297</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>160,384</u> | <u>(5,038)</u> | <u>(2,831)</u> | <u>11,940</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 160,384 | (5,038) | (2,831) | 11,940 |
| Fund balance - beginning of year | <u>443,388</u> | <u>37,767</u> | <u>187,043</u> | <u>19,903</u> |
| Fund balance - end of year | <u>\$ 603,772</u> | <u>\$ 32,729</u> | <u>\$ 184,212</u> | <u>\$ 31,843</u> |

| <u>Special Revenue</u> | <u>Capital Projects</u> | |
|-------------------------------------|-----------------------------|--|
| <u>Local Forfeited Cash</u> | <u>Cain Center</u> | <u>Total Nonmajor Governmental Funds</u> |
| \$ - | \$ - | \$ 353,612 |
| - | - | 34,058 |
| - | - | 11,888 |
| 109 | 27 | 1,979 |
| - | - | 6,142 |
| - | 2,406 | 5,257 |
| <u>109</u> | <u>2,433</u> | <u>412,936</u> |
| - | - | 2,150 |
| - | - | 9,766 |
| - | - | 381 |
| - | - | 233,642 |
| <u>-</u> | <u>-</u> | <u>245,939</u> |
| <u>109</u> | <u>2,433</u> | <u>166,997</u> |
| <u>-</u> | <u>50,000</u> | <u>50,000</u> |
| <u>-</u> | <u>50,000</u> | <u>50,000</u> |
| 109 | 52,433 | 216,997 |
| <u>39,538</u> | <u>50,071</u> | <u>777,710</u> |
| \$ <u>39,647</u> | \$ <u>102,504</u> | \$ <u>994,707</u> |

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