

**PRELIMINARY OFFICIAL STATEMENT**

**\$54,000,000\***  
**CITY OF JOHNSON CITY, TENNESSEE**  
**General Obligation Bonds, Series 2025**

OFFERED FOR SALE NOT SOONER THAN

Thursday, November 13, 2025 at 10:15 A.M. E.S.T.  
Through the Facilities of **PARITY**<sup>®</sup>



SINCE 1931

**CUMBERLAND SECURITIES**  
INDEPENDENT FINANCIAL ADVISOR

October 29, 2025

\*Preliminary, subject to change.

This *Preliminary Official Statement* and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the *Official Statement* is delivered in final form. Under no circumstances shall this *Preliminary Official Statement* constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.



# PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 29, 2025

## NEW ISSUE

## BOOK-ENTRY-ONLY

Rating: Moody's – "Aa2"

(See "MISCELLANEOUS-Rating" herein)

*In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds (i) will be excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax, except as described under the heading "LEGAL MATTERS-Tax Matters" herein.*

**\$54,000,000\***

## CITY OF JOHNSON CITY, TENNESSEE General Obligation Bonds, Series 2025

Dated: Date of delivery (assume December 12, 2025).

Due: June 1, as shown below.

The \$54,000,000\* General Obligation Bonds, Series 2025 (the "Bonds") issued by the City of Johnson City, Tennessee (the "City") are issuable in fully registered form in denominations of \$5,000 and authorized integral multiples thereof. The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal, and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of \$5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semi-annually from the date thereof commencing on June 1, 2026 and thereafter on each June 1 and December 1 by check or draft mailed to the owners thereof as shown on the books and records of U.S. Bank Trust Company, National Association, Nashville, Tennessee, the registration and paying agent (the "Registration Agent"). In the event of discontinuation of the book-entry-only system, principal of and interest on the Bonds are payable at the designated trust office of the Registration Agent.

The Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City are irrevocably pledged. A portion of the Bonds, as designed by the City, shall be additionally payable from but not secured by the revenues to be derived from the operation of the System, as defined herein. See section entitled "SECURITIES OFFERED – Security".

The Bonds maturing June 1, 2034 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2033.

<u>Due</u> <u>(June 1)</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>	<u>Due</u> <u>(June 1)</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2028	\$ 350,000				2042	\$ 2,880,000			
2029	1,575,000				2043	3,015,000			
2030	1,650,000				2044	3,150,000			
2031	1,725,000				2045	3,305,000			
2032	1,810,000				2046	3,465,000			
2033	1,895,000				2047	950,000			
2034	1,990,000				2048	995,000			
2035	2,085,000				2049	1,045,000			
2036	2,180,000				2050	1,090,000			
2037	2,285,000				2051	1,145,000			
2038	2,385,000				2052	1,200,000			
2039	2,505,000				2053	1,255,000			
2040	2,625,000				2054	1,315,000			
2041	2,750,000				2055	1,380,000			

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire *Preliminary Official Statement* to obtain information essential to make an informed investment decision.

The Bonds are offered when, as and if issued by the City, subject to the approval of the legality thereof by Bass, Berry & Sims PLC, Knoxville, Tennessee, bond counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon by Blake Watson, Esq., Senior Staff Attorney to the City. It is expected that the Bonds will be available for delivery through the facilities of DTC, New York, New York, on or about December \_\_, 2025.

**Cumberland Securities Company, Inc.**  
Municipal Advisor

November \_\_, 2025

\*Preliminary, subject to change.

This *Preliminary Official Statement* speaks only as of its date, and the information contained herein is subject to change.

This *Preliminary Official Statement* may contain forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this *Preliminary Official Statement*, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this *Preliminary Official Statement*. The Issuer disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This *Preliminary Official Statement* and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the Bonds, the Resolution, the Disclosure Certificate, and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Resolution, the Disclosure Certificate, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents and laws, and references herein to the Bonds are qualified in their entirety to the forms thereof included in the Bond Resolution.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts. This *Preliminary Official Statement* does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Issuer, the Municipal Advisor or the Underwriter to give any information or to make any representations other than those contained in this *Preliminary Official Statement*, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Issuer, the Municipal Advisor or the Underwriter. Except where otherwise indicated, all information contained in this *Preliminary Official Statement* has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Municipal Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Preliminary Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

**\*\*Copyright, American Bankers Association (the "ABA").** CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Issuer makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

# CITY OF JOHNSON CITY, TENNESSEE

## CITY OFFICIALS

Honorable Greg Cox, Jr	<i>Mayor</i>
Cathy Ball	<i>City Manager</i>
Steve Willis	<i>Assistant City Manager</i>
Alicia Summers	<i>Assistant City Manager</i>
Stephanie Laos	<i>Finance Director / City Recorder</i>
Blake Watson, Esq.	<i>Senior Staff Attorney</i>

## BOARD OF COMMISSIONERS

Jenny Brock, Vice-Mayor  
Todd Fowler, Commissioner  
Whitney Goetz, Commissioner  
Joe Wise, Commissioner

## BOND REGISTRATION AND PAYING AGENT

U.S. Bank Trust Company, National Association  
Nashville, Tennessee

## BOND COUNSEL

Bass, Berry & Sims PLC  
Knoxville, Tennessee

## MUNICIPAL ADVISOR

Cumberland Securities Company, Inc.



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## SUMMARY STATEMENT

The information set forth below is provided for convenient reference and does not purport to be complete and is qualified in its entirety by the information and financial statements appearing elsewhere in this *Preliminary Official Statement*. This Summary Statement shall not be reproduced, distributed, or otherwise used except in conjunction with the remainder of this *Preliminary Official Statement*.

The Issuer .....	City of Johnson City, Tennessee (the “City” or “Issuer”). See APPENDIX B contained herein.
Securities Offered .....	\$54,000,000* General Obligation Bonds, Series 2025 (the “Bonds”) of the City, dated the date of issuance (assume December 12, 2025). The Bonds mature each June 1 beginning June 1, 2028, through June 1, 2055, inclusive. See the section entitled “SECURITIES OFFERED” herein for additional information.
Security .....	The Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City are irrevocably pledged. A portion of the Bonds, as designed by the City, shall be additionally payable from but not secured by the revenues to be derived from the operation of the System, as defined below.
Purpose .....	The Bonds are being issued for the purpose of financing, in whole or in part, (i) improvements and extensions to the City’s water and sewer system (the “System”); (ii) the construction, improvement, repair, renovation and equipping of municipal buildings, schools and other educational facilities; (iii) the construction of and improvements to roads, streets, bridges and highways; (iv) the payment of legal, fiscal, administrative, architectural and engineering costs incident to all of the foregoing (collectively, the “Projects”) (v) interest on the bonds during the construction of the projects and for up to six (6) months thereafter; and (vi) payment of costs incident to the issuance and sale of the Bonds.
Optional Redemption .....	The Bonds maturing June 1, 2034 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2033.
Tax Matters .....	In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds (i) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax, except as described under the heading “LEGAL MATTERS-Tax Matters” herein.
Rating .....	Moody’s: “Aa2”. See the section entitled “MISCELLANEOUS - Rating” for more information.
Municipal Advisor .....	Cumberland Securities Company, Inc., See the section entitled “MISCELLANEOUS-Municipal Advisor; Related parties; Other” herein.
Underwriter .....	_____.
Bond Counsel .....	Bass, Berry & Sims PLC, Knoxville, Tennessee.
Book-Entry-Only .....	The Bonds will be issued under the Book-Entry-Only System except as otherwise described herein. For additional information, see the section entitled “BASIC DOCUMENTATION - Book-Entry-Only System”.
Registration Agent .....	U.S. Bank Trust Company, National Association, Nashville, Tennessee.

\*Preliminary, subject to change.

General.....	The Bonds are being issued in full compliance with applicable provisions of Title 9, Chapter 21, <i>Tennessee Code Annotated</i> , as supplemented and revised. See “SECURITIES OFFERED” herein. The Bonds will be issued with CUSIP numbers and delivered through the facilities of The Depository Trust Company, New York, New York.
Disclosure .....	In accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as amended, the City will provide the Municipal Securities Rulemaking Board (the “MSRB”) through the operation of the Electronic Municipal Market Access system (“EMMA”) and the State Information Depository (“SID”), if any, annual financial statements and other pertinent credit or event information, including Comprehensive Annual Financial Reports, see the section entitled “MISCELLANEOUS-Continuing Disclosure.”
Other Information.....	The information in this <i>Preliminary Official Statement</i> is deemed “final” within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as of the date which appears on the cover hereof except for the omissions of certain pricing information allowed to be omitted pursuant to such Rule 15c2-12. For more information concerning the City or this <i>Preliminary Official Statement</i> , contact Mr. Steve Willis, Assistant City Manager or Ms. Stephanie Laos, Finance Director, 601 East Main Street, Johnson City, Tennessee, 37605, Telephone: (423) 434-6033; or the City's Municipal Advisor, Cumberland Securities Company, Inc., Telephone: (865) 988-2663. Additional information regarding <a href="#">BiDCOMPTM/PARITY®</a> may be obtained from <a href="#">PARITY®</a> , 1359 Broadway - 2 <sup>nd</sup> Floor, New York, NY 10018, Telephone: 800-850-7422.

**GENERAL FUND BALANCES**  
**Summary of Changes In Fund Balances**  
For the Fiscal Year Ended June 30

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Beginning Fund Balance	\$31,166,877	\$35,120,517	\$45,438,220	\$52,953,945	\$57,578,485
Revenues	91,258,526	98,451,952	104,246,264	111,567,666	116,034,576
Expenditures	62,827,769	66,149,597	68,022,091	83,647,200	85,956,710
Other Financing Sources:					
Transfers In	626,000	701,918	893,901	3,278,970	1,275,576
Transfers Out	(25,754,745)	(22,940,941)	30,117,995)	(28,194,630)	(32,859,296)
Capital Lease	-	-	266,996	48,359	-
Sale of Equipment or Real Estate	651,538	254,371	225,314	3,611	1,120,964
Bond/Note/Lease Proceeds	-	-	-	1,567,764	-
Adjustments	-	-	23,336	-	(2,330,757)
<b>Ending Fund Balance</b>	<b><u>\$35,120,517</u></b>	<b><u>\$45,438,220</u></b>	<b><u>\$52,953,945</u></b>	<b><u>\$57,578,485</u></b>	<b><u>\$54,862,838</u></b>

Source: Annual Comprehensive Financial Reports of the City of Johnson City, Tennessee.



SUMMARY NOTICE OF SALE  
**\$54,000,000\***  
**CITY OF JOHNSON CITY, TENNESSEE**  
**General Obligation Bonds, Series 2025**

NOTICE IS HEREBY GIVEN that the Mayor of the City of Johnson City, Tennessee (the “City”) will receive electronic or written bids until **10:15 a.m. E.S.T. on Thursday, November 13, 2025**, for the purchase of all, but not less than all, of the City's \$54,000,000\* General Obligation Bonds, Series 2025 (the “Bonds”). Electronic bids must be submitted through **PARITY®** as described in the “Detailed Notice of Sale”. In case of written bids, bids will be received by the City’s Municipal Advisor, Cumberland Securities Company, Inc., via facsimile at 865-988-1863. Prior to accepting bids, the City reserves the right to adjust the principal amount and maturity amounts of the Bonds being offered as set forth in the Detailed Notice of Sale, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the **PARITY®** System not later than 9:45 a.m., Eastern Standard Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours’ notice via Bloomberg News Service and/or the **PARITY®** System.

Electronic bids must be submitted through **PARITY®** via the BiDComp Competitive Bidding Service as described in the Detailed Notice of Sale, and no other provider of electronic bidding services will be accepted. For the purposes of the bidding process, both written and electronic, the time maintained by **PARITY®** shall constitute the official time with respect to all bids. To the extent any instructions or directions set forth in **PARITY®** conflict with the terms of the Detailed Notice of Sale and this Summary Notice of Sale, the Detailed Notice of Sale and this Summary Notice of Sale shall prevail.

The Bonds will be issued in book-entry-only form (except as otherwise described in the Detailed Notice of Sale) and dated the date of issuance (assume December 12, 2025). The Bonds will mature on June 1 in the years 2028 through 2055, inclusive, with term bonds optional, with interest payable on June 1 and December 1 of each year, commencing June 1, 2026, and will be subject to optional redemption prior to maturity on June 1, 2033. Bidders must bid not less than one hundred percent (100.00%) of par or more than one hundred and twenty-five percent (125%) of par for the Bonds. The approving opinion for the Bonds will be furnished at the expense of the City by Bass, Berry & Sims PLC, Bond Counsel, Knoxville, Tennessee. **No rate or rates bid for the Bonds shall be less than four percent (4.00%) or exceed five percent (5.00%) per annum. Additionally, each maturity must have a minimum reoffering price of at least ninety-eight percent (98.0%) of par.** Unless bids are rejected, the Bonds will be awarded by the Mayor of the City on the sale date to the bidder whose bid results in the lowest true interest rate on the Bonds and complies with all of the bid parameters outlined in this Summary Notice of Sale and the Detailed Notice of Sale.

**In the event that the competitive sale requirements of applicable Treasury Regulations are not met, the City will require bidders to comply with the “hold-the-offering-price rule” or the “10% Test” for purposes of determining the issue price of the Bonds as described in the Detailed Notice of Sale. Bids will not be subject to cancellation in the event that the competitive sale requirements of applicable Treasury Regulations are not satisfied.**

Additional information, including the *Preliminary Official Statement* in near final form and the Detailed Notice of Sale, may be obtained through [www.prospectushub.com](http://www.prospectushub.com) or from the City’s Municipal Advisor, Cumberland Securities Company, Inc., (865) 988-2663. Further information regarding **PARITY®** may be obtained from i-Deal LLC, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, Telephone: 212-849-5000.

/s/ Greg Cox, Jr.  
Mayor

## DETAILED NOTICE OF SALE

**\$54,000,000\***

### **CITY OF JOHNSON CITY, TENNESSEE** **General Obligation Bonds, Series 2025**

NOTICE IS HEREBY GIVEN that the Mayor of City of Johnson City, Tennessee (the “City”) will receive electronic or written bids until **10:15 a.m. E.S.T. on Thursday, November 13, 2025**, for the purchase of all, but not less than all, of the City's \$54,000,000\* General Obligation Bonds, Series 2025 (the “Bonds”). Electronic bids must be submitted through *PARITY*® as described in this “Detailed Notice of Sale.” In case of written bids, bids will be received by the City’s Municipal Advisor, Cumberland Securities Company, Inc., via facsimile at 865-988-1863. Prior to accepting bids, the City reserves the right to adjust the principal amount and maturity amounts of the Bonds being offered as set forth herein, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the *PARITY*® System not later than 9:45 a.m., Eastern Standard Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours’ notice via Bloomberg News Service and/or the *PARITY*® System.

Description of the Bonds. The Bonds will be issued in fully registered book-entry-only form (except as otherwise described herein) without coupons, be dated the date of issuance (assume December 12, 2025), bear interest payable each June 1 and December 1, commencing June 1, 2026 be issued, or reissued upon transfer, in \$5,000 denominations or multiples thereof, as shall be requested by the purchaser or registered owner thereof, as applicable, and will mature and be payable as follows:

<u>YEAR</u> <u>(JUNE 1)</u>	<u>AMOUNT*</u>	<u>YEAR</u> <u>(JUNE 1)</u>	<u>AMOUNT*</u>
2028	\$ 350,000	2042	\$ 2,880,000
2029	1,575,000	2043	3,015,000
2030	1,650,000	2044	3,150,000
2031	1,725,000	2045	3,305,000
2032	1,810,000	2046	3,465,000
2033	1,895,000	2047	950,000
2034	1,990,000	2048	995,000
2035	2,085,000	2049	1,045,000
2036	2,180,000	2050	1,090,000
2037	2,285,000	2051	1,145,000
2038	2,385,000	2052	1,200,000
2039	2,505,000	2053	1,255,000
2040	2,625,000	2054	1,315,000
2041	2,750,000	2055	1,380,000

Registration and Depository Participation. The Bonds, when issued, will be registered in the name of Cede & Co., DTC’s partnership nominee. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC (the “Book-Entry-Only System”). One fully-registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC. The Book-Entry-Only System will evidence beneficial ownership interests of the Bonds in the principal amount of \$5,000 for the Bonds and any integral multiple of \$5,000, with transfers of beneficial ownership interest effected on the records of DTC participants and, if necessary, in turn by DTC pursuant to rules and procedures established by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the bond certificates with DTC, registered in the name of Cede & Co., nominee of DTC. The Bonds will be payable, at maturity or upon earlier redemption to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC. and transfer of principal and interest payments (as applicable) to beneficial owners of the Bonds by P: \*Preliminary, subject to change.

responsibility of such participants and of the nominees of beneficial owners. The City will not be responsible or liable for such transfer of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Notwithstanding the foregoing, if the successful bidder for the Bonds certifies that it intends to hold the Bonds for its own account and has no present intent to re-offer the Bonds, the use of the Book-Entry-Only System is not required.

In the event that the Book-Entry-Only System for the Bonds is discontinued and a successor securities depository is not appointed by the City, Bond Certificates in fully registered form will be delivered to, and registered in the names of, the DTC Participants or such other persons as such DTC participants may specify (which may be the indirect participants or beneficial owners), in authorized denominations of \$5,000 for the Bonds or integral multiples thereof. The ownership of Bonds so delivered shall be registered in registration books to be kept by the Registration Agent (named herein) and the City and the Registration Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in such registration books as of the appropriate dates, as the owners thereof for all purposes described herein and in the Resolution authorizing the Bonds.

Security Pledged. The Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City are irrevocably pledged. A portion of the Bonds, as designed by the City, shall be additionally payable from but not secured by the revenues to be derived from the operation of the System, as defined below.

Municipal Bond Insurance. The City has provided information to prospective bond insurance companies in order to qualify the Bonds under their respective optional bidding programs. If the successful bidder or bidders for the Bonds desires to purchase a municipal bond insurance policy insuring payment of all or a portion of the debt service payable on the Bonds, the successful bidder or bidders does so at its own risk and expense and the obligation of the successful bidder to pay for such series Bonds shall not be conditioned on the issuance of a municipal bond insurance policy. The City will cooperate with the successful bidder(s) in obtaining such insurance, but the City will not enter into any additional agreements with a bond insurer. Without limiting the generality of the foregoing, the successful bidder(s) will be responsible for all costs, expenses and charges associated with the issuance of such insurance, including but not limited to the premium for the insurance policy, and excluding only the fees of Moody's that will be paid by the City.

Purpose. The Bonds are being issued for the purpose of financing, in whole or in part, (i) improvements and extensions to the City's water and sewer system (the "System"); (ii) the construction, improvement, repair, renovation and equipping of municipal buildings, schools and other educational facilities; (iii) the construction of and improvements to roads, streets, bridges and highways; (iv) the payment of legal, fiscal, administrative, architectural and engineering costs incident to all of the foregoing (collectively, the "Projects") (v) interest on the bonds during the construction of the projects and for up to six (6) months thereafter; and (vi) payment of costs incident to the issuance and sale of the Bonds.

Optional Redemption. The Bonds maturing on June 1, 2034 and thereafter are subject to optional redemption prior to maturity at the option of the City on or after June 1, 2033, at any time at the redemption price of par plus accrued interest.

Term Bond Option; Mandatory Redemption. Bidders shall have the option to designate certain consecutive serial maturities of the Bonds as one or more term bonds ("Term Bonds") bearing a single interest rate. If a successful bidder for the Bonds designates certain consecutive serial maturities of such Bonds to be combined as one or more Term Bonds as allowed herein, then each Term Bond shall be subject to mandatory sinking fund redemption by the City at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date fixed for redemption at the rate stated in the Term Bonds to be redeemed. Each such mandatory sinking fund redemption shall be made on the date on which a consecutive maturity included as part of a Term Bond is payable in accordance with the bid of the successful bidder for the Bonds and in the amount of the maturing principal installment for the Bonds listed herein for such principal payment date.

**Bidding Instructions.** The City will receive electronic or written bids for the purchase of all, but not less than all, of the Bonds. **Bidders for each series of the Bonds are requested to name the interest rate or rates the Bonds are to bear in multiples of one-eighth of one percent and/or one-hundredth of one percent (.01%) or one (1) basis point, but no rate specified shall be less than four percent (4.00%) or be in excess of five percent (5.00%) per annum. There will be no limitation on the number of rates of interest that may be specified in a single bid for the Bonds but a single rate shall apply to each single maturity of the Bonds. Bidders must bid not less than one hundred percent (100.00%) of par or no more than one hundred and twenty-five percent (125%) of par. Additionally, each maturity must have a minimum reoffering price of at least ninety-eight percent (98.0%) of par.**

Electronic bids must be submitted through **PARITY**<sup>®</sup> via BiDCOMP Competitive Bidding System and no other provider of electronic bidding services will be accepted. Subscription to the i-Deal LLC Dalcomp Division's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid. The City will not confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. For the purposes of the bidding process, the time as maintained by **PARITY**<sup>®</sup> shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in **PARITY**<sup>®</sup> conflict with the terms of this Detailed Notice of Sale, this Notice shall prevail. An electronic bid made through the facilities of **PARITY**<sup>®</sup> shall be deemed an offer to purchase in response to this Detailed Notice of Sale and shall be binding upon the bidder as if made by a signed, written bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by **PARITY**<sup>®</sup>. The use of **PARITY**<sup>®</sup> facilities are at the sole risk of the prospective bidders.

For further information regarding **PARITY**<sup>®</sup>, potential bidders may contact i-Deal LLC at 1359 Broadway, 2<sup>nd</sup> Floor, New York, NY, 10018, Telephone: 212-849-5000.

In the event of a system malfunction in the electronic bidding process bidders may submit bids prior to the established date and time by FACSIMILE transmission sent to the City's Municipal Advisor, Cumberland Securities Company, Inc. at 865-988-1863. Any facsimile submission is made at the sole risk of the prospective bidder. The City and the Municipal Advisor shall not be responsible for confirming receipt of any facsimile bid or for any malfunction relating to the transmission and receipt of such bids.

Any written bids should be submitted by facsimile to the City's Municipal Advisor at 865-988-1863. Written bids must be submitted on the Bid Forms included with the *Preliminary Official Statement*.

The City reserves the right to reject all bids for the Bonds and to waive any informalities in the bids accepted.

Unless all bids for the Bonds are rejected, the Bonds will be awarded by the Mayor to the bidder whose bid complies with this Detailed Notice of Sale and results in the lowest true interest rate on the Bonds to be calculated as that rate that, when used in computing the present worth of all payments of principal and interest on the Bonds (compounded semi-annually from the date of the Bonds), produces an amount equal to the purchase price of the Bonds. For purposes of calculating the true interest cost, the principal amount of Term Bonds scheduled for mandatory sinking fund redemption as part of the Term Bond shall be treated as a serial maturity in such year. In the event that two or more bidders offer to purchase the Bonds at the same lowest true interest rate, the Mayor shall determine in her sole discretion which of the bidders shall be awarded the Bonds.

After receipt of the bids, the City reserves the right to make adjustments and/or revisions to the Bonds, as described below.

**Adjustment and/or Revision.** While it is the City's intention to sell and issue the approximate par amounts of the Bonds as offered herein, there is no guarantee that adjustment and/or revision may not be necessary in order to properly size the Bonds. Accordingly, the Mayor reserves the right, in her sole discretion, to adjust down the original par amount of the Bonds by up to twenty-five percent (25%). The principal factor to be considered in making any adjustments is the amount of premium bid for particular maturities. Among other factors the Mayor may (but shall be under no obligation to) consider in sizing the par amounts and individual maturities of the Bonds is the size of individual maturities or sinking fund installments and/or other preferences of the City. Additionally, the Mayor reserves the right to change the dated date of the Bonds.

In the event of any such adjustment and/or revision with respect to the Bonds, no rebidding will be permitted, and the portion of such premium or discount (as may have been bid for the Bonds) shall be adjusted in the same proportion as the amount of such revision in par amount of the Bonds bears to the original par amount of such Bonds offered for sale.

The successful bidder for the Bonds will be tentatively notified by not later than 5:00 p.m. (Eastern Daylight Time), on the sale date of the exact revisions and/or adjustments required, if any.

Good Faith Deposit. No good faith check will be required to accompany any bid submitted. The successful bidder shall be required to deliver to the City's Municipal Advisor (by wire transfer) the amount of up to two percent (2%) of the aggregate principal amount of the Bonds offered for sale which will secure the faithful performance of the terms of the bid. A wire transfer must be received by the City's Municipal Advisor no later than the close of business on the day following the competitive sale. The wire instructions will be sent to the winning bidder after all bids are received.

The good faith deposit shall be applied (without interest) to the purchase price of the Bonds. If the successful bidder should fail to accept or pay for the Bonds when tendered for delivery and payment, the good faith deposit will be retained by the City as liquidated damages.

In the event of the failure of the City to deliver the Bonds to the purchaser in accordance with the terms of this Notice within forty-five (45) days after the date of the sale, the good-faith deposit will be promptly returned to the purchaser unless the purchaser directs otherwise.

Undertakings of the Successful Bidder. The successful bidder for the Bonds shall make a bona fide public offering of the Bonds and shall, within 30 minutes after being notified of the award of the Bonds, advise the City in writing (via facsimile transmission or electronic mail) of the initial public offering prices of the Bonds (the "Initial Reoffering Prices"). The successful bidder must, by facsimile transmission or delivery received by the City within 24 hours after award, furnish the following information to the City to complete the *Official Statement* in final form, as described below:

- A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all the Bonds are sold at the prices or yields at which the successful bidder advised the City that the Bonds were initially offered to the public).
- B. The identity of the other underwriters if the successful bidder is part of a group or syndicate.
- C. Any other material information that the City determines is necessary to complete the *Official Statement* in final form.

After the award of the Bonds, the City will prepare copies of the final *Official Statement* and will include therein such additional information concerning the reoffering of the Bonds as the successful bidder may reasonably request; provided, however, that the City will not include in the final *Official Statement* a "NRO" ("not reoffered") designation with respect to any maturity of the Bonds. The successful bidder will be responsible to the City in all aspects for the accuracy and completeness of information provided by such successful bidders with respect to such reoffering.

The City expects the successful bidder to deliver copies of such *Official Statement* in final form (the "Final Official Statement") to persons to whom such bidder initially sells the Bonds and the Municipal Securities Rulemaking Board ("MSRB") via the MSRB's Electronic Municipal Market Access System ("EMMA"). The successful bidder will be required to acknowledge receipt of the Final Official Statement, to certify that each has made delivery of the Final Official Statement to the MSRB, to acknowledge that the City expects the successful bidder to deliver copies of such Final Official Statement to persons to whom such bidder initially sells the Bonds and to certify that the Bonds will only be offered pursuant to the Final Official Statement and only in states where the offer is legal.

### Establishment of Issue Price

- a. The successful bidder shall assist the City in establishing the issue price of the Bonds as more fully described herein. All actions to be taken by the City under this Detailed Notice of Bond Sale to establish the issue price of the Bonds may be taken on behalf of the City by the Municipal Advisor, and any notice or report to be provided to the City may be provided to the Municipal Advisor.
- b. The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Requirements”) because:
  1. the City shall disseminate this Detailed Notice of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
  2. all bidders shall have an equal opportunity to bid;
  3. the City expects to receive bids for the Bonds from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
  4. the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Detailed Notice of Bond Sale.

Any bid submitted pursuant to this Detailed Notice of Bond Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

- c. In the event that the Competitive Sale Requirements are not satisfied as to the Bonds, the City shall so advise the successful bidder. In such event, the City intends to treat the (i) the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the City promptly after the award of the Bonds if any maturities of the Bonds satisfy the 10% Test as of the date and time of the award of the Bonds. The Hold-the-Offering-Price Rule shall apply to all maturities that do not satisfy the 10% Test as of the sale date. Bids will not be subject to cancellation in the event that the City determines to apply the Hold-the-Offering-Price Rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the Hold-the-Offering-Price Rule in order to establish the issue price of the Bonds.
- d. By submitting a bid, in the event of application of the Hold-the-Offering-Price Rule, the successful bidder for the Bonds shall be deemed to have (i) confirmed that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “Initial Offering Price”), or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the sale date and ending on the earlier of the following:
  1. the close of the fifth (5th) business day after the sale date; or
  2. the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

In the event of application of the Hold-the-Offering-Price Rule to any maturity of the Bonds, any successful bidder will advise the City promptly after the close of the fifth (5<sup>th</sup>) business day after the

sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

e. By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (1) to report the prices at which it sells to the public any unsold Bonds of each maturity allocated to it to which the Hold-the-Offering-Price Rule applies until the close of the fifth (5<sup>th</sup>) business day after the sale date and (2) comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the successful bidder and as set forth in the related pricing wires,

(B) to promptly notify the successful bidder of the Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public, and

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the successful bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity to which the Hold-the-Offering-Price Rule applies allocated to it until the close of the fifth (5<sup>th</sup>) business day after the sale date and (B) comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the successful bidder or the underwriter and as set forth in the related pricing wires.

f. The City acknowledges that, in making the representations set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with requirements for establishing issue price of the Bonds, including but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds.

g. Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public shall not constitute sales to the public for purposes of this Detailed Notice of Bond Sale. Further, for purposes of this Detailed Notice of Bond Sale:

1. “public” means any person other than an underwriter or a related party;

2. “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);
3. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and
4. “sale date” means the date that the Bonds are awarded by the City to the successful bidder.

Issue Price Certificate. The winning bidder will be required to provide the City, at closing, with an issue price certificate consistent with the foregoing and meeting the requirements of bond counsel. The form of the issue price certificate is attached to this Detailed Notice of Sale as Exhibit A if the Competitive Sale Requirements are met, and the form of the issue price certificate is attached to this Detailed Notice of Sale as Exhibit B if the Competitive Sale Requirements are not met.

Legal Opinion. The approving opinion of Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel along with other certificates including, but not limited to, a tax certificate and a continuing disclosure certificate dated as of the date of delivery of the Bonds will be furnished to the purchaser at the expense of the City. As set forth in the *Preliminary Official Statement*, Bond Counsel's opinion with respect to the Bonds will state that interest on the Bonds will be excluded from gross income for federal income tax purposes; is not an item of tax preference for purposes of the federal law alternative minimum tax. As set forth in the *Preliminary Official Statement*, the owners of the Bonds, however, may be subject to certain additional taxes or tax consequences arising with respect to ownership of the Bonds. Reference is hereby made to the *Preliminary Official Statement* and the form of the opinion contained in Appendix A.

Continuing Disclosure. At the time the Bonds are delivered, the City will execute a Continuing Disclosure Certificate in which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information relating to the City by not later than twelve months after each of the City's fiscal years (the “Annual Report”), and to provide notice of the occurrence of certain enumerated events. The Annual Report (and audited financial statements, if filed separately) will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) through the operation of the Electronic Municipal Market Access system (the “EMMA”) and any State Information Depository established in the State of Tennessee (the “SID”). If the City is unable to provide the Annual Report to the MSRB and the SID by the date required, notice of each failure will be sent to the MSRB and the SID on or before such date. The notices of material events will be filed by the City either with the MSRB and the SID. The specific nature of the information to be contained in the Annual Report or the notices of events are summarized in the *Preliminary Official Statement*.

Delivery of Bonds. Delivery of the Bonds is expected within forty-five (45) days. At least five (5) days' notice will be given to the successful bidder of such delivery. Delivery will be made in book-entry-only form through the facilities of The Depository Trust Company, New York, New York. Payment for the Bonds must be made in *Federal Funds* or other immediately available funds.

CUSIP Numbers. CUSIP numbers will be assigned to the Bonds at the expense of the City. The City will assume no obligation for assignment of such numbers or the correctness of such numbers and neither failure



to record such numbers on Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and make payment for the Bonds.

Official Statements; Other. The City has deemed the *Preliminary Official Statement* to be final as of its date within the meaning of Rule 15c2-12 of the U.S. Securities and Exchange Commission (the “SEC”) except for the omission of certain pricing and other information. The City will furnish the successful bidder at the expense of the City a reasonable number of copies of the *Official Statement* in final form, containing the pricing and other information to be supplied by the successful bidder and to be dated the date of the sale, to be delivered by the successful bidder to the persons to whom each such bidder and members of its bidding group initially sell the Bonds within seven (7) business days. Acceptance of a bid of the Bonds will constitute a contract between the City and the successful bidder for the provision of such copies within seven business days of the sale date.

Further Information. Additional information, including the *Preliminary Official Statement*, this Detailed Notice of Sale and the Official Bid Form, may be obtained from the City’s Municipal Advisor, Cumberland Securities Company, Inc., Telephone: 865-988-2663. Further information regarding **PARITY**<sup>®</sup> may be obtained from i-Deal LLC, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York, 10018, Telephone: 212-849-5000.

/s/ Greg Cox, Jr., Mayor

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## **EXHIBIT A**

### **CITY OF JOHNSON CITY, TENNESSEE** **[\$\_\_\_\_\_ GENERAL OBLIGATION BONDS, SERIES 2025]**

#### **ISSUE PRICE CERTIFICATE** **(if Competitive Sale Requirements are met)**

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”) of the City of Johnson City, Tennessee (the “Issuer”).

**1. *Reasonably Expected Initial Offering Price.***

- (a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.
- (b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.
- (c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

**2. *Defined Terms.***

- (a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.
- (c) *Related party* means an entity that shares with another entity (1) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (2) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (3) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interest by one entity of the other).
- (d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is November 13, 2025.
- (e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bass, Berry & Sims PLC in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: \_\_\_\_\_

[NAME OF UNDERWRITER]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## EXHIBIT B

### **CITY OF JOHNSON CITY, TENNESSEE** **[§ \_\_\_\_\_ GENERAL OBLIGATION BONDS, SERIES 2025]**

#### **ISSUE PRICE CERTIFICATE** **(if Competitive Sale Requirements are not met)**

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”) [and the other members of the underwriting syndicate (together, the “Underwriting Group”)], hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the City of Johnson City, Tennessee (the “Issuer”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.
2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***
  - (a) [SHORT NAME OF UNDERWRITER] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.
  - (b) As set forth in the [Detailed Notice of Sale and bid award], [SHORT NAME OF UNDERWRITER] agreed in writing on or prior to the Sale Date that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “Hold-the-Offering-Price Rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the Hold-the-Offering-Price Rule. Pursuant to such agreement, no Underwriter (as defined below) offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.
3. ***Defined Terms.***
  - (a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”
  - (b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule B hereto as the “Hold-the-Offering-Price Maturities.”
  - (c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which [SHORT NAME OF UNDERWRITER] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
  - (d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

- (e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.
- (f) *Related party* means an entity that shares with another entity (1) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (2) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (3) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interest by one entity of the other).
- (g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is November 13, 2025.
- (h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bass, Berry & Sims PLC connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: \_\_\_\_\_

[NAME OF UNDERWRITER]

By: \_\_\_\_\_

# BID FORM

Honorable Greg Cox, Jr.  
601 East Main Street  
Johnson City, Tennessee 37605

November 13, 2025

Dear Mayor Cox:

For your legally issued, properly executed \$54,000,000\* General Obligation Bonds, Series 2025 (the "Bonds") of the City of Johnson City, Tennessee, in all respects as more fully outlined in your Detailed Notice of Sale, which by reference are made a part hereof, we will pay you a sum of \_\_\_\_\_ (\$ \_\_\_\_\_).

The Bonds shall be dated the date of issuance (assume December 12, 2025) and shall be callable in accordance with the Detailed Notice of Sale. The Bonds shall mature on June 1 and bear interest at the following rates:

<u>Maturity</u> <u>(June 1)</u>	<u>Amount*</u>	<u>Rate</u>	<u>Maturity</u> <u>(June 1)</u>	<u>Amount*</u>	<u>Rate</u>
2028	\$ 350,000	—	2042	\$ 2,880,000	—
2029	1,575,000	—	2043	3,015,000	—
2030	1,650,000	—	2044	3,150,000	—
2031	1,725,000	—	2045	3,305,000	—
2032	1,810,000	—	2046	3,465,000	—
2033	1,895,000	—	2047	950,000	—
2034	1,990,000	—	2048	995,000	—
2035	2,085,000	—	2049	1,045,000	—
2036	2,180,000	—	2050	1,090,000	—
2037	2,285,000	—	2051	1,145,000	—
2038	2,385,000	—	2052	1,200,000	—
2039	2,505,000	—	2053	1,255,000	—
2040	2,625,000	—	2054	1,315,000	—
2041	2,750,000	—	2055	1,380,000	—

We have elected the option to designate two or more consecutive serial maturities as term bond maturities as indicated:

Term Bond 1: Maturities from June 1, 20\_\_\_\_\_ through June 1, 20\_\_\_\_\_ @ \_\_\_\_\_%.

Term Bond 2: Maturities from June 1, 20\_\_\_\_\_ through June 1, 20\_\_\_\_\_ @ \_\_\_\_\_%.

Term Bond 3: Maturities from June 1, 20\_\_\_\_\_ through June 1, 20\_\_\_\_\_ @ \_\_\_\_\_%.

Term Bond 4: Maturities from June 1, 20\_\_\_\_\_ through June 1, 20\_\_\_\_\_ @ \_\_\_\_\_%.

It is our understanding that the Bonds are subject to the final approving opinion of Bass, Berry & Sims PLC, Bond Counsel, Knoxville, Tennessee, whose opinion together with the executed Bonds, will be furnished by the City without cost to us.

If our bid is accepted, we agree to provide a good faith deposit for up to 2% of the Bonds on which we have bid by the close of business on the date following the competitive public sale as outlined in the *Detailed Notice of Sale*. Should for any reason we fail to comply with the terms of this bid, this good faith deposit shall be forfeited by us as full liquidated damages. Otherwise, this good faith deposit shall be applied to the purchase price of the Bonds on which we have bid.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds. [If the bidder cannot confirm an established industry reputation for underwriting new issuances of municipal bonds, the preceding sentence should be crossed out.]

Accepted for and on behalf of the  
City of Johnson City, Tennessee, this  
13<sup>th</sup> day of November, 2025.

\_\_\_\_\_  
Greg Cox, Jr., Mayor

Respectfully submitted,

\_\_\_\_\_  
Total interest cost from  
December 12, 2025 to final maturity \$ \_\_\_\_\_  
Less: Premium /plus discount, if any \$ \_\_\_\_\_  
Net Interest Cost \$ \_\_\_\_\_  
True Interest Rate..... %

*The computations of net interest cost and true interest rate are for comparison purposes only and are not to be considered as part of this proposal.*

\*Preliminary, subject to change.





**\$54,000,000\***  
**CITY OF JOHNSON CITY, TENNESSEE**  
**General Obligation Bonds, Series 2025**

**SECURITIES OFFERED**

**AUTHORITY AND PURPOSE**

This *Preliminary Official Statement* which includes the Summary Statement hereof and appendices hereto, is furnished in connection with the offering by the City of Johnson City, Tennessee (the “City”) of \$54,000,000\* General Obligation Bonds, Series 2025 (the “Bonds”).

The Bonds are authorized to be issued pursuant to the provisions of Sections 9-21-101 *et. seq.*, *Tennessee Code Annotated*, and other applicable provisions of law and pursuant to a resolution duly adopted by the City Council of the City on September 18, 2025 (the “Resolution”).

The Bonds are being issued for the purpose of financing, in whole or in part, (i) improvements and extensions to the City’s water and sewer system (the “System”); (ii) the construction, improvement, repair, renovation and equipping of municipal buildings, schools and other educational facilities; (iii) the construction of and improvements to roads, streets, bridges and highways; (iv) the payment of legal, fiscal, administrative, architectural and engineering costs incident to all of the foregoing (collectively, the “Projects”) (v) interest on the bonds during the construction of the projects and for up to six (6) months thereafter; and (vi) payment of costs incident to the issuance and sale of the Bonds.

**DESCRIPTION OF THE BONDS**

The Bonds will be dated and bear interest from their date of issuance and delivery (assume December 12, 2025). Interest on the Bonds will be payable semi-annually on June 1 and December 1, commencing June 1, 2026. The Bonds are issuable in book-entry-only form in \$5,000 denominations or integral multiples thereof as shall be requested by each respective registered owner.

The Bonds shall be signed by the Mayor and shall be attested by the City Recorder. No Bond shall be valid until it has been authorized by the manual signature of an authorized officer or employee of the Registration Agent and the date of the authentication noted thereon.

**SECURITY**

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City are irrevocably pledged. A portion of the Bonds, as designed by the City, shall be additionally payable from but not secured by the revenues to be derived from the operation of the System.

The City, through its governing body, shall annually levy and collect a tax on all taxable property within the City, in addition to all other taxes authorized by law, sufficient to pay the principal of and interest on the Bonds when due. Principal and interest on the Bonds falling due at any time

when there are insufficient funds from such tax shall be paid from the current funds of the City and reimbursement therefore shall be made out of taxes provided by the Resolution when the same shall have been collected. The taxes may be reduced to the extent of direct appropriations from the General Fund of the City to the payment of debt service on the Bonds.

The Bonds are not obligations of the State of Tennessee (the "State") or any political subdivision thereof other than the City.

## **OPTIONAL REDEMPTION OF THE BONDS**

Bonds maturing June 1, 2034, and thereafter, shall be subject to optional redemption prior to maturity at the option of the City on June 1, 2033 and thereafter, as a whole or in part, at any time, at the redemption price of par plus accrued interest to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the City Commission, in its discretion. If less than all the principal amount of the Bonds of a maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry-Only System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry-Only System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

## **MANDATORY REDEMPTION**

The bidders have the option of creating term bonds pursuant to the Detailed Notice of Sale. If term bonds are created, then the following provisions will apply. Subject to the credit hereinafter provided, the City shall redeem Bonds maturing June 1, 20\_\_, and June 1, 20\_\_ on the redemption dates set forth below opposite the maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. The Bonds to be so redeemed within a maturity shall be selected in the manner described above relating to optional redemption.

The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

	Redemption	Principal Amount
	Date	of Bonds
<u>Maturity</u>		<u>Redeemed</u>

\*Final Maturity

At its option, to be exercised on or before the forty-fifth (45) day next preceding any such redemption date, the City may (i) deliver to the Registration Agent for cancellation Bonds of the maturity to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in

respect of its redemption obligation for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this section) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the City on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation shall be accordingly reduced. The City shall on or before the forty-fifth (45) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) described above are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

## **NOTICE OF REDEMPTION**

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the City not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the City nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the City pursuant to written instructions from an authorized representative of the City (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the City to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

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## **PAYMENT OF BONDS**

The Bonds will bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, on the dates provided herein, such interest being computed upon the basis of a 360-day year of twelve 30-day months. Interest on each Bond shall be paid by check or draft of the Registration Agent to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at the designated principal trust office of the Registration Agent.

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## BASIC DOCUMENTATION

### REGISTRATION AGENT

The Registration Agent, U.S. Bank Trust Company, National Association, Nashville, Tennessee, its successor or the City will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent, except as follows. However, if the winning bidder certifies to the City that it intends to hold the Bonds for its own account and has no present intent to reoffer the Bonds, then the use of the Book-Entry-Only System is not required.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. For additional information, see the following section.

### BOOK-ENTRY-ONLY SYSTEM

The Registration Agent, its successor or the Issuer will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the “Regular Record Date”) by check or draft mailed to such owner at its address shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Issuer in respect of such Bonds to the extent of the payments so made, except as described above. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

The Bonds, when issued, will be registered in the name of Cede & Co., DTC’s partnership nominee, except as described above. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC (the “Book-Entry-Only System”). One fully registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC.

*DTC and its Participants.* DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates

the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized Book-Entry-Only transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

*Purchase of Ownership Interests.* Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the Book-Entry-Only System for the Bonds is discontinued.

*Payments of Principal and Interest.* Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Registration Agent on the payable date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe it will not receive payment on such date. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with municipal securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Issuer or the Registration Agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, tender price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

*Notices.* Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the

nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

NONE OF THE ISSUER, THE UNDERWRITER, THE BOND COUNSEL, THE MUNICIPAL ADVISOR OR THE REGISTRATION AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENT TO, OR THE PROVIDING OF NOTICE FOR, SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES.

*Transfers of Bonds.* To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

None of the Issuer, the Bond Counsel, the Registration Agent, the Municipal Advisor or the Underwriter will have any responsibility or obligation, legal or otherwise, to any party other than to the registered owners of any Bond on the registration books of the Registration Agent.

## **DISCONTINUANCE OF BOOK-ENTRY-ONLY SYSTEM**

In the event that (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) to the extent permitted by the rules of DTC, the City determines to discontinue the Book-Entry-Only System, the Book-Entry-Only System shall be discontinued. Upon the occurrence of the event described above, the City will attempt to locate another qualified securities depository, and if no qualified securities depository is available, Bond certificates will be printed and delivered to Beneficial Owners.

*No Assurance Regarding DTC Practices.* The foregoing information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the City believes to be reliable, but the City, the Bond Counsel, the Registration Agent and the Municipal Advisor do not take any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the holders or registered owners of the Bonds will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds. None of the City, the Bond Counsel, the Registration Agent or the Municipal

Advisor will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect Participants or the Beneficial Owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Bonds.

For more information on the duties of the Registration Agent, please refer to the Resolution. Also, please see the section entitled “SECURITIES OFFERED – Redemption.”

## **DISPOSITION OF BOND PROCEEDS**

The proceeds of the sale of the Bonds shall be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar federal agency in a special fund known as the 2025 Construction Fund (the “Construction Fund”), or such other designation as shall be determined by the City to be kept separate and apart from all other funds of the City. The City shall disburse funds in the Construction Fund to pay costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds. Notwithstanding the foregoing, costs of issuance of the Bonds may be withheld from the good faith deposit or purchase price of the Bonds and paid to the Municipal Advisor to be used to pay costs of issuance of the Bonds. The remaining funds in the Construction Fund shall be disbursed solely to pay the costs of the Projects and to reimburse the City for any funds previously expended for costs of the Projects. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Construction Fund. Money in the Construction Fund shall be invested in such investments as shall be permitted by applicable law to the extent permitted by applicable law.

## **DISCHARGE AND SATISFACTION OF BONDS**

If the City shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways:

1. By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

2. By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers (“an Agent”; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice); or



3. By delivering such Bonds to the Registration Agent, for cancellation by it;

and if the City shall also pay or cause to be paid all other sums payable hereunder by the City with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the City to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the City shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations deposited as aforesaid.

Except as otherwise described below, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the City as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the City, as received by the Registration Agent. For the purposes described above, Defeasance Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

## **REMEDIES OF BONDHOLDERS**

Under Tennessee law, any Bondholder has the right, in addition to all other rights:

(1) By mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce its rights against the City, including, but not limited to, the right to require the City to assess, levy and collect taxes adequate to carry out any agreement as to, or pledge of, such taxes, fees, rents, tolls, or other charges, and to require the City to carry out any other covenants and agreements, or

(2) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of such Bondholder.

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## LEGAL MATTERS

### LITIGATION

There are no suits threatened or pending challenging the legality or validity of the Bonds or the right of the City to sell or issue the Bonds.

### TAX MATTERS

#### Federal

*General.* Bass, Berry & Sims PLC, Knoxville, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the City and assuming compliance by the City with certain covenants, is that interest on the Bonds:

- is excluded from a bondholder's federal gross income pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and
- is not treated as an item of preference in calculating the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

The Code imposes requirements on the Bonds that the City must continue to meet after the Bonds are issued. These requirements generally involve the way that Bond proceeds must be invested and ultimately used. If the City does not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The City has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit, or
- a borrower of money to purchase or carry the Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the

Bonds or affect the market price of the Bonds. See also section "CHANGES IN FEDERAL AND STATE TAX LAW" below.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Bonds, or under State, local or foreign tax law.

*Bond Premium.* If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Bond will be reduced. The holder of a Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with bond premium, even though the Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

*Original Issue Discount.* A Bond will have "original issue discount" if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Bond Counsel's opinion is that any original issue discount on these Bonds as it accrues is excluded from a bondholder's federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder's tax basis in these Bonds will be increased. If a bondholder owns one of these Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

*Information Reporting and Backup Withholding.* Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

## **State Taxes**

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity,

or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

## **CHANGES IN FEDERAL AND STATE TAX LAW**

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

## **CLOSING CERTIFICATES**

Upon delivery of the Bonds, the City will execute in a form satisfactory to Bond Counsel, certain closing certificates including the following: (i) a certificate as to the *Official Statement*, in final form, signed by the Mayor acting in his official capacity to the effect that to the best of her knowledge and belief, and after reasonable investigation, (a) neither the *Official Statement*, in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, misleading, (b) since the date of the *Official Statement*, in final form, no event has occurred which should have been set forth in such a memo or supplement, (c) there has been no material adverse change in the operation or the affairs of the City since the date of the *Official Statement*, in final form, and having attached thereto a copy of the *Official Statement*, in final form, and (d) there is no litigation of any nature pending or threatened seeking to restrain the issuance, sale, execution and delivery of the Bonds, or contesting the validity of the Bonds or any proceeding taken pursuant to which the Bonds were authorized; (ii) certificates as to the delivery and payment, signed by the Mayor acting in his official capacity, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the Mayor and City Recorder acting in their official capacities certifying as to the due execution of the Bonds; and, (iv) a Continuing Disclosure Certificate regarding certain covenants of the City concerning the

preparation and distribution of certain annual financial information and notification of certain material events, if any.

## **APPROVAL OF LEGAL PROCEEDINGS**

Certain legal matters relating to the authorization and the validity of the Bonds are subject to the approval of Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel. Bond Counsel has not prepared the *Preliminary Official Statement* or the *Official Statement*, in final form, or verified their accuracy, completeness or fairness. Accordingly, Bond Counsel expresses no opinion of any kind concerning the *Preliminary Official Statement* or *Official Statement*, in final form, except for the information in the section entitled “LEGAL MATTERS - Tax Matters.” The opinion of Bond Counsel will be limited to matters relating to authorization and validity of the Bonds and to the tax-exemption of interest on the Bonds under present federal income tax laws, both as described above. The legal opinion will be delivered with the Bonds and the form of the opinion is included in APPENDIX A. For additional information, see the section entitled “MISCELLANEOUS – “Competitive Public Sale”, “Additional Information” and “Continuing Disclosure.”

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## MISCELLANEOUS

### RATING

Moody's Investor Service ("Moody's") has given the Bonds the rating of "Aa2"

There is no assurance that such rating will continue for any given period of time or that the rating may not be suspended, lowered or withdrawn entirely by Moody's, if circumstances so warrant. Due to the ongoing uncertainty regarding the economy and debt of the United States of America, including, without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for, and ratings, liquidity, and market value of outstanding bonds obligations, including the Bonds. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds.

The rating reflects only the views of Moody's and any explanation of the significance of such rating should be obtained from Moody's.

### COMPETITIVE PUBLIC SALE

The Bonds will be offered for sale at competitive public bidding on November 13, 2025. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that is dated October 29, 2025.

The successful bidder for the Bonds was an account led by \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ (the "Underwriter") who contracted with the City, subject to the conditions set forth in the Official Notice of Sale and Bid Form to purchase the Bonds at a purchase price of \$ \_\_\_\_\_ (consisting of the par amount of the Bonds, less an underwriter's discount of \$ \_\_\_\_\_ and less an original issue discount of \$ \_\_\_\_\_) or \_\_\_\_% of par.

### MUNICIPAL ADVISOR; RELATED PARTIES; OTHER

*Municipal Advisor.* Cumberland Securities Company, Inc., has served as Municipal Advisor (the "Municipal Advisor") to the City for purposes of assisting with the development and implementation of a bond structure in connection with the issuance of the Bonds. The Municipal Advisor has not been engaged by the City to compile, create, or interpret any information in the *Preliminary Official Statement* and *Official Statement* relating to the City, including without limitation any of the City's financial and operating data, whether historical or projected. Any information contained in the *Preliminary Official Statement* and *Official Statement* concerning the City, any of its affiliates or contractors and any outside parties has not been independently verified by the Municipal Advisor, and inclusion of such information is not, and should not be construed as, a representation by the Municipal Advisor as to its accuracy or completeness or otherwise. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to review

or audit any information in the *Preliminary Official Statement* and *Official Statement* in accordance with accounting standards.

*U.S. Bank Trust Company, National Association.* U.S. Bank Trust Company, National Association (the “Bank”) is a national banking association. The Bank and its affiliates provide, among other services, commercial banking, investments and corporate trust services to private parties and to State and local jurisdictions, including serving as registration, paying agent or filing agent related to debt offerings. The Bank will receive compensation for its role in serving as Registration and Paying Agent for the Bonds. In instances where the Bank and/or its affiliates serve the City in other normal commercial banking capacities, it will be compensated separately for such services.

*Official Statement.* Certain information relative to the location, economy and finances of the Issuer is found in the *Preliminary Official Statement*, in final form and the *Official Statement*, in final form. Except where otherwise indicated, all information contained in this *Preliminary Official Statement* has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Municipal Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Preliminary Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

Cumberland Securities Company, Inc. distributed the *Preliminary Official Statement*, in final form, and the *Official Statement*, in final form on behalf of the City and will be compensated and/or reimbursed for such distribution and other such services.

*Bond Counsel.* From time to time, Bass, Berry & Sims PLC has represented the Bank on legal matters unrelated to the City and may do so again in the future.

*Other.* Among other services, Cumberland Securities Company, Inc. and the Bank may also assist local jurisdictions in the investment of idle funds and may serve in various other capacities, including Cumberland Securities Company’s role as serving as the City’s Dissemination Agent. If the City chooses to use one or more of these other services provided by Cumberland Securities Company, Inc. including Dissemination Agent and/or the Bank, then Cumberland Securities Company, Inc. and/or the Bank may be entitled to separate compensation for the performance of such services.

## **ADDITIONAL DEBT**

The City also has ongoing capital needs that may or may not require the issuance of additional debt. Additionally, the City may also authorize the issuance of additional refundings of outstanding bonds as savings opportunities arise.

## **DEBT LIMITATIONS**

Pursuant to Title 9, Chapter 21, *Tennessee Code Annotated*, as amended, there is no limit on the amount of bonds that may be issued when the City uses the statutory authority granted

therein to issue bonds. (see “DEBT STRUCTURE - Indebtedness and Debt Ratios” for additional information.)

## **DEBT RECORD**

There is no record of a default on principal and interest payments by the City from information available. Additionally, no agreements or legal proceedings of the City relating to securities have been declared invalid or unenforceable.

## **CONTINUING DISCLOSURE**

The City will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information relating to the City by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2025 (the "Annual Report"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the City. The issuer will provide notice in a timely manner to the MSRB of a failure by the City to provide the annual financial information on or before the date specified in the continuing disclosure agreement. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the City with the Municipal Securities Rulemaking Board ("MSRB") at [www.emma.msrb.org](http://www.emma.msrb.org) and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Act Rule 15c2-12(b), as it may be amended from time to time (the "Rule 15c2-12").

*Five-Year History of Filing.* For the past five years, the City is unaware of any instances in which it has not complied in all material respects with its existing continuing disclosure agreements in accordance with Rule 15c2-12.

*Content of Annual Report.* The City's Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the City for the fiscal year, prepared in accordance with generally accepted auditing standards, provided, however, if the City's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information included in APPENDIX B entitled “SUPPLEMENTAL INFORMATION STATEMENT.”

1. Summary of Bonded Indebtedness as of the end of such fiscal year;
2. The Indebtedness and Debt Ratios as of the end of such fiscal year, together with information about the property tax base;
3. Information about the Bonded Debt Service Requirements – Excludes Revenue Supported Debt as of the end of such fiscal year;



4. Information about the Bonded Debt Service Requirements – School Sales Tax Revenue Supported Excludes Revenue Supported Debt as of the end of such fiscal year;
5. Information about the Bonded Debt Service Requirements – Water and Sewer System Revenue Supported as of the end of such fiscal year;
6. Information about the Bonded Debt Service Requirements – Stormwater Revenue Supported as of the end of such fiscal year;
7. The Fund Balances, Net Assets and Retained Earnings for the fiscal year;
8. Five Year Summary of Revenues, Expenditures and Changes in Fund Balances - General Fund for the fiscal year;
9. Five Year Summary of Revenues, Expenditures and Changes in Fund Net Position – Water and Sewer Fund for the fiscal year;
10. The estimated Assessed Valuation of property in the City for the tax year ending in such fiscal year and the total estimated actual value of all taxable property for such year;
11. Property Tax Rates and Collections of the City for the tax year ending in such fiscal year as well as the uncollected balance for such fiscal year; and
12. The Ten Largest Taxpayers.

Any or all of the items above may be incorporated by reference from other documents, including Official Statements in final form for debt issues of the City or related public entities, which have been submitted to the MSRB or the U.S. Securities and Exchange Commission. If the document incorporated by reference is a final Official Statement, in final form, it will be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so incorporated by reference.

*Reporting of Significant Events.* The City will file notice regarding material events with the MSRB and the SID, if any, as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the City shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and SID, if any.
2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the City shall determine the materiality of such event as soon as possible after learning of its occurrence.
3. The following are the Listed Events:
  - a. Principal and interest payment delinquencies;
  - b. Non-payment related defaults, if material;
  - c. Unscheduled draws on debt service reserves reflecting financial difficulties;

- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of credit or liquidity providers, or their failure to perform;
- f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- g. Modifications to rights of Bondholders, if material;
- h. Bond calls, if material, and tender offers;
- i. Defeasances;
- j. Release, substitution, or sale of property securing repayment of the securities, if material;
- k. Rating changes;
- l. Bankruptcy, insolvency, receivership or similar event of the obligated person;
- m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- n. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- o. Incurrence of a financial obligation (which includes a debt obligation, or a derivative instrument entered into connection with, or pledged as security or as a source of payment for, an existing or planned debt obligation, or a guarantee of debt obligation or derivative instrument) of the City, if material, or agreement as to covenants, events of default, remedies, priority rights, or other similar terms as of a financial obligation of the City, any of which affect security holders, if material; and
- p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation (as described above) of the City, any of which reflect financial difficulties.

*Termination of Reporting Obligation.* The City's obligations under the Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

*Amendment; Waiver.* Notwithstanding any other provision of the Disclosure Certificate, the City may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

*Default.* In the event of a failure of the City to comply with any provision of the Disclosure Certificate, any Bondholder or any beneficial owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an event of default, if any, under the Resolution, and the sole remedy under the Disclosure Certificate in the event of any failure of the City to comply with the Disclosure Certificate shall be an action to compel performance.

## **BONDHOLDER RISK**

*B.P., et al v. City of Johnson City Lawsuit.* On Thursday, February 13, 2025, the City's Board of Commissioners voted unanimously to settle the B.P., et al v. City of Johnson City lawsuit. This lawsuit was brought as a class action based on events that occurred between 2018 and 2022. The total payout was \$28 million which was partially funded by the City's insurance provider. A \$1 million holdback was allocated for potential future victims' claims that could be associated with the potential class action.

Based on the number of horrific crimes committed by Sean Williams, the City was faced with substantial financial risk if this matter proceeded to trial as a class action lawsuit. While the settlement is significant, the settlement limited the City's potential financial risk which could have been catastrophic.

The Plaintiffs' attorneys have dismissed all claims and allegations of corruption, robbery and sex trafficking against the City and the Johnson City Police Department officers. In dismissing these claims, Plaintiffs acknowledged that after all depositions and completion of discovery, there was substantial risk of not proving these allegations.

At the time of the settlement, the City was in a strong financial position with a healthy reserve fund. While the settlement reduced that balance, bringing it to levels similar to 2016, our financial foundation remains stable. The City is working to build back its fund reserves over the coming years to ensure its overall stability and financial health.

*Climate Change.* Planning for climate change in the State and its impact on the City's operation is an unknown challenge. The State's climate is exceedingly variable and projections of future conditions range significantly. While projections in the State indicate rising average temperatures, precipitation projections are much less clear and often contradictory. Other potential impacts include changes in the length, intensity, and frequency of droughts and floods. The financial impact of climate change is not yet known, and therefore, its future impact on the City cannot be quantified reliably at this time.

*Cyber-Security.* Computer networks and data transmission and collection are vital to the efficient operations of the City. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in operations and the services provided by the City, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties and the services provided, and cause a loss of confidence in the City's operations, which could materially affect the City and its operations. To mitigate against such risks, the City has instituted various policies and procedures to protect its respective information technology infrastructures, including cybersecurity training requirements for City employees. The City also maintains insurance against cybersecurity incidents.

## **ADDITIONAL INFORMATION**

Use of the words "shall," "must," or "will" in this *Preliminary Official Statement* in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in this *Preliminary Official Statement* involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this *Preliminary Official Statement* nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

The references, excerpts and summaries contained herein of certain provisions of the laws of the State of Tennessee, and any documents referred to herein, do not purport to be complete statements of the provisions of such laws or documents, and reference should be made to the

complete provisions thereof for a full and complete statement of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights of the holders thereof.

The *Preliminary Official Statement* and *Official Statement*, in final form, and any advertisement of the Bonds, is not to be construed as a contract or agreement between the City and the purchasers of any of the Bonds. Any statements or information printed in the *Preliminary Official Statement* or the *Official Statement*, in final form, involving matters of opinions or of estimates, whether or not expressly so identified, is intended merely as such and not as representation of fact.

The City has deemed this *Preliminary Official Statement* as “final” as of its date within the meaning of Rule 15c2-12 except for the omission of certain pricing information allowed to be omitted pursuant to Rule 15c2-12.

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## **CERTIFICATION OF THE CITY**

On behalf of the City, we hereby certify that to the best of our knowledge and belief, the information contained herein as of this date is true and correct in all material respects, and does not contain an untrue statement of material fact or omit to state a material fact required to be stated where necessary to make the statement made, in light of the circumstance under which they were made, not misleading.

/s/  
Mayor

ATTEST:

/s/  
City Recorder





## **APPENDIX A**

### **LEGAL OPINION**



**LAW OFFICES OF  
BASS, BERRY & SIMS PLC  
900 SOUTH GAY STREET, SUITE 1700  
KNOXVILLE, TENNESSEE 37902**

Ladies and Gentlemen:

We have acted as bond counsel to the City of Johnson City, Tennessee (the "Issuer") in connection with the issuance of \$ \_\_\_\_\_ General Obligation Bonds, Series 2025, dated \_\_\_\_\_, 2025 (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding general obligations of the Issuer.

2. The resolution of the Board of Commissioners of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the Issuer enforceable in accordance with its terms.

3. The Bonds constitute general obligations of the Issuer for the payment of which the Issuer has validly and irrevocably pledged its full faith and credit. The principal of and interest on the Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the Issuer and as to the portion of the Bonds that finance improvements to the Issuer's water and sewer system, that portion as designated by the Issuer, shall be additionally payable from, but not secured by, the revenues to be derived from the operation of the Issuer's water and sewer system.

4. Interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. Failure to comply with certain of such requirements could cause interest on the Bonds to be so includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

The rights of the owners of the Bonds and the enforceability of the Bonds and the resolutions authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors, and by equity principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds. Further, we express no opinion herein regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

## **APPENDIX B**

### **SUPPLEMENTAL INFORMATION STATEMENT**



## GENERAL INFORMATION

### LOCATION

The City of Johnson City (the “City”) is in the ridge and valley area of Northeast Tennessee. The City is located principally in Washington County (the “County”), Tennessee, but also includes portions of Carter and Sullivan Counties at the foot of Buffalo Mountain. The Town of Jonesborough is the County seat of Washington County and is located several miles southeast of the center of Johnson City, but immediately adjacent to the border of the City of Johnson City. Johnson City is located 90 miles northeast of Knoxville on Interstate 81, 160 miles southwest of Roanoke, Virginia on Interstate 81, and 67 miles due north of Asheville, North Carolina on Interstate 26. The Cherokee National Forest is located along the southeast border of the County.

### INTRODUCTION

Johnson City has been designated a Metropolitan Statistical Area (the “MSA”) in 2004. In 2004 the Tri-Cities MSA that included Johnson City was split into two MSAs, the Johnson City MSA and the Kingsport-Bristol MSA.

Johnson City is also the lead city of the Tri-Cities Combined Statistical Area (the “CSA”) of Northeast Tennessee and Southwest Virginia. The combined area is unusual in that there is no dominant central city. The City of Johnson City is the largest city in the CSA with a population of 71,046 according to the 2020 Census. Washington County’s population was 133,001 in 2020. Other major cities in the CSA include Kingsport, Elizabethton, Jonesborough and Bristol, Tennessee and Bristol, Virginia.

The Tri-Cities CSA enjoys the amenities of a large population without the problems that often follow a large central city. The educational and health care facilities in Johnson City have received recognition on state and national levels. Housing is abundant and moderately priced. Recreation of many types including professional baseball, NASCAR and IHRA racing, NCAA basketball, golfing and white-water rafting are available.

### TRANSPORTATION

The City has access to Interstate 81, which is approximately 14 miles from downtown Johnson City. Access to Interstate 26 to the south of the City is also nearby. This highway opened Johnson City and the region to the South Carolina seacoast and an easy connection to eastbound Interstate 40 to Asheville. Additionally, U.S. 11-E was expanded in recent years to four lanes to Greeneville, 30 miles to the southwest; and U.S. 11-E to Bristol, 22 miles to the northeast was completed as a four-lane divided highway. The County also is traversed by U. S. highways 19-W, 23, 321 and State highways 34, 36, 67, 91, 354, 359, 381 and 400.

Johnson City is on the main lines of the Norfolk Southern and the CSX System, allowing one of the easiest transitions between Norfolk and New Orleans on the Norfolk Southern, and Chicago and the eastern seaboard on the CSX.

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Commercial air, air cargo and general aviation services are provided to the region through the Tri-Cities Regional Airport jointly owned by Washington County, Sullivan County and the cities of Johnson City, Kingsport, Bristol, Tennessee and Bristol, Virginia. Numerous flights per day to hubs located in Atlanta, Charlotte, Cincinnati, and Pittsburgh make business and recreational travel easy and convenient. Tri-Cities Regional Airport is also a port-of-entry for international goods and services. Several air cargo carriers serve the region using the recently completed Air Cargo Logistics Center.

## EDUCATION

There are two school systems in the County that offer K-12 educational opportunities to residents of the County. The *Johnson City School System* has twelve schools with an enrollment of 7,702 students for the 2023-2024 school year. Vocation/Technical Center and the Henry Johnson Alternative Learning Center are also in the System. There are 532 teachers employed by the school system.

The *Washington County School System* includes sixteen schools: six elementary schools and a K-12 laboratory school located on the campus of East Tennessee State University. In the fall of 2023 there were 8,467 students enrolled in the County School System.

*Source:* Tennessee Department of Education.

*East Tennessee State University (the "ETSU")*. ETSU was founded in 1911 in the northeast corner of Tennessee. Fall 2023 enrollment was 13,685 students. ETSU's main campus is situated on a more than 350-acre campus located in nearby Johnson City. The main campus is adjacent to the 31-acre Veterans Administration facility that is home to the James H. Quillen College of Medicine. The Johnson City Medical Center Hospital (Mountain States Health Alliance) is located nearby. ETSU offers approximately 74 majors of study in its undergraduate program, 30 degree fields in its master's programs and doctorates in education, education administration, and biomedical sciences. In addition, the Quillen College of Medicine offers eight Doctor of Medicine degrees. Over 15,000 undergraduate, graduate and professional students attend ETSU. Extended regional campuses are located in Kingsport, Elizabethton and Greeneville.

Instead of utilizing only one teaching hospital, the ETSU Quillen College of Medicine has a broad patient base in the Tri-Cities region with training in every area of primary and tertiary care medicine. Students are provided access to more than 3,000 patient beds in the ten affiliated hospitals in the Tri-Cities area. For several consecutive years, ETSU has been ranked among the top 10 schools in the country for rural medicine. U.S. News also ranked ETSU in the top 25% of medical schools for primary care education. The ETSU College of Medicine has also brought specialties to Johnson City that normally could not be expected in a community of this size. The first in-vitro fertilization in Tennessee was done in Johnson City. One of five prenatal intensive care facilities in the state is manned by pediatric specialists of the ETSU College of Medical faculty. Kidney transplants and open heart surgery also are available in upper East Tennessee primarily as result of the presence of ETSU's College of Medicine.

ETSU's Bill Gatton College of Pharmacy is Tennessee's second state supported pharmacy school. First opened in early 2007, the College graduated its first class in May 2010 and received full accreditation status from the Accreditation Council for Pharmacy Education in July 2010. The Bill Gatton College of Pharmacy offers only the PharmD degree but is in current conversation with other colleges within the division of health sciences and the university at large investigating the development of joint degree programs (PharmD/MPH, PharmD/MBA, and PharmD/PhD). College enrollment is



more than 300 in the four classes. Projected enrollment in the future is currently limited to 80 students per class (320 students).

*Source:* East Tennessee State University and TN Higher Education Commission.

*Milligan University* is a private, four-year Christian liberal arts college founded in 1882. In the summer of 2020 the college changed its name from Milligan College to reflect the number of schools/colleges within the campus: the William B. Greene School of Business and Technology, the School of Arts and Humanities, the School of Bible and Ministry the School of Sciences and Allied Health and the School of Social Sciences and Education. Milligan's 181-acre campus is located between Johnson City and Elizabethton just minutes from the Tri-Cities (Johnson City, Kingsport and Bristol) region and an hour's drive to historic Asheville, North Carolina. Students from 35 states and 15 nations are enrolled each year. The College offers 25 academic majors and three master's degree programs. The approximate enrollment is about 1,200 students each year.

U.S. News & World Report's 2019 "Best Colleges" report ranked Milligan at No. 13 in the list of best regional colleges in the South. In addition, the college ranked as the No. 4 best value among regional colleges in the South in the report's "Great Schools, Great Prices" category. Milligan also was recognized on the "A+ Schools for B Students" list for regional colleges in the South based on student improvement and success.

*Source:* Milligan College.

*Northeast State Community College.* Northeast State Community College is a public community college based in Blountville, Tennessee. The institution offers technical education and college transfer programs in Blountville. The College serves the citizens of Carter, Johnson, Sullivan, Unicoi, and Washington Counties and has educational sites located at Elizabethton, Mountain City, Gray, and Kingsport. 2023 fall enrollment for the college was at 5,511.

*Source:* Northeast State Community College, TN Higher Education Fact Book 2021-2022.

*The Tennessee College of Applied Technology at Elizabethton.* The Tennessee College of Applied Technology at Elizabethton (the "TCAT-E") is part of a statewide system of 27 vocational-technical schools. The TCAT-E meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution's primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The TCAT-E serves the northeast region of the state including Carter, Johnson, Sullivan, Unicoi and Washington Counties. In October of 1999, the school opened an instructional site in Mountain City, offering Business Systems Technology, and later in Kingsport, offering classes in Practical Nursing. The TCAT-E began operations in 1963. The main campus is located in Elizabethton in Carter County along with satellite locations in Mountain City and in Kingsport. The fall 2022 enrollment was 988 students.

*Source:* Tennessee Colleges of Applied Technology, Carter County and TN Higher Education Commission.

*Carter County Higher Education Center.* Northeast State Community College and TCAT Elizabethton will open the Carter County Higher Education Center in 2026. The project will renovate existing structures and construct new facilities to support Northeast State and TCAT Elizabethton programs.

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## MEDICAL

The Tri-Cities area has ten acute-care hospitals and many other healthcare facilities. In early 2018 the complex merger of Mountain States Health Alliance and Wellmont Health System was complete to form the new Ballad Health System. With the merger, all ten hospitals of the two systems located in the Tri-Cities area (there are 22 hospitals total) will remain open. The new Ballad Health System has seven hospitals in Johnson City, three facilities in Kingsport, and four hospitals in Bristol.

There is also a hospital for veterans in Johnson City, the James H. Quillen VA Medical Center at Mountain Home. The national healthcare system Health South has the facility HealthSouth Rehabilitation Hospital in Kingsport. In addition, the East Tennessee State University located in Johnson City has the James H. Quillen College of Medicine that brings specialties to the area normally not available in a community of this size.

*Ballad Health System. (formerly Mountain States Health Alliance and Wellmont Health System).* Mountain States Health Alliance (founded in 1998) was based in Johnson City, and Wellmont Health System (founded in 1996) was based in Kingsport. The new healthcare system is solely comprised of the existing 22 facilities of both systems. Ballad Health System is now a premier healthcare provider in the Tri-State region, with hospitals and healthcare facilities in Northeast Tennessee, Southwest Virginia, Southeast Kentucky and North Carolina. Ballad is one of the region's largest employers.

*Behavioral Health Child and Adolescent Outpatient Services Clinic.* Ballad Health opened a new Behavioral Health Child and Adolescent Outpatient Services clinic in Johnson City in 2024. This new clinic provides care for the specific needs of children and teens with complex behavioral health needs and is part of the Ballad Health Niswonger Children's Network. Ballad also relocated its Behavioral Health Adult Outpatient Services clinic to a new location in the same building and has expanded its services to include intensive outpatient programming for adult patients.

*Franklin Woods Community Hospital.* Franklin Woods Community Hospital, affiliated with the Ballad Health System, opened in the summer of 2010, and the estimated cost for the entire project is approximately \$122 million. The hospital has approximately 240,000 square feet on a 25-acre lot in Johnson City. The hospital includes 80 beds, a 22-bay emergency department, 5 operating rooms with 22 beds, radiology services including two CT scans and a MRI, physical and respiratory therapy, and additional support areas. Of the licensed beds, 20 are dedicated as part of Women's and Children's Services.

Franklin Woods is said to be the first "Green" hospital in Tennessee, being built to the standards of the U.S. Green Building Council. The design of the Hospital is unlike any other in the region or even the state. This new hospital mixes high-tech with a natural design. Rock formations are utilized to take advantage of natural water flows. Trees are incorporated in the facility and large amounts of glass give everyone inside the hospital the illusion of being outside. Franklin Woods is certified as a Leader in Energy and Environmental Design (LEED) facility. LEED is a nationally accepted benchmark for the design, construction and operation of high-performance green buildings.

*Holston Valley Medical Center.* Located in Kingsport, the Holston Valley Medical Center has one of Tennessee's only six Level I trauma center that is equipped to care for the most critically

injured patients. The 505-bed facility also has a Level III neonatal intensive care unit to care for the sickest babies. It is part of the regional Ballad Health System. The facility has more than 450 board-certified or board-eligible physicians. In 2005 a \$113 million renovation, called the Project Platinum, began. The construction provided a new intensive care unit, new operating suites, expanded emergency and radiology departments, additional parking areas and a new grand entrance drive and bridge to provide improved hospital access.

*Johnson City Medical Center.* Johnson City Medical Center (the “JCMC”) is part of the newly formed Ballad Health System. It opened in 1911 in Johnson City. The second hospital built in Tennessee, JCMC is now a 548-bed not-for-profit, comprehensive, acute-care teaching hospital affiliated with East Tennessee State University. JCMC is also a major medical referral center with Level I Trauma Care and is the region's only dedicated emergency medical air transport service. A full range of specialty and subspecialty care services and some of the most advanced diagnostic and surgical techniques are available. JCMC provides private patient rooms and has separate specialized units for newborn, pediatric, medical and surgical intensive care. JCMC is accredited by The Joint Commission.

*Source:* Johnson City Press.

*Niswonger Children's Hospital.* The former Children's Hospital at Johnson City Medical Center was rebuilt and opened in early 2009. Niswonger Children's Hospital features a child-friendly design and separate Emergency Department entrance for pediatric patients with 69 licensed beds. The \$35.5 million facility is named after Greeneville businessman Scott M. Niswonger. Among the offerings within the 82,600-square-foot facility will be pediatric operating rooms, pediatric radiology units, pediatric physical therapy space and the region's first pediatric emergency room. The facility will continue its affiliation with St. Jude Children's Research Hospital. It is affiliated with the Ballad Health System.

*Source:* Johnson City Press.

*Woodridge Psychiatric Hospital.* Woodridge Psychiatric Hospital is an 84-bed inpatient provider of mental health and chemical dependency services for children, adolescents and adults age 6 and older. Woodridge leads a team of professionals that includes clinicians, social workers, recreational therapists and psychiatric nurses who will assist the individual with finding the most beneficial level of treatment. The facility is located in Johnson City and is affiliated with the Ballad Health System.

*Source:* Johnson City Press.

*James H. Quillen VA Medical Center at Mountain Home (the “VAMC”).* Since 1903, James H. Quillen VAMC serves more than 170,000 veterans from a 41-county area of Northeast Tennessee, Southwest Virginia, Western North Carolina, and southeastern Kentucky. The VAMC is located just outside of Johnson City in Mountain Home on 207 acres and shares the West End of the campus with the East Tennessee State University College of Medicine. VAMC Mountain Home has 114 licensed beds.

The VAMC is a teaching hospital and has affiliations with the James H. Quillen College of Medicine as well as numerous other institutions of higher learning for various post-graduate medical training programs. In addition to the main facility in Mountain Home, services are offered in several community-based outpatient clinics. There are seven clinics in Tennessee and thirteen in Virginia. In recent years, the VAMC completed many renovations including a \$70,000,000 modernization project in

conjunction with the facility's role with the East Tennessee State University James H. Quillen College of Medicine. A U.S. National Cemetery is also located on the grounds of the VAMC.

*Source:* United States Department of Veterans Affairs and the Business Journal.

*Mountain Empire Surgery Center.* Located in Johnson City, the Mountain Empire Surgery Center opened in 1999. It is affiliated with Texas-based United Surgical Partners International, an international surgery company partnered with local physicians. The surgery center performs about 5,000 surgeries each year in four operating rooms. There are about 29 physicians on staff. The state-of-the-art equipment allows surgeons to perform procedures in the specialty areas of Ear, Nose, and Throat, Orthopedics, Pain Management and Podiatry. The facility is accredited by the Joint Commission for the Accreditation of Health Organizations.

*Source:* United Surgical Partners.

## **POWER PRODUCTION**

### *Tennessee Valley Authority (the "TVA")*

TVA was established as a wholly-owned corporate agency and instrumentality of the United States of America by the Tennessee Valley Authority Act of 1933 (the "TVA Act"), as amended. TVA Act's objective is the development of the resources of the Tennessee Valley and adjacent areas in order to strengthen the regional and national economy and the national defense. Its specific purposes include: (1) flood control on the Tennessee River and its tributaries, and assistance to flood control on the lower Ohio and the Mississippi Rivers; (2) a modern navigable channel for the Tennessee River; (3) ample supply of power within an area of 80,000 square miles in most of Tennessee and parts of Alabama, Mississippi, Kentucky, Georgia, North Carolina and Virginia; (4) development and introduction of more efficient soil fertilizers; and (5) greater agricultural and industrial development and improved forestry in the region.

TVA is primarily a wholesaler of power. TVA manages 16,400 miles of transmission line to deliver 99.999% reliability that connects supplies power to 153 local power providers. power companies that supply electricity to approximately 10 million people across seven Southeastern states with 61 directly served customers, including 54 industrial customers and 7 military and federal installations. These include coal, gas, nuclear, and hydroelectric plants as well as renewable resources.

About 80 percent of the nation paid more for energy than customers served by TVA. TVA's industrial rates are lower than more than 95 percent of the nation. As of 2024, TVA has ranked the top utility for economic development for 19 consecutive years. Projected capital investments in the region are expected to be 326,000 jobs in \$45.9 billion with investment.

TVA's generation portfolio is 39% nuclear, 14% coal, 34% natural gas, 9% hydro, and 4% wind and solar with a total capacity of 32,190 megawatts as of 2024.

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## TVA'S GENERATING ASSETS (as of 2024)

### Located Over Seven States

3 Nuclear Sites  
4 Coal-Fired Sites  
29 Hydroelectric Sites  
1 Pumped-Storage Site  
9 Combustion Turbine Gas Site  
8 Combined Cycle Gas Sites  
9 Solar Energy Sites  
1 Diesel Generation Site

### Located in Tennessee

2 Nuclear Sites  
3 Coal-Fired Plants  
19 Hydroelectric Dams  
1 Pumped-Storage Hydroelectric Plant  
8 Natural Gas-Fueled Facilities  
13 Non-Power Dams  
9,455 Miles of Transmission Line  
298 Substations & Switchyards

### *Tennessee*

TVA supplies energy for over 7 million people through 82 local power companies and for 26 large, direct-served customers in Tennessee. TVA also manages 33 reservoirs, 179,510 acres of public land, and 7,700 miles of shoreline within the state. Projected capital investments for Tennessee are expected to be 30,760 jobs with \$3.6 billion in investment. TVA employs 7,592 people in the state as of 2024.

### *Solar and Other Fuels*

TVA will add 10,000 megawatts of solar energy by 2035, representing more than a 15-fold increase from 2021. And by 2050, TVA plans to achieve net-zero carbon emissions by the development of emerging technologies, such as advanced nuclear, long-duration energy storage, carbon-capture technologies and alternative fuels like hydrogen. TVA has contracted or installed around 400 megawatts of solar generating capacity, has more than 1,200 megawatts of wind power, and over 50 megawatts from burning organic garbage. About 13 percent of TVA's power comes from renewable sources, with 3 percent of that comes from wind and solar. Biomass, primarily from wood and wood waste, also contributes a small amount to the state's net generation. TVA also uses methane gas from the Memphis wastewater treatment plant to boost generating capacity at one coal-fired power plant, increasing the plant's capacity by 8 megawatts.

*Solar Facility.* BrightRidge, TVA and Silicon Ranch constructed in 2018 the Tri-Cities' first community solar project, a 5-megawatt solar farm outside of Jonesborough near Telford. Approximately 40 acres are covered by solar panels. The solar facility, owned by Silicon Ranch and constructed by McCarthy Building Companies, deployed 41,760 solar panel modules manufactured by First Solar. These modules are mounted on 2,262 single-axis piles guided by 174 trackers. In all, 88 inverters convert the generated electricity to alternating current prior to delivery to the grid.

Silicon Ranch has invested millions of dollars in private capital to build the solar farm, which generates about 8 million kilowatt-hours of electricity annually, with zero carbon emissions and zero water consumption. 500 kilowatts of the project capacity are offered exclusively to BrightRidge customers on a monthly or long-term lease basis in lieu of installing solar panels directly on a business, school or residential property. The project produces enough carbon-free electricity to power more than 500 homes over the course of a year as weather conditions permit.

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### *Transmission System Improvements*

TVA invested nearly \$1.5 billion in transmission improvements between 2022-2025, to include a \$289 million investment in a new System Operations Center and \$90 million in a new Energy Management System.

The U.S. Department of Energy awarded a \$250 million grant in late 2024 to TVA and 10 of its local power companies that will fund 84 projects aimed at strengthening the electric grid and building renewable energy. These projects will help the utility add up to 2,400 megawatts of capacity to its grid, moving enough additional electricity to power 1.4 million homes, and speed development of solar and wind projects. It will allow the utility to create its first interconnection with the Southwest Power Pool, which manages much of the Midwest's wind-heavy grid, adding 800 megawatts of wind to TVA's system. Updates to the grid could reduce the duration of local power outages by 94%, creating \$250 million in economic benefits, according to a TVA news release. TVA anticipates the money will create approximately 800 jobs over five years.

### *Modular Reactors*

TVA applied for an \$800 million federal grant to help finance small modular nuclear reactors to be built at its Clinch River Nuclear Site in Oak Ridge. The grant could cut the timeline for building the reactors by two years, with a plan for commercial operation by 2033. TVA plans to build up to four 300-megawatt reactors at the site. Small modular reactors are not just smaller than large traditional nuclear power plants but could be built faster and in more places. Nuclear energy is the largest single source of clean energy in the U.S., at around 20% of the electricity supply.

### *Hydropower and Flood Control*

Tennessee is one of the top three hydroelectric power producers east of the Rocky Mountains due to the many TVA hydroelectric power plants located on the Tennessee and Cumberland River systems. Hydroelectric power, although variable, has been contributing about one-eighth of the state's net generation in recent years.

Managing the Tennessee River System TVA includes managing the Tennessee River system and 293,000 acres of public land, 11,000 miles of shoreline, and 650,000 surface acres of reservoir water. TVA dams on the Tennessee River system provide multiple public benefits: food control, navigation, power production, recreation, water quality and water supply, and protection of natural resources.

*Boone Dam.* Tennessee Valley Authority's ("TVA") Boone Dam is located in Johnson City, Tennessee on the South Fork Holston River. Construction of Boone Dam began in 1950 and was completed in 1952. Boone Dam is 160 feet high and stretches 1,532 feet across the South Fork Holston River. The three hydroelectric generating units have a generating capacity of 81,000 kilowatts of electricity. Boone Reservoir is located in both Washington and Sullivan Counties.

*Fort Patrick Henry Dam.* Tennessee Valley Authority's ("TVA") Fort Patrick Henry Dam is located in Kingsport on the South Fork Holston River. Construction of the Dam began in 1951 and was completed in 1953. The Dam is 95 feet high and stretches 737 feet across the South Fork Holston River. The generating capacity of Fort Patrick Henry Dam is 59,400 kilowatts of electricity. The Dam was built primarily for hydropower, but it is also used to regulate the flow of water downstream to ensure a reliable supply of water for local industry and for cooling water at TVA's John Sevier Fossil Plant. Fort Patrick Henry Reservoir extends 10 miles in Sullivan County upstream

from the Dam to Boone Dam.

*South Holston Dam.* Tennessee Valley Authority's ("TVA") South Holston Dam is located in Sullivan County on the South Fork Holston River. Construction of the dam was begun in 1942 but was halted in favor of other wartime construction efforts. Building resumed in 1947 and was completed in 1950. South Holston Dam is 285 feet high and reaches 1,600 feet across the South Fork Holston River. South Holston is an earth-and-rockfill dam with one hydroelectric unit. The generating capacity of South Holston Dam is 38,500 kilowatts of electricity. South Holston Reservoir extends in Sullivan County 24 miles east of the Dam into Virginia.

*Watauga Dam.* Tennessee Valley Authority's ("TVA") Watauga Dam is located in Carter County on the Watauga River. Construction of Watauga Dam began in 1942 and was completed in 1948. Watauga Dam is 318 feet high and extends 900 feet across the Watauga River. Watauga has two hydroelectric generating units with a generating capacity of 57,600 kilowatts of electricity. Watauga Reservoir extends 16 miles east from Watauga Dam toward the North Carolina border through Carter and Johnson Counties.

*Source:* Tennessee Valley Authority.

## **MANUFACTURING AND COMMERCE**

Johnson City's economy has a strong base of institutional employment that has traditionally helped insulate the city from downturns on the national and state level. Johnson City Medical Center Hospital, the Veterans Administration, East Tennessee State University, and the City government all rank among the ten largest employers in the County.

*Carter County Higher Education Center.* Northeast State Community College and TCAT Elizabethton broke ground in late 2024 on the new Carter County Higher Education Center, a \$40 million project designed to expand educational opportunities in the region. The facility, scheduled to open in fall 2026, will add about 71,000 gross square feet of new space. Buildings will include high-bay training spaces, laboratories, classrooms, administrative, student, and support spaces for academic programs and hands-on instruction.

*Eastman Chemical Company.* Eastman Chemical Company is located in Kingsport on the Sullivan County side and is the largest manufacturing employer in Tennessee. Eastman's Kingsport, Tennessee manufacturing site was founded by George Eastman in 1920. The site produces a broad range of chemicals, fibers and plastics found in products such as paint, adhesives, textiles, sports bottles, pharmaceuticals, medical devices and much more.

Over the past three decades, Eastman has been one of the pioneers in developing metanalysis technology for recycling at commercial scale. Utilizing Eastman's polyester renewal technology, the plastic-to-plastic recycling facility (which began its 3 year construction in 2020) will use over 100,000 metric tons of plastic waste that cannot be recycled by current mechanical methods to produce premium, high-quality specialty plastics made with recycled content. This process of using plastic waste as the main feedstock is a true material-to-material solution and will not only reduce the company's future use of fossil feedstocks, but also reduce its greenhouse gas emissions by 20-30 percent relative to fossil feedstocks. In 2011 the company purchased Sterling Chemicals Inc. for \$100 million in cash. The assets include a plasticizer and acetic acid manufacturing facility in Texas.

### *State Programs*

*Select Tennessee Certified Sites Program (the “STCSP”).* The STSCP has helped communities prepare industrial sites for private investment and job creation since 2012. The certification process ensures that each certified site meets high quality standards and are primed for development. Certified sites must have documented environmental conditions and geotechnical analysis, existing onsite utilities or a formal plan to extend utilities to the site, and truck-quality road access. The program’s goal is to give companies detailed and reliable information during the site selection process and markets the sites to a targeted group of site selection consultants and business leaders in Tennessee’s key industry clusters. As of 2024, seventy-eight sites in Tennessee have been certified and 23 companies have invested over \$2.01 billion in capital investment to construct facilities on certified sites, accounting for more than 7,494 new job commitments.

There are three industrial parks in Sullivan County that are certified with the Select Tennessee Certified Sites Program: Aerospace Park I (27 acres); Bristol Business Park (82 acres); and Partnership Park II (204 acres). There are two industrial parks in Washington County that are certified with the Select Tennessee Certified Sites Program: the Washington County Industrial Park – Parcel 112.05 (22 acres); and the Washington County Industrial Park Parcel 31.

*Source:* Tennessee Department of Economic and Community Development.

*Tennessee Downtowns.* The City of Johnson City has a historically significant downtown that it has improved through the Tennessee Downtowns program. Tennessee Downtowns is an affiliated program of Tennessee Main Street designed to help rural communities to revitalize their downtown areas. The Tennessee Downtowns program helps local communities revitalize traditional commercial districts, enhance community livability, spur job creation and maintain the historic character of downtown districts. The two-year program coaches selected communities and their steering committees through the steps of launching effective renewal efforts. Tennessee Downtowns includes community training in the Main Street America program and a grant for a downtown improvement project. As of April 2024, Tennessee Department of Economic and Community Development (the “TNECD”) provides the Tennessee Downtowns program to 90 communities that want to pursue the Main Street America approach to downtown revitalization.

The selected communities all have downtown commercial districts established at least 50 years ago and have demonstrated their readiness to organize efforts for downtown revitalization according to Main Street America principles. The highly competitive selection process was based on historic commercial resources, economic and physical need, demonstrated local effort, overall presentation and probability of success. Grants are awarded to organizations that illustrated the need for improvements and the ability to execute an effective design plan for building facades, wayfinding signage, gateways and streetscapes. As part of the program, each new grant recipient will be required to match 25-percent of the funding received.

Tennessee Downtown communities that complete the program are eligible for additional Downtown Improvement Grants as well as Main Street designation. There are currently 46 nationally accredited Main Street communities in Tennessee, 20 of which successfully completed the Tennessee Downtowns program prior to their national accreditation.

*Source:* Tennessee Department of Economic and Community Development.

*Tennessee Main Street Program.* The Cities of Johnson City and Jonesborough have historically significant downtowns that have been improved through accreditation with the Tennessee Main Street Program. As of May 2024, there are almost 50 communities that are



accredited through the state program Tennessee Main Street Accreditation and a program of the national Trust for Historic Preservation (called Main Street America). The Main Street Program provides training, support and grant opportunities to assist in downtown revitalization efforts to focus on historic preservation, community events and economic revitalization. In 2020, accredited Tennessee Main Street communities generated \$79 million of public and private investment and nearly 158 new businesses. The Tennessee Main Street Program requires communities to illustrate a commitment from local government and other local organizations, an adequate organizational budget, a strong historic preservation ethic, a collection of historic commercial buildings and a walkable district.

*Source:* Tennessee Department of Economic and Community Development.

The following list depicts major sources of employment in Johnson City:

### **Major Employers in and around Johnson City and Washington County**

<b><u>Employer</u></b>	<b><u>Location</u></b>	<b><u>Product/Services</u></b>	<b><u>Employment</u></b>
East Tennessee State University	Johnson City	Education	3,541
Veterans Administration Hospital	Johnson City	Healthcare	2,400
Johnson City Medical Center <sup>1</sup>	Johnson City	Healthcare	2,000
Advance Call Center Tech	Johnson City	Communications	2,000
Citi Solutions Center	Johnson City	Credit Card Programs	1,847
Washington County School System	Johnson City	Education	1,307
Frontier Health <sup>2</sup>	Gray	Rehabilitative Healthcare	1,212
Johnson City School System	Johnson City	Education	1,100
AO Smith (American Water Heater Group)	Johnson City	Water Heaters	1,097
State of Franklin Healthcare	Johnson City	Healthcare	1,001
City of Johnson City	Johnson City	Government	1,000
Franklin Woods Community Hospital <sup>1</sup>	Johnson City	Hospital	428
Woodridge Psychiatric Hospital <sup>1</sup>	Johnson City	Hospital	231

<sup>1</sup> The hospital is part of the Ballad Health with about 8,610 total employees in the Tri-Cities area.

<sup>2</sup> Includes employees from multiple areas in the Tri-Cities area.

*Source:* TN Department of Economic & Community Development (2025), and Annual Comprehensive Financial Reports of the City of Johnson City - 2024.

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The following is a list of the major sources of employment in Tri-Cities area (*Carter County*: Elizabethton and Johnson City; *Hawkins County*: Kingsport, Rogersville, Bulls Gap, Surgionsville and Church Hill; *Greene County*: Greeneville; *Sullivan County*: Bristol, Kingsport, Johnson City and Piney Flats; *Washington County*: Johnson City, Jonesborough, Gray, Telford and Midway; and in nearby Bristol, Virginia):

### **Major Employers in the Tri-Cities Area**

<b><u>Company</u></b>	<b><u>Location</u></b>	<b><u>Product</u></b>	<b><u>Employees</u></b>
Ballad Health Corp*	Johnson City	Healthcare	8,610
Eastman Chemical Company	Kingsport	Chemicals, Fibers, Plastics	6,500
East Tennessee State University	Johnson City	Education	3,541
Pinnacle Retail Center (collectively)	Bristol, TN	Retail	2,825
Veterans Administration Hospital	Johnson City	Healthcare	2,400
Advance Call Center Tech	Johnson City	Communications	2,000
Citi Solutions Center	Johnson City	Credit Card Programs	1,847
Partner Industrial	Kingsport	Industrial Maintenance Services	1,390
Washington County School System	Johnson City	Education	1,307
Sullivan County Schools	Blountville	Education	1,247
Kingsport City Schools	Kingsport	Education	1,214
Frontier Health <sup>2</sup>	Gray	Rehabilitative Healthcare	1,212
Pals Sudden Service	Kingsport	Restaurant	1,154
Johnson City School System	Johnson City	Education	1,100
Hawkins County Schools	Rogersville	Education	1,100
AO Smith (American Water Heater Group)	Johnson City	Water Heaters	1,097
Sullivan County Government	Blountville	Government	1,074
State of Franklin Healthcare	Johnson City	Healthcare	1,001
City of Johnson City	Johnson City	Government	1,000
Teleperformance USA	Bristol, TN	Manufacturing	943
Agero, Inc.	Blountville	Manufacturing	908
BAE Systems	Kingsport	Chemicals & Explosives	900
Carter County Schools	Elizabethton	Education	870
City of Kingsport	Kingsport	Government	833
Brock	Kingsport	Manufacturing	800
Home Shopping Network	Kingsport	Retail Television	789
Home Shopping Network (HSN)	Piney Flats	Distribution	789
SumiRiko Tennessee	Midway	Manufacturing	750
Barrette Outdoor Living	Bulls Gap	Wood & Vinyl Fencing	750
Nuclear Fuel Services	Erwin	Nuclear Fuel	740
Eastman Credit Union	Kingsport	Credit Union	693
Cardinal Glass Industries	Rogersville	Manufacturing	665
Holston Medical Group	Kingsport	Healthcare	687
Bristol Tennessee School System	Bristol, TN	Education	589
AGC Flat Glass North America	Church Hill	Manufacturing	550
Green County Government	Greeneville	Government	512
Barrette Outdoor Living, Inc.	Bulls Gap	Manufacturing	500
Elizabethton City Schools	Elizabethton	Education	500

<b><u>Company</u></b>	<b><u>Location</u></b>	<b><u>Product</u></b>	<b><u>Employees</u></b>
TEC Industrial Maintenance	Kingsport	Manufacturing	490
Copper Standard Automotive	Surgoinsville	Automotive Tubing	450
Danny Herman Trucking, Inc.	Mountain City	Distribution	450
John Deere Power Products Inc	Greeneville	Agricultural Equipment	450
Covenant Transport	Greeneville	Manufacturing	450
Snap-On, Inc.	Elizabethton	Manufacturing	427
Greeneville City Schools	Greeneville	Education	420
Johnson County Schools	Mountain City	Education	400
Northeast Correctional Complex	Mountain City	Corrections	400
Wal-Mart Stores Carter County	Elizabethton	Retail	400
Bell Flight	Piney Flats	Aircraft Outfitting	380
Hutchinson Sealing Systems	Church Hill	Manufacturing	370
City of Bristol	Bristol, TN	Government	370
TRW S&S	Rogersville	Manufacturing	335
Domtar	Kingsport	Paper	329
Milligan College	Elizabethton	Education	322
Borla Performance Industries	Johnson City	Manufacturing	311
Wal-Mart Stores	Kingsport	Retail	300
Parkdale Mills	Mountain City	Manufacturing	286
A.Y. McDonald Manufacturing	Elizabethton	Manufacturing	284
Sycamore Shoals Hospital	Elizabethton	Healthcare	269
UPM Pharmaceuticals	Bristol, TN	Pharmaceuticals	255
City of Elizabethton	Elizabethton	Government	250
Summers-Taylor, Inc.	Elizabethton	Manufacturing	250
Dodge Industrial, Inc.	Rogersville	Manufacturing	249
Carter County Government	Elizabethton	Government	233
Hawkins County Government	Rogersville	Government	227
Sam Dong, Inc.	Rogersville	Wire Magnetic Products	208
Baldor Electric Company	Rogersville	Manufacturing	207

\* Ballad Health is a merger of Mountain States Health Alliance and Wellmont Health Systems. Includes employees from multiple areas in the Tri-Cities area.

\*\* Based on estimates of full hiring capacity.

Source: TN Department of Economic & Community Development (2025), Annual Comprehensive Financial Reports of the City of Bristol, Tennessee (2024), the City of Kingsport, Tennessee (2024), and the City of Johnson City, Tennessee (2024).

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## ECONOMICAL DATA

### Per Capita Personal Income

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
National	\$53,309	\$55,547	\$59,153	\$64,430	\$65,470
Tennessee	\$46,452	\$48,889	\$51,928	\$56,970	\$58,292
<b>Washington County</b>	<b>\$42,223</b>	<b>\$44,679</b>	<b>\$47,932</b>	<b>\$52,468</b>	<b>\$53,392</b>
Index vs. National	79	80	81	81	82
Index vs. State	91	91	92	92	92
<b>Johnson City MSA</b>	<b>\$39,203</b>	<b>\$41,363</b>	<b>\$44,278</b>	<b>\$48,424</b>	<b>\$48,978</b>
Index vs. National	74	74	75	75	75
Index vs. State	84	85	85	85	84
<b>Tri-Cities CSA</b>	<b>\$39,281</b>	<b>\$40,930</b>	<b>\$43,729</b>	<b>\$47,483</b>	<b>\$48,061</b>
Index vs. National	74	74	74	74	73
Index vs. State	85	84	84	83	82

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

### Social and Economic Characteristics

	<u>National</u>	<u>Tennessee</u>	<u>Washington County</u>	<u>Johnson City</u>
Median Value Owner Occupied Housing	\$303,400	\$256,800	\$231,700	\$238,000
% High School Graduates or Higher Persons 25 Years Old and Older	89.40%	89.60%	91.1%	91.0%
% Persons with Income Below Poverty Level	11.10%	14.00%	16.3%	21.1%
Median Household Income	\$78,538	\$67,097	\$61,051	\$55,429

Source: U.S. Census Bureau State & County QuickFacts - 2023.

## RECREATION

There are four Tennessee Valley Authority lakes located in the area that offer opportunities for water skiing, boating and fishing. There are numerous golf courses and other recreational opportunities both indoor and outdoor located in the region. There are many playgrounds and parks as well as college and high school athletics. The St. Louis Cardinals baseball farm team is located in Johnson City. There is a domed athletic complex at East Tennessee State University seating 12,000. The Appalachian Fair is held in late summer at Gray, Tennessee, five miles north of Johnson City, and annually attracts thousands of fair goers.

*Appalachian National Scenic Trail (the "AT").* The Appalachian Trail is a 2,175-mile long footpath stretching through 14 eastern states from Maine to Georgia. It can be accessed in nearby Carter County through the Roan Mountain State Park at Carters Gap. Conceived in 1921 and first completed in 1937, it traverses the wild, scenic, wooded, pastoral, and culturally significant lands of the Appalachian Mountains. The AT is enjoyed by an estimated 4 million people each year.

*Source:* National Park Service.

*Boone Reservoir.* Tennessee Valley Authority's ("TVA") Boone Dam is located in Johnson City, Tennessee on the South Fork Holston River. Boone Reservoir is located in both Washington and Sullivan Counties. The reservoir is operated for a number of purposes, including power production, flood control, water supply, water quality, aquatic ecology and recreation. Compared with similar reservoirs on tributaries of the Tennessee, Boone generally maintains more stable water levels through the summer season.

*Source:* Tennessee Valley Authority.

*Cherokee National Forest (the "CNF").* The Cherokee National Forest is located in Eastern Tennessee and stretches from Polk, Monroe, Cocke, Greene, Unicoi, Carter and Johnson Counties along the North Carolina border. The 640,000-acre forest is the largest tract of public land in Tennessee. It lies in the heart of the Southern Appalachian mountain range, one of the world's most diverse areas. These mountains are home to more than 20,000 species of plants and animals. Also popular are the 650 miles of hiking trails and the 500 miles of streams for fishing. Each year millions of people visit Tennessee's Cherokee National Forest, over 2 million in 2016. The area is the former homeland of the Cherokee Indians and is Tennessee's only National Forest. National forests are lands of many uses. The original purpose for their creation was to protect water quality and provide a continuous supply of timber. Today the national forest mission includes outdoor recreation, wildlife and fish habitat, wilderness, water quality, minerals, wood products, and much more.

*Source:* USDA Forest Service.

*Johnson City Parks.* The City's Parks and Recreation Department has six recreation centers and pavilions available seating room 20-125 people. Parks and Recreation also has 20 playgrounds and parks. There are 20 modern tennis courts; 141 adult and 24 Little League, 16 Pony Colt softball and baseball teams; 80 adult and youth basketball teams and 44 soccer teams. Two municipal (one indoor) swimming pools are also available. There are roller skating rinks and bowling centers. Winged Deer Park, featuring five softball fields, three soccer fields and two miles of paved walking trails, is one of the premiere municipal parks in Tennessee. It is the site of major soccer tournaments and at least 37 softball tournaments. Buffalo Mountain Park is a developed nature preserve, featuring 14 miles of hiking trails, panoramic views of the Johnson City area, and picnic sites. Numerous neighborhood parks also provide a wide range of amenities.

*Source:* Johnson City Economic Development Board.

*East Tennessee State University's Memorial Center.* East Tennessee State University's Memorial Center has 12,000 seats, each with an unimpeded view of the action. The "mini-dome" is climate controlled...designed for fan comfort. The Center has a tartan basketball floor, with two auxiliary floors, a six-lane 1/4 mile tartan track, six handball courts, six tennis courts, a volleyball court, rifle range and a physical education laboratory.

*Source:* Johnson City Economic Development Board.

*Fort Patrick Henry Reservoir.* Tennessee Valley Authority's ("TVA") Fort Patrick Henry Dam is located in Kingsport on the South Fork Holston River. Fort Patrick Henry Reservoir extends

10 miles in Sullivan County upstream from the Dam to Boone Dam. Fort Patrick Henry Reservoir is a popular site for fishing, particularly rainbow trout, bluegill, bass, and crappie. Warrior's Path State Park is located on the reservoir.

*Source:* Tennessee Valley Authority.

*Freedom Hall Civic Center.* The 7,000-seat arena-style Freedom Hall Civic Center is one of Johnson City's biggest attractions. It serves as a center for entertainment, cultural and educational activities and conventions. One of only two domed athletic complexes on a college campus is located at East Tennessee State University.

*Source:* Johnson City Economic Development Board.

*Jonesborough Historic District.* In 1969, Jonesborough became Tennessee's first town to be listed on the national Register of Historic Places. Visitors to Jonesborough begin tours of Tennessee's oldest town at the Visitor's Center, where monthly exhibits feature the works of local artists and craftsmen. The Washington County History Museum is also housed in the Visitor's Center. The International Storytelling Center in Jonesborough annually hosts the world-famous National Storytelling Festival.

*Source:* Johnson City Economic Development Board.

*Millennium Center.* The Millennium Center is the City's continuing education conference facility. Millennium Center is located on approximately 6 ½ acres of a 21-acre site known as Millennium Park. The Public Building Authority of the City of Johnson City developed this facility on behalf of the City, and in 2018 sold the entire complex to ETSU for \$50.8 million. Millennium Park is located on the State of Franklin Road across from the main campus of ETSU and is surrounded by the VA Medical Center (Mountain Home) and the Johnson City Regional Medical Center which anchor the City's Med - Tech corridor and numerous other businesses and institutions. Millennium Center provides approximately 76,000 square feet of meeting space and amenities and a parking garage suitable for approximately 550 vehicles. Immediately adjacent to Millennium Center is the 137 room Carnegie Hotel which serves the Center and the region. Recently, the State and the City announced plans to build a 1,200 seat Fine Arts Center on land located adjacent to Millennium Center. The Fine Arts Center is expected to cost more than \$51 million when completed in 2020.

*Source:* The City of Johnson City and Johnson City Press.

*Roan Mountain State Park.* Roan Mountain State Park encompasses 2,006 acres of southern Appalachian forest at the base of 6,285-foot Roan Mountain in Carter County. Park elevation ranges from 3,000 feet in the valley to around 3,700 feet on surrounding ridges. Park guests have opportunities to hike along creeks and ridges, fish for trout in the Doe River, play tennis, swim, tour a century old farmhouse, join rangers and naturalists for educational programs, and enjoy mountain music concerts. Guests who wish to stay overnight have a choice of RV and tent camping or fully equipped AAA cabins. The Appalachian Trail and famous Rhododendron Gardens of Roan Mountain can be accessed at Carver's Gap, an 8-mile drive from the park. A naturalist is on hand year round to provide programs for visitors to the park and special groups.

*Source:* Tennessee State Parks.

*South Holston Reservoir.* Tennessee Valley Authority's ("TVA") South Holston Dam is located in Sullivan County on the South Fork Holston River. South Holston Reservoir extends in Sullivan County 24 miles east of the Dam into Virginia. South Holston is operated for many purposes, including flood control, power production, and aquatic ecology. Water levels in the reservoir vary about 30 feet during normal years to provide for flood storage and augmentation of the flow of water during the drier seasons of the year. In 1991 TVA built a weir immediately below

South Holston Dam to add oxygen to the river when the hydropower plant isn't generating electricity. Oxygen-rich water helps create a sustained habitat for aquatic insects, vegetation, and fish.

*Source:* Tennessee Valley Authority.

*Sycamore Shoals State Historic Park.* Sycamore Shoals State Historic Park is located in Elizabethton in Carter County on the Watauga River. The Park has about 60 acres that offers picnicking, hiking and swimming. The Visitors Center houses an interpretive facility with information, historic displays, and a theater.

*Source:* Tennessee State Parks.

*Tennessee Hills Distillery.* Founded in Jonesborough, Tennessee, and a subsidiary of Rugged American Spirits, Tennessee Hills Distillery, has been part of the Sullivan and Washington County communities since 2014. The company is well-known for establishing its first distillery in a historic salt house in Tennessee's oldest town and for partnering with East Tennessee State University to build a brewing and distillation sciences program. With the addition of approximately 45 new jobs in Bristol, the distillery will more than double its employee headcount in Northeast Tennessee.

The distillery became Jonesborough's top tourist destination, with over 100,000 visitors a year and receiving numerous national-level spirit competition awards. With only four employees at the time of the Covid-19 pandemic, the distillery transitioned to manufacturing hand sanitizer to address the shortage in their local community. The distillery has collaborated with ETSU for workforce development and education within their growing industry. In 2021, the company opened the Tennessee Hills Brewstillery in Johnson City and opened a \$25 million expansion in Bristol (Sullivan County) in 2022.

*Tennessee Whiskey Trail.* The Tennessee Whiskey Trail was launched in 2017 and is more than 800 miles to distilleries throughout the state, including the Jack Daniel Distillery in Middle Tennessee. Tennessee has been a leader in spirits distillation throughout the nation's history, including the time before, during and after Prohibition. Washington County has two distilleries on the Trail.

According to the Department of Tourist Development's 2022 Economic Impact report, more than 6 million visitors, that contributed to over \$3 billion in economic impact, crisscrossed the state to experience the distilleries on the Trail. Since Tennessee state law changed in 2009 to allow more distilleries, more than 30 distilleries in Tennessee are now on the Tennessee Whiskey Trail. The distilleries on the Trail house millions of barrels of whiskey valued at billions of dollars and accounting for nearly 100 percent of all distilled spirits produced in Tennessee. More than \$260 million has been invested in Trail distilleries over the past 10 years, adding more than 500 jobs throughout the state.

*Warriors' Path State Park.* Warriors' Path State Park is located in Kingsport in Sullivan County. It was named for the park's proximity to the ancient war and trading path used by the Cherokee. Since that time, the park land has known a long history of travelers, and is still a pathway for modern-day outdoor enthusiasts. The 950-acre area was acquired from the Tennessee Valley Authority in 1952, to serve the people who live in or visit this section of Northeast Tennessee. It is situated on the shores of TVA's Patrick Henry Reservoir on the Holston River. The park offers boating, fishing, many hiking trails, campsites, picnic facilities and a swimming pool.

*Source:* Tennessee State Parks.

*Watauga Reservoir.* Tennessee Valley Authority's ("TVA") Watauga Dam is located in Carter County on the Watauga River. Watauga Reservoir extends 16 miles east from Watauga Dam toward the North Carolina border through Carter and Johnson Counties. Watauga holds the distinction of being the highest reservoir (more than 1,900 feet above sea level) in the Tennessee River system. The reservoir is operated for many uses, including flood control, power generation, water quality, and aquatic ecology.

*Source:* Tennessee Valley Authority.

## RECENT DEVELOPMENTS

*Appalachian Producers Cooperative Meat Processing Plant.* The meat processing plant opened in 2025 and is a public/private partnership with funds from federal, state, local and private sources. The Lee Administration contributed \$2 million in state agriculture grants for the \$12.9 million project.

*Ballad Health Cancer Care – Johnson City.* Ballad Health is investing in an expansion of Ballad Health Cancer Care – Johnson City to offer more cancer treatment and hematology services. The finished expansion will add exam rooms, physician offices and two new chemotherapy wings complete with private rooms. The first phase of the expansion is complete as of 2024, which includes 11 additional exam rooms, an expanded in-house pharmacy and registration area, and more. The \$6.5 million expansion is part of a \$260 million capital investment approved by the Ballad Health Board of Directors. The next phase of construction in 2025 will expand the existing infusion center, adding two chemotherapy wings that includes 32 infusion chairs and six private rooms.

*Boone Dam Repairs.* Following the discovery of seepage beneath Boone Dam's earthen embankment in October 2014, the Tennessee Valley Authority conducted a drawdown of the water level in order to repair the leaks. Repairs began in 2016 and were completed in 2022.

*BorTec USA.* BorTec invested a total of \$3.1 million in 2024 and created approximately 35 new jobs to establish a heat treatment plant in Johnson City. The new operations will mainly produce wear and corrosion-resistant pipes for the oil and gas industries. BorTec is a subsidiary to German-based BorTec Group. The company has more than doubled its worldwide headcount through the Tennessee facility.

*Crown Labs.* Crown Laboratories, a leading global skincare company, celebrated the completion of a 60,000-square-foot expansion in 2023 at its manufacturing complex in Johnson City. The \$7.5 million expansion increases the manufacturing and warehouse space to support business growth. The approximately 250,000-square-foot facility manufactures and distributes a diverse portfolio of aesthetic, premium, and therapeutic skincare products for domestic and international markets. Over the past five years, Crown has invested \$27 million in capital in the Johnson City manufacturing complex as its product portfolio and workforce has expanded to support rapid growth. Crown has gone \$30 million in revenue to nearly \$400 million a year over the last five years.

*Eastman Chemical Company.* Eastman Chemical Company, located in Sullivan County, began construction in 2020 on one of the world's largest plastic-to-plastic recycling facilities at its site in Kingsport. A global manufacturer in plastics, chemicals and fibers, Eastman invested approximately \$250 million in the facility. The facility, which was mechanically complete by year-end 2022, will contribute to Eastman achieving its ambitious sustainability commitments for



addressing the plastic waste crisis, which includes recycling more than 500 million pounds of plastic waste annually via molecular recycling technologies by 2030. The company has committed to recycling more than 250 million pounds of plastic waste annually by 2025.

Also in 2020 the company finished a \$1.6 billion expansion that is expected to bring in 300 new jobs. The seven-year project, began in 2013, was finished on the 100<sup>th</sup> anniversary of Eastman in 2020. The project includes safety and environmental projects, increased warehouse capacity, building renovations and expansion of its corporate campus.

*MD Carts, LLC.* MD Carts, LLC invested more than \$10 million to locate a new manufacturing facility in Johnson City in 2024, which houses approximately 200 new jobs. The company moved into the former Q.E.P. building, once a Johnson City flooring plant. The new location significantly expands the company's employment across both Washington and Sullivan Counties and will allow for larger production capacity of its current golf cart line. MD Carts was founded in Kingsport, Tennessee. The 200-job expansion will increase the company's total employment to more than 250 in the next five years.

*Premier Transportation.* The charter motorcoach service provider, Premier Transportation, expanded in 2025 with a 7,000-square-foot facility featuring multiple service bays and an indoor wash bay to maintain a fleet of over 50 motorcoaches. The facility is expected to employ approximately 35 that will also complement existing operations in Knoxville and Chattanooga.

*PVS Plastics Technology Corporation (the "PVS").* In 2023 PVS moved its location of PVS's second U.S. manufacturing to a 54,000-square-foot facility in Johnson City. With other sites in Ohio, Germany, Hungary and China, PVS invested over \$5 million and will bring more than 50 jobs over the next five years.

*Sungwoo Hitech America.* Sungwoo Hitech invested \$40 million and created approximately 117 new jobs to locate its first U.S. manufacturing operations in Washington County. Sungwoo Hitech America, a Korean automotive supplier, has purchased the former Alo Tennessee building in the Washington County Industrial Park. Sungwoo Hitech manufactures metal stamped components for the automotive industry. The company's Telford facility will produce bumpers, rear components and side framing for customers including General Motors, Hyundai, Kia, Volkswagen and BMW. Renovations were done on the 380,000-square-foot facility, and manufacturing began in 2022. Founded in 1977 and headquartered in Seoul, Korea, Sungwoo Hitech employs nearly 18,000 people across 26 facilities in 10 countries around the globe.

*Tennessee College of Applied Technology at Boones Creek.* The Tennessee College of Applied Technology at Elizabethton (the "TCAT-E") opened a new extension campus at the former Boones Creek Elementary School. The first Tennessee College of Applied Technology extension campus in Washington County will initially feature four instructional spaces: Nursing, Industrial Electricity, Cosmetology, and Building Construction Technology. While the nursing program is for adult learners, students in the other three programs can start learning at the high school level.

*Source:* Washington County Development Council, the Business Journal of the Tri-Cities, Johnson City Press and Knoxville News-Sentinel.

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**CITY OF JOHNSON CITY, TENNESSEE**  
SUMMARY OF BONDED INDEBTEDNESS

PURPOSE	DUE DATE	INTEREST RATE(S)	REVENUE SUPPORTED					(Unaudited) OUTSTANDING <sup>1</sup> JUNE 30, 2025
			GENERAL FUND	SALES TAX <sup>2,3</sup>	WATER/SEWER <sup>2</sup>	STORM-WATER <sup>2</sup>	SOLID WASTE <sup>2</sup>	
\$25,000,000 TMBF Variable Rate Loan Program, Series 2008	May 2029	Variable Rates <sup>4</sup>	\$ 3,470,289	\$ -	\$ 256,710	\$ -	\$ -	\$ 3,726,999
\$27,945,000 Loan Agreement, Series VII-1-1	June 2034	Variable Rates <sup>4</sup>	\$ -	\$ 19,860,000	\$ -	\$ -	\$ -	\$ 19,860,000
\$450,000 Water & Sewer Loans Series 2003 (RDA Loan - Limestone Cove)	2041	Fixed	\$ -	\$ -	\$ 281,315	\$ -	\$ -	\$ 281,315
\$380,000 Water & Sewer Loans Series 2004 (RDA Loan - Watauga Flats)	2042	Fixed	\$ -	\$ -	\$ 243,089	\$ -	\$ -	\$ 243,089
\$125,000 Water & Sewer Loans Series 2005	2043	Fixed	\$ -	\$ -	\$ 82,750	\$ -	\$ -	\$ 82,750
\$8,160,000 Qualified School Construction Bonds, Series 2009 <sup>5</sup>	July 2026	Fixed	\$ 8,160,000	\$ -	\$ -	\$ -	\$ -	\$ 8,160,000
\$435,000 Water & Sewer Loans Series 2010 (RDA Loan)	2048	Fixed	\$ -	\$ -	\$ 318,471	\$ -	\$ -	\$ 318,471
\$32,555,000 General Obligation Bonds, Series 2013	June 2043	Fixed	\$ -	\$ -	\$ 17,315,000	\$ 2,930,000	\$ -	\$ 20,245,000
\$1,300,000 Direct Placement Loan, Series 2014	Nov 2034	Variable Rates <sup>4</sup>	\$ 733,000	\$ -	\$ -	\$ -	\$ -	\$ 733,000
\$2,000,000 Direct Placement Loan, Series 2014	Nov 2029	Variable Rates <sup>4</sup>	\$ 728,995	\$ -	\$ -	\$ -	\$ -	\$ 728,995
\$11,205,000 General Obligation Bonds, Series 2016	June 2036	Fixed	\$ 7,350,000	\$ -	\$ -	\$ -	\$ -	\$ 7,350,000
\$41,000,000 General Obligation Imp. & Ref. Bonds, Series 2016A	June 2036	Fixed	\$ 11,109,765	\$ -	\$ 9,620,235	\$ -	\$ -	\$ 20,730,000
\$19,245,000 General Obligation Bonds, Series 2019	June 2039	Fixed	\$ 3,515,000	\$ -	\$ 9,765,000	\$ -	\$ 1,410,000	\$ 14,690,000
\$37,215,000 General Obligation Refunding Bonds, Series 2019B	June 2040	Fixed	\$ 14,441,696	\$ -	\$ 13,693,304	\$ -	\$ -	\$ 28,135,000
\$15,000,000 Water & Sewer Revenue & Tax Loan Series 2020 (SRF 2020-441)	Dec 2039	Fixed <sup>6</sup>	\$ -	\$ -	\$ 11,241,256	\$ -	\$ -	\$ 11,241,256
\$29,945,000 General Obligation Bonds, Series 2020	Mar 2041	Fixed	\$ 4,106,000	\$ 7,985,000	\$ -	\$ 2,109,000	\$ 705,000	\$ 14,905,000
\$67,715,000 General Obligation Refunding Bonds, Series 2022	Mar 2042	Fixed	\$ 35,875,000	\$ 1,735,000	\$ 20,620,000	\$ 2,470,000	\$ -	\$ 60,700,000
<b>TOTAL BONDED DEBT</b>			<b>\$ 89,489,745</b>	<b>\$ 29,580,000</b>	<b>\$ 83,437,129</b>	<b>\$ 7,509,000</b>	<b>\$ 2,115,000</b>	<b>\$ 212,130,874</b>
<b>BONDS ISSUED POST JUNE 30, 2025</b>								
\$54,000,000 General Obligation Bonds, Series 2025			30,200,000	-	21,800,000	2,000,000	-	\$ 54,000,000
<b>TOTAL BONDED DEBT AFTER ISSUANCE</b>								
Less: Revenue-Supported Debt								
<b>NET DIRECT BONDED DEBT</b>			<b>\$ -</b>	<b>\$(29,580,000)</b>	<b>\$(105,237,129)</b>	<b>\$(9,509,000)</b>	<b>\$(2,115,000)</b>	<b>\$ (146,441,129)</b>
<b>NET REVENUE-SUPPORTED DEBT</b>			<b>\$ 119,689,745</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 119,689,745</b>

**NOTES:**

<sup>1</sup> The above figures may not include all short-term notes outstanding and capitalized leases, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS.

<sup>2</sup> Revenue-supported bonds. Backed by the General Obligation pledge of the City.

<sup>3</sup> Sales tax supported bonds. Backed by the General Obligation pledge of the City.

<sup>4</sup> The City budgets to account for interest rate and/or basis risk.

<sup>5</sup> As of June 30, 2025, there is still \$8,160,000 outstanding, though the City has deposited \$7,552,707 in the QSCB sinking fund, leaving a total of \$607,293 remaining to be deposited.

<sup>6</sup> Assumes entire amount of authorized loan has been drawn and fully amortized. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS.

**CITY OF JOHNSON CITY, TENNESSEE**  
Indebtedness and Debt Ratios

**INTRODUCTION**

The information set forth in the following table is based upon information derived in part from the GENERAL PURPOSE FINANCIAL STATEMENTS which are attached herein and the table should be read in conjunction with those statements. The table does not include future funding plans whether disclosed or not in this document.

	For Fiscal Years Ended June 30				Unaudited 2025	After Issuance 2025
	2021	2022	2023	2024		
<b>INDEBTEDNESS</b>						
<b>TAX SUPPORTED</b>						
Bonds & Notes & Loans	\$76,678,718	\$109,990,161	\$102,748,407	\$95,922,094	\$89,489,745	\$119,689,745
Johnson City PBA Bonds	0	0	0	0	0	0
<b>TOTAL TAX SUPPORTED</b>	<u>\$76,678,718</u>	<u>\$109,990,161</u>	<u>\$102,748,407</u>	<u>\$95,922,094</u>	<u>\$89,489,745</u>	<u>\$119,689,745</u>
<b>REVENUE SUPPORTED</b>						
Sales Tax Supported Debt	\$40,658,672	\$39,670,822	\$36,505,000	\$33,115,000	\$29,580,000	\$29,580,000
Water & Sewer Revenue Bonds & Notes	79,616,241	98,014,297	93,332,843	88,459,514	83,437,129	105,237,129
Stormwater Debt	6,457,000	8,879,000	8,423,000	7,974,000	7,509,000	9,509,000
Solid Waste Debt	2,483,283	2,401,686	2,310,000	2,215,000	2,115,000	2,115,000
<b>TOTAL REVENUE SUPPORTED</b>	<u>\$129,215,196</u>	<u>\$148,965,805</u>	<u>\$140,570,843</u>	<u>\$131,763,514</u>	<u>\$122,641,129</u>	<u>\$146,441,129</u>
<b>TOTAL DEBT</b>	<u>\$205,893,914</u>	<u>\$258,955,966</u>	<u>\$243,319,251</u>	<u>\$227,685,608</u>	<u>\$212,130,874</u>	<u>\$266,130,874</u>
Less: Revenue Supported Debt	<u>(\$129,215,196)</u>	<u>(\$148,965,805)</u>	<u>(\$140,570,843)</u>	<u>(\$131,763,514)</u>	<u>(\$122,641,129)</u>	<u>(\$146,441,129)</u>
Less: Debt Service Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>NET DIRECT DEBT</b>	<u>\$76,678,718</u>	<u>\$109,990,161</u>	<u>\$102,748,407</u>	<u>\$95,922,094</u>	<u>\$89,489,745</u>	<u>\$119,689,745</u>
<b>OVERLAPPING DEBT (1)</b>	<u>96,585,112</u>	<u>90,634,549</u>	<u>90,634,549</u>	<u>109,936,148</u>	<u>98,960,382 *</u>	<u>98,960,382 *</u>
<b>NET DIRECT &amp; OVERLAPPING DEBT</b>	<u><u>\$173,263,830</u></u>	<u><u>\$200,624,710</u></u>	<u><u>\$193,382,956</u></u>	<u><u>\$205,858,242</u></u>	<u><u>\$188,450,127</u></u>	<u><u>\$218,650,127</u></u>
<b>PROPERTY TAX BASE (2)</b>						
Estimated Actual Value	\$6,907,940,363	\$7,698,353,313	\$7,886,784,106	\$10,861,680,888	\$10,843,769,951	\$10,843,769,951
Appraised Value	6,880,742,153	6,934,187,618	7,103,317,145	7,100,204,969	10,757,102,036	10,757,102,036
Assessed Value	2,108,134,451	2,127,506,128	2,181,411,945	2,188,017,285	3,205,545,891	3,205,545,891

(1) OVERLAPPING DEBT Includes the City's share of Washington and Carter and Sullivan County's Net Direct Debt.

(2) Includes values from all three counties the City is located in: Carter, Sullivan and Washington.

\* *Estimated Overlapping Debt*

Source: City of Johnson City's Comprehensive Annual Financial Report.

DEBT RATIOS	For Fiscal Years Ended June 30				Unaudited		After Issuance
	2021	2022	2023	2024	2025		
TOTAL DEBT to Estimated Actual Value	2.98%	3.36%	3.09%	2.10%	1.96%	2.45%	
TOTAL DEBT to Appraised Value	2.99%	3.73%	3.43%	3.21%	1.97%	2.47%	
TOTAL DEBT to Assessed Value	9.77%	12.17%	11.15%	10.41%	6.62%	8.30%	
NET DIRECT DEBT to Estimated Actual Value	1.11%	1.43%	1.30%	0.88%	0.83%	1.10%	
NET DIRECT DEBT to Appraised Value	1.11%	1.59%	1.45%	1.35%	0.83%	1.11%	
NET DIRECT DEBT to Assessed Value	3.64%	5.17%	4.71%	4.38%	2.79%	3.73%	
OVERLAPPING DEBT to Estimated Actual Value	1.40%	1.18%	1.15%	1.01%	0.91%	0.91%	
OVERLAPPING DEBT to Appraised Value	1.40%	1.31%	1.28%	1.55%	0.92%	0.92%	
OVERLAPPING DEBT to Assessed Value	4.58%	4.26%	4.15%	5.02%	3.09%	3.09%	
NET DIRECT & OVERLAPPING DEBT to Estimated Actual Value	2.51%	2.61%	2.45%	1.90%	1.74%	2.02%	
NET DIRECT & OVERLAPPING DEBT to Appraised Value	2.52%	2.89%	2.72%	2.90%	1.75%	2.03%	
NET DIRECT & OVERLAPPING DEBT to Assessed Value	8.22%	9.43%	8.87%	9.41%	5.88%	6.82%	
PER CAPITA RATIOS							
POPULATION (1)	71,063	72,514	73,337	73,337	73,337	73,337	
PER CAPITA PERSONAL INCOME (2)	\$52,468	\$53,392	\$53,392	\$53,392	\$53,392	\$53,392	
Estimated Actual Value to POPULATION	97,208.68	106,163.68	107,541.68	148,106.42	147,862.20	147,862.20	
Assessed Value to POPULATION	29,665.71	29,339.25	29,745.04	29,835.11	43,709.80	43,709.80	
Total Debt to POPULATION	2,897.34	3,571.12	3,317.82	3,104.65	2,892.55	3,628.88	
Net Direct Debt to POPULATION	1,079.02	1,516.81	1,401.04	1,307.96	1,220.25	1,632.05	
Overlapping Debt to POPULATION	1,359.15	1,249.89	1,235.86	1,499.05	1,349.39	1,349.39	
Net Direct & Overlapping Debt to POPULATION	2,438.17	2,766.70	2,636.91	2,807.02	2,569.65	2,981.44	
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	5.52%	6.69%	6.21%	5.81%	5.42%	6.80%	
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	2.06%	2.84%	2.62%	2.45%	2.29%	3.06%	
Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	2.59%	2.34%	2.31%	2.81%	2.53%	2.53%	
Net Direct & Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	4.65%	5.18%	4.94%	5.26%	4.81%	5.58%	

(1) Per Capita computations are based upon POPULATION data according to the U.S. Census.

(2) PER CAPITA PERSONAL INCOME is based upon the most current data available from the U. S. Department of Commerce for Washington County, TN.

**CITY OF JOHNSON CITY, TENNESSEE**  
**BONDED DEBT SERVICE REQUIREMENTS - Excludes Revenue Supported debt**  
As of June 30, 2025 (Unaudited)

FY Ended 6/30	Unaudited Existing General Obligation Debt As of June 30, 2025 <sup>1</sup>					General Obligation Bonds, Series 2025			% 2025					Total Bonded Debt Service Requirements <sup>1</sup>				% All Principal Repaid
	Principal	Interest <sup>2</sup>	QSCB Sinking Fund Deposits	QSCB Sinking Fund <sup>3</sup>	TOTAL	Principal	Interest <sup>4</sup>	TOTAL	Principal Repaid	Principal	Interest <sup>2</sup>	QSCB Sinking Fund Deposits	QSCB Sinking Fund <sup>3</sup>	TOTAL	Principal Repaid			
2026	\$ 5,754,589	\$ 3,731,082	\$ 559,293	\$ -	\$ 10,044,964	\$ -	\$ 717,250	\$ 717,250	0.00%	\$ 5,754,589	\$ 4,448,332	\$ 559,293	\$ -	\$ 10,762,214	4.81%			
2027	14,026,551	3,335,016	48,000	(8,160,000)	9,249,567	-	1,434,500	1,434,500	0.00%	14,026,551	4,769,516	48,000	(8,160,000)	10,684,067	16.53%			
2028	6,149,251	3,054,065	-	-	9,203,316	200,000	1,434,500	1,634,500	0.66%	6,349,251	4,488,565	-	-	10,837,816	21.83%			
2029	6,020,466	2,770,189	-	-	8,790,655	1,090,000	1,425,000	2,515,000	4.27%	7,110,466	4,195,189	-	-	11,305,655	27.77%			
2030	5,294,371	2,493,909	-	-	7,788,280	1,145,000	1,373,225	2,518,225	8.06%	6,439,371	3,867,134	-	-	10,306,505	33.15%			
2031	5,404,157	2,255,601	-	-	7,659,758	1,195,000	1,318,838	2,513,838	12.02%	6,599,157	3,574,439	-	-	10,173,596	38.67%			
2032	4,516,408	2,013,862	-	-	6,530,270	1,255,000	1,262,075	2,517,075	16.18%	5,771,408	3,275,937	-	-	9,047,345	43.49%			
2033	4,728,605	1,806,325	-	-	6,534,930	1,315,000	1,202,463	2,517,463	20.53%	6,043,605	3,008,787	-	-	9,052,392	48.54%			
2034	4,943,802	1,588,917	-	-	6,532,719	1,480,000	1,140,000	2,520,000	25.10%	6,323,802	2,728,917	-	-	9,052,719	53.82%			
2035	5,171,132	1,361,467	-	-	6,532,599	1,574,450	1,074,450	2,519,450	29.88%	6,616,132	2,435,917	-	-	9,052,049	59.35%			
2036	5,319,462	1,124,522	-	-	6,443,984	1,510,000	1,005,813	2,515,813	34.88%	6,829,462	2,130,335	-	-	8,959,797	65.05%			
2037	3,927,092	911,744	-	-	4,838,836	1,580,000	934,088	2,514,088	40.12%	5,507,092	1,845,831	-	-	7,352,923	69.66%			
2038	4,082,290	754,660	-	-	4,836,950	1,655,000	859,038	2,514,038	45.60%	5,737,290	1,613,698	-	-	7,350,988	74.45%			
2039	4,242,486	591,368	-	-	4,833,854	1,740,000	780,425	2,520,425	51.36%	5,982,486	1,371,793	-	-	7,354,279	79.45%			
2040	4,093,083	409,324	-	-	4,502,407	1,820,000	697,775	2,517,775	57.38%	5,913,083	1,107,099	-	-	7,020,182	84.39%			
2041	2,911,000	232,640	-	-	3,143,640	1,905,000	611,325	2,516,325	63.69%	4,816,000	843,965	-	-	5,659,965	88.41%			
2042	2,905,000	116,200	-	-	3,021,200	1,995,000	520,838	2,515,838	70.30%	4,900,000	637,038	-	-	5,537,038	92.51%			
2043	-	-	-	-	-	2,090,000	426,075	2,516,075	77.22%	2,090,000	426,075	-	-	2,516,075	94.25%			
2044	-	-	-	-	-	2,185,000	326,800	2,511,800	84.45%	2,185,000	326,800	-	-	2,511,800	96.08%			
2045	-	-	-	-	-	2,290,000	223,013	2,513,013	92.04%	2,290,000	223,013	-	-	2,513,013	97.99%			
2046	-	-	-	-	-	2,405,000	114,238	2,519,238	100.00%	2,405,000	114,238	-	-	2,519,238	100.00%			
	\$ 89,489,745	\$ 28,550,891	\$ 607,293	\$ (8,160,000)	\$ 110,487,929	\$ 30,200,000	\$ 18,881,725	\$ 49,081,725		\$ 119,689,745	\$ 47,432,616	\$ 607,293	\$ (8,160,000)	\$ 159,569,654				

**NOTES:**

<sup>1</sup> The above figures do not include short-term notes outstanding, if any, and excludes the revenue supported debt listed on the following pages. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS.

<sup>2</sup> The City budgets to account for interest rate risk on its variable rate debt. See the Notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS.

<sup>3</sup> As of June 30, 2025, there is still \$8,160,000 outstanding, though the City has deposited \$7,527,707 in the QSCB sinking fund, leaving a total of \$607,293 remaining to be deposited.

<sup>4</sup> Budgeted True Interest Cost of 4.75%.

# CITY OF JOHNSON CITY, TENNESSEE

## BONDED DEBT SERVICE REQUIREMENTS

School Sales Tax Revenue Supported

As of June 30, 2025 (Unaudited)

FY Ended	<u>Total Bonded Debt Service Requirements <sup>1</sup></u>			% All
<u>6/30</u>	<u>Principal</u>	<u>Interest <sup>2</sup></u>	<u>TOTAL</u>	<u>Principal Repaid</u>
2026	\$ 2,830,000	\$ 1,436,800	\$ 4,266,800	9.57%
2027	2,935,000	1,295,300	4,230,300	19.49%
2028	3,055,000	1,148,550	4,203,550	29.82%
2029	3,180,000	995,800	4,175,800	40.57%
2030	3,305,000	836,800	4,141,800	51.74%
2031	3,440,000	671,550	4,111,550	63.37%
2032	3,560,000	510,250	4,070,250	75.41%
2033	3,695,000	343,400	4,038,400	87.90%
2034	2,600,000	170,250	2,770,250	96.69%
2035	105,000	40,250	145,250	97.04%
2036	110,000	35,000	145,000	97.41%
2037	115,000	30,600	145,600	97.80%
2038	120,000	26,000	146,000	98.21%
2039	125,000	21,200	146,200	98.63%
2040	130,000	16,200	146,200	99.07%
2041	135,000	11,000	146,000	99.53%
2042	140,000	5,600	145,600	100.00%
	<u>\$ 29,580,000</u>	<u>\$ 7,594,550</u>	<u>\$ 37,174,550</u>	

**NOTES:**

<sup>1</sup> The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS. This debt is backed by the full faith and credit of the City.

<sup>2</sup> The City budgets to account for interest rate risk on its variable rate debt. See the Notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS.

**CITY OF JOHNSON CITY, TENNESSEE**  
**BONDED DEBT SERVICE REQUIREMENTS**  
Water and Sewer System Revenue Supported  
As of June 30, 2025 (Unaudited)

FY Ended	Unaudited Existing Water and Sewer Debt As of June 30, 2025 <sup>1</sup>			General Obligation Bonds, Series 2025			% 2025 Principal Repaid	Total Bonded Debt Service Requirements <sup>1</sup>			% All Principal Repaid
	6/30	Principal	Interest <sup>2</sup>	TOTAL	Principal	Interest		Principal	Interest <sup>2</sup>	TOTAL	
2026		5,377,404	3,154,522	8,531,926	-	517,750	0.00%	5,377,404	3,672,272	9,049,676	5.11%
2027		5,046,874	2,930,570	7,977,443	-	1,035,500	0.00%	5,046,874	3,966,070	9,012,943	9.91%
2028		5,249,781	2,737,317	7,987,098	100,000	1,035,500	0.46%	5,349,781	3,772,817	9,122,598	14.99%
2029		5,436,352	2,532,546	7,968,898	385,000	1,030,750	2.22%	5,821,352	3,563,296	9,384,648	20.52%
2030		5,571,415	2,319,636	7,891,051	405,000	1,012,463	4.08%	5,976,415	3,332,099	9,308,514	26.20%
2031		5,835,795	2,098,379	7,934,174	425,000	993,225	6.03%	6,260,795	3,091,604	9,352,399	32.15%
2032		4,293,899	1,872,347	6,166,246	445,000	973,038	8.07%	4,738,899	2,845,384	7,584,283	36.65%
2033		4,464,254	1,707,490	6,171,744	465,000	951,900	10.21%	4,929,254	2,659,390	7,588,644	41.34%
2034		4,629,813	1,535,277	6,165,090	490,000	929,813	12.45%	5,119,813	2,465,089	7,584,902	46.20%
2035		4,860,447	1,355,902	6,216,350	510,000	906,538	14.79%	5,370,447	2,262,440	7,632,887	51.30%
2036		5,016,295	1,168,731	6,185,026	535,000	882,313	17.25%	5,551,295	2,051,044	7,602,339	56.58%
2037		5,185,062	997,573	6,182,635	560,000	856,900	19.82%	5,745,062	1,854,473	7,599,535	62.04%
2038		5,351,486	820,122	6,171,608	585,000	830,300	22.50%	5,936,486	1,650,422	7,586,908	67.68%
2039		5,528,142	635,164	6,163,306	615,000	802,513	25.32%	6,143,142	1,437,677	7,580,819	73.52%
2040		4,409,508	433,005	4,842,513	645,000	773,300	28.28%	5,054,508	1,206,305	6,260,813	78.32%
2041		2,864,457	266,754	3,131,211	675,000	742,663	31.38%	3,539,457	1,009,417	4,548,873	81.68%
2042		2,934,127	158,590	3,092,717	705,000	710,600	34.61%	3,639,127	869,190	4,508,317	85.14%
2043		1,297,287	47,783	1,345,070	740,000	677,113	38.00%	2,037,287	724,896	2,762,182	87.08%
2044		17,427	2,496	19,923	775,000	641,963	41.56%	792,427	644,458	1,436,885	87.83%
2045		18,002	1,921	19,923	810,000	605,150	45.28%	828,002	607,071	1,435,073	88.62%
2046		18,596	1,327	19,923	850,000	566,675	49.17%	868,596	568,002	1,436,598	89.44%
2047		19,209	713	19,923	890,000	526,300	53.26%	909,209	527,013	1,436,223	90.31%
2048		11,497	125	11,622	935,000	484,025	57.55%	946,497	484,150	1,430,647	91.21%
2049		-	-	-	980,000	439,613	62.04%	980,000	439,613	1,419,613	92.14%
2050		-	-	-	1,025,000	393,063	66.74%	1,025,000	393,063	1,418,063	93.11%
2051		-	-	-	1,070,000	344,375	71.65%	1,070,000	344,375	1,414,375	94.13%
2052		-	-	-	1,125,000	293,550	76.81%	1,125,000	293,550	1,418,550	95.20%
2053		-	-	-	1,175,000	240,113	82.20%	1,175,000	240,113	1,415,113	96.31%
2054		-	-	-	1,235,000	184,300	87.87%	1,235,000	184,300	1,419,300	97.49%
2055		-	-	-	1,290,000	125,638	93.78%	1,290,000	125,638	1,415,638	98.71%
2056		-	-	-	1,355,000	64,363	100.00%	1,355,000	64,363	1,419,363	100.00%
		<u>\$ 83,437,129</u>	<u>\$ 26,778,289</u>	<u>\$ 110,215,419</u>	<u>\$ 21,800,000</u>	<u>\$ 20,571,300</u>		<u>\$ 105,237,129</u>	<u>\$ 47,349,589</u>	<u>\$ 152,586,719</u>	

**NOTES:**

- <sup>1</sup> The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS. This debt is backed by the full faith and credit of the City.
- <sup>2</sup> The City budgets to account for interest rate risk on its variable rate debt. See the Notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS.
- <sup>3</sup> Budgeted True Interest Cost of 4.75%.

**CITY OF JOHNSON CITY, TENNESSEE**  
**BONDED DEBT SERVICE REQUIREMENTS**  
Stormwater Revenue Supported and General Obligation Debt  
As of June 30, 2025 (Unaudited)

FY Ended	Unaudited Existing Stormwater Debt As of June 30, 2025 <sup>1</sup>			General Obligation Bonds, Series 2025			Total Bonded Debt Service Requirements <sup>1</sup>			% Principal Repaid
	Principal	Interest	TOTAL	Principal	Interest <sup>2</sup>	TOTAL	Principal	Interest	TOTAL	
6/30										
2026	478,000	292,253	770,253	-	95,000	95,000	478,000	387,253	865,253	5.03%
2027	491,000	275,603	766,603	50,000	95,000	145,000	541,000	370,603	911,603	10.72%
2028	512,000	258,059	770,059	70,000	92,625	162,625	582,000	350,684	932,684	16.84%
2029	533,000	238,559	771,559	75,000	89,300	164,300	608,000	327,859	935,859	23.23%
2030	554,000	218,209	772,209	80,000	85,738	165,738	634,000	303,946	937,946	29.90%
2031	580,000	195,709	775,709	80,000	81,938	161,938	660,000	277,646	937,646	36.84%
2032	598,000	173,353	771,353	85,000	78,138	163,138	683,000	251,490	934,490	44.02%
2033	619,000	150,289	769,289	90,000	74,100	164,100	709,000	224,389	933,389	51.48%
2034	647,000	126,398	773,398	95,000	69,825	164,825	742,000	196,223	938,223	59.28%
2035	288,000	101,380	389,380	100,000	65,313	165,313	388,000	166,693	554,693	63.36%
2036	304,000	88,360	392,360	105,000	60,563	165,563	409,000	148,923	557,923	67.66%
2037	315,000	76,200	391,200	105,000	55,575	160,575	420,000	131,775	551,775	72.08%
2038	326,000	63,600	389,600	110,000	50,588	160,588	436,000	114,188	550,188	76.66%
2039	342,000	50,560	392,560	120,000	45,363	165,363	462,000	95,923	557,923	81.52%
2040	353,000	36,880	389,880	125,000	39,663	164,663	478,000	76,543	554,543	86.55%
2041	369,000	22,760	391,760	130,000	33,725	163,725	499,000	56,485	555,485	91.80%
2042	200,000	8,000	208,000	135,000	27,550	162,550	335,000	35,550	370,550	95.32%
2043	-	-	-	140,000	21,138	161,138	140,000	21,138	161,138	96.79%
2044	-	-	-	150,000	14,488	164,488	150,000	14,488	164,488	98.37%
2045	-	-	-	155,000	7,363	162,363	155,000	7,363	162,363	100.00%
	<u>\$ 7,509,000</u>	<u>\$ 2,376,169</u>	<u>\$ 9,885,169</u>	<u>\$ 2,000,000</u>	<u>\$ 1,182,988</u>	<u>\$ 3,182,988</u>	<u>\$ 9,509,000</u>	<u>\$ 3,559,156</u>	<u>\$ 13,068,156</u>	

**NOTES:**

<sup>1</sup> The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS. This debt is backed by the full faith and credit of the City.

<sup>2</sup> Budgeted True Interest Cost of 4.75%.



**CITY OF JOHNSON CITY, TENNESSEE**  
**BONDED DEBT SERVICE REQUIREMENTS - Solid Waste System**  
**Revenue Supported and General Obligation Debt**  
As of June 30, 2025 (Unaudited)

FY Ended 6/30	<b>Total Bonded Debt Service Requirements <sup>1</sup></b>			% Principal Repaid
	<u>Principal</u>	<u>Interest</u>	<u>TOTAL</u>	
2026	\$ 105,000	\$ 90,400	\$ 195,400	4.96%
2027	115,000	85,150	200,150	10.40%
2028	115,000	79,400	194,400	15.84%
2029	120,000	73,650	193,650	21.51%
2030	125,000	67,650	192,650	27.42%
2031	135,000	61,400	196,400	33.81%
2032	140,000	56,000	196,000	40.43%
2033	145,000	50,400	195,400	47.28%
2034	150,000	44,600	194,600	54.37%
2035	155,000	38,600	193,600	61.70%
2036	165,000	32,400	197,400	69.50%
2037	170,000	25,800	195,800	77.54%
2038	175,000	19,000	194,000	85.82%
2039	185,000	12,000	197,000	94.56%
2040	55,000	4,600	59,600	97.16%
2041	60,000	2,400	62,400	100.00%
	<u>\$ 2,115,000</u>	<u>\$ 743,450</u>	<u>\$ 2,858,450</u>	

**NOTES:**

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS. This debt is backed by the full faith and credit of the City.

## FINANCIAL INFORMATION

### INTRODUCTION

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The modified accrual basis of accounting is used to account for all governmental funds of the City. Revenues for such funds are recognized when they become measurable and available as net current assets. Expenditures are recognized in the period that the obligation is incurred. Interest on bonded debt is not accrued.

All proprietary funds are accounted for using the accrual basis of accounting. Revenues of such funds are recognized when they are earned and expenses when they are incurred except for prepaid expenses, which are fully expended at the time of payment.

The City has entered into an interest rate swap agreement. For additional information on the interest rate swap agreement, please refer to the “Note 4 Detailed Note on All Funds” in the Notes to Financial Statements located in the General Purpose Financial Statements herein.

### FUND BALANCES AND NET ASSETS

The following table depicts fund balances or net assets for the last five fiscal years ending June 30:

<b><u>For the Fiscal Year Ended June 30</u></b>					
<b><u>Fund Type</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b> <b><u>(Unaudited)</u></b>
<i>Governmental Funds:</i>					
General	\$45,461,556	\$ 52,953,945	\$ 57,578,485	\$ 54,862,838	\$32,112,427
School Fund	10,209,032	17,314,970	20,200,253	18,128,843	18,576,458
Debt Service Fund	-	-	711	76,546	(959)
Sch Capital Project	6,136,193	7,242,249	8,032,270	8,909,780	3,752,848
Other Governmental	<u>25,242,101</u>	<u>63,233,421</u>	<u>39,695,080</u>	<u>25,193,572</u>	<u>17,827,889</u>
<b>Total</b>	<b><u>\$87,048,882</u></b>	<b><u>\$141,198,877</u></b>	<b><u>\$125,506,799</u></b>	<b><u>\$107,171,579</u></b>	<b><u>\$72,268,663</u></b>
<i>Proprietary Net Assets:</i>					
Water & Sewer	\$149,451,587	\$161,262,940	\$165,518,688	\$179,997,857	\$185,551,620
City Solid Waste	12,578,084	13,662,591	13,860,128	13,440,047	12,916,815
PBA	-	-	-	-	-
Other Non-major	<u>26,347,639</u>	<u>28,397,121</u>	<u>30,309,530</u>	<u>31,493,172</u>	<u>30,873,033</u>
<b>Total</b>	<b><u>\$188,377,310</u></b>	<b><u>\$203,322,652</u></b>	<b><u>\$209,688,346</u></b>	<b><u>\$224,931,076</u></b>	<b><u>\$229,341,468</u></b>

*Source:* Annual Comprehensive Financial Reports of the City of Johnson City, Tennessee.

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**CITY OF JOHNSON CITY, TENNESSEE**  
Five Year Summary of Revenues, Expenditures and  
Changes In Fund Balances - General Fund  
For the Fiscal Year Ended June 30

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Revenues:</b>					
Taxes	\$ 73,653,661	\$ 77,216,109	\$ 82,892,884	\$ 87,202,991	\$ 92,293,225
Licenses and Permits	877,491	1,030,760	1,102,607	1,163,405	1,337,887
Intergovernment Revenue	11,405,349	15,136,181	13,804,790	16,212,422	14,247,650
Charges for Services	1,677,934	1,844,222	1,895,502	1,924,560	2,375,868
Fines and Forfeits	1,051,497	778,964	793,102	578,769	517,046
Revenue from Use of Facilities	1,471,975	1,599,127	2,031,612	2,434,306	2,837,888
Interest Income	314,374	215,207	238,609	895,957	1,191,899
Miscellaneous Revenues	806,245	631,382	1,487,158	1,155,256	1,233,113
<b>Total Revenues</b>	<b>\$ 91,258,526</b>	<b>\$ 98,451,952</b>	<b>\$ 104,246,264</b>	<b>\$ 111,567,666</b>	<b>\$ 116,034,576</b>
<b>Expenditures and Other Uses:</b>					
General Government	\$ 16,197,625	\$ 16,038,866	\$ 17,540,335	\$ 24,048,308	\$ 24,879,853
Public Safety	27,123,659	27,945,395	29,024,150	31,512,897	33,066,346
Public Works	12,593,517	15,367,182	13,520,874	16,842,054	18,354,599
Public Welfare	6,761,494	6,663,554	7,400,616	8,262,875	9,342,536
Capital Outlay	13,724	-	334,666	2,681,573	-
Debt Service	137,750	134,600	201,450	299,493	313,376
<b>Total Expenditures</b>	<b>\$ 62,827,769</b>	<b>\$ 66,149,597</b>	<b>\$ 68,022,091</b>	<b>\$ 83,647,200</b>	<b>\$ 85,956,710</b>
Excess of Revenues & Over (under) Expenditures	\$ 28,430,757	\$ 32,302,355	\$ 36,224,173	\$ 27,920,466	\$ 30,077,866
<b>Other Financing Sources (Uses):</b>					
Operating Transfers from General Fund	\$ 626,090	\$ 701,918	\$ 893,901	\$ 3,278,970	\$ 1,275,576
Operating Transfers to General Fund	(25,754,745)	(22,940,941)	(30,117,995)	(28,194,630)	(32,859,296)
Capital Lease	-	-	266,996	48,359	-
Sale of Equipment or Real Estate	651,538	254,371	225,314	3,611	1,120,964
Bond/Note Proceeds	-	-	-	1,567,764	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (24,477,117)</b>	<b>\$ (21,984,652)</b>	<b>\$ (28,731,784)</b>	<b>\$ (23,295,926)</b>	<b>\$ (30,462,756)</b>
Excess of Revenue and Other Sources over (Under) Expenditures and Other Sources	\$ 3,953,640	\$ 10,317,703	\$ 7,492,389	\$ 4,624,540	\$ (384,890)
Fund Balance July 1	\$ 31,166,877	\$ 35,120,517	\$ 45,438,220	\$ 52,953,945	\$ 57,578,485
Prior Period Adjustment	\$ -	\$ -	\$ 23,336	\$ -	\$ (2,330,757)
<b>Fund Balance June 30</b>	<b>\$ 35,120,517</b>	<b>\$ 45,438,220</b>	<b>\$ 52,953,945</b>	<b>\$ 57,578,485</b>	<b>\$ 54,862,838</b>

Source: Annual Comprehensive Financial Report for City of Johnson City, Tennessee

**CITY OF JOHNSON CITY, TENNESSEE**  
Summary of Revenues, Expenditures and  
Changes In Net Assets - Water and Sewer Fund  
For the Fiscal Year Ended June 30

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Operating Revenues:</b>					
Charges for Services	\$ 37,030,857	\$ 38,268,248	\$ 41,213,648	\$ 42,911,667	\$ 41,661,754
Other Revenue	419,358	868,404	722,382	577,229	635,844
<b>Total Operating Revenues</b>	<b>\$ 37,450,215</b>	<b>\$ 39,136,652</b>	<b>\$ 41,936,030</b>	<b>\$ 43,488,896</b>	<b>\$ 42,297,598</b>
<b>Operating Expenses:</b>					
Administration	\$ 884,984	\$ 911,871	\$ 923,065	\$ 992,633	\$ 1,067,905
Personnel Services	9,540,266	9,731,045	9,545,540	11,766,717	13,576,116
Contractual Services	1,301,356	1,286,067	1,492,025	1,431,473	1,571,012
Materials & Supplies	1,768,976	1,623,989	2,089,151	3,033,107	3,061,914
Repairs & Maintenance	2,460,188	2,437,916	2,683,360	3,423,483	2,404,343
Other Operating Expenses	4,530,126	4,938,391	4,642,764	5,291,133	5,566,844
Depreciation & Amortization	6,388,797	6,605,385	6,632,820	6,816,001	7,620,897
<b>Total Operating Expenses</b>	<b>\$ 26,874,693</b>	<b>\$ 27,534,664</b>	<b>\$ 28,008,725</b>	<b>\$ 32,754,547</b>	<b>\$ 34,869,031</b>
Net Operating Income	\$ 10,575,522	\$ 11,601,988	\$ 13,927,305	\$ 10,734,349	\$ 7,428,567
<b>Non-Operating Income (Expenses):</b>					
Investment Income	\$ 120,593	\$ 24	\$ (27,008)	\$ (138,133)	\$ 93,562
Interest Expense	(2,625,391)	(2,563,980)	(2,700,113)	(3,343,412)	(3,144,493)
Amortization-Bond Cost	(37,459)	(35,623)	42,262	(36,203)	(36,203)
Gain (Loss) on Asset Sale	(11,269)	7,015	(5,301)	67,459	(6,164)
Contributions	-	-	-	-	-
Other	7,785	67,454	-	-	67,456
<b>Total Non-Operating Revenue (Expenses)</b>	<b>\$ (2,545,741)</b>	<b>\$ (2,525,110)</b>	<b>\$ (2,690,160)</b>	<b>\$ (3,450,289)</b>	<b>\$ (3,025,842)</b>
<b>Income (Loss) Before Transfers &amp; Capital Contributions</b>	<b>\$ 8,029,781</b>	<b>\$ 9,076,878</b>	<b>\$ 11,237,145</b>	<b>\$ 7,284,060</b>	<b>\$ 4,402,725</b>
<b>Operating Transfers &amp; Capital Contributions</b>					
Transfer In	\$ -	\$ -	\$ -	\$ -	\$ 2,404,109
Transfer Out	(543,950)	(700,000)	(750,000)	(3,204,109)	(800,000)
Capital / Grant Contributions	-	-	1,324,208	175,797	8,472,335
Other	-	-	-	-	-
<b>Total Operating Transfers</b>	<b>\$ (543,950)</b>	<b>\$ (700,000)</b>	<b>\$ 574,208</b>	<b>\$ (3,028,312)</b>	<b>\$ 10,076,444</b>
Net Income	\$ 7,485,831	\$ 8,376,878	\$ 11,811,353	\$ 4,255,748	\$ 14,479,169
Transfer - Depreciation to Contributed Capital	-	-	-	-	-
Change in Contributed Capital	-	-	-	-	-
Net Assets Prior Year	133,588,878	141,074,709	149,451,587	161,262,940	165,518,688
Prior Period Adjustment	-	-	-	-	-
<b>Net Assets - June 30</b>	<b>\$ 141,074,709</b>	<b>\$ 149,451,587</b>	<b>\$ 161,262,940</b>	<b>\$ 165,518,688</b>	<b>\$ 179,997,857</b>

Source: Audited Financial Statements.

## **INVESTMENT AND CASH MANAGEMENT PRACTICES**

Investment of idle City operating funds is controlled by state statute and local policies and administered by the City Recorder. Generally, such policies limit investment instruments to direct U. S. Government obligations, those issued by U.S. Agencies or Certificates of Deposit. As required by prevailing statutes, all demand deposits or Certificates of Deposit are secured by similar grade collateral pledged at 110% of market value for amounts in excess of that guaranteed through federally sponsored insurance programs. Deposits with savings and loan associations must be collateralized as outlined above, by an irrevocable letter of credit issued by the Federal Home Loan Bank or by providing notes secured by the first mortgages or first deeds for trust upon residential property in the state equal to at least 150 percent of the amount of uninsured deposits. All collateral must be held in a third party escrow account for the benefit of the City. For reporting purposes, all investments are stated at cost which approximates market value.

## **REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES**

### ***State Taxation of Property; Classifications of Taxable Property; Assessment Rates***

Under the Constitution and laws of the State of Tennessee, all real and personal property is subject to taxation, except to the extent that the General Assembly of the State of Tennessee (the "General Assembly") exempts certain constitutionally permitted categories of property from taxation. Property exempt from taxation includes federal, state and local government property, property of housing authorities, certain low cost housing for elderly persons, property owned and used exclusively for certain religious, charitable, scientific and educational purposes and certain other property as provided under Tennessee law.

Under the Constitution and laws of the State of Tennessee, property is classified into three separate classes for purposes of taxation: Real Property; Tangible Personal Property; and Intangible Personal Property. Real Property includes lands, structures, improvements, machinery and equipment affixed to realty and related rights and interests. Real Property is required constitutionally to be classified into four sub classifications and assessed at the rates as follows:

- (a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;
- (b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;
- (c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and
- (d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% of its value.

Tangible Personal Property includes personal property such as goods, chattels and other articles of value, which are capable of manual or physical possession and certain machinery and

equipment. Tangible Personal Property is required constitutionally to be classified into three sub classifications and assessed at the rates as follows:

- (a) Public Utility Property, to be assessed at 55% of its value;
- (b) Industrial and Commercial Property, to be assessed at 30% of its value; and
- (c) All other Tangible Personal Property (including that used in agriculture), to be assessed at 5% of its value, subject to an exemption of \$7,500 worth of Tangible Personal Property for personal household goods and furnishings, wearing apparel and other tangible personal property in the hands of a taxpayer.

Intangible Personal Property includes personal property, such as money, any evidence of debt owed to a taxpayer, any evidence of ownership in a corporation or other business organization having multiple owners and all other forms of property, the value of which is expressed in terms of what the property represents rather than its own intrinsic value. The Constitution of the State of Tennessee empowers the General Assembly to classify Intangible Personal Property into sub classifications and to establish a ratio of assessment to value in each class or subclass and to provide fair and equitable methods of apportionment of the value to the State of Tennessee for purposes of taxation.

The Constitution of the State of Tennessee requires that the ratio of assessment to value of property in each class or subclass be equal and uniform throughout the State of Tennessee and that the General Assembly direct the method to ascertain the value and definition of property in each class or subclass. Each respective taxing authority is constitutionally required to apply the same tax rate to all property within its jurisdiction.

### ***County Taxation of Property***

The Constitution of the State of Tennessee empowers the General Assembly to authorize the several counties and incorporated towns in the State of Tennessee to impose taxes for county and municipal purposes in the manner prescribed by law. Under the *Tennessee Code Annotated*, the General Assembly has authorized the counties in Tennessee to levy an *ad valorem* tax on all taxable property within their respective jurisdictions, the amount of which is required to be fixed by the county legislative body of each county based upon tax rates to be established on the first Monday of July of each year or as soon thereafter as practicable.

All property is required to be taxed according to its value upon the principles established in regard to State taxation as described above, including equality and uniformity. All counties, which levy and collect taxes to pay off any bonded indebtedness, are empowered, through the respective county legislative bodies, to place all funds levied and collected into a special fund of the respective counties and to appropriate and use the money for the purpose of discharging any bonded indebtedness of the respective counties.

### ***Assessment of Property***

*County Assessments; County Board of Equalization.* The function of assessment is to assess all property (with certain exceptions) to the person or persons owning or claiming to own such property on January 1 for the year for which the assessment is made. All assessment of real and personal property are required to be made annually and as of January 1 for the year to which the

assessment applies. Not later than May 20 of each year, the assessor of property in each county is required to (a) make an assessment of all property in the county and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

The assessment records are open to public inspection at the assessor's office during normal business hours. The assessor is required to notify each taxpayer of any change in the classification or assessed value of the taxpayer's property and to cause a notice to be published in a newspaper of general circulation stating where and when such records may be inspected and describing certain information concerning the convening of the county board of equalization. The notice to taxpayers and such published notice are required to be provided and published at least 10 days before the local board of equalization begins its annual session.

The county board of equalization is required (among other things) to carefully examine, compare and equalize the county assessments; assure that all taxable properties are included on the assessments lists and that exempt properties are eliminated from the assessment lists; hear and act upon taxpayer complaints; and correct errors and assure conformity to State law and regulations.

*State Assessments of Public Utility Property; State Board of Equalization.* The State Comptroller of the Treasury is authorized and directed under Tennessee law to assess for taxation, for State, county and municipal purposes, all public utility properties of every description, tangible and intangible, within the State. Such assessment is required to be made annually as of the same day as other properties are assessed by law (as described above) and takes into account such factors as are prescribed by Tennessee law.

On or before the first Monday in August of each year, the assessments are required to be completed and the State Comptroller of the Treasury is required to send a notice of assessment to each company assessable under Tennessee law. Within ten days after the first Monday in August of each year, any owner or user of property so assessed may file an exception to such assessment together with supporting evidence to the State Comptroller of the Treasury, who may change or affirm the valuation. On or before the first Monday in September of each year, the State Comptroller of the Treasury is required to file with the State Board of Equalization assessments so made. The State Board of Equalization is required to examine such assessments and is authorized to increase or diminish the valuation placed upon any property valued by the State Comptroller of the Treasury.

The State Board of Equalization has jurisdiction over the valuation, classification and assessment of all properties in the State. The State Board of Equalization is authorized to create an assessment appeals commission to hear and act upon taxpayer complaints. The action of the State Board of Equalization is final and conclusive as to all matters passed upon by the Board, subject to judicial review consisting of a new hearing in chancery court.

### ***Periodic Reappraisal and Equalization***

Tennessee law requires reappraisal in each county by a continuous six-year cycle comprised of an on-site review of each parcel of real property over a five-year period, or, upon approval of the State Board of Equalization, by a continuous four-year cycle comprised of an on-site review of each parcel of real property over a three-year period, followed by revaluation of all such property in the year following completion of the review period. Alternatively, if approved by the assessor and

adopted by a majority vote of the county legislative body, the reappraisal program may be completed by a continuous five-year cycle comprised of an on-site review of each parcel of real property over a four-year period followed by revaluation of all such property in the year following completion of the review period.

After a reappraisal program has been completed and approved by the Director of Property Assessments, the value so determined must be used as the basis of assessments and taxation for property that has been reappraised. The State Board of Equalization is responsible to determine whether or not property within each county of the State has been valued and assessed in accordance with the Constitution and laws of the State of Tennessee.

### ***Valuation for Property Tax Purposes***

*County Valuation of Property.* The value of all property is based upon its sound, intrinsic and immediate value for purposes of sale between a willing seller and a willing buyer without consideration of speculative values. In determining the value of all property of every kind, the assessor is to be guided by, and follow the instructions of, the appropriate assessment manuals issued by the division of property assessments and approved by the State Board of Equalization. Such assessment manuals are required to take into account various factors that are generally recognized by appraisers as bearing on the sound, intrinsic and immediate economic value of property at the time of assessment.

*State Valuation of Public Utility Property.* The State Comptroller of the Treasury determines the value of public utility property based upon the appraisal of the property as a whole without geographical or functional division of the whole (*i.e.*, the unit rule of appraisal) and on other factors provided by Tennessee law. In applying the unit rule of appraisal, the State Comptroller of the Treasury is required to determine the State's share of the unit or system value based upon factors that relate to the portion of the system relating to the State of Tennessee.

### ***Certified Tax Rate***

Upon a general reappraisal of property as determined by the State Board of Equalization, the county assessor of property is required to (1) certify to the governing bodies of the county and each municipality within the county the total assessed value of taxable property within the jurisdiction of each governing body and (2) furnish to each governing body an estimate of the total assessed value of all new construction and improvements not included on the previous assessment roll and the assessed value of deletions from the previous assessment roll. Exclusive of such new construction, improvements and deletions, each governing body is required to determine and certify a tax rate (herein referred to as the "*Certified Tax Rate*") which will provide the same *ad valorem* revenue for that jurisdiction as was levied during the previous year. The governing body of a county or municipality may adjust the Certified Tax Rate to reflect extraordinary assessment changes or to recapture excessive adjustments.

Tennessee law provides that no tax rate in excess of the Certified Tax Rate may be levied by the governing body of any county or of any municipality until a resolution or ordinance has been adopted by the governing body after publication of a notice of the governing body's intent to exceed the Certified Tax Rate in a newspaper of general circulation and the holding of a public hearing.



The Tennessee Local Government Public Obligations Act of 1986 provides that a tax sufficient to pay when due the principal of and interest on general obligation bonds (such as the Bonds) shall be levied annually and assessed, collected and paid, in like manner with the other taxes of the local government as described above and shall be in addition to all other taxes authorized or limited by law. Bonds issued pursuant to the Local Government Public Obligations Act of 1986 may be issued without regard to any limit on indebtedness provided by law.

### ***Tax Freeze for the Elderly Homeowners***

The Tennessee Constitution was amended by the voters in November 2006 to authorize the Tennessee General Assembly to enact legislation providing property tax relief for homeowners age 65 and older. The General Assembly subsequently adopted the Property Tax Freeze Act permitting (but not requiring) local governments to implement a program for "freezing" the property taxes of eligible taxpayers at an amount equal to the taxes for the year the taxpayer becomes eligible. For example, if a taxpayer's property tax bill is \$500 for the year in which he becomes eligible, his property taxes will remain at \$500 even if property tax rates or appraisals increase so long as he continues to meet the program's ownership and income requirements.

### ***Tax Collection and Tax Lien***

Property taxes are payable the first Monday in October of each year. The county trustee of each county acts as the collector of all county property taxes and of all municipal property taxes when the municipality does not collect its own taxes.

The taxes assessed by the State of Tennessee, a county, a municipality, a taxing district or other local governmental entity, upon any property of whatever kind, and all penalties, interest and costs accruing thereon become and remain a first lien on such property from January 1 of the year for which such taxes are assessed. In addition, property taxes are a personal debt of the property owner as of January and, when delinquent, may be collected by suit as any other personal debt. Tennessee law prescribes the procedures to be followed to foreclose tax liens and to pursue legal proceedings against property owners whose property taxes are delinquent.

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*Assessed Valuations.* According to the Tax Aggregate Report, property in the City reflected a ratio of appraised value to true market value of 0.7212 for Carter County, 0.6671 for Sullivan County and 1.00 for Washington County. The following table shows pertinent data for tax year 2024<sup>1</sup>.

<u>Class</u>	<u>Estimated Assessed Valuation*</u>	<u>Assessment Rate</u>	<u>Estimated Appraised Value*</u>
Public Utilities	\$ 57,348,795*	55%	\$ 131,383,265*
Commercial & Industrial	163,280,671*	40%	549,569,706*
Personal Tangible Property	1,746,873,705*	30%	7032,937,143*
Residential, Farm & Open Space	<u>1,238,042,720*</u>	25%	<u>3,129,879,837*</u>
<b>Total</b>	<b><u>\$3,205,545,891*</u></b>		<b><u>\$10,843,769,951*</u></b>

<sup>1</sup> The tax year coincides with the calendar year, therefore tax year 2024 is actually fiscal year 2024-2025.

\* The figures above represent all three counties that the City is located in.

Source: 2024 Tax Aggregate Report of Tennessee.

The estimated assessed value of property in the City for the fiscal year ending June 30, 2025 (tax year 2024) is \$3,205,545,891\* compared to \$2,188,017,285\* for the fiscal year ending June 30, 2024 (tax year 2023). The estimated actual value of all taxable property for tax year 2024 is \$10,843,769,951\* as compared to \$10,861,680,888\* for tax year 2023.

*Property Tax Rates and Collections.* The following table shows the property tax rates and collections of the City for tax years 2021 through 2025 as well as the aggregate uncollected balances for each fiscal year as of June 30, 2025.

PROPERTY TAX RATES AND COLLECTIONS				Fiscal Yr. Collections		Aggregate Uncollected Balance	
Tax Year <sup>2</sup>	Assessed Valuation(a)	Tax Rates(b)	Adjusted Taxes Levied	Amount	Pct	As of June 30, 2025 Amount	Pct
2020	\$2,108,134,451	\$1.83/1.95/1.71	\$36,162,017	\$35,487,950	98.1%	\$ 70,522	0.2%
2021	2,127,506,128	1.55/1.55/1.73	36,944,099	36,226,944	98.1%	67,863	0.2%
2022	2,181,411,945	1.55/1.55/1.73	37,636,006	37,068,416	98.5%	67,797	0.2%
2023	2,188,017,285	1.80/1.80/1.98	43,386,254	42,581,006	98.1%	228,306	0.5%
2024	3,205,545,891	1.8775/2.0298/ 1.3541	43,812,576	42,885,007	97.9%	927,569	2.1%
2025	3,179,311,811	2.3965/1.3785/1.3785	44,100,111	IN PROGRESS			

(a) The property assessed valuation includes all three counties that the City is located in.

(b) The Tax Rate is for Carter County / Sullivan County / Washington County.

<sup>2</sup> The tax year coincides with the calendar year, therefore tax year 2025 is actually fiscal year 2025-2026.

Source: Annual Comprehensive Financial Reports of the City of Johnson City, Tennessee.

*Ten Largest Taxpayers.* For the fiscal year ending June 30, 2025 (tax year 2024), the ten largest taxpayers in the City were as follows:

	<b><u>Taxpayer</u></b>	<b><u>Business Type</u></b>	<b><u>Assessment</u></b>	<b><u>% of Total Taxable Assessment</u></b>
1.	Glimcher MJC LLC	Real Estate	\$ 18,000,000	0.6%
2.	American Water Heater Co	Water Heaters	17,544,015	0.6%
3.	Knob Creek Apts LLC	Apartments	16,175,640	0.5%
4.	The Villas at Mockingbird Lane	Apartments	13,197,920	0.4%
5.	Reserve Johnson City	Apartments	11,745,480	0.4%
6.	Boone Ridge	Apartments	11,694,880	0.4%
7.	UE Sub LLC	Apartments	11,327,120	0.4%
8.	Tennessee Plastics, Inc	Manufacturer	10,259,658	0.3%
9.	1109 University	Apartments	10,429,040	0.3%
10.	RAF Johnson City LLC	Retail	<u>10,138,440</u>	<u>0.3%</u>
	<b>TOTAL</b>		<b><u>\$130,512,193</u></b>	<b><u>4.1%</u></b>

*Source:* Annual Comprehensive Financial Reports of the City of Johnson City, Tennessee.

## **LOCAL OPTION SALES TAX**

Pursuant to applicable provisions of Title 67, Chapter 6, Part 7 of *Tennessee Code Annotated*, as amended, (the "Act"), the County levies a county-wide local option sales tax. Under the Act, counties and incorporated cities may levy a sales tax on the same privileges on which the State levies its sales tax. The rate of any sales tax levied by a county or city is limited under State law to two and three-fourths percent (2 3/4%).

Pursuant to the Act, the levy of a sales tax by a county precludes any city from within the county from levying a sales tax, but a city may levy a sales tax in addition to the county's sales tax at a rate not exceeding the difference between the county sales tax rate and the maximum local option sales tax rate of two and three fourths percent (2 3/4%). If a city is located in more than one county, each portion of the city that is located in a separate county is treated as a separate city for purposes of determining the maximum sales tax rate.

*[Balance of Page Left Blank]*

The City's share of the County-wide sales tax for the most recent five fiscal years indicated as follows:

**LOCAL OPTION SALES TAX  
Collected Inside City Limits**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u> <u>(Unaudited)</u>
General Fund	\$25,563,699	\$29,081,519	\$31,315,513	\$32,029,871	\$31,540,381
Johnson City Schools	11,362,658	14,002,751	14,844,781	19,853,446	20,657,455
Washington Co Schools	14,225,474	16,754,186	17,791,498	21,251,558	22,105,824
Washington Co Trustee	542,437	652,784	692,640	756,232	786,066
Pledged to People's Education Program	<u>3,947,583</u>	<u>4,787,141</u>	<u>5,077,990</u>	<u>3,376,201</u>	<u>3,505,723</u>
<b>Total Collections</b>	<b><u>\$55,641,851</u></b>	<b><u>\$65,278,381</u></b>	<b><u>\$69,722,422</u></b>	<b><u>\$75,623,242</u></b>	<b><u>\$78,595,449</u></b>

*Source:* The City.

The Act authorizes a local jurisdiction, by resolution of its governing body, to pledge proceeds raised by the power and authority granted by the Act to the punctual payment of principal of and interest on bonds, notes or other evidence of indebtedness issued for purposes for which such proceeds were intended to be spent. The Board of Commissioners of the City has pledged a portion of the local option sales tax proceeds to bonded indebtedness of the City issued for the People's Education Program.

## **PENSION PLANS**

Employees of the City are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the City participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The City withdrew from TCRS effective July 1, 2010. Employees hired after the date of withdrawal are not eligible to participate in TCRS. These employees are eligible to participate in a 401(a) defined contribution plan. The employee must be 18 years of age and complete six months of

service before beginning participation. The City contributes 5.00% for these employees. In addition to the 401(a) plan, the City began offering a 457(b) plan. The employer will match the employee contribution to this plan 100%, not to exceed 3.00% of the covered compensation. Employees are 100% vested after five years. Total employer contributions for the year ended were \$8,121. 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.

For additional information on the funding status, trend information and actuarial status of the City's retirement programs, please refer to the Notes to Financial Statements located in the General Purpose Financial Statements herein.

## **OTHER POST EMPLOYMENT BENEFITS**

Please refer to the Notes to the Financial Statements located in the City's Annual Comprehensive Financial Report for more information.

*[Balance of Page Left Blank]*



## **APPENDIX C**

# **GENERAL PURPOSE FINANCIAL STATEMENTS OF CITY OF JOHNSON CITY, TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The General Purpose Financial Statements are extracted from the Financial Statements with Report of Certified Public Accountants of the City of Johnson City for the fiscal year ended June 30, 2024 which is available upon request from the City.







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# Annual Comprehensive Financial Report

FOR THE YEAR ENDED JUNE 30, 2024



# **City of Johnson City, Tennessee**

## **Annual Comprehensive Financial Report**

**For the Fiscal Year Ended  
June 30, 2024**



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, 2024**

**CITY OF JOHNSON CITY, TENNESSEE**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2024**  
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# City of Johnson City Tennessee

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

## Office of Finance Director

December 31, 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, 2024 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 524,885, an increase of 0.6% over the prior year. 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 16.4% 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.

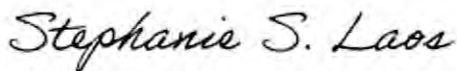
Consistent with national trends, the City experienced a decrease from 4.0% to 3.8% in the unemployment rate, slightly higher than the year-end statewide unemployment rate of 3.0%, but still below the United States rate of 4.1% (rates not seasonally adjusted). Funding for the City continues to be provided primarily by local and state taxes, including sales and property taxes. Local sales tax collections decreased by 0.7% from the prior year which was anticipated during budgeting due to unprecedented growth over the past several years. However, property taxes grew 11.4% over prior year due partially to a reassessment for Washington County and partially to the growth experienced in the City over the past years. The City expects to see continued growth in the population due to its recent ranking in a USA Today study as the number one place to live in Tennessee.

**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 (18.9% of total general fund expenditures and interfund transfers). In addition to the restricted reserve, the City has unassigned fund balance representing 18% 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,

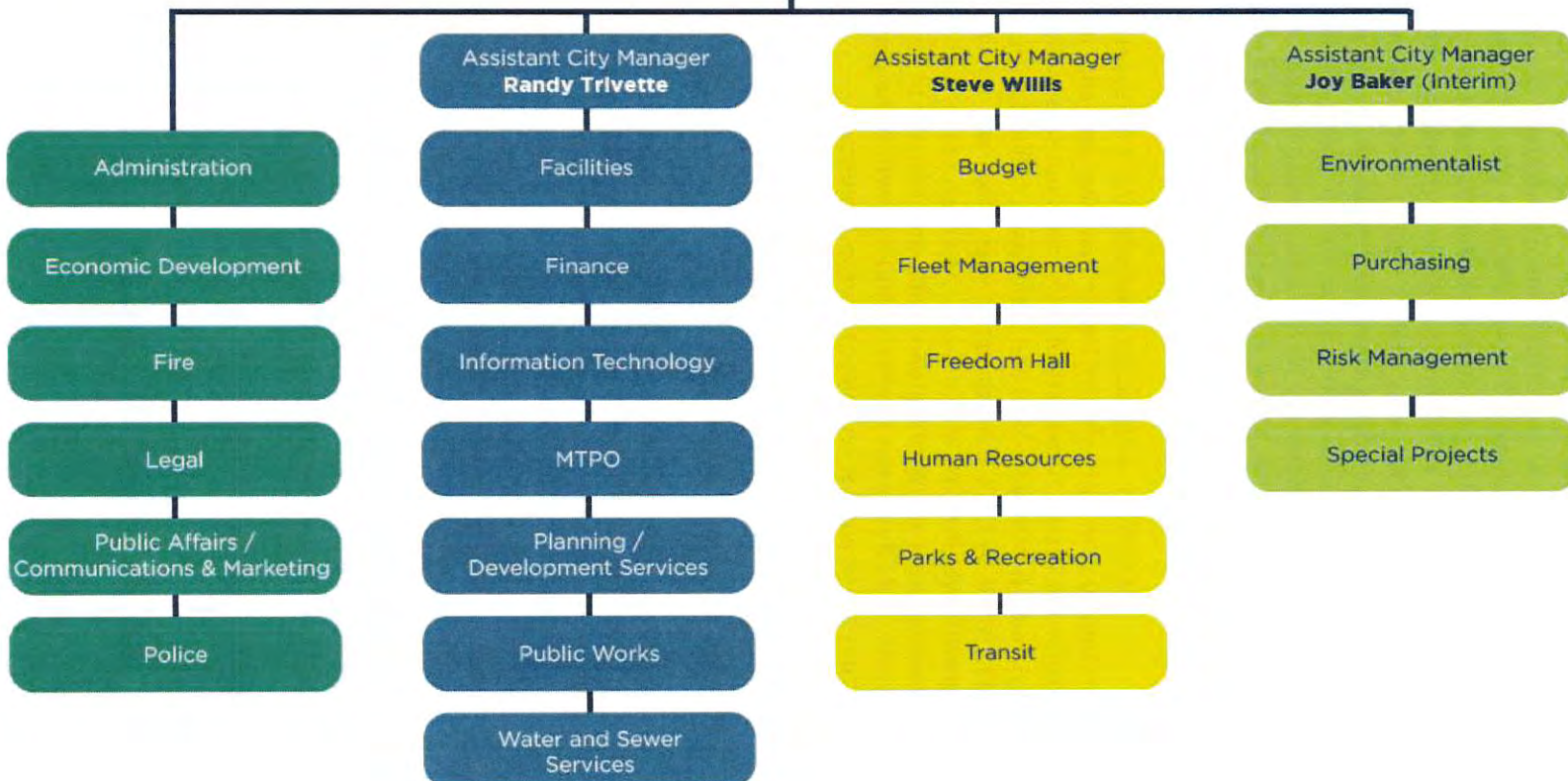


Stephanie S. Laos, CPA  
Director of Finance



## ORGANIZATIONAL CHART

City Manager: **Cathy Ball**



**CITY OF JOHNSON CITY, TENNESSEE  
LIST OF ELECTED AND APPOINTED OFFICIALS  
June 30, 2024**

**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, 2024, 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, 2024, 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 0.74 percent, 1.43 percent, and 0.95 percent, respectively, of the assets, fund balances, and revenues of the governmental funds as of June 30, 2024 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.

### ***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 164 through 174, 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 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 December 31, 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

December 31, 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, 2024. 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 \$500,464 (*net position*). Of this amount, \$393,083 is invested in capital assets (*net of related debt*) and \$22,991 is restricted for specific purposes.
- The City's overall net position increased by \$22,022.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$107,172, a current year decrease of \$18,356. 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, \$434 is nonspendable, \$57,592 is restricted, \$9,288 is committed for specific purposes, and \$20,518 is assigned.
- At the end of the current fiscal year, fund balance for the general fund was \$54,863, or 46.2% of total general fund expenditures including transfers out. This balance includes \$166 in nonspendable assets, \$22,545 of restricted funds, \$7,928 committed for specific purposes and \$4,885 assigned.
- The City's total outstanding long-term debt decreased \$15,583 (6.5%) 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 "Nonmajor 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 163 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 164 through 174 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 175 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 \$500,464.

City of Johnson City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 217,619	\$ 239,408	\$ 56,970	\$ 56,775	\$ 274,589	\$ 296,183
Capital assets	320,834	304,134	281,717	275,248	602,551	579,382
Total assets	538,453	543,542	338,687	332,023	877,140	875,565
Total deferred outflows of resources	28,815	31,009	2,972	2,943	31,787	33,952
Long-term liabilities outstanding	182,452	183,462	110,000	108,360	292,452	291,822
Other liabilities	25,613	37,479	5,674	16,284	31,287	53,763
Total liabilities	208,065	220,941	115,674	124,644	323,739	345,585
Total deferred inflows of resources	83,670	84,995	1,054	634	84,724	85,629
Net position:						
Net investment in capital assets	197,972	188,193	195,184	188,490	393,156	376,683
Restricted	22,991	55,941	-	24,479	22,991	80,420
Unrestricted	54,570	24,481	29,747	(3,281)	84,317	21,200
Total net position	\$ 275,533	\$ 268,615	\$ 224,931	\$ 209,688	\$ 500,464	\$ 478,303

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 (5%) 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 and business-type activities.

**City of Johnson City's Change in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 16,835	\$ 17,064	\$ 64,532	\$ 65,449	\$ 81,367	\$ 82,513
Operating grants & contributions	66,277	63,879	2,982	2,769	69,259	66,648
Capital grants & contributions	4,533	5,143	9,035	451	13,568	5,594
General revenues:						
Property taxes	63,269	58,190	-	-	63,269	58,190
Sales taxes	64,584	64,724	-	-	64,584	64,724
Other taxes	12,982	13,248	-	-	12,982	13,248
Unrestricted investment earnings	3,551	2,723	97	(147)	3,648	2,576
Other	1,254	8	8	-	1,262	8
Total revenues	<u>\$ 233,285</u>	<u>\$ 224,979</u>	<u>\$ 76,654</u>	<u>\$ 68,522</u>	<u>\$ 309,939</u>	<u>\$ 293,501</u>
Expenses:						
General government	\$ 32,040	\$ 27,077	\$ -	\$ -	\$ 32,040	\$ 27,077
Public safety	35,341	32,738	-	-	35,341	32,738
Public works	24,208	22,852	-	-	24,208	22,852
Parks, recreation, culture, & leisure	14,481	13,055	-	-	14,481	13,055
City services	1,736	1,396	-	-	1,736	1,396
Education	111,076	94,709	-	-	111,076	94,709
Interest on long-term debt	4,768	5,085	-	-	4,768	5,085
Water and sewer	-	-	37,982	36,067	37,982	36,067
City solid waste	-	-	14,521	13,758	14,521	13,758
Regional solid waste	-	-	4,501	4,285	4,501	4,285
Public building authority	-	-	-	4,912	-	4,912
Mass Transit	-	-	5,372	1,818	5,372	1,818
Stormwater management	-	-	1,891	345	1,891	345
Total expenses	<u>\$ 223,650</u>	<u>\$ 196,912</u>	<u>\$ 64,267</u>	<u>\$ 61,185</u>	<u>\$ 287,917</u>	<u>\$ 258,097</u>
Increase (decrease) in net position before transfers	\$ 9,635	\$ 28,067	\$ 12,387	\$ 7,337	\$ 22,022	\$ 35,404
Transfers	<u>(2,856)</u>	<u>971</u>	<u>2,856</u>	<u>(971)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	\$ 6,779	\$ 29,038	\$ 15,243	\$ 6,366	\$ 22,022	\$ 35,404
Net position, beginning	268,615	239,577	209,688	203,322	478,303	442,899
Prior period adjustment	<u>139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139</u>	<u>-</u>
Net position, ending	<u>\$ 275,533</u>	<u>\$ 268,615</u>	<u>\$ 224,931</u>	<u>\$ 209,688</u>	<u>\$ 500,464</u>	<u>\$ 478,303</u>

**Governmental activities.** During the current fiscal year, net position for governmental activities increased \$6,779 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 \$275,533.

**Business-type activities.** For the city's business-type activities, current year net position increased \$15,243 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 \$224,931.



Key elements include:

- Water and Sewer Activities contributed \$14,479 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 \$282 of net position growth. A portion of these funds were invested in capital assets.
- Stormwater management experienced a net position increase of \$1,533. The majority of these funds were utilized for debt principal repayments and capital improvements.
- Other business-type activities reported a decrease of \$1,051 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 \$107,172, a current year decrease of \$18,356. The decrease is attributable to the spend down of \$15,985 in bonds and ARPA funding for capital projects. Additionally, beginning fund balance increased \$21 to adjust for corrections in funding sources and transfers from the prior year. Included in ending fund balance are assets of \$434 which are nonspendable, indicating that they are either not in a spendable form or must be maintained intact. Restricted fund balance of \$57,592 includes amounts legally constrained for education (\$2,949), school debt service (\$8,910), debt service (\$77), specific capital projects (\$17,323), school food service (\$3,893), public safety and drug enforcement (\$1,509), senior services (\$960), fund balance policy (\$21,785), and other services (\$186). Funds committed for a particular purpose total \$9,288 includes economic development (\$7,928) and education (\$1,360). Funds assigned for a particular purpose total \$20,518, consisting of unpaid leave (\$5,027), education (\$15,440), and transportation planning operations (\$50). The remaining unassigned balance of \$19,339 comprises 18.0% 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 \$54,863, including \$166 of nonspendable assets, \$22,545 of restricted funds, \$7,928 committed for specific purposes, \$4,885 assigned for a particular purpose and \$19,339 unassigned. Additionally, the general fund beginning fund balance was decreased by \$2,331 to account for ARPA and other funds transferred to Capital Projects for the prior period.

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 \$19,339 represents 16.3% of total general fund expenditures and transfers out, while total fund balance represents 46.2% of that same amount. In conjunction with the 16.3% 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 decreased \$385, due to increased transfers to the Mass Transit Fund to cover year-end billings.

The general-purpose school fund has a total fund balance of \$18,129, including \$62 of nonspendable assets, \$1,190 of restricted, \$1,360 committed for specific purposes and \$15,517 assigned for general education. The current year decrease in fund balance was \$2,071. This was mainly due to increased spending across most departments.

At the end of the current fiscal year, the fund balance of the City's debt service fund totals \$77, all of which is restricted. Fund balance decreased \$76 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 \$17,323, all of which is restricted for capital projects. The decrease of \$15,985 is due to the continued use of bond proceeds to fund capital projects. Additionally, the beginning fund balance was increased by \$2,470 due to a prior period adjustment for ARPA and transfer funding.

The educational facilities trust fund has a total fund balance of \$8,910, all of which is restricted. The net increase was \$878. This increase is attributable to dedicated local sales tax collections exceeding principal and interest payments as well as the first payment received from Washington County for school construction or debt service.

Nonmajor (other) governmental funds have a fund balance of \$7,870, including \$206 of nonspendable assets, \$7,548 of restricted funds and \$116 assigned for a particular purpose. The net decrease in fund balance during the current year was \$868. This net decrease is primarily attributable to the use of fund balance to offset expenses in the Freedom Hall Fund (\$411), School Funds (\$295) and Drug Fund (\$233). Additionally, the beginning fund balance of the School Cafeteria Fund was decreased by \$118 to account for a change in inventory under the purchase method.

***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 \$10,188 and \$5,211, respectively. Nonmajor (other) proprietary funds reported unrestricted net position of \$14,347. Total unrestricted net position of proprietary funds amounted to \$29,747.

As noted earlier in the discussion of business-type activities, net position for the proprietary funds increased \$15,243 with water and sewer and city solid waste operations contributing growth of \$14,479 and a decrease of \$420, respectively. Nonmajor (other) proprietary funds reported an increase of \$1,184. 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 \$3,659 increase in expenditures and a \$141 increase in other financing uses. This increase consists of the following:



\$	386	Personnel
	2,986	LHP Tapestry Project
	224	TIF
	25	IT software lease and maintenance
	25	Risk Management (insurance)
	13	Juvenile Court (grant)
\$	<u>3,659</u>	
		Transfer to Capital Equipment and Projects for
		Development Services, Facilities, Fire, Freedom Hall,
\$	<u>1,041</u>	Parks and Recreation, and Police
\$	<u>(900)</u>	Transfer - Debt Service
\$	<u><u>3,800</u></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 \$2,331 increase in expenditures and a \$2,477 net decrease in other financing sources and uses, for a total decrease of \$146. This decrease consists of the following:

\$	757	General government spending lower in personnel services
	675	Public safety spending lower than expected due to vacancies
	599	Public works spending lower than expected due to savings in outside purchased services
	476	Parks, Recreation, Culture and Leisure spending lower than expected due to vacancies.
	<u>(176)</u>	Debt service for leases not budgeted for
\$	<u>2,331</u>	
\$	(609)	Higher than expected match funding for mass transit
	417	No transfer to Freedom Hall
	(2,068)	Increased transfer from water/sewer
	(621)	Transfer to Internal Service Funds
	436	Transfer from Public Building Authority when dissolved
	<u>(32)</u>	Other
\$	<u>(2,477)</u>	
\$	<u><u>(146)</u></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, 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 \$2,418. 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, 2024, totaled \$602,551 (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:

- Municipal Building HVAC Controls
- JC Library Floor Replacement
- CVB Visitors Center
- Indian Trail Turf Phase 1
- Municipal Building Roof Replacement
- TVA Credit Union Ballpark Grandstands
- Various water and sewer line replacements and upgrades

The following capital projects are in progress:

- West Walnut Street corridor improvements – public works, stormwater management, water/sewer
- Numerous water and sewer line extensions, replacements and upgrades
- Fire Training Center
- Municipal Building – Commission Chambers Renovations
- Winged Deer Park Athletic Fields
- Other various projects

### City of Johnson City's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 31,717	\$ 30,053	\$ 11,833	\$ 11,664	\$ 43,550	\$ 41,717
Buildings and Improvements	306,710	293,058	35,375	20,418	342,085	313,476
Right-to-Use Leased Assets	267	267	-	-	267	267
Intangible Right-to-Use Software Agreements	9,277	8,896	-	-	9,277	8,896
Plant and Lines	-	-	321,483	286,008	321,483	286,008
Vehicles and Equipment	60,011	58,235	50,464	48,294	110,475	106,529
Intellectual Property	6	6	-	-	6	6
Artwork	323	323	-	-	323	323
Infrastructure	189,007	188,366	-	-	189,007	188,366
Construction in Progress	65,309	52,410	38,127	75,212	103,436	127,622
Accumulated Depreciation	(341,793)	(327,480)	(175,565)	(166,348)	(517,358)	(493,828)
	<u>\$ 320,834</u>	<u>\$ 304,134</u>	<u>\$ 281,717</u>	<u>\$ 275,248</u>	<u>\$ 602,551</u>	<u>\$ 579,382</u>

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 \$222,455. All of this debt is backed by the full faith and credit of the government.

#### City of John City's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Notes payable	\$ 1,635	\$ 1,765	\$ 959	\$ 992	\$ 2,594	\$ 2,757
General obligation bonds	121,994	132,739	97,867	102,542	219,861	235,281
Total	\$ 123,629	\$ 134,504	\$ 98,826	\$ 103,534	\$ 222,455	\$ 238,038

The City's total debt decreased \$15,583 (6.5%) during the current fiscal year. The governmental and business-type activities represented \$10,875 and \$4,708 of that decrease, respectively, due to principal repayments. No new debt was issued during the fiscal year, but a \$535 final drawdown of previously issued bonds occurred in the business-type activities. 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 3.2%. Additional information on the City's long-term debt can be found in Note 3.K. on pages 127 through 153 of this report.

#### Economic Factors and Next Year's Budget and Rates

- The unemployment rate (not seasonally adjusted) for Johnson City is currently 3.8%, which is a decrease from last year's rate of 4.0%. This compares to the state's unemployment rate (not seasonally adjusted) of 3.0% and the nationwide rate of 4.1% as of June 30, 2024.
- Inflationary trends in the region are comparable to national indices.
- Sales tax collections decreased 0.22% from fiscal year 2023. 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.

#### 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, 2024**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 41,934,906	22,820,254	64,755,160	31,645,412
Investments	47,869,994	744,378	48,614,372	-
Accounts Receivable (Net)	2,939,365	2,837,746	5,777,111	24,126,314
Internal Balances (Net)	-	-	-	-
Taxes Receivable	45,265,450	-	45,265,450	-
Less: Estimated Uncollectible	(761,094)	-	(761,094)	-
Intergovernmental Receivables	36,908,674	3,474,775	40,383,449	489,791
Deposits	17,050	-	17,050	600
Inventories	1,066,404	6,399,995	7,466,399	14,823,392
Prepaid Expenses	406,579	-	406,579	1,074,736
Restricted Assets:				
Cash and Cash Equivalents	81,619	-	81,619	24,491,772
Investments	28,389,154	19,932,614	48,321,768	2,721,971
Other Assets:				
Notes Receivable	4,093	-	4,093	1,789,964
Lease Receivable	692,548	760,698	1,453,246	1,081,776
Other Current Assets	-	-	-	17,915
Net Pension Asset	12,804,552	-	12,804,552	-
Capital Assets:				
Land	31,716,471	11,833,033	43,549,504	6,653,889
Book Collection	-	-	-	1,138,049
Buildings and Improvements	306,710,301	35,375,203	342,085,504	7,597,015
Right-to-Use Leased Assets	266,996	-	266,996	-
Intangible Right-to-Use Software Arrangements	9,277,089	-	9,277,089	398,753
Plant in Service	-	321,483,384	321,483,384	388,141,401
Equipment and Vehicles	60,011,286	50,464,038	110,475,324	977,394
Intellectual Property	5,500	-	5,500	-
Artwork	323,150	-	323,150	-
Infrastructure	189,006,973	-	189,006,973	-
Less: Accumulated Depreciation	(341,793,136)	(175,565,510)	(517,358,646)	(132,326,251)
Construction in Progress	65,309,303	38,126,352	103,435,655	22,071,905
Total Assets	538,453,227	338,686,960	877,140,187	396,915,798
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflow of TIF Funds	-	-	-	1,005,629
OPEB Related	4,100,630	-	4,100,630	2,727,383
Pension Related	23,943,271	2,392,846	26,336,117	11,899,050
SBITA Interest	-	-	-	18,574
Deferred Bond Refunding Costs	771,069	579,240	1,350,309	576,430
Total Deferred Outflows of Resources	28,814,970	2,972,086	31,787,056	16,227,066

(Continued)



**CITY OF JOHNSON CITY, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**June 30, 2024**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Accounts Payable	8,715,680	2,584,465	11,300,145	36,001,799
Accrued Payroll Expenses	8,183,529	738,665	8,922,194	1,004,859
Accrued Expenses	5,406,246	172,211	5,578,457	363,356
Accrued Interest Payable	981,697	598,558	1,580,255	297,064
Due to Other Governments	62,960	-	62,960	530
Matured Bonds and Interest Payable	-	33,253	33,253	-
Retainages Payable	1,333,854	421,488	1,755,342	-
Unearned Revenue	542,575	35,075	577,650	12,490
Contractor Deposits	386,178	605,904	992,082	-
Customer Deposits	-	484,377	484,377	5,197,856
Noncurrent Liabilities:				
Net Pension Liability	5,563,991	2,391,207	7,955,198	4,344,891
OPEB Liability	31,063,709	-	31,063,709	10,901,203
Due within one year	12,490,899	5,580,185	18,071,084	7,986,008
Due in more than one year	133,333,290	102,028,306	235,361,596	51,492,821
Total Liabilities	208,064,608	115,673,694	323,738,302	117,602,877
DEFERRED INFLOWS OF RESOURCES				
Lease Related	664,265	582,085	1,246,350	1,086,759
Deferred - Current Property Taxes	63,098,834	-	63,098,834	-
Deferred - American Rescue Plan	6,796,189	-	6,796,189	-
Deferred - Other	38,281	472,191	510,472	-
OPEB Related	11,112,522	-	11,112,522	796,638
Pension Related	1,960,064	-	1,960,064	3,211,600
Total Deferred Inflows of Resources	83,670,155	1,054,276	84,724,431	5,094,997
NET POSITION				
Net Investment in Capital Assets	197,972,086	195,184,264	393,156,350	243,607,338
Restricted for/by:				
Stabilization Funds	1,200,090	-	1,200,090	-
Net Pension Asset	12,804,552	-	12,804,552	-
Imagination Library	-	-	-	51,544
Enabling Legislation	-	-	-	1,598,357
Debt Service	8,986,326	-	8,986,326	-
Unrestricted	54,570,380	29,746,812	84,317,192	45,187,751
Total Net Position	\$ 275,533,434	224,931,076	500,464,510	290,444,990

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, 2024**

18

Functions/Programs	Expenses	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General Government	\$ 32,040,022	3,852,156	1,219,660	-	(26,968,206)	-	(26,968,206)	-
Public Safety	35,340,509	903,868	1,282,411	-	(33,154,230)	-	(33,154,230)	-
Public Works	24,208,254	95,002	289,214	4,533,392	(19,290,646)	-	(19,290,646)	-
Parks, Recreation, Culture and Leisure	14,480,979	273,435	1,231,664	-	(12,975,880)	-	(12,975,880)	-
City Services	1,736,182	5,768,703	3,062,935	-	7,095,456	-	7,095,456	-
Education	111,076,259	5,941,959	59,191,240	-	(45,943,060)	-	(45,943,060)	-
Interest on Long-Term Debt	4,768,448	-	-	-	(4,768,448)	-	(4,768,448)	-
Total Governmental Activities	223,650,652	16,835,123	66,277,124	4,533,392	(136,005,013)	-	(136,005,013)	-
Business-Type Activities								
Water and Sewer	37,982,271	42,297,598	-	8,472,335	-	12,787,662	12,787,662	-
City Solid Waste	14,520,557	14,107,203	-	-	-	(413,354)	(413,354)	-
Regional Solid Waste	4,501,064	4,302,581	-	-	-	(198,483)	(198,483)	-
Mass Transit	5,372,319	404,961	2,981,948	562,122	-	(1,423,288)	(1,423,288)	-
Stormwater Management	1,890,878	3,419,604	-	-	-	1,528,726	1,528,726	-
Johnson City Building Authority	-	-	-	-	-	-	-	-
Total Business-Type Activities	64,267,089	64,531,947	2,981,948	9,034,457	-	12,281,263	12,281,263	-
Total Primary Government	\$ 287,917,741	81,367,070	69,259,072	13,567,849	(136,005,013)	12,281,263	(123,723,750)	-

(Continued)

CITY OF JOHNSON CITY, TENNESSEE  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2024

Functions/Programs	Expenses	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
Component Units								
Johnson City Public Library	\$ 2,487,506	48,793	2,547,170	12,150	-	-	-	120,607
Johnson City Development Authority	2,495,896	2,062,606	1,533,021	120,000	-	-	-	1,219,731
Industrial Development Board	1,598,635	-	1,562,771	-	-	-	-	(35,864)
Johnson City Energy Authority	222,674,041	227,099,231	-	22,226	-	-	-	4,447,416
Total Component Units	<u>\$ 229,256,078</u>	<u>229,210,630</u>	<u>5,642,962</u>	<u>154,376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,751,890</u>
General Revenues								
Property Taxes					\$ 63,269,446	-	63,269,446	-
Sales Taxes					64,583,875	-	64,583,875	-
Beer and Liquor Taxes					3,039,199	-	3,039,199	-
Business Taxes					3,818,051	-	3,818,051	-
Room Occupancy Taxes					3,256,476	-	3,256,476	-
Telephone and Cable Taxes					585,501	-	585,501	-
State of Tennessee Mixed Drink Taxes					1,187,611	-	1,187,611	-
Franchise Taxes					622,748	-	622,748	-
Unrestricted State Income Taxes					821	-	821	-
Unrestricted State of Tennessee Excise Taxes					471,327	-	471,327	-
Unrestricted Investment Earnings					3,551,425	97,434	3,648,859	2,030,616
Gain on Disposal of Capital Assets					1,251,119	8,267	1,259,386	-
Other General Revenue					2,813	-	2,813	5,502,987
E-Rate Reimbursement					-	-	-	5,218
Miscellaneous Revenue					-	-	-	297,405
Transfers					(2,855,766)	2,855,766	-	-
Total General Revenues and Transfers					<u>142,784,646</u>	<u>2,961,467</u>	<u>145,746,113</u>	<u>7,836,226</u>
Change in Net Position					6,779,633	15,242,730	22,022,363	13,588,116
Net Position, July 1, 2023					268,614,577	209,688,346	478,302,923	276,782,750
Prior Period Adjustments					139,224	-	139,224	74,124
Net Position, July 1, 2023 (Restated)					<u>268,753,801</u>	<u>209,688,346</u>	<u>478,442,147</u>	<u>276,856,874</u>
Net Position, June 30, 2024					<u>\$ 275,533,434</u>	<u>224,931,076</u>	<u>500,464,510</u>	<u>290,444,990</u>

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



**CITY OF JOHNSON CITY, TENNESSEE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2024**

	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	\$ 964,910	17,438,401	-	7,757,738	2,333,943	7,400,318	35,895,310
Investments	47,869,994	-	-	-	-	-	47,869,994
Accounts Receivable, Net	1,623,562	92,011	-	-	453,028	292,022	2,460,623
Lease Receivable	692,548	-	-	-	-	-	692,548
Notes Receivable	-	-	-	-	-	4,093	4,093
Due from Other Funds	126,420	41,605	76,546	499,069	-	50	743,690
Taxes Receivable	45,265,450	-	-	-	-	-	45,265,450
Less: Estimated Uncollectible	(761,094)	-	-	-	-	-	(761,094)
Due from Federal Government	-	-	-	-	-	492,655	492,655
Due from State of Tennessee	2,421,408	6,662,907	-	-	458,085	1,707,086	11,249,486
Due from Washington County	5,176,795	19,417,284	-	571,354	-	-	25,165,433
Due from Local Governments	-	-	-	-	-	1,100	1,100
Deposits	17,050	-	-	-	-	-	17,050
Inventories	165,769	62,084	-	-	-	206,428	434,281
Restricted Cash and Cash Equivalents	-	-	-	81,619	-	-	81,619
Restricted Investments	9,097,413	1,189,657	-	-	18,091,651	10,433	28,389,154
Total Assets	<u>\$ 112,660,225</u>	<u>44,903,949</u>	<u>76,546</u>	<u>8,909,780</u>	<u>21,336,707</u>	<u>10,114,185</u>	<u>198,001,392</u>

(Continued)

CITY OF JOHNSON CITY, TENNESSEE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2024

	General Fund	General Purpose School Fund	Debt Service Fund	Educational Facilities Debt Service Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>LIABILITIES</b>							
Accounts Payable	\$ 3,507,693	1,500,683	-	-	2,812,623	441,149	8,262,148
Accrued Payroll Expenditures	1,843,191	5,083,787	-	-	-	1,154,734	8,081,712
Accrued Expenditures	5,057	-	-	-	-	3,595	8,652
Due to State of Tennessee	62,960	-	-	-	-	-	62,960
Due to Other Funds	110,826	640,019	-	-	-	101,918	852,763
Retainages Payable	-	133,128	-	-	1,200,726	-	1,333,854
Unearned Revenue	-	-	-	-	-	542,575	542,575
Contractor Deposits	386,178	-	-	-	-	-	386,178
<b>Total Liabilities</b>	<b>5,915,905</b>	<b>7,357,617</b>	<b>-</b>	<b>-</b>	<b>4,013,349</b>	<b>2,243,971</b>	<b>19,530,842</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred - Current Property Taxes	43,681,345	19,417,489	-	-	-	-	63,098,834
Deferred - American Rescue Plan	6,796,189	-	-	-	-	-	6,796,189
Deferred Revenue - Other	38,281	-	-	-	-	-	38,281
Lease Related	664,265	-	-	-	-	-	664,265
Unavailable Revenue - Property Taxes	701,402	-	-	-	-	-	701,402
<b>Total Deferred Inflows of Resources</b>	<b>51,881,482</b>	<b>19,417,489</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71,298,971</b>
<b>FUND BALANCES</b>							
Nonspendable	165,769	62,084	-	-	-	206,428	434,281
Restricted	22,545,418	1,189,657	76,546	8,909,780	17,323,358	7,547,730	57,592,489
Committed	7,928,182	1,359,913	-	-	-	-	9,288,095
Assigned	4,884,843	15,517,189	-	-	-	116,056	20,518,088
Unassigned	19,338,626	-	-	-	-	-	19,338,626
<b>Total Fund Balances</b>	<b>54,862,838</b>	<b>18,128,843</b>	<b>76,546</b>	<b>8,909,780</b>	<b>17,323,358</b>	<b>7,870,214</b>	<b>107,171,579</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 112,660,225</b>	<b>44,903,949</b>	<b>76,546</b>	<b>8,909,780</b>	<b>21,336,707</b>	<b>10,114,185</b>	<b>198,001,392</b>

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, 2024**

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

Total Fund Balances of Governmental Funds	\$ 107,171,579
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	317,971,291
Prepaids are expensed when disbursed and are not recognized based upon economic benefit or recorded as assets in the governmental funds.	406,579
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.	701,402
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.	(38,075,601)
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.	(5,205,023)
Accrued interest on the notes and bonds payable represents a liability of the City that is generally not recorded at the fund level.	(962,633)
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.	(138,150,239)
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.	29,101,166
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.	2,574,913
Net Position of Governmental Activities	<u>\$ 275,533,434</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, 2024**

	General Fund	General Purpose School Fund	Debt Service Fund	Educational Facilities Debt Service Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes	\$ 92,293,225	34,599,864	-	3,376,201	-	-	130,269,290
Licenses and Permits	1,337,887	1,654	-	-	-	-	1,339,541
Intergovernmental Revenues	14,247,650	46,416,376	134,208	500,000	4,583,392	15,287,132	81,168,758
Charges for Services	2,375,868	1,723,234	-	-	-	719,523	4,818,625
Fines and Forfeitures	517,046	-	-	-	-	210,020	727,066
Revenue from Use of Property	2,837,888	-	-	-	-	1,872,386	4,710,274
Investment Earnings	1,191,899	96,005	65,745	58,641	2,071,432	1,465	3,485,187
Miscellaneous	1,233,113	364,686	-	-	491,732	3,211,067	5,300,598
<b>Total Revenues</b>	<b>116,034,576</b>	<b>83,201,819</b>	<b>199,953</b>	<b>3,934,842</b>	<b>7,146,556</b>	<b>21,301,593</b>	<b>231,819,339</b>
<b>Expenditures</b>							
<b>Current</b>							
General Government	24,879,853	-	-	-	-	-	24,879,853
Public Safety	33,066,346	-	-	-	-	1,395,596	34,461,942
Public Works	18,354,599	-	-	-	-	-	18,354,599
Parks, Recreation, Culture and Leisure	9,342,536	-	-	-	-	2,749,462	12,091,998
City Services	-	-	-	-	-	1,488,214	1,488,214
Education	-	88,631,069	-	-	-	14,243,026	102,874,095
Capital Outlay	-	5,613,248	-	-	29,253,965	2,129,699	36,996,912
<b>Debt Service</b>							
Principal Retirement	248,810	250,958	7,153,634	3,390,000	262,215	187,858	11,493,475
Interest and Fiscal Charges	64,566	11,323	4,235,114	1,581,789	75,286	7,354	5,975,432
Other Fees	-	-	43,654	69,647	-	-	113,301
<b>Total Expenditures</b>	<b>85,956,710</b>	<b>94,506,598</b>	<b>11,432,402</b>	<b>5,041,436</b>	<b>29,591,466</b>	<b>22,201,209</b>	<b>248,729,821</b>

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2024**

	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	30,077,866	(11,304,779)	(11,232,449)	(1,106,594)	(22,444,910)	(899,616)	(16,910,482)
Other Financing Sources (Uses)							
Transfers from Other Funds	1,275,576	11,712,845	11,399,233	1,984,104	6,460,102	72,243	32,904,103
Transfers to Other Funds	(32,859,296)	(3,070,094)	(90,949)	-	-	(115,436)	(36,135,775)
Proceeds from Sale of Real Estate and Equipment	1,120,964	430,325	-	-	-	-	1,551,289
Subscription Issuance	-	160,293	-	-	-	74,400	234,693
Total Other Financing Sources (Uses)	(30,462,756)	9,233,369	11,308,284	1,984,104	6,460,102	31,207	(1,445,690)
Net Change in Fund Balances	(384,890)	(2,071,410)	75,835	877,510	(15,984,808)	(868,409)	(18,356,172)
Fund Balances, July 1, 2023	57,578,485	20,200,253	711	8,032,270	30,838,185	8,856,895	125,506,799
Prior Period Adjustments	(2,330,757)	-	-	-	2,469,981	(118,272)	20,952
Fund Balances, July 1, 2023 Adjusted	55,247,728	20,200,253	711	8,032,270	33,308,166	8,738,623	125,527,751
Fund Balances, June 30, 2024	\$ 54,862,838	18,128,843	76,546	8,909,780	17,323,358	7,870,214	107,171,579

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, 2024**

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

Net Change in Fund Balances of Governmental Funds	\$ (18,356,172)
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.	16,260,427
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.	12,508,218
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.	(118,272)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	149,355
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.	1,513,143
Premiums paid for insurance from the governmental funds are expensed as paid. A portion of the payments are prepaid insurance.	99,695
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.	117,838
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.	(149,740)
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.	(4,083,667)
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.	(1,161,192)
Change in Net Position of Governmental Activities	<u>\$ 6,779,633</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 BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Taxes				
Property Tax, Net	\$ 42,592,740	42,955,740	43,009,820	54,080
Property Tax - Penalty and Interest	250,000	380,000	395,215	15,215
Received in Lieu of Taxes	6,282,000	6,157,000	6,125,048	(31,952)
Local Sales Tax	33,300,000	31,670,000	32,029,871	359,871
Business Tax	2,250,000	3,210,000	3,265,093	55,093
Local Beer Tax	2,050,000	1,905,000	1,955,856	50,856
Local Liquor Tax	1,000,000	1,000,000	1,047,597	47,597
Hotel/Motel Tax	3,100,000	3,187,000	3,256,476	69,476
Franchise Tax	600,000	600,000	622,748	22,748
Telephone Commissions/Cable	750,000	609,000	585,501	(23,499)
Total Taxes	92,174,740	91,673,740	92,293,225	619,485
Licenses and Permits				
Building Permits	840,000	905,000	863,588	(41,412)
Electrical Permits and Electrician Certificates	95,000	95,000	100,916	5,916
Plumbing Permits and Plumbers Certificates	35,000	35,000	44,042	9,042
Natural Gas Permits	15,000	15,000	15,096	96
Zoning Permits and Fees	22,000	22,000	22,780	780
Mechanical Permits	62,000	62,000	75,413	13,413
Sign Permits	15,000	15,000	15,873	873
Plan Review Permits	66,000	66,000	86,723	20,723
Beverage and Private Club Permits	85,000	115,000	96,101	(18,899)
Other Fees and Licenses	3,000	3,000	17,355	14,355
Total Licenses and Permits	1,238,000	1,333,000	1,337,887	4,887
Intergovernmental Revenues				
State of Tennessee				
Sales Tax	8,200,000	8,805,000	8,725,423	(79,577)
Income Tax	-	-	821	821
Beer Tax	35,000	35,000	31,228	(3,772)
Mixed Drink Tax	1,050,000	1,050,000	1,187,611	137,611
State Street Aid	2,530,000	2,530,000	2,484,671	(45,329)
Highway Maintenance	348,580	348,580	435,070	86,490
Street and Transit	125,000	125,000	143,194	18,194
Excise Taxes	200,000	365,000	366,130	1,130
Fire Supplement	102,000	102,000	105,600	3,600
Police Supplement	106,000	106,000	98,400	(7,600)
First TN Development				
District Senior Citizens Grant	83,600	83,600	123,218	39,618
Telecommunications	155,000	155,000	140,426	(14,574)
Other State Funding	-	130,000	209,094	79,094
Total State of Tennessee	12,935,180	13,835,180	14,050,886	215,706

(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, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues (Continued)				
Intergovernmental Revenues (Continued)				
Washington County				
School Funding	500,000	-	-	-
Senior Citizens	38,000	38,000	19,000	(19,000)
Juvenile Court	4,500	4,500	75,239	70,739
Total Washington County	542,500	42,500	94,239	51,739
Federal Revenue	235,000	235,000	102,525	(132,475)
Total Intergovernmental Revenues	13,712,680	14,112,680	14,247,650	134,970
Charges for Services				
School Bus Charters	120,000	120,000	187,412	67,412
Accident Reports	1,500	1,500	351	(1,149)
Special Work Charges	8,000	8,000	95,002	87,002
Administrative Fees from Other Funds	2,012,723	2,012,723	2,027,723	15,000
Miscellaneous Services	99,250	99,250	65,380	(33,870)
Total Charges for Services	2,241,473	2,241,473	2,375,868	134,395
Fines and Forfeitures				
Municipal Courts - Fines and Court Costs	595,000	595,000	517,046	(77,954)
Revenue From Use of Property				
Rents from Buildings and Equipment	295,000	295,000	374,853	79,853
Parks and Recreation	1,409,200	1,409,200	1,850,035	440,835
Computer Services (MIS)	613,000	613,000	613,000	-
Total Revenue From Use of Property	2,317,200	2,317,200	2,837,888	520,688
Investment Earnings				
Investment Income	300,000	300,000	1,191,899	891,899
Miscellaneous				
Refunds and Reimbursements	258,000	258,000	434,816	176,816
Senior Citizens	153,050	153,050	195,847	42,797
Donations	53,000	53,000	58,168	5,168
Damages	11,250	11,250	54,450	43,200
Sale of Methane Gas	32,000	32,000	12,313	(19,687)
Miscellaneous	390,000	390,000	477,519	87,519
Total Miscellaneous	897,300	897,300	1,233,113	335,813
Total Revenues	113,476,393	113,470,393	116,034,576	2,564,183

(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, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures				
General Government				
City Commission				
Other	-	-	95	(95)
Personnel Services	52,166	52,166	50,652	1,514
Purchased Services	48,000	48,000	39,741	8,259
Supplies	2,000	2,000	3,501	(1,501)
Total City Commission	102,166	102,166	93,989	8,177
City Court				
Personnel Services	161,106	161,106	117,370	43,736
Purchased Services	13,300	13,300	1,379	11,921
Supplies	10,600	10,600	12,186	(1,586)
Total City Court	185,006	185,006	130,935	54,071
Staff Attorney				
Fixed Charges	1,878	1,878	2,750	(872)
Personnel Services	294,590	294,590	264,628	29,962
Purchased Services	151,358	151,358	144,979	6,379
Supplies	6,500	6,500	2,376	4,124
Total Staff Attorney	454,326	454,326	414,733	39,593
Juvenile Court				
Building Materials	100	100	265	(165)
Other	-	-	34,887	(34,887)
Fixed Charges	3,403	3,403	10,357	(6,954)
Personnel Services	911,613	911,613	883,339	28,274
Purchased Services	47,827	47,827	41,076	6,751
Supplies	14,125	27,125	31,286	(4,161)
Total Juvenile Court	977,068	990,068	1,001,210	(11,142)
City Manager				
Fixed Charges	31,045	31,045	52,005	(20,960)
Other	1,750	1,750	1,072	678
Personnel Services	765,952	765,952	699,055	66,897
Purchased Services	591,900	591,900	392,504	199,396
Supplies	42,662	42,662	19,073	23,589
Total City Manager	1,433,309	1,433,309	1,163,709	269,600
Management Services				
Personnel Services	672,605	807,605	823,342	(15,737)
Purchased Services	30,000	30,000	22,339	7,661
Supplies	3,000	3,000	3,803	(803)
Total Management Services	705,605	840,605	849,484	(8,879)

(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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures (Continued)				
General Government (Continued)				
Community Relations Office				
Fixed Charges	8,547	8,547	7,273	1,274
Other	51,000	51,000	37,451	13,549
Personnel Services	687,813	687,813	635,024	52,789
Purchased Services	44,400	44,400	55,729	(11,329)
Supplies	37,900	37,900	62,899	(24,999)
Total Community Relations Office	829,660	829,660	798,376	31,284
Purchasing				
Building Materials	-	-	42	(42)
Fixed Charges	2,087	2,087	2,402	(315)
Personnel Services	339,509	339,509	338,547	962
Purchased Services	15,700	15,700	13,709	1,991
Supplies	1,100	1,100	1,883	(783)
Total Purchasing	358,396	358,396	356,583	1,813
Human Resources				
Building Materials	-	-	167	(167)
Fixed Charges	2,795	2,795	4,953	(2,158)
Other	100	100	546	(446)
Personnel Services	684,746	820,746	808,448	12,298
Purchased Services	44,060	44,060	48,588	(4,528)
Supplies	8,500	8,500	16,257	(7,757)
Total Human Resources	740,201	876,201	878,959	(2,758)
Development Services				
Building Materials	-	-	1,368	(1,368)
Fixed Charges	8,881	8,881	10,628	(1,747)
Personnel Services	1,759,294	1,759,294	1,525,028	234,266
Purchased Services	246,250	246,250	252,872	(6,622)
Supplies	38,800	38,800	37,880	920
Total Development Services	2,053,225	2,053,225	1,827,776	225,449
Miscellaneous Appropriations				
Fixed Charges	574,277	798,277	812,196	(13,919)
Other	-	2,986,000	2,998,305	(12,305)
Purchased Services	505,000	505,000	443,789	61,211
Supplies	-	-	1,364	(1,364)
Total Miscellaneous Appropriations	1,079,277	4,289,277	4,255,654	33,623

(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, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Expenditures (Continued)				
General Government (Continued)				
Risk Management				
Fixed Charges	252,718	277,718	385,183	(107,465)
Other	-	-	250	(250)
Personnel Services	65,056	65,056	27,636	37,420
Purchased Services	179,122	179,122	121,816	57,306
Supplies	24,000	24,000	12,076	11,924
Total Risk Management	520,896	545,896	546,961	(1,065)
Information Technology				
Building Materials	50	50	13	37
Fixed Charges	1,439,546	1,464,546	1,428,266	36,280
Personnel Services	1,444,726	1,444,726	1,471,803	(27,077)
Purchased Services	210,410	210,410	152,730	57,680
Supplies	277,378	277,378	332,232	(54,854)
Total Information Technology	3,372,110	3,397,110	3,385,044	12,066
Special Appropriations	7,299,003	7,299,003	7,187,085	111,918
Finance Administration				
Fixed Charges	6,766	6,766	3,243	3,523
Other	25	25	85	(60)
Personnel Services	219,191	219,191	214,466	4,725
Purchased Services	8,307	8,307	2,941	5,366
Supplies	2,350	2,350	7,378	(5,028)
Total Finance Administration	236,639	236,639	228,113	8,526
Accounting				
Fixed Charges	-	-	4,329	(4,329)
Other	-	-	475	(475)
Personnel Services	843,125	868,125	853,686	14,439
Purchased Services	217,878	217,878	233,703	(15,825)
Supplies	6,220	6,220	10,216	(3,996)
Total Accounting	1,067,223	1,092,223	1,102,409	(10,186)

(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, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures (Continued)				
General Government (Continued)				
Collections				
Fixed Charges	1,250	1,250	934	316
Other	15,000	15,000	23,533	(8,533)
Personnel Services	372,850	372,850	345,229	27,621
Purchased Services	181,130	181,130	205,266	(24,136)
Supplies	5,700	5,700	3,883	1,817
Total Collections	575,930	575,930	578,845	(2,915)
Records Management				
Other	-	-	63	(63)
Personnel Services	76,272	76,272	79,309	(3,037)
Purchased Services	405	405	34	371
Supplies	740	740	582	158
Total Records Management	77,417	77,417	79,988	(2,571)
Total General Government	22,067,457	25,636,457	24,879,853	756,604
Public Safety				
Student Transportation				
Fixed Charges	6,631	6,631	7,827	(1,196)
Personnel Services	2,204,657	2,204,657	2,273,437	(68,780)
Purchased Services	693,077	693,077	506,916	186,161
Supplies	10,750	10,750	1,106	9,644
Total Student Transportation	2,915,115	2,915,115	2,789,286	125,829
Police Department				
Building Materials	-	-	1,363	(1,363)
Fixed Charges	200,985	200,985	351,556	(150,571)
Other	14,650	14,650	38,573	(23,923)
Personnel Services	14,197,755	14,197,755	13,797,658	400,097
Purchased Services	2,039,309	2,039,309	1,269,428	769,881
Supplies	281,960	281,960	889,085	(607,125)
Total Police Department	16,734,659	16,734,659	16,347,663	386,996

(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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Expenditures (Continued)				
Public Safety (Continued)				
Fire Department				
Building Materials	5,000	5,000	2,264	2,736
Fixed Charges	26,748	26,748	43,363	(16,615)
Other	1,250	1,250	1,460	(210)
Personnel Services	12,490,036	12,490,036	12,412,846	77,190
Purchased Services	1,061,291	1,061,291	1,038,919	22,372
Supplies	507,590	507,590	430,545	77,045
Total Fire Department	14,091,915	14,091,915	13,929,397	162,518
Total Public Safety	33,741,689	33,741,689	33,066,346	675,343
Public Works				
Administration				
Building Materials	-	-	5,955	(5,955)
Other	-	-	289	(289)
Fixed Charges	117,445	117,445	188,222	(70,777)
Personnel Services	260,528	260,528	163,545	96,983
Purchased Services	34,200	34,200	17,348	16,852
Supplies	10,297	10,297	31,654	(21,357)
Total Administration	422,470	422,470	407,013	15,457
Streets				
Building Materials	718,995	718,995	573,973	145,022
Fixed Charges	6,200	6,200	15,453	(9,253)
Other	1,050	1,050	36	1,014
Personnel Services	4,228,208	4,228,208	3,959,704	268,504
Purchased Services	6,028,058	6,028,058	6,387,440	(359,382)
Supplies	316,850	316,850	304,636	12,214
Total Streets	11,299,361	11,299,361	11,241,242	58,119

(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, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Expenditures (Continued)				
Public Works (Continued)				
Engineering				
Building Materials	-	-	3,577	(3,577)
Fixed Charges	-	-	6,380	(6,380)
Personnel Services	1,092,359	1,092,359	1,056,633	35,726
Purchased Services	42,300	42,300	31,250	11,050
Supplies	28,500	28,500	17,941	10,559
Total Engineering	1,163,159	1,163,159	1,115,781	47,378
Traffic Control				
Building Materials	31,100	31,100	14,767	16,333
Fixed Charges	3,300	3,300	20,052	(16,752)
Personnel Services	1,225,109	1,225,109	1,174,445	50,664
Purchased Services	1,879,950	1,879,950	1,939,238	(59,288)
Supplies	336,150	336,150	273,742	62,408
Total Traffic Control	3,475,609	3,475,609	3,422,244	53,365
Sidewalks				
Building Materials	197,900	197,900	144,628	53,272
Fixed Charges	-	-	423	(423)
Purchased Services	12,500	12,500	12,154	346
Supplies	9,200	9,200	12,490	(3,290)
Total Sidewalks	219,600	219,600	169,695	49,905
Mowing				
Building Materials	-	-	121	(121)
Other	-	-	42	(42)
Personnel Services	-	-	4,510	(4,510)
Purchased Services	498,000	498,000	434,106	63,894
Supplies	3,500	3,500	3,716	(216)
Total Mowing	501,500	501,500	442,495	59,005
General Facilities				
Building Materials	7,450	7,450	6,604	846
Fixed Charges	10,334	10,334	15,453	(5,119)
Other	-	-	1,376	(1,376)
Personnel Services	982,803	982,803	902,062	80,741
Purchased Services	298,917	298,917	90,191	208,726
Supplies	33,340	33,340	57,940	(24,600)
Total General Facilities	1,332,844	1,332,844	1,073,626	259,218

(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, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures (Continued)				
Public Works (Continued)				
Municipal Building				
Building Materials	1,800	1,800	11,514	(9,714)
Fixed Charges	9,074	9,074	13,911	(4,837)
Purchased Services	301,450	301,450	217,894	83,556
Supplies	44,650	44,650	29,525	15,125
Total Municipal Building	356,974	356,974	272,844	84,130
Keystone				
Building Materials	400	400	6,871	(6,471)
Fixed Charges	3,753	3,753	9,227	(5,474)
Personnel Services	52,784	52,784	52,608	176
Purchased Services	78,920	78,920	86,842	(7,922)
Supplies	9,850	9,850	11,665	(1,815)
Total Keystone	145,707	145,707	167,213	(21,506)
Facilities Center				
Building Materials	-	-	62	(62)
Fixed Charges	6,915	6,915	12,073	(5,158)
Purchased Services	25,000	25,000	30,275	(5,275)
Supplies	4,000	4,000	36	3,964
Total Facilities Center	35,915	35,915	42,446	(6,531)
Total Public Works	18,953,139	18,953,139	18,354,599	598,540
Parks, Recreation, Culture and Leisure				
Parks and Recreation				
Building Materials	221,325	221,325	121,241	100,084
Fixed Charges	156,115	156,115	182,606	(26,491)
Other	11,350	11,350	10,739	611
Personnel Services	5,732,179	5,822,179	5,279,323	542,856
Purchased Services	1,703,816	1,703,816	1,729,047	(25,231)
Supplies	898,340	898,340	1,025,055	(126,715)
Total Parks and Recreation	8,723,125	8,813,125	8,348,011	465,114

(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, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Expenditures (Continued)				
Senior Citizens				
Building Materials	-	-	100	(100)
Fixed Charges	599	599	1,177	(578)
Other	5,750	5,750	5,919	(169)
Personnel Services	833,646	833,646	760,479	73,167
Purchased Services	105,970	105,970	104,088	1,882
Supplies	59,093	59,093	122,762	(63,669)
Total Senior Citizens	1,005,058	1,005,058	994,525	10,533
Total Parks, Recreation, Culture and Leisure	9,728,183	9,818,183	9,342,536	475,647
Debt Service				
Principal Retirement	75,000	75,000	248,810	(173,810)
Interest and Fiscal Charges	62,750	62,750	64,566	(1,816)
Total Debt Service	137,750	137,750	313,376	(175,626)
Total Expenditures	84,628,218	88,287,218	85,956,710	2,330,508
Excess (Deficiency) of Revenues Over (Under) Expenditures	28,848,175	25,183,175	30,077,866	4,894,691
Other Financing Sources (Uses)				
Transfer to General Purpose School Fund	(11,626,736)	(11,626,736)	(11,626,736)	-
Transfer to Mass Transit	(1,079,348)	(1,079,348)	(1,688,145)	(608,797)
Transfer to Water and Sewer Fund	-	-	(2,068,461)	(2,068,461)
Transfer to Freedom Hall	(417,100)	(417,100)	-	417,100
Transfer to Transportation Planning	(60,500)	(60,500)	(40,603)	19,897
Transfer to Capital Projects Fund	(5,419,267)	(6,460,102)	(6,460,102)	-
Transfer to Debt Service	(11,220,224)	(10,320,224)	(10,354,644)	(34,420)
Transfer to Internal Service Funds	-	-	(620,605)	(620,605)
Transfer from Community Development	-	-	29,327	29,327
Transfer from General Purpose School Fund	-	-	9,761	9,761
Transfer from Water and Sewer Fund	800,000	800,000	800,000	-
Transfer from Public Building Authority	-	-	436,488	436,488
Proceeds from Sale of Real Estate and Equipment	175,000	1,178,000	1,120,964	(57,036)
Total Other Financing Sources (Uses)	(28,848,175)	(27,986,010)	(30,462,756)	(2,476,746)
Net Change in Fund Balance	-	(2,802,835)	(384,890)	2,417,945
Fund Balance, July 1, 2023	57,578,485	57,578,485	57,578,485	-
Prior Period Adjustment	-	-	(2,330,757)	(2,330,757)
Fund Balance, July 1, 2023 (Restated)	57,578,485	57,578,485	55,247,728	(2,330,757)
Fund Balance, June 30, 2024	\$ 57,578,485	54,775,650	54,862,838	87,188

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, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Taxes				
Local Sales Tax	\$ 21,545,087	19,545,087	20,452,380	907,293
Local Liquor Tax	3,500	3,500	4,518	1,018
County Property Tax	12,866,650	12,866,650	13,310,535	443,885
Interest and Penalty	155,500	155,500	66,945	(88,555)
Business Tax	443,000	443,000	552,958	109,958
In Lieu - Local Utilities	233,000	233,000	212,528	(20,472)
Total Taxes	35,246,737	33,246,737	34,599,864	1,353,127
Licenses and Permits				
Marriage Licenses	1,500	1,500	1,654	154
Intergovernmental Revenues				
State of Tennessee				
Tennessee Investment in Student Achievement	44,700,000	45,822,251	45,600,346	(221,905)
Career Ladder Program	89,279	89,279	76,376	(12,903)
Bank Excise Tax	80,000	80,000	105,197	25,197
Other State of Tennessee Funds	9,000	294,000	560,473	266,473
Total State of Tennessee	44,878,279	46,285,530	46,342,392	56,862
Federal				
ROTC Reimbursement	50,000	70,000	73,984	3,984
Total Intergovernmental Revenues	44,928,279	46,355,530	46,416,376	60,846
Charges for Services				
School Tuition	250,000	265,000	301,149	36,149
Educare Revenue	1,408,800	1,408,800	1,422,085	13,285
Total Charges for Services	1,658,800	1,673,800	1,723,234	49,434
Investment Earnings				
Investment Income (Loss)	-	-	96,005	96,005
Miscellaneous				
Refunds and Reimbursements	15,000	235,000	147,559	(87,441)
Other Local Revenue	52,000	72,000	217,127	145,127
Total Miscellaneous	67,000	307,000	364,686	57,686
Total Revenues	81,902,316	81,584,567	83,201,819	1,617,252

(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, 2024

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Expenditures				
Instruction				
Regular Education				
Capital Outlay	1,491,631	2,463,989	2,462,649	1,340
Other	133,448	243,448	407,593	(164,145)
Personnel Services	45,788,607	45,508,534	45,115,378	393,156
Purchased Services	635,082	740,582	736,842	3,740
Supplies	1,146,802	1,230,514	1,002,131	228,383
Total Regular Education	49,195,570	50,187,067	49,724,593	462,474
Special Education				
Capital Outlay	-	2,000	1,742	258
Other	-	100	111,275	(111,175)
Personnel Services	5,816,390	5,747,115	5,638,384	108,731
Purchased Services	-	38,000	37,392	608
Supplies	17,650	20,950	19,647	1,303
Total Special Education	5,834,040	5,808,165	5,808,440	(275)
Vocational Education				
Capital Outlay	4,389	1,389	-	1,389
Personnel Services	2,269,798	2,291,698	2,273,228	18,470
Purchased Services	1,617	1,617	1,617	-
Supplies	40,857	40,857	39,989	868
Total Vocational Education	2,316,661	2,335,561	2,314,834	20,727
Alternative Education				
Capital Outlay	12,848	19,948	19,850	98
Personnel Services	1,168,634	1,439,134	1,415,709	23,425
Purchased Services	5,908	5,908	5,908	-
Supplies	18,402	18,402	18,402	-
Total Alternative Education	1,205,792	1,483,392	1,459,869	23,523
Total Instruction	58,552,063	59,814,185	59,307,736	506,449
Support Services				
Health Services				
Capital Outlay	500	500	467	33
Other	101,800	1,894	12,692	(10,798)
Personnel Services	909,294	972,094	959,831	12,263
Purchased Services	8,320	6,120	6,061	59
Supplies	19,280	53,380	53,963	(583)
Total Health Services	1,039,194	1,033,988	1,033,014	974

(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, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (Continued)				
Support Services (Continued)				
Student Support				
Capital Outlay	2,500	1,000	-	1,000
Other	-	1,500	1,464	36
Purchased Services	143,000	170,000	139,728	30,272
Personnel Services	3,315,406	3,330,906	3,257,546	73,360
Supplies	-	4,000	3,765	235
Total Student Support	3,460,906	3,507,406	3,402,503	104,903
Regular Education				
Capital Outlay	214,352	228,652	211,536	17,116
Other	266,208	421,103	373,087	48,016
Personnel Services	4,083,260	4,651,560	4,560,846	90,714
Purchased Services	237,100	239,100	137,721	101,379
Supplies	103,572	122,275	101,370	20,905
Total Regular Education	4,904,492	5,662,690	5,384,560	278,130
Alternative Education				
Other	2,000	2,000	-	2,000
Personnel Services	53,057	58,657	57,269	1,388
Supplies	2,462	2,462	2,462	-
Total Alternative Education	57,519	63,119	59,731	3,388
Special Education				
Other	15,000	19,000	18,744	256
Personnel Services	651,255	764,255	749,226	15,029
Purchased Services	12,500	25,300	19,986	5,314
Supplies	5,000	5,100	4,672	428
Total Special Education	683,755	813,655	792,628	21,027
Vocational Education				
Personnel Services	214,597	214,747	213,245	1,502
Purchased Services	41,154	41,980	42,497	(517)
Supplies	110,154	128,974	119,307	9,667
Other	-	1,854	1,268	586
Total Vocational Education	365,905	387,555	376,317	11,238
Board of Education				
Fixed Charges	533,134	534,134	534,070	64
Other	657,500	658,500	588,442	70,058
Personnel Services	27,420	34,577	34,295	282
Purchased Services	54,000	72,300	60,866	11,434
Supplies	2,000	8,500	7,074	1,426
Total Board of Education	1,274,054	1,308,011	1,224,747	83,264

(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, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Expenditures (Continued)				
Support Services (Continued)				
Office of Director of Schools				
Capital Outlay	2,000	1,000	-	1,000
Other	25,000	7,600	5,614	1,986
Personnel Services	320,202	322,615	320,317	2,298
Purchased Services	127,657	113,257	94,427	18,830
Supplies	7,000	7,600	4,377	3,223
Total Office of Director of Schools	481,859	452,072	424,735	27,337
Office of Principal				
Capital Outlay	-	4,000	3,582	418
Other	134,996	66,996	2,819	64,177
Personnel Services	6,055,046	6,407,046	6,294,906	112,140
Purchased Services	123,781	112,281	110,802	1,479
Supplies	5,887	5,887	5,887	-
Total Office of Principal	6,319,710	6,596,210	6,417,996	178,214
Fiscal Services				
Capital Outlay	3,000	400	399	1
Other	5,350	7,650	7,462	188
Personnel Services	574,606	569,206	564,062	5,144
Purchased Services	51,500	53,800	52,880	920
Supplies	9,500	12,900	11,347	1,553
Total Fiscal Services	643,956	643,956	636,150	7,806
Operation of Plant				
Capital Outlay	5,000	10,000	9,592	408
Personnel Services	2,838,817	2,782,517	2,674,517	108,000
Purchased Services	2,605,000	2,581,200	2,535,571	45,629
Supplies	155,000	216,000	213,064	2,936
Total Operation of Plant	5,603,817	5,589,717	5,432,744	156,973
Maintenance of Plant				
Capital Outlay	40,000	22,000	21,699	301
Other	3,000	3,000	-	3,000
Personnel Services	1,814,115	1,652,215	1,620,091	32,124
Purchased Services	151,500	219,793	168,675	51,118
Supplies	260,000	343,923	343,084	839
Total Maintenance Of Plant	2,268,615	2,240,931	2,153,549	87,382
Preschool				
Capital Outlay	2,000	2,000	-	2,000
Other	3,800	4,000	2,257	1,743
Personnel Services	379,195	534,634	475,468	59,166
Purchased Services	950	1,850	1,848	2
Supplies	8,500	12,600	11,143	1,457
Total Preschool	394,445	555,084	490,716	64,368

(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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Expenditures (Continued)				
Support Services (Continued)				
Transportation				
Capital Outlay	260,000	140,540	80,550	59,990
Personnel	46,123	46,223	16,410	29,813
Purchased Services	2,924,423	2,925,423	15,642	2,909,781
Supplies	64,000	62,900	60,995	1,905
Total Transportation	3,294,546	3,175,086	173,597	3,001,489
Other Support				
Capital Outlay	3,000	500	-	500
Other	8,200	11,200	10,562	638
Personnel Services	98,177	107,997	106,209	1,788
Purchased Services	11,000	11,350	11,344	6
Supplies	5,700	3,100	1,778	1,322
Total Other Support	126,077	134,147	129,893	4,254
Community Services				
Capital Outlay	12,000	15,000	13,255	1,745
Other	36,800	20,550	16,314	4,236
Personnel Services	1,141,008	1,249,958	1,237,210	12,748
Purchased Services	11,950	20,450	13,430	7,020
Supplies	101,200	58,164	56,490	1,674
Total Community Services	1,302,958	1,364,122	1,336,699	27,423
Technology				
Capital Outlay	30,000	139,600	351,183	(211,583)
Other	3,000	3,000	81,005	(78,005)
Personnel Services	1,595,129	1,589,129	1,564,038	25,091
Purchased Services	251,400	244,900	303,642	(58,742)
Supplies	403,200	339,962	13,226	326,736
Total Technology	2,282,729	2,316,591	2,313,094	3,497
Other Capital Outlay				
Capital Outlay	781,500	4,001,555	2,434,491	1,567,064
Purchased Services	-	35,000	34,959	41
Other	70,000	-	-	-
Total Other Capital Outlay	851,500	4,036,555	2,469,450	1,567,105

(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, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Expenditures (Continued)				
Support Services (Continued)				
Human Resources				
Capital Outlay	1,250	2,350	2,253	97
Other	2,250	2,550	1,513	1,037
Personnel Services	247,983	244,558	237,219	7,339
Purchased Services	900	925	910	15
Supplies	1,000	3,000	2,151	849
Total Human Resources	253,383	253,383	244,046	9,337
Attendance				
Personnel Services	283,168	314,168	309,257	4,911
Purchased Services	48,500	131,672	131,155	517
Total Attendance	331,668	445,840	440,412	5,428
Total Support Services	35,941,088	40,580,118	34,936,581	5,643,537
Debt Service				
Principal Retirement	-	236,000	250,958	(14,958)
Interest and Fiscal Charges	-	8,400	11,323	(2,923)
Total Debt Service	-	244,400	262,281	(17,881)
Total Expenditures	94,493,151	100,638,703	94,506,598	6,132,105
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,590,835)	(19,054,136)	(11,304,779)	7,749,357
Other Financing Sources (Uses)				
Transfer from General Fund	14,536,159	14,536,159	11,626,736	(2,909,423)
Transfer from Federal and Special Project Funds	-	-	86,109	86,109
Transfer to Educational Facilities Debt Service	-	-	(1,984,104)	(1,984,104)
Transfer to General Fund	-	-	(9,761)	(9,761)
Transfer to School Federal and Special Project Funds	(62,739)	(362,739)	(31,640)	331,099
Transfer to Debt Service	(3,173,720)	(3,186,508)	(1,044,589)	2,141,919
Subscription Issuance	-	-	160,293	160,293
Sale of Real Estate and Other Equipment	-	-	430,325	430,325
Total Other Financing Sources (Uses)	11,299,700	10,986,912	9,233,369	(1,753,543)
Net Change in Fund Balance	(1,291,135)	(8,067,224)	(2,071,410)	5,995,814
Fund Balance, July 1, 2023	20,200,253	20,200,253	20,200,253	-
Fund Balance, June 30, 2024	\$ 18,909,118	12,133,029	18,128,843	5,995,814

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, 2024**

	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	\$ 5,953,803	5,474,231	11,392,220	22,820,254	6,039,596
Investments	744,378	-	-	744,378	-
Accounts Receivable (Net)	1,818,789	689,398	329,559	2,837,746	478,742
Due from Other Funds	-	-	-	-	109,073
Due from Federal Government	-	-	2,216,069	2,216,069	-
Due from State of Tennessee	-	-	1,258,706	1,258,706	-
Inventories	6,390,062	9,933	-	6,399,995	632,123
Total Current Assets	14,907,032	6,173,562	15,196,554	36,277,148	7,259,534
Noncurrent Assets					
Capital Assets					
Land	4,076,278	2,296,132	5,460,623	11,833,033	-
Buildings and Improvements	16,350,779	5,299,969	13,724,455	35,375,203	962,840
Plant in Service	321,483,384	-	-	321,483,384	-
Equipment and Vehicles	20,854,097	14,732,160	14,877,781	50,464,038	4,190,141
Less: Accumulated Depreciation	(150,665,900)	(11,556,444)	(13,343,166)	(175,565,510)	(2,290,339)
Construction In Progress	32,806,735	-	5,319,617	38,126,352	-
Net Capital Assets	244,905,373	10,771,817	26,039,310	281,716,500	2,862,642
Restricted Assets					
Investments	19,932,614	-	-	19,932,614	-
Total Restricted Assets	19,932,614	-	-	19,932,614	-
Other Assets					
Lease Receivable	760,698	-	-	760,698	-
Total Other Assets	760,698	-	-	760,698	-
Total Noncurrent Assets	265,598,685	10,771,817	26,039,310	302,409,812	2,862,642
Total Assets	280,505,717	16,945,379	41,235,864	338,686,960	10,122,176

(Continued)



**CITY OF JOHNSON CITY, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2024**

	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	441,695	92,908	202,017	736,620	161,198
Pension Changes in Experience	1,024,456	153,375	432,859	1,610,690	321,613
Pension Changes in Assumptions	-	3,569	397	3,966	5,254
Pension Changes in Investment Earnings (Net)	358,270	-	74,831	433,101	104,084
Deferred Bond Refunding Costs	579,240	-	-	579,240	-
Total Deferred Outflows of Resources	2,403,661	249,852	710,104	3,363,617	592,149
LIABILITIES					
Current Liabilities					
Accounts Payable	1,912,175	376,492	295,798	2,584,465	453,532
Accrued Payroll Expenses	466,109	99,642	172,914	738,665	101,817
Accrued Expenses	162,162	9,283	766	172,211	5,397,594
Accrued Interest Payable	504,685	15,800	78,073	598,558	19,064
Unearned Revenue	1,430	33,645	-	35,075	-
Matured Bonds and Interest Payable	33,253	-	-	33,253	-
Retainages Payable	352,853	-	68,635	421,488	-
Contractor Deposits	605,904	-	-	605,904	-
Customer Deposits	413,798	27,758	42,821	484,377	-
Leases Payable	-	-	-	-	-
Notes and Bonds Payable - Current Portion	4,891,496	100,000	465,000	5,456,496	266,569
Compensated Absences - Current Portion	79,893	16,803	26,993	123,689	20,319
Total Current Liabilities	9,423,758	679,423	1,151,000	11,254,181	6,258,895

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2024**

	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	862,881	181,012	290,498	1,334,391	226,738
Net Pension Liability	1,499,630	349,099	542,478	2,391,207	398,069
Notes and Bonds Payable (Net)	89,891,140	2,442,906	8,359,869	100,693,915	1,184,232
Total Noncurrent Liabilities	92,253,651	2,973,017	9,192,845	104,419,513	1,809,039
Total Liabilities	101,677,409	3,652,440	10,343,845	115,673,694	8,067,934
DEFERRED INFLOWS OF RESOURCES					
Lease Related	582,085	-	-	582,085	-
Pension Changes in Assumptions	179,836	-	108,951	288,787	71,478
Pension Changes in Investment Earnings (Net)	-	102,744	-	102,744	-
Deferred Gain on Bond Refunding	472,191	-	-	472,191	-
Total Deferred Inflows of Resources	1,234,112	102,744	108,951	1,445,807	71,478
NET POSITION					
Net Investment in Capital Assets	169,809,547	8,228,911	17,145,806	195,184,264	1,411,841
Unrestricted	10,188,310	5,211,136	14,347,366	29,746,812	1,163,072
Total Net Position	\$ 179,997,857	13,440,047	31,493,172	224,931,076	2,574,913

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, 2024**

	Business-Type Activities - Enterprise Funds				Governmental
	Water and Sewer	City Solid Waste	Nonmajor Proprietary Funds	Total	Activities- Internal Service Funds
Operating Revenues					
Charges for Services (Net)	\$ 41,661,754	13,801,595	8,078,329	63,541,678	24,876,432
Other Revenue	635,844	305,608	48,817	990,269	1,410,322
Total Operating Revenues	42,297,598	14,107,203	8,127,146	64,531,947	26,286,754
Operating Expenses					
Administration	1,067,905	659,141	710,031	2,437,077	-
Personnel Services	13,576,116	3,593,026	5,736,041	22,905,183	3,214,850
Contractual Services	1,571,012	4,977,347	1,268,930	7,817,289	18,010,513
Materials and Supplies	3,061,914	245,870	464,235	3,772,019	43,964
Repairs and Maintenance	2,404,343	3,557,007	1,850,547	7,811,897	5,997,451
Other Operating Expenses	5,566,844	304,936	123,977	5,995,757	224,117
Depreciation and Amortization	7,620,897	1,105,086	1,348,229	10,074,212	352,206
Total Operating Expenses	34,869,031	14,442,413	11,501,990	60,813,434	27,843,101
Operating Income (Loss)	7,428,567	(335,210)	(3,374,844)	3,718,513	(1,556,347)
Nonoperating Revenues (Expenses)					
Investment Income (Loss)	93,562	-	3,872	97,434	66,237
Operating Grants	-	-	2,981,948	2,981,948	-
Interest Expenses and Commissions	(3,144,493)	(78,144)	(262,271)	(3,484,908)	(46,988)
Amortization of Loss on Refunding	(36,203)	-	-	(36,203)	-
Amortization of Gain on Refunding	67,456	-	-	67,456	-
Gain (Loss) on Sale of Capital Assets	(6,164)	(6,727)	21,158	8,267	-
Total Nonoperating Revenues (Expenses)	(3,025,842)	(84,871)	2,744,707	(366,006)	19,249

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2024**

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer	City Solid Waste	Nonmajor Proprietary Funds	Total	
Income (Loss) Before Transfers and Capital Contributions	4,402,725	(420,081)	(630,137)	3,352,507	(1,537,098)
Transfers and Capital Contributions					
Transfers In	2,404,109	-	1,688,145	4,092,254	620,605
Transfers Out	(800,000)	-	(436,488)	(1,236,488)	(244,699)
Federal Capital Grant Revenue	8,472,335	-	401,091	8,873,426	-
State Capital Grant Revenue	-	-	161,031	161,031	-
Total Transfers and Capital Contributions	10,076,444	-	1,813,779	11,890,223	375,906
Change in Net Position	14,479,169	(420,081)	1,183,642	15,242,730	(1,161,192)
Net Position, July 1, 2023	165,518,688	13,860,128	30,309,530	209,688,346	3,736,105
Net Position, June 30, 2024	\$ 179,997,857	13,440,047	31,493,172	224,931,076	2,574,913

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, 2024**

	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	\$ 42,258,702	13,831,454	8,075,439	64,165,595	23,670
Receipts from Interfund Services Provided	710,821	312,063	-	1,022,884	26,166,012
Receipts (Payments) for Contractor Deposits	309,953	-	-	309,953	-
Payments to Employees	(12,941,953)	(3,238,767)	(5,284,258)	(21,464,978)	(2,858,124)
Payments to Suppliers	(16,463,313)	(6,710,129)	(2,450,835)	(25,624,277)	(23,860,675)
Payments for Interfund Services Used	(2,453,353)	(3,946,616)	(2,305,268)	(8,705,237)	(11,775)
Net Cash Provided by (Used for) Operating Activities	11,420,857	248,005	(1,964,922)	9,703,940	(540,892)
Cash Flows from Noncapital Financing Activities					
Transfers to Other Funds	(800,000)	-	(436,488)	(1,236,488)	(244,699)
Transfers from Other Funds	2,404,109	-	1,688,145	4,092,254	620,605
Operating Grants Received	-	-	2,771,026	2,771,026	-
Net Cash Provided by (Used for) Noncapital Financing Activities	1,604,109	-	4,022,683	5,626,792	375,906
Cash Flows from Capital and Related Financing Activities					
Purchase of Capital Assets	(14,790,812)	-	(1,782,576)	(16,573,388)	(792,160)
Proceeds from Bonds Issued	535,176	-	-	535,176	-
Payments of Construction Retainages	(1,617,357)	-	-	(1,617,357)	-
Capital Grants Received	8,472,335	-	342,044	8,814,379	-
Principal Paid on Capital Debt	(4,698,922)	(95,000)	(449,000)	(5,242,922)	(252,028)
Construction Retainage	-	-	38,119	38,119	-
Interest Paid on Capital Debt	(3,558,274)	(100,194)	(322,170)	(3,980,638)	(69,792)
Payments Received on Leased Assets	59,760	-	-	59,760	-
Proceeds from Sale of Capital Assets	-	17,725	21,158	38,883	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	(15,598,094)	(177,469)	(2,152,425)	(17,927,988)	(1,113,980)

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2024**

	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	93,566	-	3,872	97,438	66,237
Sale of Investments	338,160	-	4,520,390	4,858,550	-
Net Cash Provided by (Used for) Investing Activities	431,726	-	4,524,262	4,955,988	66,237
Net Increase (Decrease) in Cash and Cash Equivalents	(2,141,402)	70,536	4,429,598	2,358,732	(1,212,729)
Cash and Cash Equivalents, July 1, 2023	8,095,205	5,403,695	6,962,622	20,461,522	7,252,325
Cash and Cash Equivalents, June 30, 2024	\$ 5,953,803	5,474,231	11,392,220	22,820,254	6,039,596
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	\$ 7,428,567	(335,210)	(3,374,844)	3,718,513	(1,556,347)
Adjustments:					
Depreciation and Amortization	7,620,897	1,105,086	1,348,229	10,074,212	352,206
Change in Net Pension Liability (Asset)	897,403	277,763	293,731	1,468,897	255,229
Landfill Postclosure Cost	-	(37,380)	-	(37,380)	-
Changes in the Allowance for Uncollectible Receivables	385,937	-	36,470	422,407	-
(Increase) Decrease in Deferred Pension Outflows	1,686,715	254,677	809,720	2,751,112	534,064
Increase (Decrease) in Deferred Pension Inflows	(2,023,419)	(226,944)	(649,273)	(2,899,636)	(453,889)
Increase (Decrease) in Deferred Lease Inflows	582,085	-	(11,171)	570,914	-
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(298,777)	37,413	(79,852)	(341,216)	121,928
(Increase) Decrease in Inventories	(2,405,086)	-	-	(2,405,086)	8,080
(Increase) Decrease in Due from Other Funds	-	-	-	-	(96,617)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(2,846,576)	(874,681)	(338,365)	(4,059,622)	273,132

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2024**

	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	54,852	19,671	16,578	91,101	14,636
Increase (Decrease) in Compensated Absences	18,612	29,092	(18,973)	28,731	6,686
Increase (Decrease) in Contractor Deposits	309,953	-	2,846	312,799	-
Increase (Decrease) in Customer Deposits	2,680	(139)	-	2,541	-
Increase (Decrease) in Other Payables	7,014	(383)	(18)	6,613	-
Increase (Decrease) in Unearned Revenue	-	(960)	-	(960)	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 11,420,857</u>	<u>248,005</u>	<u>(1,964,922)</u>	<u>9,703,940</u>	<u>(540,892)</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 \$67,456 as shown on the Statement of Revenues, Expenses, and Changes in Net Position.
- Amortization of Bond Premium totaling \$376,095 included in interest expense on the Statement of Revenues, Expenses, and Changes in Net Position.

**City Solid Waste:**

- Amortization of Bond Premium totaling \$21,278 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 \$18,604 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, 2024**

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ASSETS	
Cash and Cash Equivalents	\$ 143,705
Receivables	27,362
Due from Member Districts	<u>14,135</u>
Total Assets	<u>185,202</u>
LIABILITIES	
Due to Cooperative	<u>28,281</u>
TOTAL LIABILITIES	<u>28,281</u>
NET POSITION	
Unrestricted	<u>156,921</u>
TOTAL NET POSITION	<u><u>\$ 156,921</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, 2024**

ADDITIONS	
Processing Payments and Rebates	\$ 3,234,029
Interest Income	5,715
Other Local Revenues	900
Total Additions	<u>3,240,644</u>
DEDUCTIONS	
Personnel Services	93,323
Contractual Services	3,055,274
Materials and Supplies	17,012
Other Operating Expenses	66,345
Total Deductions	<u>3,231,954</u>
NET INCREASE IN FIDUCIARY NET POSITION	8,690
NET POSITION, BEGINNING	<u>148,231</u>
NET POSITION, ENDING	<u>\$ 156,921</u>

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, 2024**

	Johnson City Public Library	Johnson City Development Authority	Industrial Development Board	Johnson City Energy Authority	Total Component Units
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 897,381	2,922,648	2,984	27,822,399	31,645,412
Restricted Cash and Cash Equivalents	-	222,876	-	24,268,896	24,491,772
Restricted Investments	-	-	-	2,721,971	2,721,971
Accounts Receivable (Net)	435	30,061	-	24,095,818	24,126,314
Intergovernmental Receivables	-	489,791	-	-	489,791
Inventory	-	-	-	14,823,392	14,823,392
Prepaid Expenses	8,931	18,788	-	1,047,017	1,074,736
Deposits	-	600	-	-	600
Notes Receivable	-	-	-	1,789,964	1,789,964
Lease Receivable	-	513,128	-	568,648	1,081,776
Other Current Assets	-	-	-	17,915	17,915
Capital Assets:					
Land	-	498,655	-	6,155,234	6,653,889
Book Collection	1,138,049	-	-	-	1,138,049
Buildings and Improvements	566,669	7,030,346	-	-	7,597,015
Plant In Service	-	-	-	388,141,401	388,141,401
Equipment and Furniture	942,442	34,952	-	-	977,394
Construction In Progress	9,900	-	-	22,062,005	22,071,905
Intangible Right-to-Use Software Arrangements	62,976	-	-	335,777	398,753
Less: Accumulated Depreciation and Amortization	(1,111,494)	(977,054)	-	(130,237,703)	(132,326,251)
<b>Total Assets</b>	<b>2,515,289</b>	<b>10,784,791</b>	<b>2,984</b>	<b>383,612,734</b>	<b>396,915,798</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension Related	-	-	-	11,899,050	11,899,050
OPEB Related	-	-	-	2,727,383	2,727,383
SBITA Interest	-	-	-	18,574	18,574
Deferred Loss on Bond Refunding	-	-	-	576,430	576,430
TIF Funds	-	1,005,629	-	-	1,005,629
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>1,005,629</b>	<b>-</b>	<b>15,221,437</b>	<b>16,227,066</b>
<b>LIABILITIES</b>					
Accounts Payable	21,737	48,751	-	35,931,311	36,001,799
Deposits Payable	-	33,999	-	5,163,857	5,197,856
Accrued Payroll Expenses	59,229	-	-	945,630	1,004,859
Accrued Interest Payable	-	43,956	-	253,108	297,064
Due to Other Funds	-	-	-	530	530
Other Accrued Expenses	-	72,808	-	290,548	363,356
Unearned Revenue	-	12,490	-	-	12,490
Noncurrent Liabilities:					
Net Pension Liability	-	-	-	4,344,891	4,344,891
OPEB Liability	-	-	-	10,901,203	10,901,203
Due within one year	15,817	4,164,661	-	3,805,530	7,986,008
Due in more than one year	66,714	2,502,143	-	48,923,964	51,492,821
<b>Total Liabilities</b>	<b>163,497</b>	<b>6,878,808</b>	<b>-</b>	<b>110,560,572</b>	<b>117,602,877</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension Related	-	-	-	3,211,600	3,211,600
OPEB Related	-	-	-	796,638	796,638
Lease Related	-	518,111	-	568,648	1,086,759
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>518,111</b>	<b>-</b>	<b>4,576,886</b>	<b>5,094,997</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	1,575,849	1,862,373	-	240,169,116	243,607,338
Restricted for Imagination Library	51,544	-	-	-	51,544
Restricted by Enabling Legislation	-	1,376,386	-	221,971	1,598,357
Unrestricted	724,399	1,154,742	2,984	43,305,626	45,187,751
<b>Total Net Position</b>	<b>\$ 2,351,792</b>	<b>4,393,501</b>	<b>2,984</b>	<b>283,696,713</b>	<b>290,444,990</b>

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, 2024**

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION				Total
	Expenses	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	\$ 2,418,291	48,793	2,475,848	12,150	118,500	-	-	-	118,500
Imagination Library	69,215	-	71,322	-	2,107	-	-	-	2,107
Total Johnson City Public Library	2,487,506	48,793	2,547,170	12,150	120,607	-	-	-	120,607
Johnson City Development Authority:									
General Government	354,570	78,964	338,870	-	-	63,264	-	-	63,264
Tax Increment Financing	368,021	-	1,079,387	-	-	711,366	-	-	711,366
Interest on Long-Term Debt	112,667	-	112,667	-	-	-	-	-	-
Interest on Lease Obligations	2,097	-	2,097	-	-	-	-	-	-
John Sevier Center - BTA	1,658,541	1,983,642	-	120,000	-	445,101	-	-	445,101
Total Johnson City Development Authority	2,495,896	2,062,606	1,533,021	120,000	-	1,219,731	-	-	1,219,731
Industrial Development Board:									
General Government	1,598,635	-	1,562,771	-	-	-	(35,864)	-	(35,864)
Total Industrial Development Board	1,598,635	-	1,562,771	-	-	-	(35,864)	-	(35,864)
Johnson City Energy Authority:									
Electricity and Broadband	221,037,218	227,099,231	-	22,226	-	-	-	6,084,239	6,084,239
Interest on Long-Term Debt	1,636,823	-	-	-	-	-	-	(1,636,823)	(1,636,823)
Total Johnson City Energy Authority	222,674,041	227,099,231	-	22,226	-	-	-	4,447,416	4,447,416
Total Component Units	\$ 229,256,078	229,210,630	5,642,962	154,376	120,607	1,219,731	(35,864)	4,447,416	5,751,890
General Revenues:									
Unrestricted Investment Earnings					\$ 34,371	111,584	-	1,884,661	2,030,616
Other General Revenue					11,791	-	-	5,491,196	5,502,987
E-Rate Reimbursement					5,218	-	-	-	5,218
Miscellaneous Revenue					-	-	-	297,405	297,405
Total General Revenues					51,380	111,584	-	7,673,262	7,836,226
Change in Net Position					171,987	1,331,315	(35,864)	12,120,678	13,588,116
Net Position, July 1, 2023					2,179,805	3,062,186	38,848	271,501,911	276,782,750
Prior Period Adjustment					-	-	-	74,124	74,124
Net Position, July 1, 2023 (Restated)					2,179,805	3,062,186	38,848	271,576,035	276,856,874
Net Position, June 30, 2024	\$	2,351,792	4,393,501	2,984	283,696,713	290,444,990			

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, 2024**

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**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, 2024**

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**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, 2024**

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**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, 2024**

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**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.

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, 2024**

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**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 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, 2024**

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**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, 2024**

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**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, 2024**

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**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, 2024.

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, 2024**

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**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, 2024**

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**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, 2024**

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**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, 2024**

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**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, 2024**

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**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 2024, 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, 2023 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, 2023 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, 2023 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, 2024**

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**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, 2024**

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**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, 2024**

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**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, 2023 financial statements in order for them to conform to the June 30, 2024 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.

**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.



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Revenues and Expenditures / Expenses (Continued)**

**2. Property Taxes**

Property taxes are levied on September 1<sup>st</sup> on property values assessed as of January 1<sup>st</sup>. After December 31<sup>st</sup>, the tax bill becomes delinquent and penalty and interest are assessed. Property taxes are declared to be a lien on the property after January 10<sup>th</sup> 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, 2024**

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**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, 2024**

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**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 \$317,971,291 difference are as follows:

Governmental Capital Assets	\$ 662,627,069
Less: Accumulated Depreciation	(341,793,136)
Less: Internal Service Funds Capital Assets	<u>(2,862,642)</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>\$ 317,971,291</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 \$(138,150,239) difference are as follows:

Bonds and Notes Payable (net of Unamortized Premiums and Discounts)	\$ (136,296,072)
Leases Payable	(162,880)
Subscription Liabilities	(3,913,157)
Less: Deferred Charge on Refunding	771,069
Less: Internal Service Funds Bonds and Notes Payable including Premiums	<u>1,450,801</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>\$ (138,150,239)</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 \$30,391,480 difference are as follows:

Net Pension Asset	\$ 12,804,552
Deferred Outflows Related to Pensions	24,014,749
Deferred Inflows Related to Pensions	(2,031,542)
Net Pension Liability	(5,563,991)
Less: Internal Service Funds Portion	<u>(122,602)</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>\$ 29,101,166</u></u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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**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 \$(38,075,601) difference are as follows:

OPEB Liability	\$ (31,063,709)
Deferred Outflows Related to OPEB	4,100,630
Deferred Inflows Related to OPEB	<u>(11,112,522)</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>\$ (38,075,601)</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 \$352,206 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 \$16,260,427 difference as follows:

Capital Outlay	\$ 36,996,912
Less: Items not Capitalized	(3,145,902)
Depreciation and Amortization Expense	<u>(17,590,583)</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>\$ 16,260,427</u></u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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**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 149,355 difference are as follows:

Deferred Property Taxes as of June 30, 2024	\$ 701,402
Deferred Property Taxes as of June 30, 2023	<u>(552,047)</u>
Net adjustment to decrease <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>\$ 149,355</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 \$12,760,246 difference, which does not include the internal service funds, are as follows:

Principal Repayments on Bonds and Notes	\$ 10,875,661
Principal Repayments on Leases	50,757
Principal Repayments on Subscription Agreements	950,887
Proceeds from Issuance of Subscription Agreements	(234,693)
Less: Internal Service Fund Portion	(252,028)
Amortization of Premium and Deferred Refunding	<u>1,117,634</u>
Net adjustment to increase <i>net change in fund balances of</i> <i>governmental funds</i> to arrive at <i>change in net position</i> <i>of governmental activities</i>	<u><u>\$ 12,508,218</u></u>



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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**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 \$(2,793,353) difference are as follows:

Change in Net Pension Asset	\$ 471,403
Change in Deferred Outflows of Resources Related to Pensions	(15,708,306)
Change in Net Pension Liability	(3,411,549)
Change in Deferred Inflows of Resources Related to Pensions	<u>14,564,785</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>\$ (4,083,667)</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 \$18,698 of cash on hand, which has been included in cash and cash equivalents. The City's carrying amount of deposits, including restricted cash, was \$64,818,081 and the bank balance was \$68,252,366. Of the City's bank balance, \$68,170,747 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 \$81,619 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, 2024**

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**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 48 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, 2024**

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

**B. Investments (Continued)**

At June 30, 2024, the City's investments were as follows:

Investment Type	Fair Value or Amortized Cost	Weighted Average Maturity (Years)
Government-Sponsored Enterprise Securities	\$ 6,796,754	0.03
Treasury Securities	40,120,872	0.04
Certificates of Deposit - Investments	4,436,000	N/A
State Treasurer's Investment Pool - Amortized Cost	744,916	N/A
Cash with Investment Firm	204,052	N/A
Fixed Rate Agency Securities	43,433,456	N/A
Total Fair Value or Amortized Cost	<u>\$ 95,736,050</u>	
Portfolio Weighted Average Maturity		0.01

Classified as:

Investments	\$ 48,614,372
Restricted Investments	48,321,768
Less: TCRS Stabilization	(1,200,090)
Total Investments Herein	<u>\$ 95,736,050</u>

As of June 30, 2024 the City does have a concentration of credit risk relating to three investments that exceed 5% of the portfolio. The fixed rate agency securities with Fannie Mae, Federal Farm Credit Bank, and Federal Home Loan Bank are approximately 5.23%, 14.33% and 29.81%, respectively, of the City's investment portfolio. An additional 45.72% of the City's investment portfolio is in United States Treasury securities.

As of June 30, 2024, the City's investment ratings were as follows:

Rating	Rating Agency	Fair Value	Percentage of Total Investments
Aaa	Moody's	28,056,280	29.31%
unrated		67,679,770	70.69%
		<u>\$ 95,736,050</u>	<u>100.00%</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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

**B. Investments (Continued)**

Investments at fair value level at June 30, 2024 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)
Government-Sponsored Enterprise Securities	\$ 6,796,754	-	6,796,754	-
Treasury Securities	40,120,872	40,120,872	-	-
Certificates of Deposit - Investments	4,436,000	-	4,436,000	-
Cash with Investment Firm	204,052	204,052	-	-
Fixed Rate Agency Securities	43,433,456	-	43,433,456	-
	<u>\$ 94,991,134</u>	<u>40,324,924</u>	<u>54,666,210</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, 2024**

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**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, 2024, 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, 2024**

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**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, 2024**

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

**B. Investments (Continued)**

**Restricted Investments - TCRS Stabilization Trust (Continued)**

At June 30, 2024, 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	\$ 372,027
Developed Market International Equity	N/A	N/A	168,013
Emerging Market International Equity	N/A	N/A	48,004
U.S. Fixed Income	N/A	N/A	240,018
Real Estate	N/A	N/A	120,009
Short-term Securities	N/A	N/A	12,001
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	240,018
Total			<u>\$ 1,200,090</u>

Investment Type	Fair Value	Fair Value Measurement Using:			Amortized Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. Equity	\$ 372,027	372,027	-	-	-
Developed Market International Equity	168,013	168,013	-	-	-
Emerging Market International Equity	48,004	48,004	-	-	-
U.S. Fixed Income	240,018	-	240,018	-	-
Real Estate	120,009	-	-	120,009	-
Short-term Securities	12,001	-	12,001	-	-
Investments at Amortized Cost using the NAV:					
Private Equity and Strategic Lending	240,018	-	-	-	240,018
Total	<u>\$ 1,200,090</u>	<u>588,044</u>	<u>252,019</u>	<u>120,009</u>	<u>240,018</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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**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%	\$ 372,027
International Equity Emerging Market	14%	\$ 168,013
International Equity Private Equity and Strategic Lending	4%	\$ 48,004
U.S. Fixed Income	20%	\$ 240,018
Real Estate	20%	\$ 240,018
Short-term Securities	10%	\$ 120,009
	1%	<u>\$ 12,001</u>
Total	100%	<u><u>\$ 1,200,090</u></u>



**CITY OF JOHNSON CITY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2024**

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**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 legal provisions, investment policies, investment types, and credit risks of the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at:

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

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

**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	\$ 45,265,450	-	-	-	-	45,265,450
Accounts	1,623,562	92,011	-	453,028	292,022	2,460,623
Leases	692,548	-	-	-	-	692,548
Intergovernmental	7,598,203	26,080,191	571,354	458,085	2,200,841	36,908,674
Gross Receivables	55,179,763	26,172,202	571,354	911,113	2,492,863	85,327,295
Less: Allowances for Uncollectibles	(761,094)	-	-	-	-	(761,094)
Net Total Receivables	<u>\$ 54,418,669</u>	<u>26,172,202</u>	<u>571,354</u>	<u>911,113</u>	<u>2,492,863</u>	<u>84,566,201</u>

	Water and Sewer	City Solid Waste	Nonmajor Proprietary Funds	Total Enterprise Funds
Receivables				
Accounts	\$ 4,166,201	1,391,568	612,093	6,169,862
Leases	760,698	-	-	760,698
Intergovernmental	-	-	3,474,775	3,474,775
Gross Receivables	4,926,899	1,391,568	4,086,868	10,405,335
Less: Allowance for Uncollectibles	(2,347,412)	(702,170)	(282,534)	(3,332,116)
Net Total Receivables	<u>\$ 2,579,487</u>	<u>689,398</u>	<u>3,804,334</u>	<u>7,073,219</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

**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	\$ 45,265,450	-	-	45,265,450
Accounts	2,460,623	6,169,862	478,228	9,108,713
Leases	692,548	760,698	-	1,453,246
Intergovernmental	36,908,674	3,474,775	-	40,383,449
Gross Receivables	85,327,295	10,405,335	478,228	96,210,858
Less: Allowances for				
Uncollectibles	(761,094)	(3,332,116)	-	(4,093,210)
Net Total Receivables	<u>\$ 84,566,201</u>	<u>7,073,219</u>	<u>478,228</u>	<u>92,117,648</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 2024 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 24 years and receives payments as specified in the individual lease agreements. The City recognized \$142,527 in lease revenue and \$80,767 in interest revenue during the current fiscal year related to these leases. As of June 30, 2024, the City's total receivable for lease payments was \$1,453,246. 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, 2024, the balance of the deferred inflow of resources was \$1,246,350.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2024 was as follows:

	Primary Government			
	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	30,053,140	957,282	(199,292)	31,716,471
Artwork	323,150	-	-	323,150
Construction in Progress	52,410,373	27,442,224	(14,638,578)	65,309,303
<b>Total Capital Assets, Not Being Depreciated</b>	<b>82,786,663</b>	<b>28,399,506</b>	<b>(14,837,870)</b>	<b>97,348,924</b>
Capital Assets, Being Depreciated:				
Buildings and Improvements	293,057,804	14,552,853	-	306,710,301
Right-to-Use Leased Assets - Buildings	266,996	-	-	266,996
Intangible Right-to-Use Software Agreements	8,895,774	234,693	-	9,277,089
Equipment and Vehicles	58,235,091	5,149,376	(3,386,466)	60,011,286
Intellectual Property	5,500	-	-	5,500
Infrastructure	188,365,564	641,409	-	189,006,973
<b>Total Capital Assets, Being Depreciated</b>	<b>548,826,729</b>	<b>20,578,331</b>	<b>(3,386,466)</b>	<b>565,278,145</b>
Accumulated Depreciation:				
Buildings and Improvements	(167,660,138)	(8,959,738)	-	(176,619,876)
Right-to-Use Leased Assets - Buildings	(105,579)	(53,399)	-	(116,031)
Intangible Right-to-Use Software Agreements	(1,115,963)	(1,476,288)	-	(2,592,251)
Equipment and Vehicles	(41,096,636)	(3,102,146)	3,290,530	(40,921,597)
Intellectual Property	(1,039)	(122)	-	(1,161)
Infrastructure	(117,543,330)	(3,998,890)	-	(121,542,220)
<b>Total Accumulated Depreciation</b>	<b>(327,522,685)</b>	<b>(17,590,583)</b>	<b>3,290,530</b>	<b>(341,793,136)</b>
<b>Net Capital Assets, Being Depreciated</b>	<b>221,304,044</b>	<b>2,987,748</b>	<b>(95,936)</b>	<b>223,485,009</b>
<b>Net Governmental Activities Capital Assets</b>	<b>304,090,707</b>	<b>31,387,254</b>	<b>(14,933,806)</b>	<b>320,833,933</b>



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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**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	\$	1,257,784
Education		6,867,751
Parks, Recreation, Culture and Leisure		2,313,094
Public Works		5,853,654
Public Safety		698,126
City Services		247,968
Internal Service Funds		352,206
	\$	<u>17,590,583</u>

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 existing arrangements based on the United States Treasury yield in effect on July 1, 2022, the date of the standard implementation. Agreements entered into after implementation have been imputed using the United States Treasury yield as of date of initiation. The United States Treasury yield rate ranged from 4.50% to 4.65% as of June 30, 2024 and 3.85% to 4.55% as of June 30, 2023. Imputed rates were 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, 2024**

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

**D. Capital Assets (Continued)**

	Primary Government			
	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 11,663,508	169,525	-	11,833,033
Construction in Progress	75,212,231	11,188,848	(48,004,988)	38,126,352
Total Capital Assets, Not Being Depreciated	86,875,739	11,358,373	(48,004,988)	49,959,385
Capital Assets, Being Depreciated:				
Buildings and Improvements	20,418,466	14,956,737	-	35,375,203
Right-to-Use Leased Assets - Buildings and Improvements	-	-	-	-
Plant in Service	286,008,400	35,474,984	-	321,483,384
Equipment and Vehicles	48,293,726	3,061,423	(870,302)	50,464,038
Total Capital Assets, Being Depreciated	354,720,592	53,493,144	(870,302)	407,322,625
Accumulated Depreciation:				
Buildings and Improvements	(5,960,212)	(835,821)	-	(6,796,033)
Plant in Service	(128,757,751)	(6,183,806)	-	(134,941,447)
Equipment and Vehicles	(31,630,427)	(3,054,474)	601,972	(33,828,030)
Total Accumulated Depreciation	(166,348,390)	(10,074,101)	601,972	(175,565,510)
Net Capital Assets, Being Depreciated	188,372,202	43,419,043	(268,330)	231,757,115
Net Business-Type Activities Capital Assets	\$275,247,941	54,777,416	(48,273,318)	281,716,500

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

Water and Sewer	\$ 7,620,786
City Solid Waste	1,105,086
Regional Solid Waste	396,474
Mass Transit	595,487
Stormwater Management	356,268
	<u>\$ 10,074,101</u>



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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**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, 2024**

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**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, 2023, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	1028
Inactive Employees Entitled to but not yet Receiving Benefits	703
Active Employees	<u>391</u>
	<u><u>2,122</u></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, 2024, the employer contributions for the City were \$4,531,272 based on a rate of 18.75 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)**

***Pension Liabilities (Assets)***

The City's net pension liability (asset) was measured as of June 30, 2023, 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, 2024**

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**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, 2023 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, 2023 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, 2024**

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**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 (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, 2024**

**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 (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balance at June 30, 2022</b>	<u>\$ 277,829,070</u>	<u>275,009,547</u>	<u>2,819,523</u>
<b>Changes for the Fiscal Year:</b>			
Service Cost	2,241,466	-	2,241,466
Interest	18,416,789	-	18,416,789
Differences between Expected and Actual Experience	7,772,217	-	7,772,217
Changes in Assumptions	-	-	-
Contributions - Employer	-	5,211,723	(5,211,723)
Contributions - Employees	-	253	(253)
Net Investment Income	-	18,172,015	(18,172,015)
Benefit Payments, Including Refunds of Employee Contributions	(14,458,426)	(14,458,426)	-
Administrative Expense	-	(89,194)	89,194
Other Changes	-	-	-
<b>Net Changes</b>	<u>13,972,046</u>	<u>8,836,371</u>	<u>5,135,675</u>
<b>Balance at June 30, 2023</b>	<u>\$ 291,801,116</u>	<u>283,845,918</u>	<u>7,955,198</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>\$ 43,155,785</u>	<u>7,955,198</u>	<u>(21,618,990)</u>



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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

**E. Pension Plans (Continued)**

**City of Johnson City (Continued)**

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

***Pension Expense (Negative Pension Expense)***

For the fiscal year ended June 30, 2024, the City recognized pension expense (negative pension expense) of \$10,675,520.

***Deferred Outflows of Resources and Deferred Inflows of Resources***

For the fiscal year ended June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 7,432,330	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,972,260	-
Changes in Assumptions	-	-
Contributions Subsequent to the Measurement Date of June 30, 2023	4,531,272	(not applicable)
Total	<u>\$ 13,935,862</u>	<u>-</u>

The amount shown above for "Contributions Subsequent to the Measurement Date of June 30, 2023" 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, 2024**

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

**E. Pension Plans (Continued)**

**City of Johnson City (Continued)**

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

***Deferred Outflows of Resources and Deferred Inflows of Resources (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:**

2025	\$ 3,276,401
2026	(37,254)
2027	6,150,234
2028	15,209

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, 2024, the City reported a payable of \$370,887 for the outstanding amount of contributions to the pension plan required at the fiscal year ended June 30, 2024.

**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.

**CITY OF JOHNSON CITY, TENNESSEE**  
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**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)**

***Plan Description (Continued)***

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 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, 2024 to the Teacher Legacy Pension Plan were \$2,407,768, which is 6.81 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.

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**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 Legacy Pension Plan**

***Pension Liabilities (Assets)***

At June 30, 2024, the Johnson City Schools reported a liability (asset) of (\$12,534,926) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023, 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, 2023, Johnson City Schools' proportion was 1.063206 percent. The proportion measured as of June 30, 2022 was 0.991035 percent.

***Pension Expense (Negative Pension Expense)***

For the fiscal year ended June 30, 2024, Johnson City Schools recognized pension expense (negative pension expense) of \$2,724,581.

***Deferred Outflows of Resources and Deferred Inflows of Resources***

For the fiscal year ended June 30, 2024, Johnson City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 2,986,458	581,704
Changes in Assumptions	4,084,221	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,174,874	-
Changes in Proportion of Net Pension Liability (Asset)	-	1,187,387
Contributions Subsequent to the Measurement Date of June 30, 2023	2,407,768	(not applicable)
Total	<u>\$ 11,653,321</u>	<u>1,769,091</u>



**CITY OF JOHNSON CITY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
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**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 Legacy Pension Plan (Continued)**

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

Johnson City Schools' employer contributions of \$2,407,768, 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, 2025. 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:**

2025	\$ 2,530,776
2026	(2,126,626)
2027	7,055,275
2028	17,037

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, 2023 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.

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**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 Legacy Pension Plan (Continued)**

***Actuarial Assumptions (Continued)***

The actuarial assumptions used in the June 30, 2023 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**  
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**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 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:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b><u>(5.75%)</u></b>	<b><u>Discount Rate</u></b>	<b><u>(7.75%)</u></b>
		<b><u>(6.75%)</u></b>	
Johnson City Schools'			
Proportionate Share of the Net			
Pension Liability (Asset)	<u>\$ 27,301,941</u>	<u>(12,534,926)</u>	<u>(45,667,966)</u>

***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, 2024, Johnson City Schools reported a payable of \$199,527 for the outstanding amount of contributions to the pension plan required at the fiscal year ended June 30, 2024.



**CITY OF JOHNSON CITY, TENNESSEE**  
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**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**  
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**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, 2024 to the Teacher Retirement Plan were \$452,457, which is 2.95 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, 2024, Johnson City Schools reported a liability (asset) of (\$269,626) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023, 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, 2023, Johnson City Schools' proportion was 0.635859 percent. The proportion measured as of June 30, 2022 was 0.591041 percent.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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)**

***Pension Expense (Negative Pension Expense)***

For the fiscal year ended June 30, 2024, Johnson City Schools recognized pension expense (negative pension expense) of \$340,723.

***Deferred Outflows of Resources and Deferred Inflows of Resources***

For the fiscal year ended June 30, 2024, Johnson City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 9,082	157,374
Net Difference between Projected and Actual Earnings on Pension Plan Investments	68,551	-
Changes in Assumptions	202,851	-
Changes in Proportion of Net Pension Liability (Asset)	13,992	33,599
Contributions Subsequent to the Measurement Date of June 30, 2023	452,457	(not applicable)
Total	<u>\$ 746,933</u>	<u>190,973</u>

Johnson City Schools' employer contributions of \$452,457, 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, 2025.



**CITY OF JOHNSON CITY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
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**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:

<b>Fiscal Year Ended June 30:</b>	
2025	\$ (1,767)
2026	(11,744)
2027	94,006
2028	4,349
2029	4,767
Thereafter	13,892

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, 2023 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**  
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**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, 2023 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:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Target Allocation</b>
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, 2024**

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**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***

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:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b><u>(5.75%)</u></b>	<b><u>Discount Rate</u></b>	<b><u>(7.75%)</u></b>
	<b><u>(6.75%)</u></b>	<b><u>(6.75%)</u></b>	<b><u>(7.75%)</u></b>
Johnson City Schools'			
Proportionate Share of the Net			
Pension Liability (Asset)	\$ 1,240,266	(269,626)	(1,356,624)

***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, 2024, Johnson City Schools reported a payable of \$37,434 for the outstanding amount of contributions to the pension plan required at the fiscal year ended June 30, 2024.



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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, 2024, is as follows:

	Net Pension Liability (Asset)		
	City TCRS Plan	School's TCRS Teacher Legacy Plan	School's TCRS Hybrid Teacher Retirement Plan
Governmental Activities			Total Net Pension Liability (Asset)
Governmental Activities	\$ 5,563,991	-	5,563,991
Governmental Activities - School Plans	-	(12,534,926)	(12,804,552)
Total Governmental Activities	5,563,991	(12,534,926)	(7,240,561)
Business-Type Activities			
Water and Sewer Fund	1,499,630	-	1,499,630
City Solid Waste	349,099	-	349,099
Non-Major Proprietary	542,478	-	542,478
Total Business-Type Activities	2,391,207	-	2,391,207
Total Net Pension Liability (Asset)	\$ 7,955,198	(12,534,926)	(4,849,354)

The summary of Pension Expense (Negative Pension Expense) as of June 30, 2024, 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)	\$ 10,675,520	2,724,581	340,723	13,740,824

The summary of Pension Deferred Outflows and Deferred Inflows as of June 30, 2024, 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	\$ 7,432,330	2,986,458	9,082	10,427,870
Changes in Assumptions	-	4,084,221	202,851	4,287,072
Changes in Proportion of Net Pension Liability (Asset)	-	-	13,992	13,992
Contributions Subsequent to Measurement Date	4,531,272	2,407,768	452,457	7,391,497
Differences Between Projected and Actual Earnings on Pension Plan Investments	1,972,260	2,174,875	68,551	4,215,686
Total Deferred Outflows Related to Pensions	\$ 13,935,862	11,653,322	746,933	26,336,117
Deferred Inflows Related to Pensions				
Differences Between Expected and Actual Experience	\$ -	581,704	157,374	739,078
Changes in Proportion of Net Pension Liability (Asset)	-	1,187,387	33,599	1,220,986
Total Deferred Inflows Related to Pensions	\$ -	1,769,091	190,973	1,960,064

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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**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 \$591,816 for the fiscal year ended June 30, 2024.

**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 \$152,621 and \$186,989, respectively, for the fiscal year ended June 30, 2024. 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. The City opted to terminate this plan during the year with all accounts being transferred to either the 403(b) or 401(k) plans administered by OMNI Group or Empower Retirement, with the majority going to the 401(k) with Empower Retirement.

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 \$281,622 for the fiscal year ended June 30, 2024. 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, 2024. 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, 2024**

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

**G. Defined Contribution Plans (Continued)**

During the year ended June 30, 2024, the City closed its 401(a) plan administered by the Trust Company of Knoxville with the vast majority of those accounts being transferred to 401(k) plans administered by Empower Retirement. Johnson City Schools had already been offering the 401(k) plan to its employees prior to the closure of the 401(a) plan. 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 for certain school employees. Employee and employer contributions totaled \$1,901,232 and \$3,483,270, respectively, for the fiscal year ended June 30, 2024.

**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, 2024, contributions received from active employees were \$2,266,508 and contributions received from retirees were \$360,227.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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, 2024, the following were covered by the benefit terms:

Inactives Receiving Benefits	96
Inactives Not Receiving Benefits	0
Actives	863
Total	<u>959</u>

***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% - 5.50%

**CITY OF JOHNSON CITY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2024**

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**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: 3.86 percent as of June 30, 2023 and 3.97 percent as of June 30, 2024, 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>
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, 2024**

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**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, 2024.

***Changes in the OPEB Liability***

	<u>Increase (Decrease) Total OPEB Liability</u>
<b>Balance at June 30, 2023</b>	<u>\$ 16,465,011</u>
<b>Changes for the Fiscal Year:</b>	
Service Cost	483,092
Interest	624,368
Differences between Expected and Actual Experience	(13,862)
Changes in Assumptions	(98,840)
Benefit Payments	(1,545,499)
Net Changes	<u>(550,741)</u>
<b>Balance at June 30, 2024</b>	<u><u>\$ 15,914,270</u></u>

***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 3.97 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.97 percent) or 1-percentage-point higher (4.97 percent) than the current rate:

	<u>1% Increase (4.97%)</u>	<u>Current Discount Rate (3.97%)</u>	<u>1% Decrease (2.97%)</u>
OPEB Liability	<u>\$ 15,030,533</u>	<u>15,914,270</u>	<u>16,821,104</u>



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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**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 5.50 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 (4.50 percent decreasing to 3.10 percent) or 1-percentage-point higher (6.50 percent decreasing to 5.10 percent) than the current rate:

	<u>1% Increase 6.50% to 5.10%</u>	<u>Current Health Care Trend Rate 5.50% to 4.10%</u>	<u>1% Decrease 4.50% to 3.10%</u>
OPEB Liability	\$ 17,692,358	15,914,270	14,369,744

***OPEB Expense***

For the fiscal year ended June 30, 2024, the City recognized a net negative OPEB expense after contributions of \$1,164,610.

***Deferred Outflows of Resources and Deferred Inflows of Resources***

For the fiscal year ended June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 1,983,461	(1,582,054)
Changes in Assumptions	481,236	(5,969,534)
Total	<u>\$ 2,464,697</u>	<u>(7,551,588)</u>

**CITY OF JOHNSON CITY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2024**

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**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	\$	(864,873)
2025		(1,197,947)
2026		(1,267,011)
2027		(994,498)
2028		(435,743)
Thereafter		(326,819)

**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.

***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.

**CITY OF JOHNSON CITY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2024**

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**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 (Continued)***

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.

***Employees Covered by Benefit Terms***

At July 1, 2023, the following employees of the Johnson City Schools were covered by the benefit terms of the TGOP:

Inactive Employees currently receiving benefit payments	66
Active Employees	554
Total	<u>620</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 \$615,245 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, 2024, 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, 2024**

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**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, 2024 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	10.31% for pre-65 in 2024, decreasing annually over an 11 year period to an ultimate rate of 4.50%. 12.44% for post-65 in 2024, decreasing annually over an 11 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, 2024, 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-2021 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-2021. 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-2021.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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 3.65 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***

	<u><b>Total OPEB Liability</b></u>
<b>Total OPEB Liability - Beginning Balance</b>	<u>\$ 23,183,388</u>
<b>Changes for the year:</b>	
Service Cost	1,085,040
Interest	838,887
Differences Between Expected and Actual Experience	(4,000,143)
Changes in Assumptions	1,683,572
Benefit Payments	<u>(1,152,153)</u>
<b>Net Changes</b>	<u>(1,544,797)</u>
<b>Total OPEB Liability - Ending Balance</b>	<u><u>\$ 21,638,591</u></u>
 Nonemployer contributing entities proportionate share of the collective total OPEB liability	 \$ 6,489,152
 Employer's proportionate share of the collective total OPEB liability	 \$ 15,149,439
 Employer's proportion of the collective total OPEB liability	 70.01%



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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**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 (-5.89%) from the prior measurement date. The Johnson City Schools recognized \$659,931 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 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change in assumption decreased the total OPEB liability.

***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 (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Proportionate share of collective total OPEB liability	\$ 16,241,785	15,149,439	14,109,646

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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 9.3% / 11.4%	Current Health Care Trend Rate 10.3% / 12.4%	1% Increase 11.3% / 13.4%
Proportionate share of collective total OPEB liability	\$ 13,644,696	15,149,439	16,882,305

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

***OPEB Expense***

For the fiscal year ended June 30, 2024, the Johnson City Schools recognized OPEB expense of \$1,613,395.

***Deferred Outflows of Resources and Deferred Inflows of Resources***

For the fiscal year ended June 30, 2024, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	(2,425,140)
Proportion Change	-	(1,135,794)
Assumption Changes	1,020,688	-
Contributions subsequent to the measurement date	615,245	-
Total	\$ 1,635,933	(3,560,934)

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, 2024**

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**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:	
2025	\$ (393,501)
2026	(393,501)
2027	(393,501)
2028	(393,501)
2029	(393,501)
Thereafter	(572,741)

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  
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**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, 2023, the following employees of the Johnson City Schools were covered by the benefit terms of the TNP:

Inactive Employees currently receiving benefit payments	19
Inactive Employees entitled to but not yet receiving benefit payments	71
Active Employees	<u>455</u>
Total	<u><u>545</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  
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**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, 2023 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, 2023, 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-2021. 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-2021.



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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 3.65 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***

	<u>Total OPEB Liability</u>
<b>Total OPEB Liability - Beginning Balance</b>	<b>\$ 990,129</b>
<b>Changes for the year:</b>	
Service Cost	29,182
Interest	35,877
Differences Between Expected and Actual Experience	10,852
Changes in Assumptions	(16,063)
Benefit Payments	(11,779)
<b>Net Changes</b>	<b>48,069</b>
<b>Total OPEB Liability - Ending Balance</b>	<b>\$ 1,038,198</b>
 Nonemployer contributing entities proportionate share of the collective total OPEB liability	 \$ 1,038,198
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 \$64,410 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, 2024**

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**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 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change in assumption decreased the total OPEB liability.

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

***OPEB Expense***

For the fiscal year ended June 30, 2024, the Johnson City Schools recognized OPEB expense of \$64,410.

**Aggregated OPEB Reconciliation to Statement of Net Position**

The composition of Net OPEB Liability balances as of June 30, 2024, is as follows:

	Net OPEB Liability		
	City OPEB	School's OPEB (TGOP) Proportionate Share	School's OPEB (TNP) Proportionate Share
Governmental Activities	\$ 15,914,270	15,149,439	~
			Total Net OPEB Liability
			31,063,709

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, 2024**

**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, 2024, 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	\$ 1,983,461	-	-	1,983,461
Contributions	-	615,245	-	615,245
Changes in Assumptions	481,236	1,020,688	-	1,501,924
Total Deferred Outflows Related to OPEB	<u>\$ 2,464,697</u>	<u>1,635,933</u>	<u>-</u>	<u>4,100,630</u>
Deferred Inflows Related to OPEB				
Differences Between Expected and Actual Experience	\$ 1,582,054	2,425,140	-	4,007,194
Changes in Proportion	-	1,135,794	-	1,135,794
Changes in Assumptions	5,969,534	-	-	5,969,534
Total Deferred Inflows Related to OPEB	<u>\$ 7,551,588</u>	<u>3,560,934</u>	<u>-</u>	<u>11,112,522</u>

**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 \$181,026 at June 30, 2024, 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, 2024, the general liability program had \$1,136,323 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, 2023 to July 1, 2024 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, 2024**

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**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 2024 was \$830,413 for the City and \$110,874 for the Schools. A reconciliation of claims for the fiscal year ended June 30, 2024 and 2023 are as follows:

	June 30, 2024			June 30, 2023	Variance
	City	Schools	Total		
Claims Incurred	\$ 396,625	195,658	592,283	520,487	71,796
Claims Paid	(173,410)	(91,404)	(264,814)	(263,505)	(1,309)
Claims Ending	<u>\$ 223,215</u>	<u>104,254</u>	<u>327,469</u>	<u>256,982</u>	<u>70,487</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. A reconciliation of claims for the fiscal years ended June 30, 2024 and 2023 are as follows:

	June 30, 2024	June 30, 2023	Variance
Claims Accrued, Beginning	\$ 641,447	670,284	(28,837)
Claims Incurred	15,248,229	14,828,798	419,431
Claims Paid	<u>(15,270,708)</u>	<u>(14,857,635)</u>	<u>(413,073)</u>
Claims Accrued, Ending	<u>\$ 618,968</u>	<u>641,447</u>	<u>(22,479)</u>

The above liabilities are reflected in the Internal Service Funds.

There are additional estimated losses at June 30, 2024 for both automobile and general incidents that have been reflected as liabilities in the Internal Service Funds in the amount of \$1,124,792.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

**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, 2024</u>
Local Government Public Improvement Bonds, Series VII-I-1, 2010	12/29/2010	\$ 27,945,000	5.00%	\$ 21,715,000
General Obligation Bonds, Series 2020	12/15/2020	14,768,672	4.00% - 5.00%	9,600,000
General Obligation Bonds Series 2022	5/4/2022	1,935,000	4.00% - 5.00%	1,800,000
				<u>33,115,000</u>
<u>Debt Service Fund:</u>				
The Tennessee Municipal Bond Fund, Series TCSLP 2008	1/9/2009	14,898,315	5.00%	4,237,750
Qualified School Construction Bonds, Series 2009	12/1/2009	8,160,000	1.52%	1,116,467
The Tennessee Municipal Bond Fund, Series 2014	12/23/2014	2,000,000	2.56%	868,994
The Tennessee Municipal Bond Fund, Series 2014	12/17/2014	1,300,000	2.58%	797,000
General Obligation Bonds, Series 2016	4/12/2016	11,205,000	2.00% - 5.00%	7,865,000



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

**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, 2024</u>
General Obligation Improvement and Refunding Bonds, Series 2016A	11/17/2016	20,905,517	3.00% - 5.00%	12,244,249
General Obligation Bonds, Series 2019	2/27/2019	4,805,000	5.00%	3,760,000
General Obligation Refunding Bonds, Series 2019B	7/31/2019	18,052,222	4.00% - 5.00%	15,083,321
General Obligation Bonds, Series 2020	12/15/2020	12,186,553	4.00% - 5.00%	4,542,179
General Obligation Bonds, Series 2022	5/4/2022	40,020,000	4.00% - 5.00%	37,220,000
				<u>87,734,960</u>
<u>Fleet Management:</u>				
General Obligation Bonds, Series 2020	12/15/2020	1,865,980	4.00% - 5.00%	<u>1,143,822</u>
				<u>1,143,822</u>
Total Governmental Activities General Obligation Bonds Outstanding				<u>\$ 121,993,782</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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**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
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
2030-2034	11,775,000	1,082,550	12,857,550
	<u>\$ 21,715,000</u>	<u>3,763,650</u>	<u>25,478,650</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
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
2030-2033	4,365,000	456,000	4,821,000
	<u>\$ 9,600,000</u>	<u>2,105,500</u>	<u>11,705,500</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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**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
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
2030-2034	460,000	272,000	732,000
2035-2039	575,000	153,050	728,050
2040-2042	405,000	32,800	437,800
	\$ 1,800,000	829,850	2,629,850

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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**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
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
	\$ 4,237,750	393,745	4,631,495

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
2025	\$ 509,172	123,624	632,796
2026	559,293	123,624	682,917
2027	48,002	10,302	58,304
	\$ 1,116,467	257,550	1,374,017

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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**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 17, 2014, debt service requirements to maturity in 2035 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
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
2030-2034	380,000	40,020	420,020
2035	82,000	1,189	83,189
	\$ 797,000	132,950	929,950

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
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
	\$ 868,994	73,325	942,319



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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

**K. Long-Term Debt (Continued)**

**Governmental Activities (Continued)**

***Bonds Payable (Continued)***

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
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
2030-2034	3,460,000	741,800	4,201,800
2035-2036	1,580,000	95,400	1,675,400
	\$ 7,865,000	2,210,150	10,075,150

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
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
2030-2034	4,715,041	777,817	5,492,858
2035-2036	1,465,000	88,400	1,553,400
	\$ 12,244,249	2,878,709	15,122,958

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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

**K. Long-Term Debt (Continued)**

**Governmental 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
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
2030-2034	1,200,000	443,200	1,643,200
2035-2039	1,465,000	180,400	1,645,400
	<u>\$ 3,760,000</u>	<u>1,325,850</u>	<u>5,085,850</u>

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
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
2030-2034	4,527,306	2,281,723	6,809,029
2035-2039	5,710,462	1,100,165	6,810,627
2040	1,296,083	64,811	1,360,894
	<u>\$ 15,083,321</u>	<u>6,708,796</u>	<u>21,792,117</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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

**K. Long-Term Debt (Continued)**

**Governmental Activities (Continued)**

***Bonds Payable (Continued)***

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
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
2030-2034	997,000	235,250	1,232,250
2035-2039	500,000	107,200	607,200
2040-2041	228,000	13,760	241,760
	\$ 4,542,179	1,046,532	5,588,711

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
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
2030-2034	9,475,000	5,641,750	15,116,750
2035-2039	11,940,000	3,171,250	15,111,250
2040-2042	8,385,000	679,600	9,064,600
	\$ 37,220,000	17,184,350	54,404,350

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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

**K. Long-Term Debt (Continued)**

**Governmental Activities (Continued)**

***Bonds Payable (Continued)***

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
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
	\$ 1,143,822	146,128	1,289,950

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

Fiscal Year Ending June 30	Principal	Interest	Total
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
2030-2034	41,487,341	11,973,978	53,461,319
2035-2039	23,317,462	4,897,054	28,214,516
2040-2042	10,314,083	790,971	11,105,054
	\$ 121,993,782	39,057,085	161,050,867

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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

**K. Long-Term Debt (Continued)**

**Governmental Activities (Continued)**

***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, 2024
Promissory Note, Hands On	9/21/2017	\$ 500,000	0.00%	\$ 150,000
General Fund:				
Aerospace Park Bonds, Series 2018 Portion Guaranteed by the City	3/29/2018	1,912,500	3.00% - 4.50%	1,485,000
Total Governmental Activities Other Notes Payable Outstanding				<u>\$ 1,635,000</u>

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

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 50,000	-	50,000
2026	50,000	-	50,000
2027	50,000	-	50,000
	<u>\$ 150,000</u>	<u>-</u>	<u>150,000</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
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
2030-2034	535,000	143,899	678,899
2035-2038	495,000	45,044	540,044
	<u>\$ 1,485,000</u>	<u>412,331</u>	<u>1,897,331</u>



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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**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
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
2030-2034	535,000	143,899	678,899
2035-2038	495,000	45,044	540,044
	\$ 1,635,000	412,331	2,047,331

***Financial Guarantees***

In March of 2018, Tri-Cities Airport Authority (the Authority) issued \$8,500,000 Aerospace Park Bonds (Taxable), Series 2018 for the purpose of providing funds to pay for the costs of construction, site development, infrastructure, utilities, and paving of Aerospace Park, a 160-acre site that offers direct airfield access on airport property. The City, along with 5 other local municipalities, created the Authority to own and operate the Tri-Cities Airport. In order to finance the project across the life of the bonds, the Authority and 5 of the municipalities, including the City, entered into an agreement, in which each municipality guaranteed the repayment of its pro rata share. All net revenues generated from the Aerospace Park shall be used for payment of the principal, interest and other sums due under the 2017 Aerospace Park Bonds.

In any calendar year, to the extent that net revenues exceed the amount necessary to pay principal, interest, and other sums due under the Aerospace Park Bonds, such excess net revenues shall be deemed to have been contributed by the participating municipalities in proportion to each participating municipality's pro rata share, and shall reduce the Financial Commitment of each participating municipality. At the time of issuance, the City guaranteed 22.50% of the total bonds, or \$1,912,500. The City has recorded annual payments toward this agreement as contributions; in the year ended June 30, 2024, the City contributed \$79,406 toward principal and \$54,077 toward interest. The total outstanding debt as of June 30, 2024, is \$5,110,000, of which the City is guarantor for \$1,485,000. The bond is set to mature June 30, 2038.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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

**K. Long-Term Debt (Continued)**

**Governmental Activities (Continued)**

***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, 2024
Building - Family Justice Center	6/8/2021	\$ 266,996	4.85%	\$ 162,880
Total Governmental Activities Leases Payable Outstanding				<u>\$ 162,880</u>

Family Justice Center future lease principal and interest payments are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 53,274	6,726	60,000
2026	55,916	4,084	60,000
2027	53,690	1,311	55,001
	<u>\$ 162,880</u>	<u>12,121</u>	<u>175,001</u>

***Subscription-Based Information Technology Arrangements (SBITA)***

Due to the implementation of GASB Statement No. 96 in the prior fiscal year, arrangements for software contracted for use by the City met the criteria of a SBITA, requiring some of them to be recorded by the City as intangible assets and a corresponding liability. Intangible right-to-use software arrangements, net of related accumulated amortization, have been recorded in capital assets, totaling \$6,684,838 as of June 30, 2024. The SBITA liability balance is \$3,994,203 as of June 30, 2024.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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

**K. Long-Term Debt (Continued)**

**Governmental Activities (Continued)**

***Subscription-Based Information Technology Arrangements (SBITA) (Continued)***

A summary of the principal and interest amounts to maturity on the SBITA arrangements as of June 30, 2024 is as follows

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 971,834	116,709	1,088,543
2026	748,475	86,912	835,387
2027	655,262	63,579	718,841
2028	611,221	43,526	654,747
2029	581,755	24,772	606,527
2030	425,656	12,770	438,426
	\$ 3,994,203	348,268	4,342,471

**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, 2024, the City drew \$535,176 for a total of \$12,708,599. The remaining \$2,291,401 was not required and will not be drawn. Loan payments for this debt 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, 2024**

**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:

Water and Sewer:	Date Issued	Amount Issued	Interest Rate	Outstanding June 30, 2024
The Tennessee Municipal Bond Fund, Series TCSLP 2008	1/9/2009	\$ 901,685	5.00%	\$ 313,249
General Obligation Bonds, Series 2013	5/30/2013	23,970,000	2.00% - 4.00%	18,020,000
General Obligation Improvement and Refunding Bonds, Series 2016A	11/17/2016	17,289,483	3.00-5.00%	11,275,750
General Obligation Bonds, Series 2019	2/27/2019	12,380,000	5.00%	10,255,000
General Obligation Refunding Bonds, Series 2019B	7/31/2019	17,001,035	4.00% - 5.00%	14,300,131
State Revolving Loan	12/13/2019	12,708,559	1.25%	12,124,215
General Obligation Refunding Bonds, Series 2022	5/4/2022	23,000,000	4.00% - 5.00%	21,390,000
				<u>87,678,345</u>
City Solid Waste:				
General Obligation Bonds, Series 2019	2/27/2019	1,785,000	5.00%	1,480,000
General Obligation Bonds, Series 2020	12/15/2020	813,283	4.00% - 5.00%	735,000
				<u>2,215,000</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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

**K. Long-Term Debt (Continued)**

**Business-Type Activities (Continued)**

***Bonds Payable (Continued)***

<u>Stormwater Management Fund:</u>	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2024</u>
General Obligation Bonds, Series 2013	5/30/2013	5,785,000	2.00% - 4.00%	3,210,000
General Obligation Bonds, Series 2020	12/15/2020	2,442,000	4.00% - 5.00%	2,199,000
General Obligation Bonds, Series 2022	5/4/2022	2,760,000	4.00% - 5.00%	2,565,000
				<u>7,974,000</u>
Total Business-Type Activities General Obligation Bonds Outstanding				<u>\$ 97,867,407</u>

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

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 313,249</u>	<u>48,508</u>	<u>361,757</u>



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

**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
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
2030-2034	4,310,000	2,136,069	6,446,069
2035-2039	5,155,000	1,362,500	6,517,500
2040-2043	4,850,000	429,937	5,279,937
	\$ 18,020,000	6,664,219	24,684,219

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
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
2030-2031	3,284,958	199,183	3,484,141
	\$ 11,275,750	1,843,790	13,119,540

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

**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
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
2030-2034	3,405,000	1,254,850	4,659,850
2035-2039	4,145,000	510,400	4,655,400
	<u>\$ 10,255,000</u>	<u>3,725,250</u>	<u>13,980,250</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
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
2030-2034	4,292,694	2,163,028	6,455,722
2035-2039	5,414,538	1,042,935	6,457,473
2040	1,227,369	62,925	1,290,294
	<u>\$ 14,300,131</u>	<u>6,361,290</u>	<u>20,661,421</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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**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
2025	\$ 571,740	148,284	720,024
2026	578,928	141,096	720,024
2027	586,200	133,824	720,024
2028	593,580	126,444	720,024
2029	601,032	118,992	720,024
2030-2034	3,120,444	479,676	3,600,120
2035-2039	3,321,588	278,532	3,600,120
2040-2043	2,750,703	68,910	2,819,613
	\$ 12,124,215	1,495,758	13,619,973

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
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
2030-2034	5,440,000	3,242,000	8,682,000
2035-2039	6,865,000	1,823,150	8,688,150
2040-2042	4,820,000	390,600	5,210,600
	\$ 21,390,000	9,876,500	31,266,500

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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**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
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
2030-2034	490,000	181,100	671,100
2035-2039	600,000	74,000	674,000
	\$ 1,480,000	537,850	2,017,850

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
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
2030-2034	205,000	98,950	303,950
2035-2039	250,000	53,800	303,800
2040-2041	115,000	7,000	122,000
	\$ 735,000	301,000	1,036,000

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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**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
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
2030-2034	1,725,000	178,705	1,903,705
	<u>\$ 3,210,000</u>	<u>597,681</u>	<u>3,807,681</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
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
2030-2034	618,000	295,500	913,500
2035-2039	750,000	160,800	910,800
2040-2041	342,000	20,640	362,640
	<u>\$ 2,199,000</u>	<u>900,240</u>	<u>3,099,240</u>



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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**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
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
2030-2034	655,000	389,750	1,044,750
2035-2039	825,000	219,300	1,044,300
2040-2042	580,000	47,000	627,000
	<u>\$ 2,565,000</u>	<u>1,186,050</u>	<u>3,751,050</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
2025	\$ 5,422,347	3,727,754	9,150,101
2026	5,792,286	3,505,125	9,297,411
2027	5,481,564	3,262,439	8,744,003
2028	5,702,289	3,049,129	8,751,418
2029	5,911,565	2,822,449	8,734,014
2030-2034	27,546,096	10,618,811	38,164,907
2035-2039	27,326,126	5,525,417	32,851,543
2040-2043	14,685,072	1,027,012	15,712,084
	<u>\$ 97,867,345</u>	<u>33,538,136</u>	<u>131,405,481</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

**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:

Water and Sewer:	Date Issued	Amount Issued	Interest Rate	Outstanding June 30, 2024
Note Payable - Limestone Cove	3/13/2003	\$ 450,000	4.65%	\$ 292,902
Note Payable - Watauga Flats	4/20/2004	380,000	4.38%	253,020
Note Payable - Limestone Cove	4/20/2005	125,000	4.25%	85,670
Note Payable - ARRA Greorgetown	1/24/2010	435,000	3.25%	327,410
				<u>\$ 959,002</u>

Note payable for Limestone Cove, as issued March 13, 2003, debt service requirements to maturity in 2041 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
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
2030-2034	82,380	43,737	126,117
2035-2039	103,833	22,288	126,121
2040-2041	41,334	1,741	43,075
	<u>\$ 292,902</u>	<u>128,531</u>	<u>421,433</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

**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
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
2029-2034	65,874	36,966	102,840
2035-2039	81,956	20,884	102,840
2040-2042	52,242	3,247	55,489
	\$ 253,020	110,989	364,009

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
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
2030-2034	20,659	12,581	33,240
2035-2039	25,543	7,697	33,240
2040-2043	22,758	1,882	24,640
	\$ 85,670	38,690	124,360

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

**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 Greggstown, as issued January 24, 2010, debt service requirements to maturity in 2048 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
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
2030-2034	59,672	40,348	100,020
2035-2039	70,188	29,832	100,020
2040-2044	82,554	17,466	100,020
2045-2048	64,266	3,702	67,968
	\$ 327,410	140,638	468,048

Total annual debt service requirements to maturity for business-type activities notes payable are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
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
2030-2034	228,585	133,632	362,217
2035-2039	281,520	80,701	362,221
2040-2044	198,888	24,336	223,224
2045-2048	64,266	3,702	67,968
	\$ 959,002	418,848	1,377,850

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

**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, 2024 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 132,739,443	-	(10,745,661)	121,993,782	10,511,272
Plus: Premiums	13,925,627	-	(1,239,733)	12,685,894	-
Net Bonds Payable	146,665,070	-	(11,985,394)	134,679,676	10,511,272
Other Notes Payable	1,765,000	-	(130,000)	1,635,000	135,000
Leases Payable	213,637	-	(50,757)	162,880	53,274
Subscription Liabilities	4,629,351	234,693	(950,887)	3,913,157	1,001,708
OPEB Obligation	35,050,706	-	(3,986,997)	31,063,709	-
Net Pension Liabilities	1,897,213	16,752,952	(13,086,177)	5,563,988	-
Termination Benefits	168,940	12,086	-	181,026	-
Compensated Absences	5,126,714	2,594,095	(2,449,755)	5,271,054	523,075
Governmental Activities					
Long-Term Liabilities	<u>\$ 195,516,631</u>	<u>19,593,826</u>	<u>(32,639,967)</u>	<u>182,470,490</u>	<u>12,224,329</u>
<b>Business-Type Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 102,542,389	535,176	(5,210,220)	97,867,345	5,422,347
Plus: Premiums	7,777,980	-	(453,916)	7,324,064	-
Net Bonds Payable	110,320,369	535,176	(5,664,136)	105,191,409	5,422,347
Notes Payable	991,702	-	(32,700)	959,002	34,149
Net Pension Liabilities	922,310	5,701,538	(4,232,641)	2,391,207	-
Compensated Absences	1,429,349	706,382	(677,651)	1,458,080	123,689
Landfill Postclosure Cost	37,380	-	(37,380)	-	-
Business-Type Activities					
Long-Term Liabilities	<u>\$ 113,701,110</u>	<u>6,943,096</u>	<u>(10,644,508)</u>	<u>109,999,698</u>	<u>5,580,185</u>

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, 2024**

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**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, 2024 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Governmental Activities:</b>				
Deferred Bond Refunding Costs	\$ (893,168)	-	122,099	(771,069)
<b>Business-Type Activities:</b>				
Deferred Bond Refunding Costs	\$ (615,442)	-	36,203	(579,239)
Deferred Gain on Bond Refunding	539,647	-	(67,456)	472,191
	<u>\$ (75,795)</u>	<u>-</u>	<u>(31,253)</u>	<u>(107,048)</u>

**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, 2024, the remaining defeased bonds consisted of \$535,000 of General Obligation Refunding Bonds, Series 2004A and B, \$13,960,000 of General Obligation Refunding Bonds, Series 2009, \$33,430,000 of 2010 Build America Bonds, \$455,000 of General Obligation Refunding Bonds, Series 2012, and \$580,000 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, 2024.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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

**L. Interfund Receivables and Payables**

The composition of interfund balances as of June 30, 2024, is as follows:

Receivable Fund	Payable Fund	Amount
Debt Service Fund	General Purpose School Fund	76,546
Educational Facilities Debt Service Fund	General Purpose School Fund	499,069
Fleet Management Fund	General Purpose School Fund	5,242
General Fund	General Purpose School Fund	59,112
General Fund	Special School Projects	67,308
General Purpose School Fund	Food Service Fund	2,106
General Purpose School Fund	Freedom Hall	19,843
General Purpose School Fund	General Fund	6,995
General Purpose School Fund	School Activity Funds	12,661
Insurance Fund	General Fund	103,831
School Activity Funds	General Purpose School Fund	50
Total		<u>\$ 852,763</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, 2024**

**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	\$ 165,769	62,084	-	-	-	206,428	434,281
Restricted for:							
Debt Service	-	-	76,546	8,909,780	-	-	8,986,326
Capital Projects	-	-	-	-	17,323,358	-	17,323,358
TCRS Reserve	-	1,189,657	-	-	-	-	1,189,657
Education	-	-	-	-	-	1,759,396	1,759,396
Food Service	-	-	-	-	-	3,892,803	3,892,803
Law Enforcement	146,161	-	-	-	-	1,362,430	1,508,591
Senior Citizens	613,797	-	-	-	-	345,985	959,782
Special Purposes	21,785,460	-	-	-	-	187,116	21,972,576
Total Restricted	22,545,418	1,189,657	76,546	8,909,780	17,323,358	7,547,730	57,592,489
Committed to:							
Economic Development	7,928,182	-	-	-	-	-	7,928,182
Education	-	1,359,913	-	-	-	-	1,359,913
Total Committed	7,928,182	1,359,913	-	-	-	-	9,288,095
Assigned to:							
Compensated Absences	4,884,843	76,919	-	-	-	65,601	5,027,363
Education	-	15,440,270	-	-	-	-	15,440,270
Transportation Planning	-	-	-	-	-	50,455	50,455
Special Purposes	-	-	-	-	-	-	-
Total Assigned	4,884,843	15,517,189	-	-	-	116,056	20,518,088
Unassigned	19,338,626	-	-	-	-	-	19,338,626
Total	\$ 54,862,838	18,128,843	76,546	8,909,780	17,323,358	7,870,214	107,171,579

In addition, the Water and Sewer Fund, which is Proprietary Fund, had a deficit unrestricted net position at June 30, 2024, 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, 2024**

**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	10,354,644	Debt Service Requirements
General Fund	Capital Project Fund	6,460,102	Capital Projects
General Fund	Transportation Planning Fund	40,603	Operations
General Fund	Internal Service Funds	620,605	Operations
General Fund	Mass Transit Fund	1,688,145	Grant Matching Funds
General Fund	Water and Sewer Fund	2,068,461	Operations
General Purpose School Fund	General Fund	9,761	SRO Overtime Reimbursement
General Purpose School Fund	Debt Service Fund	1,044,590	Debt Service Requirements
	Educational Facilities		
General Purpose School Fund	Debt Service Fund	1,984,104	Debt Service Requirements
	School Federal and		
General Purpose School Fund	Special Projects	31,640	Operations
Debt Service Fund	Water and Sewer Fund	90,949	Operations
Community Development Fund	General Fund	29,327	Operations
School Federal and			
Special Projects	General Purpose School Fund	86,109	Operations
Internal Service Funds	Water and Sewer Fund	244,699	Operations
Water and Sewer Fund	General Fund	800,000	In-Lieu of Taxes, Reimbursement
Public Building Authority	General Fund	436,488	Close out of fund
		<u>\$ 37,616,963</u>	



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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**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 \$1,963,566 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, 2024, the City paid Waste Management \$4,927,341 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.

**Q. Prior Period Adjustments**

The City determined that \$1,374,981 of ARPA related funds should be moved from the general fund to the capital project fund as a prior period adjustment for construction projects that were started in a prior fiscal year. Also, there was a budget amendment in fiscal year 2023 to move \$1,095,000 from the general fund to the capital project fund which was not completed until fiscal year 2024 that is being treated as a prior period adjustment. Both adjustments resulted in a decrease to the beginning fund balance for the general fund and an increase to the beginning fund balance for the capital project fund.

Additionally, there was a timing issue with the recording of state revenues. These revenues should have been recorded on the June 30, 2023, financial statements. As such, the beginning fund balance for the general fund has increased by \$139,224.

The net effect of these three prior period adjustments on the general fund was a \$2,330,757 decrease to beginning fund balance.



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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

**R. 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, 2024, 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	\$ 7,714,159
Capital Assets (Net)	<u>19,339,459</u>
Total Assets	<u>27,053,618</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	97,068
LIABILITIES	
Current Liabilities	811,771
Noncurrent Liabilities	<u>8,440,023</u>
Total Liabilities	<u>9,251,794</u>
NET POSITION	
Net Investment in Capital Assets	10,514,590
Unrestricted	<u>7,384,302</u>
Total Net Position	<u>\$ 17,898,892</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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

**R. Segment Information (Continued)**

**CONDENSED STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION**

	Stormwater Management Fund
Operating Revenues (Expenses)	
Charges for Services (Net)	\$ 3,386,720
Other Revenue	32,884
Depreciation and Amortization	(356,268)
Other Operating Expenses	<u>(1,249,826)</u>
Operating Income (Loss)	1,813,510
Nonoperating Revenues (Expenses)	
Interest Expense and Commissions	(262,271)
Gain (Loss) on Sale of Capital Assets	<u>3,976</u>
Change in Net Position	1,555,215
Beginning Net Position	<u>16,343,677</u>
Ending Net Position	<u><u>\$ 17,898,892</u></u>

**CONDENSED STATEMENT OF CASH FLOWS**

	Stormwater Management Fund
Net Cash Provided by (Used for):	
Operating Activities	\$ 1,944,123
Capital and Related Financing Activities	(1,613,497)
Investing Activities	<u>4,202,642</u>
Net Increase (Decrease)	4,533,268
Beginning Cash and Cash Equivalents	<u>3,015,223</u>
Ending Cash and Cash Equivalents	<u><u>\$ 7,548,491</u></u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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

**S. 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 \$407,697 to the operations during the fiscal year ended June 30, 2024. 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 \$1,550,000 to the operations during the fiscal year ended June 30, 2024.

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 2024, the City funded \$25,000 to the WCEDC. During the 2023 fiscal year, the City entered into a management agreement with WCEDC in which the Council pays the City \$25,000 quarterly. In return for the City provides the following services: business recruitment, existing business retention and expansion, site development, intergovernmental relations, staff, general record retention, document preparation, assist independent auditor, preparation of annual budget, schedule meetings, and manage funds and property of the Council. The City received \$100,000 and \$50,000 in relation to this agreement during the years ended June 30, 2024 and 2023 respectively.

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

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2024**

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

**S. Joint Ventures (Continued)**

Washington County Economic Development Council  
300 East Main Street, Suite 406  
Johnson City, Tennessee 37601

Audited information as of June 30, 2024 is presented for ACC and WCEDC. Audited information as of June 30, 2023 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	\$ 602,118	10,827,675	438,208
Operating Expenses	(2,427,899)	(14,820,498)	(407,805)
Other Income (Expense)	2,327,799	4,066,106	1,512
Net Income (Loss) Transferred to Net Position	502,018	73,283	31,915
Net Position, Beginning	10,108,189	5,997,287	471,459
Net Position, Ending	<u>\$ 10,610,207</u>	<u>6,070,570</u>	<u>503,374</u>
Total Assets	\$ 11,616,116	10,302,756	505,026
Deferred Outflows of Resources	11,637	4,375,487	-
Total Liabilities	(1,017,546)	(7,945,807)	(1,652)
Deferred Inflows of Resources	-	(661,866)	-
Total Net Position	<u>\$ 10,610,207</u>	<u>6,070,570</u>	<u>503,374</u>

**T. 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.

**U. 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, 2024**

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

**U. Other Matters (Continued)**

The City received funds from the American Rescue Plan Act (ARPA) in the amount of \$13,415,440 during prior fiscal years. The City continued to expend some of these funds during fiscal year 2024. The remaining funds that were not yet obligated or expended by the City as of June 30, 2024 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.

**V. Subsequent Event**

On September 27, 2024, the remnants of hurricane Helene passed through northeast Tennessee causing widespread flooding and storm related property damage to various areas throughout the City. The extent of the damage with an estimated amount of loss are unknown as of the date of this report.

**W. 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, 2024:

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, 2024**

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

**W. Tax Abatements (Continued)**

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 2025 at which time they will pay 100%. For the equipment lease, the percentages increase by 20% each year until the end of 2023. This agreement concluded December 31, 2023. The company has met or exceeded the annual performance requirements and no additional performance reports are required. 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.

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 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 15<sup>th</sup> 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.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total Pension Liability</b>										
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	2,241,466
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	18,416,789
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	7,772,217
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)	(14,458,426)
<b>Net Change in Total Pension Liability</b>	<b>5,779,309</b>	<b>7,128,625</b>	<b>8,558,380</b>	<b>14,866,010</b>	<b>3,696,113</b>	<b>7,868,961</b>	<b>6,522,829</b>	<b>21,638,348</b>	<b>13,197,189</b>	<b>13,972,046</b>
<b>Total Pension Liability - Beginning</b>	<b>188,573,306</b>	<b>194,352,615</b>	<b>201,481,240</b>	<b>210,039,620</b>	<b>224,905,630</b>	<b>228,601,743</b>	<b>236,470,704</b>	<b>242,993,533</b>	<b>264,631,881</b>	<b>277,829,070</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 194,352,615</b>	<b>201,481,240</b>	<b>210,039,620</b>	<b>224,905,630</b>	<b>228,601,743</b>	<b>236,470,704</b>	<b>242,993,533</b>	<b>264,631,881</b>	<b>277,829,070</b>	<b>291,801,116</b>
<b>Plan Fiduciary Net Position</b>										
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	5,211,723
Contributions - Employee	905	98	73	-	-	-	-	4,396	-	253
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)	18,172,015
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)	(14,458,426)
Administrative Expense	(40,161)	(40,426)	(55,037)	(57,940)	(61,390)	(53,832)	(49,557)	(46,464)	(46,871)	(89,194)
Other	-	-	-	(273)	-	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>25,365,385</b>	<b>3,486,843</b>	<b>1,594,369</b>	<b>17,710,739</b>	<b>12,309,900</b>	<b>11,193,163</b>	<b>5,051,478</b>	<b>53,660,912</b>	<b>(18,994,607)</b>	<b>8,836,371</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>163,631,365</b>	<b>188,996,750</b>	<b>192,483,593</b>	<b>194,077,962</b>	<b>211,788,701</b>	<b>224,098,601</b>	<b>235,291,764</b>	<b>240,343,242</b>	<b>294,004,154</b>	<b>275,009,547</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 188,996,750</b>	<b>192,483,593</b>	<b>194,077,962</b>	<b>211,788,701</b>	<b>224,098,601</b>	<b>235,291,764</b>	<b>240,343,242</b>	<b>294,004,154</b>	<b>275,009,547</b>	<b>283,845,918</b>
<b>Net Pension Liability (Asset) - Ending (a) - (b)</b>	<b>\$ 5,355,865</b>	<b>8,997,647</b>	<b>15,961,658</b>	<b>13,116,929</b>	<b>4,503,142</b>	<b>1,178,940</b>	<b>2,650,291</b>	<b>(29,372,273)</b>	<b>2,819,523</b>	<b>7,955,198</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>97.24%</b>	<b>95.53%</b>	<b>92.40%</b>	<b>94.17%</b>	<b>98.03%</b>	<b>99.50%</b>	<b>98.91%</b>	<b>111.10%</b>	<b>98.99%</b>	<b>97.27%</b>
<b>Covered Payroll</b>	<b>\$ 34,540,670</b>	<b>32,949,533</b>	<b>31,617,050</b>	<b>31,903,589</b>	<b>29,866,192</b>	<b>29,332,872</b>	<b>28,162,076</b>	<b>27,001,063</b>	<b>26,510,078</b>	<b>25,634,638</b>
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>15.51%</b>	<b>27.31%</b>	<b>50.48%</b>	<b>41.11%</b>	<b>15.08%</b>	<b>4.02%</b>	<b>9.41%</b>	<b>-108.78%</b>	<b>10.64%</b>	<b>31.03%</b>

**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.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially Determined Contribution	\$ 6,445,525	6,184,569	6,240,342	6,173,311	6,063,105	5,728,167	5,360,180	5,559,009	5,211,723	4,531,272
Contributions in relation to the										
Actuarially Determined Contribution	6,445,525	6,184,569	6,240,342	6,173,311	6,063,105	5,728,167	5,360,180	5,559,009	5,211,723	4,531,272
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	-
Covered Payroll	32,949,533	31,617,050	31,903,589	29,866,192	29,332,872	28,162,076	27,001,063	26,510,078	25,634,638	24,166,609
Contributions as a Percentage of										
Covered Payroll	19.56%	19.56%	19.56%	20.67%	20.67%	20.34%	19.85%	20.97%	20.33%	18.75%

(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**

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**Notes to Schedule**

*Valuation Date:*

Actuarially determined contribution rates for fiscal year 2024 were calculated based on the June 30, 2022 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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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%	1.063206%
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)	(12,534,926)
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
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%	-36.33%
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%	104.11%

See Independent Auditors' Report.



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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 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	2,407,768
Contributions in relation to the										
Contractually Required Contribution	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	2,407,768
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	\$ 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	35,361,609
Contributions as a Percentage of										
Covered Payroll	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%	10.05%	10.12%	8.69%	6.81%

*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 RETIREMENT PLAN OF TCRS  
Last Fiscal Year Ended June 30

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Proportion of the Net Pension Liability (Asset)	0.452832%	0.577005%	0.607724%	0.623820%	0.616697%	0.581549%	0.592153%	0.591041%	0.635859%
Proportionate Share of the Net Pension Liability (Asset)	\$ (18,217)	\$ (60,068)	\$ (160,341)	\$ (282,920)	\$ (348,117)	\$ (330,693)	\$ (641,427)	\$ (179,041)	\$ (269,626)
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
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%	-2.13%
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%	104.97%

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 SCHOOLS' CONTRIBUTIONS  
TEACHER RETIREMENT PLAN OF TCRS  
Last Fiscal Year Ended June 30

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 37,635	101,556	159,549	88,899	126,603	146,998	172,631	202,874	362,984	452,457
Contributions in relation to the										
Contractually Required Contribution	37,635	101,556	159,549	218,057	126,603	146,998	172,631	202,874	362,984	452,457
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(129,158)</u>	<u>-</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	15,337,482
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%	2.95%

*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

	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 126,567	137,686	162,724	178,568	129,884	150,770
Contributions in relation to the						
Contractually Required Contribution	126,567	137,686	162,724	178,568	129,884	150,770
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-
Covered Payroll	\$ 6,525,893	7,338,773	8,546,043	10,093,347	12,647,503	15,337,482
Contributions as a Percentage of						
Covered Payroll	1.94%	1.88%	1.90%	1.77%	1.03%	0.98%

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**

	2018	2019	2020	2021	2022	2023	2024
<b>Total OPEB Liability</b>							
Service Cost	\$ 783,156	786,206	918,964	1,239,276	865,112	702,879	483,092
Interest	791,621	849,199	821,804	584,728	447,659	667,860	624,368
Difference between Expected and Actual Experience	-	(332,984)	-	(3,274,044)	8,366	2,634,560	(13,862)
Changes in Assumptions	(467,714)	1,384,675	2,291,710	(2,509,227)	(1,585,023)	(4,960,325)	(98,840)
Benefit Payments	(1,321,573)	(1,237,070)	(1,328,655)	(1,420,563)	(1,379,131)	(1,486,413)	(1,545,499)
<b>Net Change in Total OPEB Liability</b>	(214,510)	1,450,026	2,703,823	(5,379,830)	(1,643,017)	(2,441,439)	(550,741)
<b>Total OPEB Liability - Beginning</b>	<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>	<u>16,465,011</u>
<b>Total OPEB Liability - Ending</b>	<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>	<u>15,914,270</u>
<b>Covered-Employee Payroll</b>	\$ 33,000,000	37,400,000	38,900,000	39,600,000	41,000,000	52,100,000	55,000,000
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	65.99%	62.10%	66.66%	51.89%	46.11%	31.60%	28.94%

**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 2024, discount rates changes from 3.86 percent at June 30, 2023 to 3.97 percent at June 30, 2024.

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**

	<u>2023</u>	<u>2024</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 457	1,085,040
Interest	159	838,887
Difference between Expected and Actual Experience	-	(4,000,143)
Change in benefit terms	23,175,873	-
Changes in Assumptions	-	1,683,572
Benefit Payments	-	(1,152,153)
<b>Net Change in Total OPEB Liability</b>	<u>23,176,489</u>	<u>(1,544,797)</u>
<b>Total OPEB Liability - Beginning</b>	<u>6,899</u>	<u>23,183,388</u>
<b>Total OPEB Liability - Ending</b>	<u><u>\$ 23,183,388</u></u>	<u><u>21,638,591</u></u>
 Nonemployer Contributing Entities Proportionate Share of the Collective Total OPEB Liability	 \$ 5,587,822	 6,489,152
 Employer's Proportionate Share of the Collective Total OPEB Liability	 \$ 17,595,566	 15,149,439
 <b>Covered-Employee Payroll</b>	 \$ 58,927,486	 51,961,946
 <b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	 29.86%	 29.15%

**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**

	<u>2023</u>	<u>2024</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ -	29,182
Interest	-	35,877
Difference between Expected and Actual Experience	-	10,852
Change in benefit terms	990,129	-
Changes in Assumptions	-	(16,063)
Benefit Payments	-	(11,779)
<b>Net Change in Total OPEB Liability</b>	<u>990,129</u>	<u>48,069</u>
<b>Total OPEB Liability - Beginning</b>	-	990,129
<b>Total OPEB Liability - Ending</b>	<u>\$ 990,129</u>	<u>1,038,198</u>
Nonemployer Contributing Entities Proportionate Share of the Collective Total OPEB Liability	\$ 990,129	1,038,198
Employer's Proportionate Share of the Collective Total OPEB Liability	\$ -	-
<b>Covered-Employee Payroll</b>	\$ 36,543,602	\$ 30,606,402
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	0.00%	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, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Intergovernmental Revenue	\$ -	-	134,208	134,208
Investment Earnings	-	-	65,745	65,745
Total Revenues	-	-	199,953	199,953
Expenditures				
Debt Service				
Principal Retirement	7,153,633	7,153,633	7,153,634	(1)
Interest and Fiscal Charges	5,106,801	4,206,801	4,235,114	(28,313)
Other Fees	-	-	43,654	(43,654)
Total Debt Service	12,260,434	11,360,434	11,432,402	(71,968)
Total Expenditures	12,260,434	11,360,434	11,432,402	(71,968)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,260,434)	(11,360,434)	(11,232,449)	127,985
Other Financing Sources (Uses)				
Transfer In	12,260,434	11,360,434	11,399,233	38,799
Transfer Out	-	-	(90,949)	(90,949)
Total Other Financing Sources (Uses)	12,260,434	11,360,434	11,308,284	(52,150)
Net Change in Fund Balance	-	-	75,835	75,835
Fund Balance, July 1, 2023	711	711	711	-
Fund Balance, June 30, 2024	\$ 711	711	76,546	75,835

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, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues				
Taxes	\$ 3,342,000	3,342,000	3,376,201	34,201
Intergovernmental Revenues	-	-	500,000	500,000
Investment Earnings	4,000	4,000	58,641	54,641
Total Revenues	3,346,000	3,346,000	3,934,842	588,842
Expenditures				
Debt Service				
Principal Retirement	3,390,000	3,390,000	3,390,000	-
Interest and Fiscal Charges	1,312,950	1,312,950	1,581,789	(268,839)
Other Fees	9,000	9,000	69,647	(60,647)
Total Debt Service	4,711,950	4,711,950	5,041,436	(329,486)
Total Expenditures	4,711,950	4,711,950	5,041,436	(329,486)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,365,950)	(1,365,950)	(1,106,594)	259,356
Other Financing Sources (Uses)				
Transfer In	1,900,000	1,900,000	1,984,104	84,104
Total Other Financing Sources (Uses)	1,900,000	1,900,000	1,984,104	84,104
Net Change in Fund Balance	534,050	534,050	877,510	343,460
Fund Balance, July 1, 2023	8,032,270	8,032,270	8,032,270	-
Fund Balance, June 30, 2024	\$ 8,566,320	8,566,320	8,909,780	343,460

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, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues				
Federal Government	\$ -	-	4,039,270	4,039,270
State of Tennessee	2,800,000	2,800,000	494,122	(2,305,878)
Local Government	-	500,000	50,000	(450,000)
Investment Earnings	-	-	2,071,432	2,071,432
Miscellaneous	-	-	491,732	491,732
Total Revenues	2,800,000	3,300,000	7,146,556	3,846,556
Expenditures				
Capital Outlay	38,777,707	39,815,542	29,253,965	10,561,577
Debt Service				
Principal Retirement	-	-	262,215	(262,215)
Interest and Fiscal Charges	-	-	75,286	(75,286)
Total Debt Service	-	-	337,501	(337,501)
Total Expenditures	38,777,707	39,815,542	29,591,466	10,224,076
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,977,707)	(36,515,542)	(22,444,910)	14,070,632
Other Financing Sources (Uses)				
Transfer In	5,419,267	6,460,102	6,460,102	-
Bond Issuance	40,000,000	40,000,000	-	(40,000,000)
Total Other Financing Sources (Uses)	45,419,267	46,460,102	6,460,102	(40,000,000)
Net Change in Fund Balance	9,441,560	9,944,560	(15,984,808)	(25,929,368)
Fund Balances, July 1, 2023	30,838,185	30,838,185	30,838,185	-
Prior Period Adjustment	-	-	2,469,981	2,469,981
Fund Balances, July 1, 2023 Adjusted	30,838,185	30,838,185	33,308,166	2,469,981
Fund Balances, June 30, 2024	\$ 40,279,745	40,782,745	17,323,358	(23,459,387)

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.

**CITY OF JOHNSON CITY, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
**June 30, 2024**

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	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
<b>ASSETS</b>									
Cash and Cash Equivalents	\$ 484,837	4,989,195	-	1,302,516	257,518	-	346,374	19,878	7,400,318
Accounts Receivable (Net)	-	290,704	-	-	1,318	-	-	-	292,022
Notes Receivable	-	-	-	-	-	4,093	-	-	4,093
Due from Other Funds	-	50	-	-	-	-	-	-	50
Due from Federal Government	-	-	88,877	-	60,230	343,548	-	-	492,655
Due from State of Tennessee	-	1,644,711	-	-	-	62,375	-	-	1,707,086
Due from Local Governments	-	-	-	1,100	-	-	-	-	1,100
Inventories	-	206,428	-	-	-	-	-	-	206,428
Restricted Investments	-	10,433	-	-	-	-	-	-	10,433
<b>Total Assets</b>	<b>\$ 484,837</b>	<b>7,141,521</b>	<b>88,877</b>	<b>1,303,616</b>	<b>319,066</b>	<b>410,016</b>	<b>346,374</b>	<b>19,878</b>	<b>10,114,185</b>
<b>LIABILITIES</b>									
Accounts Payable	\$ 2,862	96,011	12,036	104,053	13,318	212,480	389	-	441,149
Accrued Payroll Expenditures	17,643	1,120,434	10,302	-	3,452	2,903	-	-	1,154,734
Accrued Expenditures	3,595	-	-	-	-	-	-	-	3,595
Due to Other Funds	19,843	82,075	-	-	-	-	-	-	101,918
Unearned Revenue	404,205	-	-	135,110	-	3,260	-	-	542,575
<b>Total Liabilities</b>	<b>448,148</b>	<b>1,298,520</b>	<b>22,338</b>	<b>239,163</b>	<b>16,770</b>	<b>218,643</b>	<b>389</b>	<b>-</b>	<b>2,243,971</b>
<b>FUND BALANCES</b>									
Nonspendable	-	206,428	-	-	-	-	-	-	206,428
Restricted	-	5,632,321	-	1,064,453	297,977	187,116	345,985	19,878	7,547,730
Assigned	36,689	4,252	66,539	-	4,319	4,257	-	-	116,056
<b>Total Fund Balances</b>	<b>36,689</b>	<b>5,843,001</b>	<b>66,539</b>	<b>1,064,453</b>	<b>302,296</b>	<b>191,373</b>	<b>345,985</b>	<b>19,878</b>	<b>7,870,214</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 484,837</b>	<b>7,141,521</b>	<b>88,877</b>	<b>1,303,616</b>	<b>319,066</b>	<b>410,016</b>	<b>346,374</b>	<b>19,878</b>	<b>10,114,185</b>

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, 2024**

	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	\$ -	10,638,264	289,214	-	1,028,411	955,071	-	-	12,910,960
State of Tennessee	-	2,241,797	-	-	-	134,375	-	-	2,376,172
Charges for Services	-	719,523	-	-	-	-	-	-	719,523
Fines and Forfeitures	-	-	-	12,697	197,323	-	-	-	210,020
Revenue from Use of Property	1,872,386	-	-	-	-	-	-	-	1,872,386
Investment Earnings	-	1,465	-	-	-	-	-	-	1,465
Miscellaneous	466,497	2,487,718	-	176,451	-	23,760	53,828	2,813	3,211,067
Total Revenues	2,338,883	16,088,767	289,214	189,148	1,225,734	1,113,206	53,828	2,813	21,301,593
Expenditures									
Current									
Public Safety	-	-	-	257,534	1,138,062	-	-	-	1,395,596
Public Welfare	-	-	-	-	-	1,114,124	-	-	1,114,124
Senior Citizens	-	-	-	-	-	-	30,099	-	30,099
Parks, Recreation, Culture and Leisure	2,749,462	-	-	-	-	-	-	-	2,749,462
Highway and Transportation Planning	-	-	342,741	-	-	-	-	-	342,741
Education	-	10,285,305	-	-	-	-	-	-	10,285,305
School Food Service	-	3,957,721	-	-	-	-	-	-	3,957,721
Miscellaneous	-	-	-	-	-	-	-	1,250	1,250
Capital Outlay	-	1,965,318	-	164,381	-	-	-	-	2,129,699
Debt Service									
Principal	-	187,858	-	-	-	-	-	-	187,858
Interest	-	7,354	-	-	-	-	-	-	7,354
Total Expenditures	2,749,462	16,403,556	342,741	421,915	1,138,062	1,114,124	30,099	1,250	22,201,209

(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, 2024**

	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	(410,579)	(314,789)	(53,527)	(232,767)	87,672	(918)	23,729	1,563	(899,616)
Other Financing Sources (Uses)									
Transfers In	-	31,640	40,603	-	-	-	-	-	72,243
Transfers Out	-	(86,109)	-	-	-	(29,327)	-	-	(115,436)
Subscription Issuance	-	74,400	-	-	-	-	-	-	74,400
Total Other Financing Sources (Uses)	-	19,931	40,603	-	-	(29,327)	-	-	31,207
Net Change in Fund Balances	(410,579)	(294,858)	(12,924)	(232,767)	87,672	(30,245)	23,729	1,563	(868,409)
Fund Balances, July 1, 2023	447,268	6,256,131	79,463	1,297,220	214,624	221,618	322,256	18,315	8,856,895
Purchase Method Inventory Adjustment	-	(118,272)	-	-	-	-	-	-	(118,272)
Fund Balances, July 1, 2023 Adjusted	447,268	6,137,859	79,463	1,297,220	214,624	221,618	322,256	18,315	8,738,623
Fund Balances, June 30, 2024	\$ 36,689	5,843,001	66,539	1,064,453	302,296	191,373	345,985	19,878	7,870,214

See Independent Auditors' Report.



**CITY OF JOHNSON CITY, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**SCHOOL FUNDS**  
**June 30, 2024**

	School Federal Projects Fund	Special School Projects Fund	School Food Service Fund	Internal School Fund	Total School Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 23,573	1	3,507,832	1,457,789	4,989,195
Accounts Receivable	-	-	279,808	10,896	290,704
Due from Other Funds	-	-	-	50	50
Due from State of Tennessee	627,390	914,770	102,551	-	1,644,711
Investments	-	-	-	-	-
Inventories	-	-	206,428	-	206,428
Restricted Investments	-	-	10,433	-	10,433
<b>Total Assets</b>	<b>\$ 650,963</b>	<b>914,771</b>	<b>4,107,052</b>	<b>1,468,735</b>	<b>7,141,521</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 9,042	85,506	1,463	-	96,011
Accrued Payroll Expenditures	393,200	727,234	-	-	1,120,434
Due to Other Funds	-	67,308	2,106	12,661	82,075
<b>Total Liabilities</b>	<b>402,242</b>	<b>880,048</b>	<b>3,569</b>	<b>12,661</b>	<b>1,298,520</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	206,428	-	206,428
Restricted	248,721	34,723	3,892,803	1,456,074	5,632,321
Assigned	-	-	4,252	-	4,252
<b>Total Fund Balances</b>	<b>248,721</b>	<b>34,723</b>	<b>4,103,483</b>	<b>1,456,074</b>	<b>5,843,001</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 650,963</b>	<b>914,771</b>	<b>4,107,052</b>	<b>1,468,735</b>	<b>7,141,521</b>

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, 2024**

	School Federal Projects Fund	Special School Projects Fund	School Food Service Fund	Internal School Fund	Total School Funds
Revenues					
Federal Government	\$ 7,451,863	-	3,186,401	-	10,638,264
State of Tennessee	-	2,209,523	32,274	-	2,241,797
Charges for Services	-	-	719,523	-	719,523
Investment Earnings	-	-	1,465	-	1,465
Miscellaneous	-	-	274,728	2,212,990	2,487,718
Total Revenues	<u>7,451,863</u>	<u>2,209,523</u>	<u>4,214,391</u>	<u>2,212,990</u>	<u>16,088,767</u>
Expenditures					
Current					
Education	6,284,669	1,710,126	-	2,290,510	10,285,305
School Food Service	-	-	3,957,721	-	3,957,721
Capital Outlay	1,065,304	577,281	322,733	-	1,965,318
Debt Service					
Principal	113,458	74,400	-	-	187,858
Interest	7,354	-	-	-	7,354
Total Expenditures	<u>7,470,785</u>	<u>2,361,807</u>	<u>4,280,454</u>	<u>2,290,510</u>	<u>16,403,556</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(18,922)</u>	<u>(152,284)</u>	<u>(66,063)</u>	<u>(77,520)</u>	<u>(314,789)</u>
Other Financing Sources (Uses)					
Transfers In	19,005	12,635	-	-	31,640
Transfers Out	(86,109)	-	-	-	(86,109)
Subscription Issuance	-	74,400	-	-	74,400
Total Other Financing Sources (Uses)	<u>(67,104)</u>	<u>87,035</u>	<u>-</u>	<u>-</u>	<u>19,931</u>
Net Change in Fund Balances	<u>(86,026)</u>	<u>(65,249)</u>	<u>(66,063)</u>	<u>(77,520)</u>	<u>(294,858)</u>
Fund Balances, July 1, 2023	334,747	99,972	4,287,818	1,533,594	6,256,131
Purchase Method Inventory Adjustment	-	-	(118,272)	-	(118,272)
Fund Balances, July 1, 2023 Adjusted	<u>334,747</u>	<u>99,972</u>	<u>4,169,546</u>	<u>1,533,594</u>	<u>6,137,859</u>
Fund Balances, June 30, 2024	<u>\$ 248,721</u>	<u>34,723</u>	<u>4,103,483</u>	<u>1,456,074</u>	<u>5,843,001</u>

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, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues				
Revenue from Use of Property	\$ 1,240,500	1,743,500	1,872,386	128,886
Miscellaneous	218,000	218,000	466,497	248,497
Total Revenues	1,458,500	1,961,500	2,338,883	377,383
Expenditures				
Parks, Recreation, Culture and Leisure				
Building Materials	4,250	4,250	1,937	2,313
Fixed Charges	78,159	78,159	89,548	(11,389)
Other	1,000	1,000	35	965
Personnel Services	542,599	542,599	564,032	(21,433)
Purchased Services	1,188,630	2,028,630	2,025,902	2,728
Supplies	60,920	60,920	68,008	(7,088)
Total Parks, Recreation, Culture and Leisure	1,875,558	2,715,558	2,749,462	(33,904)
Total Expenditures	1,875,558	2,715,558	2,749,462	(33,904)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(417,058)	(754,058)	(410,579)	343,479
Other Financing Sources (Uses)				
Transfer In	417,100	417,100	-	(417,100)
Total Other Financing Sources (Uses)	417,100	417,100	-	(417,100)
Net Change in Fund Balance	42	(336,958)	(410,579)	(73,621)
Fund Balance, July 1, 2023	447,268	447,268	447,268	-
Fund Balance, June 30, 2024	\$ 447,310	110,310	36,689	(73,621)

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, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Revenues				
Federal Government	\$ 10,389,796	8,968,200	7,451,863	(1,516,337)
Total Revenues	10,389,796	8,968,200	7,451,863	(1,516,337)
Expenditures				
Education				
Other	547,207	324,257	95,406	228,851
Personnel Services	6,570,246	7,246,654	5,870,631	1,376,023
Purchased Services	15,326	38,204	30,725	7,479
Supplies	451,667	524,353	287,907	236,446
Total Education	7,584,446	8,133,468	6,284,669	1,848,799
Capital Outlay	2,831,350	1,073,477	1,065,304	8,173
Debt Service				
Principal	-	-	113,458	(113,458)
Interest	-	-	7,354	(7,354)
Total Debt Service	-	-	120,812	(120,812)
Total Expenditures	10,415,796	9,206,945	7,470,785	1,736,160
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,000)	(238,745)	(18,922)	219,823
Other Financing Sources (Uses)				
Transfer In	26,000	326,000	19,005	(306,995)
Transfer Out	-	-	(86,109)	(86,109)
Total Other Financing Sources (Uses)	52,000	326,000	(67,104)	(393,104)
Net Change in Fund Balance	26,000	87,255	(86,026)	(173,281)
Fund Balance, July 1, 2023	334,747	334,747	334,747	-
Fund Balance, June 30, 2024	\$ 360,747	422,002	248,721	(173,281)

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, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues				
State of Tennessee	\$ 3,126,073	3,837,388	2,209,523	(1,627,865)
Total Revenues	3,126,073	3,837,388	2,209,523	(1,627,865)
Expenditures				
Education				
Other	-	246,410	134,170	112,240
Personnel Services	1,133,912	1,348,288	1,267,097	81,191
Purchased Services	-	342,620	67,308	275,312
Supplies	661,700	418,258	241,551	176,707
Total Education	1,795,612	2,355,576	1,710,126	645,450
Capital Outlay	1,350,000	1,501,351	577,281	924,070
Debt Service				
Principal	-	-	74,400	(74,400)
Total Debt Service	-	-	74,400	(74,400)
Total Expenditures	3,145,612	3,856,927	2,361,807	1,495,120
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,539)	(19,539)	(152,284)	(132,745)
Other Financing Sources (Uses)				
Transfer In	19,539	19,539	12,635	(6,904)
Subscription Issuance	-	-	74,400	74,400
Total Other Financing Sources (Uses)	19,539	19,539	87,035	67,496
Net Change in Fund Balance	-	-	(65,249)	(65,249)
Fund Balance, July 1, 2023	99,972	99,972	99,972	-
Fund Balance, June 30, 2024	\$ 99,972	99,972	34,723	(65,249)

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, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues				
Federal Government	\$ 3,100,000	3,130,700	3,186,401	55,701
State of Tennessee	35,000	35,000	32,274	(2,726)
Charges for Services	688,600	660,000	719,523	59,523
Investment Earnings	1,000	1,000	1,465	465
Miscellaneous	44,000	44,000	274,728	230,728
Total Revenues	3,868,600	3,870,700	4,214,391	343,691
Expenditures				
School Food Service				
Other	326,000	162,500	164,163	(1,663)
Personnel Services	1,780,932	1,832,932	1,816,727	16,205
Purchased Services	285,000	417,000	410,051	6,949
Supplies	1,408,300	1,387,800	1,566,780	(178,980)
Total School Food Service	3,800,232	3,800,232	3,957,721	(157,489)
Capital Outlay	68,368	418,368	322,733	95,635
Total Expenditures	3,868,600	4,218,600	4,280,454	(61,854)
Net Change in Fund Balance	-	(347,900)	(66,063)	281,837
Fund Balance, July 1, 2023	4,287,818	4,287,818	4,287,818	-
Purchase Method Inventory Adjustment	-	-	(118,272)	(118,272)
Fund Balance, July 1, 2023 Adjusted	4,287,818	4,287,818	4,169,546	(118,272)
Fund Balance, June 30, 2024	\$ 4,287,818	3,939,918	4,103,483	163,565

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, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Federal Government	\$ 326,222	326,222	289,214	(37,008)
Total Revenues	326,222	326,222	289,214	(37,008)
Expenditures				
Highway and Transportation Planning				
Fixed Charges	7,620	7,620	8,614	(994)
Personnel Services	294,728	294,728	292,441	2,287
Purchased Services	75,940	75,940	37,319	38,621
Supplies	8,400	8,400	4,367	4,033
Total Highway and Transportation Planning	386,688	386,688	342,741	43,947
Total Expenditures	386,688	386,688	342,741	43,947
Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,466)	(60,466)	(53,527)	6,939
Other Financing Sources (Uses)				
Transfer In	60,500	60,500	40,603	(19,897)
Total Other Financing Sources (Uses)	60,500	60,500	40,603	(19,897)
Net Change in Fund Balance	34	34	(12,924)	(12,958)
Fund Balance, July 1, 2023	79,463	79,463	79,463	-
Fund Balance, June 30, 2024	\$ 79,497	79,497	66,539	(12,958)

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, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Fines and Forfeitures	\$ 30,000	30,000	12,697	(17,303)
Miscellaneous	85,000	155,000	176,451	21,451
Total Revenues	115,000	185,000	189,148	4,148
Expenditures				
Public Safety				
Fixed Charges	-	-	111,477	(111,477)
Other	35,000	35,000	25,995	9,005
Purchased Services	15,000	15,000	2,316	12,684
Supplies	50,000	120,000	117,746	2,254
Total Public Safety	100,000	170,000	257,534	(87,534)
Capital Outlay	129,000	256,000	164,381	91,619
Total Expenditures	229,000	426,000	421,915	4,085
Net Change in Fund Balance	(114,000)	(241,000)	(232,767)	8,233
Fund Balance, July 1, 2023	1,297,220	1,297,220	1,297,220	-
Fund Balance, June 30, 2024	\$ 1,183,220	1,056,220	1,064,453	8,233

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, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Federal Government	\$ 159,500	1,434,500	1,028,411	(406,089)
Fines and Forfeitures	260,000	260,000	197,323	(62,677)
Total Revenues	419,500	1,694,500	1,225,734	(468,766)
Expenditures				
Public Safety				
Fixed Charges	158,624	158,624	99,342	59,282
Personnel Services	102,800	1,146,805	944,612	202,193
Purchased Services	30,650	70,650	30,476	40,174
Supplies	55,500	246,495	63,632	182,863
Total Public Safety	347,574	1,622,574	1,138,062	484,512
Total Expenditures	347,574	1,622,574	1,138,062	484,512
Net Change in Fund Balance	71,926	71,926	87,672	15,746
Fund Balance, July 1, 2023	214,624	214,624	214,624	-
Fund Balance, June 30, 2024	\$ 286,550	286,550	302,296	15,746

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, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Federal Government	\$ 585,880	955,580	955,071	(509)
State of Tennessee	134,375	134,375	134,375	-
Miscellaneous	-	-	23,760	23,760
Total Revenues	720,255	1,089,955	1,113,206	23,251
Expenditures				
Public Welfare				
Personnel Services	90,978	90,978	78,918	12,060
Other	483,000	852,700	875,581	(22,881)
Purchased Services	21,277	21,277	34,625	(13,348)
Special Appropriations	125,000	125,000	125,000	-
Total Public Welfare	720,255	1,089,955	1,114,124	(24,169)
Total Expenditures	720,255	1,089,955	1,114,124	(24,169)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(918)	(918)
Other Financing Sources (Uses)				
Transfer Out	-	-	(29,327)	(29,327)
Total Other Financing Sources (Uses)	-	-	(29,327)	(29,327)
Net Change in Fund Balance	-	-	(30,245)	(30,245)
Fund Balance, July 1, 2023	221,618	221,618	221,618	-
Fund Balance, June 30, 2024	\$ 221,618	221,618	191,373	(30,245)

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, 2024**

	Regional Solid Waste Fund	Mass Transit Fund	Stormwater Management Fund	Total Nonmajor Proprietary Funds
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 3,633,764	209,965	7,548,491	11,392,220
Accounts Receivable (Net)	101,505	62,386	165,668	329,559
Due from Federal Government	-	2,216,069	-	2,216,069
Due from State of Tennessee	-	1,258,706	-	1,258,706
Total Current Assets	3,735,269	3,747,126	7,714,159	15,196,554
Capital Assets				
Land	-	205,990	5,254,633	5,460,623
Buildings and Improvements	179,207	2,930,484	10,614,764	13,724,455
Equipment and Vehicles	4,852,733	8,183,422	1,841,626	14,877,781
Less: Accumulated Depreciation	(3,382,926)	(6,269,059)	(3,691,181)	(13,343,166)
Construction in Progress	-	-	5,319,617	5,319,617
Net Capital Assets	1,649,014	5,050,837	19,339,459	26,039,310
Total Assets	5,384,283	8,797,963	27,053,618	41,235,864
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Contributions After Measurement Date	61,011	130,968	10,038	202,017
Pension Changes in Experience	119,120	265,720	48,019	432,859
Pension Changes in Assumptions	-	-	397	397
Pension Changes in Investment Earnings (Net)	45,557	13,173	16,101	74,831
Total Deferred Outflows of Resources	225,688	409,861	74,555	710,104
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	76,660	51,428	167,710	295,798
Accrued Payroll Expenses	42,285	111,270	19,359	172,914
Accrued Expenses	766	-	-	766
Accrued Interest Payable	-	-	78,073	78,073
Customer Deposits	32,691	-	10,130	42,821
Retainages Payable	-	-	68,635	68,635
Compensated Absences - Current Portion	8,166	15,963	2,864	26,993
Notes and Bonds Payable - Current Portion	-	-	465,000	465,000
Total Current Liabilities	160,568	178,661	811,771	1,151,000

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**June 30, 2024**

	Regional Solid Waste Fund	Mass Transit Fund	Stormwater Management Fund	Total Nonmajor Proprietary Funds
LIABILITIES (CONTINUED)				
Noncurrent Liabilities				
Compensated Absences Payable	89,375	170,285	30,838	290,498
Net Pension Liability	166,921	326,241	49,316	542,478
Notes and Bonds Payable (Net)	-	-	8,359,869	8,359,869
Total Noncurrent Liabilities	<u>256,296</u>	<u>496,526</u>	<u>8,440,023</u>	<u>9,192,845</u>
Total Liabilities	<u>416,864</u>	<u>675,187</u>	<u>9,251,794</u>	<u>10,343,845</u>
DEFERRED INFLOWS OF RESOURCES				
Pension Changes in Assumptions	<u>37,176</u>	<u>71,775</u>	<u>-</u>	<u>108,951</u>
Total Deferred Inflows of Resources	<u>37,176</u>	<u>71,775</u>	<u>-</u>	<u>108,951</u>
NET POSITION				
Net Investment in Capital Assets	1,649,014	5,050,837	10,445,955	17,145,806
Unrestricted	<u>3,506,917</u>	<u>3,410,025</u>	<u>7,430,424</u>	<u>14,347,366</u>
Total Net Position	<u>\$ 5,155,931</u>	<u>8,460,862</u>	<u>17,876,379</u>	<u>31,493,172</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, 2024**

	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)	\$ 4,302,581	389,028	3,386,720	-	8,078,329
Other Revenue	-	15,933	32,884	-	48,817
Total Operating Revenues	4,302,581	404,961	3,419,604	-	8,127,146
Operating Expenses					
Administration	453,416	-	256,615	-	710,031
Personnel Services	1,516,499	3,640,170	579,372	-	5,736,041
Contractual Services	983,945	204,765	80,220	-	1,268,930
Materials and Supplies	101,065	211,538	151,632	-	464,235
Repairs and Maintenance	1,047,290	626,842	176,415	-	1,850,547
Other Operating Expenses	2,375	93,517	28,085	-	123,977
Depreciation and Amortization	396,474	595,487	356,268	-	1,348,229
Total Operating Expenses	4,501,064	5,372,319	1,628,607	-	11,501,990
Operating Income (Loss)	(198,483)	(4,967,358)	1,790,997	-	(3,374,844)
Nonoperating Revenues (Expenses)					
Investment Income (Loss)	-	-	-	3,872	3,872
Operating Grants	-	2,981,948	-	-	2,981,948
Interest Expenses and Commissions	-	-	(262,271)	-	(262,271)
Gain (Loss) on Sale of Capital Assets	-	17,182	3,976	-	21,158
Total Nonoperating Revenues (Expenses)	-	2,999,130	(258,295)	3,872	2,744,707
Income (Loss) Before Transfers and Capital Contributions	(198,483)	(1,968,228)	1,532,702	3,872	(630,137)
Transfers and Capital Contributions					
Transfers In	-	1,688,145	-	-	1,688,145
Transfers Out	-	-	-	(436,488)	(436,488)
Federal Capital Grant Revenue	-	401,091	-	-	401,091
State Capital Grant Revenue	-	161,031	-	-	161,031
Total Transfers and Capital Contributions	-	2,250,267	-	(436,488)	1,813,779
Change in Net Position	(198,483)	282,039	1,532,702	(432,616)	1,183,642
Net Position, July 1, 2023	5,354,414	8,178,823	16,343,677	432,616	30,309,530
Net Position, June 30, 2024	\$ 5,155,931	8,460,862	17,876,379	-	31,493,172

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2024**

	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	\$ 4,308,958	333,296	3,433,185	-	8,075,439
Payments to Employees	(1,399,147)	(3,372,299)	(512,812)	-	(5,284,258)
Payments to Suppliers	(1,278,183)	(568,805)	(595,765)	(8,082)	(2,450,835)
Payments for Interfund Services Used	(1,404,014)	(520,769)	(380,485)	-	(2,305,268)
Net Cash Provided by (Used for) Operating Activities	227,614	(4,128,577)	1,944,123	(8,082)	(1,964,922)
Cash Flows from Noncapital Financing Activities					
Transfers to Other Funds	-	-	-	(436,488)	(436,488)
Transfers from Other Funds	-	1,688,145	-	-	1,688,145
Operating Grants Received	-	2,771,026	-	-	2,771,026
Net Cash Provided by (Used for) Noncapital Financing Activities	-	4,459,171	-	(436,488)	4,022,683
Cash Flows from Capital and Related Financing Activities					
Purchase of Capital Assets	(413,379)	(484,775)	(884,422)	-	(1,782,576)
Capital Grants Received	-	342,044	-	-	342,044
Principal Paid on Capital Debt	-	-	(449,000)	-	(449,000)
Construction Retainage	-	-	38,119	-	38,119
Interest Paid on Capital Debt	-	-	(322,170)	-	(322,170)
Proceeds from Sale of Capital Assets	-	17,182	3,976	-	21,158
Net Cash Provided by (Used for) Capital and Related Financing Activities	(413,379)	(125,549)	(1,613,497)	-	(2,152,425)
Cash Flows from Investing Activities					
Interest and Related Income/Expenses on Investments	-	-	-	3,872	3,872
Sale of Investments	-	-	4,202,642	317,748	4,520,390
Net Cash Provided by (Used for) Investing Activities	-	-	4,202,642	321,620	4,524,262
Net Increase (Decrease) in Cash and Cash Equivalents	(185,765)	205,045	4,533,268	(122,950)	4,429,598
Cash and Cash Equivalents, July 1, 2023	3,819,529	4,920	3,015,223	122,950	6,962,622
Cash and Cash Equivalents, June 30, 2024	\$ 3,633,764	209,965	7,548,491	-	11,392,220

(Continued)



**CITY OF JOHNSON CITY, TENNESSEE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2024**

	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)	\$ (198,483)	(4,967,358)	1,790,997	-	(3,374,844)
Adjustments:					
Depreciation and Amortization	396,474	595,487	356,268	-	1,348,229
Change in Net Pension Liability (Asset)	97,149	166,786	29,796	-	293,731
Change in the Allowance for Uncollectible Receivables	-	-	36,470	-	36,470
(Increase) Decrease in Deferred Outflows Related to Pensions	218,761	513,967	76,992	-	809,720
Increase (Decrease) in Deferred Inflows Related to Pensions	(182,619)	(409,917)	(56,737)	-	(649,273)
Increase (Decrease) in Deferred Inflows Related to Leases	-	(11,171)	-	-	(11,171)
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	3,465	(60,494)	(22,823)	-	(79,852)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(94,088)	47,088	(283,283)	(8,082)	(338,365)
Increase (Decrease) in Accrued Payroll Expenses	(1,751)	12,409	5,920	-	16,578
Increase (Decrease) in Other Payables	(18)	-	-	-	(18)
Increase (Decrease) in Compensated Absences	(14,188)	(15,374)	10,589	-	(18,973)
Increase (Decrease) in Contractor Deposits	2,912	-	(66)	-	2,846
Net Cash Provided by (Used for) Operating Activities	\$ 227,614	(4,128,577)	1,944,123	(8,082)	(1,964,922)

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, 2024**

	Insurance Fund	Fleet Management Fund	Total Internal Service Funds
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 6,039,596	-	6,039,596
Accounts Receivable (Net)	476,126	2,616	478,742
Due from Other Funds	103,831	5,242	109,073
Inventories	-	632,123	632,123
Total Current Assets	<u>6,619,553</u>	<u>639,981</u>	<u>7,259,534</u>
Capital Assets			
Buildings and Improvements	-	962,840	962,840
Equipment and Vehicles	-	4,190,141	4,190,141
Less: Accumulated Depreciation	-	(2,290,339)	(2,290,339)
Net Capital Assets	<u>-</u>	<u>2,862,642</u>	<u>2,862,642</u>
Total Assets	<u>6,619,553</u>	<u>3,502,623</u>	<u>10,122,176</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Contributions After Measurement Date	9	161,189	161,198
Pension Changes in Experience	38,607	283,006	321,613
Pension Changes in Assumptions	5,254	-	5,254
Pension Changes in Investment Earnings (Net)	<u>21,524</u>	<u>82,560</u>	<u>104,084</u>
Total Deferred Outflows of Resources	<u>65,394</u>	<u>526,755</u>	<u>592,149</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	123,587	329,945	453,532
Accrued Payroll Expenses	9,607	92,210	101,817
Accrued Expenses	5,397,594	-	5,397,594
Accrued Interest Payable	-	19,064	19,064
Compensated Absences - Current Portion	1,187	19,132	20,319
Notes and Bonds Payable - Current Portion	-	266,569	266,569
Total Current Liabilities	<u>5,531,975</u>	<u>726,920</u>	<u>6,258,895</u>

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2024**

	Insurance Fund	Fleet Management Fund	Total Internal Service Funds
<b>LIABILITIES (CONTINUED)</b>			
Noncurrent Liabilities			
Notes and Bonds Payable (Net)	-	1,184,232	1,184,232
Compensated Absences Payable	11,883	214,855	226,738
Net Pension Liability	10,692	387,377	398,069
Total Noncurrent Liabilities	<u>22,575</u>	<u>1,786,464</u>	<u>1,809,039</u>
Total Liabilities	<u>5,554,550</u>	<u>2,513,384</u>	<u>8,067,934</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Changes in Assumptions	<u>-</u>	<u>71,478</u>	<u>71,478</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>71,478</u>	<u>71,478</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	-	1,411,841	1,411,841
Unrestricted	<u>1,130,397</u>	<u>32,675</u>	<u>1,163,072</u>
Total Net Position	<u>\$ 1,130,397</u>	<u>1,444,516</u>	<u>2,574,913</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, 2024**

	Insurance Fund	Fleet Management Fund	Total Internal Service Funds
Operating Revenues			
Charges for Services (Net)	\$ 15,165,588	9,710,844	24,876,432
Other Revenue	1,398,428	11,894	1,410,322
Total Operating Revenues	<u>16,564,016</u>	<u>9,722,738</u>	<u>26,286,754</u>
Operating Expenses			
Personnel Services	242,092	2,972,758	3,214,850
Contractual Services	17,859,393	151,120	18,010,513
Materials and Supplies	-	43,964	43,964
Repairs and Maintenance	-	5,997,451	5,997,451
Other Operating Expenses	-	224,117	224,117
Depreciation and Amortization	-	352,206	352,206
Total Operating Expenses	<u>18,101,485</u>	<u>9,741,616</u>	<u>27,843,101</u>
Operating Income (Loss)	<u>(1,537,469)</u>	<u>(18,878)</u>	<u>(1,556,347)</u>
Nonoperating Revenues (Expenses)			
Investment Income	66,237	-	66,237
Interest Expenses and Commissions	-	(46,988)	(46,988)
Total Nonoperating Revenues (Expenses)	<u>66,237</u>	<u>(46,988)</u>	<u>19,249</u>
Income (Loss) Before Transfers	<u>(1,471,232)</u>	<u>(65,866)</u>	<u>(1,537,098)</u>
Transfers			
Transfers In	103,831	516,774	620,605
Transfers Out	-	(244,699)	(244,699)
Total Transfers	<u>103,831</u>	<u>272,075</u>	<u>375,906</u>
Change in Net Position	(1,367,401)	206,209	(1,161,192)
Net Position, July 1, 2023	<u>2,497,798</u>	<u>1,238,307</u>	<u>3,736,105</u>
Net Position, June 30, 2024	<u>\$ 1,130,397</u>	<u>1,444,516</u>	<u>2,574,913</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, 2024**

	Insurance Fund	Fleet Management Fund	Total Internal Service Funds
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ -	23,670	23,670
Receipts from Interfund Services Provided	16,460,185	9,705,827	26,166,012
Payments to Employees	(203,531)	(2,654,593)	(2,858,124)
Payments to Suppliers	(17,639,451)	(6,221,224)	(23,860,675)
Payments for Interfund Services Used	-	(11,775)	(11,775)
Net Cash Provided by (Used for) Operating Activities	(1,382,797)	841,905	(540,892)
Cash Flows from Noncapital Financing Activities			
Transfers from Other Funds	103,831	516,774	620,605
Transfers to Other Funds	-	(244,699)	(244,699)
Net Cash Provided by (Used for) Noncapital Financing Activities	103,831	272,075	375,906
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	-	(792,160)	(792,160)
Payments on Long-Term Debt	-	(252,028)	(252,028)
Interest Paid on Long-Term Debt	-	(69,792)	(69,792)
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	(1,113,980)	(1,113,980)
Cash Flows from Investing Activities			
Interest Received	66,237	-	66,237
Net Cash Provided by (Used for) Investing Activities	66,237	-	66,237
Net Increase (Decrease) in Cash and Cash Equivalents	(1,212,729)	-	(1,212,729)
Cash and Cash Equivalents, July 1, 2023	7,252,325	-	7,252,325
Cash and Cash Equivalents, June 30, 2024	\$ 6,039,596	-	6,039,596

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2024**

	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)	\$ (1,537,469)	(18,878)	(1,556,347)
Adjustments:			
Depreciation and Amortization	-	352,206	352,206
(Increase) Decrease in Deferred Pension Outflows	55,468	478,596	534,064
Increase (Decrease) in Deferred Pension Inflows	(36,347)	(417,542)	(453,889)
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	122,383	(455)	121,928
(Increase) Decrease in Due from Other Funds	(103,831)	7,214	(96,617)
(Increase) Decrease in Inventories	-	8,080	8,080
Increase (Decrease) in Accounts Payable	17,073	175,573	192,646
Increase (Decrease) in Accrued Payroll Expenses	4,939	9,697	14,636
Increase (Decrease) in Compensated Absences	8,785	(2,099)	6,686
Increase (Decrease) in Net Pension Liability	5,716	249,513	255,229
Increase (Decrease) in Other Liabilities	80,486	-	80,486
Net Cash Provided by (Used for) Operating Activities	<u>\$ (1,382,797)</u>	<u>841,905</u>	<u>(540,892)</u>

Non-Cash Capital and Related Financing Activities

Fleet Management Fund

- Amortization of Bond Premium totaling \$18,604 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, 2024**

Governmental Funds Capital Assets	<u>2024</u>	<u>2023</u>
Land	\$ 31,716,471	\$ 30,053,140
Buildings and Improvements	305,747,461	292,746,803
Right-to-Use Leased Assets- Buildings	266,996	266,996
Intangible Right-to-Use Software Agreements	9,277,089	8,895,774
Equipment and Vehicles	55,821,145	54,459,983
Infrastructure	189,006,973	188,365,564
Intellectual Property	5,500	5,500
Artwork	323,150	323,150
Construction in Progress	<u>65,309,303</u>	<u>52,410,373</u>
Total Governmental Funds Capital Assets	<u>\$ 657,474,088</u>	<u>\$ 627,527,283</u>
Investments in Governmental Funds Capital Assets by Source		
General Fund	\$ 323,168,228	\$ 317,199,056
General Purpose School Fund	245,744,993	234,629,557
Special Revenue Funds	21,478,597	21,515,330
Capital Project Fund	1,772,967	1,772,967
Construction in Progress	<u>65,309,303</u>	<u>52,410,373</u>
Total Investments in Governmental Funds Capital Assets by Source	<u>\$ 657,474,088</u>	<u>\$ 627,527,283</u>

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, 2024

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	\$ 7,746,946	22,510,552	266,996	9,277,089	1,474,881	786,701	-	-	-	42,063,165
Information Technology	-	-	-	-	2,382,990	-	-	-	3,661,868	6,044,858
Total General Government	<u>7,746,946</u>	<u>22,510,552</u>	<u>266,996</u>	<u>9,277,089</u>	<u>3,857,871</u>	<u>786,701</u>	<u>-</u>	<u>-</u>	<u>3,661,868</u>	<u>48,108,023</u>
Education:										
General Operations	9,129,710	227,442,845	-	-	7,020,643	2,301,108	5,500	-	8,301,873	254,201,679
Food Service	-	-	-	-	2,704,173	-	-	-	-	2,704,173
Student Transit	-	-	-	-	4,972,680	-	-	-	-	4,972,680
Total Education	<u>9,129,710</u>	<u>227,442,845</u>	<u>-</u>	<u>-</u>	<u>14,697,496</u>	<u>2,301,108</u>	<u>5,500</u>	<u>-</u>	<u>8,301,873</u>	<u>261,878,532</u>
Parks, Recreation, Culture and Leisure	<u>5,843,892</u>	<u>40,337,843</u>	<u>-</u>	<u>-</u>	<u>6,042,875</u>	<u>6,955,883</u>	<u>-</u>	<u>-</u>	<u>29,021,547</u>	<u>88,202,040</u>
Public Works:										
Public Services	6,835,070	831,816	-	-	11,469,086	178,963,281	-	323,150	24,324,015	222,746,418
Recycling	-	462,980	-	-	-	-	-	-	-	462,980
Total Public Works	<u>6,835,070</u>	<u>1,294,796</u>	<u>-</u>	<u>-</u>	<u>11,469,086</u>	<u>178,963,281</u>	<u>-</u>	<u>323,150</u>	<u>24,324,015</u>	<u>223,209,398</u>
Public Safety:										
Police	-	1,521,026	-	-	9,178,551	-	-	-	-	10,699,577
Fire	-	5,581,969	-	-	10,339,135	-	-	-	-	15,921,104
Civil Defense	-	-	-	-	-	-	-	-	-	-
Total Public Safety	<u>-</u>	<u>7,102,995</u>	<u>-</u>	<u>-</u>	<u>19,517,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,620,681</u>
City Service:										
Library	2,160,853	7,058,430	-	-	-	-	-	-	-	9,219,283
Community Development	-	-	-	-	147,720	-	-	-	-	147,720
Metropolitan Transportation Planning	-	-	-	-	88,411	-	-	-	-	88,411
Total City Service	<u>2,160,853</u>	<u>7,058,430</u>	<u>-</u>	<u>-</u>	<u>236,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,455,414</u>
Total Governmental Funds Capital Assets	<u>\$ 31,716,471</u>	<u>305,747,461</u>	<u>266,996</u>	<u>9,277,089</u>	<u>55,821,145</u>	<u>189,006,973</u>	<u>5,500</u>	<u>323,150</u>	<u>65,309,303</u>	<u>657,474,088</u>

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, 2024**

	Governmental Funds Capital Assets June 30, 2023	Additions	Deletions	Transfers and Adjustments	Governmental Funds Capital Assets June 30, 2024
Function and Activity					
General Government:					
General Administration	\$ 39,195,600	3,748,675	(305,752)	(575,358)	42,063,165
Information Technology	6,239,313	88,991	(456,776)	173,330	6,044,858
Total General Government	45,434,913	3,837,666	(762,528)	(402,028)	48,108,023
Education:					
General Operations	249,636,547	4,517,079	(144,261)	192,314	254,201,679
Food Service	2,729,955	-	(25,782)	-	2,704,173
Student Transit	5,377,617	80,550	(485,487)	-	4,972,680
Total Education	257,744,119	4,597,629	(655,530)	192,314	261,878,532
Parks, Recreation, Culture and Leisure	75,510,512	12,958,682	(334,280)	67,126	88,202,040
Public Works:					
Public Services	213,569,577	9,891,556	(577,812)	(136,903)	222,746,418
Recycling	462,980	-	-	-	462,980
Total Public Works	214,032,557	9,891,556	(577,812)	(136,903)	223,209,398
Public Safety:					
Police	10,428,942	1,030,549	(746,662)	(13,252)	10,699,577
Fire	15,044,414	1,216,239	(391,438)	51,889	15,921,104
Civil Defense	26,220	-	(26,220)	-	-
Total Public Safety	25,499,576	2,246,788	(1,164,320)	38,637	26,620,681
City Service:					
Library	9,169,708	49,575	-	-	9,219,283
Community Development	47,487	52,858	-	47,375	147,720
Metropolitan Transportation Planning	88,411	-	-	-	88,411
Total City Service	9,305,606	102,433	-	47,375	9,455,414
Total Governmental Funds Capital Assets	\$ 627,527,283	33,634,754	(3,494,470)	(193,479)	657,474,088

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, 2024**

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	\$ 661,043
National School Lunch Program	10.555	N/A	N/A	2,075,210
Total Child Nutrition Cluster				<u>2,736,253</u>
National School Snack Program - Cooperative Extension Service	10.500	N/A	N/A	<u>108,741</u>
Pass-through State Department of Agriculture through the Northeast Tennessee Cooperative:				
Food Distribution Cluster:				
National School Lunch Program (Commodities - Noncash Assistance)	10.565	N/A	N/A	<u>373,681</u>
Total U.S. Department of Agriculture				<u>482,422</u>
U.S. Department of Health and Human Services:				
Pass-through State of Tennessee Department of Education				
477 Cluster - Temporary Assistance for Needy Families - Learning Camps	93.558	N/A	N/A	<u>98,744</u>
Total U.S. Department of Health and Human Services				<u>98,744</u>
U.S. Department of Housing and Urban Development				
CDBG - Entitlement/Special Purpose Grants Cluster	14.218	B-MC-47-0008	N/A	<u>955,072</u>
Total U.S. Department of Housing and Urban Development				<u>955,072</u>

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2024**

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:				
Bullet Proof Vest Program				
Bullet Proof Vest	16.607	2000-BU-BX-01007843	N/A	29,928
Total Bullet Proof Vest Program				29,928
Personal Protective Supplies & Response Program				
COVID-19 Personal Protective Supplies and Response	16.034	2020-VD-BX-1591	N/A	22,231
Total Personal Protective Supplies & Response Program				22,231
Pass-through State Department of Justice:				
Criminal Justice Program				
JAG-VOCA	16.575	N/A	N/A	96,476
Total Criminal Justice Program				96,476
Total U.S. Department of Justice				148,635
U.S. Department of Defense:				
Pass-Through State of Tennessee Department of General Services:				
Law Enforcement Support Office (LESO)	12.000	N/A	Section 1033	79,123
Total U.S. Department of Defense:				79,123
U.S. Department of Transportation:				
Direct Programs:				
Federal Transit Cluster:				
Federal Transit Formula Grants (Operating)	20.507	TN-2022-020-00	N/A	2,070,569
Federal Transit Formula Grants (5307 CARES Operating)	20.507	TN-2020-016-02	N/A	954
Federal Transit Formula Grants (Capital)	20.507	TN-2022-020-00	N/A	24,545
Federal Transit Formula Grants (Section 5339 Capital)	20.507	TN-2016-028-01	N/A	93,591
Federal Transit Formula Grants (Section 5307 Capital)	20.507	TN-2018-046-00	N/A	11,791
Federal Transit Formula Grants (Section 5307 Capital)	20.507	TN-2019-017-01	N/A	63,602
Federal Transit Formula Grants (Section 5307 Capital)	20.507	TN-2019-036-02	N/A	19,196
Total Federal Transit Cluster				2,284,248

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2024**

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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				
Highway Planning and Construction	20.205	Z-14MPO006	N/A	289,215
Total Highway Planning and Construction				289,215
Transit Services Program Cluster				
New Freedom (Operating)	20.521	TN-57-X008-01	N/A	55,955
Enhanced Mobility of Seniors and Individuals with Disabilities (5310 Capital)	20.513	TN-2018-050	N/A	188,366
Total Transit Services Program Cluster				244,321
Alcohol Open Container Requirements Program				
Alcohol Open Container Requirements - Safer Streets	20.607	N/A	Z23THS137	6,039
Alcohol Open Container Requirements - Safer Streets XV 2024	20.607	N/A	Z24ths1447	50,394
Total Alcohol Open Container Requirements Program				56,433
Total U.S. Department of Transportation				2,874,217
U.S. Department of Treasury				
COVID-19 American Rescue Plan Act (ARPA)	21.027	N/A	N/A	4,039,270
Total U.S. Department of Treasury				4,039,270
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	535,176
Total U.S. Environmental Protection Agency				535,176

(Continued)



**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2024**

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)	84.027A	N/A	H027A230052	1,857,147
Special Education - ARP IDEA	84.027X	ARP IDEA	H027X210052	141,997
ARP IDEA PreSchool	84.027X	ARP IDEA	N/A	3,224
Preschool Incentive Project	84.173A	N/A	H173A230095	52,931
Total Special Education Cluster (IDEA)				<u>2,055,299</u>
Title I Grants to Local Educational Agencies	84.010A	N/A	S010A230042	2,050,239
Title I-D	84.010A	N/A	S010A230042	38,672
Carl Perkins - Reserve	84.048	N/A	N/A	50,000
Career and Technical Education - Carl Perkins	84.048A	N/A	V048A210042	165,442
Title IV Student Support and Academic Enrichment	84.424A	N/A	S424A230044	162,145
Stronger Connections	84.424F	N/A	S424F220044	234,146
Education for Homeless Children and Youth	84.196	N/A	S196A210044	71,051
21st Century Community Learning Center	84.287C	N/A	S287C230043	269,288
Title II, Part A, Improving Teacher Quality State Grants	84.367A	N/A	S367A230040	350,800
Title III, Immigrant and English Language Acquisition State Grants	84.365A	N/A	S365A230042	47,764
COVID-19 Elementary and Secondary School Emergency Relief	84.425D	ESSER 3	S425U2100047	1,962,497
COVID-19 ARP Homeless 1.0	84.425W	N/A	S425W210044	2,268
COVID-19 ARP Homeless 2.0	84.425W	N/A	S425W210044-21A	11,256
Total U.S. Department of Education				<u>7,470,867</u>
Total Expenditures of Federal Awards				<u>\$ 19,419,779</u>

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2024**

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**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, 2024. 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 F: AMERICAN RESCUE PLAN ACT**

American Rescue Plan Act funds in the amount of \$13,415,440 were received during previous fiscal years. The City began to expend these funds during fiscal year 2023 and the remaining funds not yet expended, \$6,796,189, are reported as deferred revenue in the General Fund financial statements.

**NOTE G: STATE REVOLVING LOAN (66.458)**

The loan has been fully drawn as of June 30, 2024. The total loan balance at June 30, 2024 was \$12,124,215.

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, 2024**

Grantor Agency / Pass-Through Agency Program Title	Contract Number	Pass-Through Entity Identifying Number	Total State Expenditures
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	Z-24-UROP-09	N/A	781,700
Transit State Operating Grant	Z-23-5307-10	N/A	44,793
New Freedom Operating	GG-22-71658-A	N/A	27,977
5310 Capital Assistance	905310-S3-004	N/A	23,545
Transit State Capital Grant	Z-23-5307-10	N/A	3,067
Transit State Capital Grant	GG-24-81910	N/A	9,555
Transit State Capital Grant	GG-25-84045	N/A	30,236
Transit State Capital Grant	GG-23-77949	N/A	2,399
Transit State Capital Grant	GG-24-82494	N/A	1,474
Improve Capital Grant	Z-22-IMPV-10	N/A	50,601
Total Tennessee Department of Transportation			<u>975,347</u>
Tennessee Department of Commerce and Insurance:			
Recruitment and Retention - Cadets	N/A	77833-87	3,000
Total Tennessee Department of Commerce and Insurance			<u>3,000</u>

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2024**

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	35910-03602	N/A	4,500
Total Tennessee Commission on Children and Youth			4,500
Tennessee Department of Mental Health and Substance Abuse Services: Pass-Through Washington County, Tennessee: Juvenile Court Safe Baby Court	74161-2022-2023-015	N/A	70,739
Total Tennessee Department of Mental Health and Substance Abuse Services			70,739
Tennessee Housing Development Agency: Emergency Shelter Grant	Z-05-020660-01	N/A	124,949
Total Tennessee Housing Development Agency			124,949
Tennessee Department of Education:			
Lottery Pre-K	N/A	N/A	467,367
Innovative Schools Model	N/A	N/A	740,720
Safe Schools	N/A	GG-03009623	90,960
Public School Security	N/A	N/A	96,303
State Special Education PreSchool	N/A	N/A	101,708
21st Century Community Learning Centers Program	N/A	S-28-7C1900-43	57,589
Learning Camps	N/A	N/A	596,637
Learning Camp Transportation	N/A	N/A	67,308
Total Tennessee Department of Education			2,218,592
Tennessee Department of Safety and Homeland Security: SRO Grant Program	N/A	79157	809,101
Total Tennessee Department of Safety and Homeland Security			809,101
Tennessee Department of Finance and Administration: Violent Crime Intervention Fund (VCIF)	N/A	77241-VCIF	10,631
Total Tennessee Department of Finance and Administration			10,631
Tennessee Department of Tourist Development: Tourism Grant	N/A	32601-77740	15,000
Total Tennessee Department of Tourist Development			15,000

(Continued)



**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2024**

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Grantor Agency / Pass-Through Agency Program Title	Contract Number	Pass-Through Entity Identifying Number	Total State Expenditures
Tennessee Department of Environment and Conservation: VW Settlement EMT Medium and Large Truck Program	N/A	N/A	477,092
Pass-Through Last Call Foundation Cleaning Equipment for SCBA's, Helmets and Face Masks	N/A	N/A	17,030
Pass-Through District I Home Security 2021 Grant	N/A	N/A	34,000
Total Tennessee Department of Environment and Conservation			<u>528,122</u>
Total Expenditures of State Awards			<u>\$ 4,779,981</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, 2024**

Transfers In:																						
General Fund	Debt Service		Special Revenue			Capital Project	Enterprise		Internal Service													
	Debt Service	Educ Facilities Debt Service	General Purpose School	School Federal and Special Projects	Transportation Planning	Capital Project Fund	Mass Transit	Water and Sewer	Insurance	Motor Transport												
<u>Transfers Out:</u>																						
General Fund	\$	10,354,644		\$	11,626,736	\$	40,603	\$	6,460,102	\$	1,688,145	\$	2,068,461	\$	103,831	\$	516,774					
Special Revenue Funds:																						
General Purpose School	\$	9,761	1,044,590	\$	1,984,104		\$	31,640														
Debt Service													90,949									
School Federal & Special Projects					86,109																	
Community Development		29,327																				
School Trust Fund		-																				
Transportation Planning		-																				
Public Building Authority		436,488																				
Internal Service Funds													244,699									
Enterprise Funds:																						
Water and Sewer		800,000																				
Totals	\$	1,275,576	\$	11,399,234	\$	1,984,104	\$	11,712,845	\$	31,640	\$	40,603	\$	6,460,102	\$	1,688,145	\$	2,404,109	\$	103,831	\$	516,774

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, 2024**

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2025	\$ 15,898,913	8,874,566	24,773,479
2026	14,936,221	8,210,361	23,146,582
2027	14,331,202	7,484,040	21,815,242
2028	14,906,580	6,899,041	21,805,621
2029	15,112,031	6,293,970	21,406,001
2030	14,668,586	5,683,398	20,351,984
2031	15,210,247	5,076,938	20,287,185
2032	12,919,988	4,469,085	17,389,073
2033	13,459,836	3,951,736	17,411,572
2034	12,774,780	3,411,632	16,186,412
2035	10,379,820	2,897,456	13,277,276
2036	10,710,968	2,452,768	13,163,736
2037	9,504,212	2,049,824	11,554,036
2038	9,842,564	1,695,560	11,538,124
2039	10,206,024	1,326,863	11,532,887
2040	9,243,032	921,092	10,164,124
2041	6,978,256	551,068	7,529,324
2042	6,847,028	297,096	7,144,124
2043	1,930,839	48,727	1,979,566
Totals	<u>\$ 219,861,127</u>	<u>72,595,221</u>	<u>292,456,348</u>

Note: The total reflected on the statement of net position has been increased by debt premium costs of \$20,009,958.

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS -**  
**ALL FUNDS - PRIMARY GOVERNMENT**  
**June 30, 2024**

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
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	21,658	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
Totals	<u>\$ 2,594,002</u>	<u>831,179</u>	<u>3,425,181</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, 2024**

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2023	Issued During Period	Paid / Refunded During Period	Outstanding June 30, 2024
<b>GOVERNMENTAL ACTIVITIES:</b>								
<u><b>BONDS PAYABLE:</b></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	\$ 23,505,000	\$ -	\$ 1,790,000	\$ 21,715,000
General Obligation Bonds, Series 2020	14,768,672	4.00% - 5.00%	12/15/2020	3/1/2033	11,140,000	-	1,540,000	9,600,000
General Obligation Bonds, Series 2022	1,935,000	4.00% - 5.00%	5/4/2022	3/1/2042	1,860,000	-	60,000	1,800,000
Total Bonds Payable Through Educational Facilities Debt Service Fund					36,505,000	-	3,390,000	33,115,000
Payable Through Debt Service Fund:								
The Tennessee Municipal Bond Fund, Series TCSLP 2008	14,898,315	5.00%	1/9/2009	5/25/2029	5,215,787	-	978,037	4,237,750
Qualified School Construction Bonds, Series 2009	8,160,000	1.52%	12/1/2009	9/1/2026	1,625,638	-	509,171	1,116,467
The Tennessee Municipal Bond Fund, 2009 Energy	5,200,000	5.00%	1/9/2009	5/25/2024	477,000	-	477,000	-

(Continued)

CITY OF JOHNSON CITY, TENNESSEE  
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE  
For the Year Ended June 30, 2024

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2023	Issued During Period	Paid / Refunded During Period	Outstanding June 30, 2024
<b>GOVERNMENTAL ACTIVITIES (CONTINUED):</b>								
<b><u>BONDS PAYABLE (CONTINUED):</u></b>								
Payable Through Debt Service Fund (Continued):								
The Tennessee Municipal Bond Fund, Series 2014	2,000,000	2.56%	12/23/2014	11/1/2029	1,004,994	-	136,000	868,994
The Tennessee Municipal Bond Fund, Series 2014	1,300,000	2.58%	12/17/2014	11/1/2034	859,000	-	62,000	797,000
General Obligation Bonds, Series 2016	11,205,000	2.00% - 5.00%	4/12/2016	6/1/2036	8,355,000	-	490,000	7,865,000
General Obligation Improvement and Refunding Bonds, Series 2016A	20,905,517	3.00% - 5.00%	11/17/2016	6/1/2036	13,325,876	-	1,081,627	12,244,249
General Obligation Bonds, Series 2019	4,805,000	5.00%	2/27/2019	6/1/2039	3,990,000	-	230,000	3,760,000
General Obligation Refunding Bonds, Series 2019B	18,052,222	4.00% - 5.00%	7/31/2019	6/30/2040	15,694,148	-	610,827	15,083,321
General Obligation Bonds, Series 2020	12,186,553	4.00% - 5.00%	12/15/2020	3/1/2041	5,791,150	-	1,248,971	4,542,179
General Obligation Bonds, Series 2022	40,020,000	4.00% - 5.00%	5/4/2022	3/1/2042	38,500,000	-	1,280,000	37,220,000
Total Bonds Payable Through Debt Service Fund					94,838,593	-	7,103,633	87,734,960
Payable Through Fleet Management Fund:								
General Obligation Bonds, Series 2020	1,865,980	4.00% - 5.00%	12/15/2020	3/1/2028	1,395,850	-	252,028	1,143,822
Total Bonds Payable Through Fleet Management Fund					1,395,850	-	252,028	1,143,822
Total Governmental Activities General Obligation Bonds Outstanding								\$ 121,993,782

(Continued)



**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
**For the Year Ended June 30, 2024**

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2023	Issued During Period	Paid / Refunded During Period	Outstanding June 30, 2024
<b>GOVERNMENTAL ACTIVITIES (CONTINUED):</b>								
<u>OTHER NOTES PAYABLE:</u>								
Payable Through Debt Service Fund:								
Promissory Note Hands On	\$ 500,000	0.00%	9/21/2017	9/21/2026	\$ 200,000	\$ -	\$ 50,000	\$ 150,000
Total Other Notes Payable Through Debt Service Fund					200,000	-	50,000	150,000
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	1,565,000	-	80,000	1,485,000
Total Other Notes Payable Through General Fund					1,565,000	-	80,000	1,485,000
Total Governmental Activities Other Notes Outstanding								<u>\$ 1,635,000</u>

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
**For the Year Ended June 30, 2024**

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2023	Issued During Period	Paid / Refunded During Period	Outstanding June 30, 2024
<b>BUSINESS-TYPE ACTIVITIES:</b>								
<b><u>BONDS PAYABLE:</u></b>								
Payable Through Water and Sewer Fund:								
The Tennessee Municipal Bond Fund, Series TCSLP 2008	\$ 901,685	5.00%	1/9/2009	5/25/2029	\$ 367,212	\$ -	\$ 53,963	\$ 313,249
General Obligation Bonds, Series 2013	23,970,000	2.00% - 4.00%	5/30/2013	6/1/2043	18,710,000	-	690,000	18,020,000
General Obligation Improvement and Refunding Bonds, Series 2016A	17,289,483	3.00-5.00%	11/17/2016	6/1/2036	12,879,122	-	1,603,372	11,275,750
General Obligation Bonds, Series 2019	12,380,000	5.00%	2/27/2019	6/1/2039	10,720,000	-	465,000	10,255,000
General Obligation Refunding Bonds, Series 2019B	17,001,035	4.00%-5.00%	7/31/2019	6/1/2040	14,879,304	-	579,173	14,300,131
State Revolving Loan	12,708,599	1.25%	12/13/2019	7/1/2043	12,128,751	535,176	539,712	12,124,215
General Obligation Refunding Bonds, Series 2022	23,000,000	4.00%-5.00%	5/4/2022	3/1/2042	22,125,000	-	735,000	21,390,000
Total Bonds Payable Through Water and Sewer Fund					91,809,389	535,176	4,666,220	87,678,345
Payable Through City Solid Waste Fund:								
General Obligation Bonds, Series 2019	1,785,000	5.00%	2/27/2019	6/1/2039	1,545,000	-	65,000	1,480,000
General Obligation Bonds, Series 2020	813,283	4.00% - 5.00%	12/15/2020	3/1/2041	765,000	-	30,000	735,000
Total Bonds Payable Through City Solid Waste Fund					2,310,000	-	95,000	2,215,000

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
**For the Year Ended June 30, 2024**

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2023	Issued During Period	Paid / Refunded During Period	Outstanding June 30, 2024
<b>BUSINESS-TYPE ACTIVITIES (CONTINUED):</b>								
<b>BONDS PAYABLE (CONTINUED):</b>								
Payable Through Stormwater Management Fund:								
General Obligation Bonds, Series 2013	5,785,000	2.00% - 4.00%	5/30/2013	6/1/2034	3,485,000	-	275,000	3,210,000
General Obligation Bonds, Series 2020	2,442,000	4.00% - 5.00%	12/15/2020	3/1/2041	2,283,000	-	84,000	2,199,000
General Obligation Bonds, Series 2022	2,760,000	4.00% - 5.00%	5/4/2022	3/1/2042	2,655,000	-	90,000	2,565,000
Total Bonds Payable Through Stormwater Management Fund					8,423,000	-	449,000	7,974,000
Total Business-Type Activities Bonds Outstanding								<u>\$ 97,867,345</u>
<b>NOTES PAYABLE:</b>								
Payable Through Water and Sewer Fund:								
Limestone Cove	\$ 450,000	4.65%	3/13/2003	3/13/2041	\$ 304,255	\$ -	\$ 11,353	\$ 292,902
Watauga Flats	380,000	4.38%	4/20/2004	4/20/2042	262,267	-	9,247	253,020
Limestone Cove	125,000	4.25%	4/20/2005	4/20/2043	88,599	-	2,929	85,670
ARRA Greggton	435,000	3.25%	1/24/2010	1/14/2048	336,581	-	9,171	327,410
Total Notes Payable Through Water and Sewer Fund					991,702	-	32,700	959,002
Total Business-Type Activities Notes Outstanding								<u>\$ 959,002</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, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 21,715,000</u>	<u>3,763,650</u>	<u>25,478,650</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, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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
	\$ 9,600,000	2,105,500	11,705,500

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, 2024**

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 1,800,000</u>	<u>829,850</u>	<u>2,629,850</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**  
**TENNESSEE MUNICIPAL BOND FUND, SERIES TCSLP 2008**  
**ISSUED JANUARY 9, 2009**  
**For the Fiscal Year Ended June 30, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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
	\$ 4,237,750	393,745	4,631,495

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, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 509,172	123,624	632,796
2026	559,293	123,624	682,917
2027	48,002	10,302	58,304
	<u>\$ 1,116,467</u>	<u>257,550</u>	<u>1,374,017</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, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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
	\$ 797,000	132,950	929,950

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, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 868,994</u>	<u>73,325</u>	<u>942,319</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 2016**  
**ISSUED APRIL 12, 2016**  
**For the Fiscal Year Ended June 30, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 7,865,000</u>	<u>2,210,150</u>	<u>10,075,150</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 IMPROVEMENT AND REFUNDING BONDS, SERIES 2016A**  
**ISSUED NOVEMBER 17, 2016**  
**For the Fiscal Year Ended June 30, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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
	\$ 12,244,249	2,878,709	15,122,958

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, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 3,760,000</u>	<u>1,325,850</u>	<u>5,085,850</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, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 15,083,321</u>	<u>6,708,796</u>	<u>21,792,117</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, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 4,542,179</u>	<u>1,046,532</u>	<u>5,588,711</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, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 37,220,000</u>	<u>17,184,350</u>	<u>54,404,350</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, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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
	\$ 1,143,822	146,128	1,289,950

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, 2024**

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 121,993,782</u>	<u>39,057,085</u>	<u>161,050,867</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**  
**HANDS ON PROMISSORY NOTE**  
**ISSUED SEPTEMBER 21, 2017**  
**For the Fiscal Year Ended June 30, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 50,000	-	50,000
2026	50,000	-	50,000
2027	50,000	-	50,000
	<u>\$ 150,000</u>	<u>-</u>	<u>150,000</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**  
**AEROSPACE PARK BONDS, SERIES 2018**  
**ISSUED MARCH 29, 2018**  
**For the Fiscal Year Ended June 30, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 1,485,000</u>	<u>412,331</u>	<u>1,897,331</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**  
**ANNUAL DEBT SERVICE REQUIREMENTS - ALL GOVERNMENTAL ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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
	\$ 1,635,000	412,331	2,047,331

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION BONDS TO BE REPAID FROM ENTERPRISE FUNDS**  
**TENNESSEE MUNICIPAL BOND FUND, SERIES TCSLP 2008**  
**ISSUED JANUARY 9, 2009**  
**For the Fiscal Year Ended June 30, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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
	\$ 313,249	48,508	361,757

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION BONDS TO BE REPAID FROM ENTERPRISE FUNDS**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013**  
**ISSUED MAY 30, 2013**  
**For the Fiscal Year Ended June 30, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 18,020,000</u>	<u>6,664,219</u>	<u>24,684,219</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, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 11,275,750</u>	<u>1,843,790</u>	<u>13,119,540</u>

See Independent Auditors' Report.



**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION BONDS TO BE REPAID FROM ENTERPRISE FUNDS**  
**GENERAL OBLIGATION BONDS, SERIES 2019**  
**ISSUED FEBRUARY 27, 2019**  
**For the Fiscal Year Ended June 30, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 10,255,000</u>	<u>3,725,250</u>	<u>13,980,250</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**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019B**  
**ISSUED JULY 31, 2019**  
**For the Fiscal Year Ended June 30, 2024**

Fiscal Year Ending June 30	Principal	Interest	Total
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	1,227,369	62,925	1,290,294
	<u>\$ 14,300,131</u>	<u>6,361,290</u>	<u>20,661,421</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, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 571,740	148,284	720,024
2026	578,928	141,096	720,024
2027	586,200	133,824	720,024
2028	593,580	126,444	720,024
2029	601,032	118,992	720,024
2030	608,592	111,432	720,024
2031	616,248	103,776	720,024
2032	623,988	96,036	720,024
2033	631,836	88,188	720,024
2034	639,780	80,244	720,024
2035	647,820	72,204	720,024
2036	655,968	64,056	720,024
2037	664,212	55,812	720,024
2038	672,564	47,460	720,024
2039	681,024	39,000	720,024
2040	689,580	30,044	719,624
2041	698,256	21,768	720,024
2042	707,028	12,996	720,024
2043	655,839	4,102	659,941
	<u>\$ 12,124,215</u>	<u>1,495,758</u>	<u>13,619,973</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, 2024**

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 21,390,000</u>	<u>9,876,500</u>	<u>31,266,500</u>

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION BONDS TO BE REPAID FROM ENTERPRISE FUNDS**  
**GENERAL OBLIGATION BONDS, SERIES 2019**  
**ISSUED FEBRUARY 27, 2019**  
**For the Fiscal Year Ended June 30, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 1,480,000</u>	<u>537,850</u>	<u>2,017,850</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, 2024**

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 735,000</u>	<u>301,000</u>	<u>1,036,000</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 BONDS, SERIES 2013**  
**ISSUED MAY 30, 2013**  
**For the Fiscal Year Ended June 30, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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
	\$ 3,210,000	597,681	3,807,681

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION BONDS TO BE REPAID FROM ENTERPRISE FUNDS**  
**GENERAL OBLIGATION BONDS, SERIES 2020**  
**ISSUED DECEMBER 15, 2020**  
**For the Fiscal Year Ended June 30, 2024**

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 2,199,000</u>	<u>900,240</u>	<u>3,099,240</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, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 2,565,000</u>	<u>1,186,050</u>	<u>3,751,050</u>

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION BONDS TO BE REPAYED FROM ENTERPRISE FUNDS**  
**ANNUAL DEBT SERVICE REQUIREMENTS - ALL BUSINESS-TYPE ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2024**

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 5,422,347	3,727,754	9,150,101
2026	5,792,286	3,505,125	9,297,411
2027	5,481,564	3,262,439	8,744,003
2028	5,702,289	3,049,129	8,751,418
2029	5,911,565	2,822,449	8,734,014
2030	6,069,216	2,586,605	8,655,821
2031	6,366,091	2,340,106	8,706,197
2032	4,843,580	2,089,937	6,933,517
2033	5,036,231	1,900,126	6,936,357
2034	5,230,978	1,702,037	6,933,015
2035	5,103,688	1,495,576	6,599,264
2036	5,281,506	1,293,219	6,574,725
2037	5,462,120	1,107,458	6,569,578
2038	5,640,274	914,882	6,555,156
2039	5,838,538	714,282	6,552,820
2040	5,020,011	495,561	5,515,572
2041	3,932,256	307,428	4,239,684
2042	3,802,028	175,296	3,977,324
2043	1,930,839	48,727	1,979,566
	<u>\$ 97,867,407</u>	<u>33,538,136</u>	<u>131,405,543</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, 2024**

---

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 292,902</u>	<u>128,531</u>	<u>421,433</u>

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS**  
**NOTES TO BE REPAYED FROM ENTERPRISE FUNDS**  
**WATAUGA FLATS**  
**ISSUED APRIL 20, 2004**  
**For the Fiscal Year Ended June 30, 2024**

---

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 253,020</u>	<u>110,989</u>	<u>364,009</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, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 85,670</u>	<u>38,690</u>	<u>124,360</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, 2024**

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Fiscal Year Ending June 30	Principal	Interest	Total
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
	<u>\$ 327,410</u>	<u>140,638</u>	<u>468,048</u>

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS**  
**NOTES TO BE REPAYED FROM ENTERPRISE FUNDS**  
**ANNUAL DEBT SERVICE REQUIREMENTS - ALL BUSINESS-TYPE ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2024**

---

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 959,002</u>	<u>418,848</u>	<u>1,377,850</u>

See Independent Auditors' Report.

CITY OF JOHNSON CITY, TENNESSEE  
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS  
For the Year Ended June 30, 2024

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2023	Issued During Period	Paid / Matured During Period	Outstanding June 30, 2024
<b>GOVERNMENTAL ACTIVITIES:</b>								
<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	-	50,757	162,880
Total Leases Payable Through the General Fund					213,637	-	50,757	162,880
Total Governmental Activities Leases Payable Outstanding								\$ 162,880

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF LEASE OBLIGATIONS PRINCIPAL AND INTEREST REQUIREMENTS**  
**LEASES TO BE REPAYED FROM GOVERNMENTAL FUNDS**  
**FAMILY JUSTICE CENTER BUILDING LEASE – ISSUED JUNE 8, 2021**  
**For the Fiscal Year Ended June 30, 2024**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 53,274	6,726	60,000
2026	55,916	4,084	60,000
2027	53,690	1,311	55,001
	\$ 162,880	12,121	175,001

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF UNCOLLECTED DELINQUENT TAXES**  
**June 30, 2024**

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<b>Tax Year</b>	<b>Uncollected Delinquent Taxes June 30, 2024</b>
2023	805,248
2022	143,697
2021	83,230
2020	70,958
2019	68,210
2018	74,308
2017	48,844
2016	44,938
2015	67,322
2014	128,081
2013	23,949
<b>Total</b>	<b>\$1,558,784</b>

Uncollected Delinquent Taxes Filed in Chancery Court:

As of April 1, 2024, the above delinquent real property taxes for 2013 through 2022 have been filed by the Delinquent Tax Attorney in Washington County Chancery Court.

As of April 1, 2024, the above delinquent personal property taxes for 2013 through 2023 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, 2024**

<b><u>Water Rates:</u></b>	<b><u>Inside City</u></b>	<b><u>Outside City</u></b>
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.
<b><u>Sewer Rates:</u></b>	<b><u>Inside City</u></b>	<b><u>Outside City</u></b>
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.
<b><u>Residential Collection Rates:</u></b>	<b><u>Inside City</u></b>	<b><u>Outside City</u></b>
Collection at Roadside	\$13 / mon.	\$19 / mon.
Collection at Door	\$28 / mon.	\$30 / mon.
Additional Carts-Inside City <sup>4</sup>	\$2.50/mon.*	-
Two Carts-Outside City	-	\$28.50 / mon.
Three Carts-Outside City	-	\$57 / mon.
<b><u>Commercial Collection Rates:</u></b>	<b><u>Inside City<sup>1</sup></u></b>	<b><u>Outside City<sup>2</sup></u></b>
4 yard <sup>3</sup>	\$75.00 mon.	\$95 .00/ mon.
6 yard <sup>3</sup>	\$90.00 / mon.	\$110.00 / mon.
8 yard <sup>3</sup>	\$110.00 / mon.	\$125.00 / mon.
Each Commercial Cart-Inside City	\$18/mon.	-
Additional Carts-Inside City <sup>4</sup>	\$2.50/mon.*	-
One Cart-Outside City	-	\$19 / mon.
Two Carts-Outside City	-	\$28.50 / mon.
Three Carts-Outside City	-	\$57 / mon.
<b><u>Number of Customers:</u></b>	<b><u>Inside City</u></b>	<b><u>Outside City</u></b>
Water	29,354	18,673
Sewer	26,676	5,070
Solid Waste <sup>5</sup>	22,030	14,981
<b><u>Unaccounted for Water<sup>6</sup>:</u></b>	<b><u>Million Gallons</u></b>	<b><u>% of Total Gallons</u></b>
Water supplied	5,482	100.00%
Billed metered water	3,390	61.84%
Non-revenue water	2,092	38.16%

Sources: City of Johnson City Water/Sewer and Solid Waste Departments

<sup>1</sup>Does not include dumpster which can be purchased or rented.

<sup>2</sup>Includes dumpster which is furnished.

<sup>3</sup>Rates based on one collection per week.

<sup>4</sup>Decal purchased annually for \$30 or prorated depending on purchase date.

<sup>5</sup>Does not include garbage pulls, front loader or container rentals.

<sup>6</sup>Additional 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**

<b>Tax Year</b>	<b>Property Tax Receivable Balance June 30, 2023</b>	<b>Property Tax Levied</b>	<b>Anticipated Current Year Levy</b>	<b>Abatements and Adjustments</b>	<b>Collections</b>	<b>Net Receivable Balance June 30, 2024</b>
2024	\$ -	\$ -	\$ 43,681,345	\$ -	\$ -	\$ 43,681,345
2023	\$ 43,312,741			\$ 73,513	\$ 42,581,006	805,248
2022	578,153			43,118	477,574	143,697
2021	211,850			16,956	145,576	83,230
2020	70,651			22,771	22,464	70,958
2019	92,728			19,641	44,159	68,210
2018	75,617				1,309	74,308
2017	60,616			(74)	11,698	48,844
2016	63,960				19,022	44,938
2015	68,825				1,503	67,322
2014	129,269				1,187	128,082
<b>Totals</b>	<b>\$ 44,664,410</b>	<b>\$ -</b>	<b>\$ 43,681,345</b>	<b>\$ 175,925</b>	<b>\$ 43,305,497</b>	<b>\$ 45,216,183</b>

Source: City of Johnson City Finance Department

Notes: All uncollected real property taxes for years 2022 and prior, and all uncollected personal property taxes for years 2023 and prior, have been turned over to the County Clerk and Master for collection.  
Balance Sheet also includes Penalty and Interest Receivable of \$25,320, as well as the 2013 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:

### Page

#### **Financial Trends**

*These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.*

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#### **Revenue Capacity**

*These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.*

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#### **Debt Capacity**

*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.*

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#### **Demographic and Economic Information**

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.*

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#### **Operating Information**

*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.*

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**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)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities										
Net investment in capital assets	\$ 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	\$ 197,972,086
Restricted	179,906	178,170	176,435	176,874	177,879	180,143	14,479,366	129,173,093	55,940,252	22,990,968
Unrestricted	22,271,423	32,678,464	40,665,388	12,587,156	19,165,626	21,995,717	47,603,549	(58,484,837)	24,511,814	54,570,380
Total Governmental Activities Net Position	<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>\$ 268,645,208</u>	<u>\$ 275,533,434</u>
Business-Type Activities										
Net investment in capital assets	\$ 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	\$ 195,184,264
Restricted	-	-	-	-	-	-	-	32,540,576	24,478,770	-
Unrestricted	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)	29,746,812
Total Business-Type Activities Net Position	<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>	<u>\$ 224,931,076</u>
Primary Government										
Net investment in capital assets	\$ 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	\$ 393,156,350
Restricted	179,906	178,170	176,435	176,874	177,879	4,150,369	14,479,366	161,713,669	80,419,022	22,990,968
Unrestricted	58,499,791	83,470,314	68,328,285	43,906,317	56,044,733	56,764,685	85,851,637	(61,175,482)	21,230,956	84,317,192
Total Primary Government Net Position	<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>\$ 478,333,554</u>	<u>\$ 500,464,510</u>

Source: City of Johnson City Finance Department

**CITY OF JOHNSON CITY, TENNESSEE**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Expenses</b>										
<u>Governmental Activities:</u>										
General Government	\$ 4,564,277	\$ 4,335,325	\$ 9,643,114	\$ 12,786,476	\$ 13,076,213	\$ 24,016,203	\$ 15,279,090	\$ 3,908,813	\$ 27,047,004	\$ 32,040,022
Public Safety	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	35,340,509
Public Works	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	24,208,254
Parks, Recreation, Culture, Leisure	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	14,480,979
City Services	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	1,736,182
Education	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	111,076,259
Interest on Long-Term Debt	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	4,768,448
Total Governmental Activities	133,902,710	141,760,183	148,601,411	155,319,858	167,680,639	172,217,719	172,235,686	165,553,800	196,882,247	223,650,652
<u>Business-Type Activities:</u>										
Water and Sewer	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	37,982,271
City Solid Waste	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	14,520,557
Regional Solid Waste	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	4,501,064
Johnson City Power Board	187,141,320	177,636,443	330,100,133	-	-	-	-	-	-	-
Public Building Authority	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	4,105,166	3,955,165	4,117,623	4,188,160	4,177,655	4,292,431	4,214,610	4,080,913	4,912,319	5,372,319
Stormwater Management	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	1,890,878
Golf Courses	1,105,750	1,131,202	1,366,224	1,118,089	-	-	-	-	-	-
Total Business-Type Activities	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	64,267,089
Total Expenses	\$ 368,525,178	\$ 365,986,059	\$ 526,043,470	\$ 203,006,332	\$ 222,007,794	\$ 220,856,506	\$ 222,114,390	\$ 216,655,818	\$ 258,067,321	\$ 287,917,741
<b>Program Revenues</b>										
<u>Governmental Activities:</u>										
Charges for Services:										
Public Safety	\$ 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	\$ 903,868
City Services	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	5,768,703
Education	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	5,941,959
Other Activities	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	4,220,593
Operating Grants and Contributions	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	66,277,124
Capital Grants and Contributions	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	4,533,392
Total Governmental Activities	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	87,645,639
<u>Business-Type Activities:</u>										
Charges for Services:										
Water and Sewer	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	42,297,598
City Solid Waste	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	14,107,203
Johnson City Power Board	192,872,051	186,860,746	154,193,474	-	-	-	-	-	-	-
Other Activities	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	8,127,146
Operating Grants and Contributions	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	2,981,948
Capital Grants and Contributions	327,374	1,571,898	413,391	350,697	2,086,154	678,522	1,669,951	1,610,039	450,959	9,034,457
Total Business-Type Activities	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	76,548,352
Total Program Revenues	\$ 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	\$ 164,193,991

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (81,969,323)	\$ (86,807,450)	\$ (89,186,290)	\$ (87,577,887)	\$ (109,129,247)	\$ (115,397,969)	\$ (103,611,582)	\$ (86,354,494)	\$ (110,797,085)	\$ (136,005,013)
Business-Type Activities	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	12,281,263
<b>Total Net Expense</b>	<b>\$ (70,761,631)</b>	<b>\$ (69,486,639)</b>	<b>\$ (257,284,555)</b>	<b>\$ (80,318,561)</b>	<b>\$ (104,939,927)</b>	<b>\$ (105,489,923)</b>	<b>\$ (91,489,286)</b>	<b>\$ (71,361,140)</b>	<b>\$ (103,313,111)</b>	<b>\$ (123,723,750)</b>
<b>General Revenues</b>										
<u>Governmental Activities:</u>										
Taxes:										
Property Taxes	\$ 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	\$ 63,269,446
Sales Taxes	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	64,583,875
Other Taxes	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	12,981,734
Unrestricted Investment Earnings	720,145	769,385	810,117	1,056,146	1,195,844	814,783	510,200	355,087	2,722,834	3,551,425
Miscellaneous	5,936	5,810	6,940	16,002	6,370	6,326	4,260	34,224	8,490	1,253,932
Transfers	466,812	484,629	492,899	(798,453)	(89,229)	513,843	(249)	1,472	970,790	(2,855,766)
<b>Total Governmental Activities</b>	<b>93,067,291</b>	<b>101,037,017</b>	<b>104,552,505</b>	<b>108,056,312</b>	<b>111,492,063</b>	<b>112,258,613</b>	<b>118,436,993</b>	<b>129,442,497</b>	<b>139,865,536</b>	<b>142,784,646</b>
<u>Business-Type Activities:</u>										
Unrestricted Investment Earnings	603,254	644,620	584,609	475,413	450,746	136,114	1,276	(46,540)	(147,490)	97,434
Miscellaneous	28,226	11,476	253,494	331,798	21,320	192,249	12,516	-	-	8,267
Transfers	(466,812)	(484,629)	(492,899)	798,453	89,229	(513,843)	249	(1,472)	(970,790)	2,855,766
<b>Total Business-Type Activities</b>	<b>164,668</b>	<b>171,467</b>	<b>345,204</b>	<b>1,605,664</b>	<b>561,295</b>	<b>(185,480)</b>	<b>14,041</b>	<b>(48,012)</b>	<b>(1,118,280)</b>	<b>2,961,467</b>
<b>Total Primary Government</b>	<b>\$ 93,231,959</b>	<b>\$ 101,208,484</b>	<b>\$ 104,897,709</b>	<b>\$ 109,661,976</b>	<b>\$ 112,053,358</b>	<b>\$ 112,073,133</b>	<b>\$ 118,451,034</b>	<b>\$ 129,394,485</b>	<b>\$ 138,747,256</b>	<b>\$ 145,746,113</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 11,097,968	\$ 14,229,567	\$ 15,366,215	\$ 20,478,425	\$ 2,362,816	\$ (3,139,356)	\$ 14,825,411	\$ 43,088,003	\$ 29,068,451	\$ 6,779,633
Business-Type Activities	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	15,242,730
<b>Total Change in Net Position</b>	<b>\$ 22,470,328</b>	<b>\$ 31,721,845</b>	<b>\$ (152,386,846)</b>	<b>\$ 29,343,415</b>	<b>\$ 7,113,431</b>	<b>\$ 6,583,210</b>	<b>\$ 26,961,748</b>	<b>\$ 58,033,345</b>	<b>\$ 35,434,145</b>	<b>\$ 22,022,363</b>

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				State Sales			Local Liquor	Room	Franchise	Telephone/		
Year	Property Tax	In-Lieu of Tax	Local Sales Tax	Tax	Business Tax	Beer Tax	Tax	Occupancy	Tax	Cable Tax	Other Taxes	Total
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
2024	56,931,870	6,337,576	55,858,452	8,725,423	3,818,051	1,991,602	1,047,597	3,256,476	622,748	585,501	1,659,759	140,835,055

Source: City of Johnson City Finance Department

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Non-Spendable	\$ -	\$ -	\$ -	\$ -	\$ 69,156	\$ 72,979	\$ 85,520	\$ 96,946	\$ 130,997	\$ 165,769
Restricted	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	22,545,418
Committed	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	7,928,182
Assigned	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	4,884,843
Unassigned	2,021,235	4,852,157	7,588,895	7,445,296	10,442,643	14,214,948	20,073,998	16,129,303	24,574,831	19,338,626
Total General Fund	<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>	<u>\$ 54,862,838</u>
All Other Governmental Funds										
Non-Spendable	\$ 507,191	\$ 415,652	\$ 452,683	\$ 479,673	\$ 490,842	\$ 603,248	\$ 599,705	\$ 456,760	\$ 397,961	\$ 268,512
Restricted	7,621,989	17,406,094	24,615,974	29,107,085	20,547,758	11,338,923	29,823,407	76,600,631	47,712,843	35,047,071
Committed	454,544	517,952	322,079	582,994	645,856	347,975	316,060	545,246	1,893,288	1,359,913
Assigned	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	15,633,245
Unassigned	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<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>	<u>\$ 52,308,741</u>

Source: City of Johnson City Finance Department

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenues:</b>										
Taxes	\$ 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	\$ 130,269,290
Licenses and Permits	776,698	833,884	835,364	836,686	796,649	878,950	1,032,445	1,104,258	1,165,088	1,339,541
Intergovernmental	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	81,168,758
Charges for Services	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	4,818,625
Fines and Forfeitures	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	727,066
Use of Property	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	4,710,274
Investment Earnings	703,713	737,421	773,756	1,014,306	1,144,041	777,174	486,298	311,300	2,683,288	3,485,187
Miscellaneous	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	5,300,598
<b>Total Revenues</b>	<b>144,110,718</b>	<b>156,024,443</b>	<b>162,980,456</b>	<b>176,740,310</b>	<b>170,038,635</b>	<b>169,025,716</b>	<b>187,388,480</b>	<b>212,406,578</b>	<b>224,956,143</b>	<b>231,819,339</b>
<b>Expenditures:</b>										
General Government	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	24,879,853
Public Safety	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	34,461,942
Public Works	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	18,354,599
Parks, Recreation, Culture, Leisure	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	12,091,998
City Services	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	1,488,214
Education	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	102,874,095
Miscellaneous	5,000	7,000	4,800	4,250	-	-	-	-	-	-
Capital Outlay	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	36,996,912
Debt Service:										
Principal	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	11,493,475
Interest and Fiscal Fees	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	5,975,432
Other Charges	348,947	215,353	5,180,158	193,169	165,958	351,659	277,079	113,182	95,700	113,301
<b>Total Expenditures</b>	<b>147,626,122</b>	<b>157,847,635</b>	<b>181,439,397</b>	<b>167,685,472</b>	<b>177,709,056</b>	<b>175,238,056</b>	<b>179,757,477</b>	<b>204,369,386</b>	<b>246,745,456</b>	<b>248,729,821</b>
Excess (deficiency) of revenues over (under) expenditures	(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)	(16,910,482)

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Other Financing Sources (Uses):</b>										
Transfers (Net)	508,514	385,033	492,899	(2,596,257)	(1,094,905)	513,843	(249)	1,472	726,091	(3,231,672)
Contributions	-	-	-	-	-	-	-	-	-	-
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	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	234,693
Issuance of Subscriptions	-	-	-	-	-	-	-	-	5,224,707	1,551,289
Sale of Property and Equipment	345,882	601,431	89,767	169,977	145,338	666,663	254,371	225,364	3,611	-
<b>Total Other Financing Sources (Uses)</b>	<b>3,716,124</b>	<b>15,666,574</b>	<b>28,198,532</b>	<b>(2,426,280)</b>	<b>4,783,256</b>	<b>1,376,169</b>	<b>23,033,827</b>	<b>46,104,906</b>	<b>6,002,768</b>	<b>(1,445,690)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 200,720</b>	<b>\$ 13,843,382</b>	<b>\$ 9,739,591</b>	<b>\$ 6,628,558</b>	<b>\$ (2,887,165)</b>	<b>\$ (4,836,171)</b>	<b>\$ 30,664,830</b>	<b>\$ 54,142,098</b>	<b>\$ (15,786,545)</b>	<b>\$ (18,356,172)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>9.5%</b>	<b>9.2%</b>	<b>9.9%</b>	<b>9.7%</b>	<b>9.6%</b>	<b>9.0%</b>	<b>7.0%</b>	<b>7.9%</b>	<b>8.7%</b>	<b>8.3%</b>

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				
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%
2024	2023	1,065,638,335	969,595,835	117,676,555	35,106,560	2,188,017,285	1.98	7,238,323,482	30.23%

268 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**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Johnson City Direct Rates*	1.62	1.87	1.87	1.89	1.89	1.71	1.71	1.73	1.73	1.98
Washington County Direct Rates										
General	0.68	0.69	0.74	0.74	0.74	0.67	0.67	0.67	0.67	0.79
Upkeep (Highway)	0.15	0.15	0.15	0.15	0.16	0.14	0.14	0.14	0.14	0.14
General Purpose School	0.80	0.80	0.83	0.83	0.83	0.74	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	0.03
Education Capital Projects	-	-	-	-	-	-	0.17	0.17	0.17	0.17
Debt Service	0.32	0.32	0.32	0.32	0.41	0.37	0.37	0.37	0.37	0.25
Solid Waste/Sanitation	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.04	0.04	0.04
Total Direct Rate	<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>	<u>2.15</u>
Carter County Direct Rates										
General	0.92	1.02	0.99	1.00	1.14	1.05	1.08	0.91	0.91	1.06
Highway/Public Works	0.13	0.13	0.13	0.13	0.12	0.13	0.13	0.11	0.11	0.12
General Purpose Schools	1.06	1.06	1.11	1.12	1.07	1.07	1.07	0.88	0.88	0.87
General Debt Service	0.35	0.25	0.22	0.22	0.25	0.22	0.18	0.13	0.13	0.13
Total Direct Rate	<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>	<u>2.18</u>
Sullivan County Rates										
General	0.66	0.77	0.77	0.79	0.79	0.85	0.81	0.81	0.73	0.91
Solid Waste/Sanitation	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.04
Highway	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.07	0.07
General Purpose Schools	1.37	1.47	1.47	1.35	1.35	1.35	1.35	1.35	1.17	0.97
County Capital Project	0.07	0.10	0.10	0.09	0.09	0.09	0.09	0.09	0.08	0.08
General Debt Service	0.11	0.14	0.14	0.22	0.22	0.23	0.22	0.22	0.34	0.34
Total Direct Rate	<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>	<u>2.41</u>

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	2024			2015		
	Taxable Assessed		Percentage of Total Taxable Assessed	Taxable Assessed		Percentage of Total Taxable Assessed
	Value	Rank		Value	Rank	
Glimcher Mall Johnson City LLC	\$ 22,676,520	1	1.0%	\$ 21,709,720	1	1.2%
Wal-Mart/Sams Real Estate	16,948,355	2	0.8%	20,285,340	2	1.1%
American Water Heater	13,857,065	3	0.6%	12,342,219	5	0.7%
Mountain States Properties	11,891,447	4	0.5%	19,022,091	3	1.0%
Knob Creek Apts LLC	11,301,440	5	0.5%	10,402,400	6	0.6%
Reserve Johnson City	10,334,920	6	0.5%			0.0%
The Villas at Mockingbird Lane	10,238,041	7	0.5%		-	0.0%
RAF Johnson City LLC (The Crossing)	9,811,320	8	0.4%		-	0.0%
Atmos Energy Corp	9,671,056	9	0.4%	10,218,225	7	0.6%
Bristol Highway Partners	8,732,880	10	0.4%		-	0.0%
United Telephone	-	-	0.0%	15,603,142	4	0.9%
Johnson City Crossing LP	-	-	0.0%	8,799,840	9	0.5%
Bank of Tennessee	-	-	0.0%	6,896,440	10	0.4%
Sofha Real Estate	-	-	0.0%	8,894,400	8	0.5%
Totals	\$ 125,463,044		5.7%	\$ 134,173,817		7.4%

Total Taxable Assessed Value:

FYE 2024 (Tax Year 2023)	2,190,831,816
FYE 2015 (Tax Year 2014)	1,812,412,462

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	
2015	29,361,471	(30,270)	29,331,201	28,530,267	97.27%	672,852	29,203,119	99.56%	128,081
2016	34,322,563	(621)	34,321,942	33,579,748	97.84%	674,872	34,254,620	99.80%	67,322
2017	35,106,178	(217,832)	34,888,346	34,085,543	97.70%	757,865	34,843,408	99.87%	44,938
2018	35,527,100	9,963	35,537,063	34,725,926	97.72%	762,293	35,488,219	99.86%	48,844
2019	35,782,212	93,598	35,875,810	34,989,135	97.53%	812,367	35,801,502	99.79%	74,308
2020	35,946,258	(69,498)	35,876,760	35,062,834	97.73%	745,716	35,808,550	99.81%	68,210
2021	36,168,650	97,313	36,265,963	35,596,832	98.15%	598,173	36,195,005	99.80%	70,958
2022	36,807,855	146,406	36,954,261	36,181,307	97.91%	689,724	36,871,031	99.77%	83,230
2023	37,636,006	53,680	37,689,686	37,068,416	98.35%	477,574	37,545,989	99.62%	143,697
2024	43,312,741	73,513	43,386,254	42,581,006	98.14%		42,581,006	98.14%	805,248

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 Income	Per Capita
	General Obligation Bonds	Notes Payable	Capital Lease	Subscript- ions	General Obligation Bonds	Revenue Bonds	Notes Payable			
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
2024	134,679,676	1,635,000	162,880	3,913,157	105,191,409	-	959,002	246,541,124	8.14%	3,328

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**

<b>Fiscal Year Ended June 30</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund (1)</b>	<b>Net General Obligation Bonds</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
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
2024	239,871,085	(8,986,326)	230,884,759	3.19%	3,117

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, 2024**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt Repaid with Property Taxes:</b>			
<b>Overlapping Debt:</b>			
Carter County	16,945,000	2.00%	338,900
Sullivan County	220,783,550	0.04%	88,313
Washington County	176,627,315	62.00%	109,508,935
<i>Subtotal, Overlapping Debt</i>	<u>414,355,865</u>		<u>109,936,148</u>
<b>Net Direct Debt:</b>			
City of Johnson City	<u>120,999,961</u>	100.00%	<u>120,999,961</u>
<b>Total Direct and Overlapping Debt</b>	<u><u>\$ 535,355,826</u></u>		<u><u>230,936,109</u></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**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt Limit	\$ 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	\$ 218,801,729
Total Net Debt Applicable to Limit	83,231,821	88,807,495	99,736,123	90,865,021	82,204,856	71,512,916	70,953,698	103,964,968	96,234,443	88,878,782
Legal Debt Margin	<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>	<u>\$ 129,922,947</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	45.92%	48.44%	53.18%	48.32%	43.46%	34.15%	33.66%	48.95%	44.12%	40.62%

**Legal Debt Margin Calculation for Fiscal Year 2024**

Total Taxable Assessed Value	2,188,017,285
Debit Limit (10% of Taxable Assessed Value)	218,801,729
Debt Applicable to Limit:	
General Obligation Debt	121,993,782
Less: Sales Tax Revenue Bonds	(33,115,000)
Total Net Debt Applicable to Limit	<u>88,878,782</u>
Legal Debt Margin	<u>\$ 129,922,947</u>

Source: City of Johnson City Finance Department

See Independent Auditors' Report.



**CITY OF JOHNSON CITY, TENNESSEE**  
**PLEDGED-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:							
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
2024	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Johnson City Power Board Revenue Bonds:							
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
2024	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					Unemployment Rate
						Graduate or Higher	Associate's Degree	Bachelor's Degree	Graduate or Professional Degree	School Enrollment	
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%
2024	2023	74,075	3,029,074,900	40,892	34.9	91.0%	7.2%	21.7%	18.9%	7,680	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	2024			2015		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
East Tennessee State University	4,000	1	6.4%	2,370	2	4.3%
Ballad Health Corporation	3,300	2	5.3%	8,610	1	15.7%
Veteran Health Administration	2,896	3	4.7%	2,188	3	4.0%
Advanced Call Center Technologies, LLC	1,802	5	2.9%	1,179	6	2.2%
CITI Commerce Solution	1,847	4	3.0%	1,700	4	3.1%
Washington County Board of Education	1,307	6	2.1%	1,200	5	2.2%
Johnson City Board of Education	1,132	9	1.8%	850	10	1.6%
A. O. Smith (American Water Heater)	1,150	8	1.9%	1,076	7	2.0%
City of Johnson City	1,080	10	1.7%	947	9	1.7%
Frontier Health	1,212	7	2.0%	1,016	8	1.9%
	<u>19,726</u>		<u>31.8%</u>	<u>21,136</u>		<u>38.7%</u>

Total Washington County Employment:

FYE 2024 62,122

FYE 2015 54,810

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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government	81	82	83	92	93	99	99	102	107	115
Public Safety	306	305	311	311	318	315	315	316	317	305
Public Works	83	84	82	79	82	82	82	82	82	85
Parks, Recreation, Culture, Leisure	70	77	80	87	88	87	87	89	82	72
Other City Services	69	71	68	70	70	71	71	71	81	93
Education	947	985	1,025	1,071	1,077	1,086	878	1100	1132	1182
Water and Sewer	164	165	166	169	170	174	175	178	182	187
Solid Waste	59	59	60	60	62	65	64	66	66	67
Storm Water Mgmt	8	8	8	8	8	9	9	9	9	9
Mass Transit	53	53	53	54	58	58	57	54	57	56
Golf Courses	10	9	8	7	7	7	7	8	8	8
	<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>	<u>2,179</u>

279 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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Public Safety:</b>										
Student Transportation:										
Miles	469,210	482,215	595,719	530,243	547,480	524,739	414,092 *	535,132	439,167	486,578
Passengers	1,246,394	1,256,119	1,254,236	1,262,300	1,232,579	925,251	537,455 *	947,242	912,257	820,011
Police:										
Physical Arrests	5,127	5,094	5,023	5,167	5,179	4,741	4,906	5,474	5,167	4,652
Parking Citations	1,836	2,154	1,624	2,114	2,784	1,142	397	491	1,070	862
Traffic Citations	14,970	14,017	12,575	12,236	16,477	14,432	10,270	13,504	10,100	13,078
Camera Enforcement Citations	6,576	9,604	10,551	9,972	9,625	8,914	9,567	3,413	-	-
Fire:										
Calls Answered	9,485	10,297	9,645	9,657	9,765	9,449	9,455	9,830	9,952	10,330
Inspections	1,622	1,568	1,916	1,478	1,040	661	742	1,193	565	540
<b>Public Works:</b>										
Potholes Repaired	1,439	1,202	1,080	1,069	1,282	1,035	963	545	2,410	3,487
Streets Swept (linear miles)	5,148	7,183	5,898	5,825	5,244	4,139	4,300	4,134	1,380	2,521
Traffic Signals Repaired/Replaced	129	101	75	119	88	61	107	83	218	201
Snow & Ice Control Treatment (lane miles)	3,368	2,730	2,356	3,715	3,920	3,021	3,332	2,234	2,971	10,880
<b>Public Welfare:</b>										
Parks and Recreation:										
Pool Admissions	60,665	54,333	44,592	51,889	56,154	37,426	10,644	38,798	53,670	35,496
Youth Basketball Participants	658	645	704	760	716	698	-	635	698	735
Youth Kickball	81	59	-	-	-	-	-	-	-	-
Youth Soccer Participants	1,929	2,199	2,129	1,964	2,405	1,188	1,062	2,228	2,547	1,935
Youth Softball & Tee-ball Participants	119	83	108	103	93	-	94	129	229	213
Tennis Instruction Participants	81	162	65	64	104	120	162	162	151	98
Adult Basketball Teams	22	22	20	21	14	15	-	14	10	10
Adult Softball Teams	115	106	116	110	94	36	70	75	79	102
Senior Citizens Programs/Events Attendance	136,015	149,963	178,225	201,640	196,412	144,052	18,624	80,491	94,184	101,682
<b>City Services:</b>										
Freedom Hall Events	50	45	37	62	60	41	20	43	97	58

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**OPERATING INDICATORS BY FUNCTION**  
**Last Ten Fiscal Years**

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Water and Sewer:</b>										
Average Daily Consumption (Water)	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	15.19 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	28.0 mgd
Water Taps	401	308	372	356	338	410	500	480	517	539
Sewer Taps	908	335	517	355	333	709	640	799	354	343
<b>Solid Waste:</b>										
Refuse Collected (Tons)	86,936	90,601	91,486	96,304	103,267	100,268	101,840	108,871	150,335	113,030
Recyclables Sold (Tons)	5,889	6,281	6,009	5,406	5,553	5,072	5,277	5,310	5,430	3,533
Mulch Sold as Boiler Fuel (Tons)	11,640	6,801	8,756	11,691	7,240	5,967	-	-	46	6,023
Leaves Collected (Tons)	3,726	3,041	3,583	3,242	3,450	3,277	3,193	3,400	3,345	1,900
<b>Golf Courses:</b>										
18-Hole Rounds Played	33,051	35,452	33,458	29,377	24,583	9,555	32,639	36,767	39,517	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.



**CITY OF JOHNSON CITY, TENNESSEE**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**Last Ten Fiscal Years**

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Public Safety:</b>										
Student Transportation:										
Buses	59	57	59	58	62	58	52	50	49	49
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	195	188	176	187	186	183	188	202	187	191
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	31	31	36	35	33	39	37	37	37	40
<b>Public Works:</b>										
Streets (Miles)	530.49	528.89	528.89	553.2	554	555.8	557.6	548	556.5	555.5
Traffic Signals	95	98	98	98	99	100	104	104	104	105
<b>Public Welfare:</b>										
Parks and Recreation:										
Park Sites	19	19	19	19	19	19	19	19	24	24
Park Acreage	1,081	1,081	1,081	1,081	1,081	1,081	1,081	1,081	1,081	1,436.3
Swimming Pools	3	3	3	3	3	3	3	3	4	4
Therapy Pools	2	2	2	2	2	2	2	2	1	1
Tennis Courts	22	22	22	22	22	22	22	18	23	23
Pickle Ball Courts								12	12	12
Community/Recreation Centers	5	4	4	4	4	5	4	4	4	4
<b>School System:</b>										
Elementary Schools	8	8	8	8	8	8	8	8	8	8
Secondary Schools	3	3	3	3	3	3	3	4	4	3 *
<b>Water and Sewer:</b>										
Water Mains (Miles)	944	949	952	953	966	973	967	951	955	986.1
Fire Hydrants	3,533	3,569	3,630	3,670	3,675	3,738	3,765	3,856	3,897	3932
Sanitary Sewers (Miles)	579	583	684	686	677	744	748	762	789	762.62
Manholes	13,042	13,086	13,229	13,311	13,327	13,567	13,572	13,848	13,947	14095
<b>Solid Waste:</b>										
Collection Trucks	56	55	55	56	60	49	50	50	51	51
<b>Golf Courses</b>	2	2	2	1	1	1	1	1	1	1
<b>Mass Transit:</b>										
Buses/Trolleys/Vans	37	37	38	38	43	39	38	38	38	38

Source: Various City Departments

Note: Does not include leased property

\* Virtual Academy was closed.

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 31, 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, Johnson City Development Authority and Johnson City Energy Authority (dba Brightridge).

Our report includes a reference to other auditors' who audited the financial statements of City of Johnson City, Tennessee's School's Internal School Fund as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**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.

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.



City of Johnson City, Tennessee  
Independent Auditors' Report on  
Internal Control over Financial Reporting  
and on Compliance and Other Matters

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 2024-001 to be a significant deficiency.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be significant deficiencies.

### **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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2024-001.

### **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

December 31, 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, 2024. 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 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, 2024.

***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

December 31, 2024



**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2024**

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**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. No material weaknesses are reported. There is one significant deficiency reported relating to the audit of the financial statements.
3. There is one instance 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>
Special Education Cluster (IDEA)	84.027 / 84.173
Highway Planning and Construction Cluster	20.205
COVID 19 – Coronavirus State and Local Fiscal Recovery Funds	21.027
Federal Transit Cluster	20.507

8. The threshold for distinguishing Types A and B programs was \$750,000.
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, 2024**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Current Fiscal Year Findings**

***2024-001: Significant Deficiency - Signature Stamps***

- **Criteria:** All check disbursements should be approved by an authorized individual. *Tennessee Code Annotated* does not provide authority for the use of a signature stamp for this procedure. Internal controls over the use of the signature stamp are inherently weak.
- **Condition:** During the audit, it was noted that some of the authorized check signers have signature stamps that were utilized to affix a signature to checks. Additionally, the signature stamps were not secured and had been accessed and used by individuals other than the signer.
- **Cause:** The signature stamps were utilized as a means of convenience when the signers were unavailable.
- **Effect:** Disbursements could have been approved by individuals other than the approved signers.
- **Recommendation:** The City of Johnson City should discontinue the use of signature stamps immediately at any and all locations. All checks should be physically signed by authorized check signers for the City of Johnson City.
- **City of Johnson City, Tennessee Management's Response:** Management acknowledges the auditor's finding regarding the use of a signature stamp and agrees that it is important to maintain the integrity and security of authorization processes. Effective immediately, the use of signature stamps will be discontinued for all documentation requiring approval. All future approvals will be by handwritten signature to ensure accountability and compliance with internal controls. Additionally, the school system will work with the software vendor towards setting up electronic signatures for the food service department for the approval process to be consistent with procedures with in place within the school system's finance department.

**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, 2024**

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**Financial Statement Findings**

<b>Original Finding Number</b>	<b>Prior Fiscal Year Finding Number</b>	<b>Finding Title</b>	<b>Status / Current Fiscal Year Finding Number</b>
2021-002	2023-001	Material Weakness - Bank Reconciliations	Corrected
2022-003	2023-002	Material Weakness - Accurate Financial Reporting	Corrected
2022-004	2023-003	Significant Deficiency - Cash Disbursements and Purchasing	Corrected

**Federal Award Findings and Questioned Costs**

None Reported.

December 31, 2024

Blackburn, Childers & Steagall, PLC  
P. O. Box 3745  
Johnson City, Tennessee 37602

**RE: Management's Corrective Action Plan June 30, 2024**

**Name of Contact Person**

Stephanie Laos, Finance Director

Signature: Stephanie S. Laos

**2024-001: Signature Stamps**

- Management acknowledges the auditor's finding regarding the use of a signature stamp and agrees that it is important to maintain the integrity and security of authorization processes. Effective immediately, the use of signature stamps will be discontinued for all documentation requiring approval. All future approvals will be by handwritten signature to ensure accountability and compliance with internal controls. Additionally, the school system will work with the software vendor towards setting up electronic signatures for the food service department for the approval process to be consistent with procedures with in place within the school system's finance department.

**Anticipated Completion Date**

December 1, 2024