

# City of Johnson City Tennessee

Comprehensive Annual Financial Report  
For The Year Ended June 30, 2020



*Rotary Park  
Johnson City, TN  
Cover Design by:  
Samantha Berkley – Finance Department  
City of Johnson City, Tennessee*

# **City of Johnson City, Tennessee**

## Comprehensive Annual Financial Report

For the Fiscal Year Ended  
June 30, 2020



Prepared by:

### **Finance Department**

Janet Jennings, CPA, Director of Finance

**CITY OF JOHNSON CITY, TENNESSEE**

**BASIC FINANCIAL STATEMENTS**

**AND SUPPLEMENTAL INFORMATION**

**For the Fiscal Year Ended June 30, 2020**

**CITY OF JOHNSON CITY, TENNESSEE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2020**  
**Table of Contents**

	<u>Page Number</u>
<b>I. INTRODUCTORY SECTION (UNAUDITED)</b>	
Letter of Transmittal	i
GFOA Certificate of Achievement	v
Organizational Chart	vi
List of Elected and Appointed Officials	vii
<b>II. FINANCIAL SECTION</b>	
Independent Auditors' Report	1
<b>A. MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	4
<b>B. BASIC FINANCIAL STATEMENTS</b>	
<b>Government-Wide Financial Statements</b>	
Statement of Net Position	16
Statement of Activities	18
<b>Fund Financial Statements</b>	
<b>Governmental Funds Financial Statements</b>	
Balance Sheet	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	22
Statement of Revenues, Expenditures, and Changes in Fund Balances	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	26
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Purpose School Fund	36
<b>Proprietary Funds Financial Statements</b>	
Statement of Net Position	42
Statement of Revenues, Expenses, and Changes in Net Position	45
Statement of Cash Flows	47
<b>Fiduciary Fund Financial Statements</b>	
Statement of Fiduciary Net Position	50
<b>Component Units Financial Statements</b>	
Combining Statement of Net Position	51
Combining Statement of Activities	52

**CITY OF JOHNSON CITY, TENNESSEE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended June 30, 2020  
Table of Contents**

	<u>Page Number</u>
<b>Notes to the Financial Statements</b>	53
 <b>C. REQUIRED SUPPLEMENTARY INFORMATION</b>	
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	153
Schedule of Johnson City's Contributions Based on Participation in the Public Employee Pension Plan of TCRS	154
Schedule of Johnson City Schools' Proportionate Share of the Net Pension Liability (Asset) – Teacher Legacy Pension Plan of TCRS	156
Schedule of Johnson City Schools' Contributions – Teacher Legacy Pension Plan of TCRS	157
Schedule of Johnson City Schools' Proportionate Share of the Net Pension Liability (Asset) – Teacher Retirement Plan of TCRS	158
Schedule of Johnson City Schools' Contributions – Teacher Retirement Plan of TCRS	159
Schedule of Johnson City Schools' Contributions – Teacher Retirement Plan of TCRS – Stabilization Trust	160
Schedule of Changes in Johnson City's OPEB Liability and Related Ratios	161
Schedule of Johnson City's OPEB Contributions	162
Schedule of Changes in Johnson City Schools' OPEB Liability and Related Ratios	163
Schedule of Johnson City Schools' OPEB Contributions	164
 <b>D. COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES</b>	
<b>Major Governmental Funds</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	165
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Educational Facilities Debt Service Fund	166
<b>Nonmajor Governmental Funds</b>	
Combining Balance Sheet	167
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	168
Combining Balance Sheet – Special Revenue Funds	170
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Special Revenue Funds	171
Combining Balance Sheet – School Funds	173
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – School Funds	174
Schedule of Revenues, Expenditures, and Changes in Fund Balance –	

**CITY OF JOHNSON CITY, TENNESSEE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2020**  
**Table of Contents**

	<u>Page Number</u>
Budget and Actual – Freedom Hall Civic Center Fund	175
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – School Federal Projects Fund	176
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special School Projects Fund	177
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – School Food Service Fund	178
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Transportation Planning Fund	179
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Drug Fund	180
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Police Grant and Technology Fund	181
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Community Development Fund	182
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Project Fund	183
<b>Nonmajor Proprietary Funds</b>	
Combining Statement of Net Position	184
Combining Statement of Revenues, Expenses, and Changes in Net Position	186
Combining Statement of Cash Flows	187
<b>Internal Service Funds</b>	
Combining Statement of Net Position	189
Combining Statement of Revenues, Expenses, and Changes in Net Position	191
Combining Statement of Cash Flows	192
<b>Fiduciary Fund</b>	
Statement of Changes in Fiduciary Net Position	194
<b>E. SUPPLEMENTAL INFORMATION</b>	
<b>Capital Assets Used in the Operation of Governmental Funds</b>	
Comparative Schedule by Source	195
Schedule by Function and Activity	196
Schedule of Changes by Function and Activity	197
<b>Other</b>	
Schedule of Expenditures of Federal Awards	198
Schedule of Expenditures of State Awards	203
Schedule of Interfund Transfers	205
Schedule of Bond Principal and Interest Requirements – All Funds – Primary Government	206
Schedule of Note Principal and Interest Requirements – All Funds –	

**CITY OF JOHNSON CITY, TENNESSEE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2020**  
**Table of Contents**

	<u>Page Number</u>
Primary Government	207
Schedule of Changes in Long-Term Debt by Individual Issue	208
Schedules of Bond and Note Principal and Interest Requirements	213
Schedule of Uncollected Delinquent Taxes	250
Utility Rate Structure and Number of Customers	251
Schedule of Unaccounted for Water - AWWA Method Reporting Worksheet and Performance Indicators	252
Schedule of Changes in Property Tax Receivable	254
<b>III. STATISTICAL SECTION (UNAUDITED)</b>	
Net Position by Component	255
Changes in Net Position	256
Governmental Activities Tax Revenues by Source	258
Fund Balances of Governmental Funds	259
Changes in Fund Balances of Governmental Funds	260
Assessed Value and Estimated Actual Value of Taxable Property	262
Property Tax Rates – Direct and Overlapping Governments	263
Principal Property Taxpayers	264
Property Tax Levies and Collections	265
Ratios of Outstanding Debt by Type	266
Ratios of General Bonded Debt Outstanding	267
Direct and Overlapping Governmental Activities Debt	268
Legal Debt Margin Information	269
Pledged - Revenue Coverage	270
Demographic and Economic Statistics	271
Principal Employers	272
Full-Time Equivalent City Government Employees by Function	273
Operating Indicators by Function	274
Capital Asset Statistics by Function	276
<b>IV. COMPLIANCE REPORTS</b>	
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 <i>Government Auditing Standards</i>	277
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	279
Schedule of Findings and Questioned Costs	281
Schedule of Prior Year Findings and Questioned Costs	283
Management's Corrective Action Plan	284





# City of Johnson City Tennessee

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

## Office of Finance Director

February 19, 2021

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

The Comprehensive Annual Financial Report of the City of Johnson City for the fiscal year ended June 30, 2020 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 and Industrial Development Board 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 510,851. 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 Ballad Health (merger of Mountain States Health Alliance and Wellmont Health), East Tennessee State University and the Veteran’s Administration Medical Center. 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 an increase in the unemployment rate. Business shutdowns imposed late in the fiscal year, related to the pandemic, resulted in an increase in the unemployment rate from 4.4% to 8.8% (not seasonally adjusted). The year-end statewide unemployment rate was 10.1% (not seasonally adjusted). A balance of property and sales taxes support the City’s finances. Current property taxes billed reflected minor growth due to outcomes from the re-appraisal appeals process. The City did not increase the property tax rate, which continues to be the lowest of all the surrounding areas. Sales tax collections experienced healthy growth of 1.5%, despite the pandemic.

**Long-term financial planning.** East Tennessee State University is in the midst of a \$158 million 5-year capital program that includes the construction of a long-awaited fine and performing arts center. The City contributed \$8 million in bond proceeds as well as in-kind donations. Revitalization of the downtown area continues to spur outside investment, including condominium/apartment development, retail, dining and entertainment. Stormwater remediation projects, resulting in the creation of Founders Park and King Commons Park, have served as a catalyst for increased real estate activity in the downtown area. To further support growth, the City has embarked on a major redevelopment project for the Walnut Street Corridor, which serves as a connector between East Tennessee State University and Downtown. Transportation and utility infrastructure enhancements, as well as recreational and educational facility investments, continue to support new development across the entire 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 (16.7% of total general fund expenditures and interfund transfers). In addition to the restricted reserve, the City has unassigned fund balance representing 16% 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.

## Awards and Acknowledgements

The Government Finance Officers’ Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Johnson City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. This was the City’s nineteenth consecutive year for receiving the award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements, and are submitting it to the GFOA to determine its eligibility for another award.

The preparation of this Comprehensive Annual Financial Report (CAFR) 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,



Janet Jennings, CPA, CPFO  
Director of Finance





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Johnson City  
Tennessee**

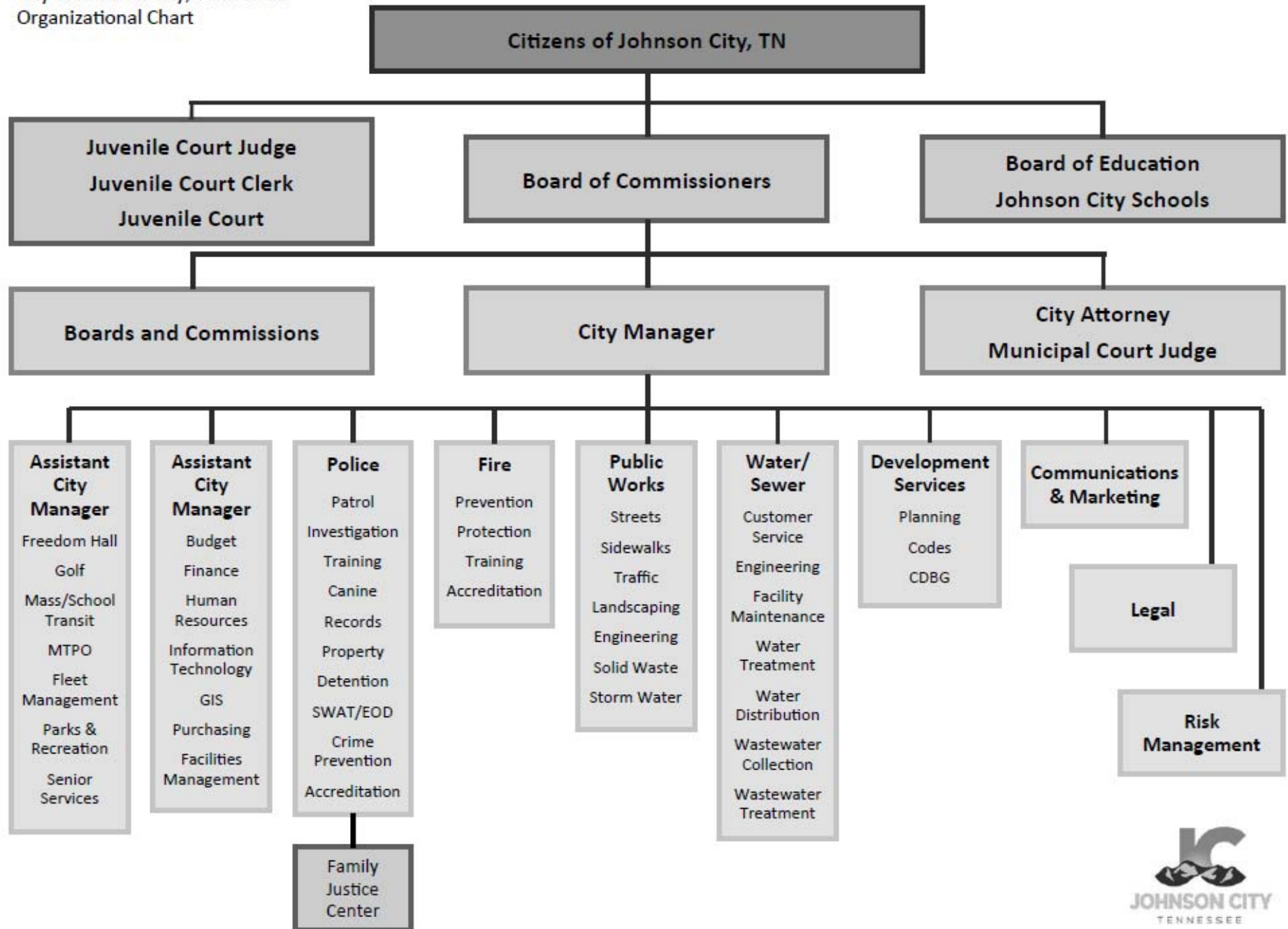
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

City of Johnson City, Tennessee  
Organizational Chart



**CITY OF JOHNSON CITY, TENNESSEE  
LIST OF ELECTED AND APPOINTED OFFICIALS  
June 30, 2020**

**Board of Commissioners:**

Jenny Brock, Mayor  
Joe Wise, Vice-Mayor  
Todd Fowler  
Larry Calhoun  
John Hunter

**City Judges:**

Sharon Greene, Juvenile Judge  
Stan Widener, City Judge

**City Administration:**

M. Denis Peterson, City Manager  
Charles J. Stahl, IV, Assistant City Manager  
Robert L. Wilson, Assistant City Manager  
Janet Jennings, City Finance Director

## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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



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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2020, 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 and the schedules and analysis, as detailed within the Required Supplementary Information section of the table of contents, on pages 151 through 160, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

The combining and individual nonmajor fund financial statements and schedules and the supplemental information, including the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2021, 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 and Steagall, PLLC*

BLACKBURN, CHILDERS & STEAGALL, PLC  
Johnson City, Tennessee

February 19, 2021

## 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, 2020. 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 \$356,794 (*net position*). Of this amount, \$295,879 is invested in capital assets (*net of related debt*) and \$4,150 is restricted for specific purposes.
- The City's overall net position increased by \$6,583.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$55,407, a current year decrease of \$4,836. Of this amount, \$676 is nonspendable, \$25,371 is restricted, \$3,111 is committed for specific purposes, and \$12,034 is assigned. In addition, beginning fund balance increased \$91 to adjust for the purchase method to account for inventory.
- At the end of the current fiscal year, fund balance for the general fund was \$35,121, or 39.6% of total general fund expenditures including transfers out. This balance includes \$73 in nonspendable assets, \$14,032 of restricted funds, \$2,763 committed for specific purposes and \$4,038 assigned.
- The City's total outstanding long-term debt decreased \$20,023 (10.1%) during the current fiscal year, a combination of principal repayments (\$14,573) and the refunding of debt at a premium (\$5,450).

### 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 public building authority.

The government-wide financial statements include not only the City of Johnson City itself (known as the *primary government*), but also three legally separate entities for which the City is financially obligated, the public library, development authority and industrial development board. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The public 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 sixteen 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 and educational facilities debt service fund, which are considered to be major funds. Data from the other twelve governmental funds are combined into a single aggregated presentation and summarized under the heading "Other Governmental Funds" in the governmental fund presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and individual fund statements elsewhere in this report.

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



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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer and city solid waste operations, and for the public building authority, all 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 statement can be found on page 50 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 53 through 152 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 153 through 164 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 165 through 187 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 \$356,794, at the close of the most recent fiscal year, an overall increase of \$6,583 from the prior fiscal year.

### City of Johnson City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 143,586	\$ 138,794	\$ 54,019	\$ 54,694	\$ 197,605	\$ 193,488
Capital assets	265,906	268,583	210,164	202,355	476,070	470,938
Total assets	409,492	407,377	264,183	257,049	673,675	664,426
Total deferred outflows of resources	22,383	14,585	2,331	2,103	24,714	16,688
Long-term liabilities outstanding	167,206	166,087	83,561	87,945	250,767	254,032
Other liabilities	18,596	16,504	5,745	3,910	24,341	20,414
Total liabilities	185,802	182,591	89,306	91,855	275,108	274,446
Total deferred inflows of resources	65,520	55,679	967	779	66,487	56,458
Net position:						
Net investment in capital assets	158,377	164,348	137,502	129,640	295,879	293,988
Restricted	4,150	178	-	-	4,150	178
Unrestricted	18,026	19,166	38,739	36,879	56,765	56,045
Total net position	\$ 180,553	\$ 183,692	\$ 176,241	\$ 166,518	\$ 356,794	\$ 350,210

By far, the largest portion of the City's net position (83%) 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 (1%) represents resources that are subject to external restrictions on how they may be used. The remaining 16% is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

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 separate governmental and business-type activities. The reasons for the current year increase of \$6,583 are discussed in the sections for governmental activities and business-type activities, following the summary of changes in net position.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Revenues:						
Program revenues:						
Charges for services	\$ 9,653	\$ 10,973	\$ 54,818	\$ 53,798	\$ 64,471	\$ 64,771
Operating grants & contributions	46,776	46,072	3,050	2,632	49,826	48,704
Capital grants & contributions	391	1,506	679	2,086	1,070	3,592
General revenues:						
Property taxes	55,131	55,483	-	-	55,131	55,483
Sales taxes	45,791	44,510	-	-	45,791	44,510
Other taxes	10,002	10,386	-	-	10,002	10,386
Unrestricted investment earnings	815	1,196	136	451	951	1,647
Other	6	6	192	22	198	28
Total revenues	<u>168,565</u>	<u>170,132</u>	<u>58,875</u>	<u>58,989</u>	<u>227,440</u>	<u>229,121</u>
Expenses:						
General government	24,016	13,076	-	-	24,016	13,076
Public safety	28,293	27,295	-	-	28,293	27,295
Public works	19,200	20,314	-	-	19,200	20,314
Parks, recreation, culture, leisure	9,657	18,333	-	-	9,657	18,333
City services	1,085	1,122	-	-	1,085	1,122
Education	86,422	83,154	-	-	86,422	83,154
Interest on long-term debt	3,545	4,387	-	-	3,545	4,387
Water and sewer	-	-	29,549	28,583	29,549	28,583
City solid waste	-	-	10,187	9,734	10,187	9,734
Regional solid waste	-	-	2,992	2,938	2,992	2,938
Public building authority	-	-	8	7,069	8	7,069
Mass transit	-	-	4,292	4,178	4,292	4,178
Stormwater management	-	-	1,611	1,825	1,611	1,825
Total expenses	<u>172,218</u>	<u>167,681</u>	<u>48,639</u>	<u>54,327</u>	<u>220,857</u>	<u>222,008</u>
Increase (decrease) in net position before transfers	(3,653)	2,451	10,236	4,662	6,583	7,113
Transfers	<u>514</u>	<u>(89)</u>	<u>(514)</u>	<u>89</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(3,139)	2,362	9,722	4,751	6,583	7,113
Net position, beginning	183,692	185,059	166,519	161,767	350,211	346,826
Prior period adjustment	<u>-</u>	<u>(3,729)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,729)</u>
Net position, ending	<u>\$ 180,553</u>	<u>\$ 183,692</u>	<u>\$ 176,241</u>	<u>\$ 166,518</u>	<u>\$ 356,794</u>	<u>\$ 350,210</u>

**Governmental activities.** During the current fiscal year, net position for governmental activities decreased \$3,139 due mainly to an increase in the liability for Other Post Employment Benefits. Governmental activities reported an ending net position balance of \$180,553.

**Business-type activities.** For the city's business-type activities, current year net position increased \$9,722, 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 and stormwater management, resulted in increases in net position for those funds. Business-type activities reported an ending net position of \$176,241. Key elements include:

- Water and Sewer Activities contributed \$7,486 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.
- City solid waste activities reported positive performance and provided \$773 of net position growth. All of these funds were invested in capital assets.
- Stormwater management experienced a net position increase of \$1,159. The majority of these funds were utilized for debt principal repayments and capital improvements.
- Other business-type activities contributed the remaining \$304 in net position growth, all of which was utilized for capital improvements.

### **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 \$55,407, a current year decrease of \$4,836. Additionally, beginning fund balance increased \$91 to adjust inventory accounted for under the purchase. Included in ending fund balance are assets of \$676 which are nonspendable, indicating that they are either not in a spendable form or must be maintained intact. Restricted fund balance of \$25,371 includes amounts legally constrained for education (\$96), city debt service (\$83), school debt service (\$3,887), specific capital projects (\$4,642), school food service (\$1,735), public safety and drug enforcement (\$628), senior services (\$750), community development (\$188), fund balance policy (\$13,327), and other services (\$35). Funds committed for a particular purpose total \$3,111 and include economic development (\$2,763) and education (\$348). Funds assigned for a particular purpose total \$12,034, consisting of unpaid leave (\$4,091), education (\$7,898), transportation planning operations (\$37), school food service (\$8). The remaining unassigned balance of \$14,215 comprises 25.7% of total fund balance and represents funds available for spending at the government's discretion.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance was \$35,121, including \$73 of nonspendable assets, \$14,032 of restricted funds, \$2,763 committed for specific purposes and \$4,038 assigned for a particular purpose.



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 \$14,215 represents 16% of total general fund expenditures and transfers out, while total fund balance represents 39.6% of that same amount. In conjunction with the 16% unassigned fund balance, it is important to consider that the restricted balance in fund balance includes 16.7% set aside to meet two (2) months of general fund expenditures, in accordance with the City's fund balance policy. The total fund balance of the City's general fund increased \$3,954, due in part to cost control measures in place in all City departments and open positions within the larger departments. The pause in recreational activities and a delay in public works activity, spurred by the pandemic, primarily contributed to the fund balance growth.

The general-purpose school fund has a total fund balance of \$8,307, including \$61 of nonspendable assets, \$348 committed for specific purposes and \$7,898 assigned for general education. The current year increase in fund balance was \$457. This was due in part to healthy sales tax collections, despite the temporary business closures spurred by the pandemic. In addition to savings from open positions in the school system, the pandemic-induced early closure of schools in the spring resulted in cost savings for classroom and operational supplies.

At the end of the current fiscal year, the fund balance of the City's debt service fund totals \$83, all of which is restricted. Fund balance decreased \$24 from the prior year due to the use of funds restricted for fieldhouse debt service.

The educational facilities trust fund has a total fund balance of \$3,887, all of which is restricted. The net increase was \$816. This increase is attributable to dedicated local sales tax collections exceeding principal and interest payments.

Nonmajor (other) governmental funds have a fund balance of \$8,009, including \$542 of nonspendable assets, \$7,369 of restricted funds and \$98 assigned for a particular purpose. The net decrease in fund balance during the current year was \$10,039. This net decrease is primarily attributed to the expending of bond proceeds received in prior years. Additionally, the beginning fund balances for nonmajor governmental funds were increased \$91 for adjustments to school food service inventory accounted for 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 \$30,411 and \$2,559, respectively. The Public Building Authority (PBA) is a blended component unit of the City and reported unrestricted net position of \$1,130. Nonmajor (other) proprietary funds reported unrestricted net position of \$4,639. Total unrestricted net position of proprietary funds amounted to \$38,739.

As noted earlier in the discussion of business-type activities, net position for the proprietary funds increased \$9,723, with water and sewer and city solid waste operations contributing growth of \$7,486 and \$773, respectively. The PBA experienced a net position increase of \$8, with nonmajor (other) proprietary funds reporting an increase of \$1,456. 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 \$694 increase in expenditures and a \$150 increase in other financing uses. This increase consists of the following:

\$ 22	Development Services position upgrades
110	Parks and Recreation - Langston Center position addition and operational costs
562	Information Technology position addition and additional equipment purchases
<u>694</u>	Total Increase in Expenditures
150	Additional funding for Capital Projects Fund for purchase of police cars
<u>150</u>	Total Increase in General Fund Other Financing Uses
<u>\$ 844</u>	Total Increase in Expenditures and Other Financing Uses

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 \$4,844 decrease in expenditures and a \$1,388 net decrease in other financing uses, for a total decrease of \$6,232. This decrease consists of the following:

\$ (805)	General government spending lower than expected, due to open positions and lower outside service fees
(1,154)	Public safety spending lower than expected, due to open police department positions and lower outside service fees
(1,818)	Public works spending below budget, due to work delays caused by pandemic and open positions
(1,204)	Parks and recreation and senior center spending lower than expected, due to pause in recreational activity and programming caused by pandemic
137	Other
<u>(4,844)</u>	Total Decrease in Expenditures
(520)	Lower transfer to Debt Service Fund for principal and interest payments
(965)	Lower than expected match funding for mass transit
97	Other
<u>(1,388)</u>	Net Decrease in Other Financing Uses
<u>\$ (6,232)</u>	Total Decrease in Expenditures and Other Financing Uses

Since the budget to actual variance represents a reduction in required appropriations, no additional funding was necessary. This decrease, combined with minor softness of \$84 in revenue collections, resulted in the net change in fund balance exceeding budget by \$6,148. Despite the pandemic, the local economy remains vibrant. Open positions, effective departmental cost saving measures and pauses in activity due to the pandemic primarily accounted for the expenditure savings.

## 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, 2020, totaled \$476,070 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, plant in service, equipment and vehicles, paving, garbage containers, infrastructure and construction in progress.

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

- Acquisition of new vehicles and equipment for police, fire, public works, parks and recreation, school transportation, development services, information technology, freedom hall, solid waste, water and sewer, mass transit, fleet management and school athletics.
- Downtown wayfinding signage.
- Downtown pedestrian breezeway renovation.
- Freedom Hall electrical upgrades.
- Fleet management parts center.
- Renovation of Langston School as Langston Community Center.
- Solid waste storage facility construction.
- Mass transit HVAC improvements.
- Tannery Knob storage tank replacement.
- Watauga water plant clarifier recoating.
- B2D sanitary sewer basin rehab.
- Austin Springs Road water line upgrade.
- Keystone, Fairview and Oak Grove water line projects.
- Division Street sewer rehab/replacement.
- Numerous water and sewer line extensions, replacements and upgrades completed.

The following capital projects are in progress:

- Downtown - sesquicentennial legacy project – interactive recreational area and history circle.
- Liberty Bell Middle School cafeteria and gymnasium construction.
- Classroom additions at Lake Ridge, Southside and Woodland elementary schools.
- Knob Creek Road improvements.
- Lark Street extension and signalization.
- West Walnut Street corridor improvements – public works, stormwater management, water/sewer.
- Baxter Street and 9<sup>th</sup> Avenue bridge – stormwater management.
- 2009 eastern water expansion project.
- I-26 interchange water/sewer upgrades at Boones Creek.
- Brush Creek and Knob Creek wastewater treatment plant improvements.
- Regional wastewater treatment plant upgrades.
- Lower Brush Creek sanitary sewer interceptor project.
- Upper Reedy Creek interceptor project.
- Numerous water and sewer line extensions, replacements and upgrades.

### City of Johnson City's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 30,487	\$ 29,111	\$ 11,010	\$ 10,803	\$ 41,497	\$ 39,914
Buildings and Improvements	265,407	260,563	15,608	14,421	281,015	274,984
Plant and Lines	-	-	257,086	245,155	257,086	245,155
Vehicles and Equipment	54,800	53,188	40,584	40,072	95,384	93,260
Intellectual Property	5	5	-	-	5	5
Artwork	265	118	-	-	265	118
Infrastructure	186,667	186,667	-	-	186,667	186,667
Construction in Progress	14,585	10,704	26,618	28,316	41,203	39,020
Accumulated Depreciation	(286,310)	(271,773)	(140,742)	(136,412)	(427,052)	(408,185)
Total	<u>\$ 265,906</u>	<u>\$ 268,583</u>	<u>\$ 210,164</u>	<u>\$ 202,355</u>	<u>\$ 476,070</u>	<u>\$ 470,938</u>

Additional information on the City's capital assets can be found in Note 3.D. on pages 84 through 85 of this report.

**Long-term Debt.** At the end of the current fiscal year, the City had total debt outstanding of \$177,716. All of this debt is backed by the full faith and credit of the government.

### City of Johnson City's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Notes payable	\$ 2,549	\$ 2,869	\$ 1,082	\$ 1,110	\$ 3,631	\$ 3,979
General obligation bonds	99,748	112,740	74,337	80,840	174,085	193,580
Revenue bonds	-	-	-	180	-	180
Total Long-Term Debt	<u>\$ 102,297</u>	<u>\$ 115,609</u>	<u>\$ 75,419</u>	<u>\$ 82,130</u>	<u>\$ 177,716</u>	<u>\$ 197,739</u>

The City's total debt decreased \$20,023 (10.1%) during the current fiscal year. The governmental activities net decrease of \$13,312 was the combination of principal repayments of \$10,451 and a \$2,861 decrease from the refunding of debt at a premium. The \$6,711 business-type activities decrease resulted from principal repayments of \$4,122 and a \$2,589 decrease from the refunding of debt at a premium. 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 3.4%. Additional information on the City's long-term debt can be found in Note 3.K. on pages 118 through 143 of this report.

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

- The unemployment rate (not seasonally adjusted) for Johnson City is currently 8.8%, which is an increase from last year's rate of 4.4%. This compares to the state's unemployment rate (not seasonally adjusted) of 10.1% as of June 30, 2020.
- Inflationary trends in the region are comparable to national indices.
- New taxable construction permitted and inspected came in at \$31.8 million, a decrease of \$14.5 million from last year; renovations and additions permitted totaled \$23.8 million.
- Due to the unknown impacts of the pandemic, total General Fund revenues are very conservatively budgeted with no growth for fiscal year 2021.

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 1.5%. All of these factors were considered in preparing the City of Johnson City's budget for fiscal year 2021.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$14,215, an increase of \$3,772. All appropriations lapse at year-end.

During the fiscal year, water and sewer rates increased 2.2% and 5%, respectively, for outside and inside city customers. Residential garbage collection rates remained steady, as well as commercial garbage collection rates. Stormwater fees increased \$1 per month (33.3%) for the average residential city household.

### **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.

## **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, 2020**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 40,722,293	38,590,572	79,312,865	3,234,327
Investments	20,648,652	1,781,101	22,429,753	11,656
Accounts Receivable (Net)	1,831,363	2,479,111	4,310,474	15,623
Taxes Receivable	37,805,687	-	37,805,687	-
Less: Estimated Uncollectible	(634,187)	-	(634,187)	-
Intergovernmental Receivables	29,486,110	558,684	30,044,794	390,342
Deposits	5,050	-	5,050	-
Inventories	905,538	2,011,434	2,916,972	-
Prepaid Expenses	186,634	-	186,634	8,521
Restricted Assets:				
Cash and Cash Equivalents	64,270	-	64,270	319,690
Investments	2,436,854	8,598,655	11,035,509	-
Other Assets:				
Net Pension Asset	10,127,340	-	10,127,340	-
Capital Assets:				
Land	30,486,581	11,010,556	41,497,137	379,300
Book Collection	-	-	-	1,138,049
Buildings and Improvements	265,407,415	15,607,998	281,015,413	6,421,881
Plant in Service	-	257,085,986	257,085,986	-
Equipment and Vehicles	54,800,353	40,583,260	95,383,613	865,525
Intellectual Property	5,500	-	5,500	-
Artwork	265,150	-	265,150	-
Infrastructure	186,666,871	-	186,666,871	-
Less: Accumulated Depreciation	(286,310,467)	(140,741,975)	(427,052,442)	(1,141,298)
Construction in Progress	14,584,681	26,617,867	41,202,548	-
Total Assets	409,491,688	264,183,249	673,674,937	11,643,616
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflow of TIF Funds	-	-	-	1,569,675
Deferred Outflow on Swap	31,111	-	31,111	-
OPEB Changes in Experience	3,212,655	-	3,212,655	-
OPEB Changes in Assumptions	6,264,320	-	6,264,320	-
Pension Contributions After Measurement Date	8,159,686	1,152,929	9,312,615	-
Pension Changes in Experience	1,177,334	194,216	1,371,550	-
Pension Changes in Assumptions	2,343,045	271,776	2,614,821	-
Pension Changes in Proportionate Share	215,248	-	215,248	-
Deferred Bond Refunding Costs	979,581	712,466	1,692,047	-
Total Deferred Outflows of Resources	22,382,980	2,331,387	24,714,367	1,569,675

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

	Primary Government			Component Units
	Governmental	Business-Type	Total	
	Activities	Activities		
LIABILITIES				
Accounts Payable	5,085,941	3,290,717	8,376,658	32,086
Accrued Payroll Expenses	4,964,891	387,235	5,352,126	32,193
Accrued Expenses	6,306,198	125,195	6,431,393	-
Accrued Interest Payable	305,900	251,355	557,255	72,710
Due to State of Tennessee	53,102	-	53,102	-
Matured Bonds and Interest Payable	-	33,253	33,253	-
Retainages Payable	374,258	714,706	1,088,964	-
Fair Value of Interest Rate Swap	31,111	-	31,111	-
Unearned Revenue	1,277,576	29,923	1,307,499	-
Contractor Deposits	196,591	415,659	612,250	-
Customer Deposits	-	497,021	497,021	32,019
Noncurrent Liabilities:				
Due within one year	8,709,947	4,226,658	12,936,605	991,076
Due in more than one year	158,496,099	79,334,396	237,830,495	8,017,572
Total Liabilities	185,801,614	89,306,118	275,107,732	9,177,656
DEFERRED INFLOWS OF RESOURCES				
Deferred - Current Property Taxes	52,382,202	-	52,382,202	-
OPEB Changes in Assumptions	436,006	-	436,006	-
OPEB Changes in Experience	225,334	-	225,334	-
Pension Changes in Experience	7,472,969	384,899	7,857,868	-
Pension Changes in Investment Earnings (Net)	4,949,453	582,646	5,532,099	-
Pension Changes in Proportionate Share	54,415	-	54,415	-
Total Deferred Inflows of Resources	65,520,379	967,545	66,487,924	-
NET POSITION				
Net Investment in Capital Assets	158,376,815	137,501,779	295,878,594	1,550,449
Restricted for/by:				
Expendable:				
Imagination Library	-	-	-	36,504
Enabling Legislation	-	-	-	1,593,027
External Contributions	-	-	-	10,080
School Trust	5,464	-	5,464	-
Debt Service	3,970,226	-	3,970,226	-
Nonexpendable:				
School Trust	174,679	-	174,679	-
External Contributions	-	-	-	9,266
Unrestricted	18,025,491	38,739,194	56,764,685	836,309
Total Net Position	\$ 180,552,675	176,240,973	356,793,648	4,035,635

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, 2020**

Functions/Programs		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
					Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions					
Primary Government								
Governmental Activities								
General Government	\$ 24,016,203	2,912,526	308,645	-	(20,795,032)	-	(20,795,032)	-
Public Safety	28,292,328	1,401,486	1,538,583	-	(25,352,259)	-	(25,352,259)	-
Public Works	19,200,148	147,395	171,699	390,647	(18,490,407)	-	(18,490,407)	-
Parks, Recreation, Culture and Leisure	9,657,046	218,281	652,539	-	(8,786,226)	-	(8,786,226)	-
City Services	1,085,236	2,313,929	2,527,382	-	3,756,075	-	3,756,075	-
Education	86,422,316	2,659,394	41,577,244	-	(42,185,678)	-	(42,185,678)	-
Interest on Long-Term Debt	3,544,442	-	-	-	(3,544,442)	-	(3,544,442)	-
Total Governmental Activities	172,217,719	9,653,011	46,776,092	390,647	(115,397,969)	-	(115,397,969)	-
Business-Type Activities								
Water and Sewer	29,548,812	37,450,215	-	-	-	7,901,403	7,901,403	-
City Solid Waste	10,187,184	10,810,713	-	-	-	623,529	623,529	-
JC Public Building Authority	7,637	-	-	-	-	(7,637)	(7,637)	-
Regional Solid Waste	2,991,546	3,358,900	-	-	-	367,354	367,354	-
Mass Transit	4,292,431	447,759	3,050,073	678,522	-	(116,077)	(116,077)	-
Stormwater Management	1,611,177	2,750,651	-	-	-	1,139,474	1,139,474	-
Total Business-Type Activities	48,638,787	54,818,238	3,050,073	678,522	-	9,908,046	9,908,046	-
Total Primary Government	\$ 220,856,506	64,471,249	49,826,165	1,069,169	(115,397,969)	9,908,046	(105,489,923)	-

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2020**

Functions/Programs	Expenses	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		Component Units
						Business-Type Activities	Total	
Component Units								
Johnson City Public Library	\$ 2,196,029	38,696	2,092,666	19,120	-	-	-	(45,547)
Johnson City Development Authority	1,807,298	898,505	1,071,478	-	-	-	-	162,685
Industrial Development Board	450,091	1,000	450,000	-	-	-	-	909
Total Component Units	<u>\$ 4,453,418</u>	<u>938,201</u>	<u>3,614,144</u>	<u>19,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,047</u>
General Revenues								
Property Taxes					\$ 55,130,602	-	55,130,602	-
Sales Taxes					45,790,641	-	45,790,641	-
Beer and Liquor Taxes					2,934,414	-	2,934,414	-
Business Taxes					2,492,158	-	2,492,158	-
Room Occupancy Taxes					2,016,288	-	2,016,288	-
Telephone and Cable Taxes					771,884	-	771,884	-
State of Tennessee Mixed Drink Taxes					677,921	-	677,921	-
Franchise Taxes					588,739	-	588,739	-
Unrestricted State Income Taxes					290,549	-	290,549	-
Unrestricted State of Tennessee Excise Taxes					230,465	-	230,465	-
Unrestricted Investment Earnings					814,783	136,114	950,897	25,519
Gain on Disposal of Capital Assets					-	192,249	192,249	-
Other General Revenue					6,326	-	6,326	3,792
E-Rate Reimbursement					-	-	-	12,480
Transfers					513,843	(513,843)	-	-
Total General Revenues and Transfers					<u>112,258,613</u>	<u>(185,480)</u>	<u>112,073,133</u>	<u>41,791</u>
Change in Net Position					<u>(3,139,356)</u>	<u>9,722,566</u>	<u>6,583,210</u>	<u>159,838</u>
Net Position, July 1, 2019					183,692,031	166,518,407	350,210,438	3,775,797
Prior Period Adjustment					-	-	-	100,000
Net Position, July 1, 2019 (Restated)					<u>183,692,031</u>	<u>166,518,407</u>	<u>350,210,438</u>	<u>3,875,797</u>
Net Position, June 30, 2020					<u>\$ 180,552,675</u>	<u>176,240,973</u>	<u>356,793,648</u>	<u>4,035,635</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, 2020**

	General Fund	General Purpose School Fund	Debt Service Fund	Educational Facilities Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 8,433,137	9,510,199	75,997	2,489,411	7,584,112	28,092,856
Investments	20,648,652	-	-	-	-	20,648,652
Accounts Receivable, Net	1,368,905	5,570	-	-	33,426	1,407,901
Due from Other Funds	1,292	12,142	-	918,561	185,938	1,117,933
Taxes Receivable	37,805,687	-	-	-	-	37,805,687
Less: Estimated Uncollectible	(634,187)	-	-	-	-	(634,187)
Due from Washington County	3,866,378	20,363,660	-	421,987	-	24,652,025
Due from State of Tennessee	3,074,913	16,201	-	-	1,407,295	4,498,409
Due from Federal Government	-	-	-	-	296,379	296,379
Due from Local Governments	-	38,479	-	-	818	39,297
Deposits	5,050	-	-	-	-	5,050
Inventories	72,979	61,309	-	-	367,260	501,548
Restricted Cash and Cash Equivalents	-	-	7,138	57,132	-	64,270
Restricted Investments	-	279,748	-	-	2,157,106	2,436,854
Total Assets	<u>\$ 74,642,806</u>	<u>30,287,308</u>	<u>83,135</u>	<u>3,887,091</u>	<u>12,032,334</u>	<u>120,932,674</u>

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2020**

	General Fund	General Purpose School Fund	Debt Service Fund	Educational Facilities Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>LIABILITIES</b>						
Accounts Payable	\$ 1,260,908	914,214	-	-	2,102,709	4,277,831
Accrued Payroll Expenditures	888,524	3,730,840	-	-	290,092	4,909,456
Accrued Expenditures	3,043	-	-	-	140	3,183
Due to State of Tennessee	53,102	-	-	-	-	53,102
Due to Other Funds	11,792	1,132,117	-	-	350	1,144,259
Retainages Payable	-	-	-	-	374,258	374,258
Unearned Revenue	21,920	-	-	-	1,255,656	1,277,576
Contractor Deposits	196,591	-	-	-	-	196,591
<b>Total Liabilities</b>	<b>2,435,880</b>	<b>5,777,171</b>	<b>-</b>	<b>-</b>	<b>4,023,205</b>	<b>12,236,256</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred - Current Property Taxes	36,179,351	16,202,851	-	-	-	52,382,202
Unavailable Revenue - Property Taxes	740,871	-	-	-	-	740,871
Unavailable Revenue - Other	166,187	-	-	-	-	166,187
<b>Total Deferred Inflows of Resources</b>	<b>37,086,409</b>	<b>16,202,851</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,289,260</b>
<b>FUND BALANCES</b>						
Nonspendable	72,979	61,309	-	-	541,939	676,227
Restricted	14,032,169	-	83,135	3,887,091	7,368,697	25,371,092
Committed	2,762,976	347,975	-	-	-	3,110,951
Assigned	4,037,445	7,898,002	-	-	98,493	12,033,940
Unassigned	14,214,948	-	-	-	-	14,214,948
<b>Total Fund Balances</b>	<b>35,120,517</b>	<b>8,307,286</b>	<b>83,135</b>	<b>3,887,091</b>	<b>8,009,129</b>	<b>55,407,158</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 74,642,806</b>	<b>30,287,308</b>	<b>83,135</b>	<b>3,887,091</b>	<b>12,032,334</b>	<b>120,932,674</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, 2020**

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

Total Fund Balances of Governmental Funds	\$ 55,407,158
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	264,538,023
Prepays are expensed when disbursed and are not recognized based upon economic benefit or recorded as assets in the governmental funds.	186,634
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.	740,871
Other revenues which are earned but not available to finance current period expenditures and are reported as unavailable revenue at the fund level.	166,187
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.	(42,313,182)
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.	(4,338,071)
Accrued interest on the notes and bonds payable represents a liability of the City that is generally not recorded at the fund level.	(305,900)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(109,750,645)
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.	8,657,164
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.	7,564,436
Net Position of Governmental Activities	<u><u>\$ 180,552,675</u></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, 2020**

	General Fund	General Purpose School Fund	Debt Service Fund	Educational Facilities Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 73,653,661	28,205,494	-	2,397,629	-	104,256,784
Licenses and Permits	877,491	1,459	-	-	-	878,950
Intergovernmental Revenues	11,405,349	33,988,245	132,743	-	8,440,198	53,966,535
Charges for Services	1,677,934	1,467,117	-	-	679,524	3,824,575
Fines and Forfeitures	1,051,497	-	-	-	273,065	1,324,562
Revenue from Use of Property	1,471,975	55,374	5,000	-	547,028	2,079,377
Investment Earnings	314,374	8,766	144,952	9,740	299,342	777,174
Miscellaneous	806,245	309,518	14,000	-	787,996	1,917,759
Total Revenues	91,258,526	64,035,973	296,695	2,407,369	11,027,153	169,025,716
Expenditures						
Current						
General Government	16,197,625	-	-	-	-	16,197,625
Public Safety	27,123,659	-	-	-	450,513	27,574,172
Public Works	12,593,517	-	-	-	-	12,593,517
Parks, Recreation, Culture and Leisure	6,761,494	-	-	-	1,082,347	7,843,841
City Services	-	-	-	-	776,934	776,934
Education	-	70,875,734	-	-	8,050,029	78,925,763
Capital Outlay	13,724	1,277,460	-	-	15,418,977	16,710,161
Debt Service						
Principal Retirement	70,000	-	8,202,492	2,176,623	-	10,449,115
Interest and Fiscal Charges	67,750	-	2,925,290	822,229	-	3,815,269
Other Fees	-	-	259,162	92,497	-	351,659
Total Expenditures	62,827,769	72,153,194	11,386,944	3,091,349	25,778,800	175,238,056

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2020**

	General Fund	General Purpose School Fund	Debt Service Fund	Educational Facilities Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over (Under) Expenditures	28,430,757	(8,117,221)	(11,090,249)	(683,980)	(14,751,647)	(6,212,340)
Other Financing Sources (Uses)						
Transfers from Other Funds	626,090	11,099,440	10,893,772	1,476,701	5,033,754	29,129,757
Transfers to Other Funds	(25,754,745)	(2,524,800)	-	-	(336,369)	(28,615,914)
Proceeds from Sale of Real Estate and Equipment	651,538	125	-	-	15,000	666,663
Issuance of Refunding Bonds	-	-	18,052,222	2,161,743	-	20,213,965
Premium on Bonds-Refunding	-	-	3,693,132	146,443	-	3,839,575
Payment to Refunded Bonds Escrow Agent	-	-	(21,572,877)	(2,285,000)	-	(23,857,877)
Total Other Financing Sources (Uses)	(24,477,117)	8,574,765	11,066,249	1,499,887	4,712,385	1,376,169
Net Change in Fund Balances	3,953,640	457,544	(24,000)	815,907	(10,039,262)	(4,836,171)
Fund Balances, July 1, 2019	31,166,877	7,849,742	107,135	3,071,184	17,957,138	60,152,076
Purchase Method Inventory Adjustment	-	-	-	-	91,253	91,253
Fund Balances Adjusted	31,166,877	7,849,742	107,135	3,071,184	18,048,391	60,243,329
Fund Balances, June 30, 2020	\$ 35,120,517	8,307,286	83,135	3,887,091	8,009,129	55,407,158

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, 2020**

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

Net Change in Fund Balances of Governmental Funds	\$ (4,836,171)
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 outlays in the current period exceed depreciation of general capital assets and other capital related expenses.	(1,806,227)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.	(259,504)
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.	10,852,546
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.	91,253
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(498,805)
Other post-employment benefits expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(4,318,283)
Premiums paid for insurance from the governmental funds are expensed as paid. A portion of the payments are prepaid insurance.	23,393
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.	23,392
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.	(133,488)
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.	2,559,112
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.	(4,836,574)
Change in Net Position of Governmental Activities	<u>\$ (3,139,356)</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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Taxes				
Property Tax, Net	\$ 35,882,000	35,882,000	35,898,677	16,677
Property Tax - Penalty and Interest	260,000	260,000	323,481	63,481
Received in Lieu of Taxes	6,624,500	6,624,500	6,507,514	(116,986)
Local Sales Tax	22,000,000	22,000,000	22,497,136	497,136
Business Tax	2,100,000	2,100,000	2,146,516	46,516
Local Beer Tax	2,000,000	2,000,000	2,021,741	21,741
Local Liquor Tax	750,000	750,000	881,685	131,685
Hotel/Motel Tax	2,175,000	2,175,000	2,016,288	(158,712)
Franchise Tax	550,000	550,000	588,739	38,739
Telephone Commissions/Cable	785,000	785,000	771,884	(13,116)
Total Taxes	73,126,500	73,126,500	73,653,661	527,161
Licenses and Permits				
Building Permits	430,000	430,000	567,759	137,759
Electrical Permits and Electrician Certificates	70,000	70,000	69,543	(457)
Plumbing Permits and Plumbers Certificates	30,000	30,000	25,461	(4,539)
Natural Gas Permits	10,500	10,500	12,316	1,816
Zoning Permits and Fees	16,000	16,000	12,895	(3,105)
Mechanical Permits	38,000	38,000	55,975	17,975
Sign Permits	17,000	17,000	15,099	(1,901)
Plan Review Permits	36,000	36,000	38,329	2,329
Beverage and Private Club Permits	95,000	95,000	76,997	(18,003)
Other Fees and Licenses	4,500	4,500	3,117	(1,383)
Total Licenses and Permits	747,000	747,000	877,491	130,491
Intergovernmental Revenues				
State of Tennessee				
Boarding of Prisoners	1,350,000	1,350,000	1,175,270	(174,730)
Sales Tax	5,690,000	5,690,000	5,753,469	63,469
Income Tax	525,000	525,000	474,245	(50,755)
Beer Tax	30,000	30,000	29,582	(418)
Mixed Drink Tax	750,000	750,000	677,921	(72,079)
State Street Aid	2,350,000	2,350,000	2,244,354	(105,646)
Highway Maintenance	348,580	348,580	157,652	(190,928)
Street and Transit	127,556	127,556	125,376	(2,180)
Excise Taxes	80,000	80,000	230,465	150,465
Fire Supplement	72,000	72,000	142,843	70,843
Police Supplement	86,000	86,000	106,200	20,200
First TN-VA Development				
District Senior Citizens Grant	76,000	76,000	77,882	1,882
Telecommunications	145,000	145,000	145,672	672
Other	-	103,122	19,918	(83,204)
Total State of Tennessee	11,630,136	11,733,258	11,360,849	(372,409)

(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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues (Continued)				
Intergovernmental Revenues (Continued)				
Washington County				
Senior Citizens	40,000	40,000	40,000	-
Juvenile Court	4,500	4,500	4,500	-
Total Washington County	44,500	44,500	44,500	-
Total Intergovernmental Revenues	11,674,636	11,777,758	11,405,349	(372,409)
Charges for Services				
School Bus Charters	135,000	135,000	78,030	(56,970)
Accident Reports	1,500	1,500	727	(773)
Special Work Charges	8,000	8,000	7,100	(900)
Administrative Fees from Other Funds	1,492,625	1,492,625	1,492,625	-
Miscellaneous Services	20,500	20,500	99,452	78,952
Total Charges for Services	1,657,625	1,657,625	1,677,934	20,309
Fines and Forfeitures				
Municipal Courts - Fines and Court Costs	1,205,000	1,205,000	1,051,497	(153,503)
Revenue From Use of Property				
Rents from Buildings and Equipment	310,000	310,000	274,401	(35,599)
Parks and Recreation	1,018,100	1,018,100	854,309	(163,791)
Print Shop Charges	36,500	36,500	22,993	(13,507)
Computer Services (MIS)	320,272	320,272	320,272	-
Total Revenue From Use of Property	1,684,872	1,684,872	1,471,975	(212,897)
Investment Earnings				
Investment Income	310,000	310,000	314,374	4,374
Miscellaneous				
Refunds and Reimbursements	171,500	171,500	214,176	42,676
Senior Citizens	182,000	182,000	191,589	9,589
Donations	50,000	50,000	22,093	(27,907)
Damages	-	-	29,268	29,268
Sale of Methane Gas	125,000	125,000	149,557	24,557
Other Local Revenues	-	-	4,000	4,000
Miscellaneous	305,640	305,640	195,562	(110,078)
Total Miscellaneous	834,140	834,140	806,245	(27,895)
Total Revenues	91,239,773	91,342,895	91,258,526	(84,369)

(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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures				
General Government				
City Commission				
Personnel Services	42,332	42,332	40,207	2,125
Purchased Services	14,425	14,425	25,397	(10,972)
Supplies	1,300	1,300	50	1,250
Total City Commission	58,057	58,057	65,654	(7,597)
City Court				
Fixed Charges	20,000	20,000	-	20,000
Personnel Services	151,218	151,218	145,165	6,053
Purchased Services	224,300	224,300	140,260	84,040
Supplies	10,600	10,600	1,404	9,196
Total City Court	406,118	406,118	286,829	119,289
Staff Attorney				
Fixed Charges	1,908	1,908	2,419	(511)
Personnel Services	186,926	186,926	186,123	803
Purchased Services	149,545	149,545	174,985	(25,440)
Supplies	4,000	4,000	4,842	(842)
Total Staff Attorney	342,379	342,379	368,369	(25,990)
Juvenile Court				
Building Materials	150	150	-	150
Fixed Charges	68,310	68,310	55,220	13,090
Other	-	-	178	(178)
Personnel Services	787,674	787,674	763,537	24,137
Purchased Services	53,640	53,640	41,125	12,515
Supplies	18,580	18,580	13,520	5,060
Total Juvenile Court	928,354	928,354	873,580	54,774
City Manager				
Fixed Charges	47,675	47,675	31,208	16,467
Other	2,000	2,000	1,244	756
Personnel Services	379,251	379,251	360,509	18,742
Purchased Services	36,800	36,800	18,216	18,584
Supplies	25,000	25,000	1,349	23,651
Total City Manager	490,726	490,726	412,526	78,200
Management Services				
Personnel Services	569,323	569,323	527,837	41,486
Purchased Services	31,450	31,450	16,400	15,050
Supplies	2,250	2,250	1,065	1,185
Total Management Services	603,023	603,023	545,302	57,721

(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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures (Continued)				
General Government (Continued)				
Community Relations Office				
Fixed Charges	1,209	1,209	7,566	(6,357)
Other	700	700	1,369	(669)
Personnel Services	211,947	211,947	219,705	(7,758)
Purchased Services	159,889	159,889	31,473	128,416
Supplies	5,250	5,250	16,925	(11,675)
Total Community Relations Office	378,995	378,995	277,038	101,957
Purchasing				
Fixed Charges	1,910	1,910	1,725	185
Other	-	-	32	(32)
Personnel Services	233,429	233,429	239,316	(5,887)
Purchased Services	15,213	15,213	9,762	5,451
Supplies	700	700	829	(129)
Total Purchasing	251,252	251,252	251,664	(412)
Human Resources				
Fixed Charges	2,691	2,691	3,601	(910)
Other	12,558	12,558	11,499	1,059
Personnel Services	380,326	380,326	373,837	6,489
Purchased Services	69,710	69,710	40,886	28,824
Supplies	2,950	2,950	7,588	(4,638)
Total Human Resources	468,235	468,235	437,411	30,824
Development Services				
Fixed Charges	11,174	11,174	12,532	(1,358)
Personnel Services	1,380,724	1,402,780	1,297,740	105,040
Purchased Services	165,000	165,000	160,683	4,317
Supplies	30,550	30,550	21,230	9,320
Total Development Services	1,587,448	1,609,504	1,492,185	117,319
Miscellaneous Appropriations				
Capital Outlay	-	-	11,924	(11,924)
Fixed Charges	395,000	395,000	555,154	(160,154)
Other	450,000	450,000	570,325	(120,325)
Personnel Services	-	-	3,984	(3,984)
Purchased Services	560,000	560,000	375,994	184,006
Supplies	-	-	18,104	(18,104)
Total Miscellaneous Appropriations	1,405,000	1,405,000	1,535,485	(130,485)

(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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures (Continued)				
General Government (Continued)				
Risk Management				
Fixed Charges	163,392	163,392	150,586	12,806
Personnel Services	43,967	43,967	43,905	62
Purchased Services	119,275	119,275	138,882	(19,607)
Supplies	13,250	13,250	53,683	(40,433)
Total Risk Management	339,884	339,884	387,056	(47,172)
Information Technology				
Other	-	-	10,667	(10,667)
Fixed Charges	333,777	333,777	386,110	(52,333)
Personnel Services	1,129,528	1,129,528	1,131,594	(2,066)
Purchased Services	148,739	148,739	112,637	36,102
Supplies	287,400	849,028	581,204	267,824
Total Information Technology	1,899,444	2,461,072	2,222,212	238,860
Central Print Shop				
Fixed Charges	4,100	4,100	2,685	1,415
Personnel Services	78,364	78,364	77,704	660
Purchased Services	13,025	13,025	6,595	6,430
Supplies	17,920	17,920	15,604	2,316
Total Central Print Shop	113,409	113,409	102,588	10,821
Special Appropriations	5,551,053	5,551,053	5,374,395	176,658
Finance Administration				
Fixed Charges	6,748	6,748	1,094	5,654
Other	593	593	222	371
Personnel Services	203,240	203,240	203,488	(248)
Purchased Services	7,436	7,436	3,469	3,967
Supplies	1,777	1,777	1,580	197
Total Finance Administration	219,794	219,794	209,853	9,941
Accounting				
Other	-	-	85	(85)
Personnel Services	663,217	663,217	651,828	11,389
Purchased Services	195,267	195,267	193,515	1,752
Supplies	5,966	5,966	6,635	(669)
Total Accounting	864,450	864,450	852,063	12,387

(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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures (Continued)				
General Government (Continued)				
Collections				
Fixed Charges	951	951	949	2
Other	21,500	21,500	21,741	(241)
Personnel Services	291,455	291,455	276,188	15,267
Purchased Services	143,443	143,443	150,037	(6,594)
Supplies	5,311	5,311	6,111	(800)
Total Collections	462,660	462,660	455,026	7,634
Records Management				
Personnel Services	59,837	59,837	59,706	131
Purchased Services	405	405	39	366
Supplies	740	740	568	172
Total Records Management	60,982	60,982	60,313	669
Total General Government	16,431,263	17,014,947	16,209,549	805,398
Public Safety				
Student Transportation				
Building Materials	-	-	123	(123)
Fixed Charges	6,416	6,416	5,599	817
Personnel Services	1,617,560	1,617,560	1,755,190	(137,630)
Purchased Services	714,746	714,746	468,394	246,352
Supplies	10,750	10,750	14,802	(4,052)
Total Student Transportation	2,349,472	2,349,472	2,244,108	105,364
Police Department				
Building Materials	-	-	2,849	(2,849)
Capital Outlay	3,000	3,000	1,800	1,200
Fixed Charges	92,642	92,642	68,693	23,949
Other	21,650	21,650	11,518	10,132
Personnel Services	12,816,908	12,816,908	12,077,113	739,795
Purchased Services	1,577,390	1,577,390	1,286,249	291,141
Supplies	291,581	291,581	323,635	(32,054)
Total Police Department	14,803,171	14,803,171	13,771,857	1,031,314

(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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures (Continued)				
Public Safety (Continued)				
Fire Department				
Building Materials	258	258	3,712	(3,454)
Fixed Charges	30,873	30,873	36,502	(5,629)
Other	2,059	2,059	482	1,577
Personnel Services	9,799,614	9,799,614	9,931,446	(131,832)
Purchased Services	955,393	955,393	763,052	192,341
Supplies	339,447	339,447	366,245	(26,798)
Total Fire Department	11,127,644	11,127,644	11,101,439	26,205
Emergency Management Services				
Purchased Services	-	-	8,055	(8,055)
Total Public Safety	28,280,287	28,280,287	27,125,459	1,154,828
Public Works				
Administration				
Other	-	-	3,141	(3,141)
Fixed Charges	131,079	131,079	93,660	37,419
Personnel Services	248,937	248,937	254,580	(5,643)
Purchased Services	24,880	24,880	35,243	(10,363)
Supplies	1,650	1,650	11,624	(9,974)
Total Administration	406,546	406,546	398,248	8,298
Streets				
Building Materials	523,257	523,257	446,334	76,923
Fixed Charges	2,700	2,700	22,469	(19,769)
Other	600	600	2,159	(1,559)
Personnel Services	3,603,015	3,603,015	3,191,082	411,933
Purchased Services	4,021,916	4,021,916	2,899,167	1,122,749
Supplies	236,520	236,520	189,554	46,966
Total Streets	8,388,008	8,388,008	6,750,765	1,637,243

(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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures (Continued)				
Public Works (Continued)				
Engineering				
Fixed Charges	4,200	4,200	4,557	(357)
Personnel Services	881,504	881,504	823,470	58,034
Purchased Services	36,450	36,450	18,551	17,899
Supplies	22,000	22,000	8,097	13,903
Total Engineering	944,154	944,154	854,675	89,479
Traffic Control				
Building Materials	1,550	1,550	5,425	(3,875)
Fixed Charges	2,700	2,700	3,209	(509)
Personnel Services	928,001	928,001	930,243	(2,242)
Purchased Services	1,837,021	1,837,021	1,892,910	(55,889)
Supplies	246,150	246,150	206,791	39,359
Total Traffic Control	3,015,422	3,015,422	3,038,578	(23,156)
Sidewalks				
Building Materials	137,900	137,900	67,821	70,079
Other	-	-	620	(620)
Fixed Charges	-	-	440	(440)
Purchased Services	14,500	14,500	9,440	5,060
Supplies	9,200	9,200	14,511	(5,311)
Total Sidewalks	161,600	161,600	92,832	68,768
Mowing				
Purchased Services	406,716	406,716	344,905	61,811
Supplies	2,950	2,950	127	2,823
Total Mowing	409,666	409,666	345,032	64,634
General Facilities				
Building Materials	2,900	2,900	13,779	(10,879)
Fixed Charges	3,608	3,608	7,520	(3,912)
Personnel Services	542,372	542,372	537,693	4,679
Purchased Services	136,604	136,604	99,929	36,675
Supplies	21,540	21,540	21,914	(374)
Total General Facilities	707,024	707,024	680,835	26,189

(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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures (Continued)				
Public Works (Continued)				
Municipal Building				
Building Materials	100	100	3,413	(3,313)
Fixed Charges	6,256	6,256	6,098	158
Purchased Services	231,077	231,077	223,352	7,725
Supplies	22,500	22,500	30,089	(7,589)
Total Municipal Building	259,933	259,933	262,952	(3,019)
Keystone				
Building Materials	-	-	2,582	(2,582)
Fixed Charges	1,851	1,851	2,611	(760)
Personnel Services	-	-	37,303	(37,303)
Purchased Services	76,624	76,624	76,874	(250)
Supplies	6,450	6,450	7,126	(676)
Total Keystone	84,925	84,925	126,496	(41,571)
Facilities Center				
Building Materials	-	-	1,534	(1,534)
Fixed Charges	2,088	2,088	4,775	(2,687)
Purchased Services	30,150	30,150	24,637	5,513
Supplies	1,650	1,650	12,158	(10,508)
Total Facilities Center	33,888	33,888	43,104	(9,216)
Total Public Works	14,411,166	14,411,166	12,593,517	1,817,649
Parks, Recreation, Culture and Leisure				
Parks and Recreation				
Building Materials	169,350	169,350	153,006	16,344
Fixed Charges	160,981	160,981	168,324	(7,343)
Other	6,300	6,300	7,119	(819)
Personnel Services	4,577,698	4,687,820	3,965,332	722,488
Purchased Services	1,378,548	1,378,548	1,163,999	214,549
Supplies	768,795	768,795	607,633	161,162
Total Parks and Recreation	7,061,672	7,171,794	6,065,413	1,106,381

(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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Expenditures (Continued)				
Parks, Recreation, Culture and Leisure (Continued)				
Senior Citizens				
Fixed Charges	718	718	499	219
Other	4,700	4,700	1,921	2,779
Personnel Services	619,911	619,911	569,997	49,914
Purchased Services	120,332	120,332	87,417	32,915
Supplies	47,537	47,537	36,247	11,290
Total Senior Citizens	793,198	793,198	696,081	97,117
Total Parks, Recreation, Culture and Leisure	7,854,870	7,964,992	6,761,494	1,203,498
Debt Service				
Principal Retirement	-	-	70,000	(70,000)
Interest and Fiscal Charges	-	-	67,750	(67,750)
Total Debt Service	-	-	137,750	(137,750)
Total Expenditures	66,977,586	67,671,392	62,827,769	4,843,623
Excess (Deficiency) of Revenues Over (Under) Expenditures	24,262,187	23,671,503	28,430,757	4,759,254
Other Financing Sources (Uses)				
Transfer to General Purpose School Fund	(10,876,736)	(10,876,736)	(10,876,736)	-
Transfer to Mass Transit	(995,000)	(995,000)	(30,107)	964,893
Transfer to Freedom Hall	(275,000)	(275,000)	(385,256)	(110,256)
Transfer to Transportation Planning	(70,705)	(70,705)	(41,649)	29,056
Transfer to Capital Projects Fund	(4,683,950)	(4,834,420)	(4,397,706)	436,714
Transfer to Debt Service	(10,432,544)	(10,432,544)	(9,912,740)	519,804
Transfer to Police Grant and Technology	-	-	(2,853)	(2,853)
Transfer to Community Development	-	-	(107,698)	(107,698)
Transfer from General Purpose School Fund	-	-	2,485	2,485
Transfer from Capital Projects Fund	1,000,000	1,000,000	75,218	(924,782)
Transfer from Water and Sewer Fund	543,950	543,950	543,950	-
Transfer from Police Grant and Technology	-	-	2,484	2,484
Transfer from Senior Citizens Fund	-	-	1,953	1,953
Proceeds from Sale of Real Estate and Equipment	75,000	75,000	651,538	576,538
Total Other Financing Sources (Uses)	(25,714,985)	(25,865,455)	(24,477,117)	1,388,338
Net Change in Fund Balance	(1,452,798)	(2,193,952)	3,953,640	6,147,592
Fund Balance, July 1, 2019	31,166,877	31,166,877	31,166,877	-
Fund Balance, June 30, 2020	\$ 29,714,079	28,972,925	35,120,517	6,147,592

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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Taxes				
Local Sales Tax	\$ 14,347,961	14,347,961	15,142,407	794,446
Local Liquor Tax	-	-	1,406	1,406
County Property Tax	12,599,771	12,599,771	12,404,355	(195,416)
Interest and Penalty	188,000	188,000	103,126	(84,874)
Business Tax	315,000	315,000	345,642	30,642
In Lieu - Local Utilities	200,150	200,150	208,558	8,408
Total Taxes	27,650,882	27,650,882	28,205,494	554,612
Licenses and Permits				
Marriage Licenses	1,500	1,500	1,459	(41)
Intergovernmental Revenues				
State of Tennessee				
Basic Education Program	33,843,000	33,843,000	33,728,004	(114,996)
Career Ladder Program	147,000	147,000	96,062	(50,938)
Bank Excise Tax	32,000	32,000	68,999	36,999
Other State of Tennessee Funds	7,500	7,500	27,286	19,786
Total State of Tennessee	34,029,500	34,029,500	33,920,351	(109,149)
Federal				
ROTC Reimbursement	50,000	50,000	67,894	17,894
Total Intergovernmental Revenues	34,079,500	34,079,500	33,988,245	(91,255)
Charges for Services				
School Tuition	262,000	262,000	211,419	(50,581)
Educare Revenue	1,316,300	1,316,300	1,255,698	(60,602)
Total Charges for Services	1,578,300	1,578,300	1,467,117	(111,183)
Investment Earnings				
Investment Income	-	-	8,766	8,766
Revenue From Use of Property				
Rents from Buildings and Equipment	60,000	60,000	55,374	(4,626)
Miscellaneous				
Refunds and Reimbursements	95,000	203,527	202,040	(1,487)
Other Local Revenue	26,000	71,435	107,478	36,043
Total Miscellaneous	121,000	274,962	309,518	34,556
Total Revenues	63,491,182	63,645,144	64,035,973	390,829

(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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures				
Instruction				
Regular Education				
Capital Outlay	558,216	595,370	562,804	32,566
Fixed Charges	-	-	1,389	(1,389)
Other	136,469	136,869	136,869	-
Personnel Services	38,621,774	37,844,056	37,468,590	375,466
Purchased Services	451,277	539,260	481,574	57,686
Supplies	1,101,242	1,898,838	1,748,107	150,731
Total Regular Education	40,868,978	41,014,393	40,399,333	615,060
Special Education				
Personnel Services	4,794,055	4,698,602	4,544,787	153,815
Supplies	17,602	17,702	17,301	401
Total Special Education	4,811,657	4,716,304	4,562,088	154,216
Vocational Education				
Capital Outlay	-	25,000	25,000	-
Personnel Services	1,704,318	1,957,318	1,941,642	15,676
Purchased Services	5,500	5,500	5,500	-
Supplies	9,166	9,766	9,720	46
Total Vocational Education	1,718,984	1,997,584	1,981,862	15,722
Alternative Education				
Capital Outlay	5,588	5,888	5,805	83
Other	5,000	5,000	5,000	-
Personnel Services	874,406	951,906	941,844	10,062
Purchased Services	16,300	11,000	10,800	200
Supplies	18,300	18,300	18,300	-
Total Alternative Education	919,594	992,094	981,749	10,345
Total Instruction	48,319,213	48,720,375	47,925,032	795,343
Support Services				
Health Services				
Capital Outlay	500	4,900	4,855	45
Other	1,800	1,818	617	1,201
Personnel Services	517,290	525,010	517,327	7,683
Purchased Services	8,320	9,000	8,694	306
Supplies	15,700	15,100	12,041	3,059
Total Health Services	543,610	555,828	543,534	12,294

(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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures (Continued)				
Support Services (Continued)				
Student Support				
Capital Outlay	2,500	2,500	-	2,500
Other	2,500	2,500	-	2,500
Supplies	135,000	135,000	97,348	37,652
Purchased Services	8,000	7,900	386	7,514
Personnel Services	1,738,407	1,709,506	1,672,681	36,825
Total Student Support	1,886,407	1,857,406	1,770,415	86,991
Regular Education				
Capital Outlay	30,000	34,309	27,117	7,192
Other	61,500	82,351	65,502	16,849
Personnel Services	2,651,822	2,800,441	2,648,751	151,690
Purchased Services	725,200	676,010	644,728	31,282
Supplies	100,100	114,172	95,294	18,878
Total Regular Education	3,568,622	3,707,283	3,481,392	225,891
Alternative Education				
Other	500	500	500	-
Personnel Services	55,569	55,569	50,615	4,954
Supplies	2,500	2,500	2,500	-
Total Alternative Education	58,569	58,569	53,615	4,954
Special Education				
Other	5,000	3,800	3,706	94
Personnel Services	457,557	553,910	539,321	14,589
Purchased Services	3,127	2,927	2,773	154
Supplies	3,385	4,585	4,569	16
Total Special Education	469,069	565,222	550,369	14,853
Vocational Education				
Personnel Services	59,294	59,294	55,725	3,569
Purchased Services	-	400	399	1
Supplies	81,000	136,000	110,409	25,591
Total Vocational Education	140,294	195,694	166,533	29,161
Board of Education				
Fixed Charges	81,087	81,087	81,081	6
Other	498,680	485,629	483,321	2,308
Personnel Services	288,329	290,829	290,303	526
Purchased Services	51,700	51,200	31,454	19,746
Supplies	2,000	327	302	25
Total Board of Education	921,796	909,072	886,461	22,611

(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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures (Continued)				
Support Services (Continued)				
Office of Director of Schools				
Capital Outlay	1,250	250	-	250
Other	22,000	1,400	1,537	(137)
Personnel Services	263,514	262,614	261,252	1,362
Purchased Services	133,157	154,357	153,584	773
Supplies	7,000	8,300	8,133	167
Total Office of Director of Schools	426,921	426,921	424,506	2,415
Office of Principal				
Other	4,487	4,187	4,187	-
Personnel Services	4,763,724	4,948,224	4,936,515	11,709
Purchased Services	155,144	155,444	142,150	13,294
Supplies	5,207	5,207	5,207	-
Total Office of Principal	4,928,562	5,113,062	5,088,059	25,003
Fiscal Services				
Capital Outlay	4,000	4,000	889	3,111
Other	750	750	117	633
Personnel Services	419,604	418,504	415,901	2,603
Purchased Services	69,250	69,250	66,075	3,175
Supplies	8,000	9,100	8,945	155
Total Fiscal Services	501,604	501,604	491,927	9,677
Operation of Plant				
Personnel Services	2,295,748	2,245,748	2,212,003	33,745
Purchased Services	2,235,000	2,315,000	2,298,580	16,420
Supplies	414,500	384,500	127,817	256,683
Total Operation of Plant	4,945,248	4,945,248	4,638,400	306,848
Maintenance of Plant				
Capital Outlay	40,000	40,000	4,870	35,130
Other	3,000	3,000	-	3,000
Personnel Services	1,487,490	1,487,490	1,400,680	86,810
Purchased Services	160,264	178,264	169,400	8,864
Supplies	225,000	223,422	219,784	3,638
Total Maintenance Of Plant	1,915,754	1,932,176	1,794,734	137,442
Preschool				
Capital Outlay	7,000	7,000	6,924	76
Other	6,500	5,700	5,483	217
Personnel Services	218,650	308,111	295,831	12,280
Purchased Services	1,250	850	696	154
Supplies	14,000	13,400	9,527	3,873
Total Preschool	247,400	335,061	318,461	16,600

(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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures (Continued)				
Support Services (Continued)				
Transportation				
Capital Outlay	-	64,400	64,334	66
Personnel	-	47,001	11,703	35,298
Purchased Services	2,369,472	2,369,472	13,690	2,355,782
Supplies	79,000	79,000	36,012	42,988
Total Transportation	2,448,472	2,559,873	125,739	2,434,134
Other Support				
Capital Outlay	3,000	1,850	1,060	790
Other	4,000	3,950	1,336	2,614
Personnel Services	64,294	64,294	62,740	1,554
Purchased Services	-	1,800	1,709	91
Supplies	5,700	5,100	3,996	1,104
Total Other Support	76,994	76,994	70,841	6,153
Community Services				
Capital Outlay	6,000	19,600	17,417	2,183
Other	39,850	27,750	23,866	3,884
Personnel Services	1,016,052	1,122,722	1,107,737	14,985
Purchased Services	5,375	5,175	3,481	1,694
Supplies	75,850	90,906	83,982	6,924
Total Community Services	1,143,127	1,266,153	1,236,483	29,670
Technology				
Capital Outlay	30,000	85,032	79,549	5,483
Other	4,000	4,000	724	3,276
Personnel Services	1,285,791	1,263,591	1,210,288	53,303
Purchased Services	475,725	505,341	447,146	58,195
Supplies	23,700	46,700	39,943	6,757
Total Technology	1,819,216	1,904,664	1,777,650	127,014
Other Capital Outlay				
Capital Outlay	61,081	681,096	476,477	204,619
Other	76,081	105,587	53,085	52,502
Total Other Capital Outlay	137,162	786,683	529,562	257,121

(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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Expenditures (Continued)				
Support Services (Continued)				
Human Resources				
Capital Outlay	1,250	850	359	491
Other	1,000	700	35	665
Personnel Services	201,802	236,737	233,820	2,917
Purchased Services	900	1,300	1,201	99
Supplies	1,000	1,000	729	271
Total Human Resources	205,952	240,587	236,144	4,443
Attendance				
Purchased Services	-	44,000	43,337	663
Total Attendance	-	44,000	43,337	663
Total Support Services	26,384,779	27,982,100	24,228,162	3,753,938
Total Expenditures	74,703,992	76,702,475	72,153,194	4,549,281
Excess (Deficiency) of Revenues Over				
(Under) Expenditures	(11,212,810)	(13,057,331)	(8,117,221)	4,940,110
Other Financing Sources (Uses)				
Transfer from General Fund	13,226,208	13,226,208	10,876,736	(2,349,472)
Transfer from School Federal and Special Project Funds	-	-	222,704	222,704
Transfer to Educational Facilities Debt Service	(1,414,018)	(1,489,018)	(1,476,701)	12,317
Transfer to General Fund	(10,000)	(10,000)	(2,485)	7,515
Transfer to School Federal and Special Project Funds	(77,979)	(93,148)	(64,582)	28,566
Transfer to Debt Service	(1,004,900)	(1,004,900)	(981,032)	23,868
Sale of Real Estate and Other Equipment	-	-	125	125
Total Other Financing Sources (Uses)	10,719,311	10,629,142	8,574,765	(2,054,377)
Net Change in Fund Balance	(493,499)	(2,428,189)	457,544	2,885,733
Fund Balance, July 1, 2019	7,849,742	7,849,742	7,849,742	-
Fund Balance, June 30, 2020	\$ 7,356,243	5,421,553	8,307,286	2,885,733

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, 2020**

	Business-Type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Water and Sewer	City Solid Waste	Johnson City Public Building Authority	Nonmajor Proprietary Funds	Total	
<b>ASSETS</b>						
Current Assets						
Cash and Cash Equivalents	\$ 29,274,179	4,081,436	824,763	4,410,194	38,590,572	12,629,437
Investments	1,475,851	-	305,250	-	1,781,101	-
Accounts Receivable (Net)	1,702,967	562,783	-	213,361	2,479,111	423,462
Due from Other Funds	-	-	-	-	-	26,326
Due from Federal Government	-	-	-	449,556	449,556	-
Due from State of Tennessee	-	-	-	109,128	109,128	-
Inventories	2,001,501	9,933	-	-	2,011,434	403,990
<b>Total Current Assets</b>	<b>34,454,498</b>	<b>4,654,152</b>	<b>1,130,013</b>	<b>5,182,239</b>	<b>45,420,902</b>	<b>13,483,215</b>
Noncurrent Assets						
Capital Assets						
Land	3,755,922	2,296,132	-	4,958,502	11,010,556	-
Buildings and Improvements	1,388,416	1,813,996	-	12,405,586	15,607,998	300,256
Plant in Service	257,085,986	-	-	-	257,085,986	-
Equipment and Vehicles	15,515,838	11,623,744	-	13,443,678	40,583,260	6,746,057
Less: Accumulated Depreciation	(123,705,852)	(7,338,143)	-	(9,697,980)	(140,741,975)	(5,688,997)
Construction In Progress	22,974,147	3,006,650	-	637,070	26,617,867	10,745
<b>Net Capital Assets</b>	<b>177,014,457</b>	<b>11,402,379</b>	<b>-</b>	<b>21,746,856</b>	<b>210,163,692</b>	<b>1,368,061</b>
Restricted Assets						
Investments	8,477,463	121,192	-	-	8,598,655	-
<b>Total Restricted Assets</b>	<b>8,477,463</b>	<b>121,192</b>	<b>-</b>	<b>-</b>	<b>8,598,655</b>	<b>-</b>
<b>Total Noncurrent Assets</b>	<b>185,491,920</b>	<b>11,523,571</b>	<b>-</b>	<b>21,746,856</b>	<b>218,762,347</b>	<b>1,368,061</b>
<b>Total Assets</b>	<b>219,946,418</b>	<b>16,177,723</b>	<b>1,130,013</b>	<b>26,929,095</b>	<b>264,183,249</b>	<b>14,851,276</b>

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2020**

	Business-Type Activities - Enterprise Funds					Governmental
	Water and Sewer	City Solid Waste	Johnson City Public Building Authority	Nonmajor Proprietary Funds	Total	Activities- Internal Service Funds
DEFERRED OUTFLOWS OF RESOURCES						
Pension Contributions After Measurement Date	726,529	114,057	-	312,343	1,152,929	219,792
Pension Changes in Experience	126,302	19,394	-	48,520	194,216	35,042
Pension Changes in Assumptions	178,875	27,369	-	65,532	271,776	48,558
Deferred Bond Refunding Costs	712,466	-	-	-	712,466	-
Total Deferred Outflows of Resources	1,744,172	160,820	-	426,395	2,331,387	303,392
LIABILITIES						
Current Liabilities						
Accounts Payable	1,653,133	1,462,234	446	174,904	3,290,717	808,110
Accrued Payroll Expenses	233,349	54,219	-	99,667	387,235	55,435
Accrued Expenses	118,581	5,956	-	658	125,195	6,303,015
Accrued Interest Payable	233,958	6,388	-	11,009	251,355	-
Unearned Revenue	5,355	23,508	-	1,060	29,923	-
Matured Bonds and Interest Payable	33,253	-	-	-	33,253	-
Retainages Payable	573,963	140,743	-	-	714,706	-
Contractor Deposits	415,659	-	-	-	415,659	-
Customer Deposits	432,763	29,486	-	34,772	497,021	-
Notes and Bonds Payable - Current Portion	3,804,535	61,717	-	250,000	4,116,252	-
Compensated Absences - Current Portion	48,284	9,243	-	15,499	73,026	11,660
Deferred Landfill Postclosure Cost - Current Portion	-	37,380	-	-	37,380	-
Total Current Liabilities	7,552,833	1,830,874	446	587,569	9,971,722	7,178,220

(Continued)



**CITY OF JOHNSON CITY, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2020**

	Business-Type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Water and Sewer	City Solid Waste	Johnson City Public Building Authority	Nonmajor Proprietary Funds	Total	
LIABILITIES (CONTINUED)						
Noncurrent Liabilities						
Compensated Absences Payable	644,616	122,535	-	244,416	1,011,567	172,239
Net Pension Liability	55,364	151,723	-	146,820	353,907	56,182
Notes and Bonds Payable (Net)	71,736,439	1,888,034	-	4,232,309	77,856,782	-
Deferred Landfill Postclosure Cost	-	112,140	-	-	112,140	-
Total Noncurrent Liabilities	72,436,419	2,274,432	-	4,623,545	79,334,396	228,421
Total Liabilities	79,989,252	4,105,306	446	5,211,114	89,306,118	7,406,641
DEFERRED INFLOWS OF RESOURCES						
Pension Changes in Experience	249,371	40,802	-	94,726	384,899	72,805
Pension Changes in Investment Earnings (Net)	377,258	59,259	-	146,129	582,646	110,786
Total Deferred Inflows of Resources	626,629	100,061	-	240,855	967,545	183,591
NET POSITION						
Net Investment in Capital Assets	110,663,412	9,573,820	-	17,264,547	137,501,779	1,368,061
Unrestricted	30,411,297	2,559,356	1,129,567	4,638,974	38,739,194	6,196,375
Total Net Position	\$ 141,074,709	12,133,176	1,129,567	21,903,521	176,240,973	7,564,436

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, 2020**

	Business-Type Activities - Enterprise Funds					Governmental
	Water and Sewer	City Solid Waste	Johnson City Public Building Authority	Nonmajor Proprietary Funds	Total	Activities- Internal Service Funds
Operating Revenues						
Charges for Services (Net)	\$ 37,030,857	10,552,885	-	6,521,722	54,105,464	27,059,357
Other Revenue	419,358	257,828	-	35,588	712,774	1,750,363
Total Operating Revenues	37,450,215	10,810,713	-	6,557,310	54,818,238	28,809,720
Operating Expenses						
Administration	884,984	405,888	-	530,004	1,820,876	-
Personnel Services	9,540,266	2,586,330	-	4,379,979	16,506,575	2,345,833
Contractual Services	1,301,356	3,526,307	1,817	901,075	5,730,555	26,421,200
Materials and Supplies	1,768,976	312,258	-	526,403	2,607,637	33,619
Repairs and Maintenance	2,460,188	1,986,992	-	1,034,699	5,481,879	4,086,256
Other Operating Expenses	4,530,126	287,143	5,820	114,178	4,937,267	133,947
Depreciation and Amortization	6,388,797	906,908	-	1,247,890	8,543,595	663,048
Total Operating Expenses	26,874,693	10,011,826	7,637	8,734,228	45,628,384	33,683,903
Operating Income (Loss)	10,575,522	798,887	(7,637)	(2,176,918)	9,189,854	(4,874,183)
Nonoperating Revenues (Expenses)						
Investment Income	120,593	-	15,521	-	136,114	37,609
Operating Grants	-	-	-	3,050,073	3,050,073	-
Interest Expenses and Commissions	(2,625,391)	(67,664)	-	(131,591)	(2,824,646)	-
Amortization of Loss on Refunding	(37,459)	-	-	-	(37,459)	-
Sale of Real Estate and Other Equipment	7,785	149,694	-	34,770	192,249	-
Gain (Loss) on Sale of Capital Assets	(11,269)	(107,694)	-	(29,335)	(148,298)	-
Total Nonoperating Revenues (Expenses)	(2,545,741)	(25,664)	15,521	2,923,917	368,033	37,609

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2020**

46

	Business-Type Activities - Enterprise Funds				Governmental
	Water and Sewer	City Solid Waste	Johnson City Public Building Authority	Nonmajor Proprietary Funds	Activities- Internal Service Funds
Income (Loss) Before Transfers and Capital Contributions	8,029,781	773,223	7,884	746,999	9,557,887 (4,836,574)
Transfers and Capital Contributions					
Transfers In	-	-	-	30,107	30,107 -
Transfers Out	(543,950)	-	-	-	(543,950) -
Federal Capital Grant Revenue	-	-	-	273,480	273,480 -
State Capital Grant Revenue	-	-	-	405,042	405,042 -
Total Transfers and Capital Contributions	(543,950)	-	-	708,629	164,679 -
Change in Net Position	7,485,831	773,223	7,884	1,455,628	9,722,566 (4,836,574)
Net Position, July 1, 2019	133,588,878	11,359,953	1,121,683	20,447,893	166,518,407 12,401,010
Net Position, June 30, 2020	\$ 141,074,709	12,133,176	1,129,567	21,903,521	176,240,973 7,564,436

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, 2020**

	Business-Type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Water and Sewer	City Solid Waste	Johnson City Public Building Authority	Nonmajor Proprietary Funds	Total	
Cash Flows from Operating Activities						
Receipts from Customers and Users	\$ 36,456,695	10,567,736	6,569	6,511,889	53,542,889	61,663
Receipts from Interfund Services Provided	1,021,997	253,824	-	-	1,275,821	28,798,309
Receipts (Payments) for Contractor Deposits	150,933	-	-	-	150,933	-
Payments to Employees	(9,542,032)	(2,573,134)	-	(4,384,196)	(16,499,362)	(2,326,418)
Payments to Suppliers	(8,536,632)	(3,300,409)	(10,174)	(1,806,691)	(13,653,906)	(30,151,099)
Payments for Interfund Services Used	(1,755,850)	(2,098,309)	-	(1,431,243)	(5,285,402)	(10,602)
Net Cash Provided by (Used for) Operating Activities	17,795,111	2,849,708	(3,605)	(1,110,241)	19,530,973	(3,628,147)
Cash Flows from Noncapital Financing Activities						
Transfers to Other Funds	(543,950)	-	-	-	(543,950)	-
Transfers from Other Funds	-	-	-	30,107	30,107	-
Operating Grants Received	-	-	-	3,108,093	3,108,093	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(543,950)	-	-	3,138,200	2,594,250	-
Cash Flows from Capital and Related Financing Activities						
Purchase of Capital Assets	(7,919,567)	(5,159,313)	-	(3,421,834)	(16,500,714)	(51,895)
Bond Proceeds	17,001,034	-	-	-	17,001,034	-
Receipts (Payments) of Construction Retainages	(100,318)	-	-	(36,861)	(137,179)	-
Bond Issue Costs	(158,683)	-	-	-	(158,683)	-
Bond Premium	2,762,854	-	-	-	2,762,854	-
Capital Grants Received	-	-	-	904,976	904,976	-
Principal Paid on Capital Debt	(23,416,144)	(56,659)	-	(240,000)	(23,712,803)	-
Interest Paid on Capital Debt	(2,861,067)	(79,488)	-	(141,839)	(3,082,394)	-
Proceeds from Sale of Capital Assets	7,785	149,694	-	34,770	192,249	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	(14,684,106)	(5,145,766)	-	(2,900,788)	(22,730,660)	(51,895)

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2020**

	Business-Type Activities - Enterprise Funds				Governmental
	Water and Sewer	City Solid Waste	Johnson City Public Building Authority	Nonmajor Proprietary Funds	Activities- Internal Service Funds
Cash Flows from Investing Activities					
Interest and Related Income (Expenses) on Investments	120,593	-	15,521	-	37,609
Purchase of Investments	-	-	(4,754)	-	-
Sale of Investments	3,808,956	1,878,808	-	-	-
Net Cash Provided by (Used for) Investing Activities	3,929,549	1,878,808	10,767	-	37,609
Net Increase (Decrease) in Cash and Cash Equivalents	6,496,604	(417,250)	7,162	(872,829)	(3,642,433)
Cash and Cash Equivalents, July 1, 2019	22,777,575	4,498,686	817,601	5,283,023	16,271,870
Cash and Cash Equivalents, June 30, 2020	<u>\$ 29,274,179</u>	<u>4,081,436</u>	<u>824,763</u>	<u>4,410,194</u>	<u>12,629,437</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	\$ 10,575,522	798,887	(7,637)	(2,176,918)	9,189,854
Adjustments:					
Depreciation and Amortization	6,388,797	906,908	-	1,247,890	8,543,595
Landfill Postclosure Cost	-	(37,380)	-	-	(37,380)
Changes in the Allowance for Uncollectible Receivables	132,518	-	-	-	132,518
(Increase) Decrease in Deferred Pension Outflows	821,045	130,972	-	281,267	1,233,284
Increase (Decrease) in Deferred Pension Inflows	(380,482)	(61,179)	-	(139,161)	(580,822)
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(122,877)	8,720	6,569	(47,813)	(155,401)
(Increase) Decrease in Inventories	(55,680)	-	-	-	(55,680)
(Increase) Decrease in Due from Other Funds	-	-	-	-	-
Increase (Decrease) in Accounts Payable and Accrued Expenses	709,482	1,016,786	(2,537)	(131,522)	1,592,209

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2020**

	Business-Type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Water and Sewer	City Solid Waste	Johnson City Public Building Authority	Nonmajor Proprietary Funds	Total	
Changes in Assets and Liabilities (Continued):						
Increase (Decrease) in Accrued Payroll Expenses	59,593	18,070	-	23,812	101,475	15,425
Increase (Decrease) in Net Pension Liability	(546,748)	(82,619)	-	(177,233)	(806,600)	(120,080)
Increase (Decrease) in Compensated Absences	44,826	7,952	-	7,098	59,876	28,706
Increase (Decrease) in Contractor Deposits	150,933	-	-	2,354	153,287	-
Increase (Decrease) in Customer Deposits	14,760	2,034	-	-	16,794	-
Increase (Decrease) in Other Payables	(654)	(279)	-	(35)	(968)	-
Increase (Decrease) in Retainage Payable	-	140,743	-	-	140,743	(3,065)
Increase (Decrease) in Unearned Revenue	4,076	93	-	20	4,189	-
49 Net Cash Provided by (Used for) Operating Activities	<u>\$ 17,795,111</u>	<u>2,849,708</u>	<u>(3,605)</u>	<u>(1,110,241)</u>	<u>19,530,973</u>	<u>(3,628,147)</u>

**Non-Cash Capital and Related Financing Activities**

**Water and Sewer:**

- Amortization of Deferred Bond Refunding totaling \$37,459 as shown on the Statement of Revenues, Expenses, and Changes in Net Position.
- Amortization of Bond Premium totaling \$359,598 included in interest expense on the Statement of Revenues, Expenses, and Changes in Net Position.
- Loss on Disposal of Capital Assets of \$11,269 as shown on the Statement of Revenues, Expenses, and Changes in Net Position.

**City Solid Waste:**

- Amortization of Bond Premium totaling \$11,592 included in interest expense on the Statement of Revenues, Expenses, and Changes in Net Position.
- Loss on Disposal of Capital Assets of \$107,694 as shown on the Statement of Revenues, Expenses, and Changes in Net Position.

**Nonmajor Proprietary-Stormwater Management:**

- Amortization of Bond Premium totaling \$9,448 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**  
**AGENCY FUND - NETCO**  
**June 30, 2020**

---

**ASSETS**

Cash and Cash Equivalents	\$ 35,547
Receivables	<u>83,031</u>
Total Assets	<u><u>\$ 118,578</u></u>

**LIABILITIES**

Due to Cooperative	<u>\$ 118,578</u>
Total Liabilities	<u><u>\$ 118,578</u></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, 2020**

	Johnson City Public Library	Johnson City Development Authority	Industrial Development Board	Total Component Units
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 706,642	2,524,854	2,831	3,234,327
Restricted Cash and Cash Equivalents	-	319,690	-	319,690
Investments	11,656	-	-	11,656
Accounts Receivable (Net)	12,480	3,143	-	15,623
Intergovernmental Receivables	-	390,342	-	390,342
Prepaid Expenses	-	8,521	-	8,521
Capital Assets:				
Land	-	379,300	-	379,300
Book Collection	1,138,049	-	-	1,138,049
Buildings and Improvements	276,354	6,145,527	-	6,421,881
Equipment and Furniture	865,525	-	-	865,525
Less: Accumulated Depreciation	(837,585)	(303,713)	-	(1,141,298)
<b>Total Assets</b>	<b>2,173,121</b>	<b>9,467,664</b>	<b>2,831</b>	<b>11,643,616</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflow of TIF Funds	-	1,569,675	-	1,569,675
<b>LIABILITIES</b>				
Accounts Payable	8,273	23,813	-	32,086
Deposits Payable	-	32,019	-	32,019
Accrued Payroll Expenses	32,193	-	-	32,193
Accrued Interest Payable	-	72,710	-	72,710
Noncurrent Liabilities:				
Due within one year	49,674	941,402	-	991,076
Due in more than one year	-	8,017,572	-	8,017,572
<b>Total Liabilities</b>	<b>90,140</b>	<b>9,087,516</b>	<b>-</b>	<b>9,177,656</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	1,442,343	108,106	-	1,550,449
Restricted for Imagination Library	36,504	-	-	36,504
Restricted by External Contributions	7,690	-	-	7,690
Restricted for East Tennessee Foundation:				
Expendable	2,390	-	-	2,390
Nonexpendable	9,266	-	-	9,266
Restricted by Enabling Legislation	-	1,593,027	-	1,593,027
Unrestricted	584,788	248,690	2,831	836,309
<b>Total Net Position</b>	<b>\$ 2,082,981</b>	<b>1,949,823</b>	<b>2,831</b>	<b>4,035,635</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, 2020**

Functions/Programs	Expenses	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Johnson City Public Library	Johnson City Development Authority	Industrial Development Board	Total
Johnson City Public Library:								
General Government	\$ 2,131,928	38,696	2,024,163	19,120	(49,949)	-	-	(49,949)
Imagination Library	64,101	-	68,503	-	4,402	-	-	4,402
Total Johnson City Public Library	2,196,029	38,696	2,092,666	19,120	(45,547)	-	-	(45,547)
Johnson City Development Authority:								
General Government	343,483	53,036	226,690	-	-	(63,757)	-	(63,757)
John Sevier Center	779,756	845,469	-	-	-	65,713	-	65,713
Tax Increment Financing	684,059	-	844,788	-	-	160,729	-	160,729
Total Johnson City Development Authority	1,807,298	898,505	1,071,478	-	-	162,685	-	162,685
Industrial Development Board:								
General Government	450,091	1,000	450,000	-	-	-	909	909
Total Industrial Development Board	450,091	1,000	450,000	-	-	-	909	909
Total Component Units	\$ 4,453,418	938,201	3,614,144	19,120	(45,547)	162,685	909	118,047
General Revenues:								
Unrestricted Investment Earnings					\$ 9,179	16,340	-	25,519
Other General Revenue					3,792	-	-	3,792
E-Rate Reimbursement					12,480	-	-	12,480
Total General Revenues					25,451	16,340	-	41,791
Change in Net Position					(20,096)	179,025	909	159,838
Net Position, July 1, 2019					2,103,077	1,670,798	1,922	3,775,797
Prior Period Adjustment					-	100,000	-	100,000
Net Position, July 1, 2019 (Restated)					2,103,077	1,770,798	1,922	3,875,797
Net Position, June 30, 2020					\$ 2,082,981	\$ 1,949,823	\$ 2,831	4,035,635

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, 2020**

---

**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, 2020**

---

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

**B. Reporting Entity (Continued)**

**Blended Component Unit**

*Johnson City Public Building Authority (PBA)* - The Johnson City Public Building Authority's Board of Directors is appointed by the City of Johnson City Commission. The PBA is organized to engage in activities necessary to implement functions or projects delegated to it by the Board of Commissioners of the City of Johnson City, including but not limited to the acquisition of, design, planning, construction, maintenance and operation of a project commonly known as the Continuing Education Center. The PBA is reported as a blended component unit of the City because the services it provides almost entirely benefit the primary government. It is reported as an enterprise fund of the City because its principal operating revenues are charges for services, and thus, it does not issue separate financial statements.

**Discretely Presented Component Units**

*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.

*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.

*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.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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. An agency fund is generally used to account for assets that the City holds on behalf of others as their agent. All agency funds use the accrual basis of accounting.

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.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

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

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

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

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

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

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 *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 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.

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

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 eight 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.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

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

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.

**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.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**E. Measurement Focus and Basis of Accounting (Continued)**

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 are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The fiduciary fund has no measurement focus, but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

**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 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.



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**F. Budgetary Information (Continued)**

**Budgetary Basis of Accounting (Continued)**

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.

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.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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)**

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 Tennessee 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.

**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.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

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

**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.

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.

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.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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)**

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
Computer equipment/software licenses	3

**6. 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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The City has items that qualify for reporting in this category. The fair value of the interest rate swap is recorded as a deferred outflow. There are also deferred bond refunding costs. 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 2020, 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, 2019 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 net difference between projected and actual earnings on pension plan investments and changes in assumptions as a result of the June 30, 2019 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.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

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

**6. Deferred Outflows / Inflows of Resources (Continued)**

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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has 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 and other deferred/unavailable revenue. 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, 2019 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. 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.

**7. 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.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

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

**8. 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.

**9. 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.

**10. 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.

**11. 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:

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

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

**11. Fund Balance Policies (Continued)**

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.

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.

**12. Reclassifications**

Certain reclassifications have been made to the June 30, 2019 financial statements in order for them to conform to the June 30, 2020 financial statement presentation.

**13. 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.

**14. 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.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**H. Revenues and Expenditures / Expenses**

**1. Program Revenues**

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as *general revenues* rather than as program revenues.

**2. Property Taxes**

Property taxes are levied on September 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



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

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

**3. Compensated Absences (Continued)**

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

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 accumulated sick leave 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.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

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

**3. Compensated Absences (Continued)**

**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.

**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 \$264,538,023 difference are as follows:

Governmental Capital Assets	\$ 552,216,551
Less: Accumulated Depreciation	(286,310,467)
Less: Internal Service Funds Net Capital Assets	<u>(1,368,061)</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>\$ 264,538,023</u></u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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 (Continued)**

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.” The details of this \$(109,750,645) difference are as follows:

Bonds and Notes Payable (net of Unamortized Premiums and Discounts)	\$ (110,730,226)
Less: Deferred Charge on Refunding	<u>979,581</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>\$ (109,750,645)</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 \$8,657,164 difference are as follows:

Net Pension Asset	\$ 10,127,340
Deferred Outflows Related to Pensions	11,895,313
Net Pension Liability	(825,033)
Deferred Inflows Related to Pensions	(12,476,837)
Less: Internal Service Funds Portion	<u>(63,619)</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>\$ 8,657,164</u></u>

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 \$(42,313,182) difference are as follows:

OPEB Liability	\$ (51,128,817)
Deferred Outflows Related to OPEB	9,476,975
Deferred Inflows Related to OPEB	<u>(661,340)</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>\$ (42,313,182)</u></u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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**

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 depreciation of general capital assets and other capital related expenses in the current period exceed capital outlay.” This difference does not include depreciation and amortization expense of \$663,048 relating to internal service funds. The details of this \$(1,806,227) difference are as follows:

Capital Outlay	\$ 16,710,161
Less: Items not Capitalized	(2,741,963)
Depreciation and Amortization Expense	<u>(15,774,425)</u>
Net adjustment to decrease <i>net change in fund balances</i> of governmental funds to arrive at <i>change in net position</i> of governmental activities	<u><u>\$ (1,806,227)</u></u>

Another element of that reconciliation states that “the net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.” 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 this \$(259,504) difference are as follows:

Change in Donated Assets	\$ 269,773
Proceeds on Sale of Capital Assets	(666,663)
Net Gain on Disposals	<u>137,386</u>
Net adjustment to decrease <i>net change in fund balances</i> of governmental funds to arrive at <i>change in net position</i> of governmental activities	<u><u>\$ (259,504)</u></u>

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 \$(498,805) difference are as follows:

Deferred Property Taxes as of June 30, 2020	\$ 740,871
Deferred Property Taxes as of June 30, 2019	(1,055,980)
Deferred Other Taxes as of June 30, 2020	166,187
Deferred Other Taxes as of June 30, 2019	<u>(349,883)</u>
Net adjustment to decrease <i>net change in fund balances</i> of governmental funds to arrive at <i>change in net position</i> of governmental activities	<u><u>\$ (498,805)</u></u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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 “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 \$10,852,546 difference are as follows:

Principal Repayments on Bonds and Notes	\$ 10,449,115
Proceeds from Issuance of Bonds and Notes	(20,213,965)
Premium on Issuance of Bonds and Notes	(3,839,575)
Refunding Escrow Payment	23,076,790
Amortization of Premium and Deferred Refunding	<u>1,380,181</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>\$ 10,852,546</u></u>

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 \$2,559,112 difference are as follows:

Change in Net Pension Asset	\$ 6,666,499
Change in Deferred Outflows of Resources Related to Pensions	(8,418,372)
Change in Net Pension Liability	2,397,522
Change in Deferred Inflows of Resources Related to Pensions	<u>1,913,463</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>\$ 2,559,112</u></u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Cash Deposits with Financial Institutions**

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

***Custodial Credit Risk***

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

At fiscal year-end, the City had \$19,153 of cash on hand, which has been included in cash and cash equivalents. The City's carrying amount of deposits, including restricted cash, was \$79,357,982 and the bank balance was \$81,518,020. Of the City's bank balance, \$81,453,750 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 \$64,270 of that balance was collateralized with securities held in the City's name by the pledging or financial institution's trust department or agent.

**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 (days) range from 1 to 105 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, 2020**

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

**B. Investments (Continued)**

At June 30, 2020, the City's investments were as follows:

Investment Type	Fair Value or Amortized Cost	Weighted Average Maturity (Years)
Municipal Bonds	\$ 9,564,755	0.01
Treasury Securities	1,001,630	0.13
Certificates of Deposit - Investments	9,121,498	N/A
State Treasurer's Investment Pool - Amortized Cost	1,781,591	N/A
Cash with Investment Firm	12,753	N/A
Fixed Rate Agency Securities	11,703,287	N/A
Total Fair Value	<u>\$ 33,185,514</u>	
Portfolio Weighted Average Maturity		0.02

Classified as:

Investments	\$ 22,429,753
Restricted Investments	11,035,509
Less: TCRS Stabilization	(279,748)
Total Investments Herein	<u>\$ 33,185,514</u>

As of June 30, 2020 the City does have a concentration of credit risk relating to two investments that exceed 5% of the portfolio. The New York Taxable Municipal Bond and the fixed rate agency securities held with Federal Farm Credit Bank are approximately 5.14% and 34.4%, respectively, of the City's investment portfolio.

As of June 30, 2020, the City's investment ratings were as follows:

Rating	Rating Agency	Fair Value	Percentage of Total Investments
AAA	Standard & Poor's	\$ 1,788,464	5.39%
AA+	Standard & Poor's	1,298,215	3.91%
AA	Standard & Poor's	3,691,491	11.12%
AA-	Standard & Poor's	488,765	1.47%
Aa3	Moody's	1,206,820	3.64%
Aa2	Moody's	601,319	1.81%
Aaa	Moody's	489,682	1.48%
unrated		23,620,758	71.18%
		<u>\$ 33,185,514</u>	<u>100.00%</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

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

**B. Investments (Continued)**

Investments at fair value level at June 30, 2020 are as follows:

Investment Type	Fair Value	Fair Value Measurement Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Municipal Bonds	\$ 9,564,755	-	9,564,755	-
Treasury Securities	1,001,630	1,001,630	-	-
Certificates of Deposit - Investments	9,121,498	-	9,121,498	-
Cash with Investment Firm	12,753	12,753	-	-
Fixed Rate Agency Securities	11,703,287	-	11,703,287	-
	<u>\$ 31,403,923</u>	<u>1,014,383</u>	<u>30,389,540</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.

**Interest Rate Risk**

Under its loan agreement, the Public Building Authority of Blount County, Tennessee (the Authority), at the request of the City, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series D-9-A.

*Objective of the Interest Rate Swap.* In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the City requested the Authority, on its behalf, to enter into an interest rate swap in connection with its \$29.085 million Series D-9-A variable-rate bonds. The intention of the swap was to effectively change the City's variable interest rate on the bonds to a synthetic fixed rate. The Series D-9-A bonds have since been refunded with a portion of the proceeds of the Series VII-I-1 bonds and the interest rate swap is now associated with the Series VII-I-1 bonds.



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**B. Investments (Continued)**

**Interest Rate Risk (Continued)**

*Terms.* Under the swap, the Authority pays the counterparty a fixed payment of 3.746% and receives a variable equal to the Securities Industry and Financial Markets Association Index (SIFMA). The bonds hedged by the interest rate swap agreement had an original outstanding principal amount of \$29.085 million. At no time will the notional amount of the interest rate swap agreement exceed the outstanding principal amount on the associated hedged bonds. The related swap agreement matures on June 1, 2021. As of June 30, 2020, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap		
Fixed Payment to Counterparty	Fixed	3.746%
Variable Payment from Counterparty		-0.090%
Net Interest Rate Swap Payments		3.656%
Variable-Rate Bond Coupon Payments		0.865%
Synthetic Interest Rate on Bonds		4.521%

*Fair Value.* As of June 30, 2020, the swap had a negative fair value of (\$31,111). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

*Credit Risk.* As of June 30, 2020, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the swap agreement's fair value. The swap counterparty, Raymond James Financial Products (RJFP, formerly Morgan Keegan Financial Products), was rated Baa1/BBB+ by Moody's and Standard and Poor's as of June 30, 2020, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/BBB+ by Moody's and Standard & Poor's and Fitch, respectively.

*Basis Risk.* As noted above, the swap exposes the City to basis risk should the rate on the underlying bonds increase above SIFMA, thus increasing the synthetic rate on the bonds. If a change occurs that results in the underlying rate on the bonds to be below SIFMA, then the synthetic rate on the bonds will decrease.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**B. Investments (Continued)**

**Interest Rate Risk (Continued)**

*Termination Risk.* The swap agreement contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an “additional termination provision.” The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap’s fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the Authority for a payment equal to the swap’s fair value.

*Rollover Risk.* Rollover risk exists when a derivative associated with the City’s debt does not extend to the maturity of that debt. When the derivative terminates the associated debt will no longer have the benefit of the derivative. The Series VII-I-1 bonds will mature in 2034 and the interest rate swap will mature in 2021.

*Swap Payments and Associated Debt.* As of June 30, 2020, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable-Rate Bonds		Net Interest Rate	Total
	Principal	Interest	Swap Payment	
2021	\$ 950,000	8,215	34,732	992,947

**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.

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.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**B. Investments (Continued)**

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

*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, 2020, 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 where fair value is measured using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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 judgement 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 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.

U.S. 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, 2020**

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

**B. Investments (Continued)**

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

At June 30, 2020, the Johnson City Schools had the following investments held by the trust on its behalf:

Investments	Weighted Average Maturity (Days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 86,722
Developed Market International Equity	N/A	N/A	39,165
Emerging Market International Equity	N/A	N/A	11,190
U.S. Fixed Income	N/A	N/A	55,950
Real Estate	N/A	N/A	27,975
Short-term Securities	N/A	N/A	2,797
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	55,950
Total			<u>\$ 279,748</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	\$ 86,722	86,722	-	-	-
Developed Market International Equity	39,165	39,165	-	-	-
Emerging Market International Equity	11,190	11,190	-	-	-
U.S. Fixed Income	55,950	-	55,950	-	-
Real Estate	27,975	-	-	27,975	-
Short-term Securities	2,797	-	2,797	-	-
Investments at Amortized Cost using the NAV:					
Private Equity and Strategic Lending	55,950	-	-	-	55,950
Total	<u>\$ 279,748</u>	<u>137,076</u>	<u>58,747</u>	<u>27,975</u>	<u>55,950</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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 county's investment in a single issuer. Johnson City Schools places no limit on the amount the county 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 county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Johnson City Schools to pay retirement benefits of the School Department employees.

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

<https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag19091.pdf>.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**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 Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Receivables					
Taxes	\$ 37,805,687	-	-	-	37,805,687
Accounts	1,368,905	5,570	-	33,426	1,407,901
Intergovernmental	6,941,291	20,418,340	421,987	1,704,492	29,486,110
Gross Receivables	46,115,883	20,423,910	421,987	1,737,918	68,699,698
Less: Allowances for Uncollectibles	(634,187)	-	-	-	(634,187)
Net Total Receivables	<u>\$ 45,481,696</u>	<u>20,423,910</u>	<u>421,987</u>	<u>1,737,918</u>	<u>68,065,511</u>

	Water and Sewer	City Solid Waste	Nonmajor Proprietary Funds	Total Enterprise Funds
Receivables				
Accounts	\$ 3,485,155	973,826	388,619	4,847,600
Intergovernmental	-	-	558,684	558,684
Gross Receivables	3,485,155	973,826	947,303	5,406,284
Less: Allowance for Uncollectibles	(1,782,188)	(411,043)	(175,258)	(2,368,489)
Net Total Receivables	<u>\$ 1,702,967</u>	<u>562,783</u>	<u>772,045</u>	<u>3,037,795</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**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	\$ 37,805,687	-	-	37,805,687
Accounts	1,407,901	4,847,600	423,462	6,678,963
Intergovernmental	29,486,110	558,684	-	30,044,794
Gross Receivables	68,699,698	5,406,284	423,462	74,529,444
Less: Allowances for				
Uncollectibles	(634,187)	(2,368,489)	-	(3,002,676)
Net Total Receivables	<u>\$ 68,065,511</u>	<u>3,037,795</u>	<u>423,462</u>	<u>71,526,768</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. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to:	Water and Sewer Services	\$ 432,832
	City Solid Waste	46,528
	Regional Solid Waste Services	11,865
	Stormwater	8,874
		<u>\$ 500,099</u>

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 2020 property taxes are unearned and unavailable, but are recorded as receivable on the levy date, as described in Note 1.G.6 and Note 1.H.2.



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

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

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	<b>Primary Government</b>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 29,110,553	1,416,028	(40,000)	-	30,486,581
Artwork	118,150	147,000	-	-	265,150
Construction in Progress	10,703,773	11,516,582	(8,033,814)	398,140	14,584,681
<b>Total Capital Assets, Not Being Depreciated</b>	<b>39,932,476</b>	<b>13,079,610</b>	<b>(8,073,814)</b>	<b>398,140</b>	<b>45,336,412</b>
Capital Assets, Being Depreciated:					
Buildings and Improvements	260,562,765	5,303,610	(462,025)	3,065	265,407,415
Equipment and Vehicles	53,188,361	3,552,916	(1,940,924)	-	54,800,353
Intellectual Property	5,500	-	-	-	5,500
Infrastructure	186,666,871	-	-	-	186,666,871
<b>Total Capital Assets, Being Depreciated</b>	<b>500,423,497</b>	<b>8,856,526</b>	<b>(2,402,949)</b>	<b>3,065</b>	<b>506,880,139</b>
Accumulated Depreciation:					
Buildings and Improvements	(132,013,605)	(9,062,043)	46,202	-	(141,029,446)
Equipment and Vehicles	(38,328,449)	(3,528,587)	1,866,480	229,662	(39,760,894)
Intellectual Property	(550)	(122)	-	-	(672)
Infrastructure	(101,430,401)	(4,089,054)	-	-	(105,519,455)
<b>Total Accumulated Depreciation</b>	<b>(271,773,005)</b>	<b>(16,679,806)</b>	<b>1,912,682</b>	<b>229,662</b>	<b>(286,310,467)</b>
<b>Net Capital Assets, Being Depreciated</b>	<b>228,650,492</b>	<b>(7,823,280)</b>	<b>(490,267)</b>	<b>232,727</b>	<b>220,569,672</b>
<b>Net Governmental Activities Capital Assets</b>	<b>\$ 268,582,968</b>	<b>5,256,330</b>	<b>(8,564,081)</b>	<b>630,867</b>	<b>265,906,084</b>

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

<b>Governmental Activities:</b>	
General Government	\$ 1,178,847
Education	6,609,518
Public Welfare	1,579,430
Public Works	5,754,845
Public Safety	625,565
City Services	268,553
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of those assets	663,048
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 16,679,806</b>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**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	\$ 10,803,477	236,509	(29,430)	11,010,556
Construction in Progress	28,316,058	9,681,130	(11,379,321)	26,617,867
Total Capital Assets, Not Being Depreciated	39,119,535	9,917,639	(11,408,751)	37,628,423
Capital Assets, Being Depreciated:				
Buildings and Improvements	14,420,703	1,187,295	-	15,607,998
Plant in Service	245,154,620	11,931,366	-	257,085,986
Equipment and Vehicles	40,072,324	4,843,831	(4,332,895)	40,583,260
Total Capital Assets, Being Depreciated	299,647,647	17,962,492	(4,332,895)	313,277,244
Accumulated Depreciation:				
Buildings and Improvements	(3,877,901)	(459,625)	-	(4,337,526)
Plant in Service	(106,881,869)	(5,250,271)	-	(112,132,140)
Equipment and Vehicles	(25,652,540)	(2,833,699)	4,213,930	(24,272,309)
Total Accumulated Depreciation	(136,412,310)	(8,543,595)	4,213,930	(140,741,975)
Net Capital Assets, Being Depreciated	163,235,337	9,418,897	(118,965)	172,535,269
Net Business-Type Activities Capital Assets	\$202,354,872	19,336,536	(11,527,716)	210,163,692

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

Water and Sewer	\$ 6,388,797
City Solid Waste	906,908
Regional Solid Waste	352,797
Mass Transit	557,134
Stormwater Management	337,959
Total Depreciation Expense - Business-Type Activities	<u>\$ 8,543,595</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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 the 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 publically 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 years of 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, 2020**

---

**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, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	883
Inactive Employees Entitled to but not yet Receiving Benefits	734
Active Employees	588
	<u>2,205</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, 2020, the employer contributions for the City were \$5,777,848 based on a rate of 20.34 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the fiscal year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Net Pension Liability (Asset)**

The City's net pension liability (asset) was measured as of June 30, 2019, 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, 2020**

---

**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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 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	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

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

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. 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, 2016 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 2.5 percent.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**E. Pension Plans (Continued)**

**City of Johnson City (Continued)**

**Net Pension Liability (Asset) (Continued)**

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

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Target Allocation</b>
U.S. Equity	5.69%	31%
Developed Market International Equity	5.29%	14%
Emerging Market International Equity	6.36%	4%
Private Equity and Strategic Lending	5.79%	20%
U.S. Fixed Income	2.01%	20%
Real Estate	4.32%	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 7.25 percent based on a blending of the factors described above.

***Discount Rate***

The discount rate used to measure the total pension liability was 7.25 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, 2020**

**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)**

	<b>Total Pension Liability</b>	<b>Increase (Decrease) Plan Fiduciary Net Position</b>	<b>Net Pension Liability (Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balance at June 30, 2018</b>	\$ 228,601,743	224,098,601	4,503,142
<b>Changes for the Fiscal Year:</b>			
Service Cost	2,274,074	-	2,274,074
Interest	16,328,682	-	16,328,682
Differences between Expected and Actual Experience	571,451	-	571,451
Changes in Assumptions	-	-	-
Contributions - Employer	-	6,063,105	(6,063,105)
Net Investment Income	-	16,489,136	(16,489,136)
Benefit Payments, Including Refunds of Employee Contributions	(11,305,246)	(11,305,246)	-
Administrative Expense	-	(53,832)	53,832
Other Changes	-	-	-
<b>Net Changes</b>	<u>7,868,961</u>	<u>11,193,163</u>	<u>(3,324,202)</u>
<b>Balance at June 30, 2019</b>	<u>\$ 236,470,704</u>	<u>235,291,764</u>	<u>1,178,940</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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Johnson City's Net Pension Liability (Asset)	<u>\$ 29,994,009</u>	<u>1,178,940</u>	<u>(23,084,848)</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**E. Pension Plans (Continued)**

**City of Johnson City (Continued)**

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

***Pension Expense***

For the fiscal year ended June 30, 2020, the City recognized pension expense of \$5,103,600.

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

For the fiscal year ended June 30, 2020, 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	\$ 880,991	1,823,756
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	2,760,049
Changes in Assumptions	1,284,925	-
Contributions Subsequent to the Measurement Date of June 30, 2019	5,777,848	(not applicable)
Total	<u>\$ 7,943,764</u>	<u>4,583,805</u>

The amount shown above for "Contributions Subsequent to the Measurement Date of June 30, 2019" 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, 2020**

---

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

**E. Pension Plans (Continued)**

**City of Johnson City (Continued)**

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

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

<b>Fiscal Year Ended June 30:</b>	
2021	\$ 914,870
2022	(2,719,482)
2023	(526,483)
2024	(86,794)

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, 2020, the City reported a payable of \$349,714 for the outstanding amount of contributions to the pension plan required at the fiscal year ended June 30, 2020.

**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 publically 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. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**E. Pension Plans (Continued)**

**Johnson City Schools (Continued)**

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

***Benefits Provided***

*Tennessee Code Annotated* Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit, or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of 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, 2020 to the Teacher Legacy Pension Plan were \$3,387,769, which is 10.63 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the fiscal year, the cost of administration, as well as an amortized portion of any unfunded liability.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**E. Pension Plans (Continued)**

**Johnson City Schools (Continued)**

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

***Pension Liabilities (Assets)***

At June 30, 2020, the Johnson City Schools reported a liability (asset) of (\$9,779,223) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, 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, 2019, Johnson City Schools' proportion was 0.951120 percent. The proportion measured as of June 30, 2018 was 0.903097 percent.

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

For the fiscal year ended June 30, 2020, Johnson City Schools recognized pension expense (negative pension expense) of \$1,406,702.

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

For the fiscal year ended June 30, 2020, 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	\$ 476,125	5,973,343
Changes in Assumptions	1,317,801	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	2,794,112
Changes in Proportion of Net Pension Liability (Asset)	212,243	45,157
Contributions Subsequent to the Measurement Date of June 30, 2019	3,387,769	(not applicable)
Total	<u>\$ 5,393,938</u>	<u>8,812,612</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**E. Pension Plans (Continued)**

**Johnson City Schools (Continued)**

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

Johnson City Schools' employer contributions of \$3,387,769, 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, 2021. 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:**

2021	\$ (1,893,727)
2022	(2,727,942)
2023	(1,249,534)
2024	(935,240)

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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 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	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

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

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**E. Pension Plans (Continued)**

**Johnson City Schools (Continued)**

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

***Actuarial Assumptions (Continued)***

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. 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, 2016 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 2.5 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	5.69%	31%
Developed Market International Equity	5.29%	14%
Emerging Market International Equity	6.36%	4%
Private Equity and Strategic Lending	5.79%	20%
U.S. Fixed Income	2.01%	20%
Real Estate	4.32%	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 7.25 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, 2020**

---

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

**E. Pension Plans (Continued)**

**Johnson City Schools (Continued)**

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

***Discount Rate***

The discount rate used to measure the total pension liability was 7.25 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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Johnson City Schools' Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 19,995,686</u>	<u>(9,779,223)</u>	<u>(33,464,337)</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, 2020, Johnson City Schools reported a payable of \$279,508 for the outstanding amount of contributions to the pension plan required at the fiscal year ended June 30, 2020.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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 publically 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 of Johnson City Schools 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. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

***Benefits Provided***

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

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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, 2020 to the Teacher Retirement Plan were \$146,998 which is 2.00 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, 2020, Johnson City Schools reported a liability (asset) of (\$348,117) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, 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, 2019, Johnson City Schools' proportion was 0.616697 percent. The proportion measured as of June 30, 2018 was 0.623820 percent.



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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, 2020, Johnson City Schools recognized pension expense (negative pension expense) of \$108,583.

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

For the fiscal year ended June 30, 2020, 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	\$ 14,434	60,771
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	14,718
Changes in Assumptions	12,095	-
Changes in Proportion of Net Pension Liability (Asset)	3,005	9,258
Contributions Subsequent to the Measurement Date of June 30, 2019	146,998	(not applicable)
Total	<u>\$ 176,532</u>	<u>84,747</u>

Johnson City Schools' employer contributions of \$146,998, 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, 2021.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**E. Pension Plans (Continued)**

**Johnson City Schools (Continued)**

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

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

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

**Fiscal Year Ended June 30:**

2021	\$ (8,047)
2022	(10,299)
2023	(6,170)
2024	(4,066)
2025	(3,466)
Thereafter	(23,165)

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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 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	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

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

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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, 2019 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. 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, 2016 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 2.5 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	5.69%	31%
Developed Market International Equity	5.29%	14%
Emerging Market International Equity	6.36%	4%
Private Equity and Strategic Lending	5.79%	20%
U.S. Fixed Income	2.01%	20%
Real Estate	4.32%	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 7.25 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, 2020**

---

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

**E. Pension Plans (Continued)**

**Johnson City Schools (Continued)**

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

***Discount Rate (Continued)***

The discount rate used to measure the total pension liability was 7.25 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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Johnson City Schools' Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 110,297</u>	<u>(348,117)</u>	<u>(686,970)</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, 2020, Johnson City Schools reported a payable of \$12,417 for the outstanding amount of contributions to the pension plan required at the fiscal year ended June 30, 2020.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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. 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 \$436,104 for the fiscal year ended June 30, 2020.

**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 \$911,819 and \$1,236,771, respectively, for the fiscal year ended June 30, 2020. Employees are 100% vested in employer contributions after five years of service. Distributions are permitted upon attaining age 65, severance of employment, or death and can be taken as a lump sum or installments.

Johnson City Schools offer a 403(b) plan to its employees, administered by The OMNI Group, Inc. The Johnson City Schools 403(b) Plan (the Plan) allows employees the opportunity to defer up to 100% of pre-tax or post-tax compensation. Employees become eligible to participate immediately upon their hire. Employee contributions totaled \$318,981 for the fiscal year ended June 30, 2020. 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, 2020. 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, 2020**

---

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

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

Johnson City Schools offer a 401(k) plan to its employees, administered by Empower Retirement. The Johnson City Schools 401(k) Plan (the Plan) is available to employees who were hired after July 1, 2014. Retirement eligibility begins at age 65 and vested or if the Rule of 90 applies, where the sum of service and age must be equal to ninety. This plan is offered in conjunction with the aforementioned TCRS Teacher Retirement Plan. Employees contribute 2.00% of eligible compensation, with opt-out feature, with the Schools providing a 5.00% match. Employee and employer contributions for the Schools totaled \$279,419 and \$367,094, respectively, for the fiscal year ended June 30, 2020.

**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 approved a resolution which amends the post-employment healthcare benefits. Under the amendment, active employees with at least 35 years of continuous full-time service solely to the City as of July 1, 2008, shall be 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, may remain in the group health plan at employee rates until reaching Medicare eligibility. Upon reaching Medicare eligibility, these employees shall be eligible to be reimbursed up to \$3,000 per fiscal year for the costs of a Medicare supplemental plan, if they choose to procure such a plan.

All other active full-time employees with less than 30 years of continuous service solely to the City as of July 1, 2008, shall not be eligible for any of the retiree health benefits as set forth in the above paragraphs. 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 October 1, 2020 to \$156.60 for single coverage and \$402.33 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, 2020, contributions received from active employees were \$1,963,877 and contributions received from retirees were \$313,825.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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, 2020, the following were covered by the benefit terms:

Inactives Receiving Benefits	105
Inactives Not Receiving Benefits	0
Actives	795
Total	<u>900</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 Expected Service Lives
Remaining Amortization Period	6.2 Years
Administrative Expenses	Included in premiums used
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	5.00% - 7.50%

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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: 3.50 percent as of June 30, 2019 and 2.21 percent as of June 30, 2020, based on the 20-year municipal bond index.

Mortality Rate: The mortality rates used are from the PUB-2010 General Tables (by various employee classifications); Projection Scale MP-2019.

Retirement Rate: It was assumed that the following percentage of eligible employees would retire each year with more than 30 Years of Service:

<u>Age</u>	<u>Rate</u>		<u>Age</u>	<u>Rate</u>	
	Male	Female		Male	Female
50 - 55	9.00%	8.00%	66	20.50%	21.00%
56	9.00%	9.00%	67	18.00%	21.00%
57	9.50%	9.50%	68	18.00%	21.00%
58	9.50%	10.00%	69	18.50%	21.00%
59	10.00%	11.00%	70	20.00%	21.00%
60	12.50%	13.00%	71	20.00%	21.00%
61	17.00%	15.00%	72	20.00%	21.00%
62	22.00%	20.00%	73	20.00%	21.00%
63-64	19.50%	18.00%	74	20.00%	21.00%
65	26.00%	24.00%	75+	100.00%	100.00%

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>
2021	7.00%
2022	6.50%
2023	6.00%
2024	5.50%
2025+	5.00%



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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, 2020.

***Changes in the OPEB Liability***

	<u>Increase (Decrease) Total OPEB Liability</u>
<b>Balance at June 30, 2019</b>	\$ 23,225,474
<b>Changes for the Fiscal Year:</b>	
Service Cost	918,964
Interest	821,804
Changes in Assumptions	2,291,710
Benefit Payments	(1,328,655)
Net Changes	<u>2,703,823</u>
<b>Balance at June 30, 2020</b>	<u>\$ 25,929,297</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 2.21 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate:

	<u>1% Increase (3.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Decrease (1.21%)</u>
OPEB Liability	\$ 24,141,149	25,929,297	<u>27,776,348</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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 8.00 percent decreasing to 5.00 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 (7.00 percent decreasing to 4.00 percent) or 1-percentage-point higher (9.00 percent decreasing to 6.00 percent) than the current rate:

	<b>1% Increase (9.00% decreasing to 6.00%)</b>	<b>Current Health Care Trend Rate (8.00% decreasing to 5.00%)</b>	<b>1% Decrease (7.00% decreasing to 4.00%)</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
OPEB Liability	\$ 29,655,751	25,929,297	22,799,011
	<u>                    </u>	<u>                    </u>	<u>                    </u>

***OPEB Expense***

For the fiscal year ended June 30, 2020, the City recognized a net OPEB expense after contributions of \$460,731.

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

For the fiscal year ended June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences between Expected and Actual Experience	\$ -	225,334
Changes in Assumptions	2,858,296	227,507
Total	<u>\$ 2,858,296</u>	<u>452,841</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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:**

2021	\$ 460,371
2022	460,371
2023	473,071
2024	540,440
2025	402,138
Thereafter	69,064

**Johnson City Schools**

***Plan Description***

Johnson City Schools, 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.

The Johnson City Schools have two arrangements for post-employment health care benefits. If the school employee retires with full benefits (30 years or age 60), has 10 years of service with the Johnson City Schools and has carried insurance for the past 5 consecutive years, then the quarterly charge is \$0 for individual, \$370 for employee plus one coverage and \$744 for family. If the school employee does not retire with full benefits but has 20 years of service with the Johnson City Schools and has carried insurance for the past 5 consecutive years, then the quarterly charge is \$427 for individual and \$1,097 for family. Upon reaching Medicare eligibility insurance benefits terminate.

The co-insurance rate of reimbursement depends on the plan the employee is covered by. The Preferred Network has a \$425 deductible with an 80% co-insurance rate. The Select Network has a \$350 deductible and a 90 % co-insurance rate.

During the fiscal year ended June 30, 2020, premiums of \$2,352,079 was collected from active employees and \$77,713 was collected from retirees.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**H. Post-Employment Healthcare Benefits (Continued)**

**Johnson City Schools (Continued)**

***Employees Covered by Benefit Terms***

At the valuation date of June 30, 2020, the following were covered by the benefit terms:

	Teachers	Non-Teachers
Inactives Receiving Benefits	71	19
Inactives Not Receiving Benefits	0	0
Actives	455	217
Total	526	236

***Funding Policy***

The contribution requirements of plan members and the Schools 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 Expected Service Lives
Remaining Amortization Period	7.0 Years
Administrative Expenses	Included in Premiums Used
Inflation Rate	Not Provided by Actuary
Asset Valuation Method	N/A - Pay As You Go
Investment Return	Not Provided by Actuary
Projected Salary Increases	2.75%
Cost-of-Living Adjustments	Not Provided by Actuary
Healthcare Cost Trend Rate	5.00% - 6.00%

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**H. Post-Employment Healthcare Benefits (Continued)**

**Johnson City Schools (Continued)**

***Actuarial Methods and Assumptions (Continued)***

Discount Rate: 3.50 percent as of June 30, 2019 and 2.21 percent as of June 30, 2020, based on the 20-year municipal bond index.

Mortality Rate: The mortality rates used are from the PubT-2010 Teachers; Projection Scale MP-2020.

Retirement Rate: It was assumed that the following percentage of eligible employees would retire each year with more than 30 Years of Service:

*Teachers:*

<b>Age</b>	<b>Rate</b>		<b>Age</b>	<b>Rate</b>	
	Male	Female		Male	Female
50	6.50%	6.50%	63	24.00%	27.50%
51	7.00%	7.00%	64	26.00%	32.00%
52	7.00%	8.00%	65	43.00%	45.50%
53	8.50%	9.00%	66	24.00%	32.00%
54	9.00%	10.00%	67	24.00%	32.00%
55	10.00%	10.00%	68	24.00%	32.00%
56	12.00%	12.00%	69	24.00%	32.00%
57	12.00%	14.00%	70	24.00%	42.00%
58	13.00%	14.00%	71	25.00%	48.00%
59	14.00%	15.00%	72	25.00%	48.00%
60	23.00%	25.00%	73	25.00%	48.00%
61	24.00%	28.00%	74	25.00%	48.00%
62	30.00%	34.00%	75+	100.00%	100.00%

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**H. Post-Employment Healthcare Benefits (Continued)**

**Johnson City Schools (Continued)**

***Actuarial Methods and Assumptions (Continued)***

*Non-Teachers:*

<b>Age</b>	<b>Rate</b>		<b>Age</b>	<b>Rate</b>	
	Male	Female		Male	Female
50	9.00%	8.00%	63	19.50%	18.00%
51	9.00%	8.00%	64	19.50%	18.00%
52	9.00%	8.00%	65	26.00%	24.00%
53	9.00%	8.00%	66	20.50%	21.00%
54	9.00%	8.00%	67	18.00%	21.00%
55	9.00%	8.00%	68	18.00%	21.00%
56	9.00%	9.00%	69	18.50%	21.00%
57	9.50%	9.50%	70	20.00%	21.00%
58	9.50%	10.00%	71	20.00%	21.00%
59	10.00%	11.00%	72	20.00%	21.00%
60	12.50%	13.00%	73	20.00%	21.00%
61	17.00%	15.00%	74	20.00%	21.00%
62	22.00%	20.00%	75+	100.00%	100.00%

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

<b>Year</b>	<b>Medical Rates</b>
2021	6.50%
2022	6.00%
2023	5.50%
2024+	5.00%

***OPEB Liability***

The City's OPEB liability was measured based on an actuarial valuation performed as of June 30, 2020.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2020

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

**H. Post-Employment Healthcare Benefits (Continued)**

**Johnson City Schools (Continued)**

***Changes in the OPEB Liability***

	<b>Increase (Decrease) Total OPEB Liability</b>
<b>Balance at June 30, 2019</b>	\$ 21,655,330
<b>Changes for the Fiscal Year:</b>	
Service Cost	1,109,117
Interest	774,216
Changes in Assumptions	2,948,852
Benefit Payments	(1,287,995)
Net Changes	<u>3,544,190</u>
<b>Balance at June 30, 2020</b>	<u><u>\$ 25,199,520</u></u>

***Sensitivity of the OPEB Liability to Changes in the Discount Rate***

The following presents the OPEB liability of Johnson City Schools calculated using the discount rate of 2.21 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate:

	<b>1% Increase (3.21%)</b>	<b>Current Discount Rate (2.21%)</b>	<b>1% Decrease (1.21%)</b>
OPEB Liability	<u>\$ 22,906,088</u>	<u>25,199,520</u>	<u>27,694,411</u>

***Sensitivity of the OPEB Liability to Changes in the Health Care Trend Rate***

The following presents the OPEB liability of Johnson City Schools calculated using the health care trend rate of 8.00 percent decreasing to 5.00 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 (7.00 percent decreasing to 4.00 percent) or 1-percentage-point higher (9.00 percent decreasing to 6.00 percent) than the current rate:

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**H. Post-Employment Healthcare Benefits (Continued)**

**Johnson City Schools (Continued)**

	<b>1% Increase (9.00% decreasing to 6.00%)</b>	<b>Current Health Care Trend Rate (8.00% decreasing to 5.00%)</b>	<b>1% Decrease (7.00% decreasing to 4.00%)</b>
OPEB Liability	\$ 28,296,372	25,199,520	21,393,854

***OPEB Expense***

For the fiscal year ended June 30, 2020, the Schools recognized a negative net OPEB expense after contributions of \$1,186,746.

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

For the fiscal year ended June 30, 2020, Johnson City Schools reported the following deferred outflows and deferred inflows of resources related to OPEB:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 3,212,655	-
Changes in Assumptions	3,406,024	208,499
Total	\$ 6,618,679	208,499

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

<b>Fiscal Year Ended June 30:</b>	
2021	\$ 1,186,746
2022	1,186,746
2023	1,186,746
2024	1,189,195
2025	1,239,485
Thereafter	421,262



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**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 \$140,767 at June 30, 2020, 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, 2020, the general liability program had \$1,643,433 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, 2019 to July 1, 2020 policy period, the City received a dividend of \$88,526 from Public Entity Partners.

The City provides for workers' compensation coverage through a self-insured plan. The City carries stop-loss insurance with an individual specific amount of \$600,000 and an aggregate excess limit of \$1,000,000. The total paid out for workers' compensation during fiscal year 2020 was \$1,249,984 for the City and \$249,301 for the Schools. A reconciliation of claims for the fiscal year ended June 30, 2020 and 2019 are as follows:

	June 30, 2020			June 30, 2019	Variance
	City	Schools	Total		
Claims Incurred	\$ 563,596	331,357	894,953	615,132	279,821
Claims Paid	(309,007)	(151,095)	(460,102)	(228,302)	(231,800)
Claims Ending	<u>\$ 254,589</u>	<u>180,262</u>	<u>434,851</u>	<u>386,830</u>	<u>48,021</u>

The above represent current year liabilities and are reflected in the Internal Service Funds.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**J. Risk Management (Continued)**

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, 2020 and 2019 are as follows:

	June 30, 2020			June 30, 2019	Variance
	City	Schools	Total		
Claims Accrued, Beginning	\$ 650,824	890,824	1,541,648	1,683,092	(141,444)
Claims Incurred	11,613,701	11,419,048	23,032,749	21,098,035	1,934,714
Claims Paid	<u>(11,598,547)</u>	<u>(11,829,448)</u>	<u>(23,427,995)</u>	<u>(21,239,479)</u>	<u>(2,188,516)</u>
Claims Accrued, Ending	<u>\$ 665,978</u>	<u>480,424</u>	<u>1,146,402</u>	<u>1,541,648</u>	<u>(395,246)</u>

The above liabilities are reflected in the Internal Service Funds.

There are additional estimated losses at June 30, 2020 for both automobile and general incidents that have been reflected as liabilities in the Internal Service Funds in the amount of \$1,516,762.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**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, 2020</u>
Local Government Public Improvement Bonds, Series VII-I-1, 2010	12/29/2010	\$ 27,945,000	5.00%	\$ 25,205,000
General Obligation Refunding Bonds, Series 2012	4/30/2012	3,635,000	2.00% - 5.00%	1,255,000
General Obligation Bonds Series 2019	2/27/2019	275,000	5.00%	210,000
General Obligation Refunding Bonds Series 2019B	7/31/2019	2,161,743	4.00% - 5.00%	<u>1,565,000</u> <u>28,235,000</u>
<u>Debt Service Fund:</u>				
The Tennessee Municipal Bond Fund, Series TCSLP 2008	1/9/2009	14,898,315	5.00%	7,879,764
The Tennessee Municipal Bond Fund, Series TCSLP 2008	1/9/2009	5,200,000	5.00%	1,776,000
Local Government Public Improvement Bonds, Series V-K-1	3/12/2009	26,645,000	2.50% - 5.00%	4,570,000
Qualified School Construction Bonds, Series 2009	12/1/2009	8,160,000	1.52%	3,153,151
General Obligation Refunding Bonds, Series 2012	4/30/2012	10,797,974	2.00% - 5.00%	3,819,674
The Tennessee Municipal Bond Fund, Series 2014	12/23/2014	2,000,000	2.56%	1,392,995

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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, 2020</u>
The Tennessee Municipal Bond Fund, Series 2014	12/17/2014	1,300,000	2.58%	1,035,000
General Obligation Bonds, Series 2016	4/12/2016	11,205,000	2.00% - 5.00%	9,710,000
General Obligation Improvement and Refunding Bonds, Series 2016A	11/17/2016	20,905,517	3.00% - 5.00%	16,245,156
General Obligation Bonds, Series 2019	2/27/2019	4,805,000	5.00%	4,615,000
General Obligation Refunding Bonds, Series 2019B	7/31/2019	18,052,222	4.00% - 5.00%	<u>17,316,176</u> <u>71,512,916</u>
Total Governmental Activities General Obligation Bonds Outstanding				<u>\$ 99,747,916</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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
2021	\$ 400,000	756,150	1,156,150
2022	415,000	744,150	1,159,150
2023	885,000	731,700	1,616,700
2024	1,790,000	705,150	2,495,150
2025	1,855,000	651,450	2,506,450
2026-2030	10,285,000	2,382,900	12,667,900
2031-2034	9,575,000	729,300	10,304,300
	\$ 25,205,000	6,700,800	31,905,800

General Obligation Refunding Bonds, Series 2012, as issued April 30, 2012, debt service requirements to maturity in 2023 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 410,000	35,088	445,088
2022	420,000	25,350	445,350
2023	425,000	12,750	437,750
	\$ 1,255,000	73,188	1,328,188

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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 2023 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 65,000	10,500	75,500
2022	70,000	7,250	77,250
2023	75,000	3,750	78,750
	\$ 210,000	21,500	231,500

General Obligation Bonds, Series 2019B, as issued July 31, 2019, debt service requirements to maturity in 2023 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 625,000	72,000	697,000
2022	665,000	47,000	712,000
2023	275,000	13,750	288,750
	\$ 1,565,000	132,750	1,697,750

Local Government Public Improvement Bonds, Series V-K-1, as issued March 12, 2009, debt service requirements to maturity in 2025 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 1,420,000	198,756	1,618,756
2022	1,485,000	140,181	1,625,181
2023	530,000	77,069	607,069
2024	555,000	53,218	608,218
2025	580,000	27,550	607,550
	\$ 4,570,000	496,774	5,066,774

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

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

**Governmental Activities (Continued)**

***Bonds Payable (Continued)***

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

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 509,171	123,624	632,795
2022	509,171	123,624	632,795
2023	509,171	123,624	632,795
2024	509,171	123,624	632,795
2025	509,172	123,624	632,796
2026-2027	607,295	133,926	741,221
	\$ 3,153,151	752,046	3,905,197

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
2021	\$ 845,333	236,393	1,081,726
2022	887,061	211,033	1,098,094
2023	931,583	184,421	1,116,004
2024	978,037	156,474	1,134,511
2025	767,283	127,133	894,416
2026-2029	3,470,467	266,612	3,737,079
	\$ 7,879,764	1,182,066	9,061,830

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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 2024 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 412,000	53,280	465,280
2022	433,000	40,920	473,920
2023	454,000	27,930	481,930
2024	477,000	14,310	491,310
	\$ 1,776,000	136,440	1,912,440

General Obligation Refunding Bonds, Series 2012, as issued April 30, 2012, debt service requirements to maturity in 2025 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 943,283	108,693	1,051,976
2022	973,225	86,292	1,059,517
2023	1,003,167	57,095	1,060,262
2024	445,000	27,000	472,000
2025	454,999	13,650	468,649
	\$ 3,819,674	292,730	4,112,404



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

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

**Governmental Activities (Continued)**

***Bonds Payable (Continued)***

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

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 126,000	34,714	160,714
2022	129,000	31,450	160,450
2023	133,000	28,096	161,096
2024	136,000	24,653	160,653
2025	140,000	21,120	161,120
2026-2030	728,995	49,344	778,339
	\$ 1,392,995	189,377	1,582,372

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
2021	\$ 57,000	25,968	82,968
2022	59,000	24,471	83,471
2023	60,000	22,936	82,936
2024	62,000	21,362	83,362
2025	64,000	19,737	83,737
2026-2030	343,000	72,873	415,873
2031-2035	390,000	25,671	415,671
	\$ 1,035,000	213,018	1,248,018

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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
2021	\$ 435,000	403,750	838,750
2022	455,000	382,000	837,000
2023	465,000	372,900	837,900
2024	490,000	349,650	839,650
2025	515,000	325,150	840,150
2026-2030	2,950,000	1,249,400	4,199,400
2031-2035	3,595,000	603,400	4,198,400
2036	805,000	32,200	837,200
	\$ 9,710,000	3,718,450	13,428,450

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
2021	\$ 920,790	713,302	1,634,092
2022	968,648	667,262	1,635,910
2023	1,029,841	618,830	1,648,671
2024	1,081,627	567,338	1,648,965
2025	1,134,485	513,257	1,647,742
2026-2030	6,264,386	1,746,437	8,010,823
2031-2035	4,100,379	589,215	4,689,594
2036	745,000	29,800	774,800
	\$ 16,245,156	5,445,441	21,690,597

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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
2021	\$ 195,000	206,300	401,300
2022	210,000	196,550	406,550
2023	220,000	186,050	406,050
2024	230,000	175,050	405,050
2025	245,000	163,550	408,550
2026-2030	1,070,000	647,500	1,717,500
2031-2035	1,250,000	393,000	1,643,000
2036-2039	1,195,000	121,800	1,316,800
	\$ 4,615,000	2,089,800	6,704,800

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
2021	\$ 590,295	825,702	1,415,997
2022	590,295	802,087	1,392,382
2023	441,438	772,570	1,214,008
2024	610,827	750,496	1,361,323
2025	641,625	719,951	1,361,576
2026-2030	3,726,558	3,084,605	6,811,163
2031-2035	4,755,725	2,055,335	6,811,060
2036-2040	5,959,413	848,905	6,808,318
	\$ 17,316,176	9,859,651	27,175,827

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

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

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

**Governmental Activities (Continued)**

***Bonds Payable (Continued)***

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

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 7,953,872	3,804,220	11,758,092
2022	8,269,400	3,529,620	11,799,020
2023	7,437,200	3,233,471	10,670,671
2024	7,364,662	2,968,325	10,332,987
2025	6,906,564	2,706,172	9,612,736
2026-2030	29,445,701	9,633,597	39,079,298
2031-2035	23,666,104	4,395,921	28,062,025
2036-2040	8,704,413	1,032,705	9,737,118
	\$ 99,747,916	31,304,031	131,051,947

***Capital Outlay Notes Payable***

Capital outlay notes currently outstanding are as follows:

Debt Service Fund:	Date Issued	Amount Issued	Interest Rate	Outstanding June 30, 2020
The Tennessee Municipal Bond Fund Capital Outlay Note	12/17/2014	\$ 870,000	2.20%	\$ 263,000
The Tennessee Municipal Bond Fund Capital Outlay Note	12/17/2014	500,000	2.20%	151,000
Total Governmental Activities Capital Outlay Notes Outstanding				\$ 414,000

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

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

**Governmental Activities (Continued)**

***Capital Outlay Notes Payable (Continued)***

The Tennessee Municipal Bond Fund Capital Outlay Note, as issued December 17, 2014, debt service requirements to maturity in 2022 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 130,000	4,356	134,356
2022	133,000	1,463	134,463
	<u>\$ 263,000</u>	<u>5,819</u>	<u>268,819</u>

The Tennessee Municipal Bond Fund Capital Outlay Note, as issued December 17, 2014, debt service requirements to maturity in 2022 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 75,000	2,497	77,497
2022	76,000	836	76,836
	<u>\$ 151,000</u>	<u>3,333</u>	<u>154,333</u>

Total annual debt service requirements to maturity for governmental activities capital outlay notes are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 205,000	6,853	211,853
2022	209,000	2,299	211,299
	<u>\$ 414,000</u>	<u>9,152</u>	<u>423,152</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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:

<u>Debt Service Fund:</u>	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2020</u>
Promissory Note, Hands On	9/21/2017	\$ 500,000	0.00%	\$ 350,000
<u>General Fund:</u>				
Aerospace Park Bonds, Series 2018 Portion Guaranteed by the City	3/29/2018	1,912,500	3.00% - 4.50%	<u>1,785,000</u>
Total Governmental Activities Other Notes Payable Outstanding				<u><u>\$ 2,135,000</u></u>

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

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 50,000	-	50,000
2021	50,000	-	50,000
2023	50,000	-	50,000
2023	50,000	-	50,000
2025	50,000	-	50,000
2026-2027	100,000	-	100,000
	<u><u>\$ 350,000</u></u>	<u><u>-</u></u>	<u><u>350,000</u></u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

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

**Governmental Activities (Continued)**

***Other Notes Payable (Continued)***

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

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 70,000	64,600	134,600
2022	75,000	61,450	136,450
2023	75,000	58,075	133,075
2024	80,000	54,700	134,700
2025	85,000	51,100	136,100
2026-2030	470,000	207,875	677,875
2031-2035	555,000	125,956	680,956
2036-2038	375,000	27,400	402,400
	\$ 1,785,000	651,156	2,436,156

Total annual debt service requirements to maturity for governmental activities other notes payable are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 120,000	64,600	184,600
2022	125,000	61,450	186,450
2023	125,000	58,075	183,075
2024	130,000	54,700	184,700
2025	135,000	51,100	186,100
2026-2030	570,000	207,875	777,875
2031-2035	555,000	125,956	680,956
2036-2038	375,000	27,400	402,400
	\$ 2,135,000	651,156	2,786,156

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

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

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

**Business-Type Activities**

***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.

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, 2020
The Tennessee Municipal Bond Fund, Series TCSLP 2008	1/9/2009	\$ 901,685	5.00%	\$ 514,236
General Obligation Bonds, Series 2013	5/30/2013	23,970,000	2.00% - 4.00%	20,645,000
General Obligation Refunding Bonds, Series 2015	2/26/2015	5,745,000	1.50% - 2.00%	1,710,000
General Obligation Improvement and Refunding Bonds, Series 2016A	11/17/2016	17,289,483	3.00-5.00%	17,054,843
General Obligation Bonds, Series 2019	2/27/2019	12,380,000	5.00%	11,995,000
General Obligation Refunding Bonds, Series 2019B	7/31/2019	17,001,035	4.00% - 5.00%	16,417,008
				<u>68,336,087</u>
City Solid Waste:				
General Obligation Refunding Bonds, Series 2012	4/30/2012	17,026	2.00% - 5.00%	5,306
General Obligation Bonds, Series 2019	2/27/2019	1,785,000	5.00%	1,730,000
				<u>1,735,306</u>



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**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, 2020</u>
General Obligation Bonds, Series 2013	5/30/2013	5,785,000	2.00% - 4.00%	<u>4,265,000</u>
Total Business-Type Activities General Obligation Bonds Outstanding				<u><u>\$ 74,336,393</u></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>
2021	\$ 46,667	25,712	72,379
2022	48,939	23,378	72,317
2023	51,417	20,931	72,348
2024	53,963	18,361	72,324
2025	56,717	15,662	72,379
2026-2029	256,533	32,846	289,379
	<u><u>\$ 514,236</u></u>	<u><u>136,890</u></u>	<u><u>651,126</u></u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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
2021	\$ 620,000	667,463	1,287,463
2022	645,000	642,662	1,287,662
2023	670,000	616,863	1,286,863
2024	690,000	596,762	1,286,762
2025	705,000	582,963	1,287,963
2026-2030	3,805,000	2,636,225	6,441,225
2031-2035	4,505,000	1,990,607	6,495,607
2036-2040	5,305,000	1,192,799	6,497,799
2041-2043	3,700,000	261,625	3,961,625
	\$ 20,645,000	9,187,969	29,832,969

General Obligation Refunding Bonds, Series 2015 as issued February 26, 2015 debt service requirements to maturity in 2022 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 845,000	34,200	879,200
2022	865,000	17,300	882,300
	\$ 1,710,000	51,500	1,761,500

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

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

**Business-Type Activities (Continued)**

***Bonds Payable (Continued)***

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
2021	\$ 1,299,210	775,398	2,074,608
2022	1,351,352	710,437	2,061,789
2023	1,525,159	642,870	2,168,029
2024	1,603,372	566,612	2,169,984
2025	1,655,515	486,443	2,141,958
2026-2030	7,925,614	1,289,562	9,215,176
2031	1,694,621	67,785	1,762,406
	\$ 17,054,843	4,539,107	21,593,950

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
2021	\$ 405,000	530,500	935,500
2022	425,000	510,250	935,250
2023	445,000	489,000	934,000
2024	465,000	466,750	931,750
2025	490,000	443,500	933,500
2026-2030	2,840,000	1,824,750	4,664,750
2031-2035	3,545,000	1,112,400	4,657,400
2036-2039	3,380,000	344,600	3,724,600
	\$ 11,995,000	5,721,750	17,716,750

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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 2019B, as issued July 31, 2019, debt service requirements to maturity in 2040 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 559,705	782,748	1,342,453
2022	559,705	760,363	1,320,068
2023	418,562	732,380	1,150,942
2024	579,173	711,454	1,290,627
2025	608,375	682,499	1,290,874
2026-2030	3,533,442	2,924,144	6,457,586
2031-2035	4,509,275	1,948,416	6,457,691
2036-2040	5,648,771	804,745	6,453,516
	\$ 16,417,008	9,346,749	25,763,757

General Obligation Refunding Bonds, Series 2012, as issued April 30, 2012, debt service requirements to maturity in 2023 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 1,717	152	1,869
2022	1,776	108	1,884
2023	1,813	55	1,868
	\$ 5,306	315	5,621

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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
2021	\$ 60,000	76,500	136,500
2022	60,000	73,500	133,500
2023	65,000	70,500	135,500
2024	65,000	67,250	132,250
2025	70,000	64,000	134,000
2026-2030	410,000	263,250	673,250
2031-2035	510,000	160,600	670,600
2036-2039	490,000	50,000	540,000
	\$ 1,730,000	825,600	2,555,600

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
2021	\$ 250,000	132,113	382,113
2022	260,000	122,112	382,112
2023	270,000	111,713	381,713
2024	275,000	103,612	378,612
2025	280,000	98,113	378,113
2026-2030	1,525,000	379,082	1,904,082
2031-2034	1,405,000	120,486	1,525,486
	\$ 4,265,000	1,067,231	5,332,231

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

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

**Business-Type Activities (Continued)**

***Bonds Payable (Continued)***

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
2021	\$ 4,087,299	3,024,786	7,112,085
2022	4,216,772	2,860,110	7,076,882
2023	3,446,951	2,684,312	6,131,263
2024	3,731,508	2,530,801	6,262,309
2025	3,865,607	2,373,180	6,238,787
2026-2030	20,295,589	9,349,859	29,645,448
2031-2035	16,168,896	5,400,294	21,569,190
2036-2040	14,823,771	2,392,144	17,215,915
2041-2043	3,700,000	261,625	3,961,625
	\$ 74,336,393	30,877,111	105,213,504

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**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, 2020
Note Payable - Limestone Cove	3/13/2003	\$ 450,000	4.65%	\$ 335,321
Note Payable - Watauga Flats	4/20/2004	380,000	4.38%	287,788
Note Payable - Limestone Cove	4/20/2005	125,000	4.25%	96,703
Note Payable - ARRA Greggtown	1/24/2010	435,000	3.25%	362,458
				<u>\$ 1,082,270</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
2021	\$ 9,880	15,344	25,224
2022	10,349	14,875	25,224
2023	10,837	14,387	25,224
2024	11,353	13,871	25,224
2025	11,890	13,334	25,224
2026-2030	68,452	57,669	126,121
2031-2035	86,283	39,833	126,116
2036-2040	108,752	17,370	126,122
2041	17,525	325	17,850
	<u>\$ 335,321</u>	<u>187,008</u>	<u>522,329</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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
2021	\$ 8,138	12,430	20,568
2022	8,502	12,066	20,568
2023	8,881	11,687	20,568
2024	9,247	11,321	20,568
2025	9,690	10,878	20,568
2026-2030	55,312	47,528	102,840
2031-2035	68,814	34,026	102,840
2036-2040	85,610	17,230	102,840
2041-2042	33,594	1,327	34,921
	\$ 287,788	158,493	446,281

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
2021	\$ 2,588	4,060	6,648
2022	2,700	3,948	6,648
2023	2,817	3,831	6,648
2024	2,929	3,719	6,648
2025	3,066	3,582	6,648
2026-2030	17,434	15,806	33,240
2031-2035	21,555	11,685	33,240
2036-2040	26,648	6,593	33,241
2041-2043	16,966	1,024	17,990
	\$ 96,703	54,248	150,951



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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 Greggton, as issued January 24, 2010, debt service requirements to maturity in 2048 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 8,347	11,657	20,004
2022	8,623	11,381	20,004
2023	8,907	11,097	20,004
2024	9,171	10,833	20,004
2025	9,503	10,501	20,004
2026-2030	52,404	47,616	100,020
2031-2035	61,640	38,380	100,020
2036-2040	72,492	27,528	100,020
2041-2045	85,289	14,731	100,020
2046-2048	46,082	1,882	47,964
	<u>\$ 362,458</u>	<u>185,606</u>	<u>548,064</u>

Total annual debt service requirements to maturity for business-type activities notes payable are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 28,953	43,491	72,444
2022	30,174	42,270	72,444
2023	31,442	41,002	72,444
2024	32,700	39,744	72,444
2025	34,149	38,295	72,444
2026-2030	193,602	168,619	362,221
2031-2035	238,292	123,924	362,216
2036-2040	293,502	68,721	362,223
2041-2045	153,374	17,407	170,781
2046-2048	46,082	1,882	47,964
	<u>\$ 1,082,270</u>	<u>585,355</u>	<u>1,667,625</u>

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**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, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 112,739,856	20,213,965	(33,205,905)	99,747,916	7,953,872
Plus: Premiums	5,350,143	3,839,575	(756,408)	8,433,310	-
Net Bonds Payable	118,089,999	24,053,540	(33,962,313)	108,181,226	7,953,872
Capital Outlay Notes Payable	614,000	-	(200,000)	414,000	205,000
Other Notes Payable	2,255,000	-	(120,000)	2,135,000	120,000
OPEB Obligation	37,426,087	13,702,730	-	51,128,817	-
Termination Benefits	140,767	-	-	140,767	-
Compensated Absences	4,219,009	2,042,498	(1,880,304)	4,381,203	431,075
Net Pension Liability	3,342,635	6,997,254	(9,514,856)	825,033	-
Governmental Activities Long-Term Liabilities	<u>\$ 166,087,497</u>	<u>46,796,022</u>	<u>(45,677,473)</u>	<u>167,206,046</u>	<u>8,709,947</u>
<b>Business-Type Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 80,840,440	17,001,035	(23,505,082)	74,336,393	4,087,299
Revenue Bonds	180,000	-	(180,000)	-	-
Plus: Premiums	3,441,589	3,493,420	(380,638)	6,554,371	-
Net Bonds Payable	84,462,029	20,494,455	(24,065,720)	80,890,764	4,087,299
Notes Payable	1,109,978	-	(27,708)	1,082,270	28,953
Compensated Absences	1,024,720	525,353	(465,480)	1,084,593	73,026
Net Pension Liability	1,160,507	1,779,275	(2,585,875)	353,907	-
Landfill Postclosure Cost	186,900	-	(37,380)	149,520	37,380
Business-Type Activities Long-Term Liabilities	<u>\$ 87,944,134</u>	<u>22,799,083</u>	<u>(27,182,163)</u>	<u>83,561,054</u>	<u>4,226,658</u>

For the governmental activities, compensated absences, the net pension liability (asset), termination benefits, and net OPEB obligation 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).

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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, 2020 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Governmental Activities:</b>				
Deferred Bond Refunding Costs	\$ (355,808)	(695,593)	71,820	(979,581)
<b>Business-Type Activities:</b>				
Deferred Bond Refunding Costs	\$ (19,358)	(730,567)	37,459	(712,466)

**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, 2020, the remaining defeased bonds consisted of \$4,095,000 of General Obligation Refunding Bonds, Series 2004A and B, \$21,135,000 of General Obligation Refunding Bonds, Series 2009, \$4,000,000 of Public Facility Refunding Bonds, Series 2006A and 2006B, \$3,885,000 of Public Facility Refunding Bonds, Series 2016, and \$39,055,000 of 2010 Build America Bonds.

**Debt Issues and Advanced Refunding - Current Fiscal Year**

The City issued \$37,215,000 General Obligation Refunding Bonds, Series 2019B dated July 31, 2019. The bonds bear interest at rates ranging from 4.0% to 5.0%, which is payable semi-annually on June 1 and December 1 of each year. Bond principal payments are due each June 1 with the final maturity at June 1, 2040. The proceeds were used to (1) advance refund the City's General Obligation Bonds, Series 2010A (Federally Taxable Build America Bonds) dated June 24, 2010, maturing June 1, 2020 through June 1, 2040; and (2) refinance, as a current refunding the City's outstanding indebtedness under Loan Agreement Series VII-J-1 dated February 24, 2011, maturing June 1, 2020 through June 1, 2023. The net proceeds of \$44,201,228 (plus a premium of \$7,332,995 and accrued interest of \$5,869 and after payment of \$352,636 in underwriting fees and other issuance costs) were used refinance the Loan Agreement Series VII-J-1 in the amount of \$2,410,000 and to advance refund the Series 2010A Bonds. The portion of the proceeds used to refund the Series 2010A Bonds was deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Series 2010A Bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

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

The reacquisition price exceeded the net carrying amount of the old debt by \$1,882,995. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The City refunded the Series 2010A Bonds to reduce its total debt service payments over 20 years by \$7,855,723 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3,139,568.

**L. Interfund Receivables and Payables**

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

Receivable Fund	Payable Fund	Amount
General Fund	General Purpose School Fund	\$ 1,292
General Purpose School Fund	Food Service Fund	350
General Purpose School Fund	General Fund	11,792
Food Service Fund	General Purpose School Fund	185,938
Insurance Fund	General Purpose School Fund	14,729
Fleet Management Fund	General Purpose School Fund	11,597
Educational Facilities Debt Service Fund	General Purpose School Fund	918,561
Total		<u>\$ 1,144,259</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.

**M. Lease Revenue**

The City acts as a lessor for various City properties with an initial cost of \$9,101,255 and carrying value of \$4,055,250. The City collects rents on these properties and maintains signed lease agreements with the various tenants. The revenue is reflected in the fund that owns the property. During the fiscal year ended June 30, 2020, the City earned revenue from the leases in the amount of \$411,444. Current year depreciation expense on leased property was \$196,415.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

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

**N. 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	Other Governmental Funds	Total
<b>Fund Balances</b>						
<b>Nonspendable:</b>						
Inventories	\$ 72,979	61,309	-	-	367,260	501,548
Permanent Fund	-	-	-	-	174,679	174,679
<b>Total Nonspendable</b>	<b>72,979</b>	<b>61,309</b>	<b>-</b>	<b>-</b>	<b>541,939</b>	<b>676,227</b>
<b>Restricted for:</b>						
Capital Projects	-	-	-	-	4,642,265	4,642,265
Debt Service	-	-	83,135	3,887,091	-	3,970,226
Education	-	-	-	-	96,357	96,357
Food Service	-	-	-	-	1,734,577	1,734,577
Law Enforcement	155,111	-	-	-	471,841	626,952
Senior Citizens	531,934	-	-	-	218,210	750,144
Special Purposes	13,345,124	-	-	-	205,447	13,550,571
<b>Total Restricted</b>	<b>14,032,169</b>	<b>-</b>	<b>83,135</b>	<b>3,887,091</b>	<b>7,368,697</b>	<b>25,371,092</b>
<b>Committed to:</b>						
Economic Development	2,762,976	-	-	-	-	2,762,976
Education	-	347,975	-	-	-	347,975
<b>Total Committed</b>	<b>2,762,976</b>	<b>347,975</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,110,951</b>
<b>Assigned to:</b>						
Compensated Absences	4,037,445	88,699	-	-	71,161	4,197,305
Education	-	7,809,303	-	-	-	7,809,303
Transportation Planning	-	-	-	-	27,332	27,332
<b>Total Assigned</b>	<b>4,037,445</b>	<b>7,898,002</b>	<b>-</b>	<b>-</b>	<b>98,493</b>	<b>12,033,940</b>
<b>Unassigned</b>	<b>14,214,948</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,214,948</b>
<b>Total</b>	<b>\$ 35,120,517</b>	<b>8,307,286</b>	<b>83,135</b>	<b>3,887,091</b>	<b>8,009,129</b>	<b>55,407,158</b>

In addition, the Fleet Management Fund, which is an Internal Service Fund, had a deficit unrestricted net position at June 30, 2020, although total net position was positive. 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, 2020**

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

**0. Interfund Transfers**

	<u>Transfers In:</u>					Business-Type	<u>Total</u>
	Governmental Activities					Activities	
	<u>General</u>	<u>General</u>	<u>Debt</u>	<u>Educational</u>	<u>Nonmajor</u>	<u>Nonmajor</u>	
	<u>Fund</u>	<u>Purpose</u>	<u>Service</u>	<u>Facilities Debt</u>	<u>Governmental</u>	<u>Proprietary</u>	
		<u>School Fund</u>	<u>Fund</u>	<u>Service Fund</u>	<u>Funds</u>	<u>Funds</u>	
<u>Transfers Out:</u>							
Governmental Activities							
General Fund	\$ -	10,876,736	9,912,740	-	4,935,162	30,107	25,754,745
General Purpose School Fund	2,485	-	981,032	1,476,701	64,582	-	2,524,800
Nonmajor Governmental Funds	79,655	222,704	-	-	34,010	-	336,369
Business-Type Activities							
Water and Sewer Fund	543,950	-	-	-	-	-	543,950
Total	<u>\$ 626,090</u>	<u>11,099,440</u>	<u>10,893,772</u>	<u>1,476,701</u>	<u>5,033,754</u>	<u>30,107</u>	<u>29,159,864</u>

Transfers are used to 1) move revenues from the fund with collections authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the Debt Service Fund to establish mandatory reserve accounts, or 3) move unrestricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**P. 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 \$1,736,201 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, 2020, the City paid Waste Management \$3,878,454 for Landfill Services.

**Q. 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.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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, 2020, for Stormwater Management Fund segment (see Note 1.D. for description of services provided) is presented below.

**CONDENSED STATEMENT OF NET POSITION**

	<u>Stormwater Management Fund</u>
ASSETS	
Current Assets	\$ 2,557,537
Capital Assets (Net)	<u>13,817,347</u>
Total Assets	<u>16,374,884</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	<u>64,745</u>
 LIABILITIES	
Current Liabilities	375,484
Noncurrent Liabilities	<u>4,262,800</u>
Total Liabilities	<u>4,638,284</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions	<u>39,443</u>
 NET POSITION	
Net Investment in Capital Assets	9,335,038
Unrestricted	<u>2,426,864</u>
Total Net Position	<u><u>\$ 11,761,902</u></u>



**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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)	\$ 2,747,127
Other Revenue	3,524
Depreciation and Amortization	(337,959)
Other Operating Expenses	(1,112,292)
Operating Income (Loss)	1,300,400
Nonoperating Revenues (Expenses)	
Interest Expense and Commissions	(131,591)
Sale of Real Estate and Other Equipment	19,905
Gain (Loss) on Sale of Capital Assets	(29,335)
Change in Net Position	1,159,379
Beginning Net Position	10,602,523
Ending Net Position	\$ 11,761,902

**CONDENSED STATEMENT OF CASH FLOWS**

	Stormwater Management Fund
Net Cash Provided by (Used for):	
Operating Activities	\$ 1,647,047
Capital and Related Financing Activities	(1,244,418)
Net Increase (Decrease)	402,629
Beginning Cash and Cash Equivalents	2,014,353
Ending Cash and Cash Equivalents	\$ 2,416,982

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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 \$359,077 to the operations during the fiscal year ended June 30, 2020. 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 \$939,663 to the operations during the fiscal year ended June 30, 2020.

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 2020, the City funded \$20,000 to the WCEDC.

The Tri-County Industrial Park is a joint venture between the City of Johnson City, Tennessee, the City of Bristol, Tennessee and Sullivan County, Tennessee. The purpose is to promote regional economic development in the quad-city area. The joint venture owns vacant parcels of land used for industrial and economic development. The City of Johnson City holds a 25% interest in the proceeds from all sales of vacant lots.

Financial statements are not prepared for the Tri-County Industrial Park.

Completed financial statements for each of the individual joint ventures (excluding the Tri-County Industrial Park) may be obtained at the administrative offices of:

Animal Control Center  
525 Sells Avenue  
Johnson City, Tennessee 37601

Emergency Medical Services  
296 Wesley Street  
Johnson City, Tennessee 37601

Washington County Economic Development Council  
300 East Main Street, Suite 406  
Johnson City, Tennessee 37601

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**S. Joint Ventures (Continued)**

The ACC and WCEDC fiscal year end presented is June 30, 2020. Audited information as of June 30, 2019 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	\$ 185,728	10,803,138	32,549
Operating Expenses	(1,163,488)	(12,982,758)	(35,887)
Other Income (Expense)	982,308	2,660,294	-
Net Income (Loss) Transferred to Net Position	4,548	480,674	(3,338)
Net Position, Beginning	2,135,230	920,894	122,159
Net Position, Ending	<u>\$ 2,139,778</u>	<u>1,401,568</u>	<u>118,821</u>
Total Assets	\$ 3,412,499	6,123,115	118,821
Deferred Outflows of Resources	42,226	1,590,195	-
Total Liabilities	1,269,783	5,633,915	-
Deferred Inflows of Resources	45,164	677,827	-
Total Net Position	<u>\$ 2,139,778</u>	<u>1,401,568</u>	<u>118,821</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 does have 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.

In late March 2020, the COVID-19 virus was declared a global pandemic and began impacting the City's operations. Decreased services, employee transitions to work remotely, and various new funding processes under The Coronavirus Aid, Relief, and Economic Security (CARES) Act were implemented in the current year. Due to the unknown duration and extent of the outbreak, the full effect on financial performance cannot be quantified at this time.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**V. 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 approximate amount of tax revenues forgone annually for all of the properties is \$110,000. The City had the following tax abatement agreements under the Economic Capital Investment Program as of June 30, 2020:

The IDB entered into an agreement with NN, Inc. on December 31, 2014. The purpose of the agreement was to provide an incentive for the company to relocate its headquarters to Johnson City/Washington County and to maintain an overall employee count of 200. When NN, Inc. ceased operations in Johnson City, arrangements were made to move the related agreements to Crown Labs at the end of September 2019. NN, Inc. paid full taxes from July 2019 until the closing date on the sale of the building to Crown Labs. There were funds from the closing that went back to Crown Labs which were deposited into and paid out of the Johnson City Industrial Development Board. The property was transferred to the IDB and there is currently a lease agreement with Crown Labs which is for the remainder of the calendar year 2020 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. During the year ended June 30, 2020, the County agreed to extend the due date to March 30, 2021. At the end of the 5<sup>th</sup> 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.

The IDB entered into a lease agreement with Silverdale Partners GP and J.M. Cox, Jr. on October 18, 2016 for \$6,000,000. The purpose of the agreement is to acquire and improve a corporate office facility with capital investment of at least \$6,600,000 and to create 102 new jobs. Under this agreement, the company must make in lieu of ad valorem tax payments at a specified percentage of the qualifying use applicable ad valorem tax, as calculated based on the percentage of the facility space in use. The percentage abated in calendar year 2017 was 100% and is reduced by 20% annually through December 31, 2021. 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.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

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

**V. Tax Abatements (Continued)**

The IDB entered into a lease agreement with Mullican Flooring, L.P. on December 31, 2016 for \$1,200,000. The City contributed \$600,000 of this amount. The purpose of the agreement is to acquire and improve a warehousing facility and to induce the company to remain in business at its existing manufacturing location. Under this agreement, the company has no obligation to make any in lieu of tax payments until the PILOT expiration date of December 31, 2026, with an option to renew until December 31, 2031. At the end of the 5th year of the lease, if the company has failed to maintain 80% of the minimum threshold for the number of qualifying employees (345), 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.

The IDB entered into a lease agreement with Hatley Properties, LLC on December 29, 2017 for \$2,200,000. The purpose of the agreement is to acquire and construct a manufacturing facility and equipment for LPI, Inc. Under this agreement, the company must meet certain jobs requirements. The company must make in lieu of ad valorem tax payments at a specified percentage each year. These percentages increase each year, under the facility lease, until the end of 2024 at which time they will pay 100%. For the equipment lease, the percentages increase by 20% each year until the end of 2022. A jobs report must be filed annually, and if the company has failed to maintain the jobs expectation by year, the company's in lieu of tax payments shall be increased by a proportionate share of the shortfall in the number of jobs created.

**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
<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
Interest	14,050,435	14,449,410	14,937,911	15,549,942	16,077,432	16,328,682
Differences between Actual and Expected Experience	(2,942,020)	(1,275,026)	726,843	2,000,093	(3,647,512)	571,451
Change of Assumptions	-	-	-	5,139,700	-	-
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)
<b>Net Change in Total Pension Liability</b>	<u>5,779,309</u>	<u>7,128,625</u>	<u>8,558,380</u>	<u>14,866,010</u>	<u>3,696,113</u>	<u>7,868,961</u>
<b>Total Pension Liability - Beginning</b>	<u>188,573,306</u>	<u>194,352,615</u>	<u>201,481,240</u>	<u>210,039,620</u>	<u>224,905,630</u>	<u>228,601,743</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 194,352,615</u>	<u>201,481,240</u>	<u>210,039,620</u>	<u>224,905,630</u>	<u>228,601,743</u>	<u>236,470,704</u>
<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
Contributions - Employee	905	98	73	-	-	-
Net Investment Income	26,993,796	5,785,524	5,059,315	21,761,952	17,369,712	16,489,136
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)
Administrative Expense	(40,161)	(40,426)	(55,037)	(57,940)	(61,390)	(53,832)
Other	-	-	-	(273)	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>25,365,385</u>	<u>3,486,843</u>	<u>1,594,369</u>	<u>17,710,739</u>	<u>12,309,900</u>	<u>11,193,163</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>163,631,365</u>	<u>188,996,750</u>	<u>192,483,593</u>	<u>194,077,962</u>	<u>211,788,701</u>	<u>224,098,601</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 188,996,750</u>	<u>192,483,593</u>	<u>194,077,962</u>	<u>211,788,701</u>	<u>224,098,601</u>	<u>235,291,764</u>
<b>Net Pension Liability (Asset) - Ending (a) - (b)</b>	<u>\$ 5,355,865</u>	<u>8,997,647</u>	<u>15,961,658</u>	<u>13,116,929</u>	<u>4,503,142</u>	<u>1,178,940</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	97.24%	95.53%	92.40%	94.17%	98.03%	99.50%
<b>Covered Payroll</b>	\$ 34,540,670	32,949,533	31,617,050	31,903,589	29,866,192	29,332,872
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	15.51%	27.31%	50.48%	41.11%	15.08%	4.02%

**Notes to Schedule**

*Changes of assumptions:* In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF JOHNSON CITY'S CONTRIBUTIONS BASED ON**  
**PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS**  
**Last Fiscal Year Ended June 30**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially Determined Contribution	\$ 6,600,728	6,445,525	6,184,293	6,240,342	6,173,311	6,063,105	5,777,848
Contributions in relation to the							
Actuarially Determined Contribution	<u>6,600,728</u>	<u>6,445,525</u>	<u>6,184,293</u>	<u>6,240,342</u>	<u>6,173,311</u>	<u>6,063,105</u>	<u>5,777,848</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 34,540,670	32,949,533	31,617,050	31,903,589	29,866,192	29,332,872	28,406,332
Contributions as a Percentage of							
Covered Payroll	19.11%	19.56%	19.56%	19.56%	20.67%	20.67%	20.34%

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.

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF JOHNSON CITY'S CONTRIBUTIONS BASED ON**  
**PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS**  
**Last Fiscal Year Ended June 30**

---

**Notes to Schedule**

*Valuation Date:*

Actuarially determined contribution rates for fiscal year 2020 were calculated based on the June 30, 2018 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	2.50 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	7.25 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	2.25 percent

*Changes of assumptions:*

In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

See Independent Auditors' Report.



**CITY OF JOHNSON CITY, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF JOHNSON CITY SCHOOLS' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**TEACHER LEGACY PENSION PLAN OF TCRS**  
**Last Fiscal Year Ended June 30**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Proportion of the Net Pension Liability (Asset)	0.837679%	0.854321%	0.885149%	0.910234%	0.903097%	0.951120%
Proportionate Share of the Net Pension Liability (Asset)	\$ (136,119)	349,959	5,531,694	(297,812)	(3,177,921)	(9,779,223)
Covered Payroll	\$ 32,878,832	31,981,537	31,952,106	32,175,829	31,623,553	31,892,411
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.414002)%	1.094254%	17.31%	(0.93)%	(10.05)%	(30.66)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%

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 LEGACY PENSION PLAN OF TCRS  
Last Fiscal Year Ended June 30**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually Required Contribution	\$ 2,919,640	2,891,131	2,888,471	2,908,739	2,871,415	3,335,946	3,387,769
Contributions in relation to the							
Contractually Required Contribution	<u>2,919,640</u>	<u>2,891,131</u>	<u>2,888,471</u>	<u>2,908,739</u>	<u>2,871,415</u>	<u>3,335,946</u>	<u>3,387,769</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 32,878,832	31,981,537	31,952,106	32,175,829	31,623,553	31,892,411	31,873,560
Contributions as a Percentage of							
Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

*Changes of assumptions:* In 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**

---

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Proportion of the Net Pension Liability (Asset)	0.452832%	0.577005%	0.607724%	0.623820%	0.616697%
Proportionate Share of the Net Pension Liability (Asset)	\$ (18,217)	\$ (60,068)	\$ (160,341)	\$ (282,920)	\$ (348,117)
Covered Payroll	\$ 940,871	\$ 2,538,856	\$ 3,989,233	\$ 5,451,440	\$ 6,525,893
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%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	127.46%	121.88%	126.81%	126.97%	123.07%

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**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually Required Contribution	\$ 37,635	101,556	159,549	88,899	126,603	146,998
Contributions in relation to the						
Contractually Required Contribution	37,635	101,556	159,549	218,057	126,603	146,998
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(129,158)</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 940,871	2,538,856	3,989,233	5,451,440	6,525,893	7,338,773
Contributions as a Percentage of						
Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%	2.00%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

*Changes of assumptions:* In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF JOHNSON CITY SCHOOLS' CONTRIBUTIONS**  
**TEACHER RETIREMENT PLAN OF TCRS - STABILIZATION TRUST**  
**Last Fiscal Year Ended June 30**

	<u>2019</u>	<u>2020</u>
Contractually Required Contribution	\$ 126,567	137,686
Contributions in relation to the		
Contractually Required Contribution	<u>126,567</u>	<u>137,686</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>
 Covered Payroll	 \$ 6,525,893	 7,338,773
Contributions as a Percentage of		
Covered Payroll	1.94%	1.88%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN JOHNSON CITY'S OPEB LIABILITY**  
**AND RELATED RATIOS**  
**Last Fiscal Year Ended June 30**

	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Total OPEB Liability</b>			
Service Cost	\$ 783,156	786,206	918,964
Interest	791,621	849,199	821,804
Difference between Expected and Actual Experience	-	(332,984)	-
Changes in Assumptions	(467,714)	1,384,675	2,291,710
Benefit Payments	<u>(1,321,573)</u>	<u>(1,237,070)</u>	<u>(1,328,655)</u>
<b>Net Change in Total OPEB Liability</b>	<u>(214,510)</u>	<u>1,450,026</u>	<u>2,703,823</u>
<b>Total OPEB Liability - Beginning</b>	<u>21,989,958</u>	<u>21,775,448</u>	<u>23,225,474</u>
<b>Total OPEB Liability - Ending</b>	<u><u>\$ 21,775,448</u></u>	<u><u>23,225,474</u></u>	<u><u>25,929,297</u></u>
 <b>Covered Payroll</b>	 \$ 33,000,000	 37,400,000	 38,900,000
 <b>Total OPEB Liability as a Percentage of Covered Payroll</b>	 65.99%	 62.10%	 66.66%

**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 2020, discount rates changes from 3.50 percent at June 30, 2019 to 2.21 percent at June 30, 2020.

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 JOHNSON CITY'S OPEB CONTRIBUTIONS**  
**Last Fiscal Year Ended June 30**

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially Determined Contribution	\$ 1,321,573	1,237,070	1,328,655
Contributions in relation to the			
Actuarially Determined Contribution	<u>1,321,573</u>	<u>1,237,070</u>	<u>1,328,655</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 33,000,000	37,400,000	38,900,000
Contributions as a Percentage of			
Covered Payroll	4.00%	3.31%	3.42%

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' OPEB LIABILITY**  
**AND RELATED RATIOS**  
**Last Fiscal Year Ended June 30**

	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Total OPEB Liability</b>			
Service Cost	\$ 816,013	964,295	1,109,117
Interest	572,717	617,749	774,216
Difference between Expected and Actual Experience	-	4,497,717	-
Changes in Assumptions	(366,710)	1,229,811	2,948,852
Benefit Payments	<u>(1,106,104)</u>	<u>(1,304,881)</u>	<u>(1,287,995)</u>
<b>Net Change in Total OPEB Liability</b>	<u>(84,084)</u>	<u>6,004,691</u>	<u>3,544,190</u>
<b>Total OPEB Liability - Beginning</b>	<u>15,734,723</u>	<u>15,650,639</u>	<u>21,655,330</u>
<b>Total OPEB Liability - Ending</b>	<u><u>\$ 15,650,639</u></u>	<u><u>21,655,330</u></u>	<u><u>25,199,520</u></u>
<b>Covered Payroll</b>	\$ 31,900,000	35,716,850	36,699,063
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	49.06%	60.63%	68.67%

**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 2020, discount rates changes from 3.50 percent at June 30, 2019 to 2.21 percent at June 30, 2020.

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 JOHNSON CITY SCHOOLS' OPEB CONTRIBUTIONS**  
**Last Fiscal Year Ended June 30**

---

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially Determined Contribution	\$ 1,106,104	1,304,881	1,287,995
Contributions in relation to the			
Actuarially Determined Contribution	<u>1,106,104</u>	<u>1,304,881</u>	<u>1,287,995</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
 Covered Payroll	 \$ 31,900,000	 35,716,850	 36,699,063
Contributions as a Percentage of			
Covered Payroll	3.47%	3.65%	3.51%

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.

## **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.

**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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Intergovernmental Revenue	\$ -	-	132,743	132,743
Revenue from Use of Property	-	-	5,000	5,000
Investment Earnings	375,664	375,664	144,952	(230,712)
Miscellaneous	50,000	50,000	14,000	(36,000)
Total Revenues	425,664	425,664	296,695	(128,969)
Expenditures				
Debt Service				
Principal Retirement	8,243,853	8,243,853	8,202,492	41,361
Interest and Fiscal Charges	3,619,295	3,619,295	2,925,290	694,005
Other Fees	-	-	259,162	(259,162)
Total Debt Service	11,863,148	11,863,148	11,386,944	476,204
Total Expenditures	11,863,148	11,863,148	11,386,944	476,204
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,437,484)	(11,437,484)	(11,090,249)	347,235
Other Financing Sources (Uses)				
Transfer In	11,437,484	11,437,484	10,893,772	(543,712)
Premium on Bonds-Refunding	-	-	3,693,132	3,693,132
Issuance of Refunding Bonds	-	-	18,052,222	18,052,222
Payment to Refunded Bonds Escrow Agent	-	-	(21,572,877)	(21,572,877)
Total Other Financing Sources (Uses)	11,437,484	11,437,484	11,066,249	(371,235)
Net Change in Fund Balance	-	-	(24,000)	(24,000)
Fund Balance, July 1, 2019	107,135	107,135	107,135	-
Fund Balance, June 30, 2020	\$ 107,135	107,135	83,135	(24,000)

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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Taxes	\$ 2,400,000	2,400,000	2,397,629	(2,371)
Investment Earnings	4,000	4,000	9,740	5,740
Total Revenues	2,404,000	2,404,000	2,407,369	3,369
Expenditures				
Debt Service				
Principal Retirement	2,210,000	2,210,000	2,176,623	33,377
Interest and Fiscal Charges	1,191,758	1,441,758	822,229	619,529
Other Fees	3,000	3,000	92,497	(89,497)
Total Debt Service	3,404,758	3,654,758	3,091,349	563,409
Total Expenditures	3,404,758	3,654,758	3,091,349	563,409
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000,758)	(1,250,758)	(683,980)	566,778
Other Financing Sources (Uses)				
Transfer In	1,370,000	1,370,000	1,476,701	106,701
Premium on Bonds-Refunding	-	-	146,443	146,443
Issuance of Refunding Bonds	-	-	2,161,743	2,161,743
Payment to Refunded Bonds Escrow Agent	-	-	(2,285,000)	(2,285,000)
Total Other Financing Sources (Uses)	1,370,000	1,370,000	1,499,887	129,887
Net Change in Fund Balance	369,242	119,242	815,907	696,665
Fund Balance, July 1, 2019	3,071,184	3,071,184	3,071,184	-
Fund Balance, June 30, 2020	\$ 3,440,426	3,190,426	3,887,091	696,665

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.

**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.

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.

**Permanent Funds** are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

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

**CITY OF JOHNSON CITY, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2020**

	Special Revenue Funds	Capital Project Fund	Permanent Fund - School Trust Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,412,229	4,168,365	3,520	7,584,114
Accounts Receivable (Net)	5,498	27,928	-	33,426
Due from Other Funds	185,938	-	-	185,938
Due from Federal Government	296,379	-	-	296,379
Due from State of Tennessee	664,364	742,929	-	1,407,293
Due from Local Governments	818	-	-	818
Inventories	367,260	-	-	367,260
Restricted Investments	-	1,980,483	176,623	2,157,106
<b>Total Assets</b>	<b>\$ 4,932,486</b>	<b>6,919,705</b>	<b>180,143</b>	<b>12,032,334</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 199,527	1,903,182	-	2,102,709
Accrued Payroll Expenditures	290,092	-	-	290,092
Accrued Expenditures	140	-	-	140
Due to Other Funds	350	-	-	350
Retainages Payable	-	374,258	-	374,258
Unearned Revenue	1,255,656	-	-	1,255,656
<b>Total Liabilities</b>	<b>1,745,765</b>	<b>2,277,440</b>	<b>-</b>	<b>4,023,205</b>
<b>FUND BALANCES</b>				
Nonspendable	367,260	-	174,679	541,939
Restricted	2,720,968	4,642,265	5,464	7,368,697
Assigned	98,493	-	-	98,493
<b>Total Fund Balances</b>	<b>3,186,721</b>	<b>4,642,265</b>	<b>180,143</b>	<b>8,009,129</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,932,486</b>	<b>6,919,705</b>	<b>180,143</b>	<b>12,032,334</b>

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2020**

	Special Revenue Funds	Capital Project Fund	Permanent Fund - School Trust Fund	Total Nonmajor Governmental Funds
Revenues				
Federal Government	\$ 7,506,184	30,573	-	7,536,757
State of Tennessee	903,441	-	-	903,441
Charges for Services	679,524	-	-	679,524
Fines and Forfeitures	273,065	-	-	273,065
Revenue from Use of Property	547,028	-	-	547,028
Investment Earnings	3,473	292,105	3,764	299,342
Miscellaneous	245,444	542,552	-	787,996
Total Revenues	10,158,159	865,230	3,764	11,027,153
Expenditures				
Current				
Public Safety	450,513	-	-	450,513
Public Welfare	535,040	-	-	535,040
Senior Citizens	20,521	-	-	20,521
Scholarships Awarded	-	-	1,500	1,500
Entertainment and Operation	1,082,347	-	-	1,082,347
Highway and Transportation Planning	212,172	-	-	212,172
Education	4,506,379	-	-	4,506,379
School Food Service	3,542,150	-	-	3,542,150
Miscellaneous	9,201	-	-	9,201
Capital Outlay	385,747	15,033,230	-	15,418,977
Total Expenditures	10,744,070	15,033,230	1,500	25,778,800

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2020**

	Special Revenue Funds	Capital Project Fund	Permanent Fund - School Trust Fund	Total Nonmajor Governmental Funds
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(585,911)</u>	<u>(14,168,000)</u>	<u>2,264</u>	<u>(14,751,647)</u>
Other Financing Sources (Uses)				
Transfers In	636,048	4,397,706	-	5,033,754
Transfers Out	(261,151)	(75,218)	-	(336,369)
Proceeds From Sale of Real Estate and Equipment	-	15,000	-	15,000
Total Other Financing Sources (Uses)	<u>374,897</u>	<u>4,337,488</u>	<u>-</u>	<u>4,712,385</u>
Net Change in Fund Balances	<u>(211,014)</u>	<u>(9,830,512)</u>	<u>2,264</u>	<u>(10,039,262)</u>
Fund Balances, July 1, 2019	3,306,482	14,472,777	177,879	17,957,138
Purchase Method Inventory Adjustment	91,253	-	-	91,253
Fund Balance Adjusted	<u>3,397,735</u>	<u>14,472,777</u>	<u>177,879</u>	<u>18,048,391</u>
Fund Balances, June 30, 2020	<u>\$ 3,186,721</u>	<u>4,642,265</u>	<u>180,143</u>	<u>8,009,129</u>

See Independent Auditors' Report.



**CITY OF JOHNSON CITY, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
**June 30, 2020**

	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	\$ 428,871	1,413,570	-	1,195,303	132,992	-	218,468	23,025	3,412,229
Accounts Receivable (Net)	-	-	-	-	808	4,690	-	-	5,498
Due from Other Funds	-	185,938	-	-	-	-	-	-	185,938
Due from Federal Government	-	-	-	-	7,560	288,819	-	-	296,379
Due from State of Tennessee	-	540,922	41,614	-	25,232	56,596	-	-	664,364
Due from Local Governments	-	-	-	818	-	-	-	-	818
Inventories	-	367,260	-	-	-	-	-	-	367,260
<b>Total Assets</b>	<b>\$ 428,871</b>	<b>2,507,690</b>	<b>41,614</b>	<b>1,196,121</b>	<b>166,592</b>	<b>350,105</b>	<b>218,468</b>	<b>23,025</b>	<b>4,932,486</b>
<b>LIABILITIES</b>									
Accounts Payable	\$ 1,917	29,522	340	4,000	497	157,293	258	5,700	199,527
Accrued Payroll Expenditures	6,419	277,182	4,701	-	1,790	-	-	-	290,092
Accrued Expenditures	140	-	-	-	-	-	-	-	140
Due to Other Funds	-	350	-	-	-	-	-	-	350
Unearned Revenue	367,424	-	-	883,542	-	4,690	-	-	1,255,656
<b>Total Liabilities</b>	<b>375,900</b>	<b>307,054</b>	<b>5,041</b>	<b>887,542</b>	<b>2,287</b>	<b>161,983</b>	<b>258</b>	<b>5,700</b>	<b>1,745,765</b>
<b>FUND BALANCES</b>									
Nonspendable	-	367,260	-	-	-	-	-	-	367,260
Restricted	-	1,825,470	-	308,579	163,262	188,122	218,210	17,325	2,720,968
Assigned	52,971	7,906	36,573	-	1,043	-	-	-	98,493
Unassigned	-	-	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>52,971</b>	<b>2,200,636</b>	<b>36,573</b>	<b>308,579</b>	<b>164,305</b>	<b>188,122</b>	<b>218,210</b>	<b>17,325</b>	<b>3,186,721</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 428,871</b>	<b>2,507,690</b>	<b>41,614</b>	<b>1,196,121</b>	<b>166,592</b>	<b>350,105</b>	<b>218,468</b>	<b>23,025</b>	<b>4,932,486</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, 2020**

171

	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	\$ -	6,850,650	171,699	-	114,270	369,565	-	-	7,506,184
State of Tennessee	-	738,349	-	-	-	165,092	-	-	903,441
Charges for Services	-	679,524	-	-	-	-	-	-	679,524
Fines and Forfeitures	-	-	-	16,616	256,449	-	-	-	273,065
Revenue from Use of Property	547,028	-	-	-	-	-	-	-	547,028
Investment Earnings	-	3,473	-	-	-	-	-	-	3,473
Miscellaneous	110,040	26,189	-	76,197	-	383	26,309	6,326	245,444
Total Revenues	657,068	8,298,185	171,699	92,813	370,719	535,040	26,309	6,326	10,158,159
Expenditures									
Current									
Public Safety	-	-	-	77,125	373,388	-	-	-	450,513
Public Welfare	-	-	-	-	-	535,040	-	-	535,040
Senior Citizens	-	-	-	-	-	-	20,521	-	20,521
Entertainment and Operation	1,082,347	-	-	-	-	-	-	-	1,082,347
Highway and Transportation Planning	-	-	212,172	-	-	-	-	-	212,172
Education	-	4,506,379	-	-	-	-	-	-	4,506,379
School Food Service	-	3,542,150	-	-	-	-	-	-	3,542,150
Miscellaneous	-	-	-	-	-	-	-	9,201	9,201
Capital Outlay	-	385,747	-	-	-	-	-	-	385,747
Total Expenditures	1,082,347	8,434,276	212,172	77,125	373,388	535,040	20,521	9,201	10,744,070

(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, 2020**

	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	(425,279)	(136,091)	(40,473)	15,688	(2,669)	-	5,788	(2,875)	(585,911)
Other Financing Sources (Uses)									
Transfers In	385,256	98,592	41,649	-	2,853	107,698	-	-	636,048
Transfers Out	-	(256,714)	-	-	(2,484)	-	(1,953)	-	(261,151)
Total Other Financing Sources (Uses)	385,256	(158,122)	41,649	-	369	107,698	(1,953)	-	374,897
Net Change in Fund Balances	(40,023)	(294,213)	1,176	15,688	(2,300)	107,698	3,835	(2,875)	(211,014)
Fund Balances, July 1, 2019	92,994	2,403,596	35,397	292,891	166,605	80,424	214,375	20,200	3,306,482
Purchase Method Inventory Adjustment	-	91,253	-	-	-	-	-	-	91,253
Fund Balance Adjusted	92,994	2,494,849	35,397	292,891	166,605	80,424	214,375	20,200	3,397,735
Fund Balances, June 30, 2020	\$ 52,971	2,200,636	36,573	308,579	164,305	188,122	218,210	17,325	3,186,721

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**SCHOOL FUNDS**  
**June 30, 2020**

	School Federal Projects Fund	Special School Projects Fund	School Food Service Fund	Total School Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	-	1,413,570	1,413,570
Due from Other Funds	-	-	185,938	185,938
Due from State of Tennessee	309,367	80,150	151,405	540,922
Inventories	-	-	367,260	367,260
<b>Total Assets</b>	<b>309,367</b>	<b>80,150</b>	<b>2,118,173</b>	<b>2,507,690</b>
<b>LIABILITIES</b>				
Accounts Payable	20,996	446	8,080	29,522
Accrued Payroll Expenditures	241,935	35,247	-	277,182
Due to Other Funds	-	-	350	350
<b>Total Liabilities</b>	<b>262,931</b>	<b>35,693</b>	<b>8,430</b>	<b>307,054</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	367,260	367,260
Restricted	46,436	44,457	1,734,577	1,825,470
Assigned	-	-	7,906	7,906
<b>Total Fund Balances</b>	<b>46,436</b>	<b>44,457</b>	<b>2,109,743</b>	<b>2,200,636</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 309,367</b>	<b>80,150</b>	<b>2,118,173</b>	<b>2,507,690</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, 2020**

	School Federal Projects Fund	Special School Projects Fund	School Food Service Fund	Total School Funds
Revenues				
Federal Government	\$ 4,080,956	-	2,769,694	6,850,650
State of Tennessee	-	706,793	31,556	738,349
Charges for Services	-	-	679,524	679,524
Investment Earnings	-	-	3,473	3,473
Miscellaneous	-	-	26,189	26,189
Total Revenues	<u>4,080,956</u>	<u>706,793</u>	<u>3,510,436</u>	<u>8,298,185</u>
Expenditures				
Current				
Education	3,855,041	651,338	-	4,506,379
School Food Service	-	-	3,542,150	3,542,150
Capital Outlay	<u>252,306</u>	<u>103,279</u>	<u>30,162</u>	<u>385,747</u>
Total Expenditures	<u>4,107,347</u>	<u>754,617</u>	<u>3,572,312</u>	<u>8,434,276</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(26,391)</u>	<u>(47,824)</u>	<u>(61,876)</u>	<u>(136,091)</u>
Other Financing Sources (Uses)				
Transfers In	28,531	70,061	-	98,592
Transfers Out	<u>(250,062)</u>	<u>(6,652)</u>	<u>-</u>	<u>(256,714)</u>
Total Other Financing Sources (Uses)	<u>(221,531)</u>	<u>63,409</u>	<u>-</u>	<u>(158,122)</u>
Net Change in Fund Balances	<u>(247,922)</u>	<u>15,585</u>	<u>(61,876)</u>	<u>(294,213)</u>
Fund Balances, July 1, 2019	294,358	28,872	2,080,366	2,403,596
Purchase Method Inventory Adjustment	<u>-</u>	<u>-</u>	<u>91,253</u>	<u>91,253</u>
Fund Balance Adjusted	<u>294,358</u>	<u>28,872</u>	<u>2,171,619</u>	<u>2,494,849</u>
Fund Balances, June 30, 2020	<u>\$ 46,436</u>	<u>44,457</u>	<u>2,109,743</u>	<u>2,200,636</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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Revenue from Use of Property	\$ 1,222,000	1,222,000	547,028	(674,972)
Miscellaneous	188,000	188,000	110,040	(77,960)
Total Revenues	1,410,000	1,410,000	657,068	(752,932)
Expenditures				
Entertainment and Operation				
Building Materials	34,450	34,450	11,854	22,596
Fixed Charges	51,333	51,333	27,284	24,049
Personnel Services	525,161	525,161	513,253	11,908
Purchased Services	966,064	966,064	422,442	543,622
Supplies	113,225	122,803	107,514	15,289
Total Entertainment and Operation	1,690,233	1,699,811	1,082,347	617,464
Total Expenditures	1,690,233	1,699,811	1,082,347	617,464
Excess (Deficiency) of Revenues Over (Under) Expenditures	(280,233)	(289,811)	(425,279)	(135,468)
Other Financing Sources (Uses)				
Transfer In	275,000	275,000	385,256	110,256
Total Other Financing Sources (Uses)	275,000	275,000	385,256	110,256
Net Change in Fund Balance	(5,233)	(14,811)	(40,023)	(25,212)
Fund Balance, July 1, 2019	92,994	92,994	92,994	-
Fund Balance, June 30, 2020	\$ 87,761	78,183	52,971	(25,212)

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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Federal Government	\$ 4,737,129	4,749,530	4,080,956	(668,574)
Total Revenues	4,737,129	4,749,530	4,080,956	(668,574)
Expenditures				
Education				
Other	55,155	86,963	7,022	79,941
Personnel Services	4,221,202	4,173,071	3,652,692	520,379
Purchased Services	5,900	1,500	-	1,500
Supplies	285,100	270,040	195,327	74,713
Total Education	4,567,357	4,531,574	3,855,041	676,533
Capital Outlay	195,772	259,125	252,306	6,819
Total Expenditures	4,763,129	4,790,699	4,107,347	683,352
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,000)	(41,169)	(26,391)	14,778
Other Financing Sources (Uses)				
Transfer In	26,000	41,169	28,531	(12,638)
Transfer Out	-	-	(250,062)	(250,062)
Total Other Financing Sources (Uses)	26,000	41,169	(221,531)	(262,700)
Net Change in Fund Balance	-	-	(247,922)	(247,922)
Fund Balance, July 1, 2019	294,358	294,358	294,358	-
Fund Balance, June 30, 2020	\$ 294,358	294,358	46,436	(247,922)

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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
State of Tennessee	\$ 594,854	799,901	706,793	(93,108)
Total Revenues	594,854	799,901	706,793	(93,108)
Expenditures				
Education				
Other	23,000	21,631	22,295	(664)
Personnel Services	495,326	627,329	605,024	22,305
Purchased Services	500	518	518	-
Supplies	76,031	40,110	23,501	16,609
Total Education	594,857	689,588	651,338	38,250
Capital Outlay	-	110,313	103,279	7,034
Total Expenditures	594,857	799,901	754,617	45,284
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3)	-	(47,824)	(47,824)
Other Financing Sources (Uses)				
Transfer In	-	-	70,061	70,061
Transfer Out	-	-	(6,652)	(6,652)
Total Other Financing Sources (Uses)	-	-	63,409	63,409
Net Change in Fund Balance	(3)	-	15,585	15,585
Fund Balance, July 1, 2019	28,872	28,872	28,872	-
Fund Balance, June 30, 2020	\$ 28,869	28,872	44,457	15,585

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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Federal Government	\$ 2,725,000	2,725,000	2,769,694	44,694
State of Tennessee	32,800	32,800	31,556	(1,244)
Charges for Services	832,000	698,900	679,524	(19,376)
Investment Earnings	400	3,400	3,473	73
Miscellaneous	-	5,100	26,189	21,089
Total Revenues	3,590,200	3,465,200	3,510,436	45,236
Expenditures				
School Food Service				
Other	47,000	47,000	42,001	4,999
Personnel Services	1,743,182	1,743,182	1,730,189	12,993
Purchased Services	360,550	360,550	320,442	40,108
Supplies	1,524,268	1,493,268	1,449,518	43,750
Total School Food Service	3,675,000	3,644,000	3,542,150	101,850
Capital Outlay	25,000	56,000	30,162	25,838
Total Expenditures	3,700,000	3,700,000	3,572,312	127,688
Net Change in Fund Balance	(109,800)	(234,800)	(61,876)	172,924
Fund Balance, July 1, 2019	2,080,366	2,080,366	2,080,366	-
Purchase Method Inventory Adjustment	-	-	91,253	91,253
Fund Balance Adjusted	2,080,366	2,080,366	2,171,619	91,253
Fund Balance, June 30, 2020	\$ 1,970,566	1,845,566	2,109,743	264,177

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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Federal Government	\$ 305,020	305,020	171,699	(133,321)
Total Revenues	305,020	305,020	171,699	(133,321)
Expenditures				
Highway and Transportation Planning				
Fixed Charges	16,820	16,820	10,283	6,537
Personnel Services	184,794	184,794	184,115	679
Purchased Services	135,700	135,700	11,629	124,071
Supplies	10,000	10,000	6,145	3,855
Total Highway and Transportation Planning	347,314	347,314	212,172	135,142
Total Expenditures	347,314	347,314	212,172	135,142
Excess (Deficiency) of Revenues Over				
(Under) Expenditures	(42,294)	(42,294)	(40,473)	1,821
Other Financing Sources (Uses)				
Transfer In	70,705	70,705	41,649	(29,056)
Total Other Financing Sources (Uses)	70,705	70,705	41,649	(29,056)
Net Change in Fund Balance	28,411	28,411	1,176	(27,235)
Fund Balance, July 1, 2019	35,397	35,397	35,397	-
Fund Balance, June 30, 2020	\$ 63,808	63,808	36,573	(27,235)

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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Fines and Forfeitures	\$ 30,000	30,000	16,616	(13,384)
Miscellaneous	85,000	85,000	76,197	(8,803)
Total Revenues	115,000	115,000	92,813	(22,187)
Expenditures				
Public Safety				
Other	35,000	35,000	39,193	(4,193)
Purchased Services	15,000	15,000	13,284	1,716
Supplies	65,000	65,000	24,648	40,352
Total Public Safety	115,000	115,000	77,125	37,875
Total Expenditures	115,000	115,000	77,125	37,875
Net Change in Fund Balance	-	-	15,688	15,688
Fund Balance, July 1, 2019	292,891	292,891	292,891	-
Fund Balance, June 30, 2020	\$ 292,891	292,891	308,579	15,688

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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Federal Government	\$ 157,406	157,406	114,270	(43,136)
Fines and Forfeitures	260,000	260,000	256,449	(3,551)
Total Revenues	417,406	417,406	370,719	(46,687)
Expenditures				
Public Safety				
Fixed Charges	222,557	222,557	192,292	30,265
Personnel Services	132,105	132,105	84,624	47,481
Purchased Services	4,400	4,400	46,891	(42,491)
Supplies	75,801	107,531	49,581	57,950
Total Public Safety	434,863	466,593	373,388	93,205
Total Expenditures	434,863	466,593	373,388	93,205
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,457)	(49,187)	(2,669)	46,518
Other Financing Sources (Uses)				
Transfer In	-	-	2,853	2,853
Transfers Out	-	-	(2,484)	(2,484)
Total Other Financing Sources (Uses)	-	-	369	369
Net Change in Fund Balance	(17,457)	(49,187)	(2,300)	46,887
Fund Balance, July 1, 2019	166,605	166,605	166,605	-
Fund Balance, June 30, 2020	\$ 149,148	117,418	164,305	46,887

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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Federal Government	\$ 499,294	499,294	369,565	(129,729)
State of Tennessee	161,250	161,250	165,092	3,842
Miscellaneous	295,014	295,014	383	(294,631)
Total Revenues	955,558	955,558	535,040	(420,518)
Expenditures				
Public Welfare				
Other	411,499	411,499	261,930	149,569
Purchased Services	322,108	322,108	119,268	202,840
Special Appropriations	150,000	150,000	153,842	(3,842)
Total Public Welfare	883,607	883,607	535,040	348,567
Total Expenditures	883,607	883,607	535,040	348,567
Excess (Deficiency) of Revenues Over (Under) Expenditures	71,951	71,951	-	(71,951)
Other Financing Sources (Uses)				
Transfer In	-	-	107,698	107,698
Total Other Financing Sources (Uses)	-	-	107,698	107,698
Net Change in Fund Balance	71,951	71,951	107,698	35,747
Fund Balance, July 1, 2019	80,424	80,424	80,424	-
Fund Balance, June 30, 2020	\$ 152,375	152,375	188,122	35,747

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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Federal Government	\$ 510,000	510,000	30,573	(479,427)
Local Governments	4,650,000	17,150,000	-	(17,150,000)
Investment Earnings	-	-	292,105	292,105
Miscellaneous	700,000	700,000	542,552	(157,448)
Total Revenues	5,860,000	18,360,000	865,230	(17,494,770)
Expenditures				
Capital Outlay	23,778,950	36,429,420	15,033,230	21,396,190
Total Expenditures	23,778,950	36,429,420	15,033,230	21,396,190
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,918,950)	(18,069,420)	(14,168,000)	3,901,420
Other Financing Sources (Uses)				
Transfer In	4,683,950	4,834,420	4,397,706	(436,714)
Transfer Out	-	-	(75,218)	(75,218)
Proceeds from Sale of Real Estate and Equipment	-	-	15,000	15,000
Note Issuance	3,500,000	3,500,000	-	(3,500,000)
Total Other Financing Sources (Uses)	8,183,950	8,334,420	4,337,488	(3,996,932)
Net Change in Fund Balance	(9,735,000)	(9,735,000)	(9,830,512)	(95,512)
Fund Balance, July 1, 2019	14,472,777	14,472,777	14,472,777	-
Fund Balance, June 30, 2020	\$ 4,737,777	4,737,777	4,642,265	(95,512)

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.

**CITY OF JOHNSON CITY, TENNESSEE**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**June 30, 2020**

	Regional Solid Waste Fund	Mass Transit Fund	Stormwater Management Fund	Total Nonmajor Proprietary Funds
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 1,990,092	3,120	2,416,982	4,410,194
Accounts Receivable (Net)	69,853	2,953	140,555	213,361
Due from Federal Government	-	449,556	-	449,556
Due from State of Tennessee	-	109,128	-	109,128
Total Current Assets	2,059,945	564,757	2,557,537	5,182,239
Capital Assets				
Land	-	205,990	4,752,512	4,958,502
Buildings and Improvements	179,207	2,930,484	9,295,895	12,405,586
Equipment and Vehicles	4,486,604	7,451,155	1,505,919	13,443,678
Less: Accumulated Depreciation	(1,841,041)	(5,482,890)	(2,374,049)	(9,697,980)
Construction in Progress	-	-	637,070	637,070
Net Capital Assets	2,824,770	5,104,739	13,817,347	21,746,856
Total Assets	4,884,715	5,669,496	16,374,884	26,929,095
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Contributions After Measurement Date	86,824	180,510	45,009	312,343
Pension Changes in Experience	11,648	28,534	8,338	48,520
Pension Changes in Assumptions	14,726	39,408	11,398	65,532
Total Deferred Outflows of Resources	113,198	248,452	64,745	426,395
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	66,624	15,742	92,538	174,904
Accrued Payroll Expenses	20,882	68,531	10,254	99,667
Accrued Expenses	658	-	-	658
Accrued Interest Payable	-	-	11,009	11,009
Unearned Revenue	-	1,060	-	1,060
Customer Deposits	24,028	-	10,744	34,772
Compensated Absences - Current Portion	7,304	7,256	939	15,499
Bonds Payable - Current Portion	-	-	250,000	250,000
Total Current Liabilities	119,496	92,589	375,484	587,569

(Continued)



**CITY OF JOHNSON CITY, TENNESSEE**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**June 30, 2020**

	Regional Solid Waste Fund	Mass Transit Fund	Stormwater Management Fund	Total Nonmajor Proprietary Funds
LIABILITIES (CONTINUED)				
Noncurrent Liabilities				
Compensated Absences Payable	98,322	123,159	22,935	244,416
Net Pension Liability	27,842	111,422	7,556	146,820
Notes and Bonds Payable (Net)	-	-	4,232,309	4,232,309
Total Noncurrent Liabilities	126,164	234,581	4,262,800	4,623,545
Total Liabilities	245,660	327,170	4,638,284	5,211,114
DEFERRED INFLOWS OF RESOURCES				
Pension Changes in Experience	22,598	57,029	15,099	94,726
Pension Changes in Investment Earnings (Net)	33,664	88,121	24,344	146,129
Total Deferred Inflows of Resources	56,262	145,150	39,443	240,855
NET POSITION				
Net Investment in Capital Assets	2,824,770	5,104,739	9,335,038	17,264,547
Unrestricted	1,871,221	340,889	2,426,864	4,638,974
Total Net Position	\$ 4,695,991	5,445,628	11,761,902	21,903,521

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, 2020**

	Regional Solid Waste Fund	Mass Transit Fund	Stormwater Management Fund	Total Nonmajor Proprietary Funds
Operating Revenues				
Charges for Services (Net)	\$ 3,358,900	415,695	2,747,127	6,521,722
Other Revenue	-	32,064	3,524	35,588
Total Operating Revenues	3,358,900	447,759	2,750,651	6,557,310
Operating Expenses				
Administration	307,915	-	222,089	530,004
Personnel Services	960,929	2,930,660	488,390	4,379,979
Contractual Services	727,726	71,788	101,561	901,075
Materials and Supplies	182,987	194,510	148,906	526,403
Repairs and Maintenance	450,163	465,813	118,723	1,034,699
Other Operating Expenses	9,029	72,526	32,623	114,178
Depreciation and Amortization	352,797	557,134	337,959	1,247,890
Total Operating Expenses	2,991,546	4,292,431	1,450,251	8,734,228
Operating Income (Loss)	367,354	(3,844,672)	1,300,400	(2,176,918)
Nonoperating Revenues (Expenses)				
Operating Grants	-	3,050,073	-	3,050,073
Interest Expenses and Commissions	-	-	(131,591)	(131,591)
Sale of Real Estate and Other Equipment	1,950	12,915	19,905	34,770
Gain (Loss) on Sale of Capital Assets	-	-	(29,335)	(29,335)
Total Nonoperating Revenues (Expenses)	1,950	3,062,988	(141,021)	2,923,917
Income (Loss) Before Transfers and Capital Contributions	369,304	(781,684)	1,159,379	746,999
Transfers and Capital Contributions				
Transfers In	-	30,107	-	30,107
Federal Capital Grant Revenue	-	273,480	-	273,480
State Capital Grant Revenue	-	405,042	-	405,042
Total Transfers and Capital Contributions	-	708,629	-	708,629
Change in Net Position	369,304	(73,055)	1,159,379	1,455,628
Net Position, July 1, 2019	4,326,687	5,518,683	10,602,523	20,447,893
Net Position, June 30, 2020	\$ 4,695,991	5,445,628	11,761,902	21,903,521

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2020**

	Regional Solid Waste Fund	Mass Transit Fund	Stormwater Management Fund	Total Nonmajor Proprietary Funds
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 3,348,447	450,574	2,712,868	6,511,889
Payments to Employees	(956,759)	(2,921,546)	(505,891)	(4,384,196)
Payments to Suppliers	(971,421)	(589,410)	(245,860)	(1,806,691)
Payments for Interfund Services Used	(700,942)	(416,231)	(314,070)	(1,431,243)
Net Cash Provided by (Used for) Operating Activities	719,325	(3,476,613)	1,647,047	(1,110,241)
Cash Flows from Noncapital Financing Activities				
Transfers from Other Funds	-	30,107	-	30,107
Operating Grants Received	-	3,108,093	-	3,108,093
Net Cash Provided by (Used for) Noncapital Financing Activities	-	3,138,200	-	3,138,200
Cash Flows from Capital and Related Financing Activities				
Purchase of Capital Assets	(1,998,362)	(577,849)	(845,623)	(3,421,834)
Capital Grants Received	-	904,976	-	904,976
Principal Paid on Capital Debt	-	-	(240,000)	(240,000)
Payments of Construction Retainages	-	-	(36,861)	(36,861)
Interest Paid on Capital Debt	-	-	(141,839)	(141,839)
Proceeds from Sale of Capital Assets	1,950	12,915	19,905	34,770
Net Cash Provided by (Used for) Capital and Related Financing Activities	(1,996,412)	340,042	(1,244,418)	(2,900,788)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,277,087)	1,629	402,629	(872,829)
Cash and Cash Equivalents, July 1, 2019	3,267,179	1,491	2,014,353	5,283,023
Cash and Cash Equivalents, June 30, 2020	\$ 1,990,092	3,120	2,416,982	4,410,194

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2020**

	Regional Solid Waste Fund	Mass Transit Fund	Stormwater Management Fund	Total Nonmajor Proprietary Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	\$ 367,354	(3,844,672)	1,300,400	(2,176,918)
Adjustments:				
Depreciation and Amortization	352,797	557,134	337,959	1,247,890
(Increase) Decrease in Deferred Pension Outflows	58,641	166,382	56,244	281,267
Increase (Decrease) in Deferred Pension Inflows	(31,638)	(84,322)	(23,201)	(139,161)
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(12,129)	2,777	(38,461)	(47,813)
Increase (Decrease) in Accounts Payable and Accrued Expenses	5,492	(200,986)	63,972	(131,522)
Increase (Decrease) in Accrued Payroll Expenses	4,513	19,185	114	23,812
Increase (Decrease) in Other Payables	(35)	-	-	(35)
Increase (Decrease) in Net Pension Liability	(36,767)	(102,361)	(38,105)	(177,233)
Increase (Decrease) in Compensated Absences	9,421	10,230	(12,553)	7,098
Increase (Decrease) in Customer Deposits	1,676	-	678	2,354
Increase (Decrease) in Unearned Revenue	-	20	-	20
Net Cash Provided by (Used for) Operating Activities	<u>\$ 719,325</u>	<u>(3,476,613)</u>	<u>1,647,047</u>	<u>(1,110,241)</u>

Non-Cash Capital and Related Financing Activities

Stormwater Management Fund:

- Amortization of Bond Premium totaling \$9,448 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, 2020**

	Insurance Fund	Fleet Management Fund	Total Internal Service Funds
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 12,629,437	-	12,629,437
Accounts Receivable (Net)	422,724	738	423,462
Due from Other Funds	14,729	11,597	26,326
Inventories	-	403,990	403,990
Total Current Assets	13,066,890	416,325	13,483,215
Capital Assets			
Buildings and Improvements	-	300,256	300,256
Equipment and Vehicles	-	6,746,057	6,746,057
Less: Accumulated Depreciation	-	(5,688,997)	(5,688,997)
Construction in Progress	-	10,745	10,745
Net Capital Assets	-	1,368,061	1,368,061
Total Assets	13,066,890	1,784,386	14,851,276
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Contributions After Measurement Date	32,803	186,989	219,792
Pension Changes in Experience	4,455	30,587	35,042
Pension Changes in Assumptions	5,885	42,673	48,558
Total Deferred Outflows of Resources	43,143	260,249	303,392
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	389,619	418,491	808,110
Accrued Payroll Expenses	6,883	48,552	55,435
Accrued Expenses	6,303,015	-	6,303,015
Compensated Absences - Current Portion	607	11,053	11,660
Total Current Liabilities	6,700,124	478,096	7,178,220

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2020**

	Insurance Fund	Fleet Management Fund	Total Internal Service Funds
LIABILITIES (CONTINUED)			
Noncurrent Liabilities			
Compensated Absences Payable	14,893	157,346	172,239
Net Pension Liability	802	55,380	56,182
Total Noncurrent Liabilities	<u>15,695</u>	<u>212,726</u>	<u>228,421</u>
 Total Liabilities	 <u>6,715,819</u>	 <u>690,822</u>	 <u>7,406,641</u>
 DEFERRED INFLOWS OF RESOURCES			
Pension Changes in Experience	9,086	63,719	72,805
Pension Changes in Investment Earnings (Net)	<u>13,942</u>	<u>96,844</u>	<u>110,786</u>
Total Deferred Inflows of Resources	<u>23,028</u>	<u>160,563</u>	<u>183,591</u>
 NET POSITION			
Net Investment in Capital Assets	-	1,368,061	1,368,061
Unrestricted	<u>6,371,186</u>	<u>(174,811)</u>	<u>6,196,375</u>
Total Net Position	<u>\$ 6,371,186</u>	<u>1,193,250</u>	<u>7,564,436</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, 2020**

	Insurance Fund	Fleet Management Fund	Total Internal Service Funds
Operating Revenues			
Charges for Services (Net)	\$ 20,811,873	6,247,484	27,059,357
Other Revenue	1,739,413	10,950	1,750,363
Total Operating Revenues	<u>22,551,286</u>	<u>6,258,434</u>	<u>28,809,720</u>
Operating Expenses			
Personnel Services	250,849	2,094,984	2,345,833
Contractual Services	26,329,704	91,496	26,421,200
Materials and Supplies	-	33,619	33,619
Repairs and Maintenance	-	4,086,256	4,086,256
Other Operating Expenses	-	133,947	133,947
Depreciation and Amortization	-	663,048	663,048
Total Operating Expenses	<u>26,580,553</u>	<u>7,103,350</u>	<u>33,683,903</u>
Operating Income (Loss)	<u>(4,029,267)</u>	<u>(844,916)</u>	<u>(4,874,183)</u>
Nonoperating Revenues (Expenses)			
Investment Income	37,609	-	37,609
Total Nonoperating Revenues (Expenses)	<u>37,609</u>	<u>-</u>	<u>37,609</u>
Change in Net Position	(3,991,658)	(844,916)	(4,836,574)
Net Position, July 1, 2019	<u>10,362,844</u>	<u>2,038,166</u>	<u>12,401,010</u>
Net Position, June 30, 2020	<u>\$ 6,371,186</u>	<u>1,193,250</u>	<u>7,564,436</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, 2020**

	Insurance Fund	Fleet Management Fund	Total Internal Service Funds
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ -	61,663	61,663
Receipts from Interfund Services Provided	22,551,286	6,247,023	28,798,309
Payments to Employees	(249,769)	(2,076,649)	(2,326,418)
Payments to Suppliers	(25,970,754)	(4,180,345)	(30,151,099)
Payments for Interfund Services Used	-	(10,602)	(10,602)
Net Cash Provided by (Used for) Operating Activities	(3,669,237)	41,090	(3,628,147)
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	-	(51,895)	(51,895)
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	(51,895)	(51,895)
Cash Flows from Investing Activities			
Interest Received	37,609	-	37,609
Net Cash Provided by (Used for) Investing Activities	37,609	-	37,609
Net Increase (Decrease) in Cash and Cash Equivalents	(3,631,628)	(10,805)	(3,642,433)
Cash and Cash Equivalents, July 1, 2019	16,261,065	10,805	16,271,870
Cash and Cash Equivalents, June 30, 2020	\$ 12,629,437	-	12,629,437

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2020**

	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)	\$ (4,029,267)	(844,916)	(4,874,183)
Adjustments:			
Depreciation and Amortization	-	663,048	663,048
(Increase) Decrease in Deferred Pension Outflows	20,685	179,780	200,465
Increase (Decrease) in Deferred Pension Inflows	(12,677)	(92,424)	(105,101)
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	242,722	50,252	292,974
(Increase) Decrease in Due from Other Funds	(14,729)	-	(14,729)
(Increase) Decrease in Inventories	-	(29,021)	(29,021)
Increase (Decrease) in Accounts Payable	92,577	186,457	279,034
Increase (Decrease) in Accrued Payroll Expenses	2,096	13,329	15,425
Increase (Decrease) in Compensated Absences	2,672	26,034	28,706
Increase (Decrease) in Net Pension Liability	(11,696)	(108,384)	(120,080)
Increase (Decrease) in Retainage Payable	-	(3,065)	(3,065)
Increase (Decrease) in Other Liabilities	38,380	-	38,380
Net Cash Provided by (Used for) Operating Activities	\$ (3,669,237)	41,090	(3,628,147)

See Independent Auditors' Report.

## **FIDUCIARY FUND**

**Agency Funds** are used to account for short-term custodial collections of resources on behalf of another individual, entity, or government.

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

**CITY OF JOHNSON CITY, TENNESSEE**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**AGENCY FUND - NETCO**  
**For the Fiscal Year Ended June 30, 2020**

---

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 71,620	1,870,340	1,906,413	35,547
Receivables	<u>4,420</u>	<u>83,031</u>	<u>4,420</u>	<u>83,031</u>
Total Assets	<u><u>\$ 76,040</u></u>	<u><u>1,953,371</u></u>	<u><u>1,910,833</u></u>	<u><u>118,578</u></u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,627	-	2,627	-
Due to Cooperative	<u>73,413</u>	<u>45,165</u>	<u>-</u>	<u>118,578</u>
Total Liabilities	<u><u>\$ 76,040</u></u>	<u><u>45,165</u></u>	<u><u>2,627</u></u>	<u><u>118,578</u></u>

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, 2020**

Governmental Funds Capital Assets	2020	2019
Land	\$ 30,486,581	\$ 29,110,553
Buildings and Improvements	265,107,159	260,362,020
Equipment and Vehicles	48,054,296	46,483,169
Infrastructure	186,666,871	186,666,871
Intellectual Property	5,500	5,500
Artwork	265,150	118,150
Construction in Progress	14,573,936	10,604,262
Total Governmental Funds Capital Assets	<u>\$ 545,159,493</u>	<u>\$ 533,350,525</u>
Investments in Governmental Funds Capital Assets by Source		
General Fund	\$ 298,126,147	\$ 294,958,951
General Purpose School Fund	210,858,346	206,399,343
Special Revenue Funds	19,828,097	19,615,002
Capital Project Fund	1,772,967	1,772,967
Construction in Progress	14,573,936	10,604,262
Total Investments in Governmental Funds Capital Assets by Source	<u>\$ 545,159,493</u>	<u>\$ 533,350,525</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, 2020**

	Land	Buildings and Improvements	Equipment and Vehicles	Infrastructure	Intellectual Property	Artwork	Construction in Progress	Total
Function and Activity								
General Government:								
General Administration	\$ 6,988,956	19,858,768	1,804,754	1,309,789	-	-	-	29,962,267
Information Technology	-	-	2,403,390	-	-	-	-	2,403,390
Total General Government	<u>6,988,956</u>	<u>19,858,768</u>	<u>4,208,144</u>	<u>1,309,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,365,657</u>
Education:								
General Operations	9,129,710	193,941,223	5,480,805	2,301,109	5,500	-	9,457,697	220,316,044
Food Service	-	-	2,729,955	-	-	-	-	2,729,955
Student Transit	-	-	5,377,004	-	-	-	-	5,377,004
Total Education	<u>9,129,710</u>	<u>193,941,223</u>	<u>13,587,764</u>	<u>2,301,109</u>	<u>5,500</u>	<u>-</u>	<u>9,457,697</u>	<u>228,423,003</u>
Parks, Recreation, Culture and Leisure	<u>5,843,892</u>	<u>35,885,522</u>	<u>5,341,338</u>	<u>6,432,794</u>	<u>-</u>	<u>-</u>	<u>1,081,094</u>	<u>54,584,640</u>
Public Works:								
Public Services	6,363,170	831,816	10,304,299	176,623,179	-	265,150	4,035,145	198,422,759
Recycling	-	462,980	-	-	-	-	-	462,980
Total Public Works	<u>6,363,170</u>	<u>1,294,796</u>	<u>10,304,299</u>	<u>176,623,179</u>	<u>-</u>	<u>265,150</u>	<u>4,035,145</u>	<u>198,885,739</u>
Public Safety:								
Police	-	1,521,026	6,927,008	-	-	-	-	8,448,034
Fire	-	5,596,969	7,574,332	-	-	-	-	13,171,301
Total Public Safety	<u>-</u>	<u>7,117,995</u>	<u>14,501,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,619,335</u>
City Service:								
Library	2,160,853	7,008,855	-	-	-	-	-	9,169,708
Metropolitan Transportation Planning	-	-	111,411	-	-	-	-	111,411
Total City Service	<u>2,160,853</u>	<u>7,008,855</u>	<u>111,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,281,119</u>
Total Governmental Funds								
Capital Assets	<u>\$ 30,486,581</u>	<u>265,107,159</u>	<u>48,054,296</u>	<u>186,666,871</u>	<u>5,500</u>	<u>265,150</u>	<u>14,573,936</u>	<u>545,159,493</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, 2020**

Function and Activity	Governmental Funds Capital Assets June 30, 2019	Additions	Deletions	Transfers and Adjustments	Governmental Funds Capital Assets June 30, 2020
General Government:					
General Administration	\$ 33,550,201	36,185	(502,025)	(3,122,094)	29,962,267
Information Technology	2,522,243	429,253	(713,220)	165,114	2,403,390
Total General Government	<u>36,072,444</u>	<u>465,438</u>	<u>(1,215,245)</u>	<u>(2,956,980)</u>	<u>32,365,657</u>
Education:					
General Operations	210,979,735	13,797,872	(4,809,266)	347,703	220,316,044
Food Service	2,729,955	-	-	-	2,729,955
Student Transit	4,506,751	1,046,182	(233,211)	57,282	5,377,004
Total Education	<u>218,216,441</u>	<u>14,844,054</u>	<u>(5,042,477)</u>	<u>404,985</u>	<u>228,423,003</u>
Parks, Recreation, Culture and Leisure	<u>52,335,513</u>	<u>2,733,359</u>	<u>(2,783,111)</u>	<u>2,298,879</u>	<u>54,584,640</u>
Public Works:					
Public Services	197,090,436	2,007,770	(638,691)	(36,756)	198,422,759
Recycling	462,980	-	-	-	462,980
Total Public Works	<u>197,553,416</u>	<u>2,007,770</u>	<u>(638,691)</u>	<u>(36,756)</u>	<u>198,885,739</u>
Public Safety:					
Police	7,731,399	1,108,544	(692,033)	300,124	8,448,034
Fire	12,487,589	623,222	-	60,490	13,171,301
Civil Defense	60,490	-	-	(60,490)	-
Total Public Safety	<u>20,279,478</u>	<u>1,731,766</u>	<u>(692,033)</u>	<u>300,124</u>	<u>21,619,335</u>
City Service:					
Library	8,781,822	-	-	387,886	9,169,708
Metropolitan Transportation Planning	111,411	-	-	-	111,411
Total City Service	<u>8,893,233</u>	<u>-</u>	<u>-</u>	<u>387,886</u>	<u>9,281,119</u>
Total Governmental Funds Capital Assets	<u>\$ 533,350,525</u>	<u>21,782,387</u>	<u>(10,371,557)</u>	<u>398,138</u>	<u>545,159,493</u>

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, 2020**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA 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	\$ 666,317
National School Lunch Program	10.555	N/A	N/A	1,779,034
Child Nutrition Cluster Total				<u>2,445,351</u>
National School Snack Program	10.500	N/A	N/A	47,702
Pass-through State Department of Agriculture through the Northeast Tennessee Cooperative:				
National School Lunch Program (Commodities - Noncash Assistance)	10.565	N/A	N/A	308,197
Total U.S. Department of Agriculture				<u><b>2,801,250</b></u>
U.S. Department of Defense:				
Pass-through Program from State of Tennessee				
Department of General Services:				
Law Enforcement Support Office (LESO)	12.000	N/A	Section 1033	7,179
Total U.S. Department of Defense				<u><b>7,179</b></u>
U.S. Department of Housing and Urban Development:				
Direct Program:				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grant	14.218	B-MC-47-0008	N/A	369,565
CDBG - Entitlement Grants Cluster Total				<u>369,565</u>
Total U.S. Department of Housing and Urban Development				<u><b>369,565</b></u>

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2020**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Contract Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Justice:				
Direct Programs:				
Edward Byrne Memorial Justice Assistance Grant Program				
Edward Byrne Memorial Justice Assistance Grant	16.738	2017-DJ-BX-0750	N/A	7,000
Total Edward Byrne Memorial Justice Assistance Grant Program				7,000
Bullet Proof Vest Program				
Bullet Proof Vest	16.607	2000-BU-BX-01007843	N/A	7,833
Total Bullet Proof Vest Program				7,833
Personal Protective Supplies & Response Program				
Personal Protective Supplies	16.034	2020-VD-BX-1591	N/A	9,370
Total Personal Protective Supplies & Response Program				9,370
Pass-through Tennessee Office of Criminal Justice Programs:				
Crime Victim Assistance Program				
Crime Victim Assistance: VOCA	16.575	N/A	N/A	75,450
Total Crime Victim Assistance Program				75,450
Total U.S. Department of Justice				99,653
U.S. Department of Transportation:				
Direct Programs:				
Federal Transit Cluster:				
Federal Transit Formula Grants #TN-2017-047-00 (Capital)	20.507	N/A	N/A	49,598
Federal Transit Formula Grants #TN-2016-028-01 (Section 5339)	20.507	N/A	N/A	104,505
Federal Transit Formula Grants #TN-2018-046 (Capital)	20.507	N/A	N/A	10,046
Federal Transit Formula Grants #TN-2019-036	20.507	N/A	N/A	955,786
Federal Transit Formula Grants #TN-2018-07 (Section 5339)	20.507	N/A	N/A	96,144
Federal Transit Formula Grants #TN-2018-046	20.507	N/A	N/A	74,218
Federal Transit Formula Grants #TN-2020-016-01	20.507	N/A	N/A	1,359,956
Federal Transit Formula Grants #TN-90-X378 (Capital)	20.507	N/A	N/A	7,273
Federal Transit Formula Grants #TN-90-2017-008-00 (Capital)	20.507	N/A	N/A	5,916
Total Federal Transit Cluster				2,663,442

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2020**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Contract Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Pass-through State Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction - Indian Ridge Intersection	20.205	N/A	111351	3,027
Highway Planning and Construction - Knob Creek Road	20.205	N/A	102620	27,546
Highway Planning and Construction	20.205	N/A	Z-14MP0006	171,699
Total Highway Planning and Construction Cluster				<u>202,272</u>
Transit Services Programs Cluster:				
New Freedom #TN-57-X033 (Operating)	20.521	N/A	TN-57-X033	73,257
Total Transit Services Programs Cluster				<u>73,257</u>
Alcohol Open Container Requirements Program				
Alcohol Open Container Requirements - Safer Streets VII	20.607	N/A	Z19THS141	6,793
Alcohol Open Container Requirements - Safer Streets VII	20.607	N/A	Z18THS160	5,340
Total Alcohol Open Container Requirements Program				<u>12,133</u>
Total U.S. Department of Transportation				<u><b>2,951,104</b></u>
U.S. Department of Education:				
Pass-through State Department of Education:				
Special Education Cluster (IDEA):				
Special Education - Grants to States (IDEA)	84.027	N/A	HO27A180052	1,427,195
Special Education - Grants to States (IDEA)	84.027	N/A	HO27A180052	5,931
Preschool Incentive Project	84.173	N/A	H173A180095	38,844
Total Special Education Cluster (IDEA)				<u>1,471,970</u>

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2020**

	Federal CFDA Number	Contract Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Federal Grantor / Pass-Through Grantor / Program or Cluster Title				
Title I Grants to Local Educational Agencies	84.010	N/A	SO10A180042	1,827,708
Career and Technical Education - Carl Perkins	84.048	N/A	VO48A180042	131,718
Career and Technical Education - Carl Perkins Reserve	84.048	N/A	VO48A180042	42,820
Education for Homeless Children and Youth	84.196	N/A	S196A180044	71,000
21st Century Community Learning Center	84.287C	N/A	S287C180043	110,723
21st Century Community Learning Center	84.287C	N/A	N/A	33,030
Title II, Part A, Improving Teacher Quality State Grants	84.367A	N/A	S367A180040	247,371
Title III, Immigrant and English Language Acquisition State Grants	84.365A	N/A	S365A180042	27,761
Title IV Student Support and Academic Enrichment	84.424	N/A	S424A180044	116,857
Total U.S. Department of Education				<b>4,080,958</b>
U.S. Department of Health and Human Services: Pass-through State Department of Health and Human Services through the First Tennessee Development District: Title III-B Community Support	93.044	N/A	JOCITY-2019-HOOT-20	77,882
U.S. Department of Homeland Security: Direct Programs: 2017 Fire Assistance Grant	97.046	N/A	EMW-2017-FO-04377	41,243
Total U.S. Department of Homeland Security				<b>119,125</b>
Total Expenditures of Federal Awards				<b>\$ 10,428,834</b>

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE C: INDIRECT COST RATES**

Effective November 2, 2017, the City Commission approved to adopt the 10 percent *de minimis* indirect cost rate.

**NOTE D: FOOD DISTRIBUTION AND SURPLUS MILITARY PROPERTY**

Non-monetary assistance is reported in the schedule at the fair market value of commodities received and used. The balance amounts represent inventory on hand. Non-monetary assistance is reported in the schedule at the estimated fair market value of property received and used.

**NOTE E: PASSED THROUGH TO SUBRECIPIENTS**

The City did not pass through any federal grant money to subrecipients in the fiscal year ended June 30, 2020. As such, the separate column for identification of subrecipient payments has not been presented herein.

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, 2020**

Grantor Agency / Pass-Through Agency Program Title	Contract Number	Pass-Through Entity Identifying Number	Total State Expenditures
Tennessee Department of Corrections:			
State Boarding of Prisoners	N/A	N/A	\$ 1,175,270
Total Tennessee Department of Corrections			<u>1,175,270</u>
Tennessee Commission on Aging:			
Pass-through First Tennessee Development District:			
Senior Center Operations	N/A	JOCITY-2019-HOOT-20	<u>40,000</u>
Total Tennessee Commission on Aging			<u>40,000</u>
Tennessee Economic and Community Development:			
2018 Sewer & Water System Improvements Grant	N/A	N/A	<u>22,990</u>
Total Tennessee Economic and Community Development			<u>22,990</u>
Tennessee Department of Transportation:			
Improve Act Capital Grant	90IMPV-S3-003	N/A	372,681
Improve Act Capital Grant	90IMPV-S3-004	N/A	2,319
New Freedom Operating	905317-S3-010	N/A	36,629
Transit State Operating Grant	905307-S3-020	N/A	26,335
Transit State Operating Grant	90UROP-S3-015	N/A	523,892
Transit State Capital Grant	905339-S3-005	N/A	8,483
Transit State Capital Grant	905339-S3-007	N/A	13,063
Transit State Capital Grant	905339-S3-015	N/A	740
Transit State Capital Grant	905307-S3-016	N/A	456
Transit State Capital Grant	905307-S3-018	N/A	<u>7,000</u>
Total Tennessee Department of Transportation			<u>991,598</u>

(Continued)



**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2020**

Grantor Agency / Pass-Through Agency Program Title	Contract Number	Pass-Through Entity Identifying Number	Total State Expenditures
Tennessee Commission on Children and Youth: Pass-Through Washington County, Tennessee: Juvenile Court State Supplement	Juvenile Court	Z-06-020439-00	4,500
Total Tennessee Commission on Children and Youth			4,500
Tennessee Housing Development Agency: Emergency Shelter Grant	Z-05-020660-01	N/A	165,092
Total Tennessee Housing Development Agency			165,092
Tennessee Department of Environment and Conservation: Pass-Through State of Tennessee Historical Commission: Historic Preservation Fund	N/A	32701-03547	3,637
Total Tennessee Department of Environment and Conservation			3,637
Tennessee Department of State Libraries and Archives: State Library & Archives Grant	N/A	32701-03547	2,731
Total Tennessee Department of State Libraries and Archives			2,731
Tennessee Department of Education: Lottery Pre-K	N/A	N/A	323,264
Family Resources	N/A	N/A	29,612
Safe Schools	GG-03009623	N/A	253,917
Coordinated School Health	N/A	N/A	100,000
21st Century Community Learning Centers Program	S-28-7C1900-43	N/A	13,550
Total Tennessee Department of Education			720,343
Total Expenditures of State Awards			\$ 3,126,161

**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, 2020

Transfers In:

General Fund	Debt Service		Special Revenue						Capital Project	Enterprise	
	Debt Service	Educ Facilities Debt Service	General Purpose School	Trans- portation Planning	Freedom Hall	School Federal and Special Projects	Police Grant and Technology	Community Development	Capital Project Fund	Mass Transit	
General Fund	\$ -	\$ 9,912,740	\$ -	\$ 10,876,736	\$ 41,649	\$ 385,256	\$ -	\$ 2,853	\$ 107,698	\$ 4,397,706	\$ 30,107
Special Revenue Funds:											
General Purpose School	2,485	981,032	1,476,701				64,582				
School Federal & Special Projects				222,704			34,010				
Police Grant & Technology	2,484										
Senior Citizens	1,953										
Capital Projects	75,218										
Enterprise Funds:											
Water and Sewer	543,950										
Totals	\$ 626,090	\$ 10,893,772	\$ 1,476,701	\$ 11,099,440	\$ 41,649	\$ 385,256	\$ 98,592	\$ 2,853	\$ 107,698	\$ 4,397,706	\$ 30,107

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, 2020**

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2021	\$ 12,041,171	6,829,006	18,870,177
2022	12,486,172	6,389,730	18,875,902
2023	10,884,151	5,917,783	16,801,934
2024	11,096,170	5,499,126	16,595,296
2025	10,772,171	5,079,352	15,851,523
2026	10,357,293	4,661,196	15,018,489
2027	9,560,002	4,142,721	13,702,723
2028	9,908,000	3,774,941	13,682,941
2029	10,291,000	3,398,178	13,689,178
2030	9,624,995	3,006,420	12,631,415
2031	9,934,000	2,629,432	12,563,432
2032	7,741,000	2,246,459	9,987,459
2033	8,053,000	1,951,355	10,004,355
2034	8,345,000	1,643,998	9,988,998
2035	5,762,000	1,324,971	7,086,971
2036	5,880,000	1,084,312	6,964,312
2037	4,495,000	856,612	5,351,612
2038	4,655,000	684,500	5,339,500
2039	4,825,000	504,863	5,329,863
2040	3,673,184	294,562	3,967,746
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
Totals	<u>\$ 174,084,309</u>	<u>62,181,142</u>	<u>236,265,451</u>

Note: The total reflected on the statement of net position has been increased by debt premium costs of \$14,987,681.

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS -**  
**ALL FUNDS - PRIMARY GOVERNMENT**  
**June 30, 2020**

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2021	\$ 353,953	114,944	468,897
2022	364,174	106,019	470,193
2023	156,442	99,077	255,519
2024	162,700	94,444	257,144
2025	169,149	89,395	258,544
2026	175,592	84,127	259,719
2027	177,096	79,923	257,019
2028	133,605	75,602	209,207
2029	135,301	70,818	206,119
2030	142,008	66,024	208,032
2031	148,790	60,990	209,780
2032	150,598	55,770	206,368
2033	157,583	50,242	207,825
2034	164,606	44,505	209,111
2035	171,715	38,373	210,088
2036	173,881	32,008	205,889
2037	181,210	25,478	206,688
2038	188,607	18,550	207,157
2039	61,107	11,336	72,443
2040	63,697	8,749	72,446
2041	59,024	6,046	65,070
2042	36,912	4,093	41,005
2043	21,656	3,041	24,697
2044	17,597	2,407	20,004
2045	18,184	1,820	20,004
2046	18,784	1,220	20,004
2047	19,404	600	20,004
2048	7,895	62	7,957
Totals	<u>\$ 3,631,270</u>	<u>1,245,663</u>	<u>4,876,933</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, 2020**

	<u>Original Amount Issued</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding July 1, 2019</u>	<u>Issued During Period</u>	<u>Paid / Refunded During Period</u>	<u>Outstanding June 30, 2020</u>
<b>GOVERNMENTAL ACTIVITIES:</b>								
<u>BONDS PAYABLE:</u>								
Payable Through Educational Facilities Debt Service Fund:								
Local Government Public Improvement Bonds, Series VII-I-1, 2010	\$ 27,945,000	5.00%	12/29/2010	6/1/2034	\$ 25,590,000	\$ -	\$ 385,000	\$ 25,205,000
Local Government Public Improvement Bonds, Series VII-J-1, 2011	4,765,000	4.50% - 5.00%	2/24/2011	6/1/2023	2,285,000	-	2,285,000	-
General Obligation Refunding Bonds, Series 2012	3,635,000	2.00% - 5.00%	4/30/2012	6/1/2023	1,655,000	-	400,000	1,255,000
General Obligation Improvement and Refunding Bonds, Series 2016A	2,805,000	3.00% - 5.00%	11/17/2016	6/1/2036	730,000	-	730,000	-
General Obligation Bonds, Series 2019	275,000	5.00%	2/27/2019	6/1/2023	275,000	-	65,000	210,000
General Obligation Bonds, Series 2019B	2,161,743	4.00% - 5.00%	7/31/2019	6/1/2023	-	2,161,743	596,743	1,565,000
Total Bonds Payable Through Educational Facilities Debt Service Fund					<u>30,535,000</u>	<u>2,161,743</u>	<u>4,461,743</u>	<u>28,235,000</u>
Payable Through Debt Service Fund:								
The Tennessee Municipal Bond Fund, Series TCSLP 2008	14,898,315	5.00%	1/9/2009	5/25/2029	8,684,368	-	804,604	7,879,764
Local Government Public Improvement Bonds, Series V-K-1	26,645,000	2.50% - 5.00%	3/12/2009	6/30/2025	6,720,000	-	2,150,000	4,570,000
General Obligation Refunding Bonds, Series 2009	11,390,000	3.00% - 5.00%	6/30/2009	6/30/2026	375,000	-	375,000	-

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
**For the Year Ended June 30, 2020**

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2019	Issued During Period	Paid / Refunded During Period	Outstanding June 30, 2020
<b>GOVERNMENTAL ACTIVITIES (CONTINUED):</b>								
<u>BONDS PAYABLE (CONTINUED):</u>								
Payable Through Debt Service Fund (Continued):								
Qualified School Construction Bonds, Series 2009	8,160,000	1.52%	12/1/2009	9/1/2026	3,662,322	-	509,171	3,153,151
The Tennessee Municipal Bond Fund, Series TCSLP 2008	5,200,000	5.00%	1/9/2009	5/25/2029	2,168,000	-	392,000	1,776,000
General Obligation Bonds, BABs, 2010A	22,500,000	3.64%	6/24/2010	6/30/2040	20,665,000	-	20,665,000	-
Local Government Public Improvement Bonds, Series VII-J-1, 2011	2,780,000	4.50% - 5.00%	2/24/2011	6/1/2023	125,000	-	125,000	-
General Obligation Refunding Bonds, Series 2012	10,797,974	2.00% - 5.00%	4/30/2012	6/1/2025	4,733,015	-	913,341	3,819,674
The Tennessee Municipal Bond Fund, Series 2014	2,000,000	2.56%	12/23/2014	11/1/2029	1,515,995	-	123,000	1,392,995
The Tennessee Municipal Bond Fund, Series 2014	1,300,000	2.58%	12/17/2014	11/1/2034	1,091,000	-	56,000	1,035,000
General Obligation Bonds, Series 2016	11,205,000	2.00% - 5.00%	4/12/2016	6/1/2036	10,125,000	-	415,000	9,710,000
General Obligation Improvement and Refunding Bonds, Series 2016A	20,905,517	3.00% - 5.00%	11/17/2016	6/1/2036	17,535,156	-	1,290,000	16,245,156
General Obligation Bonds, Series 2019	4,805,000	5.00%	2/27/2019	6/1/2039	4,805,000	-	190,000	4,615,000
General Obligation Refunding Bonds Series 2019B	18,052,222	4.00% - 5.00%	6/31/2019	6/30/2040	-	18,052,222	736,046	17,316,176
Total Bonds Payable Through Debt Service Fund					82,204,856	18,052,222	28,744,162	71,512,916
Total Governmental Activities General Obligation Bonds Outstanding								\$ 99,747,916

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
**For the Year Ended June 30, 2020**

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2019	Issued During Period	Paid / Refunded During Period	Outstanding June 30, 2020
<b>GOVERNMENTAL ACTIVITIES (CONTINUED):</b>								
<u>CAPITAL OUTLAY NOTES PAYABLE:</u>								
Payable Through Debt Service Fund:								
The Tennessee Municipal Bond Fund Capital Outlay Note	\$ 870,000	2.20%	12/17/2014	12/1/2021	\$ 390,000	\$ -	\$ 127,000	\$ 263,000
The Tennessee Municipal Bond Fund Capital Outlay Note	500,000	2.20%	12/17/2014	12/1/2021	224,000	-	73,000	151,000
Total Capital Outlay Notes Payable Through Debt Service Fund					614,000	-	200,000	414,000
Total Governmental Activities Capital Outlay Notes Outstanding								<u>\$ 414,000</u>
<u>OTHER NOTES PAYABLE:</u>								
Payable Through Debt Service Fund:								
Promissory Note Hands On	\$ 500,000	0.00%	9/21/2017	9/21/2027	\$ 400,000	\$ -	\$ 50,000	\$ 350,000
Total Other Notes Payable Through Debt Service Fund					400,000	-	50,000	350,000
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	1,855,000	-	70,000	1,785,000
Total Other Notes Payable Through General Fund					1,855,000	-	70,000	1,785,000
Total Governmental Activities Other Notes Outstanding								<u>\$ 2,135,000</u>

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
**For the Year Ended June 30, 2020**

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2019	Issued During Period	Paid / Refunded During Period	Outstanding June 30, 2020
<b>BUSINESS-TYPE ACTIVITIES:</b>								
<u><b>BONDS PAYABLE:</b></u>								
Payable Through Water and Sewer Fund:								
General Obligation Bonds:								
The Tennessee Municipal Bond Fund, Series TCSLP 2008	\$ 901,685	5.00%	1/9/2009	5/25/2029	\$ 558,632	\$ -	\$ 44,396	\$ 514,236
General Obligation Refunding Bonds, Series 2009	35,385,000	3.00% - 5.00%	6/30/2009	6/30/2031	1,170,000	-	1,170,000	-
General Obligation Bonds, Series 2010A (BABs)	22,000,000	3.62%	6/24/2010	6/30/2040	19,590,000	-	19,590,000	-
General Obligation Bonds, Series 2013	23,970,000	2.00% - 4.00%	5/30/2013	6/1/2043	21,245,000	-	600,000	20,645,000
General Obligation Refunding Bonds, Series 2015	5,745,000	1.50% - 2.00%	2/26/2015	6/1/2022	2,545,000	-	835,000	1,710,000
General Obligation Improvement and Refunding Bonds, Series 2016A	17,289,483	3.00-5.00%	11/17/2016	6/1/2036	17,054,843	-	-	17,054,843
General Obligation Bonds, Series 2019	12,380,000	5.00%	2/27/2019	6/1/2039	12,380,000	-	385,000	11,995,000
General Obligation Refunding Bonds, Series 2019B	17,001,035	5.00%	2/27/2019	6/1/2039	-	17,001,035	584,027	16,417,008
Total General Obligation Bonds					74,543,475	17,001,035	23,208,423	68,336,087
Revenue Bonds								
Water and Sewer Revenue and Tax Series 2006 Revenue Bonds	1,795,000	3.50% - 4.12%	3/30/2006	6/1/2020	180,000	-	180,000	-
Total Revenue Bonds					180,000	-	180,000	-
Total Bonds Payable Through Water and Sewer Fund					74,723,475	17,001,035	23,388,423	68,336,087

(Continued)



**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
**For the Year Ended June 30, 2020**

	<u>Original Amount Issued</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding July 1, 2019</u>	<u>Issued During Period</u>	<u>Paid / Refunded During Period</u>	<u>Outstanding June 30, 2020</u>
<b>BUSINESS-TYPE ACTIVITIES (CONTINUED):</b>								
<u>BONDS PAYABLE (CONTINUED):</u>								
Payable Through City Solid Waste Fund:								
General Obligation Refunding Bonds, Series 2012	17,026	2.00% - 5.00%	4/30/2012	6/1/2025	6,945	-	1,639	5,306
General Obligation Bonds, Series 2019	1,785,000	5.00%	2/27/2019	6/1/2039	<u>1,785,000</u>	<u>-</u>	<u>55,000</u>	<u>1,730,000</u>
Total Bonds Payable Through City Solid Waste Fund					<u>1,791,945</u>	<u>-</u>	<u>56,639</u>	<u>1,735,306</u>
Payable Through Stormwater Management Fund:								
General Obligation Bonds, Series 2013	5,785,000	2.00% - 4.00%	5/30/2013	6/1/2034	<u>4,505,000</u>	<u>-</u>	<u>240,000</u>	<u>4,265,000</u>
Total Bonds Payable Through Stormwater Management Fund					<u>4,505,000</u>	<u>-</u>	<u>240,000</u>	<u>4,265,000</u>
Total Business-Type Activities Bonds Outstanding								<u>\$ 74,336,393</u>
<u>NOTES PAYABLE:</u>								
Payable Through Water and Sewer Fund:								
Limestone Cove	\$ 450,000	4.65%	3/13/2003	3/13/2041	\$ 344,754	\$ -	\$ 9,433	\$ 335,321
Watauga Flats	380,000	4.38%	4/20/2004	4/20/2042	295,545	-	7,757	287,788
Limestone Cove	125,000	4.25%	4/20/2005	4/20/2043	99,170	-	2,467	96,703
ARRA Greggton	435,000	3.25%	1/24/2010	1/14/2048	<u>370,508</u>	<u>-</u>	<u>8,050</u>	<u>362,458</u>
Total Notes Payable Through Water and Sewer Fund					<u>1,109,977</u>	<u>-</u>	<u>27,707</u>	<u>1,082,270</u>
Total Business-Type Activities Notes Outstanding								<u>\$ 1,082,270</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**  
**LOCAL GOVERNMENT PUBLIC IMPROVEMENT BONDS, SERIES VII-I-1, 2010**  
**ISSUED DECEMBER 29, 2010**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 400,000	756,150	1,156,150
2022	415,000	744,150	1,159,150
2023	885,000	731,700	1,616,700
2024	1,790,000	705,150	2,495,150
2025	1,855,000	651,450	2,506,450
2026	1,920,000	595,800	2,515,800
2027	1,985,000	538,200	2,523,200
2028	2,055,000	478,650	2,533,650
2029	2,125,000	417,000	2,542,000
2030	2,200,000	353,250	2,553,250
2031	2,280,000	287,250	2,567,250
2032	2,355,000	218,850	2,573,850
2033	2,440,000	148,200	2,588,200
2034	2,500,000	75,000	2,575,000
	<u>\$ 25,205,000</u>	<u>6,700,800</u>	<u>31,905,800</u>

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION BONDS TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012**  
**ISSUED APRIL 30, 2012**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 410,000	35,088	445,088
2022	420,000	25,350	445,350
2023	425,000	12,750	437,750
	<u>\$ 1,255,000</u>	<u>73,188</u>	<u>1,328,188</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 2019**  
**ISSUED FEBRUARY 27, 2019**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 65,000	10,500	75,500
2022	70,000	7,250	77,250
2023	75,000	3,750	78,750
	<u>\$ 210,000</u>	<u>21,500</u>	<u>231,500</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, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 625,000	72,000	697,000
2022	665,000	47,000	712,000
2023	275,000	13,750	288,750
	<u>\$ 1,565,000</u>	<u>132,750</u>	<u>1,697,750</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**  
**LOCAL GOVERNMENT PUBLIC IMPROVEMENT BONDS, SERIES V-K-1**  
**ISSUED MARCH 12, 2009**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 1,420,000	198,756	1,618,756
2022	1,485,000	140,181	1,625,181
2023	530,000	77,069	607,069
2024	555,000	53,218	608,218
2025	580,000	27,550	607,550
	\$ 4,570,000	496,774	5,066,774

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**  
**QUALIFIED SCHOOL CONSTRUCTION BONDS, SERIES 2009**  
**ISSUED DECEMBER 1, 2009**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 509,171	123,624	632,795
2022	509,171	123,624	632,795
2023	509,171	123,624	632,795
2024	509,171	123,624	632,795
2025	509,172	123,624	632,796
2026	559,293	123,624	682,917
2027	48,002	10,302	58,304
	<u>\$ 3,153,151</u>	<u>752,046</u>	<u>3,905,197</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, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 845,333	236,393	1,081,726
2022	887,061	211,033	1,098,094
2023	931,583	184,421	1,116,004
2024	978,037	156,474	1,134,511
2025	767,283	127,133	894,416
2026	805,461	104,114	909,575
2027	845,502	79,951	925,453
2028	887,404	54,585	941,989
2029	932,100	27,962	960,062
	\$ 7,879,764	1,182,066	9,061,830

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, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 412,000	53,280	465,280
2022	433,000	40,920	473,920
2023	454,000	27,930	481,930
2024	477,000	14,310	491,310
	<u>\$ 1,776,000</u>	<u>136,440</u>	<u>1,912,440</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 REFUNDING BONDS, SERIES 2012**  
**ISSUED APRIL 30, 2012**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 943,283	108,693	1,051,976
2022	973,225	86,292	1,059,517
2023	1,003,167	57,095	1,060,262
2024	445,000	27,000	472,000
2025	454,999	13,650	468,649
	<u>\$ 3,819,674</u>	<u>292,730</u>	<u>4,112,404</u>

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION BONDS TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES**  
**TENNESSEE MUNICIPAL BOND FUND, SERIES 2014**  
**ISSUED DECEMBER 23, 2014**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 126,000	34,714	160,714
2022	129,000	31,450	160,450
2023	133,000	28,096	161,096
2024	136,000	24,653	160,653
2025	140,000	21,120	161,120
2026	143,000	17,498	160,498
2027	147,000	13,786	160,786
2028	151,000	9,971	160,971
2029	155,000	6,054	161,054
2030	132,995	2,035	135,030
	<u>\$ 1,392,995</u>	<u>189,377</u>	<u>1,582,372</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, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 57,000	25,968	82,968
2022	59,000	24,471	83,471
2023	60,000	22,936	82,936
2024	62,000	21,362	83,362
2025	64,000	19,737	83,737
2026	65,000	18,073	83,073
2027	67,000	16,370	83,370
2028	69,000	14,616	83,616
2029	70,000	12,823	82,823
2030	72,000	10,991	82,991
2031	74,000	9,107	83,107
2032	76,000	7,172	83,172
2033	78,000	5,186	83,186
2034	80,000	3,148	83,148
2035	82,000	1,058	83,058
	<u>\$ 1,035,000</u>	<u>213,018</u>	<u>1,248,018</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, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 435,000	403,750	838,750
2022	455,000	382,000	837,000
2023	465,000	372,900	837,900
2024	490,000	349,650	839,650
2025	515,000	325,150	840,150
2026	540,000	299,400	839,400
2027	565,000	272,400	837,400
2028	590,000	249,800	839,800
2029	615,000	226,200	841,200
2030	640,000	201,600	841,600
2031	665,000	176,000	841,000
2032	690,000	149,400	839,400
2033	720,000	121,800	841,800
2034	745,000	93,000	838,000
2035	775,000	63,200	838,200
2036	805,000	32,200	837,200
	<u>\$ 9,710,000</u>	<u>3,718,450</u>	<u>13,428,450</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 IMPROVEMENTS AND REFUNDING BONDS, SERIES 2016A**  
**ISSUED NOVEMBER 17, 2016**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 920,790	713,302	1,634,092
2022	968,648	667,262	1,635,910
2023	1,029,841	618,830	1,648,671
2024	1,081,627	567,338	1,648,965
2025	1,134,485	513,257	1,647,742
2026	1,214,191	456,532	1,670,723
2027	1,189,780	395,823	1,585,603
2028	1,239,602	348,232	1,587,834
2029	1,286,150	298,648	1,584,798
2030	1,334,663	247,202	1,581,865
2031	1,395,379	193,815	1,589,194
2032	635,000	138,000	773,000
2033	660,000	112,600	772,600
2034	690,000	86,200	776,200
2035	720,000	58,600	778,600
2036	745,000	29,800	774,800
	<u>\$ 16,245,156</u>	<u>5,445,441</u>	<u>21,690,597</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 2019**  
**ISSUED FEBRUARY 27, 2019**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 195,000	206,300	401,300
2022	210,000	196,550	406,550
2023	220,000	186,050	406,050
2024	230,000	175,050	405,050
2025	245,000	163,550	408,550
2026	250,000	151,300	401,300
2027	190,000	138,800	328,800
2028	200,000	129,300	329,300
2029	210,000	119,300	329,300
2030	220,000	108,800	328,800
2031	230,000	97,800	327,800
2032	240,000	88,600	328,600
2033	250,000	79,000	329,000
2034	260,000	69,000	329,000
2035	270,000	58,600	328,600
2036	280,000	47,800	327,800
2037	295,000	36,600	331,600
2038	305,000	24,800	329,800
2039	315,000	12,600	327,600
	<u>\$ 4,615,000</u>	<u>2,089,800</u>	<u>6,704,800</u>

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION BONDS TO BE REPAID FROM GOVERNMENTAL ACTIVITIES**  
**GENERAL OBLIGATION BONDS, SERIES 2019B**  
**ISSUED JULY 31, 2019**  
**For the Fiscal Year Ended June 30, 2020**

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 590,295	825,702	1,415,997
2022	590,295	802,087	1,392,382
2023	441,438	772,570	1,214,008
2024	610,827	750,496	1,361,323
2025	641,625	719,951	1,361,576
2026	674,990	687,866	1,362,856
2027	708,354	654,114	1,362,468
2028	744,285	618,692	1,362,977
2029	780,216	581,474	1,361,690
2030	818,713	542,459	1,361,172
2031	859,778	501,520	1,361,298
2032	903,408	458,526	1,361,934
2033	949,605	413,351	1,362,956
2034	995,802	365,867	1,361,669
2035	1,047,132	316,071	1,363,203
2036	1,098,462	263,709	1,362,171
2037	1,142,092	219,766	1,361,858
2038	1,188,290	174,078	1,362,368
2039	1,234,486	126,541	1,361,027
2040	1,296,083	64,811	1,360,894
	<u>\$ 17,316,176</u>	<u>9,859,651</u>	<u>27,175,827</u>

See Independent Auditors' Report.



**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION BONDS TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES**  
**ANNUAL DEBT SERVICE REQUIREMENTS – ALL GOVERNMENTAL ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 7,953,872	3,804,220	11,758,092
2022	8,269,400	3,529,620	11,799,020
2023	7,437,200	3,233,471	10,670,671
2024	7,364,662	2,968,325	10,332,987
2025	6,906,564	2,706,172	9,612,736
2026	6,171,935	2,454,207	8,626,142
2027	5,745,638	2,119,746	7,865,384
2028	5,936,291	1,903,846	7,840,137
2029	6,173,466	1,689,461	7,862,927
2030	5,418,371	1,466,337	6,884,708
2031	5,504,157	1,265,492	6,769,649
2032	4,899,408	1,060,548	5,959,956
2033	5,097,605	880,137	5,977,742
2034	5,270,802	692,215	5,963,017
2035	2,894,132	497,529	3,391,661
2036	2,928,462	373,509	3,301,971
2037	1,437,092	256,366	1,693,458
2038	1,493,290	198,878	1,692,168
2039	1,549,486	139,141	1,688,627
2040	1,296,083	64,811	1,360,894
	<u>\$ 99,747,916</u>	<u>31,304,031</u>	<u>131,051,947</u>

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS**  
**CAPITAL OUTLAY NOTES TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES**  
**TENNESSEE MUNICIPAL BOND FUND, CAPITAL OUTLAY NOTE**  
**ISSUED DECEMBER 17, 2014**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 130,000	4,356	134,356
2022	133,000	1,463	134,463
	<u>\$ 263,000</u>	<u>5,819</u>	<u>268,819</u>

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS**  
**CAPITAL OUTLAY NOTES TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES**  
**TENNESSEE MUNICIPAL BOND FUND, CAPITAL OUTLAY NOTE**  
**ISSUED DECEMBER 17, 2014**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 75,000	2,497	77,497
2022	76,000	836	76,836
	<u>\$ 151,000</u>	<u>3,333</u>	<u>154,333</u>

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS**  
**CAPITAL OUTLAY NOTES TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES**  
**ANNUAL DEBT SERVICE REQUIREMENTS - ALL GOVERNMENTAL ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 205,000	6,853	211,853
2022	209,000	2,299	211,299
	<u>\$ 414,000</u>	<u>9,152</u>	<u>423,152</u>

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS**  
**OTHER NOTES PAYABLE TO BE REPAID FROM GOVERNMENTAL ACTIVITIES**  
**HANDS ON PROMISSORY NOTE**  
**ISSUED SEPTEMBER 21, 2017**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 50,000	-	50,000
2022	50,000	-	50,000
2023	50,000	-	50,000
2024	50,000	-	50,000
2025	50,000	-	50,000
2026	50,000	-	50,000
2027	50,000	-	50,000
	\$ 350,000	-	350,000

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 PARKS BONDS, SERIES 2018**  
**ISSUED MARCH 29, 2018**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 70,000	64,600	134,600
2022	75,000	61,450	136,450
2023	75,000	58,075	133,075
2024	80,000	54,700	134,700
2025	85,000	51,100	136,100
2026	90,000	47,275	137,275
2027	90,000	44,575	134,575
2028	95,000	41,763	136,763
2029	95,000	38,675	133,675
2030	100,000	35,587	135,587
2031	105,000	32,337	137,337
2032	105,000	28,925	133,925
2033	110,000	25,381	135,381
2034	115,000	21,669	136,669
2035	120,000	17,644	137,644
2036	120,000	13,444	133,444
2037	125,000	9,244	134,244
2038	130,000	4,712	134,712
	<u>\$ 1,785,000</u>	<u>651,156</u>	<u>2,436,156</u>

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS**  
**OTHER NOTES PAYABLE TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES**  
**ANNUAL DEBT SERVICE REQUIREMENTS – ALL GOVERNMENTAL ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 120,000	64,600	184,600
2022	125,000	61,450	186,450
2023	125,000	58,075	183,075
2024	130,000	54,700	184,700
2025	135,000	51,100	186,100
2026	140,000	47,275	187,275
2027	140,000	44,575	184,575
2028	95,000	41,763	136,763
2029	95,000	38,675	133,675
2030	100,000	35,587	135,587
2031	105,000	32,337	137,337
2032	105,000	28,925	133,925
2033	110,000	25,381	135,381
2034	115,000	21,669	136,669
2035	120,000	17,644	137,644
2036	120,000	13,444	133,444
2037	125,000	9,244	134,244
2038	130,000	4,712	134,712
	<u>\$ 2,135,000</u>	<u>651,156</u>	<u>2,786,156</u>

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION BONDS TO BE REPAYED FROM ENTERPRISE FUNDS**  
**TENNESSEE MUNICIPAL BOND FUND, SERIES TCSLP 2008**  
**ISSUED JANUARY 9, 2009**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 46,667	25,712	72,379
2022	48,939	23,378	72,317
2023	51,417	20,931	72,348
2024	53,963	18,361	72,324
2025	56,717	15,662	72,379
2026	59,539	12,827	72,366
2027	62,498	9,849	72,347
2028	65,596	6,725	72,321
2029	68,900	3,445	72,345
	<u>\$ 514,236</u>	<u>136,890</u>	<u>651,126</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, 2020**

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 620,000	667,463	1,287,463
2022	645,000	642,662	1,287,662
2023	670,000	616,863	1,286,863
2024	690,000	596,762	1,286,762
2025	705,000	582,963	1,287,963
2026	720,000	567,100	1,287,100
2027	740,000	549,100	1,289,100
2028	760,000	529,675	1,289,675
2029	780,000	506,875	1,286,875
2030	805,000	483,475	1,288,475
2031	835,000	456,306	1,291,306
2032	860,000	428,125	1,288,125
2033	890,000	399,100	1,289,100
2034	920,000	369,063	1,289,063
2035	1,000,000	338,013	1,338,013
2036	1,000,000	306,012	1,306,012
2037	1,025,000	273,512	1,298,512
2038	1,050,000	240,200	1,290,200
2039	1,080,000	204,763	1,284,763
2040	1,150,000	168,312	1,318,312
2041	1,200,000	129,500	1,329,500
2042	1,225,000	87,500	1,312,500
2043	1,275,000	44,625	1,319,625
	<u>\$ 20,645,000</u>	<u>9,187,969</u>	<u>29,832,969</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 2015**  
**ISSUED FEBRUARY 26, 2015**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 845,000	34,200	879,200
2022	865,000	17,300	882,300
	\$ 1,710,000	51,500	1,761,500

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, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 1,299,210	775,398	2,074,608
2022	1,351,352	710,437	2,061,789
2023	1,525,159	642,870	2,168,029
2024	1,603,372	566,612	2,169,984
2025	1,655,515	486,443	2,141,958
2026	1,885,809	403,667	2,289,476
2027	1,425,220	309,377	1,734,597
2028	1,490,398	252,368	1,742,766
2029	1,533,850	192,752	1,726,602
2030	1,590,337	131,398	1,721,735
2031	1,694,621	67,785	1,762,406
	<u>\$ 17,054,843</u>	<u>4,539,107</u>	<u>21,593,950</u>

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION BONDS TO BE REPAYED FROM ENTERPRISE FUNDS**  
**GENERAL OBLIGATION BONDS, SERIES 2019**  
**ISSUED FEBRUARY 27, 2019**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 405,000	530,500	935,500
2022	425,000	510,250	935,250
2023	445,000	489,000	934,000
2024	465,000	466,750	931,750
2025	490,000	443,500	933,500
2026	515,000	419,000	934,000
2027	540,000	393,250	933,250
2028	565,000	366,250	931,250
2029	595,000	338,000	933,000
2030	625,000	308,250	933,250
2031	655,000	277,000	932,000
2032	680,000	250,800	930,800
2033	710,000	223,600	933,600
2034	735,000	195,200	930,200
2035	765,000	165,800	930,800
2036	795,000	135,200	930,200
2037	830,000	103,400	933,400
2038	860,000	70,200	930,200
2039	895,000	35,800	930,800
	<u>\$ 11,995,000</u>	<u>5,721,750</u>	<u>17,716,750</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 2019B**  
**ISSUED JULY 31, 2019**  
**For the Fiscal Year Ended June 30, 2020**

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 559,705	782,748	1,342,453
2022	559,705	760,363	1,320,068
2023	418,562	732,380	1,150,942
2024	579,173	711,454	1,290,627
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	1,227,101	61,439	1,288,540
	<u>\$ 16,417,008</u>	<u>9,346,749</u>	<u>25,763,757</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 REFUNDING BONDS, SERIES 2012**  
**ISSUED APRIL 30, 2012**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 1,717	152	1,869
2022	1,776	108	1,884
2023	1,813	55	1,868
	<u>\$ 5,306</u>	<u>315</u>	<u>5,621</u>

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION BONDS TO BE REPAYED FROM ENTERPRISE FUNDS**  
**GENERAL OBLIGATION BONDS, SERIES 2019**  
**ISSUED FEBRUARY 27, 2019**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 60,000	76,500	136,500
2022	60,000	73,500	133,500
2023	65,000	70,500	135,500
2024	65,000	67,250	132,250
2025	70,000	64,000	134,000
2026	75,000	60,500	135,500
2027	80,000	56,750	136,750
2028	80,000	52,750	132,750
2029	85,000	48,750	133,750
2030	90,000	44,500	134,500
2031	95,000	40,000	135,000
2032	100,000	36,200	136,200
2033	100,000	32,200	132,200
2034	105,000	28,200	133,200
2035	110,000	24,000	134,000
2036	115,000	19,600	134,600
2037	120,000	15,000	135,000
2038	125,000	10,200	135,200
2039	130,000	5,200	135,200
	<u>\$ 1,730,000</u>	<u>825,600</u>	<u>2,555,600</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, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 250,000	132,113	382,113
2022	260,000	122,112	382,112
2023	270,000	111,713	381,713
2024	275,000	103,612	378,612
2025	280,000	98,113	378,113
2026	290,000	91,812	381,812
2027	295,000	84,563	379,563
2028	305,000	76,819	381,819
2029	315,000	67,669	382,669
2030	320,000	58,219	378,219
2031	335,000	47,419	382,419
2032	345,000	36,112	381,112
2033	355,000	24,469	379,469
2034	370,000	12,486	382,486
	<u>\$ 4,265,000</u>	<u>1,067,231</u>	<u>5,332,231</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, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 4,087,299	3,024,786	7,112,085
2022	4,216,772	2,860,110	7,076,882
2023	3,446,951	2,684,312	6,131,263
2024	3,731,508	2,530,801	6,262,309
2025	3,865,607	2,373,180	6,238,787
2026	4,185,358	2,206,989	6,392,347
2027	3,814,364	2,022,975	5,837,339
2028	3,971,709	1,871,095	5,842,804
2029	4,117,534	1,708,717	5,826,251
2030	4,206,624	1,540,083	5,746,707
2031	4,429,843	1,363,940	5,793,783
2032	2,841,592	1,185,911	4,027,503
2033	2,955,395	1,071,218	4,026,613
2034	3,074,198	951,783	4,025,981
2035	2,867,868	827,442	3,695,310
2036	2,951,538	710,803	3,662,341
2037	3,057,908	600,246	3,658,154
2038	3,161,710	485,622	3,647,332
2039	3,275,514	365,722	3,641,236
2040	2,377,101	229,751	2,606,852
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>\$ 74,336,393</u>	<u>30,877,111</u>	<u>105,213,504</u>

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS**  
**NOTES TO BE REPAID FROM ENTERPRISE FUNDS**  
**LIMESTONE COVE**  
**ISSUED MARCH 13, 2003**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 9,880	15,344	25,224
2022	10,349	14,875	25,224
2023	10,837	14,387	25,224
2024	11,353	13,871	25,224
2025	11,890	13,334	25,224
2026	12,453	12,771	25,224
2027	13,042	12,182	25,224
2028	13,661	11,563	25,224
2029	14,309	10,915	25,224
2030	14,987	10,238	25,225
2031	15,697	9,526	25,223
2032	16,441	8,782	25,223
2033	17,220	8,004	25,224
2034	18,035	7,187	25,222
2035	18,890	6,334	25,224
2036	19,785	5,440	25,225
2037	20,722	4,502	25,224
2038	21,704	3,521	25,225
2039	22,732	2,491	25,223
2040	23,809	1,416	25,225
2041	17,525	325	17,850
	\$ 335,321	187,008	522,329

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS**  
**NOTES TO BE REPAID FROM ENTERPRISE FUNDS**  
**WATAUGA FLATS**  
**ISSUED APRIL 20, 2004**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 8,138	12,430	20,568
2022	8,502	12,066	20,568
2023	8,881	11,687	20,568
2024	9,247	11,321	20,568
2025	9,690	10,878	20,568
2026	10,123	10,445	20,568
2027	10,575	9,993	20,568
2028	11,021	9,547	20,568
2029	11,539	9,029	20,568
2030	12,054	8,514	20,568
2031	12,592	7,976	20,568
2032	13,134	7,434	20,568
2033	13,740	6,828	20,568
2034	14,354	6,214	20,568
2035	14,994	5,574	20,568
2036	15,651	4,917	20,568
2037	16,362	4,206	20,568
2038	17,093	3,475	20,568
2039	17,856	2,712	20,568
2040	18,648	1,920	20,568
2041	19,485	1,083	20,568
2042	14,109	244	14,353
	\$ 287,788	158,493	446,281

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS**  
**NOTES TO BE REPAID FROM ENTERPRISE FUNDS**  
**LIMESTONE COVE**  
**ISSUED APRIL 20, 2005**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 2,588	4,060	6,648
2022	2,700	3,948	6,648
2023	2,817	3,831	6,648
2024	2,929	3,719	6,648
2025	3,066	3,582	6,648
2026	3,199	3,449	6,648
2027	3,338	3,310	6,648
2028	3,474	3,174	6,648
2029	3,633	3,015	6,648
2030	3,790	2,858	6,648
2031	3,955	2,693	6,648
2032	4,119	2,529	6,648
2033	4,304	2,344	6,648
2034	4,491	2,157	6,648
2035	4,686	1,962	6,648
2036	4,884	1,764	6,648
2037	5,100	1,548	6,648
2038	5,321	1,327	6,648
2039	5,552	1,096	6,648
2040	5,791	858	6,649
2041	6,044	604	6,648
2042	6,306	342	6,648
2043	4,616	78	4,694
	<u>\$ 96,703</u>	<u>54,248</u>	<u>150,951</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, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 8,347	11,657	20,004
2022	8,623	11,381	20,004
2023	8,907	11,097	20,004
2024	9,171	10,833	20,004
2025	9,503	10,501	20,004
2026	9,817	10,187	20,004
2027	10,141	9,863	20,004
2028	10,449	9,555	20,004
2029	10,820	9,184	20,004
2030	11,177	8,827	20,004
2031	11,546	8,458	20,004
2032	11,904	8,100	20,004
2033	12,319	7,685	20,004
2034	12,726	7,278	20,004
2035	13,145	6,859	20,004
2036	13,561	6,443	20,004
2037	14,026	5,978	20,004
2038	14,489	5,515	20,004
2039	14,967	5,037	20,004
2040	15,449	4,555	20,004
2041	15,970	4,034	20,004
2042	16,497	3,507	20,004
2043	17,041	2,963	20,004
2044	17,597	2,407	20,004
2045	18,184	1,820	20,004
2046	18,784	1,220	20,004
2047	19,404	600	20,004
2048	7,894	62	7,956
	<u>\$ 362,458</u>	<u>185,606</u>	<u>548,064</u>

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS**  
**NOTES TO BE REPAID FROM ENTERPRISE FUNDS**  
**ANNUAL DEBT SERVICE REQUIREMENTS – ALL BUSINESS-TYPE ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2020**

---

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 28,953	43,491	72,444
2022	30,174	42,270	72,444
2023	31,442	41,002	72,444
2024	32,700	39,744	72,444
2025	34,149	38,295	72,444
2026	35,592	36,852	72,444
2027	37,096	35,348	72,444
2028	38,605	33,839	72,444
2029	40,301	32,143	72,444
2030	42,008	30,437	72,445
2031	43,790	28,653	72,443
2032	45,598	26,845	72,443
2033	47,583	24,861	72,444
2034	49,606	22,836	72,442
2035	51,715	20,729	72,444
2036	53,881	18,564	72,445
2037	56,210	16,234	72,444
2038	58,607	13,838	72,445
2039	61,107	11,336	72,443
2040	63,697	8,749	72,446
2041	59,024	6,046	65,070
2042	36,912	4,093	41,005
2043	21,657	3,041	24,698
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>\$ 1,082,270</u>	<u>585,355</u>	<u>1,667,625</u>

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF UNCOLLECTED DELINQUENT TAXES**  
**June 30, 2020**

---

<b>Tax Year</b>	<b>Uncollected Delinquent Taxes June 30, 2020</b>
2019	\$ 767,675
2018	259,664
2017	93,068
2016	67,349
2015	81,999
2014	139,924
2013	27,653
2012	45,005
2011	40,350
2010	29,179
<b>Total</b>	<b>\$1,551,866</b>

Uncollected Delinquent Taxes Filed in Chancery Court:

As of April 1, 2020, the above delinquent real property taxes for 2010 through 2018 have been filed by the Delinquent Tax Attorney in Washington County Chancery Court.

As of April 1, 2020, the above delinquent personal property taxes for 2010 through 2019 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 AND NUMBER OF CUSTOMERS**  
**June 30, 2020**

<b><u>Water Rates:</u></b>	<b><u>Inside City</u></b>	<b><u>Outside City</u></b>
Base	\$5.10	\$9.64
0 - 20,000 Gallons Used	\$3.98 / 1,000 gal.	\$7.52/ 1,000 gal.
20,001 - 190,000 Gallons Used	\$3.18/ 1,000 gal.	\$6.01 / 1,000 gal.
190,000 - 490,000 Gallons Used	\$2.87/ 1,000 gal.	\$5.42/ 1,000 gal.
Over 490,000 Gallons Used	\$2.59 / 1,000 gal.	\$4.90 / 1,000 gal.
<b><u>Sewer Rates:</u></b>	<b><u>Inside City</u></b>	<b><u>Outside City</u></b>
Base	\$6.34	\$11.98
0 - 20,000 Gallons Used	\$6.36 / 1,000 gal.	\$12.02/ 1,000 gal.
20,001 - 190,000 Gallons Used	\$6.36 / 1,000 gal.	\$12.02 / 1,000 gal.
190,000 - 490,000 Gallons Used	\$6.36 / 1,000 gal.	\$12.02 / 1,000 gal.
Over 490,000 Gallons Used	\$6.36 / 1,000 gal.	\$12.02 / 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	\$11 / mon.	\$18 / mon.
Collection at Door	\$26 / mon.	\$29 / mon.
Additional Carts-Inside City <sup>4</sup>	\$2.50/mon.*	-
Two Carts-Outside City	-	\$27 / mon.
Three Carts-Outside City	-	\$54 / 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>	\$69.50 / mon.	\$82 .00/ mon.
6 yard <sup>3</sup>	\$84.50 / mon.	\$97.00 / mon.
8 yard <sup>3</sup>	\$99.50 / mon.	\$112.00 / mon.
Each Commercial Cart-Inside City	\$16/mon.	-
Additional Carts-Inside City <sup>4</sup>	\$2.50/mon.*	-
One Cart-Outside City	-	\$18 / mon.
Two Carts-Outside City	-	\$27 / mon.
Three Carts-Outside City	-	\$54 / mon.
<b><u>Number of Customers:</u></b>	<b><u>Inside City</u></b>	<b><u>Outside City</u></b>
Water	28,244	17,515
Sewer	24,774	4,524
Solid Waste <sup>5</sup>	22,582	13,577
<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	5,277	100.00%
Billed metered water	3,239	61.39%
Non-revenue water	2,037	38.61%

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 UNACCOUNTED FOR WATER – AWWA METHOD REPORTING WORKSHEET AND**  
**PERFORMANCE INDICATORS**  
**June 30, 2020**

AWWA Free Water Audit Software: Reporting Worksheet										WAS v5.0 American Water Works Association, Copyright © 2014, All Rights Reserved.																																																																									
<div style="display: inline-block; text-align: left; font-size: x-small;">             ? Click to access definition              + Click to add a comment           </div>		Water Audit Report for: <u>City of Johnson City Water &amp; Sewer Services (0000331)</u> Reporting Year: <u>2020</u> <u>7/2019 - 6/2020</u>																																																																																	
<p style="font-size: x-small;">Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades</p> <p style="text-align: center; font-weight: bold;">All volumes to be entered as: MILLION GALLONS (US) PER YEAR</p>																																																																																			
<p style="text-align: center; font-size: x-small;">To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.</p>																																																																																			
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p><b>WATER SUPPLIED</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Volume from own sources:</td> <td style="width: 5%;">+</td> <td style="width: 5%;">?</td> <td style="width: 5%;">9</td> <td style="width: 20%; text-align: right;">5,347,040</td> <td style="width: 10%;">MG/Yr</td> <td style="width: 10%;"></td> <td style="width: 5%;">+</td> <td style="width: 5%;">?</td> <td style="width: 5%;">4</td> <td style="width: 10%; text-align: right;">1.34%</td> <td style="width: 10%;">MG/Yr</td> </tr> <tr> <td>Water imported:</td> <td>+</td> <td>?</td> <td>8</td> <td style="text-align: right;">4,238</td> <td>MG/Yr</td> <td></td> <td>+</td> <td>?</td> <td>2</td> <td style="text-align: right;">0.00%</td> <td>MG/Yr</td> </tr> <tr> <td>Water exported:</td> <td>+</td> <td>?</td> <td>7</td> <td style="text-align: right;">4,332</td> <td>MG/Yr</td> <td></td> <td>+</td> <td>?</td> <td>3</td> <td style="text-align: right;">0.00%</td> <td>MG/Yr</td> </tr> </table> <p style="text-align: right; margin-top: 5px;"><b>WATER SUPPLIED:</b> <span style="border: 1px solid black; padding: 2px 10px;">5,276.504</span> MG/Yr</p> </div> <div style="width: 35%; font-size: x-small;"> <p>Master Meter and Supply Error Adjustments</p> <p>Pcnt: Value:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">4</td> <td style="width: 10%; text-align: right;">1.34%</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>2</td> <td style="text-align: right;">0.00%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td style="text-align: right;">0.00%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table> <p style="font-size: x-small;">Enter negative % or value for under-registration Enter positive % or value for over-registration</p> </div> </div>												Volume from own sources:	+	?	9	5,347,040	MG/Yr		+	?	4	1.34%	MG/Yr	Water imported:	+	?	8	4,238	MG/Yr		+	?	2	0.00%	MG/Yr	Water exported:	+	?	7	4,332	MG/Yr		+	?	3	0.00%	MG/Yr	4	1.34%											2	0.00%											3	0.00%										
Volume from own sources:	+	?	9	5,347,040	MG/Yr		+	?	4	1.34%	MG/Yr																																																																								
Water imported:	+	?	8	4,238	MG/Yr		+	?	2	0.00%	MG/Yr																																																																								
Water exported:	+	?	7	4,332	MG/Yr		+	?	3	0.00%	MG/Yr																																																																								
4	1.34%																																																																																		
2	0.00%																																																																																		
3	0.00%																																																																																		
<p><b>AUTHORIZED CONSUMPTION</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Billed metered:</td> <td style="width: 5%;">+</td> <td style="width: 5%;">?</td> <td style="width: 5%;">7</td> <td style="width: 20%; text-align: right;">3,239,138</td> <td style="width: 10%;">MG/Yr</td> <td style="width: 10%;"></td> <td style="width: 5%;">+</td> <td style="width: 5%;">?</td> <td style="width: 5%;">7</td> <td style="width: 10%; text-align: right;">1.25%</td> <td style="width: 10%;">MG/Yr</td> </tr> <tr> <td>Billed unmetered:</td> <td>+</td> <td>?</td> <td>10</td> <td></td> <td>MG/Yr</td> <td></td> <td>+</td> <td>?</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Unbilled metered:</td> <td>+</td> <td>?</td> <td>10</td> <td style="text-align: right;">0.172</td> <td>MG/Yr</td> <td></td> <td>+</td> <td>?</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Unbilled unmetered:</td> <td>+</td> <td>?</td> <td>5</td> <td style="text-align: right;">65,956</td> <td>MG/Yr</td> <td></td> <td>+</td> <td>?</td> <td></td> <td></td> <td></td> </tr> </table> <p style="font-size: x-small;">Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed</p> <p><b>AUTHORIZED CONSUMPTION:</b> <span style="border: 1px solid black; padding: 2px 10px;">3,305.266</span> MG/Yr</p>												Billed metered:	+	?	7	3,239,138	MG/Yr		+	?	7	1.25%	MG/Yr	Billed unmetered:	+	?	10		MG/Yr		+	?				Unbilled metered:	+	?	10	0.172	MG/Yr		+	?				Unbilled unmetered:	+	?	5	65,956	MG/Yr		+	?																											
Billed metered:	+	?	7	3,239,138	MG/Yr		+	?	7	1.25%	MG/Yr																																																																								
Billed unmetered:	+	?	10		MG/Yr		+	?																																																																											
Unbilled metered:	+	?	10	0.172	MG/Yr		+	?																																																																											
Unbilled unmetered:	+	?	5	65,956	MG/Yr		+	?																																																																											
<p><b>WATER LOSSES (Water Supplied - Authorized Consumption)</b> <span style="border: 1px solid black; padding: 2px 10px;">1,971.238</span> MG/Yr</p> <p><u>Apparent Losses</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Unauthorized consumption:</td> <td style="width: 5%;">+</td> <td style="width: 5%;">?</td> <td style="width: 5%;">13.191</td> <td style="width: 20%; text-align: right;">MG/Yr</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 5%;">+</td> <td style="width: 5%;">?</td> <td style="width: 5%;">0.25%</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> </table> <p style="font-size: x-small;">Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Customer metering inaccuracies:</td> <td style="width: 5%;">+</td> <td style="width: 5%;">?</td> <td style="width: 5%;">4</td> <td style="width: 20%; text-align: right;">49.330</td> <td style="width: 10%;">MG/Yr</td> <td style="width: 10%;"></td> <td style="width: 5%;">+</td> <td style="width: 5%;">?</td> <td style="width: 5%;">1.50%</td> <td style="width: 10%; text-align: right;">41.760</td> <td style="width: 10%;">MG/Yr</td> </tr> <tr> <td>Systematic data handling errors:</td> <td>+</td> <td>?</td> <td></td> <td style="text-align: right;">8.098</td> <td>MG/Yr</td> <td></td> <td>+</td> <td>?</td> <td>0.25%</td> <td></td> <td></td> </tr> </table> <p style="font-size: x-small;">Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed</p> <p><b>Apparent Losses:</b> <span style="border: 1px solid black; padding: 2px 10px;">70.619</span> MG/Yr</p>												Unauthorized consumption:	+	?	13.191	MG/Yr			+	?	0.25%			Customer metering inaccuracies:	+	?	4	49.330	MG/Yr		+	?	1.50%	41.760	MG/Yr	Systematic data handling errors:	+	?		8.098	MG/Yr		+	?	0.25%																																						
Unauthorized consumption:	+	?	13.191	MG/Yr			+	?	0.25%																																																																										
Customer metering inaccuracies:	+	?	4	49.330	MG/Yr		+	?	1.50%	41.760	MG/Yr																																																																								
Systematic data handling errors:	+	?		8.098	MG/Yr		+	?	0.25%																																																																										
<p><u>Real Losses (Current Annual Real Losses or CARL)</u></p> <p><b>Real Losses = Water Losses - Apparent Losses:</b> <span style="border: 1px solid black; padding: 2px 10px;">1,900.620</span> MG/Yr</p> <p><b>WATER LOSSES:</b> <span style="border: 1px solid black; padding: 2px 10px;">1,971.238</span> MG/Yr</p>																																																																																			
<p><b>NON-REVENUE WATER</b></p> <p><b>NON-REVENUE WATER:</b> <span style="border: 1px solid black; padding: 2px 10px;">2,037.367</span> MG/Yr</p> <p style="font-size: x-small;">= Water Losses + Unbilled Metered + Unbilled Unmetered</p>																																																																																			
<p><b>SYSTEM DATA</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Length of mains:</td> <td style="width: 5%;">+</td> <td style="width: 5%;">?</td> <td style="width: 5%;">9</td> <td style="width: 20%; text-align: right;">946.3</td> <td style="width: 10%;">miles</td> <td style="width: 10%;"></td> <td style="width: 5%;">+</td> <td style="width: 5%;">?</td> <td style="width: 5%;">8</td> <td style="width: 10%; text-align: right;">43,770</td> <td style="width: 10%;">conn./mile main</td> </tr> <tr> <td>Number of <u>active AND inactive</u> service connections:</td> <td>+</td> <td>?</td> <td></td> <td></td> <td></td> <td></td> <td>+</td> <td>?</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Service connection density:</td> <td></td> <td></td> <td></td> <td style="text-align: right;">46</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table> <p>Are customer meters typically located at the curbstop or property line? <span style="border: 1px solid black; padding: 2px 10px;">Yes</span> (length of service line, <u>beyond</u> the property boundary, that is the responsibility of the utility)</p> <p><u>Average</u> length of customer service line: <span style="border: 1px solid black; padding: 2px 10px;">0.0</span> ft</p> <p>Average length of customer service line has been set to zero and a data grading score of 10 has been applied</p> <p>Average operating pressure: <span style="border: 1px solid black; padding: 2px 10px;">107.4</span> psi</p>												Length of mains:	+	?	9	946.3	miles		+	?	8	43,770	conn./mile main	Number of <u>active AND inactive</u> service connections:	+	?					+	?				Service connection density:				46																																											
Length of mains:	+	?	9	946.3	miles		+	?	8	43,770	conn./mile main																																																																								
Number of <u>active AND inactive</u> service connections:	+	?					+	?																																																																											
Service connection density:				46																																																																															
<p><b>COST DATA</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Total annual cost of operating water system:</td> <td style="width: 5%;">+</td> <td style="width: 5%;">?</td> <td style="width: 5%;">10</td> <td style="width: 20%; text-align: right;">\$17,394,570</td> <td style="width: 10%;">\$/Year</td> <td style="width: 10%;"></td> <td style="width: 5%;">+</td> <td style="width: 5%;">?</td> <td style="width: 5%;">10</td> <td style="width: 10%; text-align: right;">\$11.70</td> <td style="width: 10%;">\$/1000 gallons (US)</td> </tr> <tr> <td>Customer retail unit cost (applied to Apparent Losses):</td> <td>+</td> <td>?</td> <td></td> <td></td> <td></td> <td></td> <td>+</td> <td>?</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Variable production cost (applied to Real Losses):</td> <td>+</td> <td>?</td> <td></td> <td style="text-align: right;">\$347.68</td> <td>\$/Million gallons</td> <td></td> <td>+</td> <td>?</td> <td></td> <td></td> <td></td> </tr> </table> <p style="font-size: x-small;">Use Customer Retail Unit Cost to value real losses <input type="checkbox"/></p>												Total annual cost of operating water system:	+	?	10	\$17,394,570	\$/Year		+	?	10	\$11.70	\$/1000 gallons (US)	Customer retail unit cost (applied to Apparent Losses):	+	?					+	?				Variable production cost (applied to Real Losses):	+	?		\$347.68	\$/Million gallons		+	?																																							
Total annual cost of operating water system:	+	?	10	\$17,394,570	\$/Year		+	?	10	\$11.70	\$/1000 gallons (US)																																																																								
Customer retail unit cost (applied to Apparent Losses):	+	?					+	?																																																																											
Variable production cost (applied to Real Losses):	+	?		\$347.68	\$/Million gallons		+	?																																																																											
<p><b>WATER AUDIT DATA VALIDITY SCORE:</b></p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> <p>*** YOUR SCORE IS: 82 out of 100 ***</p> <p style="font-size: x-small;">A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score</p> </div>																																																																																			
<p><b>PRIORITY AREAS FOR ATTENTION:</b></p> <p>Based on the information provided, audit accuracy can be improved by addressing the following components:</p> <ol style="list-style-type: none"> <li style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">1: Customer metering inaccuracies</li> <li style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">2: Volume from own sources</li> <li style="border: 1px solid black; padding: 2px;">3: Billed metered</li> </ol>																																																																																			

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF UNACCOUNTED FOR WATER – AWWA METHOD REPORTING WORKSHEET AND**  
**PERFORMANCE INDICATORS**  
**June 30, 2020**

AWWA Free Water Audit Software: System Attributes and Performance Indicators		WAS v5.0 American Water Works Association. Copyright © 2014, All Rights Reserved.
Water Audit Report for: <span style="border: 1px solid black; padding: 2px;">City of Johnson City Water &amp; Sewer Services (0000331)</span>		
Reporting Year: <span style="border: 1px solid black; padding: 2px;">2020</span> <span style="border: 1px solid black; padding: 2px;">7/2019 - 6/2020</span>		
*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 82 out of 100 ***		
<b>System Attributes:</b>		
	Apparent Losses:	<span style="border: 1px solid black; padding: 2px;">70.619</span> MG/Yr
	+ Real Losses:	<span style="border: 1px solid black; padding: 2px;">1,900.620</span> MG/Yr
	= Water Losses:	<span style="border: 1px solid black; padding: 2px;">1,971.238</span> MG/Yr
?	Unavoidable Annual Real Losses (UARL):	<span style="border: 1px solid black; padding: 2px;">458.06</span> MG/Yr
	Annual cost of Apparent Losses:	<span style="border: 1px solid black; padding: 2px;">\$826,239</span>
	Annual cost of Real Losses:	<span style="border: 1px solid black; padding: 2px;">\$660,807</span> Valued at Variable Production Cost
Return to Reporting Worksheet to change this assumption		
<b>Performance Indicators:</b>		
Financial:	{	Non-revenue water as percent by volume of Water Supplied: <span style="border: 1px solid black; padding: 2px;">38.6%</span>
		Non-revenue water as percent by cost of operating system: <span style="border: 1px solid black; padding: 2px;">8.7%</span> Real Losses valued at Variable Production Cost
Operational Efficiency:	{	Apparent Losses per service connection per day: <span style="border: 1px solid black; padding: 2px;">4.42</span> gallons/connection/day
		Real Losses per service connection per day: <span style="border: 1px solid black; padding: 2px;">118.97</span> gallons/connection/day
		Real Losses per length of main per day*: <span style="border: 1px solid black; padding: 2px;">N/A</span>
		Real Losses per service connection per day per psi pressure: <span style="border: 1px solid black; padding: 2px;">1.11</span> gallons/connection/day/psi
		From Above, Real Losses = Current Annual Real Losses (CARL): <span style="border: 1px solid black; padding: 2px;">1,900.62</span> million gallons/year
?		Infrastructure Leakage Index (ILI) [CARL/UARL]: <span style="border: 1px solid black; padding: 2px;">4.15</span>
* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline		

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, 2019</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, 2020</b>
2020	\$ -	\$ -	\$ 36,179,351	\$ -	\$ -	\$ 36,179,351
2019	35,965,998	35,946,258	(35,965,998)	(115,749)	35,062,834	767,676
2018	845,564			30,684	616,584	259,664
2017	236,870			(1,141)	142,661	93,068
2016	114,177			(1,730)	45,098	67,349
2015	87,223			(2,323)	2,901	81,999
2014	176,195			(34,486)	1,785	139,924
2013	30,488			(2,284)	551	27,653
2012	46,720			(1,551)	164	45,005
2011	41,944			(1,538)	56	40,350
2010	30,662			(1,276)	207	29,179
Totals	<u>\$ 37,575,841</u>	<u>\$ 35,946,258</u>	<u>\$ 213,353</u>	<u>\$ (131,394)</u>	<u>\$ 35,872,841</u>	<u>\$ 37,731,217</u>

Source: City of Johnson City Finance Department

Notes: All uncollected real property taxes for years 2018 and prior, and all uncollected personal property taxes for years 2019 and prior, have been turned over to the County Clerk and Master for collection.

Balance Sheet also includes Penalty and Interest Receivable of \$34,321, as well as the 2009 tax year per State Statute; 2018 taxes include 60 day period of availability recognized in fiscal year 2019 revenue.; 2019 taxes exclude 60 day period of availability recognized in fiscal year 2020 revenue.

See Independent Auditors' Report.

## STATISTICAL SECTION

This part of the City of Johnson City, Tennessee comprehensive annual 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.

<b>Contents:</b>	<b><u>Page</u></b>
<b>Financial Trends</b> <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	255
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	262
<b>Debt Capacity</b> <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	266
<b>Demographic and Economic Information</b> <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	271
<b>Operating Information</b> <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	274
<b>Sources:</b>	Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

**CITY OF JOHNSON CITY, TENNESSEE**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

		Fiscal Year									
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities											
Net investment in capital assets	\$	152,945,239	\$ 141,450,516	\$ 135,679,728	\$ 145,233,944	\$ 146,062,186	\$ 149,886,448	\$ 157,267,474	\$ 172,294,598	\$ 164,348,526	\$ 158,376,815
Restricted		200,340	194,541	190,041	184,226	179,906	178,170	176,435	176,874	177,879	180,143
Unrestricted		34,617,050	42,572,808	43,557,298	36,906,213	22,271,423	32,678,464	40,665,388	12,587,156	19,165,626	21,995,717
Total Governmental Activities Net Position	\$	187,762,629	\$ 184,217,865	\$ 179,427,067	\$ 182,324,383	\$ 168,513,515	\$ 182,743,082	\$ 198,109,297	\$ 185,058,628	\$ 183,692,031	\$ 180,552,675
Business-Type Activities											
Net investment in capital assets	\$	219,263,153	\$ 229,640,982	\$ 237,654,677	\$ 249,654,751	\$ 258,922,440	\$ 268,916,812	\$ 125,239,905	\$ 130,448,631	\$ 129,639,300	\$ 137,501,779
Restricted		21,071,959	-	-	-	-	-	-	-	-	-
Unrestricted		20,585,763	40,260,473	42,269,236	45,648,614	36,228,368	50,791,850	27,662,897	31,319,161	36,879,107	38,739,194
Total Business-Type Activities Net Position	\$	260,920,875	\$ 269,901,455	\$ 279,923,913	\$ 295,303,365	\$ 295,150,808	\$ 319,708,662	\$ 152,902,802	\$ 161,767,792	\$ 166,518,407	\$ 176,240,973
Primary Government											
Net investment in capital assets	\$	372,208,392	\$ 371,091,498	\$ 373,334,405	\$ 394,888,695	\$ 404,984,626	\$ 418,803,260	\$ 282,507,379	\$ 302,743,229	\$ 293,987,826	\$ 295,878,594
Restricted		21,272,299	194,541	190,041	184,226	179,906	178,170	176,435	176,874	177,879	4,150,369
Unrestricted		55,202,813	82,833,281	85,826,534	82,554,827	58,499,791	83,470,314	68,328,285	43,906,317	56,044,733	56,764,685
Total Primary Government Net Position	\$	448,683,504	\$ 454,119,320	\$ 459,350,980	\$ 477,627,748	\$ 463,664,323	\$ 502,451,744	\$ 351,012,099	\$ 346,826,420	\$ 350,210,438	\$ 356,793,648

Source: City of Johnson City Finance Department

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
<u>Governmental Activities:</u>										
General Government	\$ 10,696,245	\$ 9,782,991	\$ 12,419,584	\$ 9,266,874	\$ 4,564,277	\$ 4,335,325	\$ 9,643,114	\$ 12,786,476	\$ 13,076,213	\$ 24,016,203
Public Safety	23,894,249	30,769,395	31,395,845	30,692,083	30,939,191	32,305,227	31,610,552	33,343,553	27,295,207	28,292,328
Public Works	14,922,121	12,036,441	12,642,482	12,651,427	12,650,544	14,902,679	14,606,024	15,033,350	20,314,023	19,200,148
Parks, Recreation, Culture, Leisure	7,371,142	11,407,275	11,672,092	10,618,362	10,870,264	12,194,483	12,698,212	13,221,906	18,332,604	9,657,046
City Services	2,222,801	2,299,905	3,554,162	2,300,965	2,510,353	3,973,106	1,753,732	1,976,917	1,121,716	1,085,236
Education	69,230,829	64,996,820	66,648,109	67,898,323	67,770,806	69,976,221	73,857,226	74,537,135	83,153,479	86,422,316
Interest on Long-Term Debt	7,238,948	6,562,354	5,209,256	4,848,097	4,597,275	4,073,142	4,432,551	4,420,521	4,387,397	3,544,442
Total Governmental Activities	135,576,335	137,855,181	143,541,530	138,276,131	133,902,710	141,760,183	148,601,411	155,319,858	167,680,639	172,217,719
<u>Business-Type Activities:</u>										
Water and Sewer	24,164,954	25,926,353	26,701,483	27,144,157	27,738,376	27,613,936	27,669,083	27,588,826	28,583,025	29,548,812
City Solid Waste	8,335,603	8,403,638	8,564,272	8,812,294	8,792,209	8,476,506	8,725,010	9,348,989	9,734,302	10,187,184
Regional Solid Waste	2,006,080	2,182,604	1,879,979	2,359,107	2,507,334	2,499,989	2,540,729	2,634,499	2,937,745	2,991,546
Johnson City Power Board	185,044,289	176,494,179	182,309,204	187,412,031	187,141,320	177,636,443	330,100,133	-	-	-
Public Building Authority	2,006,730	1,864,558	2,483,843	1,860,680	1,802,483	1,784,026	1,610,582	1,410,549	7,068,931	7,637
Mass Transit	3,431,139	4,020,869	3,670,997	4,060,059	4,105,166	3,955,165	4,117,623	4,188,160	4,177,655	4,292,431
Stormwater Management	999,687	1,066,427	1,452,407	1,364,753	1,429,830	1,128,609	1,312,675	1,397,362	1,825,497	1,611,177
Golf Courses	1,322,319	1,286,000	1,191,088	1,181,532	1,105,750	1,131,202	1,366,224	1,118,089	-	-
Total Business-Type Activities	227,310,801	221,244,628	228,253,273	234,194,613	234,622,468	224,225,876	377,442,059	47,686,474	54,327,155	48,638,787
Total Expenses	\$ 362,887,136	\$ 359,099,809	\$ 371,794,803	\$ 372,470,744	\$ 368,525,178	\$ 365,986,059	\$ 526,043,470	\$ 203,006,332	\$ 222,007,794	\$ 220,856,506
<b>Program Revenues</b>										
<u>Governmental Activities:</u>										
Charges for Services:										
Public Safety	\$ 2,697,091	\$ 2,380,508	\$ 2,029,068	\$ 2,052,050	\$ 1,757,781	\$ 1,789,489	\$ 1,669,156	\$ 1,541,428	\$ 1,627,813	\$ 1,401,486
City Services	2,753,846	2,235,809	3,907,698	2,382,862	2,681,123	4,151,713	2,974,679	2,666,451	3,152,202	2,313,929
Education	2,567,520	2,582,695	2,759,877	2,813,129	2,671,039	2,728,801	2,592,278	2,648,631	2,837,113	2,659,394
Other Activities	2,216,496	2,208,010	2,087,215	2,393,283	2,557,362	2,960,484	2,901,925	3,335,874	3,355,935	3,278,202
Operating Grants and Contributions	40,426,029	39,773,105	39,259,020	40,117,315	39,497,052	40,988,489	43,451,171	44,780,548	46,072,045	46,776,092
Capital Grants and Contributions	1,895,492	261,616	537,527	4,504,724	2,769,030	2,333,757	5,825,912	12,769,039	1,506,284	390,647
Total Governmental Activities	52,556,474	49,441,743	50,580,405	54,263,363	51,933,387	54,952,733	59,415,121	67,741,971	58,551,392	56,819,750
<u>Business-Type Activities:</u>										
Charges for Services:										
Water and Sewer	28,708,578	28,237,701	30,059,125	31,826,356	34,301,931	34,578,056	35,384,686	35,279,454	37,120,170	37,450,215
City Solid Waste	8,912,152	8,900,554	9,123,389	9,233,914	9,415,360	9,418,453	9,920,132	10,126,509	10,731,221	10,810,713
Johnson City Power Board	196,431,434	186,025,548	190,986,834	193,430,658	192,872,051	186,860,746	154,193,474	-	-	-
Other Activities	7,937,319	6,271,078	6,387,939	6,442,117	6,459,367	6,628,788	6,600,708	6,579,202	5,946,855	6,557,310
Operating Grants and Contributions	1,646,942	2,045,037	1,986,176	6,629,333	2,454,077	2,488,746	2,831,403	2,609,938	2,632,075	3,050,073
Capital Grants and Contributions	564,276	762,107	206,452	416,299	327,374	1,571,898	413,391	350,697	2,086,154	678,522
Total Business-Type Activities	244,200,701	232,242,025	238,749,915	247,978,677	245,830,160	241,546,687	209,343,794	54,945,800	58,516,475	58,546,833
Total Program Revenues	\$ 296,757,175	\$ 281,683,768	\$ 289,330,320	\$ 302,242,040	\$ 297,763,547	\$ 296,499,420	\$ 268,758,915	\$ 122,687,771	\$ 117,067,867	\$ 115,366,583

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (83,019,861)	\$ (88,413,438)	\$ (92,961,125)	\$ (84,012,768)	\$ (81,969,323)	\$ (86,807,450)	\$ (89,186,290)	\$ (87,577,887)	\$ (109,129,247)	\$ (115,397,969)
Business-Type Activities	16,889,900	10,997,397	10,496,642	13,784,064	11,207,692	17,320,811	(168,098,265)	7,259,326	4,189,320	9,908,046
Total Net Expense	<u>\$ (66,129,961)</u>	<u>\$ (77,416,041)</u>	<u>\$ (82,464,483)</u>	<u>\$ (70,228,704)</u>	<u>\$ (70,761,631)</u>	<u>\$ (69,486,639)</u>	<u>\$ (257,284,555)</u>	<u>\$ (80,318,561)</u>	<u>\$ (104,939,927)</u>	<u>\$ (105,489,923)</u>
<b>General Revenues</b>										
<u>Governmental Activities:</u>										
Taxes:										
Property Taxes	\$ 38,777,516	\$ 39,620,005	\$ 40,822,891	\$ 41,912,196	\$ 42,425,368	\$ 48,996,724	\$ 50,416,299	\$ 54,104,970	\$ 55,483,051	\$ 55,130,602
Sales Taxes	34,184,073	36,282,655	36,766,067	36,860,487	39,012,253	41,079,414	42,264,409	43,200,014	44,509,947	45,790,641
Other Taxes	7,643,741	8,555,389	8,847,922	8,577,593	10,436,777	9,701,055	10,561,841	10,477,633	10,386,080	10,002,418
Unrestricted Investment Earnings	1,203,024	858,348	707,660	702,811	720,145	769,385	810,117	1,056,146	1,195,844	814,783
Miscellaneous	870,110	6,254	6,828	6,006	5,936	5,810	6,940	16,002	6,370	6,326
Transfers	2,463,274	999,170	1,018,959	(1,120,923)	466,812	484,629	492,899	(798,453)	(89,229)	513,843
Total Governmental Activities	<u>85,141,738</u>	<u>86,321,821</u>	<u>88,170,327</u>	<u>86,938,170</u>	<u>93,067,291</u>	<u>101,037,017</u>	<u>104,552,505</u>	<u>108,056,312</u>	<u>111,492,063</u>	<u>112,258,613</u>
<u>Business-Type Activities:</u>										
Unrestricted Investment Earnings	759,353	672,785	537,405	510,265	603,254	644,620	584,609	475,413	450,746	136,114
Miscellaneous	(157,722)	3,888	7,370	40,271	28,226	11,476	253,494	331,798	21,320	192,249
Transfers	(2,463,274)	(999,170)	(1,018,959)	1,045,545	(466,812)	(484,629)	(492,899)	798,453	89,229	(513,843)
Total Business-Type Activities	<u>(1,861,643)</u>	<u>(322,497)</u>	<u>(474,184)</u>	<u>1,596,081</u>	<u>164,668</u>	<u>171,467</u>	<u>345,204</u>	<u>1,605,664</u>	<u>561,295</u>	<u>(185,480)</u>
Total Primary Government	<u>\$ 83,280,095</u>	<u>\$ 85,999,324</u>	<u>\$ 87,696,143</u>	<u>\$ 88,534,251</u>	<u>\$ 93,231,959</u>	<u>\$ 101,208,484</u>	<u>\$ 104,897,709</u>	<u>\$ 109,661,976</u>	<u>\$ 112,053,358</u>	<u>\$ 112,073,133</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 2,121,877	\$ (2,091,617)	\$ (4,790,798)	\$ 2,925,402	\$ 11,097,968	\$ 14,229,567	\$ 15,366,215	\$ 20,478,425	\$ 2,362,816	\$ (3,139,356)
Business-Type Activities	15,028,257	10,674,900	10,022,458	15,380,145	11,372,360	17,492,278	(167,753,061)	8,864,990	4,750,615	9,722,566
Total Change in Net Position	<u>\$ 17,150,134</u>	<u>\$ 8,583,283</u>	<u>\$ 5,231,660</u>	<u>\$ 18,305,547</u>	<u>\$ 22,470,328</u>	<u>\$ 31,721,845</u>	<u>\$ (152,386,846)</u>	<u>\$ 29,343,415</u>	<u>\$ 7,113,431</u>	<u>\$ 6,583,210</u>

Source: City of Johnson City Finance Department

Note: Amounts from prior years have been reclassified between categories from the original presentation in the relevant year CAFR to conform to the presentation of the current year CAFR.

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

<b>Fiscal</b>				<b>State Sales</b>			<b>Local Liquor</b>	<b>Room</b>	<b>Franchise</b>	<b>Telephone /</b>		
<b>Year</b>	<b>Property Tax</b>	<b>In-Lieu of Tax</b>	<b>Local Sales Tax</b>	<b>Tax</b>	<b>Business Tax</b>	<b>Beer Tax</b>	<b>Tax</b>	<b>Occupancy</b>	<b>Tax</b>	<b>Cable Tax</b>	<b>Other Taxes</b>	<b>Total</b>
2011	\$ 37,121,582	\$ 1,655,934	\$ 30,378,018	\$ 3,806,055	\$ 2,322,623	\$ 2,112,818	\$ 592,335	\$ 1,036,348	\$ 387,354	\$ 742,675	\$ 1,192,263	\$ 81,348,005
2012	37,818,824	1,801,181	32,001,411	4,281,244	2,106,008	2,190,925	611,147	1,224,494	345,167	742,575	1,335,073	84,458,049
2013	38,894,018	1,843,635	32,395,228	4,370,839	2,196,371	2,234,109	623,007	1,251,767	369,544	717,509	1,540,853	86,436,880
2014	39,977,645	1,934,551	32,343,153	4,517,334	1,982,393	2,197,683	671,464	1,285,430	399,873	761,565	1,279,185	87,350,276
2015	40,720,901	1,704,467	34,217,649	4,794,604	2,185,374	2,258,227	629,317	1,427,415	654,678	784,140	2,497,626	91,874,398
2016	46,033,026	2,963,698	35,971,479	5,107,935	2,270,973	2,166,272	777,946	2,007,870	492,083	802,123	1,183,788	99,777,193
2017	47,059,759	3,356,540	37,030,484	5,233,925	2,395,568	2,203,174	727,966	2,259,568	682,111	680,377	1,613,077	103,242,549
2018	47,691,286	6,413,684	37,817,911	5,382,103	2,444,271	2,198,827	684,360	2,135,805	680,162	791,000	1,543,208	107,782,617
2019	48,943,394	6,539,657	38,908,894	5,601,053	2,434,884	2,057,020	776,488	2,265,923	584,651	774,999	1,492,115	110,379,078
2020	48,414,530	6,716,072	40,037,172	5,753,469	2,492,158	2,051,323	883,091	2,016,288	588,739	771,884	1,198,935	110,923,661

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)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Non-Spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,156	\$ 72,979
Restricted	12,138,874	12,163,561	12,457,236	11,878,510	11,889,800	12,679,649	12,979,083	13,857,735	13,982,936	14,032,169
Committed	2,298,866	1,041,826	1,470,925	1,943,629	2,181,388	1,714,572	1,527,408	2,086,485	2,799,971	2,762,976
Assigned	-	2,285,394	2,355,773	2,348,660	3,023,818	3,180,670	3,276,728	3,567,788	3,872,171	4,037,445
Unassigned	5,415,721	5,793,740	4,622,461	2,486,172	2,021,235	4,852,157	7,588,895	7,445,296	10,442,643	14,214,948
Total General Fund	<u>\$ 19,853,461</u>	<u>\$ 21,284,521</u>	<u>\$ 20,906,395</u>	<u>\$ 18,656,971</u>	<u>\$ 19,116,241</u>	<u>\$ 22,427,048</u>	<u>\$ 25,372,114</u>	<u>\$ 26,957,304</u>	<u>\$ 31,166,877</u>	<u>\$ 35,120,517</u>
All Other Governmental Funds										
Non-Spendable	\$ 379,649	\$ 190,851	\$ 217,801	\$ 235,507	\$ 507,191	\$ 415,652	\$ 452,683	\$ 479,673	\$ 490,842	\$ 603,248
Restricted	27,643,974	15,136,934	10,917,248	9,297,773	7,621,989	17,406,094	24,615,974	29,107,085	20,547,758	11,338,923
Committed	315,206	897,179	610,429	681,946	454,544	517,952	322,079	582,994	645,856	347,975
Assigned	6,635,805	5,612,762	5,090,983	4,226,783	5,149,639	5,829,418	5,612,503	5,889,801	7,300,743	7,996,495
Unassigned	(6,028)	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 34,968,606</u>	<u>\$ 21,837,726</u>	<u>\$ 16,836,461</u>	<u>\$ 14,442,009</u>	<u>\$ 13,733,363</u>	<u>\$ 24,169,116</u>	<u>\$ 31,003,239</u>	<u>\$ 36,059,553</u>	<u>\$ 28,985,199</u>	<u>\$ 20,286,641</u>

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)**

		Fiscal Year									
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues:</b>											
Taxes	\$	76,459,832	\$ 78,740,652	\$ 80,445,192	\$ 81,782,676	\$ 85,081,967	\$ 93,279,948	\$ 96,278,500	\$ 100,949,681	\$ 103,172,357	\$ 104,256,784
Licenses and Permits		791,485	789,430	702,213	757,415	776,698	833,884	835,364	836,686	796,649	878,950
Intergovernmental		47,310,175	45,531,643	45,606,539	49,663,837	48,607,550	50,315,913	55,196,783	64,518,474	54,570,292	53,966,535
Charges for Services		3,052,138	2,933,047	2,991,501	3,050,353	3,095,598	3,702,978	3,628,029	3,821,724	4,065,044	3,824,575
Fines and Forfeitures		2,607,900	2,276,229	1,944,649	1,933,431	1,630,708	1,660,670	1,610,416	1,449,455	1,398,916	1,324,562
Use of Property		2,450,360	2,009,688	3,392,179	2,218,992	2,453,149	3,741,016	2,681,428	2,351,103	2,822,621	2,079,377
Investment Earnings		1,191,996	846,990	696,041	688,619	703,713	737,421	773,756	1,014,306	1,144,041	777,174
Miscellaneous		1,543,667	1,480,472	1,780,090	1,714,356	1,761,335	1,752,613	1,976,180	1,798,881	2,068,715	1,917,759
Total Revenues		135,407,553	134,608,151	137,558,404	141,809,679	144,110,718	156,024,443	162,980,456	176,740,310	170,038,635	169,025,716
<b>Expenditures:</b>											
General Government		11,368,365	11,467,692	11,150,547	11,258,034	10,848,901	11,670,070	13,106,067	14,090,259	14,505,704	16,197,625
Public Safety		23,488,754	23,942,912	24,726,131	25,127,286	25,482,244	25,474,069	25,825,505	26,653,821	26,638,085	27,574,172
Public Works		11,008,160	10,826,243	11,521,689	11,721,899	11,707,450	13,579,188	13,370,651	13,682,038	13,912,637	12,593,517
Parks, Recreation, Culture, Leisure		6,699,429	5,575,475	5,946,828	5,753,448	6,035,715	5,955,601	7,440,588	7,442,412	8,377,533	7,843,841
City Services		2,019,303	1,685,566	2,933,658	1,780,873	2,007,388	3,330,582	1,217,513	1,284,156	833,546	776,934
Education		64,204,837	64,728,618	66,418,198	67,693,080	67,619,069	69,571,178	73,648,389	74,287,608	76,104,927	78,925,763
Miscellaneous		649	6,950	7,940	6,020	5,000	7,000	4,800	4,250	-	-
Capital Outlay		47,635,088	20,717,402	9,741,929	11,158,840	10,587,147	14,864,040	26,225,574	15,202,240	22,331,962	16,710,161
Debt Service:											
Principal		6,976,870	6,940,111	7,916,760	8,277,136	8,570,964	9,217,182	10,885,598	10,134,338	10,185,740	10,449,115
Interest and Fiscal Fees		7,729,342	6,706,594	6,341,239	5,017,159	4,413,297	3,963,372	4,534,554	4,711,181	4,652,964	3,815,269
Other Charges		-	-	-	-	348,947	215,353	5,180,158	193,169	165,958	351,659
Total Expenditures		181,130,797	152,597,563	146,704,919	147,793,775	147,626,122	157,847,635	181,439,397	167,685,472	177,709,056	175,238,056
Excess (deficiency) of revenues over (under) expenditures		(45,723,244)	(17,989,412)	(9,146,515)	(5,984,096)	(3,515,404)	(1,823,192)	(18,458,941)	9,054,838	(7,670,421)	(6,212,340)

(Continued)

**CITY OF JOHNSON CITY, TENNESSEE**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Other Financing Sources (Uses):</b>										
Transfers (Net)	2,010,846	620,973	560,312	(868,916)	508,514	385,033	492,899	(2,596,257)	(1,094,905)	513,843
Contributions	-	-	-	819,247	-	-	-	-	-	-
Note Proceeds	-	-	-	-	2,727,592	-	-	-	-	-
Refunding Bonds Issued	44,003,279	11,722,974	-	-	-	-	4,300,516	-	-	-
Refunding Bond Payments	(33,570,712)	(11,012,803)	-	-	-	-	-	-	-	(23,857,877)
Bond Issuance	-	3,239,146	3,030,475	1,189,948	134,136	14,680,110	19,410,000	-	5,080,000	20,213,965
Refunding Bonds Premium	-	1,034,541	-	-	-	-	662,538	-	-	-
Premium on Bonds Issued	-	-	-	-	-	-	2,703,584	-	652,823	3,839,575
Bond Proceeds from Other Gov't	-	-	-	-	-	-	520,718	-	-	-
Drawdown on Previous Bond	-	-	-	-	-	-	18,510	-	-	-
Sale of Property	61,816	129,557	130,386	210,655	345,882	601,431	89,767	169,977	145,338	666,663
Capital Leases	704,688	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	13,209,917	5,734,388	3,721,173	1,350,934	3,716,124	15,666,574	28,198,532	(2,426,280)	4,783,256	1,376,169
Net Change in Fund Balances	<u>\$ (32,513,327)</u>	<u>\$ (12,255,024)</u>	<u>\$ (5,425,342)</u>	<u>\$ (4,633,162)</u>	<u>\$ 200,720</u>	<u>\$ 13,843,382</u>	<u>\$ 9,739,591</u>	<u>\$ 6,628,558</u>	<u>\$ (2,887,165)</u>	<u>\$ (4,836,171)</u>
Debt Service as a Percentage of Noncapital Expenditures	11.0%	10.3%	10.4%	9.7%	9.5%	9.2%	9.9%	9.7%	9.6%	9.0%

Source: City of Johnson City Finance Department

Note: Amounts from prior years have been reclassified between categories from the original presentation in the relevant year CAFR to conform to the presentation of the current year CAFR.

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		Personal Property	Public Utility	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						
2011	2010	\$ 898,386,225	\$ 742,133,240	\$ 114,998,839	\$ 50,959,902	\$ 1,806,478,206	1.54	\$ 5,832,178,206	30.97%
2012	2011	904,122,100	750,764,800	97,065,891	50,111,745	1,802,064,536	1.57	5,813,956,077	31.00%
2013	2012	909,372,575	754,500,160	99,025,795	50,171,410	1,813,069,940	1.57	5,844,618,770	31.02%
2014	2013	916,789,200	756,109,520	104,115,224	48,511,598	1,825,525,542	1.58	5,900,907,255	30.94%
2015	2014	887,013,750	770,839,760	106,999,274	47,559,678	1,812,412,462	1.62	5,831,826,480	31.08%
2016	2015	894,322,200	780,355,000	110,892,872	47,785,742	1,833,355,814	1.87	6,008,492,877	30.51%
2017	2016	898,799,800	798,558,600	128,527,419	49,677,344	1,875,563,163	1.87	6,028,691,817	31.11%
2018	2017	900,878,220	816,709,775	118,427,003	44,284,022	1,880,299,020	1.89	6,039,828,872	31.13%
2019	2018	904,621,575	829,503,520	117,170,861	42,946,986	1,894,242,942	1.89	6,202,530,538	30.54%
2020	2019	996,731,025	922,468,565	129,579,039	45,549,497	2,094,328,126	1.71	6,726,774,325	31.13%

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**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Johnson City Direct Rates*	1.54	1.57	1.57	1.58	1.62	1.87	1.87	1.89	1.89	1.71
Washington County Direct Rates										
General	0.65	0.71	0.65	0.65	0.68	0.69	0.74	0.74	0.74	0.67
Upkeep (Highway)	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.16	0.14
General Purpose School	0.69	0.70	0.74	0.77	0.80	0.80	0.83	0.83	0.83	0.74
General Capital Projects	-	-	-	-	-	-	0.32	0.32	0.21	0.20
Debt Service	0.39	0.32	0.33	0.31	0.32	0.32	0.32	0.32	0.41	0.37
Solid Waste/Sanitation	0.04	0.04	0.04	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Total Direct Rate	1.91	1.91	1.91	1.91	1.98	1.98	2.38	2.38	2.38	2.15
Carter County Direct Rates										
General	0.80	0.95	0.87	1.02	0.92	1.02	0.99	1.00	1.14	1.05
Highway/Public Works	0.10	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.12	0.13
General Purpose Schools	0.96	0.99	1.04	1.04	1.06	1.06	1.11	1.12	1.07	1.07
General Debt Service	0.42	0.09	0.12	0.15	0.35	0.25	0.22	0.22	0.25	0.22
Total Direct Rate	2.28	2.15	2.15	2.33	2.45	2.45	2.45	2.47	2.58	2.47
Sullivan County Rates										
General	0.58	0.58	0.67	0.66	0.66	0.77	0.77	0.79	0.79	0.81
Solid Waste/Sanitation	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Highway	0.06	0.06	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08
General Purpose Schools	1.31	1.30	1.39	1.37	1.37	1.47	1.47	1.35	1.35	1.35
School Capital Project	0.07	0.07	0.07	0.07	0.07	0.10	0.10	0.09	0.09	0.09
General Debt Service	0.10	0.11	0.11	0.11	0.11	0.14	0.14	0.22	0.22	0.22
Total Direct Rate	2.13	2.13	2.33	2.31	2.31	2.58	2.58	2.55	2.55	2.57

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	2020			2011		
	Taxable Assessed		Percentage of Total Taxable Assessed Value	Taxable Assessed		Percentage of Total Taxable Assessed Value
	Value	Rank		Value	Rank	
Glimcher Mall Johnson City LLC	\$ 22,883,120	1	1.1%	\$ 10,942,520	2	0.6%
Mountain States Properties	20,403,605	2	1.0%	-	-	0.0%
Wal-Mart/Sams Real Estate	19,325,300	3	0.9%	-	-	0.0%
American Water Heater	13,646,069	4	0.7%	8,753,931	5	0.5%
Atmos Energy Corp	12,848,350	5	0.6%	9,436,262	4	0.5%
Knob Creek Apts LLC	11,301,440	6	0.5%	10,686,400	3	0.6%
Reserve Johnson City	10,334,920	7	0.5%	-	-	0.0%
RAF Johnson City LLC (The Crossing)	9,812,520	8	0.5%	8,681,360	6	0.5%
1109 University/ETSU 815 LLC	8,200,000	9	0.4%	-	-	0.0%
Bristol Highway Partners	8,194,360	10	0.4%	-	-	0.0%
United Telephone	-	-	-	22,000,154	1	1.2%
Pritchett Family	-	-	-	7,287,440	7	0.4%
AT&T Mobiliy	-	-	-	6,840,348	8	0.4%
Sofha Real Estate	-	-	-	6,459,000	9	0.4%
Sams Real Estate	-	-	-	6,088,600	10	0.3%
Totals	<u>\$ 136,949,684</u>		<u>6.5%</u>	<u>\$ 97,176,015</u>		<u>5.4%</u>

Total Taxable Assessed Value:

FYE 2020 (Tax Year 2019)	\$ 2,094,328,126
FYE 2011 (Tax Year 2010)	\$ 1,806,478,206

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	
2011	\$ 27,891,695	\$ (165,188)	\$ 27,726,507	\$ 26,778,757	96.58%	\$ 918,571	\$ 27,697,328	99.89%	\$ 29,179
2012	28,335,227	(104,616)	28,230,611	27,377,900	96.98%	812,361	28,190,261	99.86%	40,350
2013	28,506,943	(74,286)	28,432,657	27,520,081	96.79%	867,571	28,387,652	99.84%	45,005
2014	28,843,764	37,852	28,881,616	28,103,866	97.31%	750,097	28,853,963	99.90%	27,653
2015	29,361,471	(30,172)	29,331,299	28,530,267	97.27%	661,108	29,191,375	99.52%	139,924
2016	34,322,563	(486)	34,322,077	33,579,748	97.84%	660,330	34,240,078	99.76%	81,999
2017	35,106,178	(217,542)	34,888,636	34,085,543	97.70%	735,745	34,821,287	99.81%	67,349
2018	35,527,100	11,024	35,538,124	34,725,926	97.71%	719,130	35,445,056	99.74%	93,068
2019	35,782,212	64,172	35,846,384	34,989,135	97.61%	597,584	35,586,719	99.28%	259,664
2020	35,946,258	(115,749)	35,830,509	35,062,834	97.86%	-	35,062,834	97.86%	767,676

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	General Obligation Bonds	Revenue Bonds	Notes Payable			
2011	\$ 139,345,150	\$ 623,000	\$ 638,300	\$ 80,468,601	\$ 62,765,000	\$ 1,295,420	\$ 285,135,471	17.52%	\$ 4,481
2012	137,547,801	350,000	355,092	76,812,346	58,695,000	1,275,499	275,035,738	16.46%	4,296
2013	132,940,502	175,000	179,741	103,831,140	54,189,586	1,254,650	292,570,619	17.09%	4,539
2014	125,661,880	-	-	99,521,339	49,783,136	1,232,930	276,199,285	15.91%	4,263
2015	118,021,821	1,370,000	-	94,667,548	45,191,686	1,906,965	261,158,020	14.50%	4,006
2016	123,047,495	1,187,000	-	89,139,200	41,070,237	1,807,469	256,251,401	13.94%	3,909
2017	134,071,123	1,000,000	-	83,892,648	499,681	1,162,240	220,625,692	11.58%	3,331
2018	123,205,021	809,000	-	78,415,773	338,551	1,136,646	203,904,991	10.55%	3,071
2019	118,089,999	2,869,000	-	84,282,029	180,000	1,109,978	206,531,006	10.62%	3,093
2020	108,181,226	2,549,000	-	80,890,764	-	1,082,270	192,703,260	9.70%	2,880

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>
2011	\$ 219,813,751	\$ (1,415,228)	\$ 218,398,523	3.74%	\$ 3,432
2012	214,360,147	(2,579,759)	211,780,388	3.64%	3,308
2013	236,771,642	(1,628,613)	235,143,029	4.02%	3,648
2014	225,183,219	(1,688,300)	223,494,919	3.79%	3,450
2015	213,684,543	(1,582,959)	212,101,584	3.64%	3,253
2016	212,186,695	(2,138,472)	210,048,223	3.50%	3,204
2017	210,455,637	(2,409,472)	208,046,165	3.45%	3,141
2018	194,685,467	(2,591,862)	192,093,605	3.18%	2,893
2019	193,580,296	(3,178,319)	190,401,977	3.07%	2,851
2020	189,071,990	(3,970,226)	185,101,764	2.75%	2,767

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, 2020**

<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	\$ 16,560,000	2.00%	\$ 331,200
Sullivan County	168,663,908	0.04%	67,466
Washington County	161,298,398	62.00%	100,005,007
<i>Subtotal, Overlapping Debt</i>	<u>346,522,306</u>		<u>100,403,673</u>
<b>Net Direct Debt:</b>			
City of Johnson City	<u>110,730,226</u>	100.00%	<u>110,730,226</u>
<b>Total Direct and Overlapping Debt</b>	<u><u>\$ 457,252,532</u></u>		<u><u>\$ 211,133,899</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**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt Limit	\$ 180,647,821	\$ 180,206,454	\$ 181,306,994	\$ 182,552,554	\$ 181,241,246	\$ 183,335,581	\$ 187,556,316	\$ 188,029,902	\$ 189,133,171	\$ 209,432,813
Total Net Debt Applicable to Limit	<u>103,794,289</u>	<u>98,539,694</u>	<u>93,480,502</u>	<u>87,666,880</u>	<u>83,231,821</u>	<u>88,807,495</u>	<u>99,736,123</u>	<u>90,865,021</u>	<u>82,204,856</u>	<u>71,512,916</u>
Legal Debt Margin	<u>\$ 76,853,532</u>	<u>\$ 81,666,760</u>	<u>\$ 87,826,492</u>	<u>\$ 94,885,674</u>	<u>\$ 98,009,425</u>	<u>\$ 94,528,086</u>	<u>\$ 87,820,193</u>	<u>\$ 97,164,881</u>	<u>\$ 106,928,315</u>	<u>\$ 137,919,897</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	57.46%	54.68%	51.56%	48.02%	45.92%	48.44%	53.18%	48.32%	43.46%	34.15%

<u>Legal Debt Margin Calculation for Fiscal Year 2020</u>	
Total Taxable Assessed Value	\$ 2,094,328,126
Debt Limit (10% of Taxable Assessed Value)	209,432,813
Debt Applicable to Limit:	
General Obligation Debt	99,747,916
Less: Sales Tax Revenue Bonds	<u>(28,235,000)</u>
Total Net Debt Applicable to Limit	<u>71,512,916</u>
Legal Debt Margin	<u>\$ 137,919,897</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:								
2011	\$ 28,708,578	\$ 22,033,582	\$ 6,674,996	\$ 1,465,000	\$ 465,945	\$ 1,930,945	3.46	
2012	28,237,701	23,057,300	5,180,401	1,540,000	390,595	1,930,595	2.68	
2013	30,059,125	23,099,853	6,959,272	1,615,000	319,125	1,934,125	3.60	
2014	31,826,356	23,691,806	8,134,550	1,685,000	243,813	1,928,813	4.22	
2015	34,301,931	24,366,537	9,935,394	1,615,145	164,825	1,779,970	5.58	
2016	34,578,056	24,527,412	10,050,644	1,180,000	82,312	1,262,312	7.96	
2017	35,384,686	25,206,358	10,178,328	160,000	27,425	187,425	54.31	
2018	35,279,454	25,744,486	9,534,968	165,000	21,025	186,025	51.26	
2019	37,120,170	25,675,151	11,445,019	175,000	14,425	189,425	60.42	
2020	37,450,215	26,874,693	10,575,522	180,000	7,425	187,425	56.43	
Johnson City Power Board Revenue Bonds:								
2011	\$ 196,431,434	\$ 182,471,925	\$ 13,959,509	\$ 1,715,720	\$ 2,550,638	\$ 4,266,358	3.27	
2012	186,025,548	174,054,113	11,971,435	2,530,000	2,453,237	4,983,237	2.40	
2013	190,986,834	179,963,954	11,022,880	2,625,000	2,352,038	4,977,038	2.21	
2014	193,430,658	185,172,023	8,258,635	2,735,000	2,247,038	4,982,038	1.66	
2015	192,872,051	185,013,234	7,858,817	3,009,825	2,137,637	5,147,462	1.53	
2016	186,860,746	175,630,596	11,230,150	2,955,000	2,023,838	4,978,838	2.26	
2017	154,193,474	140,083,234	14,110,240	3,095,000	1,884,838	4,979,838	2.83	
2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

Source: City of Johnson City Finance Department

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
Operating Expenses do not include interest.

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Census Data Year	Education Level - Population 25 Years and Over									
		Population	Personal Income	Per Capita Personal Income	Median Age	High School Graduate or Higher	Associate's Degree	Bachelor's Degree	Graduate or Professional Degree	School Enrollment	Unemployment Rate
2011	2010	63,633	\$ 1,627,413,975	\$ 25,575	37.1	85.6%	5.6%	20.7%	14.5%	7,599	9.1%
2012	2011	64,021	1,670,948,100	26,100	37.4	86.6%	5.6%	20.7%	14.6%	7,397	8.1%
2013	2012	64,452	1,711,974,024	26,562	37.5	86.5%	5.0%	21.3%	14.8%	7,559	8.3%
2014	2013	64,787	1,735,514,156	26,788	36.9	87.7%	5.0%	21.9%	14.8%	7,651	7.1%
2015	2014	65,196	1,800,648,324	27,619	36.4	88.3%	4.6%	22.6%	16.3%	7,902	6.6%
2016	2015	65,552	1,838,078,080	28,040	36.0	89.3%	5.3%	23.1%	16.3%	7,772	5.6%
2017	2016	66,233	1,905,788,342	28,774	35.9	89.9%	5.7%	23.1%	16.4%	7,739	4.4%
2018	2017	66,391	1,932,973,965	29,115	36.4	90.8%	5.9%	23.4%	16.7%	7,762	4.2%
2019	2018	66,778	1,944,241,470	29,115	36.4	90.8%	5.9%	23.4%	16.7%	7,860	4.4%
2020	2019 *	66,906	1,987,576,542	29,707	35.9	90.2%	6.3%	23.6%	16.8%	8,098	8.8%

Sources: U. S. Census Bureau (American Community Survey via American FactFinder) - 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

\*With the exception of population, personal income, school enrollment and unemployment rate, 2020 census information was unavailable.

**CITY OF JOHNSON CITY, TENNESSEE  
PRINCIPAL EMPLOYERS  
For the Fiscal Years Noted**

<b>Employer</b>	<b>2020</b>			<b>2011</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Ballad Health Corporation, formerly Mountain States Health Alliance (JC) and Wellmont (Kingsport)	8,610	1	13.9%	-	N/A	0.0%
James H. Quillen VA Medical Center	2,500	2	4.0%	1,592	4	2.7%
East Tennessee State University	2,469	3	4.0%	2,330	2	4.0%
CITI Commerce Solution	1,896	4	3.1%	2,050	3	3.5%
Advanced Call Center Technologies	1,650	5	2.7%	1,400	5	2.4%
Washington County School System	1,200	6	1.9%	1,200	7	2.0%
Frontier Health	1,100	7	1.8%	-	N/A	0.0%
Johnson City School System	1,086	8	1.8%	901	8	1.5%
A.O Smith(American Water Heater)	1,024	9	1.7%	1,220	6	2.1%
City of Johnson City	965	10	1.6%	883	9	1.5%
Johnson City Medical Center	-	N/A	0.0%	3,541	1	6.0%
AT&T Mobility	-	N/A	0.0%	650	10	1.1%
	<u>22,500</u>		<u>36.4%</u>	<u>15,767</u>		<u>26.8%</u>

Total Washington County Employment:

FYE 2020 61,741

FYE 2011 58,780

Sources: First Tennessee Development District  
Business Journal  
Tennessee Department of Labor & Workforce Development

Note: With the exception of City of Johnson City and Johnson City School System, updated figures are not available for 2020.

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	75	75	85	85	81	82	83	92	93	99
Public Safety	272	309	304	308	306	305	311	311	318	315
Public Works	99	100	84	84	83	84	82	79	82	82
Parks, Recreation, Culture, Leisure	52	48	70	70	70	77	80	87	88	87
Other City Services	49	48	72	72	69	71	68	70	70	71
Education	901	900	930	959	947	985	1,025	1,071	1,077	1,086
Water and Sewer	153	154	164	164	164	165	166	169	170	174
Solid Waste	45	46	60	59	59	59	60	60	62	65
Storm Water Mgmt	8	8	8	8	8	8	8	8	8	9
Mass Transit	51	53	49	51	53	53	53	54	58	58
Golf Courses	10	9	10	10	10	9	8	7	7	7
	<u>1,715</u>	<u>1,750</u>	<u>1,836</u>	<u>1,870</u>	<u>1,850</u>	<u>1,898</u>	<u>1,944</u>	<u>2,008</u>	<u>2,031</u>	<u>2,051</u>

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Public Safety:</b>										
Student Transportation:										
Miles	457,426	482,582	522,207	512,606	469,210	482,215	595,719	530,243	547,480	524,739
Passengers	1,095,209	1,130,359	1,209,276	1,213,583	1,246,394	1,256,119	1,254,236	1,262,300	1,232,579	925,251
Police:										
Physical Arrests	3,717	5,924	5,843	5,071	5,127	5,094	5,023	5,167	5,179	4,741
Parking Citations	2,393	2,005	2,267	1,717	1,836	2,154	1,624	2,114	2,784	1,142
Traffic Citations	22,998	22,826	20,482	20,392	14,970	14,017	12,575	12,236	16,477	14,432
Camera Enforcement Citations	10,848	5,522	4,216	5,965	6,576	9,604	10,551	9,972	9,625	8,914
Fire:										
Calls Answered	6,657	8,716	9,704	8,892	9,485	10,297	9,645	9,657	9,765	9,449
Inspections	975	1,318	1,895	1,588	1,622	1,568	1,916	1,478	1,040	661
<b>Public Works:</b>										
Potholes Repaired	930	854	568	660	1,439	1,202	1,080	1,069	1,282	1,035
Streets Swept (linear miles)	5,963	5,963	4,948	5,222	5,148	7,183	5,898	5,825	5,244	4,139
Traffic Signals Repaired/Replaced	236	197	184	176	129	101	75	119	88	61
Snow & Ice Control Treatment (lane miles)	9,240	1,112	5,562	7,680	3,368	2,730	2,356	3,715	3,920	3,021
<b>Public Welfare:</b>										
Parks and Recreation:										
Pool Admissions	59,207	73,970	48,841	62,840	60,665	54,333	44,592	51,889	56,154	37,426
Youth Basketball Participants	714	677	650	650	658	645	704	760	716	698
Youth Kickball	118	160	105	87	81	59	-	-	-	-
Youth Soccer Participants	1,513	1,657	1,584	1,610	1,929	2,199	2,129	1,964	2,405	1,188
Youth Softball & Tee-ball Participants	290	242	164	147	119	83	108	103	93	-
Tennis Instruction Participants	174	179	161	69	81	162	65	64	104	120
Adult Basketball Teams	22	29	22	23	22	22	20	21	14	15
Adult Softball Teams	121	132	131	126	115	106	116	110	94	36
Senior Citizens Programs/Events Attendance	96,795	93,021	131,064	131,269	136,015	149,963	178,225	201,640	196,412	144,052
<b>City Services:</b>										
Freedom Hall Events	42	34	42	32	50	45	37	62	60	41

(Continued)



**CITY OF JOHNSON CITY, TENNESSEE**  
**OPERATING INDICATORS BY FUNCTION**  
**Last Ten Fiscal Years**

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Water and Sewer:</b>										
Average Daily Consumption (Water)	15.049 mgd	14.44 mgd	16.15 mgd	16.23 mgd	16.28 mgd	16.22 mgd	16.15 mgd	15.4 mgd	15.01 mgd	14.6 mgd
Maximum Daily Capacity (Water)	28.00 mgd	28.00 mgd	28.00 mgd	28.00 mgd	28.00 mgd	28.00 mgd	28.00 mgd	28.00 mgd	28.00 mgd	28.00 mgd
Water Taps	300	297	325	330	401	308	372	356	338	410
Sewer Taps	168	197	221	1,043	908	335	517	355	333	709
<b>Solid Waste:</b>										
Refuse Collected (Tons)	89,251	84,987	86,177	85,725	86,936	90,601	91,486	96,304	103,267	100,268
Recyclables Sold (Tons)	5,791	5,816	5,954	5,678	5,889	6,281	6,009	5,406	5,553	5,072
Mulch Sold as Boiler Fuel (Tons)	13,105	17,477	14,501	17,512	11,640	6,801	8,756	11,691	7,240	5,967
Leaves Collected (Tons)	3,041	3,193	3,512	3,596	3,726	3,041	3,583	3,242	3,450	3,277
<b>Golf Courses:</b>										
18-Hole Rounds Played	47,114	46,311	36,635	34,074	33,051	35,452	33,458	29,377	24,583	9,555

Source: Various City Departments

Note: Operating Indicators are not available for the general government function.

See Independent Auditors' Report.

**CITY OF JOHNSON CITY, TENNESSEE**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**Last Ten Fiscal Years**

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Public Safety:</b>										
Student Transportation:										
Buses	54	49	57	68	59	57	59	58	62	58
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	205	198	184	182	195	188	176	187	186	183
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	20	30	31	30	31	31	36	35	33	39
<b>Public Works:</b>										
Streets (Miles)	508.29	529.2	530.49	530.49	530.49	528.89	528.89	553.2	554	555.8
Traffic Signals	94	94	96	96	95	98	98	98	99	100
<b>Public Welfare:</b>										
Parks and Recreation:										
Park Sites	19	19	19	19	19	19	19	19	19	19
Park Acreage	1,081	1,081	1,081	1,081	1,081	1,081	1,081	1,081	1,081	1,081
Swimming Pools	2	2	3	3	3	3	3	3	3	3
Therapy Pools	0	0	2	2	2	2	2	2	2	2
Tennis Courts	17	17	22	22	22	22	22	22	22	22
Community/Recreation Centers	4	4	5	5	5	4	4	4	4	5
Senior Citizens Centers	1	1	0	0	0	0	0	0	0	0
<b>School System:</b>										
Elementary Schools	8	8	8	8	8	8	8	8	8	8
Secondary Schools	2	2	3	3	3	3	3	3	3	3
<b>Water and Sewer:</b>										
Water Mains (Miles)	918	922	930	940	944	949	952	953	966	973
Fire Hydrants	3,327	3,379	3,422	3,486	3,533	3,569	3,630	3,670	3,675	3,738
Sanitary Sewers (Miles)	561	568	575	578	579	583	684	686	677	744
Manholes	12,600	12,736	12,911	12,968	13,042	13,086	13,229	13,311	13,327	13,567
<b>Solid Waste:</b>										
Collection Trucks	50	53	51	53	56	55	55	56	60	49
<b>Golf Courses</b>	2	2	2	2	2	2	2	1	1	1
<b>Mass Transit:</b>										
Buses/Trolleys/Vans	37	37	37	37	37	37	38	38	43	39

Source: Various City Departments  
Note: Does not include leased property

See Independent Auditors' Report.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Johnson City, Tennessee (the City), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 19, 2021. 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.

**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) to determine the 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

City of Johnson City, Tennessee  
Independent Auditors' Report on  
Internal Control over Financial Reporting  
and on Compliance and Other Matters

### **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questions costs as item 2020-001.

### **City of Johnson City, Tennessee's Response to Findings**

The City's response to the findings identified in our audit is 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  
Johnson City, Tennessee

February 19, 2021

**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**

We have audited the City of Johnson City, Tennessee's (the City) compliance with the types of compliance requirements described 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, 2020. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2020.

## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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. *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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 and Steagall, PLLC*

BLACKBURN, CHILDERS & STEAGALL, PLC  
Johnson City, Tennessee

February 19, 2021

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**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 is 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>CFDA Number</u>
Federal Transit Cluster	20.507
US Department of Agriculture Child Nutrition Cluster	10.553 / 10.555

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The City was determined to be a low-risk auditee.

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Current Fiscal Year Findings**

***2020-001: Significant Deficiency – Other Post Employment Benefit Actuarial Studies***

**Criteria:** The Government Accounting Standards Board (GASB) issued reporting standards under GASB Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions*, the require employers to obtain an actuarial valuation to be used in determining the amounts for financial reporting purposes and disclosures related to OPEB. These actuary studies should be conducted every two years.

**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2020**

---

***2020-001: Significant Deficiency – Other Post Employment Benefit Actuarial Studies (Continued)***

**Condition:** The City was not able to obtain a timely OPEB actuary report for the City and Schools OPEB plans to be used in the fiscal year 2020 financial statement audit. The most recent reports available were from June 30, 2018, which are based on June 30, 2016 census information. This does not provide information that can be relied upon to satisfy the requirements of GASB No. 75.

**Cause:** The unusual increase in the work load placed on the Human Resources departments due to the COVID-19 Pandemic created additional delays in providing census data to the actuary.

**Effect:** The failure to obtain updated actuary reports resulted in the inability to determine the OPEB liability, deferred inflows and outflows, and OPEB expenses as of and for the year ended June 30, 2020. Additionally, an extension was requested for the filing of the CAFR with the State of Tennessee and the GFOA.

**Recommendation:** It is recommended that updated census information be provided to the actuary every two years to ensure that the actuary studies can be provided within the prescribed timelines for use in preparing the financial statements and note disclosures related to OPEB.

**City of Johnson City, Tennessee Management's Response:** Human Resources, both in the City and Schools, were overburdened throughout the year with additional duties spurred by the coronavirus pandemic. In addition to devising plans to protect employees and the public (i.e., physical barriers in public areas, logistics and policies for work-from-home, relocating employees to alternate facilities, etc.), that department was charged with administering the multi-faceted Families First Coronavirus Response Act. The prioritization of the pandemic response resulted in the less than timely engagement of the OPEB actuarial consultant. A further delay resulted from challenges encountered by the consultant. Receipt of preliminary figures are anticipated by late December, with the full report to follow in January, 2021.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None Reported.



**CITY OF JOHNSON CITY, TENNESSEE**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**Financial Statement Findings**

2019-001: Significant Deficiency – Tracking of General Fixed Assets – Implemented

**Federal Award Findings and Questioned Costs**

2019-002: Significant Deficiency – Federal Transit Cluster (20.507) Over Claimed Reimbursements – Resolved



Blackburn, Childers & Steagall, PLC  
P.O. Box 3745  
Johnson City, Tennessee 37602

**RE: Management's Corrective Action Plan June 30, 2020**

**Name of Contact Person**  
Janet Jennings, Finance Director

Signature: \_\_\_\_\_

A handwritten signature in blue ink, reading 'Janet Jennings', is written over a horizontal line.

**Anticipated Completion Date**  
January 31, 2021

**2020-001 Other Post Employment Benefit Actuarial Studies**

**Corrective Action Planned**

Human Resources, both in the City and Schools, were overburdened throughout the year with additional duties spurred by the coronavirus pandemic. In addition to devising plans to protect employees and the public (i.e., physical barriers in public areas, logistics and policies for work-from-home, relocating employees to alternate facilities, etc.), that department was charged with administering the multi-faceted Families First Coronavirus Response Act. The prioritization of the pandemic response resulted in the less than timely engagement of the OPEB actuarial consultant. A further delay resulted from challenges encountered by the consultant. Receipt of preliminary figures are anticipated by late December, with the full report to follow in January, 2021.