



ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

City of Johnson City, Tennessee

Annual Comprehensive Financial Report

For the Fiscal Year Ended
June 30, 2023



Prepared by:

Finance Department

Stephanie Laos, CPA, Director of Finance

CITY OF JOHNSON CITY, TENNESSEE

BASIC FINANCIAL STATEMENTS

AND SUPPLEMENTAL INFORMATION

For the Fiscal Year Ended June 30, 2023

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City of Johnson City Tennessee

601 East Main Street • Johnson City, TN 37605 • (423) 434-6000

Office of Finance Director

February 27, 2024

To the Honorable Mayor, Members of the Board of Commissioners and Citizens of the City of Johnson City, Tennessee:

The Annual Comprehensive Financial Report of the City of Johnson City for the fiscal year ended June 30, 2023 is hereby submitted, in accordance with the provisions of Section 2.89 of the Johnson City Code. This report consists of the City's representations concerning the finances of the City of Johnson City. Consequently, the City assumes full responsibility for the completeness and reliability of all of the information presented in this report. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures that are necessary to enable the reader to gain an understanding of the City's financial structures have been included.

The City is required to undergo an annual single audit in conformity with the Single Audit Act of 1984 and the United States Office of Management and Budget Circular A-128, Audits of State and Local Governments. Information related to this single audit, including the findings and recommendations and the auditors' reports on the internal controls and compliance with applicable laws and regulations, are included as a part of this report.

This report includes all funds of the City, as well as all of its component units. Component units are legally separate entities for which the City is financially accountable. The Johnson City Public Library, Johnson City Development Authority, Industrial Development Board, and the Johnson City Energy Authority (dba Brightridge) are discretely presented in the financial statements to emphasize that they are legally separate from the City. The Johnson City Public Building Authority is presented as a blended component unit of the City.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Financial Information

Management of the City is responsible for establishing and maintaining internal controls designed to ensure that all assets of the City are protected from loss, theft or misuse and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and county financial assistance, the City is also responsible for ensuring that adequate internal controls are in place to facilitate compliance with applicable laws and regulations related to those programs. The internal controls are subject to periodic evaluation by management and the accounting staff of the City. As a part of the City's single audit, previously described, tests are made to determine the adequacy of the internal controls, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations.

Independent Audit. The City Charter requires that an annual audit be made of the accounts, financial records and transactions of the City departments by a Certified Public Accountant. This fiscal year, the Certified Public Accounting Firm of Blackburn, Childers and Steagall, PLC audited all the City funds.

Budgeting Controls. In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Commission. Activities of the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds are included in the annual appropriated budget. Project-length financial plans are adopted for all Capital Project Funds. The level of budgetary control is established on the department or activity level within an individual fund. Projected expenses for the Proprietary Funds and projected Transfers for all funds are included in the annual budget ordinance, as information items.

Profile of the Government

Policy-making and legislative authority are vested in the Board of Commissioners, consisting of the mayor and four other members. The Commission is responsible, among other things, for passing ordinances and resolutions, adopting the budget, appointing committees and hiring the City's manager. The City's manager is responsible for carrying out the policies and ordinances of the Commission, for overseeing the day-to-day operations of the City and for appointing the heads of departments. The Commission is elected on a non-partisan basis. Board members serve four-year staggered terms, with an election every two years. The mayor is elected by his or her peers to serve a two-year term.

The Annual Budget serves as the foundation of the City's financial planning and fiscal control. The Board of Commissioners is required to hold a public hearing on the proposed budget and to annually adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and broad functional category. Transfers may be made within broad categories without governing body approval. Spending in excess of the amount appropriated for any broad category requires approval by the Board of Commissioners.

The City provides a full range of services, as directed by its charter. These services include police and fire protection, park and recreation activities, golf, a senior citizen's center, schools, street construction and maintenance, planning and zoning and general administrative services. In addition, water and sewer, transit service, garbage pick-up, landfill and stormwater are provided under the proprietary fund concept.

Factors Affecting Financial Condition

Local Economy. Johnson City, along with Kingsport and Bristol, Tennessee and Virginia, make up the “Tri-Cities” area of Northeastern Tennessee. The Combined Statistical Area has a population of 521,528. Business and industry in Johnson City are diverse and include retail, utilities, manufacturing, financial and medical services, as well as other services. The City’s economic base is still firmly rooted in institutional services. The three largest employers are East Tennessee State University, Ballad Health, and the James H Quillen Department of Veteran’s Affairs Medical Center, employing approximately 15.3% of the total City employment. The City of Johnson City provides funding and other support to the Aerospace Park, East Tennessee State University Fine and Performing Arts Center and Northeast Tennessee Regional Economic Partnership. The City’s involvement in these partnerships, as well as others, demonstrates a continued commitment to working for a stronger local economy, improved quality of life, community pride, responsible city government and a more attractive community.

Consistent with national trends, the City experienced a decrease from 4.2% to 4.0% in the unemployment rate (not seasonally adjusted), slightly higher than the year-end statewide unemployment rate of 3.2% (not seasonally adjusted). Funding for the City continues to be provided primarily by local and state taxes, including sales and property taxes. The City increased the property tax rate by \$0.25 for tax year 2023, in anticipation of the construction of a new elementary school, infrastructure maintenance, and additional support for emergency services (EMS and 911). Sales tax collections continued to experience growth of 7.5% due to strong retail sales activity.

Long-term financial planning. Revitalization of the downtown area continues to spur outside investment. The Industrial Development Board works to bring in lucrative businesses, not only downtown, but in all areas of Johnson City.

Financial management policies and practices. Restricted fund balance in the General Fund, for stabilization purposes, falls within the policy guidelines set by the Board of Commissioners (19% of total general fund expenditures and interfund transfers). In addition to the restricted reserve, the City has unassigned fund balance representing 21% of general fund expenditures and transfers. A planned build-up in this balance has resulted in the City having the ability to maintain its high service level to the citizens, even in challenging years. Additionally, the City has been able to continue cash funding capital equipment and undertake a number of significant capital projects.

The preparation of this Annual Comprehensive Financial Report (ACFR) could not have been accomplished without the skill, effort and dedication of the Accounting staff. Credit is also due to the auditors for their assistance in the preparation of this report.

Respectfully submitted,

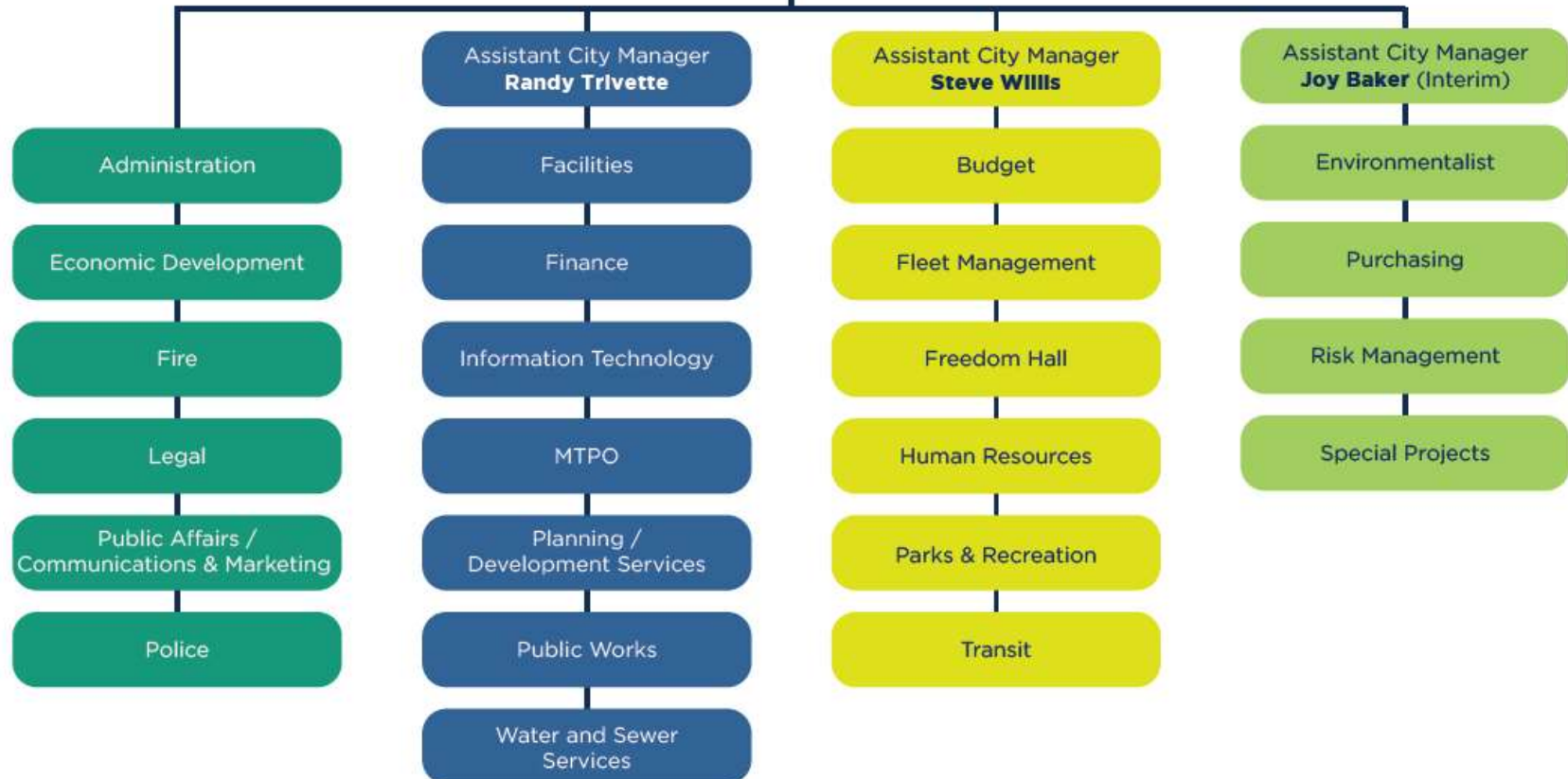


Stephanie S. Laos, CPA
Director of Finance



ORGANIZATIONAL CHART

City Manager: **Cathy Ball**



**CITY OF JOHNSON CITY, TENNESSEE
LIST OF ELECTED AND APPOINTED OFFICIALS
June 30, 2023**

Board of Commissioners:

Todd Fowler, Mayor
Aaron Murphy, Vice Mayor
Jenny Brock
John Hunter
Joe Wise

City Judges:

Sharon Greene, Juvenile Judge
Stan Widener, City Judge

City Administration:

Cathy Ball, City Manager
Randy Trivette, Assistant City Manager
Steve Willis, Assistant City Manager
Joy Baker, Interim Assistant City Manager
Stephanie Laos, City Finance Director

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Board of Commissioners
City of Johnson City, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Johnson City, Tennessee (the City) as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the General Purpose School Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of City of Johnson City, Tennessee's School's Internal School Fund, which represents 0.71 percent, 1.22 percent, and 0.93 percent, respectively, of the assets, fund balances, and revenues of the governmental funds as of June 30, 2023 and the respective changes in financial position for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for City of Johnson City, Tennessee's School's Internal School Fund, is based solely on the report of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1.G.16 to the financial statements, in 2023, the City has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15 and the pension and OPEB schedules, as detailed within the Required Supplementary Information section of the table of contents, on pages 166 through 176, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules and supplemental information, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of other auditors, the combining and individual nonmajor fund financial statements and schedules and supplemental information, including the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Blackburn, Childers + Steagall, PLC

BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

February 27, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Johnson City, Tennessee (the City), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through iii of this report. All amounts included in this management's discussion and analysis, unless otherwise indicated, are expressed in the thousands of dollars.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$478,303 (*net position*). Of this amount, \$376,683 is invested in capital assets (*net of related debt*) and \$80,420 is restricted for specific purposes.
- The City's overall net position increased by \$35,404.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$125,507, a current year decrease of \$15,787. The decrease is the result of the use of fund balance (comprised of restricted bond funds) to pay for continued capital projects. Of the ending fund balance, \$529 is nonspendable, \$69,016 is restricted, \$8,737 is committed for specific purposes, and \$22,650 is assigned.
- At the end of the current fiscal year, fund balance for the general fund was \$57,578, or 51.4% of total general fund expenditures including transfers out. This balance includes \$131 in nonspendable assets, \$21,303 of restricted funds, \$6,844 committed for specific purposes and \$4,726 assigned.
- The City's total outstanding long-term debt decreased \$13,732 (5.5%) during the current fiscal year due to principal repayments.

Overview of the Financial Statements.

This narrative overview is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.

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 financial information on all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference 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 showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, etc.).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*), from other 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, public works, parks, recreation, culture and leisure, city services and education. The business-type activities of the City include water and sewer, city solid waste, regional solid waste, stormwater management, mass transit and building authority.

The government-wide financial statements include not only the City of Johnson City itself (known as the *primary government*), but also four legally separate entities for which the City is financially obligated, the Johnson City Public Library, Johnson City Development Authority, Industrial Development Board, and Johnson City Energy Authority (dba Brightridge). Financial information for these component units is reported separately from the financial information presented for the primary government itself. The building authority, although also legally separate, functions almost entirely for the benefit of the City; therefore it has been reported as a part of the primary government. The government-wide financial statements can be found on pages 16 through 19 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is 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 of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary 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 near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing the City'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 City's near-term financing decisions. Both the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, general purpose school fund, debt service fund, educational facilities debt service fund, and capital project fund, which are considered to be major funds. Data from the other twelve governmental funds are combined into a single aggregated presentation and summarized under the heading "Other Governmental Funds" in the governmental fund presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and individual fund statements elsewhere in this report.

The City adopts an annual appropriation budget for its general and other major special revenue funds. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 20 through 41 of this report.

Proprietary funds. The City maintains two different types of proprietary 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 the water/sewer, city solid waste, regional solid waste, mass transit, stormwater management and public building authority. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet management and insurance activities. Because these services predominantly benefit governmental rather than business-type functions, they have been primarily included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer and city solid waste operations, both of which are considered to be major funds of the City. Data from the other enterprise funds are combined into a single, aggregated presentation and summarized under the heading "Nonmajor Proprietary Funds". Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report.

Data from the City's internal service funds (fleet management and insurance) are included in the proprietary fund financial statements under the heading "Governmental Activities – Internal Service Funds". Individual fund data for the internal service funds are provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 42 through 49 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains one fiduciary fund. The NETCO fund is used to report resources held in a custodial capacity for the Northeast Tennessee Cooperative to use to make combined purchases for its member cities and counties. The fiduciary fund financial statements can be found on page 50 through 51 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 54 through 165 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 166 through 176 of this report.

The individual statements for the debt service funds and combining statements, referred to earlier in connection with nonmajor governmental funds and nonmajor proprietary funds, are presented immediately following the required supplementary information on pensions and OPEB. These statements can be found on pages 177 through 200 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City of Johnson City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$478,303.

City of Johnson City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 239,408	\$ 309,103	\$ 56,775	\$ 76,671	\$ 296,183	\$ 385,774
Capital assets	304,134	273,018	275,248	255,576	579,382	528,594
Total assets	543,542	582,121	332,023	332,247	875,565	914,368
Total deferred outflows of resources	31,009	34,619	2,943	2,986	33,952	37,605
Long-term liabilities outstanding	183,462	203,268	108,360	115,729	291,822	318,997
Other liabilities	37,480	26,835	16,283	8,942	53,763	35,777
Total liabilities	220,942	230,103	124,643	124,671	345,585	354,774
Total deferred inflows of resources	84,995	147,060	634	7,240	85,629	154,300
Net position:						
Net investment in capital assets	188,193	168,892	188,490	173,473	376,683	342,365
Restricted	55,940	129,173	24,480	32,541	80,420	161,714
Unrestricted	24,481	(58,488)	(3,281)	(2,691)	21,200	(61,179)
Total net position	\$ 268,614	\$ 239,577	\$ 209,689	\$ 203,322	\$ 478,303	\$ 442,899

By far, the largest portion of the City's net position (79%) reflects its investment in capital assets (e.g. land, buildings, equipment, vehicles and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Consequently, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, 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.

An additional portion of the City's net position (17%) represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the City reports positive balances in all categories of net position both for the government as a whole, and for its governmental activities. The business-type activities reports positive balances in all categories of net position, except unrestricted.

City of Johnson City's Change in Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 17,064	\$ 14,912	\$ 65,449	\$ 61,478	\$ 82,513	\$ 76,390
Operating grants & contributions	63,879	62,748	2,769	3,008	66,648	65,756
Capital grants & contributions	5,143	1,540	451	1,610	5,594	3,150
General revenues:						
Property taxes	58,190	56,561			58,190	56,561
Sales taxes	64,724	60,392			64,724	60,392
Other taxes	13,248	12,097			13,248	12,097
Unrestricted investment earnings	2,723	355	(147)	(47)	2,576	308
Other taxes	8	34			8	34
Total revenues	<u>\$ 224,979</u>	<u>\$ 208,639</u>	<u>\$ 68,522</u>	<u>\$ 66,049</u>	<u>\$ 293,501</u>	<u>\$ 274,688</u>
Expenses:						
General government	\$ 27,078	\$ 3,909	\$ -	\$ -	\$ 27,078	\$ 3,909
Public safety	32,738	30,094	-	-	32,738	30,094
Public works	22,852	19,465	-	-	22,852	19,465
Parks, recreation, culture, & leisure	13,055	11,497	-	-	13,055	11,497
City services	1,396	1,888	-	-	1,396	1,888
Education	94,709	95,626	-	-	94,709	95,626
Interest on long-term debt	5,085	3,075	-	-	5,085	3,075
Water and sewer	-	-	36,067	30,673	36,067	30,673
City solid waste	-	-	13,758	11,067	13,758	11,067
Regional solid waste	-	-	4,285	3,326	4,285	3,326
Public building authority	-	-	4,912	356	4,912	356
Mass Transit	-	-	1,818	4,081	1,818	4,081
Stormwater management	-	-	345	1,601	345	1,601
Total expenses	<u>\$ 196,913</u>	<u>\$ 165,554</u>	<u>\$ 61,185</u>	<u>\$ 51,104</u>	<u>\$ 258,098</u>	<u>\$ 216,658</u>
Increase (decrease) in net position before transfers	\$ 28,066	\$ 43,085	\$ 7,337	\$ 14,945	\$ 35,403	\$ 58,030
Transfers	971	-	(971)	-	-	-
Increase (decrease) in net position	\$ 29,037	\$ 43,085	\$ 6,366	\$ 14,945	\$ 35,403	\$ 58,030
Net position, beginning	239,577	196,626	203,323	188,377	442,900	385,003
Prior period adjustment	-	(134)	-	-	-	(134)
Net position, ending	<u>\$ 268,614</u>	<u>\$ 239,577</u>	<u>\$ 209,689</u>	<u>\$ 203,322</u>	<u>\$ 478,303</u>	<u>\$ 442,899</u>

Governmental activities. During the current fiscal year, net position for governmental activities increased \$29,037 due mainly to an increase in cash generated by healthy tax revenue collection and the receipt of significant grant funds. Governmental activities reported an ending net position balance of \$268,614.

Business-type activities. For the city's business-type activities, current year net position increased \$6,366 due mainly to positive performance by the utility funds. Strong revenue performance and effective cost control measures in water and sewer operations, city solid waste, regional solid waste, mass transit and stormwater management, resulted in increases in net position for those funds. Business-type activities reported an ending net position of \$209,689. Key elements include:

- Water and Sewer Activities contributed \$4,256 of net position growth, a portion of which was utilized to provide funds for debt principal repayments and capital expansion as indicated in the statement of cash flows located on pages 47 through 49 of this report.
- Mass transit activities reported positive performance and provided \$794 of net position growth. A portion of these funds were invested in capital assets.
- Stormwater management experienced a net position increase of \$1,559. The majority of these funds were utilized for debt principal repayments and capital improvements.
- Other business-type reported a decrease of \$441 in net position.

Financial Analysis of the City's Funds

As noted earlier, the City of Johnson City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's 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. In particular, it is useful to review the various classifications of fund balance in measuring the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$125,507, a current year decrease of \$15,787. The decrease is attributable to the spend down of bonds issued in fiscal year 2022 for capital projects. Additionally, beginning fund balance increased \$94 to adjust for a change in school inventory methodology. Included in ending fund balance are assets of \$529 which are nonspendable, indicating that they are either not in a spendable form or must be maintained intact. Restricted fund balance of \$69,016 includes amounts legally constrained for education (\$1,987), school debt service (\$8,032), debt service (\$0.7), specific capital projects (\$30,838), school food service (\$3,954), public safety and drug enforcement (\$1,654), senior services (\$869), community development (\$212), fund balance policy (\$20,613), and other services (\$856). Funds committed for a particular purpose total \$8,737 includes economic development (\$6,844) and education (\$1,893). Funds assigned for a particular purpose total \$22,650, consisting of unpaid leave (\$4,884), education (\$17,295), transportation planning operations (\$66), and other services (\$404). The remaining unassigned balance of \$24,575 comprises 19.6% of total fund balance and represents funds available for spending at the government's discretion.

Included in the figures above, the general fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance was \$57,578, including \$131 of nonspendable assets, \$21,303 of restricted funds, \$6,844 committed for specific purposes, \$4,726 assigned for a particular purpose and \$24,575 unassigned.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance of \$24,575 represents 21% of total general fund expenditures and transfers out, while total fund balance represents 51% of that same amount. In conjunction with the 21% unassigned fund balance, it is important to consider that the restricted balance in fund balance includes 20% set aside to meet 2.4 months of the annual general fund expenditures and transfers out, in accordance with the City's fund balance policy. The total fund balance of the City's general fund increased \$4,625, due mainly to robust retail sales activity that translated into strong revenue collections. An early retirement incentive was offered in February 2023 which resulted in several key position vacancies which were not filled until the first of the new fiscal year.

The general-purpose school fund has a total fund balance of \$20,200, including \$73 of nonspendable assets, \$856 of restricted, \$1,893 committed for specific purposes and \$17,378 assigned for general education. The current year increase in fund balance was \$2,885. This was mainly due to healthy sales tax collections, in conjunction with reduced spending across most departments.

At the end of the current fiscal year, the fund balance of the City's debt service fund totals \$0.7, all of which is restricted. Fund balance decreased \$454 from the prior year due mainly to the transfer of funds from other funds to cover debt service costs.

The City's capital project fund has a total fund balance of \$30,838, all of which is restricted for capital projects. The decrease of \$23,035 is due to the continued use of bond proceeds to fund capital projects.

The educational facilities trust fund has a total fund balance of \$8,032, all of which is restricted. The net increase was \$790. This increase is attributable to dedicated local sales tax collections exceeding principal and interest payments.

Nonmajor (other) governmental funds have a fund balance of \$8,857, including \$325 of nonspendable assets, \$7,985 of restricted funds and \$547 assigned for a particular purpose. The net decrease in fund balance during the current year was \$504. This net decrease is attributable to the use of funds for Community Development projects as well as the reduction of fund balance in the Freedom Hall fund. Additionally, the beginning fund balances for nonmajor governmental funds were increased \$94 for a change in school inventory methodology.

Proprietary funds. The City of Johnson City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water and Sewer Fund and City Solid Waste Fund, at the end of the year, amounted to -\$13,529 and \$4,618, respectively. Nonmajor (other) proprietary funds reported unrestricted net position of \$5,630. Total unrestricted net position of proprietary funds amounted to -\$3,281.

As noted earlier in the discussion of business-type activities, net position for the proprietary funds increased \$6,366 with water and sewer and city solid waste operations contributing growth of \$4,256 and \$198, respectively. Nonmajor (other) proprietary funds reported an increase of \$1,912. Other factors concerning the financial position of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Original and Final Budgeted Amounts. Differences between the original budget and the final amended budget for the general fund represent a \$6,490 increase in expenditures and a \$1,855 increase in other financing uses. This increase consists of the following:

\$	950	Purchase of property located 420 Walnut Street
	119	Ashe Street Courthouse roof project
	275	Band and athletic equipment for the two middle schools
	26	Langston after school program grant
	2,300	BrightRidge Broadband grant funds
	1,046	Personnel
	38	Johnson City Public Library
	1,336	John Sevier Replacement Project
	400	John Sevier Elevator
\$	<u>6,490</u>	
\$	1,855	Transfer to Capital Projects for Freedom Hall, Golf, and Winged Deer Park
\$	<u>8,345</u>	

Better than expected local tax collections, grant funding, lower debt service requirements and cost savings across City departments provided available funding to completely offset the additional spending.

Final Amended Budget and Actual Amounts. Differences between the final amended budget and actual results for the general fund represent a \$219 decrease in expenditures and a \$5,696 net decrease in other financing uses, for a total decrease of \$5,915. This decrease consists of the following:

\$	3	General government spending higher than expected in outside purchased services.
	(682)	Public safety spending lower than expected due to vacancies
	593	Public works spending lower than expected due to savings in outside purchased services
	(432)	Parks, Recreation, Culture and Leisure spending lower than expected due to vacancies.
	299	Debt service for leases not budgeted for
\$	<u>(219)</u>	
\$	1,272	Higher than expected match funding for mass transit
	(1,568)	Subscription issuance
	(2,068)	Increased transfer from water/sewer
	(2,350)	Decreased transfer to Capital Projects fund
	(982)	Other
\$	<u>(5,696)</u>	
\$	<u>(5,915)</u>	

Since the budget to actual variance represents a reduction in required appropriations, no additional funding was necessary.

Open positions, effective departmental cost saving measures, a pause in the recreational department’s activity due to the pandemic, and the delayed issuance of debt accounted for the expenditure savings. This savings, combined with robust revenue collections, resulted in the net change in fund balance exceeding budget by \$9,739. The local economy has remained vibrant.

Capital Asset and Debt Administration

Capital Assets. The City of Johnson City’s investment in capital assets for its governmental and business type activities as of June 30, 2023, totaled \$579,381 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, plant in service, equipment and vehicles, infrastructure and construction in progress.

Major capital asset events during the fiscal year included the following:

- Water/Sewer Service Center completed
- Partner with BrightRidge for broadband expansion
- Exterior renovation to Keystone Community Center
- New roof on the Municipal and Safety Building
- Numerous water and sewer line extensions, replacements and upgrades completed.
- HVAC controls upgrade at the Municipal and Safety Building
- Winged Deer Athletic Park
- Lake Ridge and Woodland Elementary Schools classroom additions
- Ashe Street Courthouse project

The following capital projects are in progress:

- CVB Visitor Center construction
- West Walnut Street corridor improvements – public works, stormwater management, water/sewer.
- Numerous water and sewer line extensions, replacements and upgrades.
- Knob Creek Road improvements (W. Oakland and Mountain View Rd)
- Indian Trail Middle School turf installation
- Science Hill High School science lab renovation
- Fire Training Center.
- Other various projects

City of John City's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 30,053	\$ 30,958	\$ 11,664	\$ 11,381	\$ 41,717	\$ 42,339
Buildings & Improvements	293,058	280,332	20,418	19,341	313,476	299,673
Right-To-Use Leased Assets	267	267	-	20	267	287
Intangible Right-To-Use Software Agreement	8,896	-	-	-	8,896	-
Plant and Lines	-	-	286,008	270,968	286,008	270,968
Vehicles & Equipment	58,235	55,486	48,294	46,078	106,529	101,564
Intellectual Property	5	5	-	-	5	5
Artwork	323	265	-	-	323	265
Infrastructure	188,366	187,562	-	-	188,366	187,562
Construction in Progress	52,410	28,593	75,212	64,932	127,622	93,525
Accumulated Depreciation	\$ (327,480)	\$ (310,452)	\$ (166,348)	\$ (157,142)	\$ (493,828)	\$ (467,594)
Total	\$ 304,133	\$ 273,016	\$ 275,248	\$ 255,578	\$ 579,381	\$ 528,594

Additional information on the City’s capital assets can be found in Note 3.D. on pages 86 through 88 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total debt outstanding of \$238,038. All of this debt is backed by the full faith and credit of the government.

City of Johnson City's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Notes payable	\$ 1,765	\$ 1,890	\$ 992	\$ 1,023	\$ 2,757	\$ 2,913
General obligation bonds	132,739	143,636	102,542	105,221	235,281	248,857
Total	\$ 134,504	\$ 145,526	\$ 103,534	\$ 106,244	\$ 238,038	\$ 251,770

The City's total debt decreased \$13,732 (5.5%) during the current fiscal year. The governmental and business-type activities represented \$11,022 and \$2,710 of that decrease, respectively, due to principal repayments. No new debt was issued during the fiscal year. The City maintains a 'AA' rating from Standard and Poor's, a 'AA' rating from Fitch and a 'Aa2' rating from Moody's Investors Service, for its debt.

The City of Johnson City is subject to debt limitations imposed by its Charter. The total bonded indebtedness (excluding sales tax revenue debt) shall not exceed 10% of the assessed taxable value of property within the City. The current debt limitation for the City is in excess of the outstanding general obligation debt, with the amount of debt applicable to the debt limit at only 4%. Additional information on the City's long-term debt can be found in Note 3.K. on pages 128 through 155 of this report.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate (not seasonally adjusted) for Johnson City is currently 4.0%, which is a decrease from last year's rate of 4.2%. This compares to the state's unemployment rate (not seasonally adjusted) of 3.2% as of June 30, 2023.
- Inflationary trends in the region are comparable to national indices.
- Sales tax collections grew 7.5% over fiscal year 2022. The rate of growth has slowed compared to the previous fiscal years and is expected to continue to decline.

Short-term interest rates on the City's pooled cash account remained relatively steady. The City's financial institution currently credits interest on the pooled cash at a rate of 20 basis points. The interest rate on longer term investments averaged 1%. All of these factors were considered in preparing the City of Johnson City's budget for fiscal year 2024.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$24,575, an increase of \$953. All appropriations lapse at year-end.

Discretely Presented Component Units

The Johnson City Public Library (the Library) is a non-profit organization under IRC Section 501(c)(3) incorporated in September 1989. The Library's Board of Directors is appointed by the City Commission and an appropriation of at least 85% of its annual support is provided by the City. The City is obligated to finance any deficits and all debt is financed by the City. The Library's property is also owned and titled to the City. Separately issued financial statements may be requested from: Johnson City Public Library, 100 West Millard Street, Johnson City, Tennessee 37604.

The Johnson City Development Authority (JCDA) was established in February 1990, to facilitate business development within the City. To accomplish this function, the JCDA operates a tax increment financing (TIF) program that utilizes tax money provided to the JCDA by the City and Washington County for use in redevelopment projects. The JCDA's Board is approved by the City Commission. Separately issued financial statements may be requested from: Johnson City Development Authority, 300 East Main Street, Suite 406, Johnson City, Tennessee 37601.

The Industrial Development Board (IDB) was organized to acquire, own, lease and dispose of properties to the end that the corporation may be able to maintain and increase employment opportunities by promoting industry, trade, commerce, tourism and recreation by inducing manufacturing, industrial, governmental, education, research and development, financial, service, commercial, medical-related, and recreational enterprises, to locate or remain in the City, and to have all powers that may be necessary to enable the corporation to accomplish these purposes. To further such ends the aforementioned corporation shall be empowered to finance, acquire, own, lease and/or dispose of such properties within the City or within three (3) miles of its corporate limits or to accumulate and lend money for said purposes as may be necessary to achieve said goals. The IDB's Board of Directors is appointed by the City Commission and the IDB does not issue separate financial statements.

Johnson City Energy Authority (JCEA) (dba BrightRidge) was formed April 1, 2017 as a political subdivision of the State of Tennessee and is the legal entity which replaced the former Johnson City Power Board. The JCEA did file with the State of Tennessee to continue "doing business as" (dba) the Johnson City Power Board (JCPB) through October 3, 2017, at which time the JCEA filed a new dba name of BrightRidge. BrightRidge is a local power company of the Tennessee Valley Authority (TVA), furnishing electrical power to Washington County and portions of other Upper East Tennessee counties, as purchased from TVA and providing broadband and related services to service area customers. The Board of Directors of BrightRidge consists of members appointed by the elected boards and commissions within the service territory. Currently, the City of Johnson City has six board members, Washington County has 2 board members and Town of Jonesborough has one board member. Separately issued financial statements may be requested from: BrightRidge; 2600 Boones Creek Road; Johnson City, Tennessee 37615.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in such. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Johnson City, Director of Finance, 601 East Main Street, Johnson City, Tennessee 37601.

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 42,548,506	20,461,522	63,010,028	35,678,547
Investments	50,835,748	1,056,772	51,892,520	-
Accounts Receivable (Net)	2,643,667	2,918,937	5,562,604	22,656,155
Notes Receivable	4,093	-	4,093	-
Taxes Receivable	44,738,727	-	44,738,727	-
Less: Estimated Uncollectible	(764,286)	-	(764,286)	-
Intergovernmental Receivables	37,925,871	3,043,775	40,969,646	314,221
Deposits	5,050	-	5,050	600
Inventories	1,169,163	3,994,909	5,164,072	15,688,484
Prepaid Expenses	306,884	-	306,884	1,231,579
Restricted Assets:				
Cash and Cash Equivalents	87,774	-	87,774	25,201,386
Investments	47,063,435	24,478,770	71,542,205	8,652,995
Other Assets:				
Notes Receivable	-	-	-	1,789,964
Lease Receivable	510,300	820,458	1,330,758	519,238
Net Pension Asset	12,333,149	-	12,333,149	-
Capital Assets:				
Land	30,053,140	11,663,508	41,716,648	6,002,867
Book Collection	-	-	-	1,138,049
Buildings and Improvements	293,057,804	20,418,466	313,476,270	7,450,024
Right-to-Use Leased Assets	266,996	-	266,996	-
Intangible Right-to-Use Software Arrangements	8,895,774	-	8,895,774	398,753
Plant in Service	-	286,008,400	286,008,400	359,708,833
Equipment and Vehicles	58,235,091	48,293,726	106,528,817	977,394
Intellectual Property	5,500	-	5,500	-
Artwork	323,150	-	323,150	-
Infrastructure	188,365,564	-	188,365,564	-
Less: Accumulated Depreciation	(327,479,840)	(166,348,391)	(493,828,231)	(126,409,533)
Construction in Progress	52,410,373	75,212,231	127,622,604	15,403,089
Total Assets	543,541,633	332,023,083	875,564,716	376,402,645
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflow of TIF Funds	-	-	-	1,162,372
OPEB Related	4,552,079	-	4,552,079	1,285,628
Pension Related	25,564,187	2,867,422	28,431,609	11,017,196
Deferred Bond Refunding Costs	893,168	75,795	968,963	641,687
Total Deferred Outflows of Resources	31,009,434	2,943,217	33,952,651	14,106,883

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Accounts Payable	9,015,889	6,644,087	15,659,976	25,956,840
Accrued Payroll Expenses	7,496,735	647,564	8,144,299	574,127
Accrued Expenses	5,341,961	165,594	5,507,555	505,487
Accrued Interest Payable	1,103,735	640,373	1,744,108	325,712
Due to Other Governments	74,784	-	74,784	-
Matured Bonds and Interest Payable	-	33,253	33,253	-
Retainages Payable	1,713,037	2,000,726	3,713,763	-
Unearned Revenue	512,082	36,035	548,117	30,091
Contractor Deposits	166,928	295,951	462,879	-
Customer Deposits	-	478,990	478,990	5,372,369
Noncurrent Liabilities:				
Due within one year	12,054,553	5,341,176	17,395,729	4,167,547
Due in more than one year	183,462,078	108,359,934	291,822,012	70,502,224
Total Liabilities	220,941,782	124,643,683	345,585,465	107,434,397
DEFERRED INFLOWS OF RESOURCES				
Lease Related	484,445	634,271	1,118,716	946,741
Deferred - Current Property Taxes	62,174,053	-	62,174,053	-
Deferred - American Rescue Plan	10,835,459	-	10,835,459	-
Deferred - Other	53,350	-	53,350	-
OPEB Related	9,090,117	-	9,090,117	955,192
Pension Related	2,357,284	-	2,357,284	4,285,919
Total Deferred Inflows of Resources	84,994,708	634,271	85,628,979	6,187,852
NET POSITION				
Net Investment in Capital Assets	188,193,142	188,490,434	376,683,576	209,879,187
Restricted for/by:				
Stabilization Funds	856,075	-	856,075	-
Net Pension Asset	12,333,149	-	12,333,149	-
Imagination Library	-	-	-	34,040
Enabling Legislation	-	-	-	1,086,004
External Contributions	-	-	-	55,577
Capital Improvements - Unspent Bond Proceeds	34,718,047	24,478,770	59,196,817	-
Debt Service	8,032,981	-	8,032,981	-
Unrestricted (deficit)	24,481,183	(3,280,858)	21,200,325	65,832,471
Total Net Position	\$ 268,614,577	209,688,346	478,302,923	276,887,279

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

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General Government	\$ 27,077,635	3,367,296	3,130,568	-	(20,579,771)	-	(20,579,771)	-
Public Safety	32,738,422	1,201,125	473,940	-	(31,063,357)	-	(31,063,357)	-
Public Works	22,852,072	20,400	258,491	5,142,668	(17,430,513)	-	(17,430,513)	-
Parks, Recreation, Culture and Leisure	13,055,370	221,267	952,124	-	(11,881,979)	-	(11,881,979)	-
City Services	1,395,979	5,258,096	2,785,005	-	6,647,122	-	6,647,122	-
Education	94,708,514	6,995,659	56,278,523	-	(31,434,332)	-	(31,434,332)	-
Interest on Long-Term Debt	5,084,886	-	-	-	(5,084,886)	-	(5,084,886)	-
Total Governmental Activities	196,912,878	17,063,843	63,878,651	5,142,668	(110,827,716)	-	(110,827,716)	-
Business-Type Activities								
Water and Sewer	36,066,703	43,488,896	-	175,797	-	7,597,990	7,597,990	-
City Solid Waste	13,757,599	13,955,136	-	-	-	197,537	197,537	-
Regional Solid Waste	4,285,474	4,167,393	-	-	-	(118,081)	(118,081)	-
Mass Transit	4,912,319	429,236	2,768,613	275,162	-	(1,439,308)	(1,439,308)	-
Stormwater Management	1,817,915	3,408,815	-	-	-	1,590,900	1,590,900	-
Johnson City Building Authority	345,064	-	-	-	-	(345,064)	(345,064)	-
Total Business-Type Activities	61,185,074	65,449,476	2,768,613	450,959	-	7,483,974	7,483,974	-
Total Primary Government	\$ 258,097,952	82,513,319	66,647,264	5,593,627	(110,827,716)	7,483,974	(103,343,742)	-

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Component Units								
Johnson City Public Library	\$ 2,471,587	43,564	2,377,365	17,467	-	-	-	(33,191)
Johnson City Development Authority	2,382,803	2,213,738	1,424,242	-	-	-	-	1,255,177
Industrial Development Board	1,299,664	-	1,335,540	-	-	-	-	35,876
Johnson City Energy Authority	221,117,716	229,477,099	-	-	-	-	-	8,359,383
Total Component Units	\$ 227,271,770	231,734,401	5,137,147	17,467	-	-	-	9,617,245
General Revenues								
Property Taxes					\$ 58,190,295	-	58,190,295	-
Sales Taxes					64,723,969	-	64,723,969	-
Beer and Liquor Taxes					3,158,771	-	3,158,771	-
Business Taxes					3,566,213	-	3,566,213	-
Room Occupancy Taxes					3,414,407	-	3,414,407	-
Telephone and Cable Taxes					801,602	-	801,602	-
State of Tennessee Mixed Drink Taxes					1,172,669	-	1,172,669	-
Franchise Taxes					741,107	-	741,107	-
Unrestricted State Income Taxes					7,768	-	7,768	-
Unrestricted State of Tennessee Excise Taxes					386,621	-	386,621	-
Unrestricted Investment Earnings					2,722,834	(147,490)	2,575,344	983,175
Gain on Disposal of Capital Assets					3,611	-	3,611	-
Other General Revenue					4,879	-	4,879	7,937,096
E-Rate Reimbursement					-	-	-	7,377
Transfers					970,790	(970,790)	-	-
Total General Revenues and Transfers					139,865,536	(1,118,280)	138,747,256	8,927,648
Change in Net Position					29,037,820	6,365,694	35,403,514	18,544,893
Net Position, July 1, 2022					239,576,757	203,322,652	442,899,409	258,342,386
Net Position, June 30, 2023					\$ 268,614,577	209,688,346	478,302,923	276,887,279

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

CITY OF JOHNSON CITY, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	General Fund	General Purpose School Fund	Debt Service Fund	Educational Facilities Debt Service Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ -	17,690,089	-	6,847,826	2,597,782	8,160,484	35,296,181
Investments	50,835,748	-	-	-	-	-	50,835,748
Accounts Receivable, Net	1,793,860	79,864	-	-	140,272	29,515	2,043,511
Lease Receivable	510,300	-	-	-	-	-	510,300
Notes Receivable	-	-	-	-	-	4,093	4,093
Due from Other Funds	5,347	21,413	711	531,691	-	7	559,169
Taxes Receivable	44,738,727	-	-	-	-	-	44,738,727
Less: Estimated Uncollectible	(764,286)	-	-	-	-	-	(764,286)
Due from Federal Government	-	-	-	-	-	411,880	411,880
Due from State of Tennessee	2,254,749	6,801,312	-	-	458,085	3,369,525	12,883,671
Due from Washington County	5,181,266	18,860,957	-	564,979	-	-	24,607,202
Due from Local Governments	-	-	-	-	-	23,118	23,118
Deposits	5,050	-	-	-	-	-	5,050
Inventories	130,997	73,263	-	-	-	324,700	528,960
Restricted Cash and Cash Equivalents	-	-	-	87,774	-	-	87,774
Restricted Investments	11,489,313	856,075	-	-	34,718,047	-	47,063,435
Total Assets	\$ 116,181,071	44,382,973	711	8,032,270	37,914,186	12,323,322	218,834,533

CITY OF JOHNSON CITY, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	General Fund	General Purpose School Fund	Debt Service Fund	Educational Facilities Debt Service Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES							
Accounts Payable	\$ 1,370,429	364,308	-	-	5,538,529	1,481,737	8,755,003
Accrued Payroll Expenditures	1,755,319	4,230,809	-	-	-	1,423,426	7,409,554
Accrued Expenditures	4,535	-	-	-	-	20,318	24,853
Due to State of Tennessee	60,784	-	-	-	-	14,000	74,784
Due to Other Funds	6,549	550,726	-	-	-	14,864	572,139
Retainages Payable	-	175,565	-	-	1,537,472	-	1,713,037
Unearned Revenue	-	-	-	-	-	512,082	512,082
Contractor Deposits	166,928	-	-	-	-	-	166,928
Total Liabilities	3,364,544	5,321,408	-	-	7,076,001	3,466,427	19,228,380
DEFERRED INFLOWS OF RESOURCES							
Deferred - Current Property Taxes	43,312,741	18,861,312	-	-	-	-	62,174,053
Deferred - American Rescue Plan	10,835,459	-	-	-	-	-	10,835,459
Deferred Revenue - Other	53,350	-	-	-	-	-	53,350
Lease Related	484,445	-	-	-	-	-	484,445
Unavailable Revenue - Property Taxes	552,047	-	-	-	-	-	552,047
Total Deferred Inflows of Resources	55,238,042	18,861,312	-	-	-	-	74,099,354
FUND BALANCES							
Nonspendable	130,997	73,263	-	-	-	324,700	528,960
Restricted	21,303,159	856,075	711	8,032,270	30,838,185	7,985,600	69,016,000
Committed	6,843,678	1,893,288	-	-	-	-	8,736,966
Assigned	4,725,820	17,377,627	-	-	-	546,595	22,650,042
Unassigned	24,574,831	-	-	-	-	-	24,574,831
Total Fund Balances	57,578,485	20,200,253	711	8,032,270	30,838,185	8,856,895	125,506,799
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 116,181,071	44,382,973	711	8,032,270	37,914,186	12,323,322	218,834,533

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

CITY OF JOHNSON CITY, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2023

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balances of Governmental Funds	\$ 125,506,799
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	301,710,864
Prepays are expensed when disbursed and are not recognized based upon economic benefit or recorded as assets in the governmental funds.	306,884
Property tax assessments are reported as revenue in the government-wide statements in the period in which an enforceable legal claim arises against property owners. In governmental funds, these assessments are not available to finance current period expenditures and are reported as unavailable revenue at the fund level.	552,047
Other post-employment benefits represent liabilities of the City that are not recorded at the fund level. This amount is the OPEB liability, net of deferred outflows and deferred inflows related to OPEB.	(39,588,744)
Compensated absences and termination benefits are not considered due and payable in governmental funds until an employee has terminated service. Therefore, these amounts are presented as assigned fund balance at the fund level.	(5,055,283)
Accrued interest on the notes and bonds payable represents a liability of the City that is generally not recorded at the fund level.	(1,080,471)
Long-term liabilities, including bonds and leases payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(150,658,457)
Long-term pension plan retirement payments are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. This amount is the net pension liability (asset), net of deferred outflows and deferred inflows related to pensions.	33,184,833
Internal service funds are used by management to charge the costs of fleet maintenance and employee insurance to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position.	3,736,105
Net Position of Governmental Activities	\$ <u>268,614,577</u>

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

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023

	General Fund	General Purpose School Fund	Debt Service Fund	Educational Facilities Debt Service Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 87,202,991	35,629,445	-	3,298,357	-	-	126,130,793
Licenses and Permits	1,163,405	1,683	-	-	-	-	1,165,088
Intergovernmental Revenues	16,212,422	36,493,560	134,890	-	5,142,668	21,043,126	79,026,666
Charges for Services	1,924,560	1,960,582	-	-	-	1,038,564	4,923,706
Fines and Forfeitures	578,769	-	-	-	-	237,247	816,016
Revenue from Use of Property	2,434,306	195	-	-	-	1,874,249	4,308,750
Investment Earnings	895,957	50,949	64,436	37,776	1,633,135	1,035	2,683,288
Miscellaneous	1,155,256	268,428	-	-	1,537,864	2,940,288	5,901,836
Total Revenues	111,567,666	74,404,842	199,326	3,336,133	8,313,667	27,134,509	224,956,143
Expenditures							
Current							
General Government	24,048,308	-	-	-	-	-	24,048,308
Public Safety	31,512,897	-	-	-	-	513,613	32,026,510
Public Works	16,842,054	-	-	-	-	-	16,842,054
Parks, Recreation, Culture and Leisure	8,262,875	-	-	-	-	2,684,348	10,947,223
City Services	-	-	-	-	-	1,136,180	1,136,180
Education	-	79,311,474	-	-	-	16,205,161	95,516,635
Capital Outlay	2,681,573	1,841,131	-	-	37,687,728	6,746,124	48,956,556
Debt Service							
Principal Retirement	227,500	220,759	7,538,190	3,165,822	254,577	15,879	11,422,727
Interest and Fiscal Charges	71,993	-	4,148,821	1,449,826	82,923	-	5,753,563
Other Fees	-	-	51,761	43,939	-	-	95,700
Total Expenditures	83,647,200	81,373,364	11,738,772	4,659,587	38,025,228	27,301,305	246,745,456

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023

	General Fund	General Purpose School Fund	Debt Service Fund	Educational Facilities Debt Service Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over (Under) Expenditures	27,920,466	(6,968,522)	(11,539,446)	(1,323,454)	(29,711,561)	(166,796)	(21,789,313)
Other Financing Sources (Uses)							
Transfers from Other Funds	3,278,970	12,087,838	11,085,865	2,113,475	3,912,471	164,776	32,643,395
Transfers to Other Funds	(28,194,630)	(2,855,836)	-	-	-	(866,838)	(31,917,304)
Proceeds from Sale of Real Estate and Equipment	3,611	-	-	-	-	-	3,611
Lease Issuance	48,359	-	-	-	-	-	48,359
Subscription Issuance	1,567,764	621,803	-	-	2,764,106	271,034	5,224,707
Total Other Financing Sources (Uses)	(23,295,926)	9,853,805	11,085,865	2,113,475	6,676,577	(431,028)	6,002,768
Net Change in Fund Balances	4,624,540	2,885,283	(453,581)	790,021	(23,034,984)	(597,824)	(15,786,545)
Fund Balances, July 1, 2022	52,953,945	17,314,970	454,292	7,242,249	53,873,169	9,360,252	141,198,877
Prior Period Adjustments	-	-	-	-	-	94,467	94,467
Fund Balances, July 1, 2022 Adjusted	52,953,945	17,314,970	454,292	7,242,249	53,873,169	9,454,719	141,293,344
Fund Balances, June 30, 2023	\$ 57,578,485	20,200,253	711	8,032,270	30,838,185	8,856,895	125,506,799

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

CITY OF JOHNSON CITY, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

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

Net Change in Fund Balances of Governmental Funds \$ (15,786,545)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. This is the amount by which capital outlay exceeds depreciation of general capital assets and other capital related expenses in the current period. 31,226,800

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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. 7,251,842

Inventories for certain nonmajor funds are accounted for using the purchase method. Inventories are reported using the consumption method in the government-wide financial statements. This is the amount by which expenses were adjusted to convert from purchase method to consumption method. 94,467

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (19,392)

Other post-employment benefits expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. 4,449,471

Premiums paid for insurance from the governmental funds are expensed as paid. A portion of the payments are prepaid insurance. (22,040)

Expenses for accrued interest payable on long-term debt does not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. (278,538)

Expenses for compensated absences and termination benefits do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. (274,305)

Some pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. 3,404,171

Internal service funds are used by management to charge the costs of fleet maintenance and employee insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. (1,008,111)

Change in Net Position of Governmental Activities \$ 29,037,820

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

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property Tax, Net	\$ 36,700,000	36,700,000	37,423,712	723,712
Property Tax - Penalty and Interest	250,000	250,000	196,118	(53,882)
Received in Lieu of Taxes	6,676,000	6,676,000	7,139,643	463,643
Local Sales Tax	28,150,000	31,000,000	31,315,513	315,513
Business Tax	2,200,000	2,200,000	3,048,799	848,799
Local Beer Tax	2,050,000	2,050,000	2,078,518	28,518
Local Liquor Tax	875,000	1,050,000	1,043,572	(6,428)
Hotel/Motel Tax	2,100,000	3,100,000	3,414,407	314,407
Franchise Tax	575,000	575,000	741,107	166,107
Telephone Commissions/Cable	750,000	750,000	801,602	51,602
Total Taxes	80,326,000	84,351,000	87,202,991	2,851,991
Licenses and Permits				
Building Permits	700,000	700,000	760,964	60,964
Electrical Permits and Electrician Certificates	95,000	95,000	82,121	(12,879)
Plumbing Permits and Plumbers Certificates	35,000	35,000	34,500	(500)
Natural Gas Permits	12,000	12,000	13,545	1,545
Zoning Permits and Fees	20,000	20,000	12,604	(7,396)
Mechanical Permits	55,000	55,000	58,736	3,736
Sign Permits	15,000	15,000	15,658	658
Plan Review Permits	52,000	52,000	73,664	21,664
Beverage and Private Club Permits	85,000	85,000	93,876	8,876
Other Fees and Licenses	2,500	2,500	17,737	15,237
Total Licenses and Permits	1,071,500	1,071,500	1,163,405	91,905
Intergovernmental Revenues				
State of Tennessee				
Boarding of Prisoners	950,000	950,000	96,059	(853,941)
Sales Tax	7,600,000	8,100,000	8,452,522	352,522
Income Tax	-	-	7,768	7,768
Beer Tax	30,000	30,000	32,441	2,441
Mixed Drink Tax	800,000	800,000	1,172,669	372,669
State Street Aid	2,460,000	2,460,000	2,468,099	8,099
Highway Maintenance	348,580	348,580	186,749	(161,831)
Street and Transit	125,000	125,000	130,157	5,157
Excise Taxes	200,000	200,000	386,621	186,621
Fire Supplement	102,000	102,000	103,200	1,200
Police Supplement	106,000	106,000	102,384	(3,616)
First TN Development				
District Senior Citizens Grant	83,600	83,600	86,749	3,149
Telecommunications	155,000	155,000	143,820	(11,180)
Other State Funding	-	26,550	108,961	82,411
Total State of Tennessee	12,960,180	13,486,730	13,478,199	(8,531)

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues (Continued)				
Intergovernmental Revenues (Continued)				
Washington County				
Senior Citizens	38,000	38,000	38,000	-
Juvenile Court	4,500	4,500	4,500	-
Total Washington County	<u>42,500</u>	<u>42,500</u>	<u>42,500</u>	<u>-</u>
Federal Revenue	235,000	2,535,000	2,691,723	156,723
Total Intergovernmental Revenues	<u>13,237,680</u>	<u>16,064,230</u>	<u>16,212,422</u>	<u>148,192</u>
Charges for Services				
School Bus Charters	120,000	120,000	51,751	(68,249)
Accident Reports	1,500	1,500	121	(1,379)
Special Work Charges	8,000	8,000	20,400	12,400
Administrative Fees from Other Funds	1,781,763	1,781,763	1,781,763	-
Miscellaneous Services	29,250	29,250	70,525	41,275
Total Charges for Services	<u>1,940,513</u>	<u>1,940,513</u>	<u>1,924,560</u>	<u>(15,953)</u>
Fines and Forfeitures				
Municipal Courts - Fines and Court Costs	825,000	825,000	578,769	(246,231)
Revenue From Use of Property				
Rents from Buildings and Equipment	295,000	295,000	299,605	4,605
Parks and Recreation	1,255,400	1,404,886	1,520,454	115,568
Print Shop Charges	25,000	25,000	35,241	10,241
Computer Services (MIS)	579,006	579,006	579,006	-
Total Revenue From Use of Property	<u>2,154,406</u>	<u>2,303,892</u>	<u>2,434,306</u>	<u>130,414</u>
Investment Earnings				
Investment Income	300,000	300,000	895,957	595,957
Miscellaneous				
Refunds and Reimbursements	208,000	208,000	569,422	361,422
Senior Citizens	130,700	130,700	158,888	28,188
Donations	53,000	53,000	46,674	(6,326)
Damages	11,250	11,250	59,801	48,551
Sale of Methane Gas	25,000	25,000	51,998	26,998
Miscellaneous	460,000	460,000	268,473	(191,527)
Total Miscellaneous	<u>887,950</u>	<u>887,950</u>	<u>1,155,256</u>	<u>267,306</u>
Total Revenues	<u>100,743,049</u>	<u>107,744,085</u>	<u>111,567,666</u>	<u>3,823,581</u>

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures				
General Government				
City Commission				
Other	100	100	(151)	251
Personnel Services	50,679	50,679	45,171	5,508
Purchased Services	22,100	22,100	78,022	(55,922)
Supplies	2,800	2,800	5,320	(2,520)
Total City Commission	75,679	75,679	128,362	(52,683)
City Court				
Personnel Services	157,793	157,793	109,153	48,640
Purchased Services	113,300	113,300	5,290	108,010
Supplies	10,600	10,600	11,985	(1,385)
Total City Court	281,693	281,693	126,428	155,265
Staff Attorney				
Fixed Charges	1,855	1,855	1,482	373
Personnel Services	281,300	281,300	280,278	1,022
Purchased Services	146,500	146,500	108,513	37,987
Supplies	2,360	2,360	607	1,753
Total Staff Attorney	432,015	432,015	390,880	41,135
Juvenile Court				
Building Materials	100	100	-	100
Fixed Charges	66,586	66,586	4,460	62,126
Personnel Services	937,780	937,780	919,231	18,549
Purchased Services	62,966	62,966	48,753	14,213
Supplies	21,875	21,875	18,565	3,310
Total Juvenile Court	1,089,307	1,089,307	991,009	98,298
City Manager				
Fixed Charges	27,204	27,204	29,934	(2,730)
Other	32,525	32,525	29,396	3,129
Personnel Services	495,806	495,806	529,042	(33,236)
Purchased Services	529,771	529,771	83,336	446,435
Supplies	50,500	50,500	21,801	28,699
Total City Manager	1,135,806	1,135,806	693,509	442,297
Management Services				
Personnel Services	659,571	661,413	680,148	(18,735)
Purchased Services	30,754	30,754	18,772	11,982
Supplies	6,264	6,264	10,070	(3,806)
Total Management Services	696,589	698,431	708,990	(10,559)

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (Continued)				
General Government (Continued)				
Community Relations Office				
Building Materials	12,000	12,000	11,365	635
Fixed Charges	1,331	1,331	3,611	(2,280)
Other	5,500	5,500	7,618	(2,118)
Personnel Services	561,402	561,402	499,183	62,219
Purchased Services	54,441	54,441	44,976	9,465
Supplies	20,300	20,300	45,152	(24,852)
Total Community Relations Office	<u>654,974</u>	<u>654,974</u>	<u>611,905</u>	<u>43,069</u>
Purchasing				
Fixed Charges	2,070	2,070	1,827	243
Personnel Services	286,185	286,185	271,384	14,801
Purchased Services	15,685	15,685	10,554	5,131
Supplies	900	900	2,221	(1,321)
Total Purchasing	<u>304,840</u>	<u>304,840</u>	<u>285,986</u>	<u>18,854</u>
Human Resources				
Fixed Charges	2,595	2,595	(8,075)	10,670
Other	13,400	13,400	-	13,400
Personnel Services	494,465	572,065	481,474	90,591
Purchased Services	28,110	28,110	65,727	(37,617)
Supplies	8,750	8,750	26,918	(18,168)
Total Human Resources	<u>547,320</u>	<u>624,920</u>	<u>566,044</u>	<u>58,876</u>
Development Services				
Capital Outlay	-	-	34,037	(34,037)
Fixed Charges	8,148	8,148	12,326	(4,178)
Personnel Services	1,704,342	1,704,342	1,572,004	132,338
Purchased Services	212,500	212,500	194,174	18,326
Supplies	35,050	35,050	43,419	(8,369)
Total Development Services	<u>1,960,040</u>	<u>1,960,040</u>	<u>1,855,960</u>	<u>104,080</u>
Miscellaneous Appropriations				
Capital Outlay	-	950,000	947,282	2,718
Fixed Charges	544,963	544,963	1,067,632	(522,669)
Other	-	2,129,282	1,756,606	372,676
Personnel Services	-	-	228	(228)
Purchased Services	505,000	505,000	379,427	125,573
Supplies	-	-	4,463	(4,463)
Total Miscellaneous Appropriations	<u>1,049,963</u>	<u>4,129,245</u>	<u>4,155,638</u>	<u>(26,393)</u>

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (Continued)				
General Government (Continued)				
Risk Management				
Building Materials	200	200	26	174
Fixed Charges	243,152	243,152	265,992	(22,840)
Personnel Services	51,622	51,622	25,475	26,147
Purchased Services	171,072	171,072	145,252	25,820
Supplies	23,800	23,800	9,940	13,860
Total Risk Management	<u>489,846</u>	<u>489,846</u>	<u>446,685</u>	<u>43,161</u>
Information Technology				
Building Materials	100	100	140	(40)
Capital Outlay	-	-	919,304	(919,304)
Fixed Charges	1,391,479	1,391,479	1,724,843	(333,364)
Other	-	-	157	(157)
Personnel Services	1,320,585	1,320,585	1,306,630	13,955
Purchased Services	181,560	2,481,560	2,404,783	76,777
Supplies	238,600	238,600	162,946	75,654
Total Information Technology	<u>3,132,324</u>	<u>5,432,324</u>	<u>6,518,803</u>	<u>(1,086,479)</u>
Central Print Shop				
Fixed Charges	2,870	2,870	6,109	(3,239)
Personnel Services	92,304	92,304	119,419	(27,115)
Purchased Services	13,025	13,025	722	12,303
Supplies	19,150	19,150	15,689	3,461
Total Central Print Shop	<u>127,349</u>	<u>127,349</u>	<u>141,939</u>	<u>(14,590)</u>
Special Appropriations	<u>6,690,486</u>	<u>6,728,512</u>	<u>6,529,731</u>	<u>198,781</u>
Finance Administration				
Fixed Charges	6,659	6,659	1,700	4,959
Other	618	618	659	(41)
Personnel Services	228,458	228,458	208,459	19,999
Purchased Services	7,681	7,681	10,785	(3,104)
Supplies	1,889	1,889	2,263	(374)
Total Finance Administration	<u>245,305</u>	<u>245,305</u>	<u>223,866</u>	<u>21,439</u>
Accounting				
Other	-	-	195	(195)
Personnel Services	692,816	718,574	706,429	12,145
Purchased Services	201,326	201,326	244,070	(42,744)
Supplies	2,206	2,206	2,601	(395)
Total Accounting	<u>896,348</u>	<u>922,106</u>	<u>953,295</u>	<u>(31,189)</u>

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (Continued)				
General Government (Continued)				
Collections				
Fixed Charges	1,016	1,016	937	79
Other	15,000	15,000	19,436	(4,436)
Personnel Services	355,373	355,373	332,595	22,778
Purchased Services	163,891	163,891	180,427	(16,536)
Supplies	5,558	5,558	15,865	(10,307)
Total Collections	540,838	540,838	549,260	(8,422)
Records Management				
Personnel Services	71,696	71,696	70,032	1,664
Purchased Services	405	405	39	366
Supplies	740	740	570	170
Total Records Management	72,841	72,841	70,641	2,200
Total General Government	20,423,563	25,946,071	25,948,931	(2,860)
Public Safety				
Student Transportation				
Fixed Charges	6,652	6,652	6,571	81
Personnel Services	1,880,086	1,880,086	2,199,732	(319,646)
Purchased Services	693,077	693,077	553,082	139,995
Supplies	10,750	10,750	8,922	1,828
Total Student Transportation	2,590,565	2,590,565	2,768,307	(177,742)
Police Department				
Building Materials	-	-	96	(96)
Capital Outlay	-	-	780,950	(780,950)
Fixed Charges	101,190	101,190	124,500	(23,310)
Other	14,650	14,650	45,187	(30,537)
Personnel Services	14,095,702	14,095,702	13,224,147	871,555
Purchased Services	1,791,628	1,791,628	1,594,426	197,202
Supplies	427,876	427,876	219,629	208,247
Total Police Department	16,431,046	16,431,046	15,988,935	442,111

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (Continued)				
Public Safety (Continued)				
Fire Department				
Building Materials	250	250	7,059	(6,809)
Fixed Charges	25,166	25,166	34,031	(8,865)
Other	1,250	1,250	1,813	(563)
Personnel Services	11,614,644	12,481,224	11,818,286	662,938
Purchased Services	997,745	997,745	1,171,446	(173,701)
Supplies	448,820	448,820	503,970	(55,150)
Total Fire Department	<u>13,087,875</u>	<u>13,954,455</u>	<u>13,536,605</u>	<u>417,850</u>
Total Public Safety	<u>32,109,486</u>	<u>32,976,066</u>	<u>32,293,847</u>	<u>682,219</u>
Public Works				
Administration				
Fixed Charges	126,655	126,655	137,043	(10,388)
Personnel Services	271,440	271,440	312,599	(41,159)
Purchased Services	34,200	34,200	33,126	1,074
Supplies	10,297	10,297	7,033	3,264
Total Administration	<u>442,592</u>	<u>442,592</u>	<u>489,801</u>	<u>(47,209)</u>
Streets				
Building Materials	644,015	644,015	1,781,673	(1,137,658)
Fixed Charges	6,200	6,200	14,254	(8,054)
Other	800	800	1,141	(341)
Personnel Services	3,864,566	3,864,566	3,682,503	182,063
Purchased Services	4,489,009	4,489,009	4,164,118	324,891
Supplies	270,700	270,700	284,456	(13,756)
Total Streets	<u>9,275,290</u>	<u>9,275,290</u>	<u>9,928,145</u>	<u>(652,855)</u>

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (Continued)				
Public Works (Continued)				
Engineering				
Building Materials	-	-	5,890	(5,890)
Fixed Charges	4,200	4,200	5,369	(1,169)
Personnel Services	923,713	923,713	906,962	16,751
Purchased Services	39,450	39,450	20,860	18,590
Supplies	22,000	22,000	30,614	(8,614)
Total Engineering	<u>989,363</u>	<u>989,363</u>	<u>969,695</u>	<u>19,668</u>
Traffic Control				
Building Materials	26,600	26,600	28,715	(2,115)
Fixed Charges	3,700	3,700	1,765	1,935
Personnel Services	1,120,507	1,120,507	992,594	127,913
Purchased Services	1,881,124	1,881,124	1,961,500	(80,376)
Supplies	279,350	279,350	264,557	14,793
Total Traffic Control	<u>3,311,281</u>	<u>3,311,281</u>	<u>3,249,131</u>	<u>62,150</u>
Sidewalks				
Building Materials	142,900	142,900	111,905	30,995
Fixed Charges	-	-	642	(642)
Purchased Services	12,500	12,500	8,419	4,081
Supplies	9,200	9,200	7,368	1,832
Total Sidewalks	<u>164,600</u>	<u>164,600</u>	<u>128,334</u>	<u>36,266</u>
Mowing				
Personnel Services	-	-	20,180	(20,180)
Purchased Services	455,000	455,000	424,322	30,678
Supplies	450	450	15,936	(15,486)
Total Mowing	<u>455,450</u>	<u>455,450</u>	<u>460,438</u>	<u>(4,988)</u>
General Facilities				
Building Materials	7,450	7,450	27,504	(20,054)
Fixed Charges	9,567	9,567	13,301	(3,734)
Personnel Services	757,778	832,318	831,396	922
Purchased Services	212,057	212,057	164,397	47,660
Supplies	28,440	28,440	36,524	(8,084)
Total General Facilities	<u>1,015,292</u>	<u>1,089,832</u>	<u>1,073,122</u>	<u>16,710</u>

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (Continued)				
Public Works (Continued)				
Municipal Building				
Building Materials	1,800	1,800	35,040	(33,240)
Fixed Charges	8,873	8,873	9,603	(730)
Purchased Services	301,450	301,450	228,633	72,817
Supplies	27,650	27,650	50,949	(23,299)
Total Municipal Building	<u>339,773</u>	<u>339,773</u>	<u>324,225</u>	<u>15,548</u>
Keystone				
Building Materials	400	400	1,342	(942)
Fixed Charges	3,670	3,670	4,434	(764)
Personnel Services	50,328	50,328	49,910	418
Purchased Services	74,920	74,920	109,391	(34,471)
Supplies	9,850	9,850	16,723	(6,873)
Total Keystone	<u>139,168</u>	<u>139,168</u>	<u>181,800</u>	<u>(42,632)</u>
Facilities Center				
Building Materials	-	-	223	(223)
Fixed Charges	6,533	6,533	4,177	2,356
Purchased Services	30,860	30,860	31,226	(366)
Supplies	4,400	4,400	1,737	2,663
Total Facilities Center	<u>41,793</u>	<u>41,793</u>	<u>37,363</u>	<u>4,430</u>
Total Public Works	<u>16,174,602</u>	<u>16,249,142</u>	<u>16,842,054</u>	<u>(592,912)</u>
Parks, Recreation, Culture and Leisure				
Parks and Recreation				
Building Materials	176,275	176,275	104,436	71,839
Fixed Charges	170,809	170,809	192,204	(21,395)
Other	7,850	7,850	8,033	(183)
Personnel Services	5,113,521	5,122,684	4,709,453	413,231
Purchased Services	1,551,156	1,562,802	1,670,459	(107,657)
Supplies	727,490	733,231	741,956	(8,725)
Total Parks and Recreation	<u>7,747,101</u>	<u>7,773,651</u>	<u>7,426,541</u>	<u>347,110</u>

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (Continued)				
Senior Citizens				
Fixed Charges	588	588	862	(274)
Other	5,250	5,250	2,047	3,203
Personnel Services	759,976	759,976	675,027	84,949
Purchased Services	106,350	106,350	89,382	16,968
Supplies	49,424	49,424	69,016	(19,592)
Total Senior Citizens	921,588	921,588	836,334	85,254
 Total Parks, Recreation, Culture and Leisure	 8,668,689	 8,695,239	 8,262,875	 432,364
Debt Service				
Principal Retirement	-	-	227,500	(227,500)
Interest and Fiscal Charges	-	-	71,993	(71,993)
Total Debt Service	-	-	299,493	(299,493)
 Total Expenditures	 77,376,340	 83,866,518	 83,647,200	 219,318
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 23,366,709	 23,877,567	 27,920,466	 4,042,899
Other Financing Sources (Uses)				
Transfer to General Purpose School Fund	(11,626,736)	(11,626,736)	(11,626,736)	-
Transfer to Mass Transit	(961,000)	(961,000)	(2,233,319)	(1,272,319)
Transfer to Freedom Hall	(360,000)	(360,000)	-	360,000
Transfer (to) from Transportation Planning	(55,000)	(55,000)	11,714	66,714
Transfer to Capital Projects Fund	(4,408,080)	(6,262,680)	(3,912,471)	2,350,209
Transfer to Debt Service	(10,701,983)	(10,701,983)	(10,422,104)	279,879
Transfer from School Trust Fund	-	-	182,046	182,046
Transfer from Community Development	-	-	211,976	211,976
Transfer from General Purpose School Fund	-	-	4,773	4,773
Transfer from Water and Sewer Fund	800,000	800,000	2,868,461	2,068,461
Lease Issuance	-	-	48,359	48,359
Subscription Issuance	-	-	1,567,764	1,567,764
Proceeds from Sale of Real Estate and Equipment	175,000	175,000	3,611	(171,389)
Total Other Financing Sources (Uses)	(27,137,799)	(28,992,399)	(23,295,926)	5,696,473
 Net Change in Fund Balance	 (3,771,090)	 (5,114,832)	 4,624,540	 9,739,372
 Fund Balance, July 1, 2022	 52,953,945	 52,953,945	 52,953,945	 -
 Fund Balance, June 30, 2023	 \$ 49,182,855	 47,839,113	 57,578,485	 9,739,372

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

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Local Sales Tax	\$ 18,155,388	18,155,388	21,657,577	3,502,189
Local Liquor Tax	-	-	4,240	4,240
County Property Tax	12,513,604	12,513,604	13,133,091	619,487
Interest and Penalty	188,000	188,000	62,197	(125,803)
Business Tax	385,000	385,000	517,414	132,414
In Lieu - Local Utilities	215,000	215,000	254,926	39,926
Total Taxes	<u>31,456,992</u>	<u>31,456,992</u>	<u>35,629,445</u>	<u>4,172,453</u>
Licenses and Permits				
Marriage Licenses	1,500	1,500	1,683	183
Intergovernmental Revenues				
State of Tennessee				
Basic Education Program	35,883,000	36,325,000	36,232,267	(92,733)
Career Ladder Program	97,500	97,500	95,490	(2,010)
Bank Excise Tax	80,000	80,000	95,818	15,818
Other State of Tennessee Funds	9,000	9,000	11,221	2,221
Total State of Tennessee	<u>36,069,500</u>	<u>36,511,500</u>	<u>36,434,796</u>	<u>(76,704)</u>
Federal				
ROTC Reimbursement	-	-	58,764	58,764
Total Intergovernmental Revenues	<u>36,069,500</u>	<u>36,511,500</u>	<u>36,493,560</u>	<u>(17,940)</u>
Charges for Services				
School Tuition	250,000	278,500	264,214	(14,286)
Educare Revenue	1,364,660	1,364,660	1,696,368	331,708
Total Charges for Services	<u>1,614,660</u>	<u>1,643,160</u>	<u>1,960,582</u>	<u>317,422</u>
Investment Earnings				
Investment Income (Loss)	-	-	50,949	50,949
Revenue From Use of Property				
Rents from Buildings and Equipment	-	-	195	195
Miscellaneous				
Refunds and Reimbursements	15,000	166,945	208,918	41,973
Other Local Revenue	52,000	52,000	59,510	7,510
Total Miscellaneous	<u>67,000</u>	<u>218,945</u>	<u>268,428</u>	<u>49,483</u>
Total Revenues	<u>69,209,652</u>	<u>69,832,097</u>	<u>74,404,842</u>	<u>4,572,745</u>

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures				
Instruction				
Regular Education				
Capital Outlay	891,463	1,003,713	351,210	652,503
Other	122,209	122,209	115,916	6,293
Personnel Services	40,554,569	42,600,852	42,312,677	288,175
Purchased Services	443,149	472,510	471,682	828
Supplies	1,082,271	1,727,002	1,257,617	469,385
Total Regular Education	<u>43,093,661</u>	<u>45,926,286</u>	<u>44,509,102</u>	<u>1,417,184</u>
Special Education				
Capital Outlay	-	4,000	3,056	944
Personnel Services	5,417,747	5,393,572	5,116,438	277,134
Purchased Services	-	50	50	-
Supplies	17,650	17,975	17,883	92
Total Special Education	<u>5,435,397</u>	<u>5,415,597</u>	<u>5,137,427</u>	<u>278,170</u>
Vocational Education				
Capital Outlay	4,175	3,775	1,998	1,777
Personnel Services	3,501,980	2,153,149	2,047,459	105,690
Purchased Services	1,538	1,538	1,538	-
Supplies	40,328	40,728	36,248	4,480
Total Vocational Education	<u>3,548,021</u>	<u>2,199,190</u>	<u>2,087,243</u>	<u>111,947</u>
Alternative Education				
Capital Outlay	11,897	12,897	12,800	97
Personnel Services	1,131,394	1,130,394	1,055,529	74,865
Purchased Services	5,028	5,028	5,028	-
Supplies	17,656	17,656	17,656	-
Total Alternative Education	<u>1,165,975</u>	<u>1,165,975</u>	<u>1,091,013</u>	<u>74,962</u>
Total Instruction	<u>53,243,054</u>	<u>54,707,048</u>	<u>52,824,785</u>	<u>1,882,263</u>
Support Services				
Health Services				
Capital Outlay	500	500	-	500
Other	1,800	1,800	312	1,488
Personnel Services	762,401	523,651	387,591	136,060
Purchased Services	8,320	8,320	420	7,900
Supplies	19,280	19,280	18,086	1,194
Total Health Services	<u>792,301</u>	<u>553,551</u>	<u>406,409</u>	<u>147,142</u>

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (Continued)				
Support Services (Continued)				
Student Support				
Capital Outlay	2,500	-	-	-
Other	-	-	1,411	(1,411)
Purchased Services	143,000	156,000	155,915	85
Personnel Services	2,073,089	2,075,339	1,977,448	97,891
Total Student Support	<u>2,218,589</u>	<u>2,231,339</u>	<u>2,134,774</u>	<u>96,565</u>
Regular Education				
Capital Outlay	35,000	58,421	55,135	3,286
Other	60,500	104,377	330,542	(226,165)
Personnel Services	2,758,209	3,671,984	3,355,573	316,411
Purchased Services	709,900	672,600	201,848	470,752
Supplies	87,630	100,145	90,460	9,685
Total Regular Education	<u>3,651,239</u>	<u>4,607,527</u>	<u>4,033,558</u>	<u>573,969</u>
Alternative Education				
Personnel Services	63,095	63,095	49,189	13,906
Supplies	-	-	2,264	(2,264)
Total Alternative Education	<u>63,095</u>	<u>63,095</u>	<u>51,453</u>	<u>11,642</u>
Special Education				
Capital Outlay	-	3,300	-	3,300
Other	5,000	6,000	17,887	(11,887)
Personnel Services	621,576	635,976	621,237	14,739
Purchased Services	12,500	12,500	11,281	1,219
Supplies	5,000	6,100	5,851	249
Total Special Education	<u>644,076</u>	<u>663,876</u>	<u>656,256</u>	<u>7,620</u>
Vocational Education				
Capital Outlay	-	1,500	1,345	155
Personnel Services	217,247	209,247	186,299	22,948
Purchased Services	41,000	42,500	42,929	(429)
Supplies	110,147	129,147	128,493	654
Other	147	1,147	200	947
Total Vocational Education	<u>368,541</u>	<u>383,541</u>	<u>359,266</u>	<u>24,275</u>
Board of Education				
Fixed Charges	502,837	502,837	502,831	6
Other	556,680	631,680	609,138	22,542
Personnel Services	19,920	63,920	20,508	43,412
Purchased Services	55,600	55,600	47,983	7,617
Supplies	2,000	2,000	510	1,490
Total Board of Education	<u>1,137,037</u>	<u>1,256,037</u>	<u>1,180,970</u>	<u>75,067</u>

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (Continued)				
Support Services (Continued)				
Office of Director of Schools				
Capital Outlay	2,000	17,000	15,384	1,616
Other	25,000	13,000	10,426	2,574
Personnel Services	305,828	307,328	302,991	4,337
Purchased Services	127,657	124,657	88,482	36,175
Supplies	7,000	7,000	4,869	2,131
Total Office of Director of Schools	<u>467,485</u>	<u>468,985</u>	<u>422,152</u>	<u>46,833</u>
Office of Principal				
Capital Outlay	-	6,766	6,476	290
Other	4,663	5,163	4,681	482
Personnel Services	5,377,029	5,606,429	5,585,489	20,940
Purchased Services	108,341	104,341	96,700	7,641
Supplies	22,006	22,006	5,134	16,872
Total Office of Principal	<u>5,512,039</u>	<u>5,744,705</u>	<u>5,698,480</u>	<u>46,225</u>
Fiscal Services				
Capital Outlay	3,000	3,000	2,832	168
Other	4,500	8,500	8,948	(448)
Personnel Services	535,287	528,437	508,749	19,688
Purchased Services	49,250	54,250	53,239	1,011
Supplies	8,750	10,350	9,273	1,077
Total Fiscal Services	<u>600,787</u>	<u>604,537</u>	<u>583,041</u>	<u>21,496</u>
Operation of Plant				
Capital Outlay	-	18,000	16,174	1,826
Other	-	-	287	(287)
Personnel Services	2,500,908	2,281,533	2,226,822	54,711
Purchased Services	2,495,000	2,708,500	2,712,571	(4,071)
Supplies	155,000	200,000	183,237	16,763
Total Operation of Plant	<u>5,150,908</u>	<u>5,208,033</u>	<u>5,139,091</u>	<u>68,942</u>
Maintenance of Plant				
Capital Outlay	40,000	22,500	17,452	5,048
Other	3,000	3,000	-	3,000
Personnel Services	1,690,835	1,578,085	1,541,735	36,350
Purchased Services	160,525	198,208	180,742	17,466
Supplies	240,000	379,550	378,783	767
Total Maintenance Of Plant	<u>2,134,360</u>	<u>2,181,343</u>	<u>2,118,712</u>	<u>62,631</u>
Preschool				
Capital Outlay	5,000	5,000	94	4,906
Other	4,700	4,700	2,410	2,290
Personnel Services	359,990	385,328	372,424	12,904
Purchased Services	1,000	1,850	1,848	2
Supplies	13,000	12,150	3,060	9,090
Total Preschool	<u>383,690</u>	<u>409,028</u>	<u>379,836</u>	<u>29,192</u>

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (Continued)				
Support Services (Continued)				
Transportation				
Capital Outlay	140,000	132,670	-	132,670
Personnel	36,095	36,325	35,774	551
Purchased Services	2,444,715	2,442,215	12,093	2,430,122
Supplies	54,000	63,600	60,649	2,951
Total Transportation	<u>2,674,810</u>	<u>2,674,810</u>	<u>108,516</u>	<u>2,566,294</u>
Other Support				
Capital Outlay	3,000	8,000	7,068	932
Other	4,000	4,450	4,545	(95)
Personnel Services	93,061	103,561	97,126	6,435
Purchased Services	11,000	11,000	10,404	596
Supplies	5,700	5,700	3,166	2,534
Total Other Support	<u>116,761</u>	<u>132,711</u>	<u>122,309</u>	<u>10,402</u>
Community Services				
Capital Outlay	40,000	40,000	19,913	20,087
Other	34,050	34,550	16,556	17,994
Personnel Services	1,064,929	1,083,679	1,059,373	24,306
Purchased Services	6,700	16,200	13,572	2,628
Supplies	103,400	95,399	58,860	36,539
Total Community Services	<u>1,249,079</u>	<u>1,269,828</u>	<u>1,168,274</u>	<u>101,554</u>
Technology				
Capital Outlay	30,000	30,000	626,147	(596,147)
Other	4,000	4,000	7,514	(3,514)
Personnel Services	1,506,186	1,522,686	1,494,719	27,967
Purchased Services	229,200	247,200	473,439	(226,239)
Supplies	514,725	635,856	38,349	597,507
Total Technology	<u>2,284,111</u>	<u>2,439,742</u>	<u>2,640,168</u>	<u>(200,426)</u>
Other Capital Outlay				
Capital Outlay	218,000	2,493,558	703,136	1,790,422
Purchased Services	-	30,000	-	30,000
Other	70,000	-	-	-
Personnel Services	-	-	29,734	(29,734)
Total Other Capital Outlay	<u>288,000</u>	<u>2,523,558</u>	<u>732,870</u>	<u>1,790,688</u>

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (Continued)				
Support Services (Continued)				
Human Resources				
Capital Outlay	1,250	1,250	911	339
Other	1,000	500	2,878	(2,378)
Personnel Services	247,129	247,004	241,068	5,936
Purchased Services	900	2,400	1,935	465
Supplies	1,000	2,000	1,846	154
Total Human Resources	<u>251,279</u>	<u>253,154</u>	<u>248,638</u>	<u>4,516</u>
Attendance				
Personnel Services	-	33,831	30,936	2,895
Purchased Services	46,000	118,000	112,111	5,889
Total Attendance	<u>46,000</u>	<u>151,831</u>	<u>143,047</u>	<u>8,784</u>
Total Support Services	<u>30,034,187</u>	<u>33,821,231</u>	<u>28,327,820</u>	<u>5,493,411</u>
Debt Service				
Principal Retirement	-	-	220,759	(220,759)
Total Debt Service	<u>-</u>	<u>-</u>	<u>220,759</u>	<u>(220,759)</u>
Total Expenditures	<u>83,277,241</u>	<u>88,528,279</u>	<u>81,373,364</u>	<u>7,154,915</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,067,589)</u>	<u>(18,696,182)</u>	<u>(6,968,522)</u>	<u>11,727,660</u>
Other Financing Sources (Uses)				
Transfer from General Fund	14,056,451	14,056,451	11,626,736	(2,429,715)
Transfer from Federal and Special Project Funds	-	-	461,102	461,102
Transfer to Educational Facilities Debt Service	-	-	(2,113,475)	(2,113,475)
Transfer to General Fund	-	-	(4,773)	(4,773)
Transfer to School Federal and Special Project Funds	(95,179)	(495,179)	(164,776)	330,403
Transfer to Debt Service	(2,825,197)	(3,225,197)	(572,812)	2,652,385
Subscription Issuance	-	-	621,803	621,803
Total Other Financing Sources (Uses)	<u>11,136,075</u>	<u>10,336,075</u>	<u>9,853,805</u>	<u>(482,270)</u>
Net Change in Fund Balance	<u>(2,931,514)</u>	<u>(8,360,107)</u>	<u>2,885,283</u>	<u>11,245,390</u>
Fund Balance, July 1, 2022	<u>17,314,970</u>	<u>17,314,970</u>	<u>17,314,970</u>	<u>-</u>
Fund Balance, June 30, 2023	<u>\$ 14,383,456</u>	<u>8,954,863</u>	<u>20,200,253</u>	<u>11,245,390</u>

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

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer	City Solid Waste	Nonmajor Proprietary Funds	Total	
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 8,095,205	5,403,695	6,962,622	20,461,522	7,252,325
Investments	739,024	-	317,748	1,056,772	-
Accounts Receivable (Net)	1,905,949	726,811	286,177	2,918,937	600,156
Due from Other Funds	-	-	-	-	12,970
Due from Federal Government	-	-	2,173,984	2,173,984	-
Due from State of Tennessee	-	-	869,791	869,791	-
Inventories	3,984,976	9,933	-	3,994,909	640,203
Total Current Assets	14,725,154	6,140,439	10,610,322	31,475,915	8,505,654
Noncurrent Assets					
Capital Assets					
Land	4,076,278	2,296,132	5,291,098	11,663,508	-
Buildings and Improvements	1,394,042	5,299,969	13,724,455	20,418,466	311,001
Plant in Service	286,008,400	-	-	286,008,400	-
Equipment and Vehicles	19,337,917	14,923,849	14,031,960	48,293,726	3,775,108
Less: Accumulated Depreciation	(143,440,059)	(10,618,596)	(12,289,736)	(166,348,391)	(1,663,421)
Construction In Progress	70,365,045	-	4,847,186	75,212,231	-
Net Capital Assets	237,741,623	11,901,354	25,604,963	275,247,940	2,422,688
Restricted Assets					
Investments	20,276,128	-	4,202,642	24,478,770	-
Total Restricted Assets	20,276,128	-	4,202,642	24,478,770	-
Other Assets					
Lease Receivable	820,458	-	-	820,458	-
Total Other Assets	820,458	-	-	820,458	-
Total Noncurrent Assets	258,838,209	11,901,354	29,807,605	300,547,168	2,422,688
Total Assets	273,563,363	18,041,793	40,417,927	332,023,083	10,928,342

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer	City Solid Waste	Nonmajor Proprietary Funds	Total	
DEFERRED OUTFLOWS OF RESOURCES					
Pension Contributions After Measurement Date	687,844	112,241	326,850	1,126,935	224,572
Pension Changes in Experience	569,912	79,116	216,754	865,782	173,095
Pension Changes in Assumptions	596,909	130,465	260,734	988,108	187,570
Pension Changes in Investment Earnings (Net)	87,487	-	15,000	102,487	15,609
Deferred Bond Refunding Costs	75,795	-	-	75,795	-
Total Deferred Outflows of Resources	2,017,947	321,822	819,338	3,159,107	600,846
LIABILITIES					
Current Liabilities					
Accounts Payable	4,758,751	1,251,173	634,163	6,644,087	260,886
Accrued Payroll Expenses	411,257	79,971	156,336	647,564	87,181
Accrued Expenses	155,144	9,666	784	165,594	5,317,108
Accrued Interest Payable	542,371	16,571	81,431	640,373	23,264
Unearned Revenue	1,430	34,605	-	36,035	-
Matured Bonds and Interest Payable	33,253	-	-	33,253	-
Retainages Payable	1,970,210	-	30,516	2,000,726	-
Contractor Deposits	295,951	-	-	295,951	-
Customer Deposits	411,118	27,897	39,975	478,990	-
Notes and Bonds Payable - Current Portion	4,698,858	95,000	449,000	5,242,858	252,028
Compensated Absences - Current Portion	39,449	7,185	14,304	60,938	10,037
Deferred Landfill Postclosure Cost - Current Portion	-	37,380	-	37,380	-
Total Current Liabilities	13,317,792	1,559,448	1,406,509	16,283,749	5,950,504

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds	
	Water and Sewer	City Solid Waste	Nonmajor Proprietary Funds		Total
LIABILITIES (CONTINUED)					
Noncurrent Liabilities					
Compensated Absences Payable	884,713	161,538	322,160	1,368,411	230,334
Net Pension Liability	602,227	71,336	248,747	922,310	142,840
Notes and Bonds Payable (Net)	94,623,619	2,564,184	8,881,410	106,069,213	1,469,405
Total Noncurrent Liabilities	<u>96,110,559</u>	<u>2,797,058</u>	<u>9,452,317</u>	<u>108,359,934</u>	<u>1,842,579</u>
Total Liabilities	<u>109,428,351</u>	<u>4,356,506</u>	<u>10,858,826</u>	<u>124,643,683</u>	<u>7,793,083</u>
DEFERRED INFLOWS OF RESOURCES					
Lease Related	634,271	-	-	634,271	-
Pension Changes in Investment Earnings (Net)	-	146,981	68,909	215,890	-
Total Deferred Inflows of Resources	<u>634,271</u>	<u>146,981</u>	<u>68,909</u>	<u>850,161</u>	<u>-</u>
NET POSITION					
Net Investment in Capital Assets	158,771,069	9,242,170	20,477,195	188,490,434	701,255
Restricted for:					
Capital Improvements - Unspent Bond Proceeds	20,276,128	-	4,202,642	24,478,770	-
Unrestricted (Deficit)	<u>(13,528,509)</u>	<u>4,617,958</u>	<u>5,629,693</u>	<u>(3,280,858)</u>	<u>3,034,850</u>
Total Net Position	<u>\$ 165,518,688</u>	<u>13,860,128</u>	<u>30,309,530</u>	<u>209,688,346</u>	<u>3,736,105</u>

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

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer	City Solid Waste	Nonmajor Proprietary Funds	Total	
Operating Revenues					
Charges for Services (Net)	\$ 42,911,667	13,615,083	7,948,202	64,474,952	23,584,905
Other Revenue	577,229	340,053	57,242	974,524	1,417,635
Total Operating Revenues	<u>43,488,896</u>	<u>13,955,136</u>	<u>8,005,444</u>	<u>65,449,476</u>	<u>25,002,540</u>
Operating Expenses					
Administration	992,633	549,673	949,471	2,491,777	-
Personnel Services	11,766,717	2,954,862	5,245,725	19,967,304	2,805,417
Contractual Services	1,431,473	5,117,121	1,215,733	7,764,327	16,557,693
Materials and Supplies	3,033,107	229,117	500,735	3,762,959	36,040
Repairs and Maintenance	3,423,483	3,389,038	1,704,165	8,516,686	6,298,301
Other Operating Expenses	5,291,133	320,040	170,914	5,782,087	199,714
Depreciation and Amortization	6,816,001	1,114,929	1,294,441	9,225,371	338,465
Total Operating Expenses	<u>32,754,547</u>	<u>13,674,780</u>	<u>11,081,184</u>	<u>57,510,511</u>	<u>26,235,630</u>
Operating Income (Loss)	<u>10,734,349</u>	<u>280,356</u>	<u>(3,075,740)</u>	<u>7,938,965</u>	<u>(1,233,090)</u>
Nonoperating Revenues (Expenses)					
Investment Income (Loss)	(138,133)	-	(9,357)	(147,490)	39,546
Operating Grants	-	-	2,768,613	2,768,613	-
Interest Expenses and Commissions	(3,343,412)	(82,819)	(279,588)	(3,705,819)	(59,266)
Amortization of Loss on Refunding	(36,203)	-	-	(36,203)	-
Amortization of Gain on Refunding	67,459	-	-	67,459	-
Total Nonoperating Revenues (Expenses)	<u>(3,450,289)</u>	<u>(82,819)</u>	<u>2,479,668</u>	<u>(1,053,440)</u>	<u>(19,720)</u>

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities- Internal Service Funds
	Water and Sewer	City Solid Waste	Nonmajor Proprietary Funds		
Income (Loss) Before Transfers and Capital Contributions	7,284,060	197,537	(596,072)	6,885,525	(1,252,810)
Transfers and Capital Contributions					
Transfers In	-	-	2,233,319	2,233,319	244,699
Transfers Out	(3,204,109)	-	-	(3,204,109)	-
Federal Capital Grant Revenue	175,797	-	268,238	444,035	-
State Capital Grant Revenue	-	-	6,924	6,924	-
Total Transfers and Capital Contributions	(3,028,312)	-	2,508,481	(519,831)	244,699
Change in Net Position	4,255,748	197,537	1,912,409	6,365,694	(1,008,111)
Net Position, July 1, 2022	161,262,940	13,662,591	28,397,121	203,322,652	4,744,216
Net Position, June 30, 2023	\$ 165,518,688	13,860,128	30,309,530	209,688,346	3,736,105

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

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer	City Solid Waste	Nonmajor Proprietary Funds	Total	
Cash Flows from Operating Activities					
Receipts from Customers and Users	\$ 42,540,560	13,549,637	7,965,410	64,055,607	26,996
Receipts from Interfund Services Provided	793,163	286,180	-	1,079,343	24,980,101
Receipts (Payments) for Contractor Deposits	82,877	-	-	82,877	-
Payments to Employees	(12,266,981)	(2,921,497)	(5,022,908)	(20,211,386)	(2,773,733)
Payments to Suppliers	(14,103,947)	(4,941,577)	(3,336,978)	(22,382,502)	(24,126,785)
Payments for Interfund Services Used	(2,340,180)	(3,704,723)	(897,677)	(6,942,580)	(12,637)
Net Cash Provided by (Used for) Operating Activities	14,705,492	2,268,020	(1,292,153)	15,681,359	(1,906,058)
Cash Flows from Noncapital Financing Activities					
Transfers to Other Funds	(3,204,109)	-	-	(3,204,109)	-
Transfers from Other Funds	-	-	2,233,319	2,233,319	244,699
Operating Grants Received	-	-	1,653,323	1,653,323	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(3,204,109)	-	3,886,642	682,533	244,699
Cash Flows from Capital and Related Financing Activities					
Purchase of Capital Assets	(26,232,691)	(724,532)	(1,939,890)	(28,897,113)	(227,368)
Proceeds from Bonds Issued	1,898,443	-	-	1,898,443	-
Payments of Construction Retainages	728,770	-	-	728,770	-
Capital Grants Received	175,797	-	125,751	301,548	-
Principal Paid on Capital Debt	(4,061,207)	(91,686)	(456,000)	(4,608,893)	-
Construction Retainage	-	-	(5,399)	(5,399)	(242,335)
Interest Paid on Capital Debt	(3,548,035)	(104,916)	(317,616)	(3,970,567)	(81,910)
Net Cash Provided By (Used for) Capital and Related Financing Activities	(31,038,923)	(921,134)	(2,593,154)	(34,553,211)	(551,613)

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer	City Solid Waste	Nonmajor Proprietary Funds	Total	
Cash Flows from Investing Activities					
Interest and Related Income (Expenses) on Investments	80,475	-	22,638	103,113	39,546
Purchase of Investments	-	-	(11,427)	(11,427)	-
Sale of Investments	6,375,732	-	1,208,071	7,583,803	-
Net Cash Provided by (Used for) Investing Activities	6,456,207	-	1,219,282	7,675,489	39,546
Net Increase (Decrease) in Cash and Cash Equivalents	(13,081,333)	1,346,886	1,220,617	(10,513,830)	(2,173,426)
Cash and Cash Equivalents, July 1, 2022	21,176,538	4,056,809	5,742,005	30,975,352	9,425,751
Cash and Cash Equivalents, June 30, 2023	\$ 8,095,205	5,403,695	6,962,622	20,461,522	7,252,325
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	\$ 10,734,349	280,356	(3,075,740)	7,938,965	(1,233,090)
Adjustments:					
Depreciation	6,816,001	1,114,929	1,294,441	9,225,371	338,465
Change in Net Pension Liability (Asset)	4,318,915	584,881	1,662,043	6,565,839	1,271,220
Change in Lease Receivable	42,608	-	10,353	52,961	-
Landfill Postclosure Cost	-	(37,380)	-	(37,380)	-
Changes in the Allowance for Uncollectible Receivables	(580,811)	-	(11,235)	(592,046)	-
(Increase) Decrease in Deferred Pension Outflows	(2,985,439)	(396,790)	(1,141,381)	(4,523,610)	(862,949)
Increase (Decrease) in Deferred Pension Inflows	(2,015,357)	(164,458)	(451,752)	(2,631,567)	(360,358)
Increase (Decrease) in Deferred Lease Inflows	634,271	-	(11,171)	623,100	-
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(244,507)	(120,075)	(28,845)	(393,427)	(216,072)
(Increase) Decrease in Inventories	(1,887,037)	-	-	(1,887,037)	54,642
(Increase) Decrease in Due from Other Funds	-	-	-	-	3,890
Increase (Decrease) in Accounts Payable and Accrued Expenses	(398,842)	993,941	306,244	901,343	(885,577)

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer	City Solid Waste	Nonmajor Proprietary Funds	Total	
Changes in Assets and Liabilities (Continued):					
Increase (Decrease) in Accrued Payroll Expenses	(82,064)	8,674	26,750	(46,640)	(26,354)
Increase (Decrease) in Compensated Absences	263,681	1,058	127,157	391,896	10,125
Increase (Decrease) in Contractor Deposits	82,877	-	864	83,741	-
Increase (Decrease) in Customer Deposits	(6,734)	(564)	-	(7,298)	-
Increase (Decrease) in Other Payables	24,830	2,128	119	27,077	-
Increase (Decrease) in Lease Payable	(11,249)	-	-	(11,249)	-
Increase (Decrease) in Unearned Revenue	-	1,320	-	1,320	-
49 Net Cash Provided by (Used for) Operating Activities	<u>\$ 14,705,492</u>	<u>2,268,020</u>	<u>(1,292,153)</u>	<u>15,681,359</u>	<u>(1,906,058)</u>

Non-Cash Capital and Related Financing Activities

Water and Sewer:

- Amortization of Deferred Bond Refunding totaling \$36,203 as shown on the Statement of Revenues, Expenses, and Changes in Net Position.
- Amortization of Gain on Deferred Bond Refunding totaling \$67,459 as shown on the Statement of Revenues, Expenses, and Changes in Net Position.
- Amortization of Bond Premium totaling \$376,096 included in interest expense on the Statement of Revenues, Expenses, and Changes in Net Position.

City Solid Waste:

- Amortization of Bond Premium totaling \$21,364 included in interest expense on the Statement of Revenues, Expenses, and Changes in Net Position.

Nonmajor Proprietary - Stormwater Management:

- Amortization of Bond Premium totaling \$56,541 included in interest expense on the Combining Statement of Revenues, Expenses, and Changes in Net Position.

Internal Service Funds - Fleet Management:

- Amortization of Bond Premium totaling \$18,605 included in interest expense on the Combining Statement of Revenues, Expenses, and Changes in Net Position.

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

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND - NETCO
June 30, 2023

ASSETS	
Cash and Cash Equivalents	\$ 136,607
Receivables	34,303
Due from Member Districts	<u>15,161</u>
Total Assets	<u>186,071</u>
LIABILITIES	
Due to Cooperative	<u>37,841</u>
TOTAL LIABILITIES	<u>37,841</u>
NET POSITION	
Unrestricted	<u>148,230</u>
TOTAL NET POSITION	<u><u>\$ 148,230</u></u>

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

CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND - NETCO
For the Fiscal Year Ended June 30, 2023

ADDITIONS	
Processing Payments and Rebates	\$ 3,353,637
Interest Income	3,059
Total Additions	3,356,696
DEDUCTIONS	
Personnel Services	103,385
Contractual Services	3,205,870
Materials and Supplies	492
Other Operating Expenses	35,510
Total Deductions	3,345,257
NET INCREASE IN FIDUCIARY NET POSITION	11,439
NET POSITION, BEGINNING	136,791
NET POSITION, ENDING	\$ 148,230

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

CITY OF JOHNSON CITY, TENNESSEE
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2023

	Johnson City Public Library	Johnson City Development Authority	Industrial Development Board	Johnson City Energy Authority	Total Component Units
ASSETS					
Cash and Cash Equivalents	\$ 630,696	2,482,546	38,848	32,526,457	35,678,547
Restricted Cash and Cash Equivalents	-	44,744	-	25,156,642	25,201,386
Restricted Investments	-	-	-	8,652,995	8,652,995
Accounts Receivable (Net)	290	44,010	-	22,611,855	22,656,155
Intergovernmental Receivables	-	314,221	-	-	314,221
Inventory	-	-	-	15,688,484	15,688,484
Prepaid Expenses	-	11,096	-	1,220,483	1,231,579
Deposits	-	600	-	-	600
Notes Receivable	-	-	-	1,789,964	1,789,964
Lease Receivable	-	-	-	519,238	519,238
Capital Assets:					
Land	-	379,300	-	5,623,567	6,002,867
Book Collection	1,138,049	-	-	-	1,138,049
Buildings and Improvements	566,669	6,883,355	-	-	7,450,024
Plant In Service	-	-	-	359,708,833	359,708,833
Equipment and Furniture	942,442	34,952	-	-	977,394
Construction In Progress	-	-	-	15,403,089	15,403,089
Intangible Right-to-Use Software Arrangements	62,976	-	-	335,777	398,753
Less: Accumulated Depreciation and Amortization	(1,005,638)	(797,348)	-	(124,606,547)	(126,409,533)
Total Assets	2,335,484	9,397,476	38,848	364,630,837	376,402,645
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows Pension	-	-	-	11,017,196	11,017,196
Deferred Outflows OPEB	-	-	-	1,285,628	1,285,628
Deferred Outflows Bond Refunding	-	-	-	641,687	641,687
Deferred Outflow of TIF Funds	-	1,162,372	-	-	1,162,372
Total Deferred Outflows of Resources	-	1,162,372	-	12,944,511	14,106,883
LIABILITIES					
Accounts Payable	8,361	60,362	-	25,888,117	25,956,840
Deposits Payable	-	29,832	-	5,342,537	5,372,369
Accrued Payroll Expenses	56,046	-	-	518,081	574,127
Accrued Interest Payable	-	50,604	-	275,108	325,712
Other Accrued Expenses	-	92,083	-	413,404	505,487
Deferred Revenue	-	20,091	-	10,000	30,091
Noncurrent Liabilities:					
Net Pension Liability	-	-	-	2,438,471	2,438,471
OPEB Liability	-	-	-	8,834,241	8,834,241
Due within one year	19,848	517,760	-	3,629,939	4,167,547
Due in more than one year	71,424	6,622,401	-	52,535,687	59,229,512
Total Liabilities	155,679	7,393,133	-	99,885,585	107,434,397
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Pension	-	-	-	4,285,919	4,285,919
Deferred Inflows OPEB	-	-	-	955,192	955,192
Leases	-	-	-	946,741	946,741
Total Deferred Inflows of Resources	-	-	-	6,187,852	6,187,852
NET POSITION					
Net Investment in Capital Assets	1,732,224	1,016,478	-	207,130,485	209,879,187
Restricted for Imagination Library	34,040	-	-	-	34,040
Restricted by External Contributions	-	55,577	-	-	55,577
Restricted by Enabling Legislation	-	933,009	-	152,995	1,086,004
Unrestricted	413,541	1,161,651	38,848	64,218,431	65,832,471
Total Net Position	\$ 2,179,805	3,166,715	38,848	271,501,911	276,887,279

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

CITY OF JOHNSON CITY, TENNESSEE
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION				Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Johnson City Public Library	Johnson City Development Authority	Industrial Development Board	Johnson City Energy Authority	
Johnson City Public Library:									
General Government	\$ 2,404,177	28,985	2,310,161	17,467	(47,564)	-	-	-	(47,564)
Imagination Library	67,410	14,579	67,204	-	14,373	-	-	-	14,373
Total Johnson City Public Library	2,471,587	43,564	2,377,365	17,467	(33,191)	-	-	-	(33,191)
Johnson City Development Authority:									
General Government	445,163	40,303	479,082	-	-	74,222	-	-	74,222
John Sevier Center	1,556,366	2,173,435	-	-	-	617,069	-	-	617,069
Tax Increment Financing	251,282	-	815,168	-	-	563,886	-	-	563,886
Interest on Long-Term Debt	129,992	-	129,992	-	-	-	-	-	-
Total Johnson City Development Authority	2,382,803	2,213,738	1,424,242	-	-	1,255,177	-	-	1,255,177
Industrial Development Board:									
General Government	1,299,664	-	1,335,540	-	-	-	35,876	-	35,876
Total Industrial Development Board	1,299,664	-	1,335,540	-	-	-	35,876	-	35,876
Johnson City Energy Authority:									
General Government	219,332,362	229,477,099	-	-	-	-	-	10,144,737	10,144,737
Interest on Long-Term Debt	1,785,354	-	-	-	-	-	-	(1,785,354)	(1,785,354)
Total Johnson City Energy Authority	221,117,716	229,477,099	-	-	-	-	-	8,359,383	8,359,383
Total Component Units	\$ 227,271,770	231,734,401	5,137,147	17,467	(33,191)	1,255,177	35,876	8,359,383	9,617,245
General Revenues:									
Unrestricted Investment Earnings					\$ 5,451	17,651	-	960,073	983,175
Other General Revenue					22,573	-	-	7,490,234	7,512,807
E-Rate Reimbursement					7,377	-	-	-	7,377
Miscellaneous Revenue					-	-	-	424,289	424,289
Total General Revenues					<u>35,401</u>	<u>17,651</u>	<u>-</u>	<u>8,874,596</u>	<u>8,927,648</u>
Change in Net Position					2,210	1,272,828	35,876	17,233,979	18,544,893
Net Position, July 1, 2022					<u>2,177,595</u>	<u>1,893,887</u>	<u>2,972</u>	<u>254,267,932</u>	<u>258,342,386</u>
Net Position, June 30, 2023					<u>\$ 2,179,805</u>	<u>3,166,715</u>	<u>38,848</u>	<u>271,501,911</u>	<u>276,887,279</u>

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

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Johnson City, Tennessee (the City) was incorporated in 1869 and operates under a Board of Commission – City Manager form of government. The City is part of a 12 county area in northeast Tennessee and southwest Virginia known as the Appalachian Highlands.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The Governmental Accounting and Financial Reporting Standards, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

A. Description of Government-Wide 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 nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

The accompanying financial statements present the City (primary government) and its component units, entities for which the City is considered to be financially accountable. The City is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on the organization or (2) there is potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other entities for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Discretely presented component units are aggregately reported in a single column in the government-wide financial statements to emphasize that they are legally separate from the government.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

Discretely Presented Component Units

Johnson City Energy Authority (JCEA) (dba BrightRidge) - The Johnson City Energy Authority (JCEA) was formed April 1, 2017, as a political subdivision of the State of Tennessee and is the legal entity which replaced the former Johnson City Power Board. The JCEA did file with the State of Tennessee to continue “doing business as” (dba) the Johnson City Power Board (JCPB) through October 3, 2017, at which time the JCEA filed a new dba name of BrightRidge. BrightRidge is a local power company of the Tennessee Valley Authority (TVA), furnishing electrical power to Washington County and portions of other Upper East Tennessee counties, as purchased from TVA and providing broadband and related services to service area customers. The City Commission appoints a voting majority of the JCEA’s Board. The City also receives payments in lieu of tax from the JCEA each year. Separately issued financial statements may be requested from: BrightRidge; 2600 Boones Creek Road; Johnson City, Tennessee 37615.

Industrial Development Board (IDB) - The IDB is organized to acquire, own, lease and dispose of properties to the end that the corporation may be able to maintain and increase employment opportunities by promoting industry, trade, commerce, tourism and recreation by inducing manufacturing, industrial, governmental, education, research and development, financial, service, commercial, medical-related, and recreational enterprises, to locate or remain in the City, and to have all powers that may be necessary to enable the corporation to accomplish these purposes. To further such ends, the aforementioned corporation shall be empowered to finance, acquire, own, lease and/or dispose of such properties within the City or within three miles of its corporate limits or to accumulate and lend money for said purposes as may be necessary to achieve said goals. The IDB’s Board of Directors is appointed by the City Commission and the IDB does not issue separate financial statements.

Johnson City Development Authority (JCDA) - The JCDA was established in February 1990, to facilitate business development within the City. To accomplish this function, the JCDA operates a tax increment financing (TIF) program that utilizes tax money provided to the JCDA by the City and Washington County for use in redevelopment projects. The JCDA’s Board of Commissioners and TIF projects are approved by the City Commission. Separately issued financial statements may be requested from: Johnson City Development Authority; 207 Boone Street, Suite 23; Johnson City, Tennessee 37601.

Johnson City Public Library - The Johnson City Public Library is a non-profit organization under Internal Revenue Code (IRC) Section 501(c)(3) incorporated in September 1989. The Library’s Board of Directors is appointed by the City Commission and an appropriation of at least 85% of its annual support is provided by the City of Johnson City. The City is obligated to finance any deficits and all debt is financed by the City. The Library property is also owned and titled to the City of Johnson City. Separately issued financial statements may be requested from: Johnson City Public Library; 100 West Millard Street; Johnson City, Tennessee 37604.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

Joint Ventures and Jointly Governed Organizations

The City is a participant with Washington County in joint ventures to operate the Washington County-Johnson City Animal Control Center, the Washington County-Johnson City Emergency Medical Services, Inc. – Ambulance Division, the Washington County Economic Development Council and the Tri-County Industrial Park. The City also participates with other local governments in the joint governance of the Tri-Cities Airport Authority.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund, even though the latter is excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where amounts are reasonably equivalent in value to the interfund services provided and other charges between the government’s water and sewer, solid waste, and building functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provided information about the government’s funds, including its fiduciary funds and blended component unit. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. A custodial fund is generally used to account for assets that the City holds on behalf of others as their agent. All custodial funds use the accrual basis of accounting.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation – Fund Financial Statements (Continued)

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *General Purpose School Fund* accounts for transactions of the City School System. The major sources of revenue for this fund are state-shared revenues and local property and sales taxes.

The *Debt Service Fund* accounts for the accumulation of resources for the payment of principal and interest on long-term general obligation debt other than that payable from enterprise funds and the general obligation debt used to construct educational facilities. Even though the fund had no assets, liabilities or fund balance at June 30, 2023, the City treats the Debt Service Fund as major.

The *Educational Facilities Debt Service Fund* accounts for the accumulation of resources for the payment of principal and interest on long-term general obligation debt for the construction of educational facilities.

The *Capital Project Fund* accounts for the acquisition and construction of major capital facilities, equipment, and infrastructure other than those financed by proprietary funds.

The City reports the following nonmajor governmental funds:

The *Freedom Hall Civic Center Fund* accounts for the revenues generated from the Civic Center's operations. Fee revenues are supplemented by the General Fund to the extent of the Civic Center's costs.

The *School Federal Projects Fund* accounts for all revenues received under this law.

The *Special School Projects Fund* accounts for all revenues received for various special projects for the schools.

The *School Food Service Fund* accounts for the revenues and expenditures of the school cafeterias.

The *Internal School Fund* accounts for funds held at the individual schools for internal school use such as the purchase of supplies, school clubs, and student activities. Collections from students and school activities are the foundational revenues of this fund.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation – Fund Financial Statements (Continued)

The *Transportation Planning Fund* accounts for special state and federal transportation planning projects through state and federal revenues.

The *Drug Fund* accounts for drug fines awarded by court action.

The *Police Grant and Technology Fund* accounts for all police grants from the federal, state and local governments and fees provided by moving violations to fund safety equipment and technology for the police department.

The *Community Development Fund* accounts for federal and state Housing and Urban Development Funds.

The *Senior Citizens Fund* accounts for contributions and fundraising for the Senior Citizens Center.

The *Employee Scholarship Fund* accounts for donations from City employees to fund scholarships for children of City employees who are entering college.

The *Permanent Fund (School Trust Fund)* accounts for nonexpendable assets left to the City by the late Paul Gollong. The fund's earnings are used for awarding scholarships to graduating high school students

The City reports the following major proprietary funds:

The *Water and Sewer Fund* accounts for the activities of the City's production, storage and transportation of potable water and the City's collection, transportation, treatment and disposal of wastewater.

The *City Solid Waste Fund* accounts for the activities of the City's residential garbage refuse collection and recycling activities within City limits.

The City reports the following nonmajor proprietary funds:

The *Regional Solid Waste Fund* accounts for the activities of the City's regional residential garbage, refuse collection and recycling activities.

The *Mass Transit Fund* accounts for activities funded by federal grants from the Federal Transportation Administration and state grants provided from federal funds for support of local government transportation programs.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation – Fund Financial Statements (Continued)

The *Stormwater Management Fund* accounts for the activities of the City's stormwater and drainage management system.

The *Johnson City Public Building Authority Fund* accounts for the activities of the PBA, a blended component unit of the City. The PBA's main activity is to design, plan, acquire property and construct projects delegated to the PBA by the Board of Commissioners. The primary source of revenue is rental income.

The City reports the following fiduciary fund:

The *Northeast Tennessee Cooperative (NETCO) Fund* accounts for the purchase of food-related materials, supplies, equipment, and services jointly by combining the purchasing requirements of five cities and ten counties in the surrounding area. Processing costs are allocated to each member district and reimbursed to NETCO.

Additionally, the City reports the following fund type:

The *Internal Service Funds (Fleet Management Fund and Insurance Fund)* account for fleet management and insurance services provided to other departments or agencies of the government on a cost-reimbursement basis.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at fiscal year end are reported as due from / to other funds and advances to / from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the fiscal year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in / out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 fiscal 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.

The 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period for local revenues, 120 days for state-shared revenues, and 360 days for expenditure-driven grant revenues. 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 claims and judgments, are recorded only when payment is due.

General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

In general, taxes, licenses, federal and state grant funds, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Business taxes are not considered measurable and therefore are not susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds and the fiduciary fund are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgetary Information

Budgetary Basis of Accounting

The City Manager is required by charter to present to the Board of Commissioners an estimate of expenditures and revenue by department of the City for the ensuing fiscal year. The estimates are to be compiled from detailed information obtained from the departments of the City. The Board of Commissioners then prepares a tentative appropriation ordinance. Three readings of the appropriation ordinance must be approved on or before June 30th, after which date the new budget goes into effect.

As a management control, annual budgets are prepared by City departments for approval by the City Commission for all funds except for the Senior Citizens and Employee Scholarship Funds. The budget for the Johnson City Public Building Authority is not prepared by the City. Appropriations for the General Fund and applicable Special Revenue Funds are authorized at the departmental level except for the Community Development Fund, which is authorized on the project level on an annual basis to satisfy U.S. Department of Housing and Urban Development requirements. Appropriations for the Debt Service, Educational Facilities Debt Service, and the proprietary funds are authorized at the fund level. Supplemental appropriations may be authorized by ordinance during the fiscal year. There were some departments within the General Fund that had actual expenditures in excess of their final budgets for the fiscal year ended June 30, 2023.

Annual budgets for the General Fund, certain Special Revenue Funds (Freedom Hall Civic Center, School Federal Projects, Special School Projects, School Food Service, Transportation Planning, Drug, Police Grant and Technology, and Community Development), the Capital Project Fund, the Debt Service Fund, and the Educational Facilities Debt Service Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). An annual budget is also adopted for the General Purpose School Fund, which is adopted on the modified accrual basis of accounting. All annual appropriations lapse at fiscal year-end.

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

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes impose various restrictions on the City's and its component units' deposits and investments, including repurchase agreements. These restrictions are summarized as follows:

DEPOSITS - State statutes require that all deposits with financial institutions must be collateralized in an amount equal to 105% of the market value of uninsured deposits.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balance (Continued)

1. Cash and Cash Equivalents (Continued)

INVESTMENTS - State statutes authorize the City to invest in treasury bonds, notes or bills of the United States of America; nonconvertible debt securities of the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank and the State Loan Marketing Association; other obligations not listed above which are guaranteed as to principal and interest by the United States of America or any of its agencies; Certificates of Deposit and other evidences of deposit at State and Federal chartered banks and Savings and Loan Associations; obligations of the United States of America or its agencies under a repurchase agreement and money market funds whose portfolios consist of any of the foregoing investments if approved by the State Director of Local Finance and made in accordance with procedures established by the State Funding Board; the State of Tennessee Local Government Investment Pool (LGIP); obligations of the Public Housing Authority and bonds of the Tennessee Valley Authority.

The City utilizes a cash management plan for all cash in checking for all funds, except for the school funds which have their own bank accounts. One bank account is used for disbursements for the City. Other accounts are maintained for utility collections of the regional systems, which are periodically transferred to the General Disbursement Account and for Debt Service. The balance of cash in each fund is maintained on the City's records and reconciled to the total in the General Disbursement Account.

The cash management plan provides that the balance in the bank is invested on a daily basis at the current interest rates. Interest income is allocated to the individual funds based on the average cash balance of the individual funds. The plan is presently with First Horizon Bank. Bids are obtained from all banks to obtain the best possible rates.

2. Investments

Investments for the City are reported at fair value (generally based on quoted market prices) except for the position in the LGIP. Specifically, the LGIP was established under *Tennessee Code Annotated* Title 9, Chapter 4, Part 7.

This investment pool is established for the use of idle funds of local governments located within the State of Tennessee. These funds are placed by the participating entity into accounts that are held and invested by the State Treasurer. The LGIP invests in time deposits, such as Certificates of Deposit, commercial paper, United States of America agency securities, repurchase agreements, and United States of America treasuries. By law, the LGIP is required to maintain a 90-day or less weighted-average-maturity. The fair value of shares held in the LGIP is the same as the value of the LGIP shares. LGIP investments are carried at amortized cost, which approximates fair value. The LGIP has been classified as Cash on Deposit with State of Tennessee since they are comprised of short-term investments. The Tennessee LGIP has not been rated by a nationally recognized statistical rating organization. All other investments are reported at fair value.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balance (Continued)

3. Inventories and Prepaid Items

All inventories of governmental funds are valued at cost using the first-in/first-out (FIFO) method and are recorded as expenditures at the time purchased. All such inventories on hand at fiscal year-end are reported as assets and nonspendable fund balance in the fund financial statements. An adjustment is posted to fund balance at fiscal year-end to account for the purchase method inventory used in the School Food Service Fund.

All inventories of proprietary funds are valued at cost utilizing the weighted average or FIFO method, and are expensed when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and proprietary fund financial statements. The cost of prepaid items is recorded as expenditures / expenses when consumed rather than when purchased.

4. Restricted Assets

Certain cash and investment balances of the City are classified as restricted assets on the Statement of Net Position because they are maintained in separate accounts and their use is limited by certain agreements and contracts with third parties. Restricted cash includes sinking fund accounts established to meet the requirements of certain bond issues, escrow for construction contractors established to fund retainages of outstanding construction projects upon their completion, and savings accounts for tax equivalent payments, capital improvements, and unexpected expenses. Restricted investments include securities held for larger claims of a self-insurance program.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the City as assets with an initial, individual cost equal to or greater than \$5,000 and an estimated useful life in excess of one year for property, plant and equipment, and assets with an initial, individual cost of more than \$100,000 for infrastructure. See Note 1.G.6 for an explanation of the City's leasing activities that result in intangible right-to-use leased assets.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balance (Continued)

5. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the blended component unit, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Roads and bridges	40
Buildings and building improvements	30
Golf course improvements	15
Landfill improvements	25
Fire trucks	20
Utility lines	45
School buses, passenger vans	15
Machinery, equipment and heavy vehicles	10
Office equipment/automobiles	7
Right-to-use leased assets	1-5
Computer equipment/software licenses	3

6. Leases

Lessee - The City is a lessee for noncancellable leases of buildings and land which results in the recognition of a lease liability and an intangible right-to-use lease asset in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate, when available. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balance (Continued)

6. Leases (Continued)

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor - The City is a lessor for several noncancellable leases of buildings and land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund, and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balance (Continued)

7. Deferred Outflows / Inflows of Resources

In addition to assets, the Statement of Net 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The City has items that qualify for reporting in this category. Deferred bond refunding costs result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions include contributions subsequent to the measurement date which are equivalent to the City's pension contributions made to the Tennessee Consolidated Retirement System (TCRS) during fiscal year 2023, and will be recognized as a reduction to net pension liability in the following measurement period. In addition, it includes differences between expected and actual experience as a result of the June 30, 2022 measurement date actuarial studies for the City's agent multiple-employer pension plan through TCRS and the Schools' two cost-sharing multiple-employer pension plan through TCRS, and is being amortized over the average remaining service period. Changes in proportion of net pension liability (asset) are also included as a result of the aforementioned school pension plans through TCRS. There are also deferred outflows related to the changes in assumptions as a result of the June 30, 2022 measurement date actuarial study for all three of the aforementioned plans, and is being amortized over a five-year period. Accordingly, these items are reported only in the government-wide Statement of Net Position.

In addition to liabilities, the Statement of Net 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 assets 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 items that qualify for reporting in this category. The item, *unavailable revenue*, is reported only in the governmental funds balance sheet. These revenues are from delinquent property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. At the government-wide level, exchange transactions that are unavailable but earned are recognized in current year revenue. The current year property taxes, which have been levied, but not yet billed as of June 30, are reflected as both unearned and unavailable and are reported in the government-wide Statement of Net Position and the governmental funds Balance Sheet as a deferred inflow of resources. There are deferred inflows related to the differences between expected and actual experience on pension as a result of the June 30, 2022 measurement date actuarial study for the City's agent multiple-employer pension plan through TCRS and the Schools' two cost-sharing multiple-employer pension plan through TCRS, and is being amortized over the average remaining service period. Changes in proportion of net pension liability (asset) are also included as a result of the aforementioned school pension plans through TCRS.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balance (Continued)

7. Deferred Outflows / Inflows of Resources (Continued)

There are also deferred inflows related to the net difference between projected and actual earnings on pension plan investments.

The deferred outflows and inflows of resources for Other Post-Employment Benefits (OPEB) is related to the changes in assumptions and actuarial experience for the other post-employment benefits liability which is a result of the actuarial study for the City's and School's single-employer OPEB plans. These changes are being amortized over the average service of plan participants.

There are also deferred inflows related to lease activity as described in Note 1.G.6.

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the applicable fund financial statements and in the government-wide financial statements.

9. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's participation in the Public Employee Retirement Plan, and the Johnson City Schools' participation in the Teacher Legacy Pension Plan and the Teacher Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the City's and the Johnson City Schools' respective fiduciary net positions have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan, the Teacher Legacy Pension Plan, and the Teacher Retirement Plan of TCRS, as applicable. Investments are reported at fair value.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balance (Continued)

10. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

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

11. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's practice to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

12. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.

Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance – amounts constrained to specific purposes by which the City Commission, the City's highest level of decision-making authority, approves an ordinance. To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balance (Continued)

12. Fund Balance Policies (Continued)

Assigned Fund Balance – amounts the City intends to use for a specific purpose. In the fund balance policy adopted by the City Commission, the Board of Commissioners delegates to the City Manager or Finance Director the authority to assign amounts to be used for specified purposes.

Unassigned Fund Balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

13. Reclassifications

Certain reclassifications have been made to the June 30, 2022 financial statements in order for them to conform to the June 30, 2023 financial statement presentation.

14. Use of Estimates

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

15. Concentration

The City depends upon financial resources flowing from, or associated with, both the federal government and the State of Tennessee. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations.

16. Accounting Changes

The City implemented Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective July 1, 2022. The City has ten software arrangements that require recognition under GASBS No. 96. The City now recognizes a subscription-based information technology arrangements (SBITA) liability and an intangible right-to-use asset. The software amortization expense related to the City's intangible asset is reported in the governmental activities functions with depreciation expense on the Statement of Activities. The adoption of the standard was an increase to beginning capital assets of \$8,895,774 and an increase in beginning subscription liabilities of \$5,224,707. The difference between the asset and liability amounts were implementation costs that were expensed when paid. There was no impact to beginning net position for these changes.

**CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Revenues and Expenditures / Expenses

1. Program Revenues

Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as *general revenues* rather than as program revenues.

2. Property Taxes

Property taxes are levied on September 1st on property values assessed as of January 1st. After December 31st, the tax bill becomes delinquent and penalty and interest are assessed. Property taxes are declared to be a lien on the property after January 10th of the fiscal year of assessment.

3. Compensated Absences

Policy of the City (except for Schools). Vacation benefits apply to all full-time and regular part-time employees who have completed six months of continuous employment. Vacation accrues as follows:

<u>Years of Service</u>	<u>Vacation Days</u>	<u>Monthly Hour Accrual</u>
Under 5 years of service	10	6.67
6 to 10 years of service	13	8.67
11 to 15 years of service	16	10.67
16 to 20 years of service	19	12.67
20+ years of service	22	14.67

Vacation accruals for members of the Fire Bureau are based on a 24-hour day.

Vacation accrues as follows for Fire Bureau:

<u>Years of Service</u>	<u>Vacation Days</u>	<u>Monthly Hour Accrual</u>
Under 5 years of service	5 shifts	10
6 to 10 years of service	6.5 shifts	13
11 to 15 years of service	8 shifts	16
16 to 20 years of service	9.5 shifts	19
20+ years of service	11 shifts	22

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Revenues and Expenditures / Expenses (Continued)

3. Compensated Absences (Continued)

Sick leave accumulates at the rate of eight hours per month for regular full-time and on a pro-rata basis for regular part-time employees. For Fire Bureau employees, a day equals 24 hours and sick leave will accrue at 24 hours a month unless Fire Bureau employees are assigned to an eight-hour shift, then they will accumulate at the rate of eight hours per month. Sick leave may be accumulated with no maximum on number of days. No accumulated sick leave obligation exists for payment of upon termination for reasons other than death or retirement. Upon retirement for an employee who has completed 15 years of service, the sick leave accumulated is credited to the years of service or the employee may elect to receive compensation at the rate of two days of sick leave at the employee's regular rate for every completed year of service, not to exceed sixty days. In the event of death, one-third of the accumulated amount is paid to the beneficiary. It is also the City's policy to permit employees from certain departments of the City to accumulate earned but unused compensation for excess hours worked. All compensatory time is accrued when incurred in the government-wide and proprietary fund financial statements.

Policy of Schools. Teachers' vacation and sick leave are in accordance with state policies. Most other school employees do not accumulate vacation or sick leave in excess of a normal year's accumulation. Vacation is earned and accumulates at one day per month. Administrative personnel are allowed to accumulate vacation days and may earn up to 20 days per year after 10 years of service. Employees have eighteen months to use the vacation time or it is lost. Five days of vacation can be converted to sick time for carryover for retirement. Unused sick time is not compensated. Accrued vacation has been recorded for the twelve-month administrative personnel in the government-wide financial statements. It is estimated that any accrual for ten-month employees would be immaterial.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 all of the City's enterprise funds and of the City's internal service funds are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the systems. Operating expenses for enterprise funds and internal service 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 nonoperating revenues and expenses.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position

The governmental funds balance sheet includes a reconciliation between total *fund balances of governmental funds* and *net position of governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$301,710,864 difference are as follows:

Governmental Capital Assets	\$ 631,613,392
Less: Accumulated Depreciation	(327,479,840)
Less: Internal Service Funds Net Capital Assets	<u>(2,422,688)</u>
Net adjustment to increase total <i>fund balances of governmental funds</i> to arrive at <i>net position of governmental activities</i>	<u><u>\$ 301,710,864</u></u>

Another element of that reconciliation explains that “long-term liabilities, including bonds and leases payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.” The details of this \$(150,658,457) difference are as follows:

Bonds and Notes Payable (net of Unamortized Premiums and Discounts)	\$ (148,430,070)
Leases Payable	(213,637)
Subscription Liabilities	(4,629,351)
Less: Deferred Charge on Refunding	893,168
Less: Internal Service Funds Bonds and Notes Payable including Premiums	<u>1,721,433</u>
Net adjustment to reduce total <i>fund balances of governmental funds</i> to arrive at <i>net position of governmental activities</i>	<u><u>\$ (150,658,457)</u></u>

Another element of that reconciliation explains that “long-term pension plan retirement payments are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. This amount is the net pension liability (asset), net of deferred outflows and deferred inflows related to pensions.” The details of this \$33,184,833 difference are as follows:

Net Pension Asset	\$ 12,333,149
Deferred Outflows Related to Pensions	25,564,187
Deferred Inflows Related to Pensions	(2,357,284)
Net Pension Liability	(1,897,213)
Less: Internal Service Funds Portion	<u>(458,006)</u>
Net adjustment to increase total <i>fund balances of governmental funds</i> to arrive at <i>net position of governmental activities</i>	<u><u>\$ 33,184,833</u></u>

**CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

A. Explanation of Certain Differences between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position (Continued)

Another element of that reconciliation explains that “other post-employment benefits (OPEB) represent liabilities of the City that are not recorded at the fund level. This amount is the OPEB liability, net of deferred outflows and deferred inflows related to OPEB.” The details of this \$(39,588,744) difference are as follows:

OPEB Liability	\$ (35,050,706)
Deferred Outflows Related to OPEB	4,552,079
Deferred Inflows Related to OPEB	<u>(9,090,117)</u>
Net adjustment to reduce total <i>fund balances of governmental funds</i> to arrive at <i>net position of governmental activities</i>	<u><u>\$ (39,588,744)</u></u>

B. Explanation of Certain Differences between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net change in fund balances of governmental funds* and *change in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation of general capital assets and other capital related expenses in the current period.” This difference does not include depreciation and amortization expense of \$338,465 relating to internal service funds. In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. The details of these various capital asset transactions result in a \$31,226,800 difference as follows:

Capital Outlay	\$ 48,956,556
Less: Items not Capitalized	(482,855)
Depreciation and Amortization Expense	<u>(17,246,901)</u>
Net adjustment to increase <i>net change in fund balances</i> <i>of governmental funds</i> to arrive at <i>change in net position</i> <i>of governmental activities</i>	<u><u>\$ 31,226,800</u></u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)

Another element of that reconciliation states that “revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$(19,392) difference are as follows:

Deferred Property Taxes as of June 30, 2023	\$ 552,047
Deferred Property Taxes as of June 30, 2022	<u>(571,439)</u>
Net adjustment to decrease <i>net change in fund balances of governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u><u>\$ (19,392)</u></u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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.” The details of this \$7,251,842 difference, which does not include the internal service funds, are as follows:

Principal Repayments on Bonds and Notes	\$ 11,021,348
Principal Repayments on Leases	48,359
Principal Repayments on Subscription Agreements	595,356
Proceeds from Issuance of Subscription Agreements	(5,224,707)
Proceeds from Issuance of Leases	(48,359)
Less: Internal Service Fund Portion	(260,940)
Amortization of Premium and Deferred Refunding	<u>1,120,785</u>
Net adjustment to increase <i>net change in fund balances of governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u><u>\$ 7,251,842</u></u>

**CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)

Another element of the reconciliation states that “some pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.” The details of the \$3,404,171 difference are as follows:

Change in Net Pension Asset	\$ (53,373,694)
Change in Deferred Outflows of Resources Related to Pensions	40,172,985
Change in Net Pension Liability	(1,754,373)
Change in Deferred Inflows of Resources Related to Pensions	<u>18,359,253</u>
Net adjustment to increase <i>net change in fund balances of governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u><u>\$ 3,404,171</u></u>

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

Cash deposits on the Statement of Net Position include demand deposits, certificates of deposit, savings accounts, cash on deposit with paying agents, cash on deposit with the State of Tennessee, and cash deposited in escrow accounts.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The City’s policy for custodial credit rate risk on deposits is to follow state guidelines.

At fiscal year-end, the City had \$19,829 of cash on hand, which has been included in cash and cash equivalents. The City’s carrying amount of deposits, including restricted cash, was \$63,077,973 and the bank balance was \$64,031,273. Of the City’s bank balance, \$63,943,499 was covered by the State of Tennessee Collateral Pool, which is a multiple financial institution collateral pool, or by amounts insured by the Federal Deposit Insurance Corporation (FDIC). The remaining \$87,774 of that balance was collateralized with securities held in the City’s name by the pledging or financial institution’s trust department or agent.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

B. Investments

The City's investment policy is to ensure the preservation of capital in the overall investment portfolio. The City will emphasize the safety of capital first, maintain sufficient liquidity to meet obligations second, and gain the highest possible yield third. All investments made by the City will be in accordance with applicable state guidelines, which limit the types of investments to the following:

Bonds, notes, or treasury bills of the United States Government

Bonds, debentures, notes or other evidences of indebtedness issued or guaranteed by United States agencies

Certificates of deposit and other evidences of deposit at state and federally chartered banks, and savings and loan associations

The local government investment pool (cash on deposit with the state)

The City does not allow for an investment in securities maturing more than two years from the date of issue.

The City's interest in the investment pool is recorded at amortized cost which approximates fair value. The weighted average maturity is 46 days for LGIP investments. All other investments are reported at fair value. The City categorized the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are measured using Level 3 inputs.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

B. Investments (Continued)

At June 30, 2023, the City's investments were as follows:

Investment Type	Fair Value or Amortized Cost	Weighted Average Maturity (Years)
Municipal Bonds	\$ 5,121,294	0.12
Government-Sponsored Enterprise Securities	18,326,399	0.17
Treasury Securities	47,163,210	0.04
Certificates of Deposit - Investments	4,436,000	N/A
State Treasurer's Investment Pool - Amortized Cost	1,057,282	N/A
Cash with Investment Firm	75,228	N/A
Fixed Rate Agency Securities	46,399,237	N/A
Total Fair Value or Amortized Cost	<u>\$ 122,578,650</u>	
Portfolio Weighted Average Maturity		0.05

Classified as:

Investments	\$ 51,892,520
Restricted Investments	71,542,205
Less: TCRS Stabilization	(856,075)
Total Investments Herein	<u>\$ 122,578,650</u>

As of June 30, 2023 the City does have a concentration of credit risk relating to two investments that exceed 5% of the portfolio. The fixed rate agency securities with Federal Farm Credit Bank and Federal Home Loan Bank are approximately 11.16% and 32.83%, respectively, of the City's investment portfolio. An additional 43.92% of the City's investment portfolio is in United States Treasury securities.

As of June 30, 2023, the City's investment ratings were as follows:

Rating	Rating Agency	Fair Value	Percentage of Total Investments
AAA	Standard & Poor's	\$ 541,654	0.44%
Aa2	Moody's	1,602,986	1.31%
Aaa	Moody's	53,863,928	43.94%
unrated		66,570,082	54.31%
		<u>\$ 122,578,650</u>	<u>100.00%</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

B. Investments (Continued)

Investments at fair value level at June 30, 2023 are as follows:

Investment Type	Fair Value	Fair Value Measurement Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Municipal Bonds	\$ 5,121,294	-	5,121,294	-
Government-Sponsored Enterprise Securities	18,326,399	-	18,326,399	-
Treasury Securities	47,163,210	47,163,210	-	-
Certificates of Deposit - Investments	4,436,000	-	4,436,000	-
Cash with Investment Firm	75,228	75,228	-	-
Fixed Rate Agency Securities	46,399,237	-	46,399,237	-
	<u>\$ 121,521,368</u>	<u>47,238,438</u>	<u>74,282,930</u>	<u>-</u>

The local government investment pool, which is valued at amortized cost, is excluded from the above presentation. Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Restricted Investments - TCRS Stabilization Trust

Legal Provisions. Johnson City Schools is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The Johnson City Schools has placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the Johnson City Schools.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

B. Investments (Continued)

Restricted Investments - TCRS Stabilization Trust (Continued)

The trust is authorized to make investments as directed by the TCRS Board of Trustees. Johnson City Schools may not impose any restrictions on investments placed by the trust on their behalf. It is the intent of the plan trustees to allocate these funds in the future to offset pension costs.

Investment Balances. Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2023, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined using amortized cost which approximates fair value.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

B. Investments (Continued)

Restricted Investments - TCRS Stabilization Trust (Continued)

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgment and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes so to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

US Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute ("MAI"), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

B. Investments (Continued)

Restricted Investments - TCRS Stabilization Trust (Continued)

At June 30, 2023, the Johnson City Schools had the following investments held by the trust on its behalf. These funds are recognized as restricted assets in the General Fund of the City and the General Purpose School Fund of the school department.

Investments	Weighted Average Maturity (Days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 265,383
Developed Market International Equity	N/A	N/A	119,851
Emerging Market International Equity	N/A	N/A	34,243
U.S. Fixed Income	N/A	N/A	171,215
Real Estate	N/A	N/A	85,608
Short-term Securities	N/A	N/A	8,561
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	<u>171,215</u>
Total			<u><u>\$ 856,076</u></u>

Investment Type	Fair Value	Fair Value Measurement Using:			Amortized
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Cost
					NAV
U.S. Equity	\$ 265,383	265,383	-	-	-
Developed Market International Equity	119,851	119,851	-	-	-
Emerging Market International Equity	34,243	34,243	-	-	-
U.S. Fixed Income	171,215	-	171,215	-	-
Real Estate	85,608	-	-	85,608	-
Short-term Securities	8,561	-	8,561	-	-
Investments at Amortized Cost using the NAV:					
Private Equity and Strategic Lending	<u>171,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,215</u>
Total	<u><u>\$ 856,076</u></u>	<u><u>419,477</u></u>	<u><u>179,776</u></u>	<u><u>85,608</u></u>	<u><u>171,215</u></u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

B. Investments (Continued)

Restricted Investments - TCRS Stabilization Trust (Continued)

Asset Class	Percentage Target Allocations	Stabilization Trust Allocation
U.S. Equity Developed Market	31%	\$ 265,383
International Equity Emerging Market	14%	\$ 119,851
International Equity Private Equity and Strategic Lending	4%	\$ 34,243
U.S. Fixed Income	20%	\$ 171,215
Real Estate	10%	\$ 85,608
Short-term Securities	1%	<u>\$ 8,561</u>
Total	100%	<u><u>\$ 856,076</u></u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

B. Investments (Continued)

Restricted Investments - TCRS Stabilization Trust (Continued)

Risks and Uncertainties. The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Johnson City Schools do not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Johnson City Schools do not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. Johnson City Schools places no limit on the amount the City may invest in one issuer.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Johnson City Schools to pay retirement benefits of the School Department employees.

For further information concerning the Johnson City School's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at:

<https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/2021/pa21040.pdf>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

C. Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the City's individual major funds, and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts:

	General	General Purpose School	Educational Facilities	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
Receivables						
Taxes	\$ 44,738,727	-	-	-	-	44,738,727
Accounts	1,793,860	79,864	-	140,272	29,515	2,043,511
Leases	510,300	-	-	-	-	510,300
Intergovernmental	<u>7,436,015</u>	<u>25,683,682</u>	<u>564,979</u>	<u>458,085</u>	<u>3,804,523</u>	<u>37,947,284</u>
Gross Receivables	54,478,902	25,763,546	564,979	598,357	3,834,038	85,239,822
Less: Allowances for Uncollectibles	<u>(764,286)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(764,286)</u>
Net Total Receivables	<u>\$ 53,714,616</u>	<u>25,763,546</u>	<u>564,979</u>	<u>598,357</u>	<u>3,834,038</u>	<u>84,475,536</u>

	Water and Sewer	City Solid Waste	Nonmajor Proprietary Funds	Total Enterprise Funds
Receivables				
Accounts	\$ 3,867,424	1,180,691	464,030	5,512,145
Leases	820,458	-	-	820,458
Intergovernmental	<u>-</u>	<u>-</u>	<u>3,043,775</u>	<u>3,043,775</u>
Gross Receivables	4,687,882	1,180,691	3,507,805	9,376,378
Less: Allowance for Uncollectibles	<u>(1,961,475)</u>	<u>(453,880)</u>	<u>(177,853)</u>	<u>(2,593,208)</u>
Net Total Receivables	<u>\$ 2,726,407</u>	<u>726,811</u>	<u>3,329,952</u>	<u>6,783,170</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

C. Receivables (Continued)

	Total Governmental Funds	Total Enterprise Funds	Internal Service Funds	Total Primary Government
Receivables				
Taxes	\$ 44,738,727	-	-	44,738,727
Accounts	2,043,511	5,512,145	600,156	8,155,812
Leases	510,300	820,458	-	1,330,758
Intergovernmental	37,947,284	3,043,775	-	40,991,059
Gross Receivables	<u>85,239,822</u>	<u>9,376,378</u>	<u>600,156</u>	<u>95,216,356</u>
Less: Allowances for				
Uncollectibles	(764,286)	(2,593,208)	-	(3,357,494)
Net Total Receivables	<u>\$ 84,475,536</u>	<u>6,783,170</u>	<u>600,156</u>	<u>91,858,862</u>

Uncollectible amounts for Water and Sewer, Regional Solid Waste, and Stormwater are reported as a reduction to charges for services in operating revenue. Uncollectible amounts of the General Fund are reported as a reduction of miscellaneous revenue.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Property taxes which are delinquent at fiscal year-end are earned but not available. The tax year 2023 property taxes are unearned and unavailable, but are recorded as receivable on the levy date, as described in Note 1.G.7 and Note 1.H.2.

The City leases some of its buildings and land to various third parties. The leases have terms ranging from 1 to 23 years and receives payments as specified in the individual lease agreements. The City recognized \$323,003 in lease revenue and \$80,172 in interest revenue during the current fiscal year related to these leases. As of June 30, 2023, the City's total receivable for lease payments was \$1,330,758. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2023, the balance of the deferred inflow of resources was \$1,118,716.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	Primary Government				Ending Balance
	Beginning Balance, as Restated	Additions	Deletions	Adjustments	
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 30,958,481	-	-	(905,341)	30,053,140
Artwork	265,150	58,000	-	-	323,150
Construction in Progress	28,593,207	37,009,005	(13,191,839)	-	52,410,373
Total Capital Assets, Not Being Depreciated	59,816,838	37,067,005	(13,191,839)	(905,341)	82,786,663
Capital Assets, Being Depreciated:					
Buildings and Improvements	280,332,051	11,877,774	-	847,979	293,057,804
Right-to-Use Leased Assets - Buildings	266,996	-	-	-	266,996
Intangible Right-to-Use Software Agreements *	8,895,774	-	-	-	8,895,774
Equipment and Vehicles	55,486,373	2,954,190	(176,067)	(29,405)	58,235,091
Intellectual Property	5,500	-	-	-	5,500
Infrastructure	187,561,942	803,622	-	-	188,365,564
Total Capital Assets, Being Depreciated	532,548,636	15,635,586	(176,067)	818,574	548,826,729
Accumulated Depreciation:					
Buildings and Improvements	(158,582,888)	(9,077,250)	-	-	(167,660,138)
Right-to-Use Leased Assets - Buildings	(53,399)	(52,178)	-	42,845	(62,732)
Intangible Right-to-Use Software Agreements *	-	(1,115,963)	-	-	(1,115,963)
Equipment and Vehicles	(38,262,369)	(3,010,336)	171,125	4,942	(41,096,638)
Intellectual Property	(917)	(122)	-	-	(1,039)
Infrastructure	(113,552,278)	(3,991,052)	-	-	(117,543,330)
Total Accumulated Depreciation	(310,451,851)	(17,246,901)	171,125	47,787	(327,479,840)
Net Capital Assets, Being Depreciated	222,096,785	(1,611,315)	(4,942)	866,361	221,346,889
Net Governmental Activities Capital Assets	\$ 281,913,623	35,455,690	(13,196,781)	(38,980)	304,133,552

*New category for the City's subscription-based information technology arrangements, and the related accumulated amortization, have been added due to the implementation of GASB Statement No. 96, Subscription-Based Information Technology Arrangements.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

D. Capital Assets (Continued)

Depreciation/amortization expense was charged to functions/programs of the Governmental Activities as follows:

Governmental Activities:	
General Government	\$ 1,224,224
Education	6,944,798
Parks, Recreation, Culture and Leisure	2,034,596
Public Works	5,767,009
Public Safety	687,074
City Services	250,735
Internal Service Funds	338,465
	\$ 17,246,901

The City has several subscription based arrangements with software vendors for the access and use of software for financial management, information technology, police, and education. These services are provided in various agreements with terms ranging from one to five years with varying renewal options available. The City has imputed a discount rate ranging from 2.85% to 3.00% for these arrangements based on the United States Treasury yield in effect on July 1, 2022, the date of the standard implementation. This rate was used to determine the present value of the intangible right-to-use asset and SBITA liability.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

D. Capital Assets (Continued)

	Primary Government				Ending Balance
	Beginning Balance	Additions	Deletions	Adjustments	
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 11,380,994	282,514	-	-	11,663,508
Construction in Progress	64,932,265	24,494,690	(13,879,847)	(334,877)	75,212,231
Total Capital Assets, Not Being Depreciated	76,313,259	24,777,204	(13,879,847)	(334,877)	86,875,739
Capital Assets, Being Depreciated:					
Buildings and Improvements	19,341,144	794,745	-	282,577	20,418,466
Right-to-Use Leased Assets - Buildings and Improvements	20,007	-	(20,007)	-	-
Plant in Service	270,967,911	15,040,360	-	129	286,008,400
Equipment and Vehicles	46,076,177	2,217,549	-	-	48,293,726
Total Capital Assets, Being Depreciated	336,405,239	18,052,654	(20,007)	282,706	354,720,592
Accumulated Depreciation:					
Buildings and Improvements	(5,390,689)	(569,522)	-	-	(5,960,211)
Right-to-Use Leased Assets - Buildings and Improvements	(13,338)	(5,519)	18,857	-	-
Plant in Service	(123,105,494)	(5,652,257)	-	-	(128,757,751)
Equipment and Vehicles	(28,632,780)	(2,998,073)	-	424	(31,630,429)
Total Accumulated Depreciation	(157,142,301)	(9,225,371)	18,857	424	(166,348,391)
Net Capital Assets, Being Depreciated	179,262,938	8,827,283	(1,150)	283,130	188,372,201
Net Business-Type Activities Capital Assets	\$255,576,197	33,604,487	(13,880,997)	(51,747)	275,247,940

Depreciation/amortization expense was charged to functions/programs of the Business-Type Activities as follows:

Water and Sewer	\$ 6,816,001
City Solid Waste	1,114,929
Regional Solid Waste	384,699
Mass Transit	568,241
Stormwater Management	341,501
	<u>\$ 9,225,371</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Pension Plans

City of Johnson City

General Information about the Pension Plan

Plan Description

Employees of Johnson City are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at:

<https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>

Benefits Provided

Tennessee Code Annotated, Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service-related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost-of-living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

**CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Pension Plans (Continued)

City of Johnson City (Continued)

General Information about the Pension Plan (Continued)

Employees Covered By Benefit Terms

At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	982
Inactive Employees Entitled to but not yet Receiving Benefits	703
Active Employees	456
	<u>2,141</u>

The City withdrew from TCRS effective July 1, 2010. Employees hired after the date of withdrawal are not eligible to participate in TCRS. Employees active as of the withdrawal date will continue to accrue salary and service credit in TCRS. The employer remains responsible for the pension liability for employees that were active as of the withdrawal date and for retirees of the employer.

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The City has adopted a noncontributory retirement plan for its employees. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the fiscal year ended June 30, 2023, the employer contributions for the City were \$5,224,942 based on a rate of 20.35 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the fiscal year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

**CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Pension Plans (Continued)

City of Johnson City (Continued)

Net Pension Liability (Asset) (Continued)

Actuarial Assumptions

The total pension liability as of June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates 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 of 2.25 percent.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Pension Plans (Continued)

City of Johnson City (Continued)

Net Pension Liability (Asset) (Continued)

The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	4.88%	31%
Developed Market International Equity	5.37%	14%
Emerging Market International Equity	6.09%	4%
Private Equity and Strategic Lending	6.57%	20%
U.S. Fixed Income	1.20%	20%
Real Estate	4.38%	10%
Short-Term Securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. 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.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Pension Plans (Continued)

City of Johnson City (Continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability	Increase (Decrease)	
	Plan Fiduciary Net Position	Net Pension Liability (Asset)	
	(a)	(b)	(a) - (b)
Balance at June 30, 2021	<u>\$ 264,631,881</u>	<u>294,004,154</u>	<u>(29,372,273)</u>
Changes for the Fiscal Year:			
Service Cost	2,290,327	-	2,290,327
Interest	17,564,650	-	17,564,650
Differences between Expected and Actual Experience	6,752,554	-	6,752,554
Changes in Assumptions	-	-	-
Contributions - Employer	-	5,559,009	(5,559,009)
Contributions - Employees	-	-	-
Net Investment Income	-	(11,096,403)	11,096,403
Benefit Payments, Including Refunds of Employee Contributions	(13,410,342)	(13,410,342)	-
Administrative Expense	-	(46,871)	46,871
Other Changes	-	-	-
Net Changes	<u>13,197,189</u>	<u>(18,994,607)</u>	<u>32,191,796</u>
Balance at June 30, 2022	<u>\$ 277,829,070</u>	<u>275,009,547</u>	<u>2,819,523</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Johnson City's Net Pension Liability (Asset)	<u>\$ 36,666,426</u>	<u>2,819,523</u>	<u>(25,627,486)</u>

**CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Pension Plans (Continued)

City of Johnson City (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Expense

For the fiscal year ended June 30, 2023, the City recognized pension expense (negative pension expense) of \$5,326,069.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 4,531,598	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	244,226	-
Changes in Assumptions	4,956,888	-
Contributions Subsequent to the Measurement Date of June 30, 2022	5,224,942	(not applicable)
Total	\$ 14,957,654	-

The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2022” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

**CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Pension Plans (Continued)

City of Johnson City (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

Fiscal Year Ended June 30:	
2024	\$ 5,570,443
2025	670,452
2026	(2,643,203)
2027	6,135,020

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2023, the City reported a payable of \$374,874 for the outstanding amount of contributions to the pension plan required at the fiscal year ended June 30, 2023.

Johnson City Schools

General Information about the Pension Plan – Teacher Legacy Pension Plan

Plan Description

The Tennessee Consolidated Retirement System (TCRS) was created by state statute under *Tennessee Code Annotated* Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at:

<https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>

Teachers employed by Johnson City Schools with membership in the TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. The Teacher Retirement Plan became effective July 1, 2014 for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Pension Plans (Continued)

Johnson City Schools (Continued)

General Information about the Pension Plan – Teacher Legacy Pension Plan (Continued)

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit, or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's service credit. A reduced early retirement benefit is available at age 55 if vested. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service-related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost-of-living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Johnson City Schools for the fiscal year ended June 30, 2023 to the Teacher Legacy Pension Plan were \$2,998,185, which is 8.69 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the fiscal year, the cost of administration, as well as an amortized portion of any unfunded liability.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Pension Plans (Continued)

Johnson City Schools (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Teacher Legacy Pension Plan

Pension Liabilities (Assets)

At June 30, 2022, the Johnson City Schools reported a liability (asset) of (\$12,154,108) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. Johnson City Schools’ proportion of the net pension liability was based on Johnson City Schools’ share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2022, Johnson City Schools’ proportion was 0.991035 percent. The proportion measured as of June 30, 2021 was 0.984528 percent.

Pension Expense (Negative Pension Expense)

For the fiscal year ended June 30, 2023, Johnson City Schools recognized pension expense (negative pension expense) of \$4,871.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2023, Johnson City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 1,999,306	2,053,675
Changes in Assumptions	7,613,963	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	207,829	-
Changes in Proportion of Net Pension Liability (Asset)	-	183,747
Contributions Subsequent to the Measurement Date of June 30, 2022	2,998,185	(not applicable)
Total	\$ 12,819,283	2,237,422

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Pension Plans (Continued)

Johnson City Schools (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Teacher Legacy Pension Plan (Continued)

Johnson City Schools’ employer contributions of \$2,998,185, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction (increase) of net pension liability (asset) in the fiscal year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

Fiscal Year Ended June 30:	
2024	\$ 1,121,632
2025	2,192,670
2026	(2,145,555)
2027	6,414,929
2028	-

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions

The total pension liability as of June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Pension Plans (Continued)

Johnson City Schools (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Teacher Legacy Pension Plan (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates 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 of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	4.88%	31%
Developed Market International Equity	5.37%	14%
Emerging Market International Equity	6.09%	4%
Private Equity and Strategic Lending	6.57%	20%
U.S. Fixed Income	1.20%	20%
Real Estate	4.38%	10%
Short-Term Securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Pension Plans (Continued)

Johnson City Schools (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Teacher Legacy Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. 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.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents Johnson City Schools’ proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what Johnson City Schools’ proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Johnson City Schools' Proportionate Share of the Net Pension Liability (Asset)	\$ 24,073,098	(12,154,108)	(42,328,964)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2023, Johnson City Schools reported a payable of \$245,764 for the outstanding amount of contributions to the pension plan required at the fiscal year ended June 30, 2023.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Pension Plans (Continued)

Johnson City Schools (Continued)

General Information about the Pension Plan – Teacher Retirement Plan

Plan Description

The TCRS was created by state statute under *Tennessee Code Annotated* Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at:

<https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>

Teachers employed by Johnson City Schools with membership in the TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. The Teacher Retirement Plan became effective July 1, 2014 for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service-related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost-of-living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Pension Plans (Continued)

Johnson City Schools (Continued)

General Information about the Pension Plan – Teacher Retirement Plan (Continued)

Benefits Provided (Continued)

A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute five percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Johnson City Schools for the fiscal year ended June 30, 2023 to the Teacher Retirement Plan were \$362,984, which is 2.87 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the fiscal year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Teacher Retirement Plan

Pension Liabilities (Assets)

At June 30, 2023, Johnson City Schools reported a liability (asset) of (\$179,041) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension asset used to calculate the net pension liability (asset) was determined by an actuarial value as of that date. Johnson City Schools' proportion of the net pension liability (asset) was based on Johnson City Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2022, Johnson City Schools' proportion was 0.591041 percent. The proportion measured as of June 30, 2021 was 0.592153 percent.

**CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Pension Plans (Continued)

Johnson City Schools (Continued)

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Teacher Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

Fiscal Year Ended June 30:	
2024	\$ 4,716
2025	5,291
2026	(3,982)
2027	94,313
2028	10,976
Thereafter	60,512

In the preceding table, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

**CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Pension Plans (Continued)

Johnson City Schools (Continued)

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Teacher Retirement Plan (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates 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 of 2.25 percent.

The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	4.88%	31%
Developed Market International Equity	5.37%	14%
Emerging Market International Equity	6.09%	4%
Private Equity and Strategic Lending	6.57%	20%
U.S. Fixed Income	1.20%	20%
Real Estate	4.38%	10%
Short-Term Securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

**CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Pension Plans (Continued)

Johnson City Schools (Continued)

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Teacher Retirement Plan (Continued)

Discount Rate (Continued)

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. 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.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents Johnson City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what Johnson City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Johnson City Schools' Proportionate Share of the Net Pension Liability (Asset)	\$ 939,862	(179,041)	(996,184)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2023, Johnson City Schools reported a payable of \$29,178 for the outstanding amount of contributions to the pension plan required at the fiscal year ended June 30, 2023.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Pension Plans (Continued)

Aggregated Pension Reconciliation to Statement of Net Position

The composition of Net Pension Liability (Asset) balances as of June 30, 2023, is as follows:

	Net Pension Liability (Asset)			Total Net Pension Liability (Asset)
	City TCRS Plan	School's TCRS Teacher Legacy Plan	School's TCRS Hybrid Teacher Retirement Plan	
Governmental Activities				
Governmental Activities	\$ 1,897,213	-	-	1,897,213
Governmental Activities - School Plans	-	(12,154,108)	(179,041)	(12,333,149)
Total Governmental Activities	1,897,213	(12,154,108)	(179,041)	(10,435,936)
Business-Type Activities				
Water and Sewer Fund	602,227	-	-	602,227
City Solid Waste	71,336	-	-	71,336
Non-Major Proprietary	248,747	-	-	248,747
Total Business-Type Activities	922,310	-	-	922,310
Total Net Pension Liability (Asset)	\$ 2,819,523	(12,154,108)	(179,041)	(9,513,626)

The summary of Pension Expense (Negative Pension Expense) as of June 30, 2023, is as follows:

	City TCRS Plan	School's TCRS Teacher Legacy Plan	School's TCRS Hybrid Teacher Retirement Plan	Total
Net Pension Expense (Negative Pension Expense)	\$ 5,326,069	4,871	253,638	5,584,578

The summary of Pension Deferred Outflows and Deferred Inflows as of June 30, 2023, is as follows:

	City TCRS Plan	School's TCRS Teacher Legacy Plan	School's TCRS Hybrid Teacher Retirement Plan	Total
Deferred Outflows Related to Pensions				
Differences Between Expected and Actual Experience	\$ 4,531,598	1,999,306	9,790	6,540,694
Changes in Assumptions	4,956,888	7,613,963	209,738	12,780,589
Changes in Proportion of Net Pension Liability (Asset)	-	-	15,725	15,725
Contributions Subsequent to Measurement Date	5,224,942	2,998,185	362,984	8,586,111
Differences Between Projected and Actual Earnings on Pension Plan Investments	244,226	207,829	56,435	508,490
Total Deferred Outflows Related to Pensions	\$ 14,957,654	12,819,283	654,672	28,431,609
Deferred Inflows Related to Pensions				
Differences Between Expected and Actual Experience	\$ -	2,053,675	108,779	2,162,454
Changes in Proportion of Net Pension Liability (Asset)	-	183,747	11,083	194,830
Total Deferred Inflows Related to Pensions	\$ -	2,237,422	119,862	2,357,284

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. Deferred Compensation Plan

The City offers its employees, including employees of Johnson City Schools, a deferred compensation plan. The City of Johnson City 457(b) Deferred Compensation Plan (the Plan) is available to all employees who have reached age 18 and have achieved six months of service. It permits these eligible employees to contribute pre-tax or post-tax dollars into the Plan, via a percentage of eligible compensation, which is defined as W-2 wages plus elective deferrals and Section 125 deductions, less fringe benefits, up to certain limits prescribed by the Internal Revenue Service.

The City will match the employee contribution to this plan 100%, not to exceed 3.00% of the covered compensation if the employee participates in the 401(a) Defined Contribution Retirement Plan. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Plan assets are in custodial accounts and are not subject to the claims of the City's general creditors and are not reflected in funds of the City. Employee contributions totaled \$762,282 for the fiscal year ended June 30, 2023.

G. Defined Contribution Plans

The City offers its employees, including non-certified employees of Johnson City Schools, a 401(a) Defined Contribution Retirement Plan, administered by the Trust Company of Knoxville. The employee must be 18 years of age and complete six months of service before beginning participation. Employees are required to contribute 5.00% of eligible compensation, with the City providing an equivalent match for employees hired on or after July 1, 2010 plus a match of 3.00% for contributions made into the 457(b) plan. Compensation is defined as W-2 wages plus elective deferrals and Section 125 deductions, less fringe benefits. Employee and employer contributions for the City totaled \$1,573,978 and \$2,082,724, respectively, for the fiscal year ended June 30, 2023. Employees are 100% vested in employer contributions after five years of service. Distributions are permitted upon attaining age 65, severance of employment, or death and can be taken as a lump sum or installments.

Johnson City Schools offer a 403(b) plan to its employees, administered by The OMNI Group, Inc. The Johnson City Schools 403(b) Plan (the Plan) allows employees the opportunity to defer up to 100% of pre-tax or post-tax compensation. Employees become eligible to participate immediately upon their hire. Employee contributions totaled \$371,829 for the fiscal year ended June 30, 2023. Additionally, the Plan allows for the employer to make, but is not required to make non-elective contributions to the superintendent of schools. Non-elective employer contributions totaled \$0 for the fiscal year ended June 30, 2023. Distributions will be allowed upon severance for balances under \$1,000. Accounts in excess of \$1,000 are automatically rolled into an Individual Retirement Account.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

G. Defined Contribution Plans (Continued)

Johnson City Schools offer a 401(k) plan to its employees, administered by Empower Retirement. The Johnson City Schools 401(k) Plan (the Plan) is available to employees who were hired after July 1, 2014. Retirement eligibility begins at age 65 and vested or if the Rule of 90 applies, where the sum of service and age must be equal to ninety. This plan is offered in conjunction with the aforementioned TCRS Teacher Retirement Plan. Employees contribute 2.00% of eligible compensation, with opt-out feature, with the Schools providing a 5.00% match. Employee and employer contributions for the Schools totaled \$581,664 and \$632,957, respectively, for the fiscal year ended June 30, 2023.

H. Post-Employment Healthcare Benefits

City of Johnson City

Plan Description

The City of Johnson City, as a single employer, offers medical post-employment benefits which are summarized below. These benefits are approved by the Board of Commissioners and require their approval for amendment. No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

In 2008, the City Commission amended the City's post-employment healthcare benefits policy regarding employees who retire with at least 40 years of continuous City service. Under the amendment, active employees with at least 35 years of continuous full-time service solely to the City as of July 1, 2008, are eligible to receive post age 65 coverage in the City's group health plan when they retire with 40 years or more of service at no charge to the employee. Upon reaching Medicare eligibility, the City's health plan is supplemental to Medicare.

Active employees with 30 to 34 years of full-time continuous service solely to the City as of July 1, 2008, who retire with 40 years of service prior to reaching Medicare eligibility, are allowed to remain in the group health plan at employee rates until reaching Medicare eligibility. Upon reaching Medicare eligibility, these employees are eligible for a reimbursement up to \$3,000 per year for a Medicare supplement plan, if they choose to procure such a plan.

All other active employees with less than 30 years of service as of July 1, 2008 are not eligible for any post-65 coverage or benefits as described above. However, all retirees with a minimum of 20 years of service are allowed to remain in the City's group health plan until reaching Medicare eligibility at the retiree rate.

The monthly contribution for eligible retirees changed on July 1, 2022 to \$175.94 for single coverage and \$452.02 for family coverage. The co-insurance rate of reimbursement depends on the plan the employee is covered by. The Preferred Network has a \$550 deductible with an 80% co-insurance rate. The Select Network has a \$600 deductible and a 90% co-insurance rate. During the fiscal year ended June 30, 2023, contributions received from active employees were \$2,325,314 and contributions received from retirees were \$348,034.

**CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

H. Post-Employment Healthcare Benefits (Continued)

City of Johnson City (Continued)

Employees Covered by Benefit Terms

At the valuation date of June 30, 2023, the following were covered by the benefit terms:

Inactives Receiving Benefits	96
Inactives Not Receiving Benefits	0
Actives	863
Total	959

Funding Policy

The contribution requirements of plan members and the City are based on pay-as-you-go financing requirements.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following methods and assumptions were used:

Actuarial Cost Method	Entry Age Normal
Amortization Period	Average Working Lifetime
Remaining Amortization Period	8.0 Years
Administrative Expenses	N/A - Pay As You Go
Inflation Rate	Not Provided by Actuary
Asset Valuation Method	N/A - Pay As You Go
Investment Return	Not Provided by Actuary
Projected Salary Increases	4.00%
Cost-of-Living Adjustments	Not Provided by Actuary
Healthcare Cost Trend Rate	4.10% - 5.40%

**CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

H. Post-Employment Healthcare Benefits (Continued)

City of Johnson City (Continued)

Actuarial Methods and Assumptions (Continued)

Discount Rate: 3.54 percent as of June 30, 2022 and 3.86 percent as of June 30, 2023, based on the 20-year municipal bond index.

Mortality Rate: The mortality rates used are from the June 30, 2020 TCRS Experience Study, Political Subdivision Group.

Retirement Rate: The retirement rates used are from the June 30, 2020 TCRS Experience Study, Political Subdivision Group.

Health Care Trend Rates: It was assumed that health care costs would increase in accordance with the trend rates in the following table:

<u>Year</u>	<u>Medical Rates</u>
2024	5.40%
2025	5.50%
2026	5.60%
2027+	4.10%

**CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

H. Post-Employment Healthcare Benefits (Continued)

City of Johnson City (Continued)

OPEB Liability

The City's OPEB liability was measured based on an actuarial valuation performed as of June 30, 2023.

Changes in the OPEB Liability

	Increase (Decrease) Total OPEB Liability
Balance at June 30, 2022	\$ 18,906,450
Changes for the Fiscal Year:	
Service Cost	702,879
Interest	667,860
Differences between Expected and Actual Experience	2,634,560
Changes in Assumptions	(4,960,325)
Benefit Payments	(1,486,413)
Net Changes	(2,441,439)
Balance at June 30, 2023	\$ 16,465,011

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability of the City calculated using the discount rate of 3.86 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

	1% Increase (4.86%)	Current Discount Rate (3.86%)	1% Decrease (2.86%)
OPEB Liability	\$ 15,552,767	16,465,011	17,401,662

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

H. Post-Employment Healthcare Benefits (Continued)

City of Johnson City (Continued)

Sensitivity of the OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the OPEB liability of the City calculated using the health care trend rate of 6.80 percent decreasing to 4.10 percent, as well as what the OPEB liability would be if it were calculated using a health care trend rate that is 1-percentage-point lower (5.80 percent decreasing to 3.10 percent) or 1-percentage-point higher (7.80 percent decreasing to 5.10 percent) than the current rate:

	1% Increase 6.40% to 5.10%	Current Health Care Trend Rate 5.40% to 4.10%	1% Decrease 4.40% to 3.10%
OPEB Liability	\$ 18,109,280	16,465,011	15,032,401

OPEB Expense

For the fiscal year ended June 30, 2023, the City recognized a net negative OPEB expense after contributions of \$895,519.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 2,312,646	(2,052,283)
Changes in Assumptions	1,075,501	(7,036,624)
Total	\$ 3,388,147	(9,088,907)

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

H. Post-Employment Healthcare Benefits (Continued)

City of Johnson City (Continued)

The net amount reported as a deferred outflow and inflow of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30:	
2024	\$ (712,536)
2025	(850,838)
2026	(1,183,912)
2027	(1,252,976)
2028	(980,463)
Thereafter	(720,035)

Johnson City Schools – OPEB Plan Changes

The Johnson City Schools switched insurance plans to be on the State of Tennessee Insurance. This also resulted in the Johnson City Schools needing to move their OPEB plan to a plan administered by the State of Tennessee. The Johnson City Schools ended up with participants in two state plans: The Teacher Group OPEB Plan and the Tennessee OPEB Plan. The previous OPEB plan ceased to exist because of these changes and all references to the old plan have been removed from this report.

Johnson City Schools – Teacher Group OPEB Plan (TGOP)

Plan Description

Employees of the Johnson City Schools, who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Teacher Group OPEB Plan (TGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired teachers, support staff and disability participants of local education agencies, who choose coverage, participate in the TGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

H. Post-Employment Healthcare Benefits (Continued)

Johnson City Schools Teacher Group OPEB Plan (TGOP) (Continued)

Benefits Provided

The Johnson City Schools offers the TGOP to provide health insurance coverage to eligible pre-65 retired teachers, support staff and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the TGOP, receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The Johnson City Schools have two arrangements for post-employment health care benefits but do not provide subsidies.

The state, as a governmental nonemployer contributing entity, provides a direct subsidy for eligible retirees premiums, based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP. The TGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

**CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

H. Post-Employment Healthcare Benefits (Continued)

Johnson City Schools Teacher Group OPEB Plan (TGOP) (Continued)

Employees Covered by Benefit Terms

At July 1, 2022, the following employees of the Johnson City Schools were covered by the benefit terms of the TGOP:

Inactive Employees currently receiving benefit payments	72
Active Employees	<u>565</u>
Total	<u><u>637</u></u>

An insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the Johnson City Schools paid \$860,555 to the TGOP for OPEB benefits as they came due.

Total OPEB Liability

The total OPEB liability for the plan was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

**CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

H. Post-Employment Healthcare Benefits (Continued)

Johnson City Schools Teacher Group OPEB Plan (TGOP) (Continued)

Actuarial Assumptions

The collective total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.25%
Salary Increase	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare Cost Trend Rate	8.37% for pre-65 in 2022, decreasing annually over a 7 year period to an ultimate rate of 4.50%. 8.99% for post-65 in 2022, decreasing annually over an 6 year period to an ultimate rate of 4.50%.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The pre-retirement mortality rates employed in this valuation are taken from the PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2020 from 2010. Post-retirement tables are Headcount-weighted Teacher Below Median Healthy Annuitant and adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

H. Post-Employment Healthcare Benefits (Continued)

Johnson City Schools Teacher Group OPEB Plan (TGOP) (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

Changes in Collective Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability - Beginning Balance	\$ 6,899
Changes for the year:	
Service Cost	457
Interest	159
Changes of Benefit Terms	23,175,873
Net Changes	23,176,489
 Total OPEB Liability - Ending Balance	 \$ 23,183,388
 Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 5,587,822
 Employer's proportionate share of the collective total OPEB liability	\$ 17,595,566
 Employer's proportion of the collective total OPEB liability	75.90%

**CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

H. Post-Employment Healthcare Benefits (Continued)

Johnson City Schools Teacher Group OPEB Plan (TGOP) (Continued)

Changes in Collective Total OPEB Liability (Continued)

The Johnson City Schools have a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. The Johnson City School’s proportionate share of the collective total OPEB liability was based on a projection of the employer’s long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployee contributing entities, actuarially determined. The proportion changed (-24.10%) from the prior measurement date. The Johnson City Schools recognized \$5,586,559 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for Johnson City School's retirees.

Changes in Assumptions

The discount rate was changed from 2.16% as of the beginning of the measurement period to 3.54% as of June 30, 2022. This change in assumption decreased the total OPEB liability.

Changes in Benefit Terms

There was a change in benefit terms resulting from the joining of the TGOP Plan.

Changes in benefits per results \$ 23,175,873

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate

The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective 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 discount rate.

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Proportionate share of collective total OPEB liability	\$ 18,836,364	17,595,566	16,412,283

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

H. Post-Employment Healthcare Benefits (Continued)

Johnson City Schools Teacher Group OPEB Plan (TGOP) (Continued)

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate.

	1% Decrease	Current Health Care Trend Rate	1% Increase
	<u>7.37%/7.99%</u> <u>decreasing to 3.50%</u>	<u>8.37%/9.99%</u> <u>decreasing to 4.50%</u>	<u>9.37%/9.99%</u> <u>decreasing to 5.50%</u>
Proportionate share of collective total OPEB liability	<u>\$ 15,825,423</u>	<u>17,595,566</u>	<u>19,641,499</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Expense

For the fiscal year ended June 30, 2023, the Johnson City Schools recognized OPEB expense of \$23,176,489.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June, 30, 2023, the Johnson City Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Proportion	\$ -	(1,210)
Employer payments subsequent to the measurement date	860,555	-
Total	<u>\$ 860,555</u>	<u>(1,210)</u>

The amounts shown above for "Employer payments subsequent to the measurement date" will be included as a reduction to total OPEB liability in the following measurement period.

**CITY OF JOHNSON CITY, TENNESSEE
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2023**

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

H. Post-Employment Healthcare Benefits (Continued)

Johnson City Schools Teacher Group OPEB Plan (TGOP) (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30:		
2024	\$	(400)
2025		(400)
2026		(400)
2027		(10)

In the table above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

Johnson City Schools – Tennessee OPEB Plan (TNP)

Plan Description

Employees of the Johnson City Schools, who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided

The state offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TNP does not include pharmacy coverage. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receive a benefit from the Tennessee Consolidated Retirement System may participate in this plan.

**CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

H. Post-Employment Healthcare Benefits (Continued)

Johnson City Schools – Tennessee OPEB Plan (TNP)

Benefits Provided (Continued)

All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The Johnson City Schools have two arrangements for post-employment health care benefits but do not provide subsidies. The state, as a governmental nonemployer contributing entity contributes to the premiums of eligible retirees of local education agencies based on years of service. Therefore, retirees with 30 years of service receive \$50 per month; 20 but less than 30 years, \$37.50; and 15 but less than 20 years, \$25. The TNP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

At June 30, 2022, the following employees of the Johnson City Schools were covered by the benefit terms of the TNP:

Inactive Employees currently receiving benefit payments	16
Inactive Employees entitled to but not yet receiving benefit payments	73
Active Employees	<u>458</u>
Total	<u><u>547</u></u>

In accordance with TCA 8-27-209, the state insurance committees established by TCAs 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the Johnson City Schools did not make any payments to the TNP for OPEB benefits as they came due.

**CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

H. Post-Employment Healthcare Benefits (Continued)

Johnson City Schools – Tennessee OPEB Plan (TNP)

Total OPEB Liability

Actuarial Assumptions

The collective total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.25%
Salary Increase	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare Cost Trend Rate	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the headcount-weighted below median teachers PUB-2010 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2020. Post-retirement tables are adjusted with a 19% load for males and a 18% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load with mortality improvement projected to all future years using Scale MP-2020.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

H. Post-Employment Healthcare Benefits (Continued)

Johnson City Schools – Tennessee OPEB Plan (TNP)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

Changes in Collective Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability - Beginning Balance	\$ -
Changes for the year:	
Changes of Benefit Terms	990,129
Net Changes	990,129
Total OPEB Liability - Ending Balance	\$ 990,129
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 990,129
Employer's proportionate share of the collective total OPEB liability	\$ -
Employer's proportion of the collective total OPEB liability	0.00%

The Johnson City Schools have a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TNP. The Johnson City School's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefits paid through the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployee contributing entities, actuarially determined. The Johnson City School's proportion of 0% did not change from the prior measurement date. The Johnson City School's recognized \$990,129 in revenue for support provided by nonemployee contributing entities for benefits paid to the TNP for the School's retired employees.

**CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

H. Post-Employment Healthcare Benefits (Continued)

Johnson City Schools – Tennessee OPEB Plan (TNP)

Changes in Assumptions

The discount rate was changed from 2.16% as of the beginning of the measurement period to 3.54% as of June 30, 2022. This change in assumption decreased the total OPEB liability.

Changes in Benefit Terms

There was a change in benefit terms resulting from the joining of the TGOP Plan.

Changes in benefits per results	\$	990,129
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OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Expense

For the fiscal year ended June 30, 2023, the Johnson City Schools recognized OPEB expense of \$990,129.

Aggregated OPEB Reconciliation to Statement of Net Position

The composition of Net OPEB Liability balances as of June 30, 2023, is as follows:

	Net OPEB Liability			
	City OPEB	School's OPEB (TGOP) Proportionate Share	School's OPEB (TNP) Proportionate Share	Total Net OPEB Liability
Governmental Activities	\$ 16,465,011	17,595,566	990,129	35,050,706

The City has evaluated recording OPEB in other funds, but has utilized an internal service fund for recording OPEB and has included all governmental and business-type activities in the internal service fund. All of the funds, including the business-type activities, pay into the internal service fund and the City believes it provides better transparency to include all of them in the internal service fund. As a result, at the Government Wide level all of these are reported as governmental activities.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

H. Post-Employment Healthcare Benefits (Continued)

Aggregated OPEB Reconciliation to Statement of Net Position (Continued)

The summary of OPEB Deferred Outflows and Deferred Inflows as of June 30, 2023, is as follows:

	City OPEB	School's OPEB (TGOP) Proportionate Share	School's OPEB (TNP) Proportionate Share	Total
Deferred Outflows Related to OPEB				
Differences Between Expected and Actual Experience	\$ 2,312,646	-	-	2,312,646
Contributions	-	1,152,153	11,779	1,163,932
Changes in Assumptions	1,075,501	-	-	1,075,501
Total Deferred Outflows Related to OPEB	\$ 3,388,147	1,152,153	11,779	4,552,079
Deferred Inflows Related to OPEB				
Differences Between Expected and Actual Experience	\$ 2,052,283	-	-	2,052,283
Changes in Proportion	-	1,210	-	1,210
Changes in Assumptions	7,036,624	-	-	7,036,624
Total Deferred Inflows Related to OPEB	\$ 9,088,907	1,210	-	9,090,117

I. Termination Plan Benefits

The City has an involuntary termination plan in accordance with the City Manager's contract. The estimated liability under the contract is \$168,940 at June 30, 2023, and is recorded in the government-wide financial statements. The estimated liability is made up of salary, payroll taxes, and insurance benefits.

J. Risk Management

The City carries insurance coverage through Public Entity Partners (formerly the TML Risk Management Pool) for general liability, automobile coverage, and errors and omission coverage. The City also carries auto physical damage coverage with Public Entity Partners. There was no reduction in insurance coverage from the prior year and the City has not had any settlements in the last three years which were not covered by insurance. The City participates in a self-insured retention plan through Public Entity Partners for the liability program. With this coverage, the City has an aggregate limit of \$650,000 for liability retention. As of June 30, 2023, the general liability program had \$632,594 in claims incurred during the fiscal year for the City, but not yet settled. The amounts are not recorded in the financial statements until settlement is made. For the July 1, 2022 to July 1, 2023 policy period, the City did not receive a dividend from Public Entity Partners.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

J. Risk Management (Continued)

The City provides for workers' compensation coverage through a self-insured plan. The City carries stop-loss insurance with an individual specific amount of \$750,000 and an aggregate excess limit of \$1,000,000. The total paid out for workers' compensation during fiscal year 2023 was \$301,792 for the City and \$298,368 for the Schools. A reconciliation of claims for the fiscal year ended June 30, 2023 and 2022 are as follows:

	June 30, 2023			June 30, 2022	Variance
	City	Schools	Total		
Claims Incurred	\$ 381,697	138,790	520,487	301,183	219,304
Claims Paid	(196,798)	(66,707)	(263,505)	(188,033)	(75,472)
Claims Ending	<u>\$ 184,899</u>	<u>72,083</u>	<u>256,982</u>	<u>113,150</u>	<u>143,832</u>

The above represent current year liabilities reflected in the Internal Service Funds as accrued expenses.

In addition to the above insurance, the City provides medical insurance to employees as well as post-employment health care benefits through a partially self-funded health insurance plan. Participants in the plan pay premiums as determined by the City to offset a portion of the cost of the plan. The City carries stop-loss insurance with an individual specific limit of \$150,000 and an aggregate limit of 120% of expected claims. The Schools went onto the State of Tennessee insurance plan effective July 1, 2021 but had some claims paid and incurred during the June 30, 2022 fiscal year. As such, those expenditures are included in the June 30, 2022 balance while the June 30, 2023 balance has only City claims paid and incurred. A reconciliation of claims for the fiscal years ended June 30, 2023 and 2022 are as follows:

	June 30, 2023	June 30, 2022	Variance
Claims Accrued, Beginning	\$ 670,284	1,130,691	(460,407)
Claims Incurred	14,828,798	14,174,928	653,870
Claims Paid	<u>(14,857,635)</u>	<u>(14,635,335)</u>	<u>(222,300)</u>
Claims Accrued, Ending	<u>\$ 641,447</u>	<u>670,284</u>	<u>(28,837)</u>

The above liabilities are reflected in the Internal Service Funds.

There are additional estimated losses at June 30, 2023 for both automobile and general incidents that have been reflected as liabilities in the Internal Service Funds in the amount of \$942,692.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt

Governmental Activities

Bonds Payable

General obligation bonds currently outstanding and the funds from which they will be paid are as follows:

<u>Educational Facilities Debt Service Fund:</u>	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2023</u>
Local Government Public Improvement Bonds, Series VII-I-1, 2010	12/29/2010	\$ 27,945,000	5.00%	\$ 23,505,000
General Obligation Bonds, Series 2020	12/15/2020	14,768,672	4.00% - 5.00%	11,140,000
General Obligation Bonds Series 2022	5/4/2022	1,935,000	4.00% - 5.00%	1,860,000
				<u>36,505,000</u>
<u>Debt Service Fund:</u>				
The Tennessee Municipal Bond Fund, Series TCSLP 2008	1/9/2009	14,898,315	5.00%	5,215,787
The Tennessee Municipal Bond Fund, 2009 Energy	1/9/2009	5,200,000	5.00%	477,000
Qualified School Construction Bonds, Series 2009	12/1/2009	8,160,000	1.52%	1,625,638
The Tennessee Municipal Bond Fund, Series 2014	12/23/2014	2,000,000	2.56%	1,004,994
The Tennessee Municipal Bond Fund, Series 2014	12/17/2014	1,300,000	2.58%	859,000
General Obligation Bonds, Series 2016	4/12/2016	11,205,000	2.00% - 5.00%	8,355,000

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Governmental Activities (Continued)

Bonds Payable (Continued)

<u>Debt Service Fund (Continued):</u>	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2023</u>
General Obligation Improvement and Refunding Bonds, Series 2016A	11/17/2016	20,905,517	3.00% - 5.00%	13,325,876
General Obligation Bonds, Series 2019	2/27/2019	4,805,000	5.00%	3,990,000
General Obligation Refunding Bonds, Series 2019B	7/31/2019	18,052,222	4.00% - 5.00%	15,694,148
General Obligation Bonds, Series 2020	12/15/2020	12,186,553	4.00% - 5.00%	5,791,150
General Obligation Bonds, Series 2022	5/4/2022	40,020,000	4.00% - 5.00%	38,500,000
				<u>94,838,593</u>
<u>Fleet Management:</u>				
General Obligation Bonds, Series 2020	12/15/2020	1,865,980	4.00% - 5.00%	<u>1,395,850</u>
				<u>1,395,850</u>
Total Governmental Activities General Obligation Bonds Outstanding				<u>\$ 132,739,443</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Governmental Activities (Continued)

Bonds Payable (Continued)

Local Government Public Improvement Bonds, Series VII-I-1, 2010, as issued December 29, 2010, debt service requirements to maturity in 2034 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 1,790,000	705,150	2,495,150
2025	1,855,000	651,450	2,506,450
2026	1,920,000	595,800	2,515,800
2027	1,985,000	538,200	2,523,200
2028	2,055,000	478,650	2,533,650
2029-2033	11,400,000	1,424,550	12,824,550
2034	2,500,000	75,000	2,575,000
	<u>\$ 23,505,000</u>	<u>4,468,800</u>	<u>27,973,800</u>

General Obligation Bonds, Series 2020, as issued December 15, 2020, debt service requirements to maturity in 2033 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 1,540,000	523,550	2,063,550
2025	1,615,000	446,550	2,061,550
2026	840,000	365,800	1,205,800
2027	880,000	323,800	1,203,800
2028	925,000	279,800	1,204,800
2029-2033	5,340,000	689,550	6,029,550
	<u>\$ 11,140,000</u>	<u>2,629,050</u>	<u>13,769,050</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Governmental Activities (Continued)

Bonds Payable (Continued)

General Obligation Bonds, Series 2022, as issued May 4, 2022, debt service requirements to maturity in 2042 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 60,000	84,250	144,250
2025	65,000	81,250	146,250
2026	70,000	78,000	148,000
2027	70,000	74,500	144,500
2028	75,000	71,000	146,000
2029-2033	440,000	294,000	734,000
2034-2038	550,000	177,100	727,100
2039-2042	530,000	54,000	584,000
	<u>\$ 1,860,000</u>	<u>914,100</u>	<u>2,774,100</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Governmental Activities (Continued)

Bonds Payable (Continued)

The Tennessee Municipal Bond Fund, Series TCSLP 2008, as issued January 9, 2009, debt service requirements to maturity in 2029 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 978,037	156,474	1,134,511
2025	767,283	127,133	894,416
2026	805,461	104,114	909,575
2027	845,502	79,951	925,453
2028	887,404	54,585	941,989
2029	932,100	27,962	960,062
	<u>\$ 5,215,787</u>	<u>550,219</u>	<u>5,766,006</u>

The Tennessee Municipal Bond Fund, 2009 Energy, as issued January 9, 2009, debt service requirements to maturity in 2024 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 477,000	14,310	491,310
	<u>\$ 477,000</u>	<u>14,310</u>	<u>491,310</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Governmental Activities (Continued)

Bonds Payable (Continued)

Qualified School Construction Bonds, Series 2009, as issued December 1, 2009, debt service requirements to maturity in 2027 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 509,171	123,624	632,795
2025	509,172	123,624	632,796
2026	559,293	123,624	682,917
2027	48,002	10,302	58,304
	<u>\$ 1,625,638</u>	<u>381,174</u>	<u>2,006,812</u>

The Tennessee Municipal Bond Fund, Series 2014, as issued December 17, 2014, debt service requirements to maturity in 2035 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 62,000	24,012	86,012
2025	64,000	22,185	86,185
2026	65,000	20,315	85,315
2027	67,000	18,400	85,400
2028	69,000	16,429	85,429
2029-2033	370,000	50,894	420,894
2034-2035	162,000	4,727	166,727
	<u>\$ 859,000</u>	<u>156,962</u>	<u>1,015,962</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Governmental Activities (Continued)

Bonds Payable (Continued)

The Tennessee Municipal Bond Fund, Series 2014, as issued December 23, 2014 debt service requirements to maturity in 2030 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 136,000	26,330	162,330
2025	140,000	22,452	162,452
2026	143,000	18,475	161,475
2027	147,000	14,401	161,401
2028	151,000	10,214	161,214
2029-2030	287,994	7,783	295,777
	<u>\$ 1,004,994</u>	<u>99,655</u>	<u>1,104,649</u>

General Obligation Bonds, Series 2016, as issued April 12, 2016 debt service requirements to maturity in 2036 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 490,000	349,650	839,650
2025	515,000	325,150	840,150
2026	540,000	299,400	839,400
2027	565,000	272,400	837,400
2028	590,000	249,800	839,800
2029-2033	3,330,000	875,000	4,205,000
2034-2036	2,325,000	188,400	2,513,400
	<u>\$ 8,355,000</u>	<u>2,559,800</u>	<u>10,914,800</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Governmental Activities (Continued)

Bonds Payable (Continued)

General Obligation Improvement and Refunding Bonds, Series 2016A, as issued November 17, 2016 debt service requirements to maturity in 2036 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 1,081,627	567,338	1,648,965
2025	1,134,485	513,257	1,647,742
2026	1,214,191	456,532	1,670,723
2027	1,189,780	395,823	1,585,603
2028	1,239,602	348,232	1,587,834
2029-2033	5,311,191	990,265	6,301,456
2034-2036	2,155,000	174,600	2,329,600
	<u>\$ 13,325,876</u>	<u>3,446,047</u>	<u>16,771,923</u>

General Obligation Bonds, Series 2019, as issued February 27, 2019, debt service requirements to maturity in 2039 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 230,000	175,050	405,050
2025	245,000	163,550	408,550
2026	250,000	151,300	401,300
2027	190,000	138,800	328,800
2028	200,000	129,300	329,300
2029-2033	1,150,000	493,500	1,643,500
2034-2038	1,410,000	236,800	1,646,800
2039	315,000	12,600	327,600
	<u>\$ 3,990,000</u>	<u>1,500,900</u>	<u>5,490,900</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Governmental Activities (Continued)

Bonds Payable (Continued)

General Obligation Bonds, Series 2019B, as issued July 31, 2019, debt service requirements to maturity in 2040 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 610,827	750,496	1,361,323
2025	641,625	719,951	1,361,576
2026	674,990	687,866	1,362,856
2027	708,354	654,114	1,362,468
2028	744,285	618,692	1,362,977
2029-2033	4,311,720	2,497,330	6,809,050
2034-2038	5,471,778	1,339,491	6,811,269
2039-2040	2,530,569	191,352	2,721,921
	<u>\$ 15,694,148</u>	<u>7,459,292</u>	<u>23,153,440</u>

General Obligation Bonds, Series 2020, as issued December 15, 2020, debt service requirements to maturity in 2041 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 1,248,971	275,917	1,524,888
2025	1,313,432	213,469	1,526,901
2026	370,891	147,797	518,688
2027	383,198	129,253	512,451
2028	407,658	110,093	517,751
2029-2033	1,251,000	292,320	1,543,320
2034-2038	480,000	126,400	606,400
2039-2041	336,000	27,200	363,200
	<u>\$ 5,791,150</u>	<u>1,322,449</u>	<u>7,113,599</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Governmental Activities (Continued)

Bonds Payable (Continued)

General Obligation Bonds, Series 2022, as issued May 4, 2022, debt service requirements to maturity in 2042 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 1,280,000	1,743,600	3,023,600
2025	1,345,000	1,679,600	3,024,600
2026	1,410,000	1,612,350	3,022,350
2027	1,480,000	1,541,850	3,021,850
2028	1,555,000	1,467,850	3,022,850
2029-2033	9,020,000	6,092,750	15,112,750
2034-2038	11,440,000	3,671,550	15,111,550
2039-2042	10,970,000	1,118,400	12,088,400
	<u>\$ 38,500,000</u>	<u>18,927,950</u>	<u>57,427,950</u>

General Obligation Bonds, Series 2020, as issued December 15, 2020, debt service requirements to maturity in 2028 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 252,028	69,793	321,821
2025	266,569	57,191	323,760
2026	281,109	43,863	324,972
2027	290,802	29,807	320,609
2028	305,342	15,267	320,609
	<u>\$ 1,395,850</u>	<u>215,921</u>	<u>1,611,771</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Governmental Activities (Continued)

Bonds Payable (Continued)

Total annual debt service requirements to maturity for governmental activities general obligation bonds are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 10,745,661	5,589,544	16,335,205
2025	10,476,566	5,146,812	15,623,378
2026	9,143,935	4,705,236	13,849,171
2027	8,849,638	4,221,601	13,071,239
2028	9,204,291	3,849,912	13,054,203
2029-2033	43,144,005	13,735,904	56,879,909
2034-2038	26,493,778	5,994,068	32,487,846
2039-2042	14,681,569	1,403,552	16,085,121
	<u>\$ 132,739,443</u>	<u>44,646,629</u>	<u>177,386,072</u>

Other Notes Payable

Other notes currently outstanding and the funds from which they will be paid are as follows:

Debt Service Fund:	Date Issued	Amount Issued	Interest Rate	Outstanding June 30, 2023
Promissory Note, Hands On	9/21/2017	\$ 500,000	0.00%	\$ 200,000
General Fund:				
Aerospace Park Bonds, Series 2018 Portion Guaranteed by the City	3/29/2018	1,912,500	3.00% - 4.50%	<u>1,565,000</u>
Total Governmental Activities Other Notes Payable Outstanding				<u>\$ 1,765,000</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Governmental Activities (Continued)

Other Notes Payable (Continued)

Promissory Note, Hands On, issued September 21, 2017 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 50,000	-	50,000
2025	50,000	-	50,000
2026	50,000	-	50,000
2027	50,000	-	50,000
	<u>\$ 200,000</u>	<u>-</u>	<u>200,000</u>

Aerospace Park Bonds, Series 2018, issued March 29, 2018 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 80,000	54,700	134,700
2025	85,000	51,100	136,100
2026	90,000	47,275	137,275
2027	90,000	44,575	134,575
2028	95,000	41,763	136,763
2029-2033	515,000	160,905	675,905
2034-2038	610,000	66,713	676,713
	<u>\$ 1,565,000</u>	<u>467,031</u>	<u>2,032,031</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Governmental Activities (Continued)

Other Notes Payable (Continued)

Total annual debt service requirements to maturity for governmental activities other notes payable are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 130,000	54,700	184,700
2025	135,000	51,100	186,100
2026	140,000	47,275	187,275
2027	140,000	44,575	184,575
2028	95,000	41,763	136,763
2029-2033	515,000	160,905	675,905
2034-2038	610,000	66,713	676,713
	<u>\$ 1,765,000</u>	<u>467,031</u>	<u>2,232,031</u>

Leases Payable

Leases currently outstanding and the funds from which they will be paid are as follows:

General Fund	Date Issued	Amount Issued	Interest Rate	Outstanding June 30, 2023
Building - Family Justice Center	6/8/2021	\$ 266,996	4.85%	<u>\$ 213,637</u>
Total Governmental Activities Leases Payable Outstanding				<u>\$ 213,637</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Governmental Activities (Continued)

Leases Payable (Continued)

Family Justice Center future lease principal and interest payments are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 50,757	9,243	60,000
2025	53,274	6,726	60,000
2026	55,916	4,084	60,000
2027	53,690	1,311	55,001
	\$ 213,637	21,364	235,001

Subscription-Based Information Technology Arrangements

Intangible right-to-use software arrangements of \$8,895,774 have been recorded in capital assets. Due to the implementation of GASB Statement No. 96, these arrangements for software met the criteria of a SBITA; thus, requiring some of them to be recorded by the City as intangible assets and a SBITA liability totaling \$4,629,351 as of June 30, 2023. A summary of the principal and interest amounts to maturity on the SBITA arrangements as of June 30, 2023 is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 872,859	128,355	1,001,214
2025	932,488	111,784	1,044,272
2026	704,724	84,331	789,055
2027	668,387	63,579	731,966
2028	625,164	43,526	668,690
2029 - 2030	825,729	37,542	863,271
	\$ 4,629,351	469,117	5,098,468

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Business-Type Activities

State Revolving Loan Fund

In January 2020, the City signed an agreement for a state revolving loan fund (SRLF) for \$15,000,000 for the purpose of completing a sewer interceptor project. This loan is made at the interest rate of 1.25% and is secured by user fees and charges and/or ad valorem taxes, and covenants. There is no stipulation for forgiveness of any portion of the original principal amount of the loan. Payments are to be made monthly and the loan will mature in July 2042. During the year ended June 30, 2023, the City drew \$1,898,443 for a total of \$12,173,423. The remaining \$2,826,577 was not required and will not be drawn. Since the full amount needed was drawn, the payments began in June 2023.

Bonds Payable

Bonds and notes issued for the acquisition of facilities for the enterprise funds and to be paid from enterprise funds are recorded in the applicable enterprise fund. Maturities on July 1 are considered as maturing on the preceding June 30th.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Business-Type Activities (Continued)

Bonds Payable (Continued)

General Obligation bonds to be repaid from enterprise funds currently outstanding and the funds from which they will be paid are as follows:

<u>Water and Sewer:</u>	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2023</u>
The Tennessee Municipal Bond Fund, Series TCSLP 2008	1/9/2009	\$ 901,685	5.00%	\$ 367,212
General Obligation Bonds, Series 2013	5/30/2013	23,970,000	2.00% - 4.00%	18,710,000
General Obligation Improvement and Refunding Bonds, Series 2016A	11/17/2016	17,289,483	3.00-5.00%	12,879,122
General Obligation Bonds, Series 2019	2/27/2019	12,380,000	5.00%	10,720,000
General Obligation Refunding Bonds, Series 2019B	7/31/2019	17,001,035	4.00% - 5.00%	14,879,304
State Revolving Loan	12/13/2019	12,173,423	1.25%	12,128,751
General Obligation Refunding Bonds, Series 2022	5/4/2022	23,000,000	4.00% - 5.00%	22,125,000
				<u>91,809,389</u>
<u>City Solid Waste:</u>				
General Obligation Bonds, Series 2019	2/27/2019	1,785,000	5.00%	1,545,000
General Obligation Bonds, Series 2020	12/15/2020	813,283	4.00% - 5.00%	765,000
				<u>2,310,000</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Business-Type Activities (Continued)

Bonds Payable (Continued)

Stormwater Management Fund:	Date Issued	Amount Issued	Interest Rate	Outstanding June 30, 2023
General Obligation Bonds, Series 2013	5/30/2013	5,785,000	2.00% - 4.00%	3,485,000
General Obligation Bonds, Series 2020	12/15/2020	2,442,000	4.00% - 5.00%	2,283,000
General Obligation Bonds, Series 2022	5/4/2022	2,760,000	4.00% - 5.00%	2,655,000
				<u>8,423,000</u>
Total Business-Type Activities General Obligation Bonds Outstanding				<u>\$ 102,542,389</u>

The Tennessee Municipal Bond Fund, Series TCSLP 2008, as issued January 9, 2009, debt service requirements to maturity in 2029 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 53,963	18,361	72,324
2025	56,717	15,662	72,379
2026	59,539	12,827	72,366
2027	62,498	9,849	72,347
2028	65,596	6,725	72,321
2029	68,899	3,445	72,344
	<u>\$ 367,212</u>	<u>66,869</u>	<u>434,081</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Business-Type Activities (Continued)

Bonds Payable (Continued)

General Obligation Bonds, Series 2013, as issued May 30, 2013, debt service requirements to maturity in 2043 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 690,000	596,762	1,286,762
2025	705,000	582,963	1,287,963
2026	720,000	567,100	1,287,100
2027	740,000	549,100	1,289,100
2028	760,000	529,675	1,289,675
2029-2033	4,170,000	2,273,881	6,443,881
2034-2038	4,995,000	1,526,800	6,521,800
2039-2043	5,930,000	634,700	6,564,700
	<u>\$ 18,710,000</u>	<u>7,260,981</u>	<u>25,970,981</u>

General Obligation Improvement and Refunding Bonds, Series 2016A, as issued November 17, 2016, debt service maturity in 2031 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 1,603,372	566,612	2,169,984
2025	1,655,515	486,443	2,141,958
2026	1,885,809	403,667	2,289,476
2027	1,425,220	309,377	1,734,597
2028	1,490,398	252,368	1,742,766
2029-2031	4,818,808	391,935	5,210,743
	<u>\$ 12,879,122</u>	<u>2,410,402</u>	<u>15,289,524</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Business-Type Activities (Continued)

Bonds Payable (Continued)

General Obligation Bonds, Series 2019, as issued February 27, 2019, debt service requirements to maturity in 2039 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 465,000	466,750	931,750
2025	490,000	443,500	933,500
2026	515,000	419,000	934,000
2027	540,000	393,250	933,250
2028	565,000	366,250	931,250
2029-2033	3,265,000	1,397,650	4,662,650
2034-2038	3,985,000	669,800	4,654,800
2039	895,000	35,800	930,800
	<u>\$ 10,720,000</u>	<u>4,192,000</u>	<u>14,912,000</u>

General Obligation Refunding Bonds, Series 2019B, as issued July 31, 2019, debt service requirements to maturity in 2040 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 579,111	711,454	1,290,565
2025	608,375	682,499	1,290,874
2026	640,010	652,083	1,292,093
2027	671,646	620,086	1,291,732
2028	705,715	586,508	1,292,223
2029-2033	4,088,280	2,367,420	6,455,700
2034-2038	5,188,222	1,269,810	6,458,032
2039-2040	2,397,945	182,884	2,580,829
	<u>\$ 14,879,304</u>	<u>7,072,744</u>	<u>21,952,048</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Business-Type Activities (Continued)

Bonds Payable (Continued)

State Revolving Loan, as issued December 13, 2019, debt service requirements to maturity in 2043 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 539,712	148,524	688,236
2025	546,492	141,744	688,236
2026	553,368	134,868	688,236
2027	560,328	127,908	688,236
2028	567,372	120,864	688,236
2029-2033	2,945,652	495,528	3,441,180
2034-2038	3,135,528	305,652	3,441,180
2039-2043	3,280,299	103,554	3,383,853
	<u>\$ 12,128,751</u>	<u>1,578,642</u>	<u>13,707,393</u>

General Obligation Bonds, Series 2022, as issued May 4, 2022, debt service requirements to maturity in 2042 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 735,000	1,001,950	1,736,950
2025	770,000	965,200	1,735,200
2026	810,000	926,700	1,736,700
2027	850,000	886,200	1,736,200
2028	895,000	843,700	1,738,700
2029-2033	5,185,000	3,501,250	8,686,250
2034-2038	6,575,000	2,110,650	8,685,650
2039-2042	6,305,000	642,800	6,947,800
	<u>\$ 22,125,000</u>	<u>10,878,450</u>	<u>33,003,450</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Business-Type Activities (Continued)

Bonds Payable (Continued)

General Obligation Bonds, Series 2019, as issued February 27, 2019, debt service requirements to maturity in 2039 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 65,000	67,250	132,250
2025	70,000	64,000	134,000
2026	75,000	60,500	135,500
2027	80,000	56,750	136,750
2028	80,000	52,750	132,750
2029-2033	470,000	201,650	671,650
2034-2038	575,000	97,000	672,000
2039	130,000	5,200	135,200
	<u>\$ 1,545,000</u>	<u>605,100</u>	<u>2,150,100</u>

General Obligation Bonds, Series 2020, as issued December 15, 2020, debt service requirements to maturity in 2041 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 30,000	32,900	62,900
2025	30,000	31,400	61,400
2026	30,000	29,900	59,900
2027	35,000	28,400	63,400
2028	35,000	26,650	61,650
2029-2033	195,000	107,450	302,450
2034-2038	240,000	63,400	303,400
2039-2041	170,000	13,800	183,800
	<u>\$ 765,000</u>	<u>333,900</u>	<u>1,098,900</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Business-Type Activities (Continued)

Bonds Payable (Continued)

General Obligation Bonds, Series 2013, as issued May 30, 2013, debt service requirements to maturity in 2034 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 275,000	103,612	378,612
2025	280,000	98,113	378,113
2026	290,000	91,812	381,812
2027	295,000	84,563	379,563
2028	305,000	76,819	381,819
2029-2033	1,670,000	233,888	1,903,888
2034	370,000	12,486	382,486
	<u>\$ 3,485,000</u>	<u>701,293</u>	<u>4,186,293</u>

General Obligation Bonds, Series 2020, as issued December 15, 2020, debt service requirements to maturity in 2041 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 84,000	98,190	182,190
2025	90,000	93,990	183,990
2026	93,000	89,490	182,490
2027	96,000	84,840	180,840
2028	102,000	80,040	182,040
2029-2033	594,000	321,480	915,480
2034-2038	720,000	189,600	909,600
2039-2041	504,000	40,800	544,800
	<u>\$ 2,283,000</u>	<u>998,430</u>	<u>3,281,430</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Business-Type Activities (Continued)

Bonds Payable (Continued)

General Obligation Bonds, Series 2022, as issued May 4, 2022, debt service requirements to maturity in 2042 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 90,000	120,200	210,200
2025	95,000	115,700	210,700
2026	95,000	110,950	205,950
2027	100,000	106,200	206,200
2028	105,000	101,200	206,200
2029-2033	620,000	420,750	1,040,750
2034-2038	790,000	253,850	1,043,850
2039-2042	760,000	77,400	837,400
	<u>\$ 2,655,000</u>	<u>1,306,250</u>	<u>3,961,250</u>

Total annual debt service requirements to maturity for business-type activities general obligation bonds are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 5,210,158	3,784,041	8,994,199
2025	5,397,099	3,579,470	8,976,569
2026	5,766,726	3,364,029	9,130,755
2027	5,455,692	3,128,615	8,584,307
2028	5,676,081	2,922,685	8,598,766
2029-2033	28,090,639	11,220,799	39,311,438
2034-2038	26,573,750	6,193,396	32,767,146
2039-2043	20,372,244	1,654,204	22,026,448
	<u>\$ 102,542,389</u>	<u>35,847,239</u>	<u>138,389,628</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Business-Type Activities (Continued)

Notes Payable

General obligation notes to be repaid from enterprise funds currently outstanding and the funds from which they will be paid are as follows:

<u>Water and Sewer:</u>	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2023</u>
Note Payable - Limestone Cove	3/13/2003	\$ 450,000	4.65%	\$ 304,255
Note Payable - Watauga Flats	4/20/2004	380,000	4.38%	262,267
Note Payable - Limestone Cove	4/20/2005	125,000	4.25%	88,599
Note Payable - ARRA Greggtown	1/24/2010	435,000	3.25%	336,581
				<u>\$ 991,702</u>

Note payable for Limestone Cove, as issued March 13, 2003, debt service requirements to maturity in 2041 are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 11,353	13,871	25,224
2025	11,890	13,334	25,224
2026	12,453	12,771	25,224
2027	13,042	12,182	25,224
2028	13,661	11,563	25,224
2029-2033	78,654	47,465	126,119
2034-2038	99,136	26,984	126,120
2039-2041	64,066	4,232	68,298
	<u>\$ 304,255</u>	<u>142,402</u>	<u>446,657</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Business-Type Activities (Continued)

Notes Payable (Continued)

Note payable for Watauga Flats, as issued April 20, 2004, debt service requirements to maturity in 2042 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 9,247	11,321	20,568
2025	9,690	10,878	20,568
2026	10,123	10,445	20,568
2027	10,575	9,993	20,568
2028	11,021	9,547	20,568
2029-2033	63,059	39,781	102,840
2034-2038	78,454	24,386	102,840
2039-2042	70,098	5,959	76,057
	<u>\$ 262,267</u>	<u>122,310</u>	<u>384,577</u>

Note payable for Limestone Cove, as issued April 20, 2005, debt service requirements to maturity in 2043 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 2,929	3,719	6,648
2025	3,066	3,582	6,648
2026	3,199	3,449	6,648
2027	3,338	3,310	6,648
2028	3,474	3,174	6,648
2029-2033	19,801	13,439	33,240
2034-2038	24,482	8,758	33,240
2039-2043	28,310	2,978	31,288
	<u>\$ 88,599</u>	<u>42,409</u>	<u>131,008</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Business-Type Activities (Continued)

Notes Payable (Continued)

Note payable for ARRA Greggtown, as issued January 24, 2010, debt service requirements to maturity in 2048 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 9,171	10,833	20,004
2025	9,503	10,501	20,004
2026	9,817	10,187	20,004
2027	10,141	9,863	20,004
2028	10,449	9,555	20,004
2029-2033	57,766	42,254	100,020
2034-2038	67,947	32,073	100,020
2039-2043	79,924	20,096	100,020
2044-2048	81,863	6,109	87,972
	<u>\$ 336,581</u>	<u>151,471</u>	<u>488,052</u>

Total annual debt service requirements to maturity for business-type activities notes payable are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 32,700	39,744	72,444
2025	34,149	38,295	72,444
2026	35,592	36,852	72,444
2027	37,096	35,348	72,444
2028	38,605	33,839	72,444
2029-2033	219,280	142,939	362,219
2034-2038	270,019	92,201	362,220
2039-2043	242,398	33,265	275,663
2044-2048	81,863	6,109	87,972
	<u>\$ 991,702</u>	<u>458,592</u>	<u>1,450,294</u>

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Long-term liability activity for the fiscal year ended June 30, 2023 was as follows:

	Beginning Balance, as Restated	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 143,635,791	-	(10,896,348)	132,739,443	10,745,661
Plus: Premiums	15,168,507	-	(1,242,880)	13,925,627	-
Net Bonds Payable	158,804,298	-	(12,139,228)	146,665,070	10,745,661
Other Notes Payable	1,890,000	-	(125,000)	1,765,000	130,000
Leases Payable	213,637	48,359	(48,359)	213,637	50,757
Subscription Liabilities*	5,224,707	-	(595,356)	4,629,351	872,859
OPEB Obligation	37,318,530	18,585,695	(20,853,519)	35,050,706	-
Net Pension Liabilities	-	10,453,243	(8,556,030)	1,897,213	-
Termination Benefits	129,008	39,932	-	168,940	-
Compensated Absences	4,912,845	2,328,703	(2,114,834)	5,126,714	255,276
Governmental Activities Long-Term Liabilities	<u>\$ 208,493,025</u>	<u>31,455,932</u>	<u>(44,432,326)</u>	<u>195,516,631</u>	<u>12,054,553</u>
Business-Type Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 105,221,399	1,898,443	(4,577,453)	102,542,389	5,210,158
Plus: Premiums	8,231,979	-	(453,999)	7,777,980	-
Net Bonds Payable	113,453,378	1,898,443	(5,031,452)	110,320,369	5,210,158
Notes Payable	1,023,144	-	(31,442)	991,702	32,700
Leases Payable	11,249	-	(11,249)	-	-
Net Pension Liabilities	-	5,323,620	(4,401,310)	922,310	-
Compensated Absences	1,166,026	853,806	(590,483)	1,429,349	60,938
Landfill Postclosure Cost	74,760	-	(37,380)	37,380	37,380
Business-Type Activities Long-Term Liabilities	<u>\$ 115,728,557</u>	<u>8,075,869</u>	<u>(10,103,316)</u>	<u>113,701,110</u>	<u>5,341,176</u>

*New category for the City's subscription liabilities due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

For the governmental activities, compensated absences are generally liquidated by the General Fund, General Purpose School Fund and certain Special Revenue Funds (Freedom Hall Civic Center Fund, School Food Service Fund, Transportation Planning Fund, and Police Grant and Technology Fund). The General Fund has typically been used to liquidate pension / OPEB liabilities for the City.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. Long-Term Debt (Continued)

Changes in the deferred bond refunding costs for the fiscal year ended June 30, 2023 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Deferred Bond Refunding Costs	\$ (1,015,263)	-	122,095	(893,168)
Business-Type Activities:				
Deferred Bond Refunding Costs	\$ (651,646)	-	36,204	(615,442)
Deferred Gain on Bond Refunding	607,106	-	(67,459)	539,647
	\$ (44,540)	-	(31,255)	(75,795)

Advanced Refunding - Prior Fiscal Years

The City has defeased certain general obligation and other bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2023, the remaining defeased bonds consisted of \$1,050,000 of General Obligation Refunding Bonds, Series 2004A and B, \$15,930,000 of General Obligation Refunding Bonds, Series 2009, \$34,880,000 of 2010 Build America Bonds, \$900,000 of General Obligation Refunding Bonds, Series 2012, and \$1,135,000 of Local Government Public Improvement Bonds, Series V-K-1.

Debt Issues and Advanced Refunding - Current Fiscal Year

The City issued no General Obligation Bonds during the fiscal year ended June 30, 2023.

**CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

L. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2023, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	General Purpose School Fund	\$ 5,347
General Purpose School Fund	Food Service Fund	5,693
General Purpose School Fund	Freedom Hall	9,171
General Purpose School Fund	General Fund	6,549
Debt Service Fund	General Purpose School Fund	711
Food Service Fund	General Purpose School Fund	7
Fleet Management Fund	General Purpose School Fund	12,970
Educational Facilities Debt Service Fund	General Purpose School Fund	531,691
Total		<u>\$ 572,139</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

M. Fund Balance / Net Position

Fund balance classifications are presented in the Governmental Funds Balance Sheet and described in Note 1. The details of those fund balance classifications are as follows:

	General Fund	General Purpose School Fund	Debt Service Fund	Educational Facilities Debt Service Fund	Capital Project Fund	Other Governmental Funds	Total
Fund Balances							
Nonspendable:							
Inventories	\$ 130,997	73,263	-	-	-	324,700	528,960
Restricted for:							
Debt Service	-	-	711	8,032,270	-	-	8,032,981
Capital Projects	-	-	-	-	30,838,185	-	30,838,185
TCRS Reserve	-	856,075	-	-	-	-	856,075
Education	-	-	-	-	-	1,986,628	1,986,628
Food Service	-	-	-	-	-	3,954,261	3,954,261
Law Enforcement	143,498	-	-	-	-	1,510,129	1,653,627
Senior Citizens	546,514	-	-	-	-	322,256	868,770
Special Purposes	20,613,147	-	-	-	-	212,326	20,825,473
Total Restricted	21,303,159	856,075	711	8,032,270	30,838,185	7,985,600	69,016,000
Committed to:							
Economic Development	6,843,678	-	-	-	-	-	6,843,678
Education	-	1,893,288	-	-	-	-	1,893,288
Total Committed	6,843,678	1,893,288	-	-	-	-	8,736,966
Assigned to:							
Compensated Absences	4,725,820	82,406	-	-	-	76,265	4,884,491
Education	-	17,295,221	-	-	-	-	17,295,221
Transportation Planning	-	-	-	-	-	66,472	66,472
Special Purposes	-	-	-	-	-	403,858	403,858
Total Assigned	4,725,820	17,377,627	-	-	-	546,595	22,650,042
Unassigned	24,574,831	-	-	-	-	-	24,574,831
Total	\$ 57,578,485	20,200,253	711	8,032,270	30,838,185	8,856,895	125,506,799

In addition, the Water and Sewer Fund, which is Proprietary Fund, had a deficit unrestricted net position at June 30, 2023, due to investments in capital assets and unspent bond proceeds to be used for future development costs within that fund. The deficit will be financed through future revenues.

**CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

N. Interfund Transfers

Transferring Fund	Receiving Fund	Amount	Purpose
General Fund	General Purpose School Fund	\$ 11,626,736	Operations
General Fund	Debt Service Fund	10,422,104	Debt Service Requirements
General Fund	Capital Project Fund	3,912,471	Capital Projects
General Fund	Mass Transit Fund	2,233,319	Grant Matching Funds
General Purpose School Fund	General Fund	4,773	SRO Overtime Reimbursement
General Purpose School Fund	Debt Service Fund	572,812	Debt Service Requirements
General Purpose School Fund	Educational Facilities Debt Service Fund	2,113,475	Debt Service Requirements
General Purpose School Fund	School Federal and Special Projects	164,776	Operations
School Trust Fund	General Fund	182,046	Closing out fund
Transportation Planning	General Fund	11,714	Reimbursement
Community Development Fund	General Fund	211,976	Grant Matching Funds
School Federal and Special Projects	General Purpose School Fund	461,102	Operations
Water and Sewer Fund	Fleet Management	244,699	Reimbursement
Water and Sewer Fund	Debt Service Fund	90,949	Debt Service Requirements
Water and Sewer Fund	General Fund	2,868,461	In-Lieu of Taxes, Reimbursement
		<u>\$ 35,121,413</u>	

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

O. Closure and Post-Closure Costs

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions for thirty years after closure. The Bowser Ridge Landfill closed during the fiscal year ended June 30, 1994 and the Iris Glen Landfill began receiving solid waste during the fiscal year ended June 30, 1995. The deferred post-closure costs recorded are for the Bowser Ridge Landfill. Since the Landfill closed during the fiscal year that *Governmental Accounting Standards Board* Statement No. 18 went into effect, which requires the recording of these costs, no investments have been set aside to cover these costs. All costs will be funded by the City government. The City has filed financial assurance with the State of Tennessee Department of Environment and Conservation for the Bowser Ridge Landfill in the form of a contract in lieu of performance bond in the amount of \$1,829,978 for closure and post-closure costs. An estimate of the required amounts was made by an environmental auditor for the future years, with consideration given to inflation and other potential changes. A separate operation and maintenance contract with Waste Management Systems, Inc. is in effect for the Iris Glen Landfill. The contract states that Waste Management is responsible for the closure and post-closure costs for the Iris Glen Landfill. During the fiscal year ended June 30, 2023, the City paid Waste Management \$5,262,660 for Landfill Services.

P. Contingencies

The City is a defendant in various lawsuits. The outcome of these lawsuits is not presently determinable and the probability of an unfavorable outcome to the City cannot yet be determined.

The City has entered into several construction contracts in the various funds, which were not completed at fiscal year-end. The larger of these are for road construction, water and sewer lines, and schools. These amounts will be paid with bonded debt and a state revolving loan fund.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

Q. Segment Information

A segment is an identifiable activity (or grouping of activities) reported as or within an enterprise fund or another stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. Summary financial information as of June 30, 2023, for Stormwater Management Fund segment (see Note 1.D. for description of services provided) is presented below.

CONDENSED STATEMENT OF NET POSITION

	Stormwater Management Fund
ASSETS	
Current Assets	\$ 3,194,538
Capital Assets (Net)	18,811,305
Restricted Assets	4,202,642
Total Assets	26,208,485
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	94,810
 LIABILITIES	
Current Liabilities	1,036,518
Noncurrent Liabilities	8,923,100
Total Liabilities	9,959,618
 NET POSITION	
Net Investment in Capital Assets	13,683,537
Restricted	4,202,642
Unrestricted	(1,542,502)
Total Net Position	\$ 16,343,677

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

Q. Segment Information (Continued)

**CONDENSED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION**

	Stormwater Management Fund
	Fund
Operating Revenues (Expenses)	
Charges for Services (Net)	\$ 3,383,176
Other Revenue	25,639
Depreciation and Amortization	(341,501)
Other Operating Expenses	(1,196,826)
Operating Income (Loss)	1,870,488
Nonoperating Revenues (Expenses)	
Interest Expense and Commissions	(279,588)
Investment Income	(31,995)
Change in Net Position	1,558,905
Beginning Net Position	14,784,772
Ending Net Position	\$ 16,343,677

CONDENSED STATEMENT OF CASH FLOWS

	Stormwater Management Fund
	Fund
Net Cash Provided by (Used for):	
Operating Activities	\$ 2,431,424
Capital and Related Financing Activities	(2,478,369)
Investing Activities	1,208,071
Net Increase (Decrease)	1,161,126
Beginning Cash and Cash Equivalents	1,854,097
Ending Cash and Cash Equivalents	\$ 3,015,223

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

R. Joint Ventures

The Washington County – Johnson City Animal Control Center (ACC) is an animal shelter jointly owned by Johnson City and Washington County, Tennessee. The City has control over budget and financing of the joint venture only to the extent of representation by the board members appointed and is responsible for funding 50% of any deficits from operations. Johnson City contributed \$392,697 to the operations during the fiscal year ended June 30, 2023. The ACC also has a separate foundation that is included as a discretely presented component unit.

The Washington County – Johnson City Emergency Medical Services, Inc. (EMS) receives revenue from Washington County and Johnson City, as well as patient billings. Johnson City contributed \$1,150,000 to the operations during the fiscal year ended June 30, 2023.

The City is responsible for funding the operations of the Washington County Economic Development Council (WCEDC) which serves to enhance the tax base of Washington County, recruit new industries and commerce to the area, and to manage economic development in the City. During fiscal year 2023, the City funded \$20,000 to the WCEDC.

The Tri-County Industrial Park is a joint venture between the City of Johnson City, Tennessee, the City of Bristol, Tennessee and Sullivan County, Tennessee. The purpose is to promote regional economic development in the quad-city area. The joint venture owns vacant parcels of land used for industrial and economic development. The City of Johnson City holds a 25% interest in the proceeds from all sales of vacant lots.

Financial statements are not prepared for the Tri-County Industrial Park.

Completed financial statements for each of the individual joint ventures (excluding the Tri-County Industrial Park) may be obtained at the administrative offices of:

Animal Control Center
3411 N Roan Street
Johnson City, Tennessee 37601

Emergency Medical Services
296 Wesley Street
Johnson City, Tennessee 37601

Washington County Economic Development Council
300 East Main Street, Suite 406
Johnson City, Tennessee 37601

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

R. Joint Ventures (Continued)

Audited information as of June 30, 2023 is presented for ACC and WCEDC. Audited information as of June 30, 2022 is presented for EMS. The information does not include the Tri-County Industrial Park. All are presented on the accrual basis.

	ACC	EMS	WCEDC
Operating Revenues	\$ 315,406	10,159,167	1,506,292
Operating Expenses	(2,345,514)	(12,721,550)	(1,156,710)
Other Income (Expense)	2,191,752	3,786,737	11
Net Income (Loss) Transferred to Net Position	161,644	1,224,354	349,593
Net Position, Beginning	9,946,545	4,772,933	121,866
Net Position, Ending	<u>\$ 10,108,189</u>	<u>5,997,287</u>	<u>471,459</u>
Total Assets	\$ 11,185,261	9,103,882	1,509,626
Deferred Outflows of Resources	5,067	3,955,112	-
Total Liabilities	(1,081,826)	(3,969,309)	(1,038,167)
Deferred Inflows of Resources	(313)	(3,092,398)	-
Total Net Position	<u>\$ 10,108,189</u>	<u>5,997,287</u>	<u>471,459</u>

S. Jointly-Governed Organization

The Tri-Cities Airport Authority is jointly governed by Johnson City, Kingsport and Bristol, Tennessee; Bristol, Virginia; and Washington and Sullivan County, Tennessee. The City is represented by three of twelve commissioners.

T. Other Matters

As discussed in Note 1, the City has a concentration of revenue received from the state and federal government. Some of the revenue from these grants is limited to one year or a specific project. In addition, some programs that the City has historically participated in may face reductions in funding or possibly elimination due to federal and state budget issues.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

T. Other Matters (Continued)

The City received funds from the American Rescue Plan Act (ARPA) in the amount of \$13,415,440 during the prior two fiscal years. The City began to expend some of these funds during fiscal year 2023. The remaining funds that were not yet obligated or expended by the City as of June 30, 2023 have been recorded as Deferred Revenue – American Rescue Plan on the balance sheet of the fund level financial statements for the General Fund and in the statement of net position for the governmental activities.

U. Tax Abatements

The City has authorized the Industrial Development Board (IDB) of Johnson City, Tennessee to enter into property tax abatement agreements with local businesses on its behalf under Chapter 53, Title 7, Tennessee Code Annotated. Under this act, localities may enter into lease agreements with manufacturing, industrial, commercial, and financial enterprises with respect to one or more projects for such payments in order to maintain and increase employment opportunities by inducing such enterprises to locate in or to remain in the State of Tennessee.

Property tax abatement agreements are negotiated on an individual basis. The City had the following tax abatement agreements under the Economic Capital Investment Program as of June 30, 2023:

The IDB entered into an agreement with NN, Inc. on December 31, 2014. When NN, Inc. ceased operations in Johnson City, arrangements were made to move and amend the related agreements to Crown Labs during the prior fiscal year ended June 30, 2020. The property was transferred to the IDB and there is currently a lease agreement with Crown Labs which runs through December 31, 2029.

The IDB of Washington County, Tennessee entered into a lease agreement with JCM International, Inc. on June 29, 2015 for \$1,350,000 that also impacted the City's tax revenues. The purpose of the agreement is to acquire and improve a warehousing facility with capital investment of at least \$16,598,514 and to maintain a specific workforce by the end of the 5th year of the lease. Under this agreement, the company has no obligation to make any in lieu of tax payments until the PILOT expiration date of June 29, 2030, with an option to renew until June 29, 2035. At the end of the 5th year of the lease, if the company has failed to maintain 80% of the minimum thresholds for the number of qualifying employees and the amount of capital investment, the company's in lieu of tax payments shall be increased to 100% of the applicable ad valorem taxes for the remainder of the term of the facility lease.

CITY OF JOHNSON CITY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

U. Tax Abatements (Continued)

The IDB entered into a lease agreement with LHP Development LLC on September 23, 2022. The purpose of the agreement is for the construction, rehabilitation and equipping of a new affordable housing facility consisting of 145 units. For the first three years, LHP shall pay annual payment in lieu of taxes equal to the amount for the Tax Year ending December 31, 2022. In Year 1 (after construction completion), LHP shall pay \$30,000 payment in lieu of taxes and the amount will increase annually by 2% for twenty years. LHP is required to submit on or before October 1 of each year to the Tennessee State Board of Equalization the annual report required to be submitted pursuant to Section 7-53-305 of the Act. Additionally, the IDB entered into a loan agreement in the amount of \$5,943,525.00 with Roan Hill LP on September 23, 2022. The purpose of the loan is to provide additional funding for acquisition of the land and the development of the property.

The IDB entered into a lease agreement with Tyler Housing Partners LP on January 17, 2024. The purpose of the agreement is to acquire and renovate a 101 unit multi-family, affordable housing development. The agreement is on the real property commences on January 1 of the calendar year following the year in which the project is placed in service (Tax Year 1) and each subsequent year through the 15th Tax Year. Beginning in Tax Year 1, the in lieu of tax payment due to the City of Johnson City is fixed at \$14,018 and increases each year by 3% until the end of the fifteenth year. Tyler Housing Partners LP is required to submit an annual compliance report due by September 15 of each year that includes the value of the project, the date and remaining term of the lease, the amount of In Lieu of Tax Payments payable, and a copy of the Annual Certification submitted to THDA certifying compliance with LIHTC requirements.

The IDB entered into a lease agreement with Hatley Properties, LLC on December 29, 2017 for \$2,200,000. The purpose of the agreement is to acquire and construct a manufacturing facility and equipment for LPI, Inc. Under this agreement, the company must meet certain jobs requirements. The company must make in lieu of ad valorem tax payments at a specified percentage each year. These percentages increase each year, under the facility lease, until the end of 2024 at which time they will pay 100%. For the equipment lease, the percentages increase by 20% each year until the end of 2022. A jobs report must be filed annually, and if the company has failed to maintain the jobs expectation by year, the company's in lieu of tax payments shall be increased by a proportionate share of the shortfall in the number of jobs created.

The IDB entered into an agreement with LabConnect on December 1, 2021. The agreement is on the personal property and is scaled in 20% increments – with each tranch of investment getting 5 years scale – and no additional personal property conveyed to the IDB after December 31, 2025. The agreement outlined that LabConnect would increase employment of 211 new jobs and add \$8,650,000 investment in new equipment over the five-year period.

**CITY OF JOHNSON CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN JOHNSON CITY'S NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
Last Fiscal Year Ended June 30**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total Pension Liability									
Service Cost	\$ 2,860,777	2,658,119	2,488,177	2,409,617	2,437,926	2,274,074	2,181,602	2,076,428	2,290,327
Interest	14,050,435	14,449,410	14,937,911	15,549,942	16,077,432	16,328,682	16,862,303	17,307,000	17,564,650
Differences between Actual and Expected Experience	(2,942,020)	(1,275,026)	726,843	2,000,093	(3,647,512)	571,451	(383,449)	89,687	6,752,554
Change of Assumptions	-	-	-	5,139,700	-	-	-	14,870,664	-
Benefit Payments, including Refunds of Employee Contributions	(8,189,883)	(8,703,878)	(9,594,551)	(10,233,342)	(11,171,733)	(11,305,246)	(12,137,627)	(12,705,431)	(13,410,342)
Net Change in Total Pension Liability	5,779,309	7,128,625	8,558,380	14,866,010	3,696,113	7,868,961	6,522,829	21,638,348	13,197,189
Total Pension Liability - Beginning	188,573,306	194,352,615	201,481,240	210,039,620	224,905,630	228,601,743	236,470,704	242,993,533	264,631,881
Total Pension Liability - Ending (a)	<u>\$ 194,352,615</u>	<u>201,481,240</u>	<u>210,039,620</u>	<u>224,905,630</u>	<u>228,601,743</u>	<u>236,470,704</u>	<u>242,993,533</u>	<u>264,631,881</u>	<u>277,829,070</u>
Plan Fiduciary Net Position									
Contributions - Employer	\$ 6,600,728	6,445,525	6,184,569	6,240,342	6,173,311	6,063,105	5,728,167	5,360,180	5,559,009
Contributions - Employee	905	98	73	-	-	-	-	4,396	-
Net Investment Income	26,993,796	5,785,524	5,059,315	21,761,952	17,369,712	16,489,136	11,510,495	61,048,231	(11,096,403)
Benefit Payments, including Refunds of Employee Contributions	(8,189,883)	(8,703,878)	(9,594,551)	(10,233,342)	(11,171,733)	(11,305,246)	(12,137,627)	(12,705,431)	(13,410,342)
Administrative Expense	(40,161)	(40,426)	(55,037)	(57,940)	(61,390)	(53,832)	(49,557)	(46,464)	(46,871)
Other	-	-	-	(273)	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	25,365,385	3,486,843	1,594,369	17,710,739	12,309,900	11,193,163	5,051,478	53,660,912	(18,994,607)
Plan Fiduciary Net Position - Beginning	163,631,365	188,996,750	192,483,593	194,077,962	211,788,701	224,098,601	235,291,764	240,343,242	294,004,154
Plan Fiduciary Net Position - Ending (b)	<u>\$ 188,996,750</u>	<u>192,483,593</u>	<u>194,077,962</u>	<u>211,788,701</u>	<u>224,098,601</u>	<u>235,291,764</u>	<u>240,343,242</u>	<u>294,004,154</u>	<u>275,009,547</u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ 5,355,865</u>	<u>8,997,647</u>	<u>15,961,658</u>	<u>13,116,929</u>	<u>4,503,142</u>	<u>1,178,940</u>	<u>2,650,291</u>	<u>(29,372,273)</u>	<u>2,819,523</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.24%	95.53%	92.40%	94.17%	98.03%	99.50%	98.91%	111.10%	98.99%
Covered Payroll	\$ 34,540,670	32,949,533	31,617,050	31,903,589	29,866,192	29,332,872	28,162,076	27,001,063	26,510,078
Net Pension Liability (Asset) as a Percentage of Covered Payroll	15.51%	27.31%	50.48%	41.11%	15.08%	4.02%	9.41%	-108.78%	10.64%

Notes to Schedule

Changes of assumptions: In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF JOHNSON CITY'S CONTRIBUTIONS BASED ON
PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
Last Fiscal Year Ended June 30**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially Determined Contribution Contributions in relation to the Actuarially Determined Contribution	\$ 6,600,728	6,445,525	6,184,569	6,240,342	6,173,311	6,063,105	5,728,167	5,360,180	5,559,009	5,224,942
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 34,540,670	32,949,533	31,617,050	31,903,589	29,866,192	29,332,872	28,162,076	27,001,063	26,510,078	25,618,039
Contributions as a Percentage of Covered Payroll	19.11%	19.56%	19.56%	19.56%	20.67%	20.67%	20.34%	19.85%	20.97%	20.35%

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF JOHNSON CITY'S CONTRIBUTIONS BASED ON
 PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
 Last Fiscal Year Ended June 30**

Notes to Schedule

Valuation Date:

Actuarially determined contribution rates for fiscal year 2023 were calculated based on the June 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (not to exceed 20 years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-year smoothed within a 20 percent corridor to fair value
Inflation	2.25 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost-of-Living Adjustments	2.125 percent

Changes of assumptions:

In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF JOHNSON CITY SCHOOLS' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
TEACHER LEGACY PENSION PLAN OF TCRS
Last Fiscal Year Ended June 30**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Proportion of the Net Pension Liability (Asset)	0.837679%	0.854321%	0.885149%	0.910234%	0.903097%	0.951120%	0.957665%	0.984528%	0.991035%
Proportionate Share of the Net Pension Liability (Asset)	\$ (136,119)	349,959	5,531,694	(297,812)	(3,177,921)	(9,779,223)	(7,302,904)	(42,465,052)	(12,154,108)
Covered Payroll	\$ 32,878,832	31,981,537	31,952,106	32,175,829	31,623,553	31,892,411	31,873,560	33,031,524	33,179,974
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%	17.31%	(0.93)%	(10.05)%	(30.66)%	(22.91)%	(131.40)%	-36.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%	104.42%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

**CITY OF JOHNSON CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF JOHNSON CITY SCHOOLS' CONTRIBUTIONS
TEACHER LEGACY PENSION PLAN OF TCRS
Last Fiscal Year Ended June 30**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually Required Contribution	\$ 2,919,640	2,891,131	2,888,471	2,908,739	2,871,415	3,335,946	3,387,769	3,318,636	3,359,278	2,998,185
Contributions in relation to the Contractually Required Contribution	<u>2,919,640</u>	<u>2,891,131</u>	<u>2,888,471</u>	<u>2,908,739</u>	<u>2,871,415</u>	<u>3,335,946</u>	<u>3,387,769</u>	<u>3,318,636</u>	<u>3,359,278</u>	<u>2,998,185</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 32,878,832	31,981,537	31,952,106	32,175,829	31,623,553	31,892,411	31,873,560	33,031,524	33,179,974	34,501,580
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%	10.05%	10.12%	8.69%

Changes of assumptions: In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

**CITY OF JOHNSON CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF JOHNSON CITY SCHOOLS' PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET)
TEACHER RETIREMENT PLAN OF TCRS
Last Fiscal Year Ended June 30**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Proportion of the Net Pension Liability (Asset)	0.452832%	0.577005%	0.607724%	0.623820%	0.616697%	0.581549%	0.592153%	0.591041%
Proportionate Share of the Net Pension Liability (Asset)	\$ (18,217)	\$ (60,068)	\$ (160,341)	\$ (282,920)	\$ (348,117)	\$ (330,693)	\$ (641,427)	\$ (179,041)
Covered Payroll	\$ 940,871	\$ 2,538,856	\$ 3,989,233	\$ 5,451,440	\$ 6,525,893	\$ 7,338,673	\$ 8,410,610	\$ 10,093,347
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	-1.94%	-2.37%	-4.02%	-5.19%	-5.33%	-4.51%	-7.63%	-1.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%	104.55%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

**CITY OF JOHNSON CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF JOHNSON CITY SCHOOLS' CONTRIBUTIONS
TEACHER RETIREMENT PLAN OF TCRS
Last Fiscal Year Ended June 30**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually Required Contribution	\$ 37,635	101,556	159,549	88,899	126,603	146,998	172,631	202,874	362,984
Contributions in relation to the Contractually Required Contribution	<u>37,635</u>	<u>101,556</u>	<u>159,549</u>	<u>218,057</u>	<u>126,603</u>	<u>146,998</u>	<u>172,631</u>	<u>202,874</u>	<u>362,984</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(129,158)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 940,871	2,538,856	3,989,233	5,451,440	6,525,893	7,338,673	8,410,610	10,093,347	12,647,503
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%	2.00%	2.05%	2.01%	2.87%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

Changes of assumptions: In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF JOHNSON CITY SCHOOLS' CONTRIBUTIONS
TEACHER RETIREMENT PLAN OF TCRS - STABILIZATION TRUST
Last Fiscal Year Ended June 30

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually Required Contribution	\$ 126,567	137,686	162,724	178,568	129,884
Contributions in relation to the					
Contractually Required Contribution	<u>126,567</u>	<u>137,686</u>	<u>162,724</u>	<u>178,568</u>	<u>129,884</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 6,525,893	7,338,773	8,546,043	10,093,347	12,647,503
Contributions as a Percentage of					
Covered Payroll	1.94%	1.88%	1.90%	1.77%	1.03%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN JOHNSON CITY'S OPEB LIABILITY
AND RELATED RATIOS
Last Fiscal Year Ended June 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total OPEB Liability						
Service Cost	\$ 783,156	786,206	918,964	1,239,276	865,112	702,879
Interest	791,621	849,199	821,804	584,728	447,659	667,860
Difference between Expected and Actual Experience	-	(332,984)	-	(3,274,044)	8,366	2,634,560
Changes in Assumptions	(467,714)	1,384,675	2,291,710	(2,509,227)	(1,585,023)	(4,960,325)
Benefit Payments	(1,321,573)	(1,237,070)	(1,328,655)	(1,420,563)	(1,379,131)	(1,486,413)
Net Change in Total OPEB Liability	<u>(214,510)</u>	<u>1,450,026</u>	<u>2,703,823</u>	<u>(5,379,830)</u>	<u>(1,643,017)</u>	<u>(2,441,439)</u>
Total OPEB Liability - Beginning	<u>21,989,958</u>	<u>21,775,448</u>	<u>23,225,474</u>	<u>25,929,297</u>	<u>20,549,467</u>	<u>18,906,450</u>
Total OPEB Liability - Ending	<u>\$ 21,775,448</u>	<u>23,225,474</u>	<u>25,929,297</u>	<u>20,549,467</u>	<u>18,906,450</u>	<u>16,465,011</u>
Covered-Employee Payroll	\$ 33,000,000	37,400,000	38,900,000	39,600,000	41,000,000	52,100,000
Total OPEB Liability as a Percentage of Covered-Employee Payroll	65.99%	62.10%	66.66%	51.89%	46.11%	31.60%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4 to pay related benefits.

Changes in Assumptions

In fiscal year 2023, discount rates changes from 3.54 percent at June 30, 2022 to 3.86 percent at June 30, 2023.

GASB 75 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 75. The information in this schedule is not required to be presented retroactively prior to the implementation date. Fiscal years will be added to this schedule in future fiscal years until 10 fiscal years of information is available.

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN JOHNSON CITY SCHOOLS PROPORTIONATE SHARE OF
COLLECTIVE OPEB LIABILITY AND RELATED RATIOS - TEACHER GROUP OPEB PLAN
Last Fiscal Year Ended June 30

	2023
Total OPEB Liability	
Service Cost	\$ 457
Interest	159
Change in benefit terms	23,175,873
Benefit Payments	23,176,489
Net Change in Total OPEB Liability	6,899
Total OPEB Liability - Beginning	\$ 23,183,388
Total OPEB Liability - Ending	
Nonemployer Contributing Entities Proportionate Share of the Collective Total OPEB Liability	\$ 5,587,822
Employer's Proportionate Share of the Collective Total OPEB Liability	\$ 17,595,566
Covered-Employee Payroll	\$ 58,927,486
Total OPEB Liability as a Percentage of Covered-Employee Payroll	29.86%

Notes to Schedule:

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN JOHNSON CITY SCHOOLS PROPORTIONATE SHARE OF
COLLECTIVE OPEB LIABILITY AND RELATED RATIOS - CLOSED TENNESSEE PLAN
Last Fiscal Year Ended June 30

	2023
Total OPEB Liability	
Service Cost	\$ -
Interest	-
Difference between Expected and Actual Experience	-
Change in benefit terms	990,129
Changes in Assumptions	-
Benefit Payments	-
Net Change in Total OPEB Liability	990,129
Total OPEB Liability - Beginning	-
Total OPEB Liability - Ending	\$ 990,129
Nonemployer Contributing Entities Proportionate Share of the Collective Total OPEB Liability	\$ 990,129
Employer's Proportionate Share of the Collective Total OPEB Liability	\$ -
Covered-Employee Payroll	\$ 36,543,602
Total OPEB Liability as a Percentage of Covered-Employee Payroll	0.00%

Notes to Schedule:

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

See Independent Auditors' Report.

OTHER MAJOR GOVERNMENTAL FUNDS

Debt Service Fund accounts for the accumulation of resources for the payment of principal and interest on long-term general obligation debt other than that payable from enterprise funds and the general obligation debt used to construct educational facilities.

Educational Facilities Debt Service Fund accounts for the accumulation of resources for the payment of principal and interest on long-term general obligation debt for the construction of educational facilities.

The **Capital Project Fund** is used to account for the acquisition and construction of major capital facilities, equipment, and infrastructure other than those financed by proprietary funds.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive
	Original	Final		(Negative)
Revenues				
Intergovernmental Revenue	\$ -	-	134,890	134,890
Investment Earnings	-	-	64,436	64,436
Total Revenues	-	-	199,326	199,326
Expenditures				
Debt Service				
Principal Retirement	7,538,190	7,538,190	7,538,190	-
Interest and Fiscal Charges	4,193,123	4,193,123	4,148,821	44,302
Other Fees	-	-	51,761	(51,761)
Total Debt Service	11,731,313	11,731,313	11,738,772	(7,459)
Total Expenditures	11,731,313	11,731,313	11,738,772	(7,459)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,731,313)	(11,731,313)	(11,539,446)	191,867
Other Financing Sources (Uses)				
Transfer In	11,731,313	11,731,313	11,085,865	(645,448)
Total Other Financing Sources (Uses)	11,731,313	11,731,313	11,085,865	(645,448)
Net Change in Fund Balance	-	-	(453,581)	(453,581)
Fund Balance, July 1, 2022	454,292	454,292	454,292	-
Fund Balance, June 30, 2023	\$ 454,292	454,292	711	(453,581)

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
EDUCATIONAL FACILITIES DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 2,915,000	2,915,000	3,298,357	383,357
Investment Earnings	4,000	4,000	37,776	33,776
Total Revenues	2,919,000	2,919,000	3,336,133	417,133
Expenditures				
Debt Service				
Principal Retirement	3,165,822	3,165,822	3,165,822	-
Interest and Fiscal Charges	1,450,475	1,450,475	1,449,826	649
Other Fees	3,000	3,000	43,939	(40,939)
Total Debt Service	4,619,297	4,619,297	4,659,587	(40,290)
Total Expenditures	4,619,297	4,619,297	4,659,587	(40,290)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,700,297)	(1,700,297)	(1,323,454)	376,843
Other Financing Sources (Uses)				
Transfer In	1,700,000	1,700,000	2,113,475	413,475
Total Other Financing Sources (Uses)	1,700,000	1,700,000	2,113,475	413,475
Net Change in Fund Balance	(297)	(297)	790,021	790,318
Fund Balance, July 1, 2022	7,242,249	7,242,249	7,242,249	-
Fund Balance, June 30, 2023	\$ 7,241,952	7,241,952	8,032,270	790,318

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CAPITAL PROJECT FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State of Tennessee	\$ 2,300,000	6,931,620	5,142,668	(1,788,952)
Investment Earnings	-	-	1,633,135	1,633,135
Miscellaneous	13,440,440	11,140,440	1,537,864	(9,602,576)
Total Revenues	15,740,440	18,072,060	8,313,667	(9,758,393)
Expenditures				
Capital Outlay	62,771,283	66,372,202	37,687,728	28,684,474
Debt Service				
Principal Retirement - SBITA	-	-	254,577	(254,577)
Interest and Fiscal Charges - SBITA	-	-	82,923	(82,923)
Total Debt Service	-	-	337,500	(337,500)
Total Expenditures	62,771,283	66,372,202	38,025,228	28,346,974
Excess (Deficiency) of Revenues Over (Under) Expenditures	(47,030,843)	(48,300,142)	(29,711,561)	18,588,581
Other Financing Sources (Uses)				
Transfer In	4,408,080	5,677,079	3,912,471	(1,764,608)
Subscription Issuance	-	-	2,764,106	2,764,106
Total Other Financing Sources (Uses)	4,408,080	5,677,079	6,676,577	999,498
Net Change in Fund Balance	(42,622,763)	(42,623,063)	(23,034,984)	19,588,079
Fund Balances, July 1, 2022	53,873,169	53,873,169	53,873,169	-
Fund Balances, June 30, 2023	\$ 11,250,406	11,250,106	30,838,185	19,588,079

See Independent Auditors' Report.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Freedom Hall Civic Center Fund is used to account for the revenues generated from the Civic Center's operations. Fee revenues are supplemented by the General Fund to the extent of the Center's cost.

School Federal Projects Fund accounts for all revenues received under this law.

Special School Projects Fund accounts for all revenues received for various special projects for the schools.

School Food Service Fund accounts for the revenues and expenditures of school cafeterias.

Internal School Fund accounts for the revenues and expenditures of the schools.

Transportation Planning Fund is used to account for special state and federal transportation planning projects through state and federal revenues.

Drug Fund accounts for drug fines awarded by court action.

Police Grant and Technology Fund accounts for all the police grants from the federal, state and local governments and for fees provided by moving violations to fund safety equipment and technology for the police department.

Community Development Fund accounts for Housing and Urban Development Funds.

Senior Citizens Fund accounts for contributions and fundraising for the Senior Citizens Center.

Employee Scholarship Fund accounts for donations from City employees to fund scholarships for the children of City employees who are entering college.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

School Trust Fund accounts for nonexpendable assets left to the City by the late Paul Gollong. The fund's earnings are used for awarding scholarships to graduating high school students.

CITY OF JOHNSON CITY, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

	Special Revenue Funds	Permanent Fund - School Trust Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 8,160,484	-	8,160,484
Accounts Receivable (Net)	29,515	-	29,515
Notes Receivable	4,093	-	4,093
Due from Other Funds	7	-	7
Due from Federal Government	411,880	-	411,880
Due from State of Tennessee	3,369,525	-	3,369,525
Due from Local Governments	23,118	-	23,118
Inventories	324,700	-	324,700
Total Assets	\$ 12,323,322	-	12,323,322
LIABILITIES			
Accounts Payable	\$ 1,481,737	-	1,481,737
Accrued Payroll Expenditures	1,423,426	-	1,423,426
Accrued Expenditures	20,318	-	20,318
Due to Other Funds	14,864	-	14,864
Due to State of Tennessee	14,000	-	14,000
Unearned Revenue	512,082	-	512,082
Total Liabilities	3,466,427	-	3,466,427
FUND BALANCES			
Nonspendable	324,700	-	324,700
Restricted	7,985,600	-	7,985,600
Assigned	546,595	-	546,595
Total Fund Balances	8,856,895	-	8,856,895
Total Liabilities and Fund Balances	\$ 12,323,322	-	12,323,322

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023

	Special Revenue Funds	Permanent Fund - School Trust Fund	Total Nonmajor Governmental Funds
Revenues			
Federal Government	\$ 19,325,298	-	19,325,298
State of Tennessee	1,717,828	-	1,717,828
Charges for Services	1,038,564	-	1,038,564
Fines and Forfeitures	237,247	-	237,247
Revenue from Use of Property	1,874,249	-	1,874,249
Investment Earnings	868	167	1,035
Miscellaneous	2,940,288	-	2,940,288
Total Revenues	27,134,342	167	27,134,509
Expenditures			
Current			
Public Safety	513,613	-	513,613
Public Welfare	799,184	-	799,184
Senior Citizens	46,439	-	46,439
Parks, Recreation, Culture and Leisure	2,684,348	-	2,684,348
Highway and Transportation Planning	283,657	-	283,657
Education	12,426,426	-	12,426,426
School Food Service	3,778,735	-	3,778,735
Miscellaneous	6,900	-	6,900
Capital Outlay	6,746,124	-	6,746,124
Debt Service	15,879	-	15,879
Total Expenditures	27,301,305	-	27,301,305

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023

	Special Revenue Funds	Permanent Fund - School Trust Fund	Total Nonmajor Governmental Funds
Excess (Deficiency) of Revenues Over (Under) Expenditures	(166,963)	167	(166,796)
Other Financing Sources (Uses)			
Transfers In	164,776	-	164,776
Transfers Out	(684,792)	(182,046)	(866,838)
Subscription Issuance	271,034	-	271,034
Total Other Financing Sources (Uses)	(248,982)	(182,046)	(431,028)
Net Change in Fund Balances	(415,945)	(181,879)	(597,824)
Fund Balances, July 1, 2022	9,178,373	181,879	9,360,252
Purchase Method Inventory Adjustment	94,467	-	94,467
Fund Balance Adjusted	9,272,840	181,879	9,454,719
Fund Balances, June 30, 2023	\$ 8,856,895	-	8,856,895

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
June 30, 2023

	Freedom Hall Civic Center Fund	School Funds	Transportation Planning Fund	Drug Fund	Police Grant and Technology Fund	Community Development Fund	Senior Citizens Fund	Employee Scholarship Fund	Total Special Revenue Funds
ASSETS									
Cash and Cash Equivalents	\$ 872,217	5,274,577	-	1,437,863	215,774	2,682	333,356	24,015	8,160,484
Accounts Receivable (Net)	225	28,636	-	-	654	-	-	-	29,515
Notes Receivable	-	-	-	-	-	4,093	-	-	4,093
Due from Other Funds	-	7	-	-	-	-	-	-	7
Due from Federal Government	-	-	87,507	-	5,127	319,246	-	-	411,880
Due from State of Tennessee	-	3,348,358	23	-	-	21,144	-	-	3,369,525
Due from Local Governments	-	-	-	23,118	-	-	-	-	23,118
Inventories	-	324,700	-	-	-	-	-	-	324,700
Total Assets	\$ 872,442	8,976,278	87,530	1,460,981	221,555	347,165	333,356	24,015	12,323,322
LIABILITIES									
Accounts Payable	\$ 23,906	1,310,684	-	7,943	5,286	117,118	11,100	5,700	1,481,737
Accrued Payroll Expenditures	18,775	1,389,770	8,067	-	1,645	5,169	-	-	1,423,426
Accrued Expenditures	20,318	-	-	-	-	-	-	-	20,318
Due to Other Funds	9,171	5,693	-	-	-	-	-	-	14,864
Due to State of Tennessee	-	14,000	-	-	-	-	-	-	14,000
Unearned Revenue	353,004	-	-	155,818	-	3,260	-	-	512,082
Total Liabilities	425,174	2,720,147	8,067	163,761	6,931	125,547	11,100	5,700	3,466,427
FUND BALANCES									
Nonspendable	-	324,700	-	-	-	-	-	-	324,700
Restricted	-	5,922,574	-	1,297,220	212,909	212,326	322,256	18,315	7,985,600
Assigned	447,268	8,857	79,463	-	1,715	9,292	-	-	546,595
Total Fund Balances	447,268	6,256,131	79,463	1,297,220	214,624	221,618	322,256	18,315	8,856,895
Total Liabilities and Fund Balances	\$ 872,442	8,976,278	87,530	1,460,981	221,555	347,165	333,356	24,015	12,323,322

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2023

	Freedom Hall Civic Center Fund	School Funds	Transportation Planning Fund	Drug Fund	Police Grant and Technology Fund	Community Development Fund	Senior Citizens Fund	Employee Scholarship Fund	Total Special Revenue Funds
Revenues									
Federal Government	\$ -	18,268,261	258,491	-	172,297	626,249	-	-	19,325,298
State of Tennessee	-	1,516,702	-	-	-	201,126	-	-	1,717,828
Charges for Services	-	1,038,564	-	-	-	-	-	-	1,038,564
Fines and Forfeitures	-	-	-	20,792	216,455	-	-	-	237,247
Revenue from Use of Property	1,874,249	-	-	-	-	-	-	-	1,874,249
Investment Earnings	-	868	-	-	-	-	-	-	868
Miscellaneous	351,450	2,136,592	-	384,988	-	11,685	50,694	4,879	2,940,288
Total Revenues	2,225,699	22,960,987	258,491	405,780	388,752	839,060	50,694	4,879	27,134,342
Expenditures									
Current									
Public Safety	-	-	-	134,643	378,970	-	-	-	513,613
Public Welfare	-	-	-	-	-	799,184	-	-	799,184
Senior Citizens	-	-	-	-	-	-	46,439	-	46,439
Parks, Recreation, Culture and Leisure	2,684,348	-	-	-	-	-	-	-	2,684,348
Highway and Transportation Planning	-	-	283,657	-	-	-	-	-	283,657
Education	-	12,426,426	-	-	-	-	-	-	12,426,426
School Food Service	-	3,778,735	-	-	-	-	-	-	3,778,735
Miscellaneous	-	-	-	-	-	-	-	6,900	6,900
Capital Outlay	-	6,671,108	-	75,016	-	-	-	-	6,746,124
Debt Service	-	15,879	-	-	-	-	-	-	15,879
Total Expenditures	2,684,348	22,892,148	283,657	209,659	378,970	799,184	46,439	6,900	27,301,305

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2023

	Freedom Hall Civic Center Fund	School Funds	Transportation Planning Fund	Drug Fund	Police Grant and Technology Fund	Community Development Fund	Senior Citizens Fund	Employee Scholarship Fund	Total Special Revenue Funds
Excess (Deficiency) of Revenues Over (Under) Expenditures	(458,649)	68,839	(25,166)	196,121	9,782	39,876	4,255	(2,021)	(166,963)
Other Financing Sources (Uses)									
Transfers In	-	164,776	-	-	-	-	-	-	164,776
Transfers Out	-	(461,102)	(11,714)	-	-	(211,976)	-	-	(684,792)
Subscription Issuance	-	271,034	-	-	-	-	-	-	271,034
Total Other Financing Sources (Uses)	-	(25,292)	(11,714)	-	-	(211,976)	-	-	(248,982)
Net Change in Fund Balances	(458,649)	43,547	(36,880)	196,121	9,782	(172,100)	4,255	(2,021)	(415,945)
Fund Balances, July 1, 2022	905,917	6,118,117	116,343	1,101,099	204,842	393,718	318,001	20,336	9,178,373
Purchase Method Inventory Adjustment	-	94,467	-	-	-	-	-	-	94,467
Fund Balances, July 1, 2022 Adjusted	905,917	6,212,584	116,343	1,101,099	204,842	393,718	318,001	20,336	9,272,840
Fund Balances, June 30, 2023	\$ 447,268	6,256,131	79,463	1,297,220	214,624	221,618	322,256	18,315	8,856,895

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
COMBINING BALANCE SHEET
SCHOOL FUNDS
June 30, 2023

	School Federal Projects Fund	Special School Projects Fund	School Food Service Fund	Internal School Fund	Total School Funds
ASSETS					
Cash and Cash Equivalents	\$ 1	1	3,746,116	1,528,459	5,274,577
Accounts Receivable	-	-	4,174	24,462	28,636
Due from Other Funds	-	-	7	-	7
Due from State of Tennessee	2,168,823	854,839	324,696	-	3,348,358
Inventories	-	-	324,700	-	324,700
Total Assets	\$ 2,168,824	854,840	4,399,693	1,552,921	8,976,278
LIABILITIES					
Accounts Payable	\$ 1,171,625	13,711	106,021	19,327	1,310,684
Accrued Payroll Expenditures	648,452	741,157	161	-	1,389,770
Due to State of Tennessee	14,000	-	-	-	14,000
Due to Other Funds	-	-	5,693	-	5,693
Total Liabilities	1,834,077	754,868	111,875	19,327	2,720,147
FUND BALANCES					
Nonspendable	-	-	324,700	-	324,700
Restricted	334,747	99,972	3,954,261	1,533,594	5,922,574
Assigned	-	-	8,857	-	8,857
Total Fund Balances	334,747	99,972	4,287,818	1,533,594	6,256,131
Total Liabilities and Fund Balances	\$ 2,168,824	854,840	4,399,693	1,552,921	8,976,278

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
SCHOOL FUNDS
For the Fiscal Year Ended June 30, 2023

	School Federal Projects Fund	Special School Projects Fund	School Food Service Fund	Internal School Fund	Total School Funds
Revenues					
Federal Government	\$ 15,033,629	-	3,234,632	-	18,268,261
State of Tennessee	-	1,478,470	38,232	-	1,516,702
Charges for Services	-	-	1,038,564	-	1,038,564
Investment Earnings	-	-	868	-	868
Miscellaneous	-	-	36,677	2,099,915	2,136,592
Total Revenues	15,033,629	1,478,470	4,348,973	2,099,915	22,960,987
Expenditures					
Current					
Education	8,787,025	1,484,463	-	2,154,938	12,426,426
School Food Service	-	-	3,778,735	-	3,778,735
Capital Outlay	6,529,830	38,099	103,179	-	6,671,108
Debt Service	15,879	-	-	-	15,879
Total Expenditures	15,332,734	1,522,562	3,881,914	2,154,938	22,892,148
Excess (Deficiency) of Revenues Over (Under) Expenditures	(299,105)	(44,092)	467,059	(55,023)	68,839
Other Financing Sources (Uses)					
Transfers In	29,392	135,384	-	-	164,776
Transfers Out	(461,102)	-	-	-	(461,102)
Subscription Issuance	271,034	-	-	-	271,034
Total Other Financing Sources (Uses)	(160,676)	135,384	-	-	(25,292)
Net Change in Fund Balances	(459,781)	91,292	467,059	(55,023)	43,547
Fund Balances, July 1, 2022	794,528	8,680	3,726,292	1,588,617	6,118,117
Purchase Method Inventory Adjustment	-	-	94,467	-	94,467
Fund Balances, July 1, 2022 Adjusted	794,528	8,680	3,820,759	1,588,617	6,212,584
Fund Balances, June 30, 2023	\$ 334,747	99,972	4,287,818	1,533,594	6,256,131

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FREEDOM HALL CIVIC CENTER FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Revenue from Use of Property	\$ 1,275,500	1,275,500	1,874,249	598,749
Miscellaneous	202,000	202,000	351,450	149,450
Total Revenues	1,477,500	1,477,500	2,225,699	748,199
Expenditures				
Parks, Recreation, Culture and Leisure				
Building Materials	4,300	4,300	2,134	2,166
Fixed Charges	67,867	67,867	87,368	(19,501)
Personnel Services	528,213	528,213	511,783	16,430
Purchased Services	1,178,698	1,178,698	2,033,184	(854,486)
Supplies	74,175	74,175	49,879	24,296
Total Parks, Recreation, Culture and Leisure	1,853,253	1,853,253	2,684,348	(831,095)
Total Expenditures	1,853,253	1,853,253	2,684,348	(831,095)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(375,753)	(375,753)	(458,649)	(82,896)
Other Financing Sources (Uses)				
Transfer In	360,000	360,000	-	(360,000)
Total Other Financing Sources (Uses)	360,000	360,000	-	(360,000)
Net Change in Fund Balance	(15,753)	(15,753)	(458,649)	(442,896)
Fund Balance, July 1, 2022	905,917	905,917	905,917	-
Fund Balance, June 30, 2023	\$ 890,164	890,164	447,268	(442,896)

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SCHOOL FEDERAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Federal Government	\$ 21,704,241	18,822,568	15,033,629	(3,788,939)
Total Revenues	<u>21,704,241</u>	<u>18,822,568</u>	<u>15,033,629</u>	<u>(3,788,939)</u>
Expenditures				
Education				
Other	1,160,548	312,627	148,112	164,515
Personnel Services	9,912,546	9,763,200	7,501,478	2,261,722
Purchased Services	46,368	618,954	507,799	111,155
Supplies	845,713	915,479	629,636	285,843
Total Education	<u>11,965,175</u>	<u>11,610,260</u>	<u>8,787,025</u>	<u>2,823,235</u>
Capital Outlay	<u>9,739,066</u>	<u>7,212,308</u>	<u>6,529,830</u>	<u>682,478</u>
Debt Service - Principal	<u>-</u>	<u>-</u>	<u>15,879</u>	<u>(15,879)</u>
Total Expenditures	<u>21,704,241</u>	<u>18,822,568</u>	<u>15,332,734</u>	<u>3,489,834</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(299,105)</u>	<u>(299,105)</u>
Other Financing Sources (Uses)				
Transfer In	-	-	29,392	29,392
Transfer Out	-	-	(461,102)	(461,102)
Subscription Issuance	<u>-</u>	<u>-</u>	<u>271,034</u>	<u>271,034</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(160,676)</u>	<u>(160,676)</u>
Net Change in Fund Balance	-	-	(459,781)	(459,781)
Fund Balance, July 1, 2022	<u>794,528</u>	<u>794,528</u>	<u>794,528</u>	<u>-</u>
Fund Balance, June 30, 2023	<u>\$ 794,528</u>	<u>794,528</u>	<u>334,747</u>	<u>(459,781)</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SPECIAL SCHOOL PROJECTS FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State of Tennessee	\$ 643,623	2,757,225	1,478,470	(1,278,755)
Total Revenues	643,623	2,757,225	1,478,470	(1,278,755)
Expenditures				
Education				
Other	2,000	143,263	1,639	141,624
Personnel Services	554,333	1,874,495	1,363,231	511,264
Purchased Services	50,600	148,233	64,461	83,772
Supplies	2,119	61,940	55,132	6,808
Total Education	609,052	2,227,931	1,484,463	743,468
Capital Outlay	86,550	581,273	38,099	543,174
Total Expenditures	695,602	2,809,204	1,522,562	1,286,642
Excess (Deficiency) of Revenues Over (Under) Expenditures	(51,979)	(51,979)	(44,092)	7,887
Other Financing Sources (Uses)				
Transfer In	51,979	51,979	135,384	83,405
Total Other Financing Sources (Uses)	51,979	51,979	135,384	83,405
Net Change in Fund Balance	-	-	91,292	91,292
Fund Balance, July 1, 2022	8,680	8,680	8,680	-
Fund Balance, June 30, 2023	\$ 8,680	8,680	99,972	91,292

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SCHOOL FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Federal Government	\$ 3,866,450	3,866,450	3,234,632	(631,818)
State of Tennessee	35,000	35,000	38,232	3,232
Charges for Services	704,850	704,850	1,038,564	333,714
Investment Earnings	500	500	868	368
Miscellaneous	4,500	4,500	36,677	32,177
Total Revenues	4,611,300	4,611,300	4,348,973	(262,327)
Expenditures				
School Food Service				
Other	73,000	73,000	309,439	(236,439)
Personnel Services	1,974,904	1,974,904	1,632,382	342,522
Purchased Services	398,000	398,000	314,571	83,429
Supplies	1,821,896	1,821,896	1,522,343	299,553
Total School Food Service	4,267,800	4,267,800	3,778,735	489,065
Capital Outlay	343,500	343,500	103,179	240,321
Total Expenditures	4,611,300	4,611,300	3,881,914	729,386
Net Change in Fund Balance	-	-	467,059	467,059
Fund Balance, July 1, 2022	3,726,292	3,726,292	3,726,292	-
Purchase Method Inventory Adjustment	-	-	94,467	94,467
Fund Balance, July 1, 2022 Adjusted	3,726,292	3,726,292	3,820,759	94,467
Fund Balance, June 30, 2023	\$ 3,726,292	3,726,292	4,287,818	561,526

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
TRANSPORTATION PLANNING FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Federal Government	\$ 279,546	279,546	258,491	(21,055)
Total Revenues	279,546	279,546	258,491	(21,055)
Expenditures				
Highway and Transportation Planning				
Fixed Charges	7,955	7,955	7,458	497
Personnel Services	217,214	217,214	220,791	(3,577)
Purchased Services	100,865	100,865	49,414	51,451
Supplies	8,400	8,400	5,994	2,406
Total Highway and Transportation Planning	334,434	334,434	283,657	50,777
Total Expenditures	334,434	334,434	283,657	50,777
Excess (Deficiency) of Revenues Over (Under) Expenditures	(54,888)	(54,888)	(25,166)	29,722
Other Financing Sources (Uses)				
Transfer In	55,000	55,000	-	(55,000)
Transfer Out	-	-	(11,714)	(11,714)
Total Other Financing Sources (Uses)	55,000	55,000	(11,714)	(66,714)
Net Change in Fund Balance	112	112	(36,880)	(36,992)
Fund Balance, July 1, 2022	116,343	116,343	116,343	-
Fund Balance, June 30, 2023	\$ 116,455	116,455	79,463	(36,992)

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
DRUG FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$ 30,000	30,000	20,792	(9,208)
Miscellaneous	85,000	85,000	384,988	299,988
Total Revenues	115,000	115,000	405,780	290,780
Expenditures				
Public Safety				
Other	35,000	35,000	74,145	(39,145)
Purchased Services	15,000	15,000	21,056	(6,056)
Supplies	50,000	50,000	39,442	10,558
Total Public Safety	100,000	100,000	134,643	(34,643)
Capital Outlay	124,400	124,400	75,016	49,384
Total Expenditures	224,400	224,400	209,659	14,741
Net Change in Fund Balance	(109,400)	(109,400)	196,121	305,521
Fund Balance, July 1, 2022	1,101,099	1,101,099	1,101,099	-
Fund Balance, June 30, 2023	\$ 991,699	991,699	1,297,220	305,521

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
POLICE GRANT AND TECHNOLOGY FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Federal Government	\$ 157,406	157,406	172,297	14,891
Fines and Forfeitures	260,000	260,000	216,455	(43,545)
Total Revenues	<u>417,406</u>	<u>417,406</u>	<u>388,752</u>	<u>(28,654)</u>
Expenditures				
Public Safety				
Fixed Charges	182,704	182,704	171,016	11,688
Personnel Services	95,367	95,367	114,786	(19,419)
Purchased Services	36,188	36,188	38,328	(2,140)
Supplies	55,251	55,251	54,840	411
Total Public Safety	<u>369,510</u>	<u>369,510</u>	<u>378,970</u>	<u>(9,460)</u>
Total Expenditures	<u>369,510</u>	<u>369,510</u>	<u>378,970</u>	<u>(9,460)</u>
Net Change in Fund Balance	47,896	47,896	9,782	(38,114)
Fund Balance, July 1, 2022	<u>204,842</u>	<u>204,842</u>	<u>204,842</u>	<u>-</u>
Fund Balance, June 30, 2023	<u>\$ 252,738</u>	<u>252,738</u>	<u>214,624</u>	<u>(38,114)</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Federal Government	\$ 760,000	760,000	626,249	(133,751)
State of Tennessee	161,250	161,250	201,126	39,876
Miscellaneous	-	-	11,685	11,685
Total Revenues	921,250	921,250	839,060	(82,190)
Expenditures				
Public Welfare				
Personnel Services	80,000	80,000	53,705	26,295
Other	680,000	680,000	556,756	123,244
Purchased Services	11,250	11,250	38,723	(27,473)
Special Appropriations	150,000	150,000	150,000	-
Total Public Welfare	921,250	921,250	799,184	122,066
Total Expenditures	921,250	921,250	799,184	122,066
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	39,876	39,876
Other Financing Sources (Uses)				
Transfer Out	-	-	(211,976)	(211,976)
Total Other Financing Sources (Uses)	-	-	(211,976)	(211,976)
Net Change in Fund Balance	-	-	(172,100)	(172,100)
Fund Balance, July 1, 2022	393,718	393,718	393,718	-
Fund Balance, June 30, 2023	\$ 393,718	393,718	221,618	(172,100)

See Independent Auditors' Report.

NONMAJOR PROPRIETARY FUNDS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business, where the intent of the City is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the determination of net income is an important measurement of performance.

Regional Solid Waste Fund accounts for the activities of the City's regional residential garbage, refuse collection and recycling activities.

Mass Transit Fund accounts for the activities funded by federal grants from the Federal Transportation Administration and state grants provided from federal funds for support of local government transportation programs.

Stormwater Management Fund accounts for the activities of the City's stormwater and drainage management system.

Johnson City Public Building Authority accounts for the activities of the PBA, a blended component unit of the City. The PBA's main activity is to design, plan, acquire property and construct projects delegated to the PBA by the Board of Commissioners. The primary source of revenue is rental income.

CITY OF JOHNSON CITY, TENNESSEE
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2023

	Regional Solid Waste Fund	Mass Transit Fund	Stormwater Management Fund	Johnson City Public Building Authority	Total Nonmajor Proprietary Funds
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 3,819,529	4,920	3,015,223	122,950	6,962,622
Investments	-	-	-	317,748	317,748
Accounts Receivable (Net)	104,970	1,892	179,315	-	286,177
Due from Federal Government	-	2,173,984	-	-	2,173,984
Due from State of Tennessee	-	869,791	-	-	869,791
Total Current Assets	3,924,499	3,050,587	3,194,538	440,698	10,610,322
Capital Assets					
Land	-	205,990	5,085,108	-	5,291,098
Buildings and Improvements	179,207	2,930,484	10,614,764	-	13,724,455
Equipment and Vehicles	4,439,355	7,932,663	1,659,942	-	14,031,960
Less: Accumulated Depreciation	(2,986,453)	(5,907,588)	(3,395,695)	-	(12,289,736)
Construction in Progress	-	-	4,847,186	-	4,847,186
Net Capital Assets	1,632,109	5,161,549	18,811,305	-	25,604,963
Restricted Assets					
Investments	-	-	4,202,642	-	4,202,642
Total Restricted Assets	-	-	4,202,642	-	4,202,642
Total Assets	5,556,608	8,212,136	26,208,485	440,698	40,417,927
DEFERRED OUTFLOWS OF RESOURCES					
Pension Contributions After Measurement Date	90,395	208,262	28,193	-	326,850
Pension Changes in Experience	59,364	127,935	29,455	-	216,754
Pension Changes in Assumptions	64,936	163,677	32,121	-	260,734
Pension Changes in Investment Earnings (Net)	9,959	-	5,041	-	15,000
Total Deferred Outflows of Resources	224,654	499,874	94,810	-	819,338
LIABILITIES					
Current Liabilities					
Accounts Payable	170,748	4,340	450,993	8,082	634,163
Accrued Payroll Expenses	44,036	98,861	13,439	-	156,336
Accrued Expenses	784	-	-	-	784
Accrued Interest Payable	-	-	81,431	-	81,431
Customer Deposits	29,779	-	10,196	-	39,975
Retainages Payable	-	-	30,516	-	30,516
Compensated Absences - Current Portion	4,682	8,679	943	-	14,304
Notes and Bonds Payable - Current Portion	-	-	449,000	-	449,000
Total Current Liabilities	250,029	111,880	1,036,518	8,082	1,406,509

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2023

	Regional Solid Waste Fund	Mass Transit Fund	Stormwater Management Fund	Johnson City Public Building Authority	Total Nonmajor Proprietary Funds
LIABILITIES (CONTINUED)					
Noncurrent Liabilities					
Compensated Absences Payable	107,047	192,943	22,170	-	322,160
Net Pension Liability	69,772	159,455	19,520	-	248,747
Notes and Bonds Payable (Net)	-	-	8,881,410	-	8,881,410
Total Noncurrent Liabilities	<u>176,819</u>	<u>352,398</u>	<u>8,923,100</u>	<u>-</u>	<u>9,452,317</u>
Total Liabilities	<u>426,848</u>	<u>464,278</u>	<u>9,959,618</u>	<u>8,082</u>	<u>10,858,826</u>
DEFERRED INFLOWS OF RESOURCES					
Pension Changes in Investment Earnings (Net)	-	68,909	-	-	68,909
Total Deferred Inflows of Resources	<u>-</u>	<u>68,909</u>	<u>-</u>	<u>-</u>	<u>68,909</u>
NET POSITION					
Net Investment in Capital Assets	1,632,109	5,161,549	13,683,537	-	20,477,195
Restricted for:					
Capital Improvements - Unspent Bond Proceeds	-	-	4,202,642	-	4,202,642
Unrestricted	<u>3,722,305</u>	<u>3,017,274</u>	<u>(1,542,502)</u>	<u>432,616</u>	<u>5,629,693</u>
Total Net Position	<u>\$ 5,354,414</u>	<u>8,178,823</u>	<u>16,343,677</u>	<u>432,616</u>	<u>30,309,530</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023

	Regional Solid Waste Fund	Mass Transit Fund	Stormwater Management Fund	Johnson City Public Building Authority	Total Nonmajor Proprietary Funds
Operating Revenues					
Charges for Services (Net)	\$ 4,167,393	397,633	3,383,176	-	7,948,202
Other Revenue	-	31,603	25,639	-	57,242
Total Operating Revenues	<u>4,167,393</u>	<u>429,236</u>	<u>3,408,815</u>	<u>-</u>	<u>8,005,444</u>
Operating Expenses					
Administration	377,784	-	256,615	315,072	949,471
Personnel Services	1,403,707	3,287,114	554,904	-	5,245,725
Contractual Services	1,028,578	127,089	55,047	5,019	1,215,733
Materials and Supplies	131,056	258,930	108,980	1,769	500,735
Repairs and Maintenance	954,126	588,992	161,047	-	1,704,165
Other Operating Expenses	5,524	81,953	60,233	23,204	170,914
Depreciation and Amortization	384,699	568,241	341,501	-	1,294,441
Total Operating Expenses	<u>4,285,474</u>	<u>4,912,319</u>	<u>1,538,327</u>	<u>345,064</u>	<u>11,081,184</u>
Operating Income (Loss)	<u>(118,081)</u>	<u>(4,483,083)</u>	<u>1,870,488</u>	<u>(345,064)</u>	<u>(3,075,740)</u>
Nonoperating Revenues (Expenses)					
Investment Income (Loss)	-	147	(31,995)	22,491	(9,357)
Operating Grants	-	2,768,613	-	-	2,768,613
Interest Expenses and Commissions	-	-	(279,588)	-	(279,588)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>2,768,760</u>	<u>(311,583)</u>	<u>22,491</u>	<u>2,479,668</u>
Income (Loss) Before Transfers and Capital Contributions	<u>(118,081)</u>	<u>(1,714,323)</u>	<u>1,558,905</u>	<u>(322,573)</u>	<u>(596,072)</u>
Transfers and Capital Contributions					
Transfers In	-	2,233,319	-	-	2,233,319
Federal Capital Grant Revenue	-	268,238	-	-	268,238
State Capital Grant Revenue	-	6,924	-	-	6,924
Total Transfers and Capital Contributions	<u>-</u>	<u>2,508,481</u>	<u>-</u>	<u>-</u>	<u>2,508,481</u>
Change in Net Position	<u>(118,081)</u>	<u>794,158</u>	<u>1,558,905</u>	<u>(322,573)</u>	<u>1,912,409</u>
Net Position, July 1, 2022	<u>5,472,495</u>	<u>7,384,665</u>	<u>14,784,772</u>	<u>755,189</u>	<u>28,397,121</u>
Net Position, June 30, 2023	<u>\$ 5,354,414</u>	<u>8,178,823</u>	<u>16,343,677</u>	<u>432,616</u>	<u>30,309,530</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023

	Regional Solid Waste Fund	Mass Transit Fund	Stormwater Management Fund	Johnson City Public Building Authority	Total Nonmajor Proprietary Funds
Cash Flows from Operating Activities					
Receipts from Customers and Users	\$ 4,126,985	433,847	3,404,578	-	7,965,410
Payments to Employees	(1,336,047)	(3,133,528)	(553,333)	-	(5,022,908)
Payments to Suppliers	(2,407,944)	(559,535)	(32,446)	(337,053)	(3,336,978)
Payments for Interfund Services Used	-	(510,302)	(387,375)	-	(897,677)
Net Cash Provided by (Used for) Operating Activities	382,994	(3,769,518)	2,431,424	(337,053)	(1,292,153)
Cash Flows from Noncapital Financing Activities					
Transfers from Other Funds	-	2,233,319	-	-	2,233,319
Operating Grants Received	-	1,653,323	-	-	1,653,323
Net Cash Provided by (Used for) Noncapital Financing Activities	-	3,886,642	-	-	3,886,642
Cash Flows from Capital and Related Financing Activities					
Purchase of Capital Assets	-	(240,536)	(1,699,354)	-	(1,939,890)
Capital Grants Received	-	125,751	-	-	125,751
Principal Paid on Capital Debt	-	-	(456,000)	-	(456,000)
Construction Retainage	-	-	(5,399)	-	(5,399)
Interest Paid on Capital Debt	-	-	(317,616)	-	(317,616)
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	(114,785)	(2,478,369)	-	(2,593,154)
Cash Flows from Investing Activities					
Interest and Related Income/Expenses on Investments	-	147	-	22,491	22,638
Purchase of Investments	-	-	-	(11,427)	(11,427)
Sale of Investments	-	-	1,208,071	-	1,208,071
Net Cash Provided by (Used for) Investing Activities	-	147	1,208,071	11,064	1,219,282
Net Increase (Decrease) in Cash and Cash Equivalents	382,994	2,486	1,161,126	(325,989)	1,220,617
Cash and Cash Equivalents, July 1, 2022	3,436,535	2,434	1,854,097	448,939	5,742,005
Cash and Cash Equivalents, June 30, 2023	\$ 3,819,529	4,920	3,015,223	122,950	6,962,622

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023

	Regional Solid Waste Fund	Mass Transit Fund	Stormwater Management Fund	Johnson City Public Building Authority	Total Nonmajor Proprietary Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating Income (Loss)	\$ (118,081)	(4,483,083)	1,870,488	(345,064)	(3,075,740)
Adjustments:					
Depreciation and Amortization	384,699	568,241	341,501	-	1,294,441
Change in Net Pension Liability (Asset)	456,487	994,035	211,521	-	1,662,043
Change in Lease Receivable	-	10,353	-	-	10,353
Change in the Allowance for Uncollectible Receivables	-	-	(11,235)	-	(11,235)
(Increase) Decrease in Deferred Outflows Related to Pensions	(313,619)	(683,571)	(144,191)	-	(1,141,381)
Increase (Decrease) in Deferred Inflows Related to Pensions	(123,836)	(266,431)	(61,485)	-	(451,752)
Increase (Decrease) in Deferred Inflows Related to Leases	-	(11,171)	-	-	(11,171)
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(41,520)	5,429	7,246	-	(28,845)
Increase (Decrease) in Accounts Payable and Accrued Expenses	89,005	(12,873)	222,101	8,011	306,244
Increase (Decrease) in Accrued Payroll Expenses	9,802	19,248	(2,300)	-	26,750
Increase (Decrease) in Other Payables	119	-	-	-	119
Increase (Decrease) in Compensated Absences	38,826	90,305	(1,974)	-	127,157
Increase (Decrease) in Contractor Deposits	1,112	-	(248)	-	864
Net Cash Provided by (Used for) Operating Activities	<u>\$ 382,994</u>	<u>(3,769,518)</u>	<u>2,431,424</u>	<u>(337,053)</u>	<u>(1,292,153)</u>

Non-Cash Capital and Related Financing Activities

Stormwater Management Fund

Amortization of Bond Premium totaling \$56,541 included in interest expense on the Combining Statement of Revenues, Expenses, and Changes in Net Position.

See Independent Auditors' Report.

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to another department or agency on a cost-reimbursement basis.

Insurance Fund accounts for self-insured health and workers' compensation insurance.

Fleet Management Fund accounts for the maintenance and repair of the City's fleet of various motor vehicles.

CITY OF JOHNSON CITY, TENNESSEE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2023

	Insurance Fund	Fleet Management Fund	Total Internal Service Funds
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 7,252,325	-	7,252,325
Accounts Receivable (Net)	598,509	1,647	600,156
Due from Other Funds	-	12,970	12,970
Inventories	-	640,203	640,203
Total Current Assets	<u>7,850,834</u>	<u>654,820</u>	<u>8,505,654</u>
Capital Assets			
Buildings and Improvements	-	311,001	311,001
Equipment and Vehicles	-	3,775,108	3,775,108
Less: Accumulated Depreciation	-	(1,663,421)	(1,663,421)
Net Capital Assets	<u>-</u>	<u>2,422,688</u>	<u>2,422,688</u>
Total Assets	<u>7,850,834</u>	<u>3,077,508</u>	<u>10,928,342</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Contributions After Measurement Date	17,784	206,788	224,572
Pension Changes in Experience	26,714	146,381	173,095
Pension Changes in Assumptions	25,578	161,992	187,570
Pension Changes in Investment Earnings (Net)	14,439	1,170	15,609
Total Deferred Outflows of Resources	<u>84,515</u>	<u>516,331</u>	<u>600,846</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	106,514	154,372	260,886
Accrued Payroll Expenses	4,668	82,513	87,181
Accrued Expenses	5,317,108	-	5,317,108
Accrued Interest Payable	-	23,264	23,264
Compensated Absences - Current Portion	185	9,852	10,037
Notes and Bonds Payable - Current Portion	-	252,028	252,028
Total Current Liabilities	<u>5,428,475</u>	<u>522,029</u>	<u>5,950,504</u>

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2023

	Insurance Fund	Fleet Management Fund	Total Internal Service Funds
LIABILITIES (CONTINUED)			
Noncurrent Liabilities			
Notes and Bonds Payable (Net)	-	1,469,405	1,469,405
Compensated Absences Payable	4,100	226,234	230,334
Net Pension Liability	4,976	137,864	142,840
Total Noncurrent Liabilities	<u>9,076</u>	<u>1,833,503</u>	<u>1,842,579</u>
Total Liabilities	<u>5,437,551</u>	<u>2,355,532</u>	<u>7,793,083</u>
NET POSITION			
Net Investment in Capital Assets	-	701,255	701,255
Unrestricted	<u>2,497,798</u>	<u>537,052</u>	<u>3,034,850</u>
Total Net Position	<u>\$ 2,497,798</u>	<u>1,238,307</u>	<u>3,736,105</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2023

	Insurance Fund	Fleet Management Fund	Total Internal Service Funds
Operating Revenues			
Charges for Services (Net)	\$ 13,876,333	9,708,572	23,584,905
Other Revenue	1,409,372	8,263	1,417,635
Total Operating Revenues	<u>15,285,705</u>	<u>9,716,835</u>	<u>25,002,540</u>
Operating Expenses			
Personnel Services	268,719	2,536,698	2,805,417
Contractual Services	16,394,414	163,279	16,557,693
Materials and Supplies	-	36,040	36,040
Repairs and Maintenance	-	6,298,301	6,298,301
Other Operating Expenses	-	199,714	199,714
Depreciation and Amortization	-	338,465	338,465
Total Operating Expenses	<u>16,663,133</u>	<u>9,572,497</u>	<u>26,235,630</u>
Operating Income (Loss)	<u>(1,377,428)</u>	<u>144,338</u>	<u>(1,233,090)</u>
Nonoperating Revenues (Expenses)			
Investment Income	39,546	-	39,546
Interest Expenses and Commissions	-	(59,266)	(59,266)
Total Nonoperating Revenues (Expenses)	<u>39,546</u>	<u>(59,266)</u>	<u>(19,720)</u>
Income (Loss) Before Transfers	<u>(1,337,882)</u>	<u>85,072</u>	<u>(1,252,810)</u>
Transfers			
Transfers In	-	244,699	244,699
Change in Net Position	<u>(1,337,882)</u>	<u>329,771</u>	<u>(1,008,111)</u>
Net Position, July 1, 2022	<u>3,835,680</u>	<u>908,536</u>	<u>4,744,216</u>
Net Position, June 30, 2023	<u>\$ 2,497,798</u>	<u>1,238,307</u>	<u>3,736,105</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2023

	Insurance Fund	Fleet Management Fund	Total Internal Service Funds
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ -	26,996	26,996
Receipts from Interfund Services Provided	15,285,705	9,694,396	24,980,101
Payments to Employees	(292,755)	(2,480,978)	(2,773,733)
Payments to Suppliers	(17,249,681)	(6,877,104)	(24,126,785)
Payments for Interfund Services Used	-	(12,637)	(12,637)
Net Cash Provided by (Used for) Operating Activities	<u>(2,256,731)</u>	<u>350,673</u>	<u>(1,906,058)</u>
Cash Flows from Noncapital Financing Activities			
Transfers from Other Funds	-	244,699	244,699
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>-</u>	<u>244,699</u>	<u>244,699</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	-	(227,368)	(227,368)
Payments on Long-Term Debt	-	(242,335)	(242,335)
Interest Paid on Long-Term Debt	-	(81,910)	(81,910)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>-</u>	<u>(551,613)</u>	<u>(551,613)</u>
Cash Flows from Investing Activities			
Interest Received	39,546	-	39,546
Net Cash Provided by (Used for) Investing Activities	<u>39,546</u>	<u>-</u>	<u>39,546</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,217,185)	43,759	(2,173,426)
Cash and Cash Equivalents, July 1, 2022	<u>9,469,510</u>	<u>(43,759)</u>	<u>9,425,751</u>
Cash and Cash Equivalents, June 30, 2023	<u>\$ 7,252,325</u>	<u>-</u>	<u>7,252,325</u>

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2023

	Insurance Fund	Fleet Management Fund	Total Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ (1,377,428)	144,338	(1,233,090)
Adjustments:			
Depreciation and Amortization	-	338,465	338,465
(Increase) Decrease in Deferred Pension Outflows	(118,727)	(744,222)	(862,949)
Increase (Decrease) in Deferred Pension Inflows	(55,636)	(304,722)	(360,358)
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(216,739)	667	(216,072)
(Increase) Decrease in Due from Other Funds	-	3,890	3,890
(Increase) Decrease in Inventories	-	54,642	54,642
Increase (Decrease) in Accounts Payable	(170,943)	(247,049)	(417,992)
Increase (Decrease) in Accrued Payroll Expenses	(5,187)	(21,167)	(26,354)
Increase (Decrease) in Compensated Absences	(22,662)	32,787	10,125
Increase (Decrease) in Net Pension Liability	178,176	1,093,044	1,271,220
Increase (Decrease) in Other Liabilities	(467,585)	-	(467,585)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (2,256,731)</u>	<u>350,673</u>	<u>(1,906,058)</u>

Non-Cash Capital and Related Financing Activities

Fleet Management Fund

- Amortization of Bond Premium totaling \$18,605 included in interest expense on the Combining Statement of Revenues, Expenses, and Changes in Net Position.

See Independent Auditors' Report.

**CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

The following schedules present only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the following amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

CITY OF JOHNSON CITY, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE
June 30, 2023

Governmental Funds Capital Assets	2023	2022
Land	\$ 30,053,140	\$ 30,958,481
Buildings and Improvements	292,746,803	280,021,050
Right-to-Use Leased Assets	266,996	266,996
Intangible Right-to-Use Software Agreements *	8,895,774	8,895,774
Equipment and Vehicles	54,459,983	51,928,644
Infrastructure	188,365,564	187,561,942
Intellectual Property	5,500	5,500
Artwork	323,150	265,150
Construction in Progress	52,410,373	28,593,207
 Total Governmental Funds Capital Assets	 \$ 627,527,283	 \$ 588,496,744
 Investments in Governmental Funds Capital Assets by Source		
General Fund	\$ 317,199,056	\$ 311,996,998
General Purpose School Fund	234,629,557	225,575,860
Special Revenue Funds	21,515,330	20,557,712
Capital Project Fund	1,772,967	1,772,967
Construction in Progress	52,410,373	28,593,207
 Total Investments in Governmental Funds Capital Assets by Source	 \$ 627,527,283	 \$ 588,496,744

*New category for the City's subscription-based information technology arrangements, and the related accumulated amortization, have been added due to the implementation of GASB Statement No. 96, Subscription-Based Information Technology Arrangements.

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2023

Function and Activity	Land	Buildings and Improvements	Right-to-Use Leased Assets	Intangible Right-to-Use Software Agreements *	Equipment and Vehicles	Infrastructure	Intellectual Property	Artwork	Construction in Progress	Total
General Government:										
General Administration	\$ 6,988,956	20,089,332	266,996	8,895,774	2,167,841	786,701	-	-	-	39,195,600
Information Technology	-	-	-	-	2,577,445	-	-	-	3,661,868	6,239,313
Total General Government	6,988,956	20,089,332	266,996	8,895,774	4,745,286	786,701	-	-	3,661,868	45,434,913
Education:										
General Operations	9,129,710	217,170,966	-	-	6,257,637	2,301,109	5,500	-	14,771,625	249,636,547
Food Service	-	-	-	-	2,729,955	-	-	-	-	2,729,955
Student Transit	-	-	-	-	5,377,617	-	-	-	-	5,377,617
Total Education	9,129,710	217,170,966	-	-	14,365,209	2,301,109	5,500	-	14,771,625	257,744,119
Parks, Recreation, Culture and Leisure										
	4,938,551	40,079,859	-	-	5,758,121	6,955,882	-	-	17,778,099	75,510,512
Public Works:										
Public Services	6,835,070	831,816	-	-	11,058,888	178,321,872	-	323,150	16,198,781	213,569,577
Recycling	-	462,980	-	-	-	-	-	-	-	462,980
Total Public Works	6,835,070	1,294,796	-	-	11,058,888	178,321,872	-	323,150	16,198,781	214,032,557
Public Safety:										
Police	-	1,521,026	-	-	8,907,916	-	-	-	-	10,428,942
Fire	-	5,581,969	-	-	9,462,445	-	-	-	-	15,044,414
Civil Defense	-	-	-	-	26,220	-	-	-	-	26,220
Total Public Safety	-	7,102,995	-	-	18,396,581	-	-	-	-	25,499,576
City Service:										
Library	2,160,853	7,008,855	-	-	-	-	-	-	-	9,169,708
Community Development	-	-	-	-	47,487	-	-	-	-	47,487
Metropolitan Transportation Planning	-	-	-	-	88,411	-	-	-	-	88,411
Total City Service	2,160,853	7,008,855	-	-	135,898	-	-	-	-	9,305,606
Total Governmental Funds										
Capital Assets	\$ 30,053,140	292,746,803	266,996	8,895,774	54,459,983	188,365,564	5,500	323,150	52,410,373	627,527,283

*New category for the City's subscription-based information technology arrangements, and the related accumulated amortization, have been added due to the implementation of GASB Statement No. 96, Subscription-Based Information Technology Arrangements.

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
For the Fiscal Year Ended June 30, 2023

Function and Activity	Governmental Funds Capital Assets as Restated June 30, 2022	Additions	Deletions	Transfers and Adjustments	Governmental Funds Capital Assets June 30, 2023
General Government:					
General Administration *	\$ 30,163,105	9,054,094	(21,599)	-	39,195,600
Information Technology	5,857,093	382,220	-	-	6,239,313
Total General Government	<u>36,020,198</u>	<u>9,436,314</u>	<u>(21,599)</u>	<u>-</u>	<u>45,434,913</u>
Education:					
General Operations	238,615,921	11,040,023	-	(19,397)	249,636,547
Food Service	2,729,955	-	-	-	2,729,955
Student Transit	5,377,617	-	-	-	5,377,617
Total Education	<u>246,723,493</u>	<u>11,040,023</u>	<u>-</u>	<u>(19,397)</u>	<u>257,744,119</u>
Parks, Recreation, Culture and Leisure	<u>58,105,020</u>	<u>17,443,457</u>	<u>-</u>	<u>(37,965)</u>	<u>75,510,512</u>
Public Works:					
Public Services	204,796,393	8,773,184	-	-	213,569,577
Recycling	462,980	-	-	-	462,980
Total Public Works	<u>205,259,373</u>	<u>8,773,184</u>	<u>-</u>	<u>-</u>	<u>214,032,557</u>
Public Safety:					
Police	9,409,355	1,128,114	(79,122)	(29,405)	10,428,942
Fire	14,717,434	358,065	(31,085)	-	15,044,414
Civil Defense	60,491	-	(34,271)	-	26,220
Total Public Safety	<u>24,187,280</u>	<u>1,486,179</u>	<u>(144,478)</u>	<u>(29,405)</u>	<u>25,499,576</u>
City Service:					
Library	9,169,708	-	-	-	9,169,708
Community Development	47,487	-	-	-	47,487
Metropolitan Transportation Planning	88,411	-	-	-	88,411
Total City Service	<u>9,305,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,305,606</u>
Total Governmental Funds					
Capital Assets	<u>\$ 579,600,970</u>	<u>48,179,157</u>	<u>(166,077)</u>	<u>(86,767)</u>	<u>627,527,283</u>

*This Function and Activity includes the City's subscription-based information technology arrangements, and the related accumulated amortization, have been added due to the implementation of GASB Statement No. 96, Subscription-Based Information Technology Arrangements.

See Independent Auditors' Report.

**SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Number	Contract Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Agriculture:				
Pass-through State Department of Education:				
Child Nutrition Cluster:				
National School Breakfast Program	10.553	N/A	N/A	\$ 605,904
National School Lunch Program	10.555	N/A	N/A	1,874,303
Total Child Nutrition Cluster				<u>2,480,207</u>
Supply Chain Assistance Grant	10.555	N/A	N/A	398,895
National School Snack Program - Cooperative Extension Service	10.500	N/A	N/A	93,037
Pass-through State Department of Agriculture through the Northeast Tennessee Cooperative:				
National School Lunch Program (Commodities - Noncash Assistance)	10.565	N/A	N/A	386,688
Total U.S. Department of Agriculture				<u>3,358,827</u>
U.S. Department of Health and Human Services:				
Pass-through State of Tennessee Department of Education				
Epidemiology and Laboratory Capacity	93.323	N/A	N/A	1,205,227
Temporary Assistance for Needy Families - Learning Camps	93.558	N/A	N/A	208,023
COVID-19 ARP Childcare Grant	93.575	N/A	N/A	207,763
Total U.S. Department of Health and Human Services				<u>1,621,013</u>
U.S. Department of Housing and Urban Development:				
Direct Programs:				
Community Development Block Grant	14.218	B-MC-47-0008	N/A	318,493
Total U.S. Department of Housing and Urban Development				<u>318,493</u>

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CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Number	Contract Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Justice:				
Direct Programs:				
Edward Byrne Memorial Justice Assistance Grant Program				
Edward Byrne Memorial Justice Assistance Grant	16.738	2020-H9280-TN-DJ	N/A	13,821
Edward Byrne Memorial Justice Assistance Grant	16.738	15PBJA-15-GG-02524-JAGX	N/A	20,250
Total Edward Byrne Memorial Justice Assistance Grant Program				<u>34,071</u>
 Bullet Proof Vest Program				
Bullet Proof Vest	16.607	2000-BU-BX-01007843	N/A	600
Total Bullet Proof Vest Program				<u>600</u>
 Personal Protective Supplies & Response Program				
COVID-19 Personal Protective Supplies	16.034	2020-VD-BX-1591	N/A	10,996
Total Personal Protective Supplies & Response Program				<u>10,996</u>
 Pass-through State Department of Justice:				
Criminal Justice Program				
JAG-VOCA	16.575	N/A	N/A	91,071
Total Criminal Justice Program				<u>91,071</u>
Total U.S. Department of Justice				<u>136,738</u>
 U.S. Department of Transportation:				
Direct Programs:				
Federal Transit Cluster:				
Federal Transit Formula Grants #TN-2019-036-01 (Operating)	20.507	N/A	N/A	20,096
Federal Transit Formula Grants #TN-2020-016-01 (5307 CARES Operating)	20.507	N/A	N/A	848
Federal Transit Formula Grants #TN-2020-016-00 (5307 CARES Capital)	20.507	N/A	N/A	1,459
Federal Transit Formula Grants #TN-2020-020 (Operating)	20.507	N/A	N/A	118,584
Federal Transit Formula Grants #TN-2020-031-00 (5339 Capital)	20.507	N/A	N/A	192,300
Federal Transit Formula Grants #TN-2022-020 (Operating)	20.507	N/A	N/A	1,766,218
Federal Transit Formula Grants #TN-2022-020 (Capital)	20.507	N/A	N/A	22,667
Federal Transit Formula Grants #TN-90-2016-028-01 (Section 5339 Capital)	20.507	N/A	N/A	27,266
Federal Transit Formula Grants #TN-90-2018-046-00 (Section 5307 Capital)	20.507	N/A	N/A	8,203
Federal Transit Formula Grants #TN-90-2019-036-00 (Section 5307 Capital)	20.507	N/A	N/A	16,343
Total Federal Transit Cluster				<u>2,173,984</u>

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Number	Contract Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Pass-through State Department of Transportation:				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	Z-14MPO006	N/A	258,491
Highway Planning and Construction	20.205	N/A	N/A	280,000
Total Highway Planning and Construction Cluster				<u>538,491</u>
New Freedom				
New Freedom #TN-57-X008-01 (Operating)	20.521	N/A	N/A	14,920
Total New Freedom				<u>14,920</u>
Job Access				
Job Access - Operating TN37-Z087-01	20.516	N/A	N/A	28,137
Total Job Access				<u>28,137</u>
Alcohol Open Container Requirements Program				
Alcohol Open Container Requirements - Safer Streets XIV 2022	20.607	N/A	Z22THS144	10,583
Alcohol Open Container Requirements - Safer Streets	20.607	N/A	Z23THS137	35,845
Total Alcohol Open Container Requirements Program				<u>46,428</u>
Total U.S. Department of Transportation				<u>2,801,960</u>
U.S. Department of Homeland Security/FEMA				
Assistance to Firefighters Grant	97.044	EMW-2013-FO-02002	N/A	230,749
Total U.S. Department of Homeland Security/FEMA				<u>230,749</u>
U.S. Department of Treasury				
COVID-19 American Rescue Plan Act (ARPA)	21.027	N/A	N/A	2,579,981
Total U.S. Department of Treasury				<u>2,579,981</u>
U.S. Environmental Protection Agency:				
Pass-through State of Tennessee Environmental Protection Agency CWSRF Cluster				
State Revolving Loan Funds	66.458	State Revolving Loan	N/A	1,898,443
Total U.S. Environmental Protection Agency				<u>1,898,443</u>

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CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Number	Contract Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Education:				
Pass-through State Department of Education:				
Special Education Cluster (IDEA):				
Special Education - Grants to States (IDEA)	84.027	N/A	H027A210052	1,901,482
Special Education - ARP IDEA	84.027X	ARP IDEA	H027X210052	227,582
ARP IDEA PreSchool	84.027X	ARP IDEA	N/A	25,954
Preschool Incentive Project	84.173	N/A	H173A210095	44,929
Total Special Education Cluster (IDEA)				<u>2,199,947</u>
Title I Grants to Local Educational Agencies	84.010	N/A	S010A210042	1,911,252
Title I-D	84.010	N/A	S010A210042	34,747
Career and Technical Education - Carl Perkins	84.048A	N/A	V048A210042	198,412
Title IV Student Support and Academic Enrichment	84.424	N/A	S424A210044	153,909
Education for Homeless Children and Youth	84.196	N/A	S196A210044	64,320
21st Century Community Learning Center	84.287C	N/A	S287C210043	284,278
Title II, Part A, Improving Teacher Quality State Grants	84.367A	N/A	S367A210040	318,424
Title III, Immigrant and English Language Acquisition State Grants	84.365A	N/A	S365A210042	57,553
Literacy Training Stipend	84.371C	N/A	N/A	14,000
COVID-19 Elementary and Secondary School Emergency Relief	84.425D	ESSER 2	S45D2100047	2,559,395
COVID-19 Elementary and Secondary School Emergency Relief	84.425D	ESSER 3	S45U2100047	6,020,908
COVID-19 ARP Homeless 1.0	84.425W	N/A	S425W210044	8,415
COVID-19 ARP Homeless 2.0	84.425W	N/A	S425W210044-21A	2,842
Total U.S. Department of Education				<u>13,828,402</u>
Total Expenditures of Federal Awards				<u>\$ 26,774,606</u>

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CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2023

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City under programs of the federal government for the fiscal year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C: INDIRECT COST RATES

Effective November 2, 2017, the City Commission approved to adopt the 10 percent *de minimis* indirect cost rate.

NOTE D: FOOD DISTRIBUTION AND SURPLUS MILITARY PROPERTY

Non-monetary assistance is reported in the schedule at the fair market value of commodities received and used. The balance amounts represent inventory on hand. Non-monetary assistance is reported in the schedule at the estimated fair market value of property received and used.

NOTE E: PASSED THROUGH TO SUBRECIPIENTS

The City passed through \$2,300,000 of COVID-19 American Rescue Plan Act (21.027) federal grant money to subrecipients in the fiscal year ended June 30, 2023.

NOTE F: AMERICAN RESCUE PLAN ACT

American Rescue Plan Act funds in the amount of \$13,415,440 were received during the prior two fiscal years. The City began to expend these funds during fiscal year 2023 and the remaining funds not yet expended are reported as deferred revenue in the General Fund financial statements.

NOTE G: STATE REVOLVING LOAN (66.458)

The loan has not been fully drawn as of June 30, 2023. The total loan balance at June 30, 2023 was \$12,128,751.

See Independent Auditors' Report.

**SCHEDULE OF EXPENDITURES
OF STATE AWARDS**

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2023

Grantor Agency / Pass-Through Agency Program Title	Contract Number	Pass-Through Entity Identifying Number	Total State Expenditures
Tennessee Department of Corrections: State Boarding of Prisoners	N/A	N/A	\$ 96,059
Total Tennessee Department of Corrections			<u>96,059</u>
Tennessee Commission on Aging: Pass-through First Tennessee Development District: Senior Center Operations	N/A	JOCITY-2021-HOOT-22	20,000
Total Tennessee Commission on Aging			<u>20,000</u>
Tennessee Department of Transportation:			
Transit State Operating Grant	90UROP-S3-017	N/A	777,900
Transit State Operating Grant	905370-S3-024	N/A	3,704
Transit State Operating Grant	905370-S3-025	N/A	18,067
New Freedom Operating	TN57-X008-01 (905317-S3-011)	N/A	7,460
Reverse Commute Operating Assistance Grant	TN37-X087-01	N/A	12,679
Transit State Capital Grant	905370-S3-025	N/A	3,857
Transit State Capital Grant	95307-S3-024	N/A	2,042
Transit State Capital Grant	905339-S3-008 5339	N/A	1,025
Total Tennessee Department of Transportation			<u>826,734</u>

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CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2023

Grantor Agency / Pass-Through Agency Program Title	Contract Number	Pass-Through Entity Identifying Number	Total State Expenditures
Tennessee Commission on Children and Youth: Pass-Through Washington County, Tennessee: Juvenile Court State Supplement	Juvenile Court	Z-06-020439-00	4,500
Total Tennessee Commission on Children and Youth			<u>4,500</u>
Tennessee Housing Development Agency: Emergency Shelter Grant	Z-05-020660-01	N/A	21,144
Total Tennessee Housing Development Agency			<u>21,144</u>
Tennessee Department of Education: Lottery Pre-K	N/A	N/A	415,971
Family Resources	N/A	N/A	29,612
Safe Schools	GG-03009623	N/A	139,821
Coordinated School Health	N/A	N/A	100,000
21st Century Community Learning Center	N/A	N/A	20,774
Learning Camps	N/A	N/A	520,604
Learning Camp Transportation	N/A	N/A	64,246
Total Tennessee Department of Education			<u>1,291,028</u>
Total Expenditures of State Awards			<u>\$ 2,259,465</u>

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting.

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF INTERFUND TRANSFERS
For the Fiscal Year Ended June 30, 2023**

General Fund	Transfers In:						
	Debt Service		Special Revenue		Capital Project	Enterprise	Internal Service
	Debt Service	Educ Facilities Debt Service	General Purpose School	School Federal and Special Projects	Capital Project Fund	Mass Transit	Motor Transport
Transfers Out:							
General Fund	\$ 10,422,104		\$ 11,626,736		\$ 3,912,471	\$ 2,233,319	
Special Revenue Funds:							
General Purpose School	\$ 4,773	572,812	\$ 2,113,475		\$ 164,776		
School Federal & Special Projects			461,102				
Community Development	211,976						
School Trust Fund	182,046						
Transportation Planning	11,714						
Enterprise Funds:							
Water and Sewer	2,868,461	90,949					\$ 244,699
Totals	\$ 3,278,970	\$ 11,085,865	\$ 2,113,475	\$ 12,087,838	\$ 164,776	\$ 3,912,471	\$ 2,233,319
							\$ 244,699

Source: City of Johnson City Finance Department

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS -
ALL FUNDS - PRIMARY GOVERNMENT
June 30, 2023

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2024	\$ 15,955,819	9,373,585	\$ 25,329,404
2025	15,873,665	8,726,282	24,599,947
2026	14,910,661	8,069,265	22,979,926
2027	14,305,330	7,350,216	21,655,546
2028	14,880,372	6,772,597	21,652,969
2029	15,085,499	6,174,978	21,260,477
2030	14,641,718	5,571,966	20,213,684
2031	15,183,043	4,973,162	20,156,205
2032	12,892,448	4,373,049	17,265,497
2033	13,431,936	3,863,548	17,295,484
2034	12,746,532	3,331,388	16,077,920
2035	10,351,224	2,825,252	13,176,476
2036	10,682,000	2,388,712	13,070,712
2037	9,474,896	1,994,012	11,468,908
2038	9,812,876	1,648,100	11,460,976
2039	10,175,952	1,287,863	11,463,815
2040	9,212,650	891,048	10,103,698
2041	6,947,416	537,700	7,485,116
2042	6,815,816	292,590	7,108,406
2043	1,901,979	48,555	1,950,534
Totals	<u>\$ 235,281,832</u>	<u>\$ 80,493,868</u>	<u>\$ 315,775,700</u>

Note: The total reflected on the statement of net position has been increased by debt premium costs of \$21,703,607.

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS -
ALL FUNDS - PRIMARY GOVERNMENT
June 30, 2023

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2024	\$ 162,700	\$ 94,444	\$ 257,144
2025	169,149	89,395	258,544
2026	175,592	84,127	259,719
2027	177,096	79,923	257,019
2028	133,605	75,602	209,207
2029	135,301	70,818	206,119
2030	142,008	66,024	208,032
2031	148,790	60,990	209,780
2032	150,598	55,770	206,368
2033	157,583	50,242	207,825
2034	164,606	44,505	209,111
2035	171,715	38,373	210,088
2036	173,881	32,008	205,889
2037	181,210	25,478	206,688
2038	188,607	18,550	207,157
2039	61,107	11,336	72,443
2040	63,697	8,749	72,446
2041	59,024	6,046	65,070
2042	36,912	4,093	41,005
2043	21,656	3,041	24,697
2044	17,597	2,407	20,004
2045	18,184	1,820	20,004
2046	18,784	1,220	20,004
2047	19,404	600	20,004
2048	7,896	62	7,958
Totals	<u>\$ 2,756,702</u>	<u>\$ 925,623</u>	<u>\$ 3,682,325</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
For the Year Ended June 30, 2023

	<u>Original Amount Issued</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding July 1, 2022</u>	<u>Issued During Period</u>	<u>Paid / Refunded During Period</u>	<u>Outstanding June 30, 2023</u>
GOVERNMENTAL ACTIVITIES:								
<u>BONDS PAYABLE:</u>								
Payable Through Educational Facilities Debt Service Fund:								
Local Government Public Improvement Bonds, Series VII-I-1, 2010	\$ 27,945,000	5.00%	12/29/2010	6/1/2034	\$ 24,390,000	\$ -	\$ 885,000	\$ 23,505,000
General Obligation Bonds, Series 2019	275,000	5.00%	2/27/2019	6/1/2023	75,000	-	75,000	-
General Obligation Refunding Bonds, Series 2019B	2,161,743	4.00% - 5.00%	7/31/2019	6/1/2023	275,000	-	275,000	-
General Obligation Bonds, Series 2020	14,768,672	4.00% - 5.00%	12/15/2020	3/1/2033	12,995,823	-	1,855,823	11,140,000
General Obligation Bonds, Series 2022	1,935,000	4.00% - 5.00%	5/4/2022	3/1/2042	<u>1,935,000</u>	<u>-</u>	<u>75,000</u>	<u>1,860,000</u>
Total Bonds Payable Through Educational Facilities Debt Service Fund					<u>39,670,823</u>	<u>-</u>	<u>3,165,823</u>	<u>36,505,000</u>
Payable Through Debt Service Fund:								
The Tennessee Municipal Bond Fund, Series TCSLP 2008	14,898,315	5.00%	1/9/2009	5/25/2029	6,147,370	-	931,583	5,215,787
Qualified School Construction Bonds, Series 2009	8,160,000	1.52%	12/1/2009	9/1/2026	2,134,809	-	509,171	1,625,638

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
For the Year Ended June 30, 2023

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2022	Issued During Period	Paid / Refunded During Period	Outstanding June 30, 2023
GOVERNMENTAL ACTIVITIES (CONTINUED):								
<u>BONDS PAYABLE (CONTINUED):</u>								
Payable Through Debt Service Fund (Continued):								
The Tennessee Municipal Bond Fund, 2009 Energy	5,200,000	5.00%	1/9/2009	5/25/2024	931,000	-	454,000	477,000
The Tennessee Municipal Bond Fund, Series 2014	2,000,000	2.56%	12/23/2014	11/1/2029	1,137,994	-	133,000	1,004,994
The Tennessee Municipal Bond Fund, Series 2014	1,300,000	2.58%	12/17/2014	11/1/2034	919,000	-	60,000	859,000
General Obligation Bonds, Series 2016	11,205,000	2.00% - 5.00%	4/12/2016	6/1/2036	8,820,000	-	465,000	8,355,000
General Obligation Improvement and Refunding Bonds, Series 2016A	20,905,517	3.00% - 5.00%	11/17/2016	6/1/2036	14,355,717	-	1,029,841	13,325,876
General Obligation Bonds, Series 2019	4,805,000	5.00%	2/27/2019	6/1/2039	4,210,000	-	220,000	3,990,000
General Obligation Refunding Bonds, Series 2019B	18,052,222	4.00% - 5.00%	7/31/2019	6/30/2040	16,135,586	-	441,438	15,694,148
General Obligation Bonds, Series 2020	12,186,553	4.00% - 5.00%	12/15/2020	3/1/2041	7,515,307	-	1,724,157	5,791,150
General Obligation Bonds, Series 2022	40,020,000	4.00% - 5.00%	5/4/2022	3/1/2042	<u>40,020,000</u>	-	<u>1,520,000</u>	<u>38,500,000</u>
Total Bonds Payable Through Debt Service Fund					<u>102,326,783</u>	-	<u>7,488,190</u>	<u>94,838,593</u>
Payable Through Fleet Management Fund:								
General Obligation Bonds, Series 2020	1,865,980	4.00% - 5.00%	12/15/2020	3/1/2028	<u>1,638,185</u>	-	<u>242,335</u>	<u>1,395,850</u>
Total Bonds Payable Through Fleet Management Fund					<u>1,638,185</u>	-	<u>242,335</u>	<u>1,395,850</u>
Total Governmental Activities General Obligation Bonds Outstanding								<u>\$ 132,739,443</u>

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(Continued)

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
For the Year Ended June 30, 2023

	<u>Original Amount Issued</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding July 1, 2022</u>	<u>Issued During Period</u>	<u>Paid / Refunded During Period</u>	<u>Outstanding June 30, 2023</u>
GOVERNMENTAL ACTIVITIES (CONTINUED):								
<u>OTHER NOTES PAYABLE:</u>								
Payable Through Debt Service Fund:								
Promissory Note Hands On	\$ 500,000	0.00%	9/21/2017	9/21/2026	\$ 250,000	\$ -	\$ 50,000	\$ 200,000
Total Other Notes Payable Through Debt Service Fund					<u>250,000</u>	<u>-</u>	<u>50,000</u>	<u>200,000</u>
Payable Through General Fund:								
Aerospace Park Bonds, Series 2018 Portion Guaranteed by the City	1,912,500	3.00% - 4.50%	3/29/2018	6/30/2038	<u>1,640,000</u>	<u>-</u>	<u>75,000</u>	<u>1,565,000</u>
Total Other Notes Payable Through General Fund					<u>1,640,000</u>	<u>-</u>	<u>75,000</u>	<u>1,565,000</u>
Total Governmental Activities Other Notes Outstanding								<u>\$ 1,765,000</u>

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
For the Year Ended June 30, 2023

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2022	Issued During Period	Paid / Refunded During Period	Outstanding June 30, 2023
BUSINESS-TYPE ACTIVITIES:								
<u>BONDS PAYABLE:</u>								
Payable Through Water and Sewer Fund:								
The Tennessee Municipal Bond Fund, Series TCSLP 2008	\$ 901,685	5.00%	1/9/2009	5/25/2029	\$ 418,629	\$ -	\$ 51,417	\$ 367,212
General Obligation Bonds, Series 2013	23,970,000	2.00% - 4.00%	5/30/2013	6/1/2043	19,380,000	-	670,000	18,710,000
General Obligation Improvement and Refunding Bonds, Series 2016A	17,289,483	3.00-5.00%	11/17/2016	6/1/2036	14,404,235	-	1,525,113	12,879,122
General Obligation Bonds, Series 2019	12,380,000	5.00%	2/27/2019	6/1/2039	11,165,000	-	445,000	10,720,000
General Obligation Refunding Bonds, Series 2019B	17,001,035	4.00%-5.00%	7/31/2019	6/1/2040	15,297,869	-	418,565	14,879,304
State Revolving Loan	10,274,980	1.25%	12/13/2019	7/1/2043	10,274,980	1,898,443	44,672	12,128,751
General Obligation Refunding Bonds, Series 2022	23,000,000	4.00%-5.00%	5/4/2022	3/1/2042	<u>23,000,000</u>	<u>-</u>	<u>875,000</u>	<u>22,125,000</u>
Total Bonds Payable Through Water and Sewer Fund					<u>93,940,713</u>	<u>1,898,443</u>	<u>4,029,767</u>	<u>91,809,389</u>
Payable Through City Solid Waste Fund:								
General Obligation Bonds, Series 2019	1,785,000	5.00%	2/27/2019	6/1/2039	1,610,000	-	65,000	1,545,000
General Obligation Bonds, Series 2020	813,283	4.00% - 5.00%	12/15/2020	3/1/2041	<u>791,686</u>	<u>-</u>	<u>26,686</u>	<u>765,000</u>
Total Bonds Payable Through City Solid Waste Fund					<u>2,401,686</u>	<u>-</u>	<u>91,686</u>	<u>2,310,000</u>

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(Continued)

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
For the Year Ended June 30, 2023

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2022	Issued During Period	Paid / Refunded During Period	Outstanding June 30, 2023
BUSINESS-TYPE ACTIVITIES (CONTINUED):								
<u>BONDS PAYABLE (CONTINUED):</u>								
Payable Through Stormwater Management Fund:								
General Obligation Bonds, Series 2013	5,785,000	2.00% - 4.00%	5/30/2013	6/1/2034	3,755,000	-	270,000	3,485,000
General Obligation Bonds, Series 2020	2,442,000	4.00% - 5.00%	12/15/2020	3/1/2041	2,364,000	-	81,000	2,283,000
General Obligation Bonds, Series 2022	2,760,000	4.00% - 5.00%	5/4/2022	3/1/2042	<u>2,760,000</u>	-	<u>105,000</u>	<u>2,655,000</u>
Total Bonds Payable Through Stormwater Management Fund					<u>8,879,000</u>	-	<u>456,000</u>	<u>8,423,000</u>
Total Business-Type Activities Bonds Outstanding								<u>\$ 102,542,389</u>
<u>NOTES PAYABLE:</u>								
Payable Through Water and Sewer Fund:								
Limestone Cove	\$ 450,000	4.65%	3/13/2003	3/13/2041	\$ 315,092	\$ -	\$ 10,837	\$ 304,255
Watauga Flats	380,000	4.38%	4/20/2004	4/20/2042	271,148	-	8,881	262,267
Limestone Cove	125,000	4.25%	4/20/2005	4/20/2043	91,416	-	2,817	88,599
ARRA Greggtown	435,000	3.25%	1/24/2010	1/14/2048	<u>345,488</u>	-	<u>8,907</u>	<u>336,581</u>
Total Notes Payable Through Water and Sewer Fund					<u>1,023,144</u>	-	<u>31,442</u>	<u>991,702</u>
Total Business-Type Activities Notes Outstanding								<u>\$ 991,702</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
LOCAL GOVERNMENT PUBLIC IMPROVEMENT BONDS, SERIES VII-I-1, 2010
ISSUED DECEMBER 29, 2010
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 1,790,000	705,150	2,495,150
2025	1,855,000	651,450	2,506,450
2026	1,920,000	595,800	2,515,800
2027	1,985,000	538,200	2,523,200
2028	2,055,000	478,650	2,533,650
2029	2,125,000	417,000	2,542,000
2030	2,200,000	353,250	2,553,250
2031	2,280,000	287,250	2,567,250
2032	2,355,000	218,850	2,573,850
2033	2,440,000	148,200	2,588,200
2034	2,500,000	75,000	2,575,000
	<u>\$ 23,505,000</u>	<u>4,468,800</u>	<u>27,973,800</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAID FROM GOVERNMENTAL ACTIVITIES
GENERAL OBLIGATION BONDS, SERIES 2020
ISSUED DECEMBER 15, 2020
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 1,540,000	523,550	2,063,550
2025	1,615,000	446,550	2,061,550
2026	840,000	365,800	1,205,800
2027	880,000	323,800	1,203,800
2028	925,000	279,800	1,204,800
2029	975,000	233,550	1,208,550
2030	1,020,000	184,800	1,204,800
2031	1,070,000	133,800	1,203,800
2032	1,115,000	91,000	1,206,000
2033	1,160,000	46,400	1,206,400
	<u>\$ 11,140,000</u>	<u>2,629,050</u>	<u>13,769,050</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
GENERAL OBLIGATION BONDS, SERIES 2022
ISSUED MAY 4, 2022
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 60,000	84,250	144,250
2025	65,000	81,250	146,250
2026	70,000	78,000	148,000
2027	70,000	74,500	144,500
2028	75,000	71,000	146,000
2029	80,000	67,250	147,250
2030	85,000	63,250	148,250
2031	90,000	59,000	149,000
2032	90,000	54,500	144,500
2033	95,000	50,000	145,000
2034	100,000	45,250	145,250
2035	105,000	40,250	145,250
2036	110,000	35,000	145,000
2037	115,000	30,600	145,600
2038	120,000	26,000	146,000
2039	125,000	21,200	146,200
2040	130,000	16,200	146,200
2041	135,000	11,000	146,000
2042	140,000	5,600	145,600
	<u>\$ 1,860,000</u>	<u>914,100</u>	<u>2,774,100</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
TENNESSEE MUNICIPAL BOND FUND, SERIES TCSLP 2008
ISSUED JANUARY 9, 2009
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 978,037	156,474	1,134,511
2025	767,283	127,133	894,416
2026	805,461	104,114	909,575
2027	845,502	79,951	925,453
2028	887,404	54,585	941,989
2029	932,100	27,962	960,062
	<u>\$ 5,215,787</u>	<u>550,219</u>	<u>5,766,006</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
TENNESSEE MUNICIPAL BOND FUND, 2009 ENERGY
ISSUED JANUARY 9, 2009
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 477,000	14,310	491,310
	\$ 477,000	14,310	491,310

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
QUALIFIED SCHOOL CONSTRUCTION BONDS, SERIES 2009
ISSUED DECEMBER 1, 2009
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 509,171	123,624	632,795
2025	509,172	123,624	632,796
2026	559,293	123,624	682,917
2027	48,002	10,302	58,304
	<u>\$ 1,625,638</u>	<u>381,174</u>	<u>2,006,812</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
TENNESSEE MUNICIPAL BOND FUND, SERIES 2014
ISSUED DECEMBER 17, 2014
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 62,000	24,012	86,012
2025	64,000	22,185	86,185
2026	65,000	20,315	85,315
2027	67,000	18,400	85,400
2028	69,000	16,429	85,429
2029	70,000	14,412	84,412
2030	72,000	12,354	84,354
2031	74,000	10,237	84,237
2032	76,000	8,062	84,062
2033	78,000	5,829	83,829
2034	80,000	3,538	83,538
2035	82,000	1,189	83,189
	<u>\$ 859,000</u>	<u>156,962</u>	<u>1,015,962</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
TENNESSEE MUNICIPAL BOND FUND, SERIES 2014
ISSUED DECEMBER 23, 2014
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 136,000	26,330	162,330
2025	140,000	22,452	162,452
2026	143,000	18,475	161,475
2027	147,000	14,401	161,401
2028	151,000	10,214	161,214
2029	155,000	5,915	160,915
2030	132,994	1,868	134,862
	<u>\$ 1,004,994</u>	<u>99,655</u>	<u>1,104,649</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
GENERAL OBLIGATION BONDS, SERIES 2016
ISSUED APRIL 12, 2016
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 490,000	349,650	839,650
2025	515,000	325,150	840,150
2026	540,000	299,400	839,400
2027	565,000	272,400	837,400
2028	590,000	249,800	839,800
2029	615,000	226,200	841,200
2030	640,000	201,600	841,600
2031	665,000	176,000	841,000
2032	690,000	149,400	839,400
2033	720,000	121,800	841,800
2034	745,000	93,000	838,000
2035	775,000	63,200	838,200
2036	805,000	32,200	837,200
	<u>\$ 8,355,000</u>	<u>2,559,800</u>	<u>10,914,800</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, SERIES 2016A
ISSUED NOVEMBER 17, 2016
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 1,081,627	567,338	1,648,965
2025	1,134,485	513,257	1,647,742
2026	1,214,191	456,532	1,670,723
2027	1,189,780	395,823	1,585,603
2028	1,239,602	348,232	1,587,834
2029	1,286,150	298,648	1,584,798
2030	1,334,663	247,202	1,581,865
2031	1,395,378	193,815	1,589,193
2032	635,000	138,000	773,000
2033	660,000	112,600	772,600
2034	690,000	86,200	776,200
2035	720,000	58,600	778,600
2036	745,000	29,800	774,800
	<u>\$ 13,325,876</u>	<u>3,446,047</u>	<u>16,771,923</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
GENERAL OBLIGATION BONDS, SERIES 2019
ISSUED FEBRUARY 27, 2019
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 230,000	175,050	405,050
2025	245,000	163,550	408,550
2026	250,000	151,300	401,300
2027	190,000	138,800	328,800
2028	200,000	129,300	329,300
2029	210,000	119,300	329,300
2030	220,000	108,800	328,800
2031	230,000	97,800	327,800
2032	240,000	88,600	328,600
2033	250,000	79,000	329,000
2034	260,000	69,000	329,000
2035	270,000	58,600	328,600
2036	280,000	47,800	327,800
2037	295,000	36,600	331,600
2038	305,000	24,800	329,800
2039	315,000	12,600	327,600
	<u>\$ 3,990,000</u>	<u>1,500,900</u>	<u>5,490,900</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
GENERAL OBLIGATION BONDS, SERIES 2019B
ISSUED JULY 31, 2019
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 610,827	750,496	1,361,323
2025	641,625	719,951	1,361,576
2026	674,990	687,866	1,362,856
2027	708,354	654,114	1,362,468
2028	744,285	618,692	1,362,977
2029	780,216	581,474	1,361,690
2030	818,713	542,459	1,361,172
2031	859,778	501,520	1,361,298
2032	903,408	458,526	1,361,934
2033	949,605	413,351	1,362,956
2034	995,802	365,867	1,361,669
2035	1,047,132	316,071	1,363,203
2036	1,098,462	263,709	1,362,171
2037	1,142,092	219,766	1,361,858
2038	1,188,290	174,078	1,362,368
2039	1,234,486	126,541	1,361,027
2040	1,296,083	64,811	1,360,894
	<u>\$ 15,694,148</u>	<u>7,459,292</u>	<u>23,153,440</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
GENERAL OBLIGATION BONDS, SERIES 2020
ISSUED DECEMBER 15, 2020
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 1,248,971	275,917	1,524,888
2025	1,313,432	213,469	1,526,901
2026	370,891	147,797	518,688
2027	383,198	129,253	512,451
2028	407,658	110,093	517,751
2029	342,000	89,710	431,710
2030	361,000	72,610	433,610
2031	380,000	54,560	434,560
2032	82,000	39,360	121,360
2033	86,000	36,080	122,080
2034	88,000	32,640	120,640
2035	92,000	29,120	121,120
2036	96,000	25,440	121,440
2037	100,000	21,600	121,600
2038	104,000	17,600	121,600
2039	108,000	13,440	121,440
2040	112,000	9,120	121,120
2041	116,000	4,640	120,640
	<u>\$ 5,791,150</u>	<u>1,322,449</u>	<u>7,113,599</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
GENERAL OBLIGATION BONDS, SERIES 2022
ISSUED MAY 4, 2022
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 1,280,000	1,743,600	3,023,600
2025	1,345,000	1,679,600	3,024,600
2026	1,410,000	1,612,350	3,022,350
2027	1,480,000	1,541,850	3,021,850
2028	1,555,000	1,467,850	3,022,850
2029	1,630,000	1,390,100	3,020,100
2030	1,715,000	1,308,600	3,023,600
2031	1,800,000	1,222,850	3,022,850
2032	1,890,000	1,132,850	3,022,850
2033	1,985,000	1,038,350	3,023,350
2034	2,085,000	939,100	3,024,100
2035	2,185,000	834,850	3,019,850
2036	2,295,000	725,600	3,020,600
2037	2,390,000	633,800	3,023,800
2038	2,485,000	538,200	3,023,200
2039	2,585,000	438,800	3,023,800
2040	2,685,000	335,400	3,020,400
2041	2,795,000	228,000	3,023,000
2042	2,905,000	116,200	3,021,200
	<u>\$ 38,500,000</u>	<u>18,927,950</u>	<u>57,427,950</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
GENERAL OBLIGATION BONDS, SERIES 2020
ISSUED DECEMBER 15, 2020
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 252,028	69,793	321,821
2025	266,569	57,191	323,760
2026	281,109	43,863	324,972
2027	290,802	29,807	320,609
2028	305,342	15,267	320,609
	<u>\$ 1,395,850</u>	<u>215,921</u>	<u>1,611,771</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
ANNUAL DEBT SERVICE REQUIREMENTS - ALL GOVERNMENTAL ACTIVITIES
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 10,745,661	5,589,544	16,335,205
2025	10,476,566	5,146,812	15,623,378
2026	9,143,935	4,705,236	13,849,171
2027	8,849,638	4,221,601	13,071,239
2028	9,204,291	3,849,912	13,054,203
2029	9,200,466	3,471,521	12,671,987
2030	8,599,370	3,096,793	11,696,163
2031	8,844,156	2,736,832	11,580,988
2032	8,076,408	2,379,148	10,455,556
2033	8,423,605	2,051,610	10,475,215
2034	7,543,802	1,709,595	9,253,397
2035	5,276,132	1,401,880	6,678,012
2036	5,429,462	1,159,549	6,589,011
2037	4,042,092	942,366	4,984,458
2038	4,202,290	780,678	4,982,968
2039	4,367,486	612,581	4,980,067
2040	4,223,083	425,531	4,648,614
2041	3,046,000	243,640	3,289,640
2042	3,045,000	121,800	3,166,800
	<u>\$ 132,739,443</u>	<u>44,646,629</u>	<u>177,386,072</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS
OTHER NOTES PAYABLE TO BE REPAID FROM GOVERNMENTAL ACTIVITIES
HANDS ON PROMISSORY NOTE
ISSUED SEPTEMBER 21, 2017
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 50,000	-	50,000
2025	50,000	-	50,000
2026	50,000	-	50,000
2027	50,000	-	50,000
	<u>\$ 200,000</u>	<u>-</u>	<u>200,000</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS
OTHER NOTES PAYABLE TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
AEROSPACE PARK BONDS, SERIES 2018
ISSUED MARCH 29, 2018
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 80,000	54,700	134,700
2025	85,000	51,100	136,100
2026	90,000	47,275	137,275
2027	90,000	44,575	134,575
2028	95,000	41,763	136,763
2029	95,000	38,675	133,675
2030	100,000	35,587	135,587
2031	105,000	32,337	137,337
2032	105,000	28,925	133,925
2033	110,000	25,381	135,381
2034	115,000	21,669	136,669
2035	120,000	17,644	137,644
2036	120,000	13,444	133,444
2037	125,000	9,244	134,244
2038	130,000	4,712	134,712
	<u>\$ 1,565,000</u>	<u>467,031</u>	<u>2,032,031</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS
OTHER NOTES PAYABLE TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
ANNUAL DEBT SERVICE REQUIREMENTS - ALL GOVERNMENTAL ACTIVITIES
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 130,000	54,700	184,700
2025	135,000	51,100	186,100
2026	140,000	47,275	187,275
2027	140,000	44,575	184,575
2028	95,000	41,763	136,763
2029	95,000	38,675	133,675
2030	100,000	35,587	135,587
2031	105,000	32,337	137,337
2032	105,000	28,925	133,925
2033	110,000	25,381	135,381
2034	115,000	21,669	136,669
2035	120,000	17,644	137,644
2036	120,000	13,444	133,444
2037	125,000	9,244	134,244
2038	130,000	4,712	134,712
	<u>\$ 1,765,000</u>	<u>467,031</u>	<u>2,232,031</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM ENTERPRISE FUNDS
TENNESSEE MUNICIPAL BOND FUND, SERIES TCSLP 2008
ISSUED JANUARY 9, 2009
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 53,963	18,361	72,324
2025	56,717	15,662	72,379
2026	59,539	12,827	72,366
2027	62,498	9,849	72,347
2028	65,596	6,725	72,321
2029	68,899	3,445	72,344
	<u>\$ 367,212</u>	<u>66,869</u>	<u>434,081</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM ENTERPRISE FUNDS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013
ISSUED MAY 30, 2013
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 690,000	596,762	1,286,762
2025	705,000	582,963	1,287,963
2026	720,000	567,100	1,287,100
2027	740,000	549,100	1,289,100
2028	760,000	529,675	1,289,675
2029	780,000	506,875	1,286,875
2030	805,000	483,475	1,288,475
2031	835,000	456,306	1,291,306
2032	860,000	428,125	1,288,125
2033	890,000	399,100	1,289,100
2034	920,000	369,063	1,289,063
2035	1,000,000	338,013	1,338,013
2036	1,000,000	306,012	1,306,012
2037	1,025,000	273,512	1,298,512
2038	1,050,000	240,200	1,290,200
2039	1,080,000	204,763	1,284,763
2040	1,150,000	168,312	1,318,312
2041	1,200,000	129,500	1,329,500
2042	1,225,000	87,500	1,312,500
2043	1,275,000	44,625	1,319,625
	<u>\$ 18,710,000</u>	<u>7,260,981</u>	<u>25,970,981</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM ENTERPRISE FUNDS
GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, SERIES 2016A
ISSUED NOVEMBER 17, 2016
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 1,603,372	566,612	2,169,984
2025	1,655,515	486,443	2,141,958
2026	1,885,809	403,667	2,289,476
2027	1,425,220	309,377	1,734,597
2028	1,490,398	252,368	1,742,766
2029	1,533,850	192,752	1,726,602
2030	1,590,337	131,398	1,721,735
2031	1,694,621	67,785	1,762,406
	<u>\$ 12,879,122</u>	<u>2,410,402</u>	<u>15,289,524</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM ENTERPRISE FUNDS
GENERAL OBLIGATION BONDS, SERIES 2019
ISSUED FEBRUARY 27, 2019
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 465,000	466,750	931,750
2025	490,000	443,500	933,500
2026	515,000	419,000	934,000
2027	540,000	393,250	933,250
2028	565,000	366,250	931,250
2029	595,000	338,000	933,000
2030	625,000	308,250	933,250
2031	655,000	277,000	932,000
2032	680,000	250,800	930,800
2033	710,000	223,600	933,600
2034	735,000	195,200	930,200
2035	765,000	165,800	930,800
2036	795,000	135,200	930,200
2037	830,000	103,400	933,400
2038	860,000	70,200	930,200
2039	895,000	35,800	930,800
	<u>\$ 10,720,000</u>	<u>4,192,000</u>	<u>14,912,000</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM ENTERPRISE FUNDS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019B
ISSUED JULY 31, 2019
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 579,111	711,454	1,290,565
2025	608,375	682,499	1,290,874
2026	640,010	652,083	1,292,093
2027	671,646	620,086	1,291,732
2028	705,715	586,508	1,292,223
2029	739,784	551,226	1,291,010
2030	776,287	514,241	1,290,528
2031	815,222	475,430	1,290,652
2032	856,592	434,674	1,291,266
2033	900,395	391,849	1,292,244
2034	944,198	346,834	1,291,032
2035	992,868	299,629	1,292,497
2036	1,041,538	249,991	1,291,529
2037	1,082,908	208,334	1,291,242
2038	1,126,710	165,022	1,291,732
2039	1,170,514	119,959	1,290,473
2040	1,227,431	62,925	1,290,356
	<u>\$ 14,879,304</u>	<u>7,072,744</u>	<u>21,952,048</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM ENTERPRISE FUNDS
STATE REVOLVING LOAN
ISSUED DECEMBER 13, 2019
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 539,712	148,524	688,236
2025	546,492	141,744	688,236
2026	553,368	134,868	688,236
2027	560,328	127,908	688,236
2028	567,372	120,864	688,236
2029	574,500	113,736	688,236
2030	581,724	106,512	688,236
2031	589,044	99,192	688,236
2032	596,448	91,788	688,236
2033	603,936	84,300	688,236
2034	611,532	76,704	688,236
2035	619,224	69,012	688,236
2036	627,000	61,236	688,236
2037	634,896	53,340	688,236
2038	642,876	45,360	688,236
2039	650,952	37,284	688,236
2040	659,136	29,100	688,236
2041	667,416	20,820	688,236
2042	675,816	12,420	688,236
2043	626,979	3,930	630,909
	<u>\$ 12,128,751</u>	<u>1,578,642</u>	<u>13,707,393</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM ENTERPRISE FUNDS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2022
ISSUED MAY 4, 2022
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 735,000	1,001,950	1,736,950
2025	770,000	965,200	1,735,200
2026	810,000	926,700	1,736,700
2027	850,000	886,200	1,736,200
2028	895,000	843,700	1,738,700
2029	940,000	798,950	1,738,950
2030	985,000	751,950	1,736,950
2031	1,035,000	702,700	1,737,700
2032	1,085,000	650,950	1,735,950
2033	1,140,000	596,700	1,736,700
2034	1,195,000	539,700	1,734,700
2035	1,255,000	479,950	1,734,950
2036	1,320,000	417,200	1,737,200
2037	1,375,000	364,400	1,739,400
2038	1,430,000	309,400	1,739,400
2039	1,485,000	252,200	1,737,200
2040	1,545,000	192,800	1,737,800
2041	1,605,000	131,000	1,736,000
2042	1,670,000	66,800	1,736,800
	<u>\$ 22,125,000</u>	<u>10,878,450</u>	<u>33,003,450</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM ENTERPRISE FUNDS
GENERAL OBLIGATION BONDS, SERIES 2019
ISSUED FEBRUARY 27, 2019
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 65,000	67,250	132,250
2025	70,000	64,000	134,000
2026	75,000	60,500	135,500
2027	80,000	56,750	136,750
2028	80,000	52,750	132,750
2029	85,000	48,750	133,750
2030	90,000	44,500	134,500
2031	95,000	40,000	135,000
2032	100,000	36,200	136,200
2033	100,000	32,200	132,200
2034	105,000	28,200	133,200
2035	110,000	24,000	134,000
2036	115,000	19,600	134,600
2037	120,000	15,000	135,000
2038	125,000	10,200	135,200
2039	130,000	5,200	135,200
	<u>\$ 1,545,000</u>	<u>605,100</u>	<u>2,150,100</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM ENTERPRISE FUNDS
GENERAL OBLIGATION BONDS, SERIES 2020
ISSUED DECEMBER 15, 2020
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 30,000	32,900	62,900
2025	30,000	31,400	61,400
2026	30,000	29,900	59,900
2027	35,000	28,400	63,400
2028	35,000	26,650	61,650
2029	35,000	24,900	59,900
2030	35,000	23,150	58,150
2031	40,000	21,400	61,400
2032	40,000	19,800	59,800
2033	45,000	18,200	63,200
2034	45,000	16,400	61,400
2035	45,000	14,600	59,600
2036	50,000	12,800	62,800
2037	50,000	10,800	60,800
2038	50,000	8,800	58,800
2039	55,000	6,800	61,800
2040	55,000	4,600	59,600
2041	60,000	2,400	62,400
	<u>\$ 765,000</u>	<u>333,900</u>	<u>1,098,900</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM ENTERPRISE FUNDS
GENERAL OBLIGATION BONDS, SERIES 2013
ISSUED MAY 30, 2013
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 275,000	103,612	378,612
2025	280,000	98,113	378,113
2026	290,000	91,812	381,812
2027	295,000	84,563	379,563
2028	305,000	76,819	381,819
2029	315,000	67,669	382,669
2030	320,000	58,219	378,219
2031	335,000	47,419	382,419
2032	345,000	36,112	381,112
2033	355,000	24,469	379,469
2034	370,000	12,486	382,486
	<u>\$ 3,485,000</u>	<u>701,293</u>	<u>4,186,293</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM ENTERPRISE FUNDS
GENERAL OBLIGATION BONDS, SERIES 2020
ISSUED DECEMBER 15, 2020
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 84,000	98,190	182,190
2025	90,000	93,990	183,990
2026	93,000	89,490	182,490
2027	96,000	84,840	180,840
2028	102,000	80,040	182,040
2029	108,000	74,940	182,940
2030	114,000	69,540	183,540
2031	120,000	63,840	183,840
2032	123,000	59,040	182,040
2033	129,000	54,120	183,120
2034	132,000	48,960	180,960
2035	138,000	43,680	181,680
2036	144,000	38,160	182,160
2037	150,000	32,400	182,400
2038	156,000	26,400	182,400
2039	162,000	20,160	182,160
2040	168,000	13,680	181,680
2041	174,000	6,960	180,960
	<u>\$ 2,283,000</u>	<u>998,430</u>	<u>3,281,430</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM ENTERPRISE FUNDS
GENERAL OBLIGATION BONDS, SERIES 2022
ISSUED MAY 4, 2022
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 90,000	120,200	210,200
2025	95,000	115,700	210,700
2026	95,000	110,950	205,950
2027	100,000	106,200	206,200
2028	105,000	101,200	206,200
2029	110,000	95,950	205,950
2030	120,000	90,450	210,450
2031	125,000	84,450	209,450
2032	130,000	78,200	208,200
2033	135,000	71,700	206,700
2034	145,000	64,950	209,950
2035	150,000	57,700	207,700
2036	160,000	50,200	210,200
2037	165,000	43,800	208,800
2038	170,000	37,200	207,200
2039	180,000	30,400	210,400
2040	185,000	23,200	208,200
2041	195,000	15,800	210,800
2042	200,000	8,000	208,000
	<u>\$ 2,655,000</u>	<u>1,306,250</u>	<u>3,961,250</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION BONDS TO BE REPAYED FROM ENTERPRISE FUNDS
ANNUAL DEBT SERVICE REQUIREMENTS – ALL BUSINESS-TYPE ACTIVITIES
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 5,210,158	3,784,041	8,994,199
2025	5,397,099	3,579,470	8,976,569
2026	5,766,726	3,364,029	9,130,755
2027	5,455,692	3,128,615	8,584,307
2028	5,676,081	2,922,685	8,598,766
2029	5,885,033	2,703,457	8,588,490
2030	6,042,348	2,475,173	8,517,521
2031	6,338,887	2,236,330	8,575,217
2032	4,816,040	1,993,901	6,809,941
2033	5,008,331	1,811,938	6,820,269
2034	5,202,730	1,621,793	6,824,523
2035	5,075,092	1,423,372	6,498,464
2036	5,252,538	1,229,163	6,481,701
2037	5,432,804	1,051,646	6,484,450
2038	5,610,586	867,422	6,478,008
2039	5,808,466	675,282	6,483,748
2040	4,989,567	465,517	5,455,084
2041	3,901,416	294,060	4,195,476
2042	3,770,816	170,790	3,941,606
2043	1,901,979	48,555	1,950,534
	<u>\$ 102,542,389</u>	<u>35,847,239</u>	<u>138,389,628</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS
NOTES TO BE REPAYED FROM ENTERPRISE FUNDS
LIMESTONE COVE
ISSUED MARCH 13, 2003
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 11,353	13,871	25,224
2025	11,890	13,334	25,224
2026	12,453	12,771	25,224
2027	13,042	12,182	25,224
2028	13,661	11,563	25,224
2029	14,309	10,915	25,224
2030	14,987	10,238	25,225
2031	15,697	9,526	25,223
2032	16,441	8,782	25,223
2033	17,220	8,004	25,224
2034	18,035	7,187	25,222
2035	18,890	6,334	25,224
2036	19,785	5,440	25,225
2037	20,722	4,502	25,224
2038	21,704	3,521	25,225
2039	22,732	2,491	25,223
2040	23,809	1,416	25,225
2041	17,525	325	17,850
	<u>\$ 304,255</u>	<u>142,402</u>	<u>446,657</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS
NOTES TO BE REPAID FROM ENTERPRISE FUNDS
WATAUGA FLATS
ISSUED APRIL 20, 2004
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 9,247	11,321	20,568
2025	9,690	10,878	20,568
2026	10,123	10,445	20,568
2027	10,575	9,993	20,568
2028	11,021	9,547	20,568
2029	11,539	9,029	20,568
2030	12,054	8,514	20,568
2031	12,592	7,976	20,568
2032	13,134	7,434	20,568
2033	13,740	6,828	20,568
2034	14,354	6,214	20,568
2035	14,994	5,574	20,568
2036	15,651	4,917	20,568
2037	16,362	4,206	20,568
2038	17,093	3,475	20,568
2039	17,856	2,712	20,568
2040	18,648	1,920	20,568
2041	19,485	1,083	20,568
2042	14,109	244	14,353
	<u>\$ 262,267</u>	<u>122,310</u>	<u>384,577</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS
NOTES TO BE REPAYED FROM ENTERPRISE FUNDS
LIMESTONE COVE
ISSUED APRIL 20, 2005
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 2,929	3,719	6,648
2025	3,066	3,582	6,648
2026	3,199	3,449	6,648
2027	3,338	3,310	6,648
2028	3,474	3,174	6,648
2029	3,633	3,015	6,648
2030	3,790	2,858	6,648
2031	3,955	2,693	6,648
2032	4,119	2,529	6,648
2033	4,304	2,344	6,648
2034	4,491	2,157	6,648
2035	4,686	1,962	6,648
2036	4,884	1,764	6,648
2037	5,100	1,548	6,648
2038	5,321	1,327	6,648
2039	5,552	1,096	6,648
2040	5,791	858	6,649
2041	6,044	604	6,648
2042	6,306	342	6,648
2043	4,617	78	4,695
	<u>\$ 88,599</u>	<u>42,409</u>	<u>131,008</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS
NOTES TO BE REPAID FROM ENTERPRISE FUNDS
ARRA GREGGTOWN
ISSUED JANUARY 24, 2010
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 9,171	10,833	20,004
2025	9,503	10,501	20,004
2026	9,817	10,187	20,004
2027	10,141	9,863	20,004
2028	10,449	9,555	20,004
2029	10,820	9,184	20,004
2030	11,177	8,827	20,004
2031	11,546	8,458	20,004
2032	11,904	8,100	20,004
2033	12,319	7,685	20,004
2034	12,726	7,278	20,004
2035	13,145	6,859	20,004
2036	13,561	6,443	20,004
2037	14,026	5,978	20,004
2038	14,489	5,515	20,004
2039	14,967	5,037	20,004
2040	15,449	4,555	20,004
2041	15,970	4,034	20,004
2042	16,497	3,507	20,004
2043	17,041	2,963	20,004
2044	17,597	2,407	20,004
2045	18,184	1,820	20,004
2046	18,784	1,220	20,004
2047	19,404	600	20,004
2048	7,894	62	7,956
	\$ 336,581	151,471	488,052

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS
NOTES TO BE REPAID FROM ENTERPRISE FUNDS
ANNUAL DEBT SERVICE REQUIREMENTS – ALL BUSINESS-TYPE ACTIVITIES
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 32,700	39,744	72,444
2025	34,149	38,295	72,444
2026	35,592	36,852	72,444
2027	37,096	35,348	72,444
2028	38,605	33,839	72,444
2029	40,301	32,143	72,444
2030	42,008	30,437	72,445
2031	43,790	28,653	72,443
2032	45,598	26,845	72,443
2033	47,583	24,861	72,444
2034	49,606	22,836	72,442
2035	51,715	20,729	72,444
2036	53,881	18,564	72,445
2037	56,210	16,234	72,444
2038	58,607	13,838	72,445
2039	61,107	11,336	72,443
2040	63,697	8,749	72,446
2041	59,024	6,046	65,070
2042	36,912	4,093	41,005
2043	21,658	3,041	24,699
2044	17,597	2,407	20,004
2045	18,184	1,820	20,004
2046	18,784	1,220	20,004
2047	19,404	600	20,004
2048	7,894	62	7,956
	<u>\$ 991,702</u>	<u>458,592</u>	<u>1,450,294</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS
For the Year Ended June 30, 2023

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Restated Outstanding July 1, 2022	Issued During Period	Paid / Matured During Period	Outstanding June 30, 2023
GOVERNMENTAL ACTIVITIES:								
<u>LEASES PAYABLE</u>								
Payable Through the General Fund:								
Building - Family Justice Center	\$ 266,996	4.85%	6/8/2021	5/8/2026	\$ 213,637	48,359	48,359	213,637
Total Leases Payable Through the General Fund					<u>213,637</u>	<u>48,359</u>	<u>48,359</u>	<u>213,637</u>
Total Governmental Activities Leases Payable Outstanding								<u>\$ 213,637</u>
BUSINESS-TYPE ACTIVITIES:								
<u>LEASES PAYABLE</u>								
Payable Through Water and Sewer Fund:								
Land - Parking	\$ 7,829	4.85%	11/1/2021	4/1/2023	\$ 4,402	-	4,402	-
Building - Office Space	12,178	4.85%	11/1/2021	4/1/2023	6,847	-	6,847	-
Total Leases Payable Through Water and Sewer Fund					<u>11,249</u>	<u>-</u>	<u>11,249</u>	<u>-</u>
Total Business-Type Activities Leases Payable Outstanding								<u>\$ -</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF LEASE OBLIGATIONS PRINCIPAL AND INTEREST REQUIREMENTS
LEASES TO BE REPAID FROM GOVERNMENTAL FUNDS
FAMILY JUSTICE CENTER BUILDING LEASE – ISSUED JUNE 8, 2021
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 50,757	9,243	60,000
2025	53,274	6,726	60,000
2026	55,916	4,084	60,000
2027	53,690	1,311	55,001
	\$ 213,637	21,364	235,001

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF UNCOLLECTED DELINQUENT TAXES
June 30, 2023

Tax Year	Uncollected Delinquent Taxes June 30, 2023
2022	588,467
2021	210,566
2020	69,750
2019	92,728
2018	75,617
2017	60,616
2016	63,959
2015	68,825
2014	129,268
2013	24,964
2012	42,815
Total	\$1,427,575

Uncollected Delinquent Taxes Filed in Chancery Court:

As of April 1, 2023, the above delinquent real property taxes for 2012 through 2021 have been filed by the Delinquent Tax Attorney in Washington County Chancery Court.

As of April 1, 2023, the above delinquent personal property taxes for 2012 through 2022 have been filed by the Delinquent Tax Attorney in Washington County Chancery Court.

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
UTILITY RATE STRUCTURE & NUMBER OF CUSTOMERS
June 30, 2023

<u>Water Rates:</u>	<u>Inside City</u>	<u>Outside City</u>
Base	\$5.62	\$10.06
0 - 20,000 Gallons Used	\$4.39 / 1,000 gal.	\$7.86/ 1,000 gal.
20,001 - 190,000 Gallons Used	\$3.51/ 1,000 gal.	\$6.28 / 1,000 gal.
190,000 - 490,000 Gallons Used	\$3.16 / 1,000 gal.	\$5.66/ 1,000 gal.
Over 490,000 Gallons Used	\$2.85 / 1,000 gal.	\$5.10 / 1,000 gal.
<u>Sewer Rates:</u>	<u>Inside City</u>	<u>Outside City</u>
Base	\$6.98	\$12.49
0 - 20,000 Gallons Used	\$7.01 / 1,000 gal.	\$12.55/ 1,000 gal.
20,001 - 190,000 Gallons Used	\$7.01 / 1,000 gal.	\$12.55/ 1,000 gal.
190,000 - 490,000 Gallons Used	\$7.01 / 1,000 gal.	\$12.55/ 1,000 gal.
Over 490,000 Gallons Used	\$7.01 / 1,000 gal.	\$12.55/ 1,000 gal.
<u>Residential Collection Rates:</u>	<u>Inside City</u>	<u>Outside City</u>
Collection at Roadside	\$13 / mon.	\$19 / mon.
Collection at Door	\$28 / mon.	\$30 / mon.
Additional Carts-Inside City ⁴	\$2.50/mon.*	-
Two Carts-Outside City	-	\$28.50 / mon.
Three Carts-Outside City	-	\$57 / mon.
<u>Commercial Collection Rates:</u>	<u>Inside City¹</u>	<u>Outside City²</u>
4 yard ³	\$75.00 mon.	\$95 .00/ mon.
6 yard ³	\$90.00 / mon.	\$110.00 / mon.
8 yard ³	\$110.00 / mon.	\$125.00 / mon.
Each Commercial Cart-Inside City	\$18/mon.	-
Additional Carts-Inside City ⁴	\$2.50/mon.*	-
One Cart-Outside City	-	\$19 / mon.
Two Carts-Outside City	-	\$28.50 / mon.
Three Carts-Outside City	-	\$57 / mon.
<u>Number of Customers:</u>	<u>Inside City</u>	<u>Outside City</u>
Water	28,953	18,249
Sewer	25,317	4,879
Solid Waste ⁵	22,030	14,266
<u>Unaccounted for Water⁶:</u>	<u>Million Gallons</u>	<u>% of Total Gallons</u>
Water supplied	5,561	100.00%
Billed metered water	3,453	62.10%
Non-revenue water	2,108	37.90%

Sources: City of Johnson City Water/Sewer and Solid Waste Departments

¹Does not include dumpster which can be purchased or rented.

²Includes dumpster which is furnished.

³Rates based on one collection per week.

⁴Decal purchased annually for \$30 or prorated depending on purchase date.

⁵Does not include garbage pulls, front loader or container rentals.

⁶Additional details available on Schedule of Unaccounted for Water

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAX RECEIVABLE
Last Ten Fiscal Years

Tax Year	Property Tax Receivable Balance June 30, 2022	Property Tax Levied	Anticipated Current Year Levy	Abatements and Adjustments	Collections	Net Receivable Balance June 30, 2023
2023	\$ -	\$ -	\$ 43,312,741	\$ -	\$ -	\$ 43,312,741
2022	\$ 37,592,718	\$ 37,636,006	\$ (37,592,718)	\$ 10,563	\$ 37,068,416	578,153
2021	717,155			26,280	531,585	211,850
2020	167,335			2,337	99,021	70,651
2019	94,296			170	1,738	92,728
2018	76,368				751	75,617
2017	61,107				491	60,616
2016	65,072				1,112	63,960
2015	68,881				56	68,825
2014	129,269					129,269
Totals	\$ 38,997,165	\$ 37,636,006	\$ 5,720,023	\$ 39,350	\$ 37,703,170	\$ 44,689,374

Source: City of Johnson City Finance Department

Notes: All uncollected real property taxes for years 2021 and prior, and all uncollected personal property taxes for years 2022 and prior, have been turned over to the County Clerk and Master for collection. Balance Sheet also includes Penalty and Interest Receivable of \$6,538.00, as well as the 2012 tax year per State Statute.

See Independent Auditors' Report.

STATISTICAL SECTION

This part of the City of Johnson City, Tennessee annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

Contents:	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	266
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	273
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	277
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	282
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	285
Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year.	

CITY OF JOHNSON CITY, TENNESSEE
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental Activities										
Net investment in capital assets	\$ 145,233,944	\$ 146,062,186	\$ 149,886,448	\$ 157,267,474	\$ 172,294,598	\$ 164,348,526	\$ 158,376,815	\$ 134,543,008	\$ 168,891,753	\$ 188,193,142
Restricted	184,226	179,906	178,170	176,435	176,874	177,879	180,143	14,479,366	129,173,093	55,940,252
Unrestricted	36,906,213	22,271,423	32,678,464	40,665,388	12,587,156	19,165,626	21,995,717	47,603,549	(58,484,837)	24,481,183
Total Governmental Activities Net Position	<u>\$ 182,324,383</u>	<u>\$ 168,513,515</u>	<u>\$ 182,743,082</u>	<u>\$ 198,109,297</u>	<u>\$ 185,058,628</u>	<u>\$ 183,692,031</u>	<u>\$ 180,552,675</u>	<u>\$ 196,625,923</u>	<u>\$ 239,580,009</u>	<u>\$ 268,614,577</u>
Business-Type Activities										
Net investment in capital assets	\$ 249,654,751	\$ 258,922,440	\$ 268,916,812	\$ 125,239,905	\$ 130,448,631	\$ 129,639,300	\$ 137,501,779	\$ 150,129,222	\$ 173,472,721	\$ 188,490,434
Restricted	-	-	-	-	-	-	-	-	32,540,576	24,478,770
Unrestricted	45,648,614	36,228,368	50,791,850	27,662,897	31,319,161	36,879,107	38,739,194	38,248,088	(2,690,645)	(3,280,858)
Total Business-Type Activities Net Position	<u>\$ 295,303,365</u>	<u>\$ 295,150,808</u>	<u>\$ 319,708,662</u>	<u>\$ 152,902,802</u>	<u>\$ 161,767,792</u>	<u>\$ 166,518,407</u>	<u>\$ 176,240,973</u>	<u>\$ 188,377,310</u>	<u>\$ 203,322,652</u>	<u>\$ 209,688,346</u>
Primary Government										
Net investment in capital assets	\$ 394,888,695	\$ 404,984,626	\$ 418,803,260	\$ 282,507,379	\$ 302,743,229	\$ 293,987,826	\$ 295,878,594	\$ 284,672,230	\$ 342,364,474	\$ 376,683,576
Restricted	184,226	179,906	178,170	176,435	176,874	177,879	4,150,369	14,479,366	161,713,669	80,419,022
Unrestricted	82,554,827	58,499,791	83,470,314	68,328,285	43,906,317	56,044,733	56,764,685	85,851,637	(61,175,482)	21,200,325
Total Primary Government Net Position	<u>\$ 477,627,748</u>	<u>\$ 463,664,323</u>	<u>\$ 502,451,744</u>	<u>\$ 351,012,099</u>	<u>\$ 346,826,420</u>	<u>\$ 350,210,438</u>	<u>\$ 356,793,648</u>	<u>\$ 385,003,233</u>	<u>\$ 442,902,661</u>	<u>\$ 478,302,923</u>

Source: City of Johnson City Finance Department

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
<u>Governmental Activities:</u>										
General Government	\$ 9,266,874	\$ 4,564,277	\$ 4,335,325	\$ 9,643,114	\$ 12,786,476	\$ 13,076,213	\$ 24,016,203	\$ 15,279,090	\$ 3,908,813	\$ 27,077,635
Public Safety	30,692,083	30,939,191	32,305,227	31,610,552	33,343,553	27,295,207	28,292,328	29,131,902	30,094,302	32,738,422
Public Works	12,651,427	12,650,544	14,902,679	14,606,024	15,033,350	20,314,023	19,200,148	21,848,091	19,465,588	22,852,072
Parks, Recreation, Culture, Leisure	10,618,362	10,870,264	12,194,483	12,698,212	13,221,906	18,332,604	9,657,046	9,016,445	11,496,806	13,055,370
City Services	2,300,965	2,510,353	3,973,106	1,753,732	1,976,917	1,121,716	1,085,236	1,702,606	1,887,669	1,395,979
Education	67,898,323	67,770,806	69,976,221	73,857,226	74,537,135	83,153,479	86,422,316	92,698,132	95,625,942	94,708,514
Interest on Long-Term Debt	4,848,097	4,597,275	4,073,142	4,432,551	4,420,521	4,387,397	3,544,442	2,559,420	3,074,680	5,084,886
Total Governmental Activities	138,276,131	133,902,710	141,760,183	148,601,411	155,319,858	167,680,639	172,217,719	172,235,686	165,553,800	196,912,878
<u>Business-Type Activities:</u>										
Water and Sewer	27,144,157	27,738,376	27,613,936	27,669,083	27,588,826	28,583,025	29,548,812	30,066,813	30,671,877	36,066,703
City Solid Waste	8,812,294	8,792,209	8,476,506	8,725,010	9,348,989	9,734,302	10,187,184	10,645,004	11,066,084	13,757,599
Regional Solid Waste	2,359,107	2,507,334	2,499,989	2,540,729	2,634,499	2,937,745	2,991,546	3,162,510	3,325,840	4,285,474
Johnson City Power Board	187,412,031	187,141,320	177,636,443	330,100,133	-	-	-	-	-	-
Public Building Authority	1,860,680	1,802,483	1,784,026	1,610,582	1,410,549	7,068,931	7,637	21,736	356,103	345,064
Mass Transit	4,060,059	4,105,166	3,955,165	4,117,623	4,188,160	4,177,655	4,292,431	4,214,610	4,080,913	4,912,319
Stormwater Management	1,364,753	1,429,830	1,128,609	1,312,675	1,397,362	1,825,497	1,611,177	1,768,031	1,601,201	1,817,915
Golf Courses	1,181,532	1,105,750	1,131,202	1,366,224	1,118,089	-	-	-	-	-
Total Business-Type Activities	234,194,613	234,622,468	224,225,876	377,442,059	47,686,474	54,327,155	48,638,787	49,878,704	51,102,018	61,185,074
Total Expenses	\$ 372,470,744	\$ 368,525,178	\$ 365,986,059	\$ 526,043,470	\$ 203,006,332	\$ 222,007,794	\$ 220,856,506	\$ 222,114,390	\$ 216,655,818	\$ 258,097,952
Program Revenues										
<u>Governmental Activities:</u>										
Charges for Services:										
Public Safety	\$ 2,052,050	\$ 1,757,781	\$ 1,789,489	\$ 1,669,156	\$ 1,541,428	\$ 1,627,813	\$ 1,401,486	\$ 1,779,428	\$ 1,464,236	\$ 1,201,125
City Services	2,382,862	2,681,123	4,151,713	2,974,679	2,666,451	3,152,202	2,313,929	1,894,727	4,937,876	5,258,096
Education	2,813,129	2,671,039	2,728,801	2,592,278	2,648,631	2,837,113	2,659,394	4,478,993	4,745,968	6,995,659
Other Activities	2,393,283	2,557,362	2,960,484	2,901,925	3,335,874	3,355,935	3,278,202	3,315,981	3,763,937	3,608,963
Operating Grants and Contributions	40,117,315	39,497,052	40,988,489	43,451,171	44,780,548	46,072,045	46,776,092	57,043,975	62,747,780	63,878,651
Capital Grants and Contributions	4,504,724	2,769,030	2,333,757	5,825,912	12,769,039	1,506,284	390,647	111,000	1,539,509	5,142,668
Total Governmental Activities	54,263,363	51,933,387	54,952,733	59,415,121	67,741,971	58,551,392	56,819,750	68,624,104	79,199,306	86,085,162
<u>Business-Type Activities:</u>										
Charges for Services:										
Water and Sewer	31,826,356	34,301,931	34,578,056	35,384,686	35,279,454	37,120,170	37,450,215	39,136,652	41,936,030	43,488,896
City Solid Waste	9,233,914	9,415,360	9,418,453	9,920,132	10,126,509	10,731,221	10,810,713	11,089,912	12,150,591	13,955,136
Johnson City Power Board	193,430,658	192,872,051	186,860,746	154,193,474	-	-	-	-	-	-
Other Activities	6,442,117	6,459,367	6,628,788	6,600,708	6,579,202	5,946,855	6,557,310	6,987,779	7,390,897	8,005,444
Operating Grants and Contributions	6,629,333	2,454,077	2,488,746	2,831,403	2,609,938	2,632,075	3,050,073	3,116,706	3,007,815	2,768,613
Capital Grants and Contributions	416,299	327,374	1,571,898	413,391	350,697	2,086,154	678,522	1,669,951	1,610,039	450,959
Total Business-Type Activities	247,978,677	245,830,160	241,546,687	209,343,794	54,945,800	58,516,475	58,546,833	62,001,000	66,095,372	68,669,048
Total Program Revenues	\$ 302,242,040	\$ 297,763,547	\$ 296,499,420	\$ 268,758,915	\$ 122,687,771	\$ 117,067,867	\$ 115,366,583	\$ 130,625,104	\$ 145,294,678	\$ 154,754,210

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue										
Governmental Activities	\$ (84,012,768)	\$ (81,969,323)	\$ (86,807,450)	\$ (89,186,290)	\$ (87,577,887)	\$ (109,129,247)	\$ (115,397,969)	\$ (103,611,582)	\$ (86,354,494)	\$ (110,827,716)
Business-Type Activities	13,784,064	11,207,692	17,320,811	(168,098,265)	7,259,326	4,189,320	9,908,046	12,122,296	14,993,354	7,483,974
Total Net Expense	\$ (70,228,704)	\$ (70,761,631)	\$ (69,486,639)	\$ (257,284,555)	\$ (80,318,561)	\$ (104,939,927)	\$ (105,489,923)	\$ (91,489,286)	\$ (71,361,140)	\$ (103,343,742)
General Revenues										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 41,912,196	\$ 42,425,368	\$ 48,996,724	\$ 50,416,299	\$ 54,104,970	\$ 55,483,051	\$ 55,130,602	\$ 55,556,523	\$ 56,562,922	\$ 58,190,295
Sales Taxes	36,860,487	39,012,253	41,079,414	42,264,409	43,200,014	44,509,947	45,790,641	51,994,687	60,392,012	64,723,969
Other Taxes	8,577,593	10,436,777	9,701,055	10,561,841	10,477,633	10,386,080	10,002,418	10,371,572	12,096,780	13,249,158
Unrestricted Investment Earnings	702,811	720,145	769,385	810,117	1,056,146	1,195,844	814,783	510,200	355,087	2,722,834
Miscellaneous	6,006	5,936	5,810	6,940	16,002	6,370	6,326	4,260	34,224	8,490
Transfers	(1,120,923)	466,812	484,629	492,899	(798,453)	(89,229)	513,843	(249)	1,472	970,790
Total Governmental Activities	86,938,170	93,067,291	101,037,017	104,552,505	108,056,312	111,492,063	112,258,613	118,436,993	129,442,497	139,865,536
Business-Type Activities:										
Unrestricted Investment Earnings	510,265	603,254	644,620	584,609	475,413	450,746	136,114	1,276	(46,540)	(147,490)
Miscellaneous	40,271	28,226	11,476	253,494	331,798	21,320	192,249	12,516	-	-
Transfers	1,045,545	(466,812)	(484,629)	(492,899)	798,453	89,229	(513,843)	249	(1,472)	(970,790)
Total Business-Type Activities	1,596,081	164,668	171,467	345,204	1,605,664	561,295	(185,480)	14,041	(48,012)	(1,118,280)
Total Primary Government	\$ 88,534,251	\$ 93,231,959	\$ 101,208,484	\$ 104,897,709	\$ 109,661,976	\$ 112,053,358	\$ 112,073,133	\$ 118,451,034	\$ 129,394,485	\$ 138,747,256
Change in Net Position										
Governmental Activities	\$ 2,925,402	\$ 11,097,968	\$ 14,229,567	\$ 15,366,215	\$ 20,478,425	\$ 2,362,816	\$ (3,139,356)	\$ 14,825,411	\$ 43,088,003	\$ 29,037,820
Business-Type Activities	15,380,145	11,372,360	17,492,278	(167,753,061)	8,864,990	4,750,615	9,722,566	12,136,337	14,945,342	6,365,694
Total Change in Net Position	\$ 18,305,547	\$ 22,470,328	\$ 31,721,845	\$ (152,386,846)	\$ 29,343,415	\$ 7,113,431	\$ 6,583,210	\$ 26,961,748	\$ 58,033,345	\$ 35,403,514

Source: City of Johnson City Finance Department

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	In-Lieu of Tax	Local Sales Tax	State Sales Tax	Business Tax	Beer Tax	Local Liquor Tax	Room Occupancy Tax	Franchise Tax	Telephone/Cable Tax	Other Taxes	Total
2014	39,977,645	1,934,551	32,343,153	4,517,334	1,982,393	2,197,683	671,464	1,285,430	399,873	761,565	1,279,185	87,350,276
2015	40,720,901	1,704,467	34,217,649	4,794,604	2,185,374	2,258,227	629,317	1,427,415	654,678	784,140	2,497,626	91,874,398
2016	46,033,026	2,963,698	35,971,479	5,107,935	2,270,973	2,166,272	777,946	2,007,870	492,083	802,123	1,183,788	99,777,193
2017	47,059,759	3,356,540	37,030,484	5,233,925	2,395,568	2,203,174	727,966	2,259,568	682,111	680,377	1,613,077	103,242,549
2018	47,691,286	6,413,684	37,817,911	5,382,103	2,444,271	2,198,827	684,360	2,135,805	680,162	791,000	1,543,208	107,782,617
2019	48,943,394	6,539,657	38,908,894	5,601,053	2,434,884	2,057,020	776,488	2,265,923	584,651	774,999	1,492,115	110,379,078
2020	48,414,530	6,716,072	40,037,172	5,753,469	2,492,158	2,051,323	883,091	2,016,288	588,739	771,884	1,198,935	110,923,661
2021	48,746,674	6,809,849	45,402,001	6,592,686	2,774,444	2,129,561	984,722	1,905,962	572,178	727,009	1,277,696	117,922,782
2022	49,736,053	6,826,869	52,358,363	8,033,649	3,170,557	2,148,162	957,690	2,936,121	790,494	733,965	1,359,791	129,051,714
2023	50,556,803	7,394,569	56,271,947	8,452,522	3,566,213	2,078,518	1,043,572	3,414,407	741,107	801,602	1,567,058	135,888,318

Source: City of Johnson City Finance Department

CITY OF JOHNSON CITY, TENNESSEE
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund										
Non-Spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,156	\$ 72,979	\$ 85,520	\$ 96,946	\$ 130,997
Restricted	11,878,510	11,889,800	12,679,649	12,979,083	13,857,735	13,982,936	14,032,169	17,108,185	26,535,876	21,303,159
Committed	1,943,629	2,181,388	1,714,572	1,527,408	2,086,485	2,799,971	2,762,976	3,830,691	5,659,625	6,843,678
Assigned	2,348,660	3,023,818	3,180,670	3,276,728	3,567,788	3,872,171	4,037,445	4,339,826	4,524,298	4,725,820
Unassigned	<u>2,486,172</u>	<u>2,021,235</u>	<u>4,852,157</u>	<u>7,588,895</u>	<u>7,445,296</u>	<u>10,442,643</u>	<u>14,214,948</u>	<u>20,073,998</u>	<u>16,129,303</u>	<u>24,574,831</u>
Total General Fund	<u>\$ 18,656,971</u>	<u>\$ 19,116,241</u>	<u>\$ 22,427,048</u>	<u>\$ 25,372,114</u>	<u>\$ 26,957,304</u>	<u>\$ 31,166,877</u>	<u>\$ 35,120,517</u>	<u>\$ 45,438,220</u>	<u>\$ 52,946,048</u>	<u>\$ 57,578,485</u>
All Other Governmental Funds										
Non-Spendable	\$ 235,507	\$ 507,191	\$ 415,652	\$ 452,683	\$ 479,673	\$ 490,842	\$ 603,248	\$ 599,705	\$ 456,760	\$ 397,963
Restricted	9,297,773	7,621,989	17,406,094	24,615,974	29,107,085	20,547,758	11,338,923	29,823,407	76,600,631	47,712,841
Committed	681,946	454,544	517,952	322,079	582,994	645,856	347,975	316,060	545,246	1,893,288
Assigned	4,226,783	5,149,639	5,829,418	5,612,503	5,889,801	7,300,743	7,996,495	11,151,184	10,642,295	17,924,222
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 14,442,009</u>	<u>\$ 13,733,363</u>	<u>\$ 24,169,116</u>	<u>\$ 31,003,239</u>	<u>\$ 36,059,553</u>	<u>\$ 28,985,199</u>	<u>\$ 20,286,641</u>	<u>\$ 41,890,356</u>	<u>\$ 88,244,932</u>	<u>\$ 67,928,314</u>

Source: City of Johnson City Finance Department

CITY OF JOHNSON CITY, TENNESSEE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Taxes	\$ 81,782,676	\$ 85,081,967	\$ 93,279,948	\$ 96,278,500	\$ 100,949,681	\$ 103,172,357	\$ 104,256,784	\$ 110,207,351	\$ 119,610,404	\$ 126,130,793
Licenses and Permits	757,415	776,698	833,884	835,364	836,686	796,649	878,950	1,032,445	1,104,258	1,165,088
Intergovernmental	49,663,837	48,607,550	50,315,913	55,196,783	64,518,474	54,570,292	53,966,535	65,072,198	73,678,824	79,026,666
Charges for Services	3,050,353	3,095,598	3,702,978	3,628,029	3,821,724	4,065,044	3,824,575	4,252,566	3,989,329	4,923,706
Fines and Forfeitures	1,933,431	1,630,708	1,660,670	1,610,416	1,449,455	1,398,916	1,324,562	971,067	1,072,142	816,016
Use of Property	2,218,992	2,453,149	3,741,016	2,681,428	2,351,103	2,822,621	2,079,377	1,650,825	3,919,405	4,308,750
Investment Earnings	688,619	703,713	737,421	773,756	1,014,306	1,144,041	777,174	486,298	311,300	2,683,288
Miscellaneous	1,714,356	1,761,335	1,752,613	1,976,180	1,798,881	2,068,715	1,917,759	3,715,730	8,720,916	5,901,836
Total Revenues	141,809,679	144,110,718	156,024,443	162,980,456	176,740,310	170,038,635	169,025,716	187,388,480	212,406,578	224,956,143
Expenditures:										
General Government	11,258,034	10,848,901	11,670,070	13,106,067	14,090,259	14,505,704	16,197,625	16,038,866	17,605,335	24,048,308
Public Safety	25,127,286	25,482,244	25,474,069	25,825,505	26,653,821	26,638,085	27,574,172	28,408,995	29,393,791	32,026,510
Public Works	11,721,899	11,707,450	13,579,188	13,370,651	13,682,038	13,912,637	12,593,517	15,367,182	13,545,544	16,842,054
Parks, Recreation, Culture, Leisure	5,753,448	6,035,715	5,955,601	7,440,588	7,442,412	8,377,533	7,843,841	7,211,940	9,813,971	10,947,223
City Services	1,780,873	2,007,388	3,330,582	1,217,513	1,284,156	833,546	776,934	1,401,406	1,618,160	1,136,180
Education	67,693,080	67,619,069	69,571,178	73,648,389	74,287,608	76,104,927	78,925,763	85,080,796	88,317,040	95,516,635
Miscellaneous	6,020	5,000	7,000	4,800	4,250	-	-	-	-	-
Capital Outlay	11,158,840	10,587,147	14,864,040	26,225,574	15,202,240	22,331,962	16,710,161	14,445,818	30,160,849	48,956,556
Debt Service:										
Principal	8,277,136	8,570,964	9,217,182	10,885,598	10,134,338	10,185,740	10,449,115	8,278,931	10,037,842	11,422,727
Interest and Fiscal Fees	5,017,159	4,413,297	3,963,372	4,534,554	4,711,181	4,652,964	3,815,269	3,246,464	3,763,672	5,753,563
Other Charges	-	348,947	215,353	5,180,158	193,169	165,958	351,659	277,079	113,182	95,700
Total Expenditures	147,793,775	147,626,122	157,847,635	181,439,397	167,685,472	177,709,056	175,238,056	179,757,477	204,369,386	246,745,456
Excess (deficiency) of revenues over (under) expenditures	(5,984,096)	(3,515,404)	(1,823,192)	(18,458,941)	9,054,838	(7,670,421)	(6,212,340)	7,631,003	8,037,192	(21,789,313)

(Continued)

CITY OF JOHNSON CITY, TENNESSEE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other Financing Sources (Uses):										
Transfers (Net)	(868,916)	508,514	385,033	492,899	(2,596,257)	(1,094,905)	513,843	(249)	1,472	726,091
Contributions	819,247	-	-	-	-	-	-	-	-	-
Note Proceeds	-	2,727,592	-	-	-	-	-	-	-	-
Issuance of Refunding Bonds	-	-	-	4,300,516	-	-	-	6,296,716	-	-
Refunding Bond Payments	-	-	-	-	-	-	(23,857,877)	(6,875,699)	-	-
Bond Issuance	1,189,948	134,136	14,680,110	19,410,000	-	5,080,000	20,213,965	18,530,823	45,878,070	-
Premium on Bonds - Refunding	-	-	-	662,538	-	-	-	673,375	-	-
Premium on Bond Issuance	-	-	-	2,703,584	-	652,823	3,839,575	4,154,490	-	-
Bond Proceeds from Other Gov't	-	-	-	520,718	-	-	-	-	-	-
Drawdown on Previous Bond	-	-	-	18,510	-	-	-	-	-	-
Issuance of Leases	-	-	-	-	-	-	-	-	-	48,359
Issuance of Subscriptions	-	-	-	-	-	-	-	-	-	5,224,707
Sale of Property and Equipment	210,655	345,882	601,431	89,767	169,977	145,338	666,663	254,371	225,364	3,611
Total Other Financing Sources (Uses)	1,350,934	3,716,124	15,666,574	28,198,532	(2,426,280)	4,783,256	1,376,169	23,033,827	46,104,906	6,002,768
Net Change in Fund Balances	\$ (4,633,162)	\$ 200,720	\$ 13,843,382	\$ 9,739,591	\$ 6,628,558	\$ (2,887,165)	\$ (4,836,171)	\$ 30,664,830	\$ 54,142,098	\$ (15,786,545)
Debt Service as a Percentage of Noncapital Expenditures	9.7%	9.5%	9.2%	9.9%	9.7%	9.6%	9.0%	7.0%	7.9%	8.7%

Source: City of Johnson City Finance Department

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Year	Real Property				Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
		Residential & Farm Property	Industrial & Commercial Property	Personal Property	Public Utility				
2014	2013	916,789,200	756,109,520	104,115,224	48,511,598	1,825,525,542	1.58	5,900,907,255	30.94%
2015	2014	887,013,750	770,839,760	106,999,274	47,559,678	1,812,412,462	1.62	5,831,826,480	31.08%
2016	2015	894,322,200	780,355,000	110,892,872	47,785,742	1,833,355,814	1.87	6,008,492,877	30.51%
2017	2016	898,799,800	798,558,600	128,527,419	49,677,344	1,875,563,163	1.87	6,028,691,817	31.11%
2018	2017	900,878,220	816,709,775	118,427,003	44,284,022	1,880,299,020	1.89	6,039,828,872	31.13%
2019	2018	904,621,575	829,503,520	117,170,861	42,946,986	1,894,242,942	1.89	6,202,530,538	30.54%
2020	2019	996,731,025	922,468,565	129,579,039	45,549,497	2,094,328,126	1.71	6,726,774,325	31.13%
2021	2020	1,004,984,125	921,290,360	134,969,007	46,841,383	2,108,084,875	1.71	6,775,214,984	31.11%
2022	2021	1,024,168,300	931,030,495	125,536,297	43,263,675	2,123,998,767	1.73	6,889,626,442	30.83%
2023	2022	1,045,522,035	956,469,275	133,653,068	45,767,567	2,181,411,945	1.73	7,057,238,996	30.91%

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Source: City of Johnson City Finance Department; State Board of Equalization Tax Aggregate Report of Tennessee; County Assessment Summary

Note: Tax rates are per \$100 of assessed value

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
PROPERTY TAX RATES (per \$100 assessed value)
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Johnson City Direct Rates*	1.58	1.62	1.87	1.87	1.89	1.89	1.71	1.71	1.73	1.73
Washington County Direct Rates										
General	0.65	0.68	0.69	0.74	0.74	0.74	0.67	0.67	0.67	0.67
Upkeep (Highway)	0.15	0.15	0.15	0.15	0.15	0.16	0.14	0.14	0.14	0.14
General Purpose School	0.77	0.80	0.80	0.83	0.83	0.83	0.74	0.74	0.74	0.74
General Capital Projects	-	-	-	0.32	0.32	0.21	0.20	0.03	0.03	0.03
Education Capital Projects	-	-	-	-	-	-	-	0.17	0.17	0.17
Debt Service	0.31	0.32	0.32	0.32	0.32	0.41	0.37	0.37	0.37	0.37
Solid Waste/Sanitation	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.04	0.04
Total Direct Rate	<u>1.91</u>	<u>1.98</u>	<u>1.98</u>	<u>2.38</u>	<u>2.38</u>	<u>2.38</u>	<u>2.15</u>	<u>2.15</u>	<u>2.15</u>	<u>2.15</u>
Carter County Direct Rates										
General	1.02	0.92	1.02	0.99	1.00	1.14	1.05	1.08	0.91	0.91
Highway/Public Works	0.13	0.13	0.13	0.13	0.13	0.12	0.13	0.13	0.11	0.11
General Purpose Schools	1.04	1.06	1.06	1.11	1.12	1.07	1.07	1.07	0.88	0.88
General Debt Service	0.15	0.35	0.25	0.22	0.22	0.25	0.22	0.18	0.13	0.13
Total Direct Rate	<u>2.33</u>	<u>2.45</u>	<u>2.45</u>	<u>2.45</u>	<u>2.47</u>	<u>2.58</u>	<u>2.47</u>	<u>2.47</u>	<u>2.03</u>	<u>2.03</u>
Sullivan County Rates										
General	0.66	0.66	0.77	0.77	0.79	0.79	0.85	0.81	0.81	0.73
Solid Waste/Sanitation	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Highway	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.07
General Purpose Schools	1.37	1.37	1.47	1.47	1.35	1.35	1.35	1.35	1.35	1.17
County Capital Project	0.07	0.07	0.10	0.10	0.09	0.09	0.09	0.09	0.09	0.08
General Debt Service	0.11	0.11	0.14	0.14	0.22	0.22	0.23	0.22	0.22	0.34
Total Direct Rate	<u>2.31</u>	<u>2.31</u>	<u>2.58</u>	<u>2.58</u>	<u>2.55</u>	<u>2.55</u>	<u>2.62</u>	<u>2.57</u>	<u>2.57</u>	<u>2.41</u>

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Source: City of Johnson City Finance Department; County Budget Offices

Note: *There are no component breakdowns for the Johnson City direct tax rate.

See Independent Auditors' Report.

**CITY OF JOHNSON CITY
PRINCIPAL PROPERTY TAXPAYERS
For the Fiscal Years Noted**

Taxpayer	2023			2014		
	Taxable Assessed		Percentage of Total Taxable Assessed	Taxable Assessed		Percentage of Total Taxable Assessed
	Value	Rank	Value	Value	Rank	Value
Glimcher Mall Johnson City LLC	\$ 22,438,440	1	1.0%	\$ 22,631,920	1	1.2%
Wal-Mart/Sams Real Estate	18,245,807	2	0.8%	18,398,500	2	1.0%
American Water Heater	14,954,180	3	0.7%	10,125,177	6	0.6%
Atmos Energy Corp	12,716,175	4	0.6%	10,388,079	5	0.6%
Mountain States Properties	11,740,883	5	0.5%	7,390,777	10	0.4%
Knob Creek Apts LLC	11,301,440	6	0.5%	10,686,400	4	0.6%
Reserve Johnson City	10,334,920	7	0.5%	-	-	0.0%
The Villas at Mockingbird Lane	10,212,400	8	0.5%	-	-	0.0%
RAF Johnson City LLC (The Crossing)	9,811,320	9	0.4%	-	-	0.0%
Bristol Highway Partners	8,732,880	10	0.4%	-	-	0.0%
United Telephone	-	-	0.0%	17,298,705	3	0.9%
Johnson City Crossing LP	-	-	0.0%	8,682,560	8	0.5%
Johnson City Property LLC	-	-	0.0%	7,563,920	9	0.4%
Sofha Real Estate	-	-	0.0%	10,014,000	7	0.5%
Totals	\$ 130,488,445		6.0%	\$ 123,180,038		6.7%

Total Taxable Assessed Value:
 FYE 2023 (Tax Year 2022) 2,181,411,945
 FYE 2014 (Tax Year 2013) 1,825,525,542

Source: City of Johnson City Finance Department

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Tax Levy for Fiscal Year	Subsequent Adjustments to Levy	Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Uncollected Delinquent Taxes
				Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy	
2014	28,843,764	37,813	28,881,577	28,103,866	97.31%	752,747	28,856,613	99.91%	24,964
2015	29,361,471	(30,269)	29,331,202	28,530,267	97.27%	671,665	29,201,932	99.56%	129,269
2016	34,322,563	(621)	34,321,942	33,579,748	97.84%	673,369	34,253,117	99.80%	68,825
2017	35,106,178	(217,831)	34,888,347	34,085,543	97.70%	738,844	34,824,387	99.82%	63,960
2018	35,527,100	10,037	35,537,137	34,725,926	97.72%	750,595	35,476,521	99.83%	60,616
2019	35,782,212	93,598	35,875,810	34,989,135	97.53%	811,058	35,800,193	99.79%	75,617
2020	35,946,258	(89,139)	35,857,119	35,062,834	97.78%	701,557	35,764,391	99.74%	92,728
2021	36,168,650	74,541	36,243,191	35,596,832	98.22%	575,707	36,172,540	99.81%	70,651
2022	36,807,855	129,450	36,937,305	36,181,307	97.95%	544,148	36,725,455	99.43%	211,850
2023	37,636,006	10,563	37,646,569	37,068,416	98.46%		37,068,416	98.46%	578,153

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Source: City of Johnson City Finance Department

Note: Receivables include liens outstanding for lot clean-up and demolition

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal	
	General Obligation	Notes Payable	Capital Lease	Subscript- ions	General Obligation Bonds	Revenue Bonds	Notes Payable		Income	Per Capita
	Bonds									
2014	125,661,880	-	-	-	99,521,339	49,783,136	1,232,930	276,199,285	15.91%	4,263
2015	118,021,821	1,370,000	-	-	94,667,548	45,191,686	1,906,965	261,158,020	14.50%	4,006
2016	123,047,495	1,187,000	-	-	89,139,200	41,070,237	1,807,469	256,251,401	13.94%	3,909
2017	134,071,123	1,000,000	-	-	83,892,648	499,681	1,162,240	220,625,692	11.58%	3,331
2018	123,205,021	809,000	-	-	78,415,773	338,551	1,136,646	203,904,991	10.55%	3,071
2019	118,089,999	2,869,000	-	-	84,282,029	180,000	1,109,978	206,531,006	10.62%	3,093
2020	108,181,226	2,549,000	-	-	80,890,764	-	1,082,270	192,703,260	9.70%	2,880
2021	124,106,476	2,224,000	-	-	79,742,257	-	1,053,318	207,126,051	9.42%	2,915
2022	158,804,298	1,890,000	213,627	-	113,453,425	-	1,023,144	275,384,494	11.74%	3,864
2023	146,665,070	1,765,000	213,637	4,629,351	110,320,369	-	991,702	264,585,129	10.08%	3,649

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Source: City of Johnson City Finance Department

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
 See the Schedule of Demographic and Economic Statistics for personal income and population data.

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt Service Fund (1)	Net General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2014	225,183,219	(1,688,300)	223,494,919	3.79%	3,450
2015	213,684,543	(1,582,959)	212,101,584	3.64%	3,253
2016	212,186,695	(2,138,472)	210,048,223	3.50%	3,204
2017	210,455,637	(2,409,472)	208,046,165	3.45%	3,141
2018	194,685,467	(2,591,862)	192,093,605	3.18%	2,893
2019	193,580,296	(3,178,319)	190,401,977	3.07%	2,851
2020	189,071,990	(3,970,226)	185,101,764	2.75%	2,767
2021	203,848,733	(6,136,193)	197,712,540	2.92%	2,783
2022	272,257,723	(7,696,541)	264,561,182	3.84%	3,712
2023	256,985,439	(8,032,981)	248,952,458	3.53%	3,433

Source: City of Johnson City Finance Department

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

See the Schedule of Demographic and Economic Statistics for personal income and population data.

(1) Amount restricted for debt service principal payments

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2023**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Overlapping Debt:			
Carter County	\$ 15,716,865	2.00%	314,337
Sullivan County	219,026,380	0.04%	87,611
Washington County	<u>136,066,083</u>	62.00%	<u>84,360,971</u>
<i>Subtotal, Overlapping Debt</i>	370,809,328		84,762,919
Net Direct Debt:			
City of Johnson City	<u>131,543,593</u>	100.00%	<u>131,543,593</u>
Total Direct and Overlapping Debt	<u>\$ 502,352,921</u>		<u>216,306,512</u>

Sources: City of Johnson City Finance Department
County Governments

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Johnson City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt Limit	\$ 182,552,554	\$ 181,241,246	\$ 183,335,581	\$ 187,556,316	\$ 188,029,902	\$ 189,133,171	\$ 209,432,813	\$ 210,808,488	\$ 212,399,877	\$ 218,141,195
Total Net Debt Applicable to Limit	<u>87,666,880</u>	<u>83,231,821</u>	<u>88,807,495</u>	<u>99,736,123</u>	<u>90,865,021</u>	<u>82,204,856</u>	<u>71,512,916</u>	<u>70,953,698</u>	<u>103,964,968</u>	<u>96,234,443</u>
Legal Debt Margin	<u>\$ 94,885,674</u>	<u>\$ 98,009,425</u>	<u>\$ 94,528,086</u>	<u>\$ 87,820,193</u>	<u>\$ 97,164,881</u>	<u>\$ 106,928,315</u>	<u>\$ 137,919,897</u>	<u>\$ 139,854,790</u>	<u>\$ 108,434,909</u>	<u>\$ 121,906,752</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	48.02%	45.92%	48.44%	53.18%	48.32%	43.46%	34.15%	33.66%	48.95%	44.12%

Legal Debt Margin Calculation for Fiscal Year 2023	
Total Taxable Assessed Value	2,181,411,945
Debit Limit (10% of Taxable Assessed Value)	218,141,195
Debt Applicable to Limit:	
General Obligation Debt	132,739,443
Less: Sales Tax Revenue Bonds	<u>(36,505,000)</u>
Total Net Debt Applicable to Limit	<u>96,234,443</u>
Legal Debt Margin	<u>\$ 121,906,752</u>

Source: City of Johnson City Finance Department

CITY OF JOHNSON CITY, TENNESSEE
PLEGDED-REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
Water and Sewer Revenue Bonds:							
2014	31,826,356	23,691,806	8,134,550	1,685,000	243,813	1,928,813	4.22
2015	34,301,931	24,366,537	9,935,394	1,615,145	164,825	1,779,970	5.58
2016	34,578,056	24,527,412	10,050,644	1,180,000	82,312	1,262,312	7.96
2017	35,384,686	25,206,358	10,178,328	160,000	27,425	187,425	54.31
2018	35,279,454	25,744,486	9,534,968	165,000	21,025	186,025	51.26
2019	37,120,170	25,675,151	11,445,019	175,000	14,425	189,425	60.42
2020	37,450,215	26,874,693	10,575,522	180,000	7,425	187,425	56.43
2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Johnson City Power Board Revenue Bonds:							
2014	193,430,658	185,172,023	8,258,635	2,735,000	2,247,038	4,982,038	1.66
2015	192,872,051	185,013,234	7,858,817	3,009,825	2,137,637	5,147,462	1.53
2016	186,860,746	175,630,596	11,230,150	2,955,000	2,023,838	4,978,838	2.26
2017	154,193,474	140,083,234	14,110,240	3,095,000	1,884,838	4,979,838	2.83
2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: City of Johnson City Finance Department

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements
Operating Expenses do not include interest

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Census Data Year	Education Level - Population 25 Years and Over									
		Population	Personal Income	Per Capita Personal Income	Median Age	High School Graduate or Higher	Associate's Degree	Bachelor's Degree	Graduate or Professional Degree	School Enrollment	Unemployment Rate
2014	2013	64,787	1,735,514,156	26,788	36.9	87.7%	5.0%	21.9%	14.8%	7,651	7.1%
2015	2014	65,196	1,800,648,324	27,619	36.4	88.3%	4.6%	22.6%	16.3%	7,902	6.6%
2016	2015	65,552	1,838,078,080	28,040	36.0	89.3%	5.3%	23.1%	16.3%	7,772	5.6%
2017	2016	66,233	1,905,788,342	28,774	35.9	89.9%	5.7%	23.1%	16.4%	7,739	4.4%
2018	2017	66,391	1,932,973,965	29,115	36.4	90.8%	5.9%	23.4%	16.7%	7,762	4.2%
2019	2017 *	66,778	1,944,241,470	29,115	36.4	90.8%	5.9%	23.4%	16.7%	7,860	4.4%
2020	2018 *	66,906	1,987,576,542	29,707	35.9	90.2%	6.3%	23.6%	16.8%	8,098	8.8%
2021	2020	71,046	2,198,092,194	30,939	35.6	90.2%	7.1%	23.1%	16.8%	7,584	5.3%
2022	2021	71,278	2,345,687,702	32,909	35.6	91.0%	7.1%	21.1%	18.0%	7,616	4.0%
2023	2022	72,514	2,625,731,940	36,210	35.6	91.0%	7.2%	21.7%	18.9%	7,754	3.8%

Sources: U. S. Census Bureau (American Community Survey) - City of Johnson City
U. S. Department of Labor (Bureau of Labor Statistics) - City of Johnson City
Tennessee Department of Education (Report Card) - Johnson City Schools
World Population Review

*With the exception of population, personal income, school enrollment and unemployment rate, 2019 census information was unavailable.

**CITY OF JOHNSON CITY, TENNESSEE
PRINCIPAL EMPLOYERS
For the Fiscal Years Noted**

Employer	2023			2014		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
East Tennessee State University	3,578	1	6.0%	2,370	2	4.2%
Ballad Health Corporation	3,300	2	5.6%	8,610	1	15.3%
Veteran Health Administration	2,188	3	3.7%	2,188	3	3.9%
Advanced Call Center Technologies, LLC	2,100	4	3.5%	1,179	6	2.1%
CITI Commerce Solution	1,900	5	3.2%	1,700	4	3.0%
Washington County Board of Education	1,220	6	2.1%	1,200	5	2.1%
Johnson City Board of Education	1,132	7	1.9%	832	10	1.5%
A. O. Smith (American Water Heater)	1,125	8	1.9%	1,076	7	1.9%
City of Johnson City	1,080	9	1.8%	9,609	9	1.6%
Frontier Health	1,066	10	1.8%	1,016	8	1.8%
	<u>18,689</u>		<u>31.5%</u>	<u>29,780</u>		<u>52.9%</u>

Total Washington County Employment:
 FYE 2023 59,277
 FYE 2013 56,275

Sources: First Tennessee Development District
 Business Journal
 Tennessee Department of Labor & Workforce Development

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	85	81	82	83	92	93	99	99	102	107
Public Safety	308	306	305	311	311	318	315	315	316	317
Public Works	84	83	84	82	79	82	82	82	82	82
Parks, Recreation, Culture, Leisure	70	70	77	80	87	88	87	87	89	82
Other City Services	72	69	71	68	70	70	71	71	71	81
Education	959	947	985	1,025	1,071	1,077	1,086	878	1100	1132
Water and Sewer	164	164	165	166	169	170	174	175	178	182
Solid Waste	59	59	59	60	60	62	65	64	66	66
Storm Water Mgmt	8	8	8	8	8	8	9	9	9	9
Mass Transit	51	53	53	53	54	58	58	57	54	57
Golf Courses	10	10	9	8	7	7	7	7	8	8
	<u>1,870</u>	<u>1,850</u>	<u>1,898</u>	<u>1,944</u>	<u>2,008</u>	<u>2,031</u>	<u>2,051</u>	<u>1,844</u>	<u>2,073</u>	<u>2,123</u>

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Sources: City of Johnson City Finance Department
 Johnson City School System

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety:										
Student Transportation:										
Miles	512,606	469,210	482,215	595,719	530,243	547,480	524,739	414,092 *	535,132	439,167
Passengers	1,213,583	1,246,394	1,256,119	1,254,236	1,262,300	1,232,579	925,251	537,455 *	947,242	912,257
Police:										
Physical Arrests	5,071	5,127	5,094	5,023	5,167	5,179	4,741	4,906	5,474	5,167
Parking Citations	1,717	1,836	2,154	1,624	2,114	2,784	1,142	397	491	1,070
Traffic Citations	20,392	14,970	14,017	12,575	12,236	16,477	14,432	10,270	13,504	10,100
Camera Enforcement Citations	5,965	6,576	9,604	10,551	9,972	9,625	8,914	9,567	3,413	-
Fire:										
Calls Answered	8,892	9,485	10,297	9,645	9,657	9,765	9,449	9,455	9,830	9,952
Inspections	1,588	1,622	1,568	1,916	1,478	1,040	661	742	1,193	565
Public Works:										
Potholes Repaired	660	1,439	1,202	1,080	1,069	1,282	1,035	963	545	2,410
Streets Swept (linear miles)	5,222	5,148	7,183	5,898	5,825	5,244	4,139	4,300	4,134	1,380
Traffic Signals Repaired/Replaced	176	129	101	75	119	88	61	107	83	218
Snow & Ice Control Treatment (lane miles)	7,680	3,368	2,730	2,356	3,715	3,920	3,021	3,332	2,234	2,971
Public Welfare:										
Parks and Recreation:										
Pool Admissions	62,840	60,665	54,333	44,592	51,889	56,154	37,426	10,644	38,798	53,670
Youth Basketball Participants	650	658	645	704	760	716	698	-	635	698
Youth Kickball	87	81	59	-	-	-	-	-	-	-
Youth Soccer Participants	1,610	1,929	2,199	2,129	1,964	2,405	1,188	1,062	2,228	2,547
Youth Softball & Tee-ball Participants	147	119	83	108	103	93	-	94	129	229
Tennis Instruction Participants	69	81	162	65	64	104	120	162	162	151
Adult Basketball Teams	23	22	22	20	21	14	15	-	14	10
Adult Softball Teams	126	115	106	116	110	94	36	70	75	79
Senior Citizens Programs/Events Attendance	131,269	136,015	149,963	178,225	201,640	196,412	144,052	18,624	80,491	94,184
City Services:										
Freedom Hall Events	32	50	45	37	62	60	41	20	43	97

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(Continued)

**CITY OF JOHNSON CITY, TENNESSEE
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years**

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Water and Sewer:										
Average Daily Consumption (Water)	16.23 mgd	16.28 mgd	16.22 mgd	16.15 mgd	15.4 mgd	15.01 mgd	14.6 mgd	14.88 mgd	15.47 mgd	15.34 mgd
Maximum Daily Capacity (Water)	28.00 mgd	28.00 mgd	28.00 mgd	28.00 mgd	28.00 mgd	28.00 mgd	28.00 mgd	28.00 mgd	28.00 mgd	28.00 mgd
Water Taps	330	401	308	372	356	338	410	500	480	517
Sewer Taps	1,043	908	335	517	355	333	709	640	799	354
Solid Waste:										
Refuse Collected (Tons)	85,725	86,936	90,601	91,486	96,304	103,267	100,268	101,840	108,871	150,335
Recyclables Sold (Tons)	5,678	5,889	6,281	6,009	5,406	5,553	5,072	5,277	5,310	5,430
Mulch Sold as Boiler Fuel (Tons)	17,512	11,640	6,801	8,756	11,691	7,240	5,967	-	-	46
Leaves Collected (Tons)	3,596	3,726	3,041	3,583	3,242	3,450	3,277	3,193	3,400	3,345
Golf Courses:										
18-Hole Rounds Played	34,074	33,051	35,452	33,458	29,377	24,583	9,555	32,639	36,767	39,517

Source: Various City Departments

Note: Operating Indicators are not available for the general government function.

* The numbers are down due to COVID schedule changes, hybrid and virtual classes.

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety:										
Student Transportation:										
Buses	68	59	57	59	58	62	58	52	50	49
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	182	195	188	176	187	186	183	188	202	187
Motorcycle Units	3	3	3	3	3	3	3	3	3	3
Fire:										
Stations	9	9	9	9	9	9	9	9	9	9
Fire Trucks/Rescue Units	30	31	31	36	35	33	39	37	37	37
Public Works:										
Streets (Miles)	530.49	530.49	528.89	528.89	553.2	554	555.8	557.6	548	556.5
Traffic Signals	96	95	98	98	98	99	100	104	104	104
Public Welfare:										
Parks and Recreation:										
Park Sites	19	19	19	19	19	19	19	19	19	24
Park Acreage	1,081	1,081	1,081	1,081	1,081	1,081	1,081	1,081	1,081	1,081
Swimming Pools	3	3	3	3	3	3	3	3	3	4
Therapy Pools	2	2	2	2	2	2	2	2	2	1
Tennis Courts	22	22	22	22	22	22	22	22	18	23
Pickle Ball Courts									12	12
Community/Recreation Centers	5	5	4	4	4	4	5	4	4	4
School System:										
Elementary Schools	8	8	8	8	8	8	8	8	8	8
Secondary Schools	3	3	3	3	3	3	3	3	4	4
Water and Sewer:										
Water Mains (Miles)	940	944	949	952	953	966	973	967	951	955
Fire Hydrants	3,486	3,533	3,569	3,630	3,670	3,675	3,738	3,765	3,856	3,897
Sanitary Sewers (Miles)	578	579	583	684	686	677	744	748	762	789
Manholes	12,968	13,042	13,086	13,229	13,311	13,327	13,567	13,572	13,848	13,947
Solid Waste:										
Collection Trucks	53	56	55	55	56	60	49	50	50	51
Golf Courses										
	2	2	2	2	1	1	1	1	1	1
Mass Transit:										
Buses/Trolleys/Vans	37	37	37	38	38	43	39	38	38	38

Source: Various City Departments
Note: Does not include leased property

See Independent Auditors' Report.

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

To the Honorable Mayor and Board of Commissioners
City of Johnson City, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Johnson City, Tennessee (the City), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 27, 2024. In addition, we have audited the discretely presented component units of the City. This report does not include the results of the testing of internal control over financial reporting or compliance and other matters that are reported in those separately issued audit reports for the Johnson City Public Library and Johnson City Development Authority.

The financial statements of City of Johnson City, Tennessee's School's Internal School Fund were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the City of Johnson City, Tennessee's School's Internal School Fund or that are reported separately by those auditors who audited the financial statements of the City of Johnson City, Tennessee's School's Internal School Fund.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

City of Johnson City, Tennessee
Independent Auditors' Report on
Internal Control over Financial Reporting
and on Compliance and Other Matters

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not to be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questions costs as items 2023-001 through 2023-003.

City of Johnson City, Tennessee's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response and management's corrective action plan were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Blackburn, Childers + Steagall, PLC

BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

February 27, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and Board of Commissioners
City of Johnson City, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Johnson City, Tennessee's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the fiscal year ended June 30, 2023. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

City of Johnson City, Tennessee
Independent Auditors' Report on
Compliance for Each Major Program
and on Internal Control over Compliance

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

City of Johnson City, Tennessee
Independent Auditors' Report on
Compliance for Each Major Program
and on Internal Control over Compliance

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Blackburn, Childers + Steagall, PC

BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

February 27, 2024

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Johnson City, Tennessee (the City).
2. Two material weaknesses are reported. There is one significant deficiency reported relating to the audit of the financial statements.
3. There were instances of noncompliance material to the financial statements of the City, which are required to be reported in accordance with *Government Auditing Standards*, and disclosed during the audit.
4. No material weaknesses in internal control over major federal award programs are disclosed during the audit of the City.
5. The auditors' report on compliance for the major federal award programs for the City expresses an unmodified opinion on all major federal programs.
6. There are no audit findings relative to the major federal award programs that are required to be disclosed in accordance with Title 2 U.S. CFR section 200.516(a) of the Uniform Guidance.
7. The programs tested as major programs were as follows:

<u>Program</u>	<u>Federal Assistance Number</u>
Child Nutrition Cluster	10.553 / 10.555
Assistance to Firefighters Grant	97.044
COVID 19 – Coronavirus State and Local Fiscal Recovery Funds	21.027
Federal Transit Cluster	20.507
COVID 19 – Elementary and Secondary School Emergency Relief	84.425D
COVID 19 – ARP Homeless	84.425W

8. The threshold for distinguishing Types A and B programs was \$803,238.
9. The City was determined to not be a low-risk auditee.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

Current Fiscal Year Findings

2023-001: Material Weakness – Bank Reconciliations

- **Criteria:** Monthly bank reconciliations should be performed on all bank accounts in a timely manner.
- **Condition:** During review of cash, auditors noted that bank reconciliations were not performed timely during the current year, therefore, reconciliations were not readily available. The cash balances presented as of June 30, 2023 on the trial balance received for the audit testwork varied significantly from the cash balances reported as the adjusted balance on the cash reconciliation.
- **Cause:** Bank reconciliations were not performed in a timely manner.
- **Effect:** The June 30, 2023 cash balances reported on the trial balance were not accurate and were not adjusted properly due to the failure to perform the cash reconciliation in a timely manner. Final client provided adjusting entries were received in February 2024 to record in the June 30, 2023 ending balances.
- **Recommendation:** It is recommended that bank reconciliations be performed in a timely manner for all cash accounts held by the City and be readily available for review.
- **City of Johnson City, Tennessee Management's Response:** Accounting continued to be overburdened with the implementation of the new software system which began in a previous fiscal year. Key elements of the bank reconciliation process were incorrectly set up in the system causing the automated reconciliation process not to work. A manual bank reconciliation process was developed and implemented until the automated process is in place. Other mitigating cash controls are in place to insure deposits are reconciled with individual cashier activity and discrepancies are investigated timely. Weekly reconciliation of cash receipts to the bank have been implemented and are being maintained by a Staff Accountant. Bank reconciliations are being completed with a monthly timeline for completion developed and implemented to ensure timely completion of the bank reconciliations.

2023-002: Material Weakness – Accurate Financial Reporting

- **Criteria:** Timely and accurate financial reporting is essential for proper oversight and decision making within the City. All trial balance amounts should be properly reconciled to subsidiary ledgers, underlying accounting data, and reconciliations. Additionally, the State of Tennessee Audit Manual requires that accounting records be closed within sixty days after fiscal year end.
- **Condition:** Many fund level trial balances were not properly and timely adjusted during the year end close due to the lack of supporting financial reporting information available from the accounting software. Major areas affected include cash, payroll, utility billings, grant reporting, and capital assets.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2023-002: Material Weakness – Accurate Financial Reporting (Continued)

- **Cause:** Implementation issues with the new software conversion process were not timely addressed and corrected in order to allow for accurate financial reporting for the year ended June 30, 2023. Errors were noted in report generation, reconciliations to the subsidiary ledgers, and software integration.
- **Effect:** A significant number of journal entries, both client prepared and auditor proposed, were necessary in order to properly reflect the financial accounting position of the City at June 30, 2023. Client prepared journal entries were finalized in February 2024.
- **Recommendation:** We recommend that the City continue to work with their programmer and software liaison to improve the software integration features. We further recommend that the City continue to conduct manual reviews and reconciliations of major areas until the software reporting issues have been fully resolved.
- **City of Johnson City, Tennessee Management's Response:** The implementation of a new software system, which began in a previous fiscal year, created hardships for the accurate and timely reporting of financial data. Accounting and IT continue to work extensively with the implementation team and software support to correct the flaws identified after implementation. Staff has implemented manual processes that allow the reconciliation and adjustment of fund financial data in a timely manner, thus providing more accurate and timely information to be available to end users. Manual processes will continue to be performed until such a time that implementation flaws have been corrected and the software allows for accurate and timely financial reporting.

2023-003: Significant Deficiency – Cash Disbursements and Purchasing

- **Criteria:** Cash disbursement documentation should include proper evidence of approval, invoice, purchase order, receipt form, and any additional information available.
- **Condition:** During the testing of cash disbursements and purchase card purchases, it was noted that several of the disbursements' documentation occurring after the software change did not have a purchase order when over the threshold noted in the purchasing policy, receipt of goods/services form, or reference to a fund and account number charged. This was noted on purchases by the City and the Public Building Authority. It was also noted that purchases had been split up so they would not have to be approved before being obtained via the purchase card.
- **Cause:** Proper cash disbursement documentation was not obtained and/or retained for every purchase. The City approved purchasing policies were not always followed.

CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2023-003: Significant Deficiency – Cash Disbursements and Purchasing (Continued)

- ***Effect:*** The effect of these issues causes certain purchases to not be in compliance with the internal control procedures for cash disbursements as prescribed by the City’s purchasing and purchase card policy. It further indicates that the nonconforming transactions were not identified through the City’s internal review processes.

- ***Recommendation:*** We recommend the purchasing procedures, as adopted by the City and illustrated in the purchasing policy, be followed for all cash disbursements. We further recommend that the City implement controls to ensure the policies are followed and review procedures are adequate to identify nonconforming transactions. It is recommended that cash disbursement evidence be obtained and be readily available.

- ***City of Johnson City, Tennessee Management’s Response:*** The City underwent changes to processes beginning with the implementation of new software in a prior fiscal year. Due to continued issues and additional steps required with the new software, the purchasing and disbursement process can take longer than it previously did. Consequently to lessen the turnaround time, some nonconforming purchases were made by departments which did not adhere to the City’s purchasing and procurement policy. All departments are aware of the importance of the purchasing procedures and policy and are expected to adhere to them. Additional procedures and training are being implemented to track and address any nonconforming purchases which do not follow the proper purchasing channels or procedures. Staff have been reminded of the importance of an adequate review of all required documentation prior to authorizing a disbursement.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Reported.

**CITY OF JOHNSON CITY, TENNESSEE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Fiscal Year Ended June 30, 2023**

Financial Statement Findings

Original Finding Number	Prior Fiscal Year Finding Number	Finding Title	Status / Current Fiscal Year Finding Number
2021-001	2022-001	Material Weakness - Johnson City Food Service Inventory	Corrected
2021-002	2022-002	Material Weakness - Bank Reconciliations	Not Corrected; Repeated as 2023-001
2022-003	2022-003	Material Weakness - Accurate Financial Reporting	Not Corrected; Repeated as 2023-002
2022-004	2022-004	Significant Deficiency - Cash Disbursements and Purchasing	Not Corrected; Repeated as 2023-003

Federal Award Findings and Questioned Costs


None Reported.

February 27, 2024

Blackburn, Childers & Steagall, PLC
P. O. Box 3745
Johnson City, Tennessee 37602

RE: Management's Corrective Action Plan June 30, 2023

Name of Contact Person
Stephanie Laos, Finance Director

Signature: 

2023-001: Bank Reconciliations

- Accounting continued to be overburdened with the implementation of the new software system which began in a previous fiscal year. Key elements of the bank reconciliation process were incorrectly set up in the system causing the automated reconciliation process not to work. A manual bank reconciliation process was developed and implemented until the automated process is in place. Other mitigating cash controls are in place to insure deposits are reconciled with individual cashier activity and discrepancies are investigated timely. Weekly reconciliation of cash receipts to the bank have been implemented and are being maintained by a Staff Accountant. Bank reconciliations are being completed with a monthly timeline for completion developed and implemented to ensure timely completion of the bank reconciliations.

Anticipated Completion Date
July 1, 2024

2023-002: Accurate Financial Reporting

- The implementation of a new software system, which began in a previous fiscal year, created hardships for the accurate and timely reporting of financial data. Accounting and IT continue to work extensively with the implementation team and software support to correct the flaws identified after implementation. Staff has implemented manual processes that allow the reconciliation and adjustment of fund financial data in a timely manner, thus providing more accurate and timely information to be available to end users. Manual processes will continue to be performed until such a time that implementation flaws have been corrected and the software allows for accurate and timely financial reporting.

Anticipated Completion Date
July 1, 2024

2023-003: Cash Disbursements and Purchasing

- The City underwent changes to processes beginning with the implementation of new software in a prior fiscal year. Due to continued issues and additional steps required with the new software, the purchasing and disbursement process can take longer than it previously did. Consequently, to lessen the turnaround time, some nonconforming purchases were made by departments which did not adhere to the City's purchasing and procurement policy. All departments are aware of the importance of the purchasing procedures and policy and are expected to adhere to them. Additional procedures and training are being implemented to track and address any nonconforming purchases which do not follow the proper purchasing channels or procedures. Staff have been reminded of the importance of an adequate review of all required documentation prior to authorizing a disbursement.

Anticipated Completion Date

May 31, 2024

