JOHNSON CITY ENERGY AUTHORITY DBA
BRIGHTRIDGE

AUDITED FINANCIAL STATEMENTS

2023

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE

BASIC FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2023

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
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DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
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INTRODUCTORY SECTION

(UNAUDITED)

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF OFFICIALS
June 30, 2023

Name and Title of Official

Officers at June 30, 2023

Jeff Dykes	Chief Executive Officer
Brian Bolling	CFO and Chief Customer Officer
Bonnie Donnolly	Chief Development and Market Strategy Officer
Connie Crouch	Chief Employee Relations Officer
Mark Eades	Chief Engineering and Facilities Officer
Eric Egan	Chief Data Officer
Stacy Evans	Chief Broadband and Technology Officer
Rodney Metcalf	Chief Operations Officer

Members of Governing Board at June 30, 2023

Gary Mabrey	Chair
James Haselsteiner	Vice-Chair
Jenny Brock	
James Smith	
Ronald Hite	
Dr. B.J. King	
Dr. Hal Knight	
Robert Thomas	
Kenneth Huffine	

SECTION II

FINANCIAL SECTION

Blackburn, Childers & Steagall, PLC
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Johnson City Energy Authority dba
BrightRidge

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Johnson City Energy Authority dba BrightRidge, a component unit of the City of Johnson City, Tennessee, (BrightRidge), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise BrightRidge's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Johnson City Energy Authority dba BrightRidge, a component unit of the City of Johnson City, Tennessee, as of June 30, 2023, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of BrightRidge and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

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

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1361 South Wilcox Drive, Kingsport, TN 37660 423.246.1725
550 Tusculum Boulevard, Greeneville, TN 37745 423.638.8516
820 State Farm Road, Boone, NC 28607 828.264.3595

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BrightRidge's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about BrightRidge's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 15 and the pension and OPEB information on pages 69 through 76 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise BrightRidge's basic financial statements. The accompanying supplementary information subsection, as detailed within the table of contents, including the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information subsection is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023, on our consideration of BrightRidge'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 BrightRidge'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 BrightRidge's internal control over financial reporting and compliance.

Blackburn, Childers & Steagall, PLC

BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

December 5, 2023

Johnson City Energy Authority (JCEA), dba BrightRidge, is an energy authority created under the Tennessee Municipal Energy Authority Act with the responsibility to provide electricity and related programs, services, and products. As the tenth largest of TVA's 153 local power companies, JCEA supplies electricity to around 82,727 customers over 350 square miles in Northeast Tennessee. The JCEA service area includes the City of Johnson City; the Town of Jonesborough; part of the City of Kingsport; all of Washington County; and parts of Sullivan, Carter, and Greene counties. In September 2018, JCEA launched a broadband division to provide internet, voice, and video services via fiber optics and wireless technologies. Broadband continues to grow with 11,684 customers as of June 30, 2023.

The Management's Discussion and Analysis (MD&A) for JCEA is designed to help the reader focus on significant financial activities and identify any meaningful changes in the financial position for the fiscal year ending June 30, 2023. This MD&A is in accordance with *Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments.* We encourage readers to consider the information presented here in conjunction with the financial statements and supporting documents taken as a whole.

Overview of the Financial Statements

This discussion and analysis are to introduce the financial statements and provide an analytical overview of JCEA's financial activities for the fiscal year ending June 30, 2023. The financial statements are comprised of the basic financial statements and notes to the financial statements which provide detailed supporting information.

Basic Financial Statements

The basic financial statements should provide a broad overview of JCEA's finances like those used by a private sector business. The financial statements are prepared using the accrual basis of accounting and offer short and long-term information about financial activities.

The Statement of Net Position presents information on all JCEA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is an indicator of financial status at a given point in time and can be tracked over time to assess whether the standing is improving or deteriorating. Net position increases when revenues exceed expenses. Improved financial position is shown by an increase in assets without an increase in liabilities, resulting in an increased net position. During the fiscal year, JEA implemented Governmental Accounting Standards Board (GASB) 96 which provides guidance on accounting and financial reporting for subscription-based information technology arrangements. Under GASB 96 certain subscription-based technology arrangements would cause JCEA to establish a right-to-use subscription asset (intangible asset) and a corresponding subscription-based liability. The prior fiscal year, JCEA adopted GASB 87 which provided guidance on the accounting for leases.

The current fiscal year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of cash flows. The success of JCEA operations over the past fiscal year can be measured by this statement and it is useful to determine whether costs are successfully recovered through rates and other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities. This statement provides details as to the sources of cash, the uses of cash, and the change in the cash balance during the reporting period, without consideration of the timing of the event.

Financial Analysis

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position convey information about JCEA's activities highlighting the change in financial condition from one year to the next. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of JCEA is improving or declining. Other considerations for electric distribution entities are the influences of non-financial indicators such as economic conditions, population growth, weather, changes in governmental legislation, and energy efficiency. The statements of net position reflect the growth of our broadband division. The JCEA broadband budget includes purchasing equipment and building infrastructure to be able to deliver broadband services. The broadband business plan has eight phases of construction which cover fiscal years 2019 through 2026. During fiscal year 2023, the construction for phase five and the majority of phase six were completed.

Condensed Statement of Net Position is presented below:

SUMMARY OF STATEMENT OF NET POSITION

	FY 2023	FY 2022	Dollar Change	% Change
Assets				
Current and Other Assets	74,356,481	70,770,584	3,585,897	5.1%
Designated and Restricted Assets	33,809,637	48,355,013	(14,545,376)	-30.1%
Capital Assets, Net	256,464,719	236,403,834	20,060,885	8.5%
Total Assets	**$ 364,630,837**	**$ 355,529,431**	**$ 9,101,406**	**2.6%**
Deferred Outflows of Resources	**$ 12,944,511**	**$ 15,018,452**	**$ (2,073,941)**	**-13.8%**
Liabilities				
Current Liabilities	36,077,186	39,803,689	(3,726,503)	-9.4%
Long-Term Liabilities	63,808,399	65,201,939	(1,393,540)	-2.1%
Total Liabilities	**$ 99,885,585**	**$ 105,005,628**	**$ (5,120,043)**	**-4.9%**
Deferred Inflows of Resources	**$ 6,187,852**	**$ 11,274,323**	**$ (5,086,471)**	**-45.1%**
Net Position				
Net Investment in Capital Assets	207,130,485	184,006,784	23,123,701	12.6%
Restricted for Pension Stabilization	152,995	119,845	33,150	27.7%
Unrestricted Net Position	64,218,431	70,141,303	(5,922,872)	-8.4%
Total Net Position	**$ 271,501,911**	**$ 254,267,932**	**$ 17,233,979**	**6.8%**

Net position increased by $17,233,979 to $271,501,911 in fiscal year 2023, up from $254,267,932 in fiscal year 2022 for a 6.8% increase in total net position. Included with the $17,233,979 gain in net position is an increase in net capital assets of $13,073,189 for electric and $6,987,696 in net capital assets for broadband totaling $20,060,885. The primary drivers of growth in electric net capital assets are the increased costs and increased quantity of distribution transformers purchases and a rebuild of Northeast Substation. The primary driver of the growth in broadband net capital assets is the construction of our fiber optic distribution network.

Condensed Statement of Revenues, Expenses and Changes in Net Position is presented below:

SUMMARY OF STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	FY 2023	FY 2022	Dollar Change	% Change
Electric Sales Revenue	218,229,659	206,223,520	12,006,139	5.8%
Broadband Sales Revenue	11,247,440	7,667,460	3,579,980	46.7%
Other Operating Revenues	5,405,058	4,621,704	783,354	16.9%
Total Operating Revenues	**$ 234,882,157**	**$ 218,512,684**	**$ 16,369,473**	**7.5%**
Operating Expenses				
Electric Purchased Power	162,376,537	149,975,244	12,401,293	8.3%
Broadband Wholesale Delivery	1,888,779	1,754,098	134,681	7.7%
Broadband Installation Expenses	3,343,612	2,754,211	589,401	21.4%
Other Operating Expenses	20,165,808	17,658,135	2,507,673	14.2%
Maintenance Expenses	13,300,676	11,157,011	2,143,665	19.2%
Provision for Depreciation	12,413,581	11,495,219	918,362	8.0%
Tax Equivalents	6,163,096	5,827,503	335,593	5.8%
Total Operating Expenses	**$ 219,652,089**	**$ 200,621,421**	**$ 19,030,668**	**9.5%**
Nonoperating Revenues (Expenses)	$ 2,003,911	$ (1,813,608)	$ 3,817,519	-210.5%
Change In Net Position	**$ 17,233,979**	**$ 16,077,655**	**$ 1,156,324**	**7.2%**
Beginning Net Position	$ 254,267,932	$ 238,190,277	$ 16,077,655	6.7%
Ending Net Position	**$ 271,501,911**	**$ 254,267,932**	**$ 17,233,979**	**6.8%**

The change in net position from fiscal year 2022 to fiscal year 2023 is $17,233,979 or 6.8%. The increase in broadband revenues and expenses continues to grow as we rapidly gain customers. The expansion of our fiber optic distribution network to be able to provide service to new locations is driving our broadband customer growth. The statements above reflect the broadband and electric divisions as a single fund. JCEA must segregate the electric and broadband divisions for regulatory reporting to the Tennessee Valley Authority. Within our statements any inter-divisional activity, including receivables, accounts payables, and interdivisional loans have been eliminated to clearly reflect a single fund.

Operating revenues increased by $16,369,473 or 7.5% during fiscal year 2023. Electric Revenue was up $12,006,139 over the prior fiscal year due to an increase in the TVA's Fuel Cost Adjustment (FCA), even with 73,021,458 less kWh sold than in fiscal year 2022. FCA represents the variable costs of generating fuels and off system purchases and is a pass-through from TVA to our customers. The primary generating fuels with increased costs for TVA were coal and natural gas. Natural gas prices began rising in the spring of 2022 and during the summer natural gas prices had risen to their highest levels since 2008. The TVA FCA does not increase gross margin for JCEA as it is in effect a pass through to TVA. The Broadband Sales Revenue was up $3,579,980 over the prior fiscal year. This increase is due to the number of broadband customers growing from 7,697 to 11,684 during the year. Electric Sales Revenue is based on energy sold to customers, represented in kilowatt hours (kWh). The kWh sold, billed and unbilled was 1,835,051,396 for fiscal year 2023 as compared to 1,908,072,854 kWh in fiscal year 2022. This represents a decrease of 73,021,458 kWh or 3.83%. Weather serves an important part in determining electric operating revenue for any given year, its influence is reflected in the comparison of degree days from one period to the next. Degree days are a simplified form of historical weather data and are commonly used in monitoring the relationship between energy consumption and outside air temperature. Total degree days for 2023 were 4,678 compared to 5,185 for 2022 which represents a 9.8% decrease in degree days. During the year, the number of electric customers increased from 81,747 in fiscal year 2022 to 82,727 in fiscal year 2023. Note that JCEA did not increase the base rate for electricity in fiscal year 2023.

Total operating expenses for fiscal year 2023 are up by $19,030,668 or 9.5% over fiscal year 2022. Operating expenses include Purchased Power, Broadband Wholesale Delivery, Broadband Installation Expense, Other Operating Expense, Maintenance Expense, Depreciation Expense, and Tax Equivalents.

The primary operating expense is Purchased Power. Purchased Power was $162,376,537 which represents 73.92% of the total operating expenses of $219,652,089. For fiscal year 2023, this was $12,401,293 or 8.3% more than fiscal year 2022. The increase in Purchased Power was due to TVA's FCA. Note that the increase in electric purchased power of $12,401,293 is similar to the increase in electric sales revenue of $12,006,139. This reflects the pass-through of the TVA FCA being higher than in the prior fiscal year. If the TVA FCA increases the wholesale purchased power, then the FCA portion of the retail electric bills reflects that increase. JCEA has historically purchased all its power from the Tennessee Valley Authority (TVA) under an all-requirements contract with an initial term of 20 years beginning June 30, 1985. The contract was extended in 5-year terms beginning October 1, 1997 and required a 5-year written notice by either party to terminate. Effective September 2019, JCEA signed a 20-year rolling contract with TVA. The contract comes with a reduction in the form of a monthly credit on the wholesale power bill of approximately 3.1% on TVA's standard service rates. TVA refers to this as the TVA Partnership Credit. The credit for fiscal year 2023 was $3.38 million. Also, the current contract allows JCEA to generate or purchase up to 5% of its average standard service load requirements outside of the TVA contract. JCEA has a 30-year purchase power arrangement with Silicon Ranch for electricity generated from the new Martin Solar Farm. The Martin Solar Farm has a 9 MW capacity and began generating electricity in December 2021. Silicon Ranch bills JCEA for the actual kWh generated and delivered. JCEA is constructing a 300 kW solar farm adjacent to our main campus that will go online in fiscal year 2024. Generation from a solar farm is negatively impacted by clouds and shorter hours of daylight in winter months. TVA bills JCEA for wholesale electricity based on demand and energy. The demand component of the wholesale power bill drives the average cost of purchased power.

Demand (kW) is determined by the highest one hour of usage in kW each month. Energy is measured in kilowatt hours (kWh). TVA did not increase base wholesale power rates in fiscal year 2023, and TVA's fuel cost adjustment decreased by 10.09% from June 2022 to June 2023. As mentioned previously, fuel cost adjustment is pass-through from TVA to our customers that changes each month. Weather is a primary driver of the sale of kWh with customer usage increasing during extremely cold or hot temperatures. An industry standard calculation referred to as load factor is used to measure the relationship of demand to kWh. A lower load factor may indicate a higher cost of electricity. The less kWh purchased per unit of peak demand, the more the load factor declines, and the ultimate result is that the average cost of power increases. JCEA has limited ability to control peak demands as the weather is the primary driver of consumption. The average realized rate for fiscal year 2023 was $.085 cents per kWh for purchased power while fiscal year 2022 was $.076 per kWh for purchased power.

Broadband Wholesale Delivery and Broadband Installation Expenses are categories included in the statements. Broadband Wholesale Delivery includes the cost of transporting services, cost of wholesale internet, cost of wholesale VoIP, and cost of video programming. These expenses were up $134,681, a 7.7% increase over 2022. Increases are related to the growth in cumulative broadband customers. Broadband Installation Expenses are the costs of going onsite to a customer's premises and connecting the services; fiscal year 2023 increased $589,401 or 21.4%. The cost of installation expenses is tied to the number of broadband customers installed during the fiscal year. Actual fiber infrastructure constructed is not included in this area but is reflected in the capital asset category. The increase of expenses within these categories will continue as we add more customers over the next two to three years as we expand our fiber distribution network.

Other operating expenses were $20,165,808 for fiscal year 2023 as compared to $17,658,135 for fiscal year 2022. This is an increase of $2,507,673 or 14.2%. Other operating expenses include administrative and general, transmission, distribution, and customer service-related expenses. Broadband expenses included in other operating expenses were $4,590,001 for 2023, which was an increase of $1,293,022 or 39.2%. Electric other operating expenses, net of eliminations between divisions, accounted for $15,575,807 for 2023, which is an increase of $1,214,156 or 8.5%

Maintenance expenses were up $2,143,665 or 19.2%. Depreciation expense was up $918,362 or 8.0%, with $488,898 of this amount related to broadband. As we install more broadband capital assets, broadband depreciation expense is expected to grow.

In lieu of taxes or tax equivalent payments for the electric division are computed with authoritative guidance under Tennessee Code Annotated 7-52. Revenues, utility plant, and depreciation are all primary components of the formula. TVA, as our regulatory authority, reviews the JCEA computation of electric in lieu of taxes annually. Broadband also pays in lieu of taxes based on a different computation. The combined in lieu of tax expense was $6,163,096 for fiscal year 2023 as compared to $5,827,503 for fiscal year 2022. Taxes are paid to localities where capital assets are located, and services are provided. JCEA pays the maximum in lieu of tax payment allowed by state law and is the City of Johnson City's and Washington County Tennessee's largest taxpayer.

Non-Operating Revenues and Expenses for fiscal year 2023 were up $3,817,519 or 210.5%. Normally, this category consists of interest income on investments, interest expense, and bond amortization. The net of the category is usually a deduction as the interest expense on the bonds typically exceeded the interest income. During fiscal year 2023, the City of Johnson provided part of their ARPA funds as a $2.3 million grant to JCEA to accelerate the deployment of broadband services with a focus on low-income areas of the community. While these grant funds were tied to specific expenditures, the accounting treatment was to recognize the $2.3 million as miscellaneous nonoperating grant revenues. A December 2022 winter storm was categorized as a FEMA event for Washington County. JCEA's electric division had power restoration costs of $168,411 that are to be reimbursed by FEMA within fiscal year 2024. JCEA recognized this as miscellaneous nonoperating income with a receivable setup on the balance sheet. JCEA began recognizing higher interest rates on cash investments which increased interest income by $969,015 over the prior fiscal year.

Capital Assets and Debt Administration

Condensed financial information relating to JCEA Capital Assets is presented below:

	FY 2023	FY 2022	Dollar Change	% Change
Electric				
Intangibles	80,176	80,176	-	0.0%
Transmission Plant	55,698,637	55,233,555	465,082	0.8%
Distribution Plant	230,045,234	219,107,318	10,937,916	5.0%
Depreciable Capital Assets	49,090,944	48,111,460	979,484	2.0%
Construction Work in Progress	7,425,248	1,537,306	5,887,942	383.0%
Broadband				
Intangibles	255,601	255,601	-	0.0%
Depreciable Capital Assets	30,497,585	26,673,009	3,824,576	14.3%
Construction Work in Progress	7,977,841	2,801,202	5,176,639	184.8%
Total Capital Assets	**$ 381,071,266**	**$ 353,799,627**	**$ 27,271,639**	**7.7%**

JCEA electric transmission and distribution facilities serve around 350 square miles which includes the City of Johnson City; the Town of Jonesborough; part of the City of Kingsport; all of Washington County; and parts of Sullivan, Carter, and Greene counties. Such facilities require significant annual capital and maintenance expenditures. Broadband assets represent the equipment, fiber, and wireless internet assets built in the City of Johnson City, Jonesborough, and Washington County. Phase five and the majority of phase six were completed in the fiscal year. Based on our forecast, broadband assets will grow to more than $68 million in broadband assets by the end of fiscal year 2026.

The investment in electric utility plant on June 30, 2023 was $342,340,239 as compared to $324,069,815 on June 30, 2022. JCEA's electric capital budget for fiscal year 2023 was $23,858,277. The actual increase in electric capital assets was $18,270,424. Additions during the years related are related to normal year to year work, which we refer to as renewal and replacements, and specific projects. Historically, our normal renewals and replacement capital expenditures account for between $5,000,000 and $8,000,000 of the electric capital budget.

Major projects include the refurbishment of West Primary Substation for $2,200,267 and Northeast Substation for $290,927. Construction began on a 300-kW solar farm adjacent to our main campus for $714,394. The City of Johnson City is redesigning West Walnut Street and our costs to reconstruct new facilities were $2,486,192 during the period. Note that a significant portion of this project will be reimbursed through an aid to construction payment. A new storage shed was constructed at a cost of $697,458. During the fiscal year, we added $4,931,836 in distribution transformers to electric assets. Due to delays in the manufacturing of transformers that have plagued the utility industry since Covid, we had several transformers delivered in the fiscal year that were ordered in prior years. Also, there has been a significant increase in the cost of transformers over that same period. The broadband capital budget for fiscal year 2023 was $10,636,449. The actual change in broadband capital assets was $9,001,215. Construction of the fiber distribution network related to phases five and six of our eight phase plan was the primary driver in costs. Note that JCEA has capital spending projections that cover five years for the electric division and seven years for the broadband division.

The electric division's outstanding bond principal was $45,050,000 on June 30, 2023, compared to $47,880,000 on June 30, 2022. Bond payments are made twice a year in November and May. The series 2017 bonds have a final maturity date is May 1, 2033, and the series 2021 bonds have a final maturity of May 1, 2041. The outstanding bond premium was $4,839,011 on June 30, 2023, compared to $5,223,994 on June 30, 2022. Each year $257,304 is amortized for the series 2017 bonds debt premium and $127,679 for the series 2021 bond debt premium. Note that the Bond rating for JCEA is Moody's "Aa2". JCEA's bonds are secured by the revenue of the JCEA. Funding for the broadband division comes from inter-divisional loans from the electric division to the broadband division. TVA, as our regulatory authority, has approved two separate loans that allow draws over a period of time similar to a construction loan. The first loan approved in 2018 was for $35 million and this loan has been fully subscribed. The loan terms are the first $22 million at an interest rate of 4.0% over 15 years and the next $13 million at an interest rate of 2.5% over 15 years. The second loan approved in 2021 allows for $47 million to be taken in draws. The term of the loan is 2.5% over 20 years. The principal balance outstanding as of June 30, 2023 for the first loan is $29,237,649 and the principal balance of the second loan is $30,447,803 with $15,000,000 remaining to be subscribed. Both loans have principal and interest payments due each January. The combined outstanding loan principal balance as of June 30, 2023 was $59,685,452 as compared to $48,717,334 on June 30, 2022. Within our statements, interdivisional loans have been eliminated to clearly reflect a single fund.

JCEA participates in the USDA 's Rural Economic Development Loan Program as an intermediary for interest free loans made to primarily businesses that are locating or expanding in rural areas. This is a voluntary program and JCEA utilizes the program to support local economic development. The USDA requires that there be a qualifying utility as the intermediary, otherwise there can be no loan made to the recipient. These loans are a pass-through, where that intermediary (JCEA) owes the USDA, and the recipient owes the intermediary (JCEA). Loans are interest free and must be paid off within ten years. Recipients must provide an irrevocable standby letter of credit that secures the loan throughout the term. JCEA has both a loan payable to the USDA and a loan receivable from the recipients for this pass-through type of program. JCEA is currently servicing four USDA loans with the oldest loan from 2014.

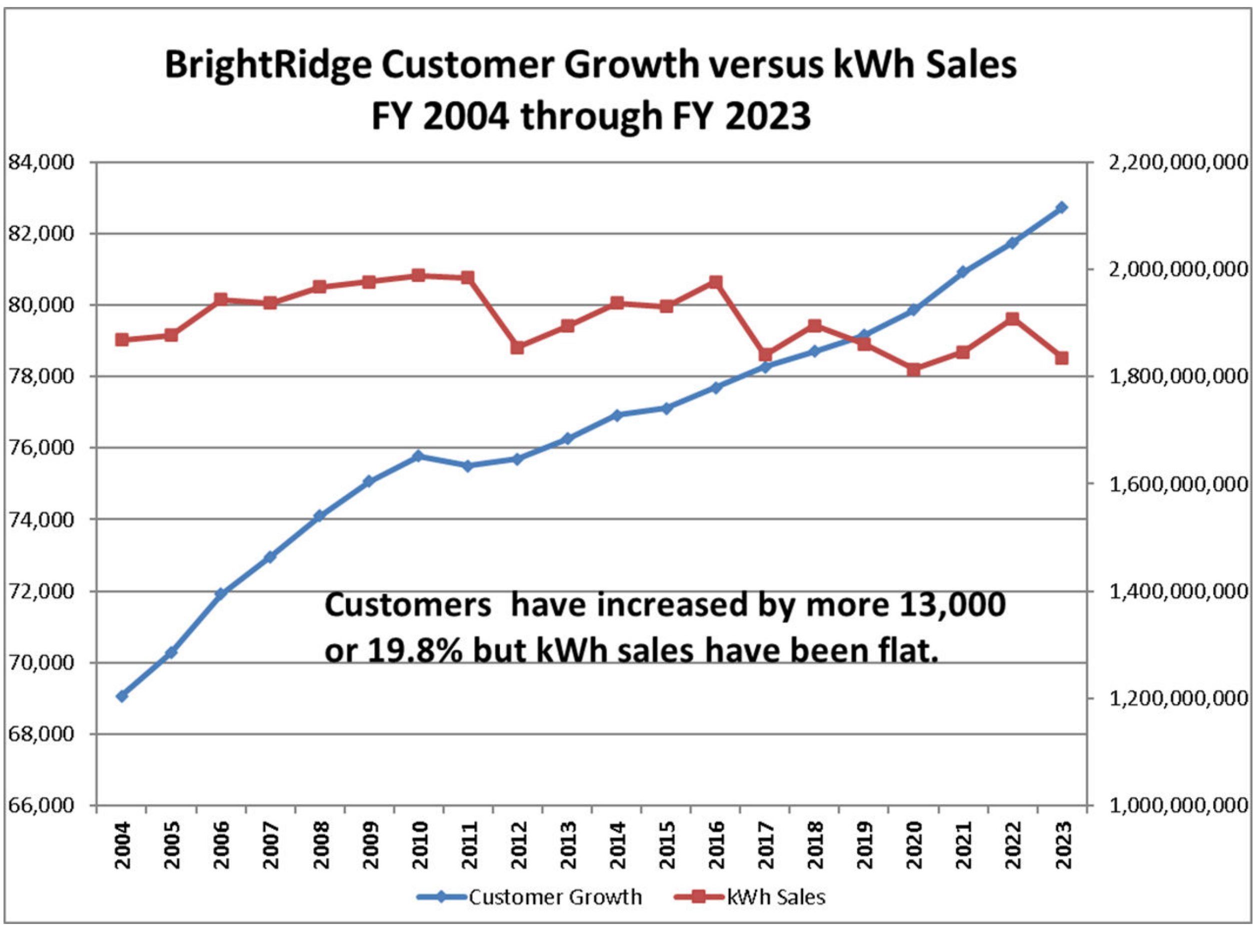
More detailed information about the JCEA's assets and debt can be found in the notes to the financial statements.

Johnson City Energy Authority Highlights, Economic Factors, and Future

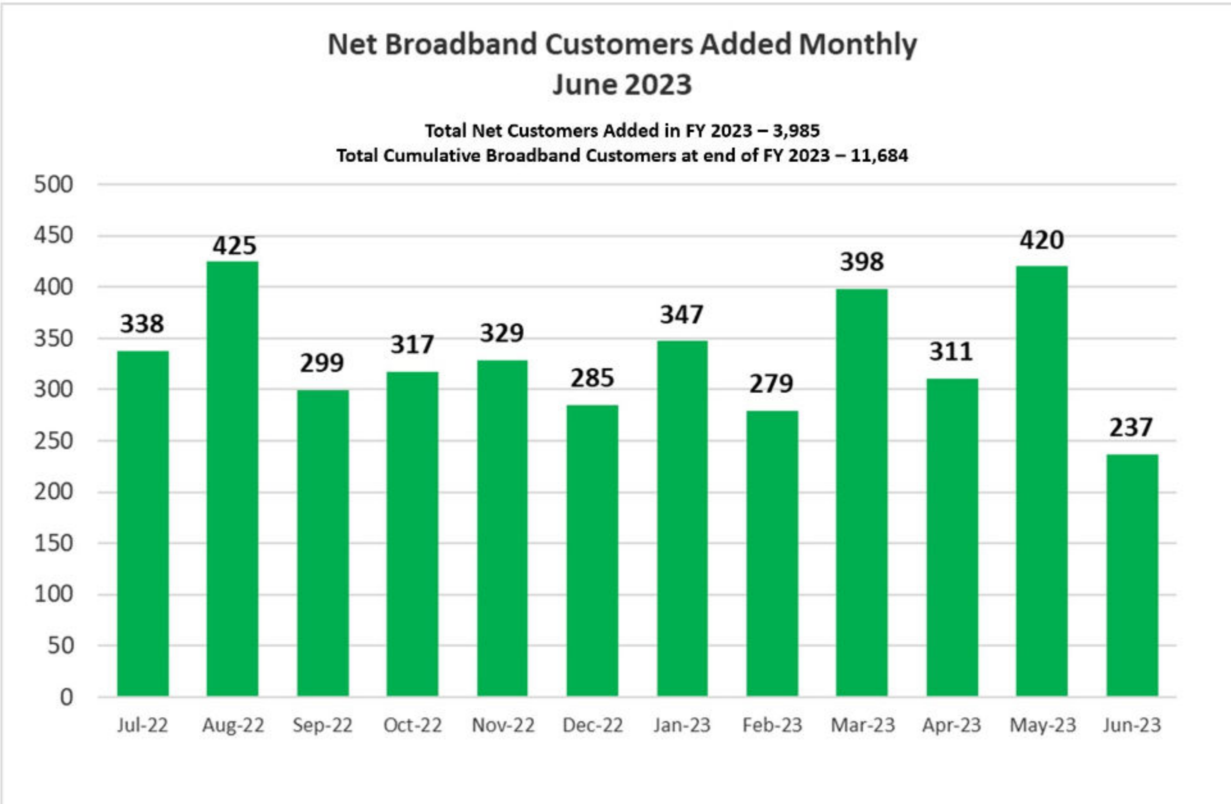
JCEA experienced growth of 980 electric customers for a 1.20% overall percentage growth this year. The following chart shows the number of electric customers for each classification for the past two years.

	2023	2022	Change	% Change
Residential	70,986	70,154	832	1.19%
Small Commercial	9,826	9,662	164	1.70%
Large Commercial/Industrial	1,001	1,014	-13	-1.28%
Street and Athletic Lighting	147	147	0	0.00%
Outdoor Lighting Only	767	770	-3	-0.39%
Total Customers	**82,727**	**81,747**	**980**	**1.20%**

As customer growth has remained steady, energy sales have not remained on the same growth pattern. This pattern is mainly correlated to the national and local attention toward energy efficiency and conservation efforts. Our customer growth has helped to offset the impacts of reduced usage based on energy efficiency. The chart below visually represents the relationship between kWh (Energy) and customer growth.



Since fiscal year July 2009, TVA has increased base wholesale power rates eight times per the following: 9.00% in October 2009; 3.08% in October 2011; 2.63% in October 2013; 2.61% in October 2014; 2.28% in October 2015; 1.88% in October 2016; 1.88% in October 2017; and 1.88% in October 2018. In the fiscal year 2020, TVA did not have a base wholesale rate increase. However, TVA made a change in the way that they charge for electricity by taking $.005 per kWh of variable cost and moving this to a fixed cost. The impact to TVA was revenue neutral, but to JCEA specifically this resulted in a .44% increase in wholesale energy rates as of October 2019. TVA did not have a base wholesale rate increase in fiscal years 2021, 2022 and 2023. To maintain margins on electric sales, JCEA traditionally has passed the TVA wholesale rate increase to its retail customers. JCEA implemented rate increases of 1.9% in October 2015, 1.42% in October 2016, 1.42% in October 2017, and .51% in October 2018. These increases were in addition to the TVA increases. JCEA has not had a local rate increase since October 2018. Continued volatility on the cost of wholesale power due to demand charges can cause margin to be unpredictable. To stabilize margins, beginning in October 2016, JCEA implemented a demand cost recovery adjustment referred to as "DCRA". The DCRA is a variable charge or credit applied to residential and small commercial customers. These customer classes do not pay a demand charge. To protect margins for operational and capital spending, this adjustment was created to recover excess demand charges paid to TVA. The adjustment was also set up to pay out a credit to customers when lower demand charges are paid to TVA. JCEA based the adjustment on the recent history of our normal load factor. When the monthly load factor is better than the normal monthly load factor, customers receive a credit adjustment and when the monthly load factor is lower than the normal monthly load factor, customers receive a charge adjustment. During fiscal year 2023, the DCRA recovered $3,980,514 to offset higher demand charges paid to TVA compared to $1,214,977 recovered in 2022. The load factor for fiscal year 2023 was 56.69%, which is the worst load factor that we have had during the last 10 years. A lower percentage indicates that the amount of kWh purchased each month in relationship to the monthly peak demand in kW was poor. Poor load factors may explain explains why the overall average cost each kWh purchased is higher. Load factor norms vary from utility to utility. Without the DCRA, our revenue and corresponding gross margin would have been reduced by this amount.



The chart above reflects net broadband customers added each month that are served by either a fiber optic service delivery or a wireless internet delivery. Fiscal year 2023 saw the completion of construction of the fiber distribution network in phase 5 and most of phase 6. Customer growth comes from phase one through six of our eight phase plan. JCEA uses a variety of communication channels to notify customers of our ability to serve them in addition to more traditional forms of advertising. While our eight phase plan was to extend through 2026, we anticipate the completion of phases seven and eight in fiscal year 2024. This would be two years ahead of schedule from our 2018 business plan. Completion of each phase increases the number of potential customers having access to services and will help to grow our broadband customer base.

Financial Contact

This discussion and analysis is designed to provide JCEA customers, investors, and other interested parties with a general overview of the financial position and results of operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, Johnson City Energy Authority, 2600 Boones Creek Road, Johnson City, Tennessee 37615.

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2023

ASSETS	
CURRENT ASSETS	
Cash on Hand and in Bank	$ 32,526,457
Accounts Receivable - Customer Service, Net of Allowance for Uncollectible Accounts	20,463,529
Accounts Receivable - Rents and Other	1,377,712
Current Maturities of Notes Receivable	343,111
Current Maturities of Leases Receivable	427,503
Inventories	15,688,484
Prepaid Expenses	1,220,483
Total Current Assets	72,047,279
CAPITAL ASSETS	
Land and Land Rights	5,623,567
Intangibles	335,777
Construction in Progress	15,403,089
Depreciable Capital Assets	359,708,833
Less: Accumulated Depreciation	(124,606,547)
Net Capital Assets	256,464,719
DESIGNATED ASSETS	
Cash and Cash Equivalents	25,156,642
Investments	8,500,000
Net Designated Assets	33,656,642
RESTRICTED ASSETS	
TCRS Stabilization Reserve Trust	152,995
OTHER ASSETS	
Accounts Receivable - Customers - Heat Pumps	1,206,180
Advance from Tennessee Valley Authority	(1,206,180)
Leases Receivable, Net of Current Maturities	519,238
Notes Receivable, Net of Current Maturities	1,789,964
Total Other Assets	2,309,202
TOTAL ASSETS	364,630,837
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to Pension Plans	11,017,196
Deferred Outflows of Resources Related to OPEB	1,285,628
Deferred Loss on Bond Refunding	641,687
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,944,511

(Continued)

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2023

LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	25,888,117
Accrued Salaries	518,081
Accrued Interest	275,108
Customer Deposits	5,342,537
Unearned Revenue Related to USDA Loans	10,000
Current Portion of Compensated Absences	646,828
Current Maturities of Bonds Payable	2,640,000
Current Maturities of Notes Payable	343,111
Other Current and Accrued Liabilities	326,494
Subscription Liability	86,910
Total Current Liabilities	36,077,186
LONG-TERM LIABILITIES	
Bonds Payable, Net of Current Maturities and Unamortized Bond Premium	47,249,011
Notes Payable, Net of Current Maturities	1,800,964
Compensated Absences, Net of Current Portion	3,485,712
Net Pension Liability	2,438,471
Other Post-Employment Benefits Liability	8,834,241
Total Long-Term Liabilities	63,808,399
TOTAL LIABILITIES	99,885,585
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to Pension Plans	4,285,919
Deferred Inflows of Resources Related to OPEB	955,192
Deferred Inflows of Resources Related to Leases	946,741
TOTAL DEFERRED INFLOWS OF RESOURCES	6,187,852
NET POSITION	
Net Investment in Capital Assets	207,130,485
Restricted for Pension Stabilization Reserve Trust	152,995
Unrestricted	64,218,431
TOTAL NET POSITION	$ 271,501,911

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

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2023

OPERATING REVENUES	
Sales of Electric Energy	
Residential	$ 117,996,601
Large Lighting and Power	68,387,449
Small Lighting and Power	19,874,284
Street and Outdoor Lighting	3,850,997
Unbilled Revenue	8,120,328
Sales of Broadband	
Internet Operating Revenue - Residential	7,595,407
Internet Operating Revenue - Business	2,878,575
Internet Operating Revenue - Support Services	773,458
Other Operating Revenues	5,405,058
Total Operating Revenues (Pledged as Security for Revenue Bonds)	234,882,157
OPERATING EXPENSES	
Operations	
Power Purchased from Tennessee Valley Authority and Other Entities	162,376,537
Broadband Wholesale Delivery	1,888,779
Broadband Installation	3,343,612
Other Operating Expenses	20,165,808
Maintenance	13,300,676
Provision for Depreciation	12,413,581
Tax Equivalents	6,163,096
Total Operating Expenses	219,652,089
NET OPERATING INCOME	15,230,068
NONOPERATING REVENUES (EXPENSES)	
Interest Income	960,073
Other Income	424,289
Interest Expense	(1,785,354)
Amortization of Bond Premium	384,983
Amortization of Deferred Loss on Bond Refunding	(65,256)
Nonoperating Grant Revenues	2,602,104
Nonoperating Grant and Other Expenses	(516,928)
Total Nonoperating Revenues (Expenses)	2,003,911
CHANGE IN NET POSITION	17,233,979
NET POSITION, BEGINNING	254,267,932
NET POSITION, ENDING	$ 271,501,911

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

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Electric Sales	$ 222,560,246
Cash Received from Broadband Sales	11,358,795
Cash Received from Rentals and Other Sales	4,146,948
Cash Payments to Suppliers for Goods and Services	(189,256,259)
Cash Payments for Employee Services and Benefits	(17,148,641)
Cash Payments for Tax Equivalents	(6,163,096)
Net Cash Received from (Paid to) Customers for Deposits	(955,481)
Net Cash Provided by Operating Activities	24,542,512
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payments to Recipients of USDA Grant Pass-Through	(133,693)
Payments Received on Notes Receivable Related to USDA Grant Pass-Through	349,777
Receipt from Grant Funding Sources	2,602,104
Payments for Grant-Related and Other Disbursements	(516,928)
Principal Paid on USDA Notes Payable	(348,111)
Net Cash Provided by (Used for) Noncapital Financing Activities	1,953,149
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(33,088,789)
Intangible Right of Use Asset	24,570
Principal Paid on Capital Debt	(2,830,000)
Interest Paid on Capital Debt	(1,751,131)
Net Proceeds from Other Income	424,289
Net Cash Provided by (Used for) Capital and Related Financing Activities	(37,221,061)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	960,073
Proceeds from Maturity of Restricted Long-Term Certificate of Deposit	(8,500,000)
Net Cash Provided by (Used for) Investing Activities	(7,539,927)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(18,265,327)
CASH AND CASH EQUIVALENTS, BEGINNING	75,948,426
CASH AND CASH EQUIVALENTS, ENDING	$ 57,683,099

(Continued)

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2023

RECONCILIATION OF OPERATING INCOME TO	
NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	$ 15,230,068
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation Expense (Including Allocated Portion)	13,166,132
Increase in Allowance for Uncollectible Accounts	(4,673)
(Increase) Decrease in Assets:	
Accounts Receivable - Current and Long-Term	3,183,832
Inventories	(1,288,739)
Prepaid Expenses	(704,776)
TCRS Stabilization Reserve Trust	(33,150)
Leases Receivable - Current and Long-Term	(174,426)
(Increase) Decrease in Deferred Outflows:	
Related to OPEB	243,759
Related to Pension Plans	1,631,233
Increase (Decrease) in Liabilities:	
Accounts Payable	(2,481,027)
Accrued Salaries	85,529
Customer Deposits	(955,481)
Unearned Revenue Related to USDA Notes	(123,693)
Compensated Absences	(66,720)
Other Current and Accrued Liabilities	(75,531)
Net Pension Liability	1,880,754
Other Post-Employment Benefits Liability	115,892
Increase (Decrease) in Deferred Inflows:	
Related to Leases	174,426
Related to Pension Plans	(5,102,343)
Related to OPEB	(158,554)
Net Cash Provided by Operating Activities	$ 24,542,512
RECONCILIATION OF CASH AND CASH EQUIVALENTS FROM STATEMENT	
OF CASH FLOWS TO STATEMENT OF NET POSITION	
Cash on Hand and in Bank	$ 32,526,457
Designated Assets - Cash and Cash Equivalents	25,156,642
Cash and Cash Equivalents at End of Fiscal Year	$ 57,683,099
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Amortization of Bond Premium	$ 384,983
Amortization of Deferred Loss on Bond Refunding	(65,256)
Non-Cash Capital and Related Financing Activities	$ 319,727

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Johnson City Energy Authority (JCEA) was formed April 1, 2017, as a political subdivision of the State of Tennessee and is the legal entity which replaced the former Johnson City Power Board. The JCEA did file with the State of Tennessee to continue "doing business as" (dba) the Johnson City Power Board or JCPB through October 3, 2017, at which time the JCEA filed a new dba name of BrightRidge. BrightRidge is a local power company of the Tennessee Valley Authority (TVA), furnishing electrical power to Washington County and portions of other Upper East Tennessee counties, as purchased from TVA and providing broadband and related services to service area customers.

Johnson City Energy Authority is a component unit of the City of Johnson City, Tennessee. These basic financial statements include only the statements of the Johnson City Energy Authority and not the City of Johnson City, Tennessee, as a whole.

The basic financial statements of BrightRidge have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Basis of Accounting

Basis of accounting refers to the timing of recognizing revenues and expenses in the basic financial statements. The accompanying basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets are recognized when earned, and expenses are recognized when the obligation is incurred regardless of the timing of related cash flows.

Change in Accounting Principle

BrightRidge implemented Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective July 1, 2022. BrightRidge has one software arrangement that requires recognition under GASBS No. 96. BrightRidge now recognizes a subscription-based information technology arrangements (SBITA) liability and an intangible right-to-use asset. The software amortization expense is included on the Statement of Revenues, Expenses and Changes in Net Position related to BrightRidge's intangible asset of one software system. The adoption of the standard was an increase to beginning capital assets of $138,226 and an increase in beginning subscription liabilities of $138,226, resulting in no impact on beginning net position.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

BrightRidge has certain restricted funds held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of BrightRidge's Hybrid Pension Plan. See Note 5. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to BrightRidge in times of fluctuating investment returns and market downturns. These funds are held and invested by TCRS pursuant to an irrevocable agreement and may only be used for the benefit of BrightRidge to fund retirement benefits upon approval of the TCRS Board of Directors. To date, BrightRidge has not withdrawn any funds from the trust to pay pension costs. Trust documents provide that the funds are not subject to the claims of general creditors of BrightRidge. At June 30, 2023, BrightRidge had a stabilization reserve asset consisting of $181,129 held by the custodian related to the Hybrid Pension Plan, of which $28,134 is recorded as a current year investment loss allocation on the Statement of Net Position as TCRS Stabilization Reserve Trust. Given the timing of reporting to TVA, the $28,134 investment loss allocation related to the stabilization reserve is not recorded in the financial statements for the fiscal year ended June 30, 2023.

Deposits and Investments

Cash on the Statement of Net Position includes cash on hand and demand deposits in a local bank. Various restrictions on deposits and investments, including repurchase agreements, are imposed by state statutes. These restrictions are summarized as follows.

DEPOSITS - All deposits with financial institutions must be insured or collateralized in an amount equal to 105% of the market value of uninsured deposits.

INVESTMENTS - BrightRidge is authorized to make direct investments in bonds, notes or treasury bills of the U.S. Government and obligations guaranteed by the U.S. Government or any of its agencies. These investments may not have a maturity greater than two years. BrightRidge may make investments with longer maturities if it follows various restrictions established by state law. It is also authorized to make investments in the State Pooled Investment Fund and in repurchase agreements. Repurchase agreements must be approved by the State Director of Local Finance and executed in accordance with procedures established by the State Funding Board.

For the fiscal year ended June 30, 2023, BrightRidge held designated assets, including cash and cash equivalents totaling $25,156,642 and long-term certificates of deposit through Certificate of Deposit Account Registry Service (CDARS) program totaling $8,500,000. These long-term certificates of deposits have an interest rate of 4.75% over the term of 52-weeks, with the next maturity in March 2024.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments (Continued)

Securities purchased under a repurchase agreement must be obligations of the U.S. Government or obligations guaranteed by the U.S. Government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least 2.00% below the market value of the securities on the day of purchase. No repurchase agreements existed as of June 30, 2023.

The general ledger carrying amount of BrightRidge's deposits with financial institutions along with petty cash was $57,683,099 at June 30, 2023, and the bank balances along with petty cash was $58,640,612. Covered bank deposits and amounts not on deposit are detailed as follows:

Amount Not on Deposit (Petty Cash)	$ 13,000
Deposits Insured by Federal Deposit Insurance Corporation (FDIC)	275,186
Deposits Insured by National Credit Union Association (NCUA)	5,174
Excess Deposits Insured with State of Tennessee Bank Collateral Pool	58,347,252
	$ 58,640,612

BrightRidge's policy for deposits, investments, and custodial credit rate risk on deposits is to follow state guidelines.

Designated Cash and Cash Equivalents

BrightRidge's designated cash and cash equivalents consist of money market accounts in the amount of $21,041,663, which are designated for capital improvements; money market accounts in the amount of $3,089,950, which are designated for bond principal and interest payments and interdivisional loan payments; a money market account in the amount of $507,152, which is designated for insurance liabilities; and a money market account in the amount of $517,877, which is designated for tax equivalent payments. All of these designations were approved by the Board of Directors. The funds in money market accounts are considered cash equivalents for purposes of the Statement of Cash Flows.

Accounts Receivable

Receivables are stated at the amount management expects to collect on outstanding balances. Management provides for probable uncollectible amounts based on receivable trends of historical collection experience. Balances outstanding after management has used reasonable collection efforts are written off through an allowance account, which had a balance of approximately $358,000 at June 30, 2023 and is netted against receivables in the financial statements. Estimated unbilled receivables are accrued as receivables and were approximately $8,120,000 at June 30, 2023. In addition, BrightRidge had a single receivable of approximately $450,000, all of which is considered current and expected to be collected within one year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Materials and supplies inventories are stated at average cost on a per item basis using the first-in, first-out method of costing.

Capital Assets

Land and land rights, buildings, machinery and equipment including meters, intangible capital assets, and electrical distribution system are stated at historical cost and are defined as assets with an initial, individual cost of $1,000 or greater. Expenses for maintenance and repairs, which do not improve or extend the life of the asset, are charged to expense as incurred. The capital assets, including non-electric divisions, are being depreciated on the straight-line method over the useful lives per guidelines of the TVA. Applicable intangible assets are treated as capital assets under GASB and amortized over the life of the contract, if available, and if no contract life is available, intangible assets are not amortized. Amortization expense is included in depreciation expense, when applicable. For the fiscal year ended June 30, 2023, all intangible capital assets, other than SBITA assets, did not have available contract lives. Following Federal Energy Regulation Commission (FERC) guidelines, when property is retired or otherwise disposed of, its average cost, together with its cost of removal less salvage, is charged to accumulated depreciation; no gain or loss is recognized as required by FERC guidelines, which differs from generally accepted accounting principles. Also, a disallowance of plant for rate-making purposes is recorded for the amount of capital contributions received resulting in a reduction in the cost of the related capital asset as required by FERC guidelines and in accordance with guidance of the Financial Accounting Standards Board.

The FERC guideline methods are also followed by non-electric divisions of BrightRidge, even though not required, to provide consistency within the entity. The depreciation expense for the fiscal year ended June 30, 2023 was $13,166,132, of which $12,413,581 was charged to Depreciation Expense and $752,551 was charged to Other Operating Expenses.

Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	33 - 50 years
Office Equipment	3 - 10 years
Transportation and Equipment	3 - 8 years
Other Machinery and Equipment	8 - 25 years
Transmission and Power Distribution System	25 - 40 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

For the fiscal year ended June 30, 2023, BrightRidge had certain leases as lessor recorded in the financial statements. BrightRidge is a lessor for certain noncancellable leases of land, dark fiber, and pole attachments. BrightRidge recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

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

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

- BrightRidge uses published prime rate at the contract or implementation date as the discount rate for leases, since its actual incremental borrowing rate for similar termed items and other rate estimates are not readily available.

- The lease term includes the noncancellable period of the lease.

- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

For the fiscal year ended June 30, 2023, BrightRidge had certain leases as lessee which management considered to be immaterial to the financial statements or not meeting GASB requirements of leases, and thus are not recorded in the financial statements. Also, BrightRidge maintains ongoing interdivisional, intra-entity leases, which are not disclosed as they are eliminated for the statement of net position.

Payments In Lieu of Taxes

Certain payments in lieu of taxes have been recorded in the financial statements related to the electric and broadband divisions, including for related voice and video services within the division, as applicable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position sometimes reports a separate financial statement element, *deferred outflows of resources*, which represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. BrightRidge has three items reported as deferred outflows: (1) The Deferred Loss on Bond Refunding is reported as a deferred outflow and is being amortized over the life of the refunding bonds. (2) The Deferred Outflows of Resources Related to Pension Plans is related to the differences between expected and actual experience, projected and actual netted earnings on pension plan investments as applicable, changes in assumptions as applicable, and BrightRidge's contributions made to the Tennessee Consolidated Retirement System (TCRS) during fiscal year 2023 for all plans. The differences in experience and changes in assumptions are a result of the actuarial study for BrightRidge's pension plans through TCRS and are being amortized over the average working lifetime of all participants. The net difference in earnings on pension plans investments is being amortized over a five-year period (staggered based on measurement year), as applicable. The contributions were made subsequent to the pension's measurement date of June 30, 2022, and will be recognized as a reduction to the net pension liability in the following measurement period. (3) The Deferred Outflows of Resources Related to OPEB is related to the differences in experience and changes in assumptions are a result of the actuarial study for BrightRidge's OPEB liability, which are results of the actuarial study of the OPEB commitment. These changes are being amortized over the average service of OPEB participants.

In addition to liabilities, the Statement of Net Position sometimes reports a separate financial statement element, *deferred inflows of resources*, representing an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. BrightRidge has three items reported as deferred inflows: (1) The Deferred Inflows of Resources Related to Pension Plans is related to differences between expected and actual experience as well as differences between projected and actual netted earnings on pension plan investments when applicable. These differences are a result of the actuarial study for BrightRidge's pension plans through TCRS. The differences in experience are being amortized over the average working lifetime of all participants. The net difference in earnings on pension plans investments is being amortized over a five-year period (staggered based on measurement year), as applicable. (2) The Deferred Inflows of Resources Related to OPEB is related to the changes in assumptions for the OPEB liability, which is a result of the actuarial study of the OPEB commitment. These changes are being amortized over the average service of OPEB participants. (3) The Deferred Inflows of Resources Related to Leases is related to the leases receivable for the portion to be received in ensuing years.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Employees earn various vacation days determined on years of service. Vacation days can be accumulated to a maximum of 40 days, which are payable upon separation of employment. Sick leave is granted after 90 days of employment. The employee earns one day for each one full month employed. Sick leave can be accumulated with no limitation as to the number of days. No obligation exists for payment of accumulated sick leave upon termination for reasons other than death or retirement.

For full-time employees hired on or before December 31, 2019, BrightRidge is obligated for 75% of accumulated sick leave days, payable upon either date of retirement or death. For such employees, remaining sick leave is applied as service credit to the TCRS Legacy pension benefit. For full-time employees hired after December 31, 2019, BrightRidge is not obligated to pay accumulated sick leave. The full amount of such employees' sick leave at the time of retirement may be applied toward their TCRS Hybrid pension benefit. TCRS' conversion factor is 20 days of accumulated sick leave equals one month of service credit.

A liability for compensated absences and related fringe benefits is reflected on the Statement of Net Position at June 30, 2023, in the amount of $4,132,540. The portion of this liability expected to be paid within one year is $646,828 and is classified as a current liability and the remainder as a long-term liability.

Net Position

Net position is the difference between assets and deferred outflows of resources minus liabilities and deferred inflows of resources. The Net Investment in Capital Assets is calculated as capital assets, net of accumulated depreciation, plus the deferred loss on bond refunding, less any outstanding debt related to the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on its use by external restrictions by other governments, creditors or grantors. Restricted funds are applied first when allowable. No such restrictions existed at June 30, 2023, other than restricted for pension stabilization reserve trust, the asset of which is discussed in Note 5.

Long-Term Obligations

Bonds payable are reported net of the applicable bond premium, which is deferred and amortized over the life of the related bonds. $384,983 was amortized during fiscal year 2023, which leaves the balance of the bond premiums at $4,839,011 as of June 30, 2023. In addition, deferred losses on bond refunding are amortized over the life of the related bonds (see Note 8).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pension plans, and pension expense (negative pension expense), information about the fiduciary net position of BrightRidge's participation in the Public Employee Retirement Plan of TCRS, and additions to/deductions from BrightRidge's fiduciary net position have been determined on the same basis as they are reported by TCRS for the Public Employee Retirement Plan. 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 of TCRS. Investments are reported at fair value.

Other Post-Employment Benefits

For purposes of measuring the OPEB liability, BrightRidge recognizes benefits (including refunds of employee contributions) when they are due and payable, including related deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, in accordance with the benefit terms and actuarial valuations. BrightRidge does not fund the OPEB liability; expenses are paid as incurred.

Grants, Loans, and Unearned Revenues

Grant and loan fundings are reported as expensed and thus earned. Amounts not earned at fiscal year end are reported as unearned revenues.

Operating Revenues and Expenses, Intrafund Activity, and Divisional Allocations

Operating revenues and expenses generally result from providing services and producing and delivering goods. BrightRidge's principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, amortization and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating.

Revenues and expenses are allocated by BrightRidge to the division incurring the expense or earning the revenue. Other than interdivisional billings and receipts based on established electric or broadband customer rates as "arm's length" transactions, any intrafund activity and intrafund balances (receivables, loans, and payables) have been eliminated to be presented as a single fund entity.

Budgets

Under the by-laws, management must submit an annual budget to the Board of Directors for approval. BrightRidge is not required to demonstrate statutory compliance with budgets. Accordingly, budgetary data is not included in the basic financial statements. All budgets are prepared in accordance with bond covenants. Unexpended appropriations lapse at fiscal year end.

NOTE 2 - NOTES RECEIVABLE

BrightRidge entered into a 10-year loan agreement with an international manufacturing company in August 2014 for $760,000, which pertained to an equivalent note payable to the United States Department of Agriculture (USDA), Rural Economic Development from federal grant funds received for pass-through to this international manufacturing company (see Note 8). BrightRidge is obligated to USDA Rural Economic Development, and this international manufacturing company is obligated to BrightRidge. The note is receivable $6,333 per month for 120 months, bearing no interest. Management deems the imputed interest due on the June 30, 2023 remaining balance of $82,334 receivable and related payable (Note 8) amounts to be immaterial. In conjunction with the note receivable from the international manufacturing company above, BrightRidge was named as beneficiary in an irrevocable standby commercial letter of credit from a local financial institution in the amount of $760,000 on August 21, 2014 (start of Year 1) with a current expiration date of August 21, 2024. The amount of the bond declines based on a schedule over the 10 years, being reduced as the company pays down the amount of the security. This letter will automatically renew for up to three additional consecutive one-year periods, with annual reductions in amount to coincide with the aforementioned matching note payable balance to USDA Rural Economic Development over the ten-year term of that note, with the remainder commitment by contract year as follows at June 30, 2023:

Year 9	$ 152,000
Year 10	76,000

BrightRidge entered into a 10-year loan agreement with a local wood pallet manufacturing company in January 2021 for $560,000, which pertained to an equivalent note payable to the United States Department of Agriculture (USDA), Rural Economic Development from federal grant funds received for pass-through to this local wood pallet manufacturing company (see Note 8). BrightRidge is obligated to USDA Rural Economic Development, and this manufacturing company is obligated to BrightRidge. The note is receivable $4,667 per month for 120 months, bearing no interest. Management deems the imputed interest due on the June 30, 2023 remaining balance of $420,000 receivable and related payable (Note 8) to be immaterial. In conjunction with the note receivable from the local wood pallet manufacturing company above, BrightRidge was named as beneficiary in an irrevocable standby commercial letter of credit from a local financial institution in the amount of $560,000 on January 4, 2021 (start of Year 1) with a current expiration date in January 2031. The amount of the bond declines based on a schedule over the 10 years, being reduced as the company pays down the amount of the security. The contract will automatically renew for up to nine additional consecutive one-year periods, with annual reductions in amount to coincide with the aforementioned matching note payable balance to USDA Rural Economic Development over the ten-year term of that note, with the remainder commitment by contract year.

NOTE 2 - NOTES RECEIVABLE (CONTINUED)

The contract has maturities as follows at June 30, 2023:

Year 3	$	448,000
Year 4		392,000
Year 5		336,000
Year 6		280,000
Year 7		224,000
Year 8		168,000
Year 9		112,000
Year 10		56,000

BrightRidge entered into a ten-year loan, including a one-year deferral, agreement with an international manufacturing company in January 2021 for $1,000,000, which pertained to an equivalent note payable to the United States Department of Agriculture (USDA), Rural Economic Development from federal grant funds received for pass-through to this international manufacturing company (see Note 8). BrightRidge is obligated to USDA Rural Economic Development, and this manufacturing company is obligated to BrightRidge. The note is receivable $9,259 per month for 120 months, bearing no interest. Management deems the imputed interest due on the June 30, 2023 balance of $824,074 receivable and related payable (Note 8) amounts to be immaterial. In conjunction with the note receivable from the international manufacturing company above, BrightRidge was named as beneficiary in an irrevocable standby commercial letter of credit from a local financial institution in the amount of $1,000,000 on January 4, 2021 (start of Year 1) with a current expiration date in January 2031. The amount of the bond declines based on a schedule over the 10 years, being reduced as the company pays down the amount of the security. The contract will automatically renew for up to nine additional consecutive one-year periods, with annual reductions in amount to coincide with the aforementioned matching note payable balance to USDA Rural Economic Development over the ten-year term of that note, with the remainder commitment by contract year, with maturities as follows at June 30, 2023:

Year 3	$	888,889
Year 4		777,778
Year 5		666,667
Year 6		555,556
Year 7		444,445
Year 8		333,334
Year 9		222,223
Year 10		111,112

NOTE 2 - NOTES RECEIVABLE (CONTINUED)

BrightRidge entered into a ten-year loan agreement, including a one-month deferral, with a local manufacturing company in September 2021 for $1,000,000, which pertained to an equivalent note payable to the United States Department of Agriculture (USDA), Rural Economic Development from federal grant funds received for pass-through to this local manufacturing company (see Note 8). BrightRidge is obligated to USDA Rural Economic Development, and this manufacturing company is obligated to BrightRidge. The note is receivable $8,333 per month for 120 months, bearing no interest. Management deems the imputed interest due on the June 30, 2023 balance of $806,667 receivable and related payable (Note 8) amounts to be immaterial. In conjunction with the note receivable from the local manufacturing company above, BrightRidge was named as beneficiary in an irrevocable standby commercial letter of credit from a local financial institution in the amount of $1,000,000 in September 2021 (start of Year 1) with a current expiration date in September 2031. The amount of the bond declines based on a schedule over the 10 years, being reduced as the company pays down the amount of the security. The contract will automatically renew for up to nine additional consecutive one-year periods, with annual reductions in amount to coincide with the aforementioned matching note payable balance to USDA Rural Economic Development over the ten-year term of that note, with the remainder commitment by contract year. The contract has maturities as follows at June 30, 2023:

Year 2	$ 900,000
Year 3	800,000
Year 4	700,000
Year 5	600,000
Year 6	500,000
Year 7	400,000
Year 8	300,000
Year 9	200,000
Year 10	100,000

NOTE 3 - LEASES RECEIVABLE AND RELATED DEFERRED INFLOWS OF RESOURCES

BrightRidge functions as a lessor in various leases for certain noncancellable leases of land, dark fiber, and pole attachments. BrightRidge uses a discount rate estimate, as described in Note 1. During the fiscal year ended June 30, 2023, BrightRidge's leases as lessor included the following:

- BrightRidge leases land to an entity with monthly payments of $2,500. The noncancellable term expires December 2025. The discount rate estimate at date of implementation was 3.5%.

- BrightRidge leases dark fiber to various entities, with noncancelable terms expiring between June 2023 and May 2033, with monthly payments ranging from approximately $200 to approximately $10,000. The discount rate estimate at date of implementation was 3.5%.

NOTE 3 - LEASES RECEIVABLE AND RELATED DEFERRED INFLOWS OF RESOURCES (CONTINUED)

- BrightRidge leases numerous pole attachments to various entities, with noncancelable terms expiring between July 2023 and July 2026, with annual payments ranging from approximately $10,000 to approximately $267,000. The discount rate estimate at date of implementation was 3.5%.

The total leases receivable at June 30, 2023 was $946,741, which included $427,503 current and $519,238 long-term receivables. In addition, BrightRidge has deferred inflows of resources of $946,741 at June 30, 2023 which were associated with these leases and will be recognized as revenue over the lease term. Also, BrightRidge recognized lease revenue and lease interest revenue of $419,258 and $34,869, respectively, during the fiscal year ended June 30, 2023.

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION

As described in Note 1, BrightRidge has recorded a capital asset for one subscription arrangement under the scope of GASB 96. This is reported in the capital asset schedule below as Intangible ROU Software Arrangements.

BrightRidge has an arrangement with Calix for the access and use of software. These services are provided in a 3-year term ending on August 31, 2024. BrightRidge has imputed an 8.25% discount rate for these arrangements as of July 1, 2022, the date of the standard implementation. This rate was used to determine the present value of the intangible right-to-use asset and SBITA liability.

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION (CONTINUED)

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

	Beginning Balance, as Restated	Increases	Decreases	Transfers and Adjustments	Ending Balance
Capital Assets, Not Being Depreciated					
Land and Land Rights	$ 5,623,567	-	-	-	5,623,567
Intangibles	335,777	-	-	-	335,777
Construction in Progress	4,338,508	39,916,894	(28,852,313)	-	15,403,089
Total Capital Assets, Not Being Depreciated	10,297,852	39,916,894	(28,852,313)	-	21,362,433
Capital Assets, Being Depreciated					
Buildings	32,041,670	332,245	(168,811)	(321,920)	31,883,184
Office Equipment	3,333,497	140,557	(40,332)	-	3,433,722
Transportation Equipment	8,580,367	331,784	(152,479)	-	8,759,672
Other Machinery and Equipment	18,920,415	2,532,153	(228,458)	321,920	21,546,030
Transmission and Power Distribution System	263,805,535	15,231,658	(4,010,991)	127,365	275,153,567
Fiber	16,820,291	1,974,803	(662)	-	18,794,432
Intangible ROU Software Arrangements*	138,226	-	-	-	138,226
Total Capital Assets, Being Depreciated	343,640,001	20,543,200	(4,601,733)	127,365	359,708,833
Accumulated Depreciation					
Buildings	(12,060,467)	(698,144)	169,032	-	(12,589,579)
Office Equipment	(1,429,580)	(203,773)	40,332	-	(1,593,021)
Transportation Equipment	(6,394,390)	(625,939)	136,562	-	(6,883,767)
Other Machinery and Equipment	(6,387,141)	(1,741,463)	204,043	-	(7,924,561)
Transmission and Power Distribution System	(90,275,182)	(9,129,255)	5,404,397	-	(94,000,040)
Fiber	(849,033)	(703,761)	1,012	-	(1,551,782)
Intangible ROU Software Arrangements*	-	(63,797)	-	-	(63,797)
Total Accumulated Depreciation	(117,395,793)	(13,166,132)	5,955,378	-	(124,606,547)
Net Capital Assets, Being Depreciated	226,244,208	7,377,068	1,353,645	127,365	235,102,286
Net Capital Assets	$ 236,542,060	47,293,962	(27,498,668)	127,365	256,464,719

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

NOTE 5 - PENSION PLANS

General Information about the Pension Plan – Legacy Plan

Plan Description

Full-time employees hired prior to January 1, 2019 are enrolled in the TCRS Legacy plan. Employees of BrightRidge 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 (TCA) 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

TCA Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. In addition, per a resolution adopted by the Board of Directors of BrightRidge in March 1998, a member may retire prior to age 55 upon attaining 25 years of creditable service. In this situation, the member's benefit will be the actuarial equivalent of the benefit computation for early service retirement that the member could have received at age 55. 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.

NOTE 5 - PENSION PLANS (CONTINUED)

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

Employees Covered by Benefit Terms

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	118
Inactive Employees Entitled to but not yet Receiving Benefits	26
Active Employees	151
Total Employees	295

At the measurement date of June 30, 2022, the Legacy plan continued to be closed to new entrants.

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. BrightRidge makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the fiscal year ended June 30, 2023, the employer contributions for BrightRidge's Legacy pension plan were $1,872,270 based on a rate of 13.56 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept BrightRidge's state shared taxes if required employer contributions are not remitted. The employer's actuarial determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset) – Legacy Plan

Pension Liabilities (Assets)

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

NOTE 5 - PENSION PLANS (CONTINUED)

Net Pension Liability (Asset) – Legacy Plan (Continued)

Actuarial Assumptions

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

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

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

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

NOTE 5 - PENSION PLANS (CONTINUED)

Net Pension Liability (Asset) – Legacy Plan (Continued)

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from BrightRidge 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.

NOTE 5 - PENSION PLANS (CONTINUED)

Changes in the Net Pension Liability – Legacy Plan

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position** (b)	**Net Pension Liability** (a) - (b)
Balance at June 30, 2021	$ 76,570,169	76,004,903	565,266
Changes for the Fiscal Year:			
Service Cost	729,073	-	729,073
Interest	5,115,843	-	5,115,843
Differences between Expected and Actual Experience	(4,393,485)	-	(4,393,485)
Changes in Assumptions	-	-	-
Contributions - Employer	-	1,848,649	(1,848,649)
Contributions - Employees	-	682,639	(682,639)
Net Investment Income	-	(2,898,051)	2,898,051
Benefit Payments, Including Refunds of Employee Contributions	(3,017,945)	(3,017,945)	-
Administrative Expense	-	(15,555)	15,555
Net Changes	(1,566,514)	(3,400,263)	1,833,749
Balance at June 30, 2022	$ 75,003,655	72,604,640	2,399,015

NOTE 5 - PENSION PLANS (CONTINUED)

Changes in the Net Pension Liability (Asset)– Legacy Plan (Continued)

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability (Asset)	$ 12,268,281	2,399,015	(5,881,498)

Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Legacy Plan

Pension Expense (Negative Pension Expense)

For the fiscal year ended June 30, 2023, BrightRidge recognized pension expense (negative pension expense) of $(397,297).

Deferred Outflows of Resources and Deferred Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 760,723	4,285,919
Net Difference between Projected and Actual Earnings on Pension Plan Investments	180,404	-
Changes in Assumptions	7,962,651	-
Contributions Subsequent to the Measurement Date of June 30, 2022	1,872,270	(not applicable)
Total	$ 10,776,048	4,285,919

NOTE 5 - PENSION PLANS (CONTINUED)

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

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

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2022," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Fiscal Year Ended June 30:		
2024	$	509,512
2025		530,745
2026		1,535
2027		2,092,743
2028		1,483,324

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

Payable to the Pension Plan – Legacy Plan

At June 30, 2023, BrightRidge reported a payable of approximately $134,300 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

General Information about the Pension Plan – Hybrid Plan

Plan Description

Full-time employees hired after January 1, 2019 are enrolled in the TCRS Hybrid plan. Employees of BrightRidge 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 (TCA) 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.

NOTE 5 - PENSION PLANS (CONTINUED)

General Information about the Pension Plan – Hybrid 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. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 65 with 5 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. Reduced benefits for early retirement are available at age 60 and vested or pursuant to the rule of 80 in which the member's age and service credit total 80. 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 nonservice-related disability eligibility. The service-related and nonservice-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. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Employees Covered by Benefit Terms

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	0
Inactive Employees Entitled to but not yet Receiving Benefits	5
Active Employees	41
Total Employees	46

NOTE 5 - PENSION PLANS (CONTINUED)

General Information about the Pension Plan – Hybrid Plan (Continued)

Contributions

Contributions for employees 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. Employees contribute 5.00 percent of salary. BrightRidge makes 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 4.00 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions are required to be paid. The TCRS may intercept BrightRidge's state shared taxes if required employer contributions are not remitted. For the fiscal year ended June 30, 2023, the employer contributions for BrightRidge's Hybrid pension plan were $96,746 based on a rate of 2.53 percent of covered payroll, with an additional $56,249 based on a rate of 1.47 percent contributed by BrightRidge to the Stabilization Reserve Trust, for a total of 4.00 percent employer contributions. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset) – Hybrid Plan

Pension Liabilities (Assets)

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

Actuarial Assumptions

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

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

NOTE 5 - PENSION PLANS (CONTINUED)

Net Pension Liability (Asset) – Hybrid Plan (Continued)

Actuarial Assumptions (Continued)

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

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

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

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

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

NOTE 5 - PENSION PLANS (CONTINUED)

Net Pension Liability – Hybrid Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from BrightRidge 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.

Changes in the Net Pension Liability (Asset) – Hybrid Plan

		Increase (Decrease)	
	Total Pension Liability (Asset) (a)	**Plan Fiduciary Net Position** (b)	**Net Pension Liability (Asset)** (a) - (b)
Balance at June 30, 2021	$ 164,402	171,951	(7,549)
Changes for the Fiscal Year:			
Service Cost	114,530	-	114,530
Interest	18,828	-	18,828
Differences between Expected and Actual Experience	59,991	-	59,991
Changes in Assumptions	-	-	-
Contributions - Employer	-	39,942	(39,942)
Contributions - Employees	-	119,601	(119,601)
Net Investment Income	-	(9,560)	9,560
Benefit Payments, Including Refunds of Employee Contributions	-	-	-
Administrative Expense	-	(3,639)	3,639
Net Changes	193,349	146,344	47,005
Balance at June 30, 2022	$ 357,751	318,295	39,456

NOTE 5 - PENSION PLANS (CONTINUED)

Changes in the Net Pension Liability (Asset) – Hybrid Plan (Continued)

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability (Asset)	$ 138,275	39,456	(36,210)

Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Hybrid Plan

Pension Expense (Negative Pension Expense)

For the fiscal year ended June 30, 2023, BrightRidge recognized pension expense (negative pension expense) of $12,528.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 102,006	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	10,448	-
Changes in Assumptions	13,756	-
Contributions Subsequent to the Measurement Date of June 30, 2022	114,938	(not applicable)
Total	$ 241,148	-

NOTE 5 - PENSION PLANS (CONTINUED)

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

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

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2022," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Fiscal Year Ended June 30:		
2024	$	12,000
2025		12,001
2026		11,883
2027		15,527
2028		10,241
Thereafter		64,558

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

Payable to the Pension Plan – Hybrid Plan

At June 30, 2023, BrightRidge reported a payable of approximately $9,200 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

TCRS Stabilization Reserve Trust

Legal Provisions

BrightRidge is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. BrightRidge 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 BrightRidge.

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

NOTE 5 - PENSION PLANS (CONTINUED)

TCRS Stabilization Reserve 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, 2023, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.

- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.

- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments 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 with FASB principles for investment companies.

NOTE 5 - PENSION PLANS (CONTINUED)

TCRS Stabilization Reserve Trust (Continued)

Investment Balances (Continued)

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgment and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professional 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.

NOTE 5 - PENSION PLANS (CONTINUED)

TCRS Stabilization Reserve Trust (Continued)

Investment Balances (Continued)

At June 30, 2023, BrightRidge had the following investments held by the trust on its behalf consisting of $181,129 held by the custodian related to the Hybrid Pension Plan, of which $152,995 is recorded on the Statement of Net Position as TCRS Stabilization Reserve Trust (restricted assets). Given the timing of required reporting to TVA, $28,134 of the stabilization reserve largely related to accrued investment income (loss) allocation is not recorded in the financial statements for the fiscal year ended June 30, 2023.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	$ 56,150
Developed Market International Equity	N/A	N/A	25,358
Emerging Market International Equity	N/A	N/A	7,245
U.S. Fixed Income	N/A	N/A	36,226
Real Estate	N/A	N/A	18,113
Short-term Securities	N/A	N/A	1,811
NAV - Private Equity and Strategic Lending	N/A	N/A	36,226
Total			$ 181,129

		Fair Value Measurements Using			
Investment by Fair Value Level	Fair Value June 30, 2023	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	$ 56,150	56,150	-	-	-
Developed Market International Equity	25,358	25,358	-	-	-
Emerging Market International Equity	7,245	7,245	-	-	-
U.S. Fixed Income	36,226	-	36,226	-	-
Real Estate	18,113	-	-	18,113	-
Short-term Securities	1,811	-	1,811	-	-
Private Equity and Strategic Lending	36,226	-	-	-	36,226
Total	$ 181,129	88,753	38,037	18,113	36,226

NOTE 5 - PENSION PLANS (CONTINUED)

TCRS Stabilization Reserve 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. BrightRidge does 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. BrightRidge does 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 BrightRidge's investment in a single issuer. BrightRidge places no limit on the amount it 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, BrightRidge 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 BrightRidge to pay retirement benefits of BrightRidge employees.

For further information concerning BrightRidge's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained from the State of Tennessee.

NOTE 6 - POST-EMPLOYMENT BENEFIT COMMITMENTS OTHER THAN PENSIONS (OPEB)

A Brief Description of the Retiree Life and Medical Insurance Plans

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

a. *Plan Types:* Employees and retirees have a bundled PPO Medical plan and a Health Reimbursement Account (HRA) plan offered through BlueCross BlueShield of Tennessee.

Effective October 25, 2016, upon reaching age 65, each retiree will be enrolled in the Retiree HRA program.

Life insurance is through Blue Cross.

b. *Eligibility:* Age 55 with 5 years of service, or 30 years of service

c. *Benefit/Cost Sharing:* BrightRidge pays approximately 75% of the PPO Medical plan premium for the pre-65 retirees. In addition, BrightRidge reimburses the HRA deductible for the retiree and the retiree's spouse, for a maximum annual benefit of $4,400 per participant.

BrightRidge provides an annual HRA reimbursement of $2,231 or $2,434 for the post-65 retirees who were retired prior to October 25, 2016. BrightRidge provides an annual HRA reimbursement of $1,800 for existing employees upon retirement and reaching age 65. Employees hired after September 1, 2016 are not eligible for the Retiree HRA Program.

d. *Spouse Benefit:* BrightRidge reimburses the HRA deductible for the retiree's spouse, for a maximum annual benefit of $4,400 per participant. The spouse pays 100% of the medical premium.

e. *Surviving Spouse Benefit:* Yes, same as spouse benefit above.

NOTE 6 - POST-EMPLOYMENT BENEFIT COMMITMENTS OTHER THAN PENSIONS (OPEB) (CONTINUED)

A Brief Description of the Retiree Life and Medical Insurance Plans (Continued)

f. Annual Medical Premium: Effective July 1, 2020 through December 31, 2021

Plan	Premium	Retiree Contribution
Pre-65 Retiree	$ 7,419	$ 1,692
Pre-65 Retiree and Spouse	$ 15,521	$ 9,797

g. Medicare Age Retirees: Current Post-65 Retirees:
Actual annual reimbursements were used, in the amount of $2,231 or 2,434.
Current Pre-65 Retirees:
BrightRidge will reimburse the retiree $2,434 per annum.
Current Actives hired prior to September 1, 2016:
BrightRidge will reimburse the retiree $1,800 per annum.
Those hired after September 1, 2016 are not eligible for this benefit.

h. Life: All retirees receive a $25,000 life insurance policy upon retirement.

For current actives and certain new retirees indicated in the census data, BrightRidge is no longer purchasing paid up policies. BrightRidge is adding these retirees to the existing life insurance invoice at a rate of $48.00 per annum per retiree.

Employees Covered by Benefit Terms

At the actuarial valuation date of July 1, 2021, the following were covered by the benefit terms:

Inactives Receiving Benefits	86
Inactives Not Receiving Benefits	0
Actives	192
Total	278

NOTE 6 - POST-EMPLOYMENT BENEFIT COMMITMENTS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Funding Policy

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

OPEB Liability

BrightRidge's OPEB liability was measured based on an actuarial valuation performed as of July 1, 2021, updated on July 26, 2022, with a measurement date of July 1, 2021.

Actuarial Assumptions

Discount Rate

A discount rate of 2.16% was used as of June 30, 2021.
A discount rate of 3.54% was used as of June 30, 2022.
The discount based on a Bond Buyer's Bond 20 Index.

Health Care Trend Rates

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

Year	Current Valuation Trend Rates*
2021	7.00%
2022	6.50%
2023	6.00%
2024	5.50%
2025+	5.00%

**Medicare Eligible health care costs were assumed to increase at 5.0% per annum*

Mortality

Current Valuation: RPH-2014 Total Dataset headcount-weighted fully generational mortality table with projection scale MP-2021.
Prior Valuation: RPH-2014 Total Dataset headcount-weighted fully generational mortality table with projection scale MP-2018.

NOTE 6 - POST-EMPLOYMENT BENEFIT COMMITMENTS OTHER THAN PENSIONS (OPEB) (CONTINUED)

OPEB Liability (Continued)

Actuarial Assumptions (Continued)

Termination Rates

Current Valuation: From the TCRS Actuarial Valuation as of June 30, 2020, it was assumed that employees would terminate employment in accordance with the table as shown below (Male/Female):

	Years of Service		
Age	**1**	**2**	**3+**
30	21.80%	17.90%	7.40%/11.10%
40	19.20%	15.90%	3.50%/5.40%
50	17.00%	13.00%	2.80%/3.80%

Prior Valuation: It was assumed that employees would terminate employment in accordance with the rates in the following two-year select and ultimate table for both males and females:

Age	1st Year Employment	2nd Year Employment	Male Ultimate	Female Ultimate
30	24.30%	20.00%	9.10%	11.10%
40	20.40%	15.10%	2.50%	3.50%
45	18.50%	13.90%	2.20%	3.00%
50	16.50%	12.70%	1.90%	2.40%
55	14.60%	11.50%	1.60%	1.90%

Retirement Rates

Current Valuation: From the TCRS Actuarial Valuation as of June 30, 2020, it was assumed that the following percentage of eligible employees would retire each year:

NOTE 6 - POST-EMPLOYMENT BENEFIT COMMITMENTS OTHER THAN PENSIONS (OPEB) (CONTINUED)

OPEB Liability (Continued)

Actuarial Assumptions (Continued)

Males

	Years of Service			
Age	**<15**	**15-19**	**20**	**21+**
55-59	0.0%	0.0%	7.5%	0.0%
60	10.5%	12.5%	12.5%	10.5%
61	15.0%	17.0%	17.0%	15.0%
62	20.0%	22.0%	22.0%	20.0%
63	17.5%	19.5%	19.5%	17.5%
64	17.5%	19.5%	19.5%	17.5%
65	24.0%	26.0%	26.0%	24.0%
70	18.0%	20.0%	20.0%	18.0%
75+	100.0%	100.0%	100.0%	100.0%

Females

	Years of Service			
Age	**<15**	**15-19**	**20**	**21+**
55-59	0.0%	0.0%	7.5%	0.0%
60	11.0%	13.0%	13.0%	11.0%
61	13.0%	15.0%	15.0%	13.0%
62	18.0%	20.0%	20.0%	18.0%
63	16.0%	18.0%	18.0%	16.0%
64	16.0%	18.0%	18.0%	16.0%
65	22.0%	24.0%	24.0%	22.0%
70	19.0%	21.0%	21.0%	19.0%
75+	100.0%	100.0%	100.0%	100.0%

NOTE 6 - POST-EMPLOYMENT BENEFIT COMMITMENTS OTHER THAN PENSIONS (OPEB) (CONTINUED)

OPEB Liability (Continued)

Actuarial Assumptions (Continued)

Prior Valuation: It was assumed that the following percentage of eligible employees would retire each year:

Age	Rate	Age	Rate
50 - 57	1.50%	67	24.40%
58	4.00%	68	22.10%
59	6.50%	69	19.80%
60	9.00%	70	17.50%
61	11.50%	71	15.20%
62	21.50%	72	12.90%
63	14.50%	73	10.60%
64	16.00%	74	8.30%
65	29.00%	75	100.00%
66	26.70%		

Participation Rate

It was assumed that 100 percent of the current active employees covered under the active plan on the day before retirement would enroll in the retiree medical plan upon retirement.

Percent Married

It was assumed that 40 percent of the male and 40 percent of the female employees who elect retiree health care coverage for themselves would also elect coverage for their spouse upon retirement. It was assumed that male spouses are three years older than their wives and female spouses are three years younger than the retiree. For current retirees, actual census information was used.

NOTE 6 - POST-EMPLOYMENT BENEFIT COMMITMENTS OTHER THAN PENSIONS (OPEB) (CONTINUED)

OPEB Liability (Continued)

Actuarial Assumptions (Continued)

Per Capita Claims Cost

Conventional insured equivalent premiums were age-graded on the current participants in the Medical plan. Further details of the annual per capita claims cost are shown below. For Post-65 plans, actual rates were used.

Age	Male	Female
50	$ 6,731	$ 7,765
51	6,993	7,911
52	7,266	8,062
53	7,553	8,198
54	7,856	8,340
55	8,173	8,481
56	8,501	8,627
57	8,839	8,773
58	9,166	8,990
59	9,504	9,217
60	9,857	9,449
61	10,220	9,681
62	10,598	9,923
63	10,800	10,114
64	11,007	10,306

Administrative Expenses — Included in premiums used.

Participant Salary Increases — 3.50 percent annually.

Payroll Growth Rate — 2.50 percent annually

Changes in Actuarial Assumptions

In the fiscal year ending June 30, 2022, assumption changes include: The mortality table was updated to MP-2021; the demographic assumptions were updated to be consistent with the June 30, 2020 TCRS annual financial report; discount rate changed from 2.16% as of June 30, 2021 to 3.54% at June 30, 2022; and health care cost trend rates changed from 7.00% in fiscal year 2021 (2020 Medical Trend Rates) to 6.50% in fiscal year 2022 (2021 Medical Trend Rates) grading down to an ultimate rate of 5.00%. Because the OPEB report was rolled forward to June 30, 2023, there were no changes in actuarial assumptions for this fiscal year.

NOTE 6 - POST-EMPLOYMENT BENEFIT COMMITMENTS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Changes in the OPEB Liability

	Increase (Decrease)
	Total OPEB Liability
Balance at June 30, 2022	$ 8,718,349
Changes for the Fiscal Year:	
Service Cost	301,915
Interest	310,604
Changes in Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes in Assumptions	-
Benefit Payments	(496,627)
Net Changes	115,892
Balance at June 30, 2023	$ 8,834,241

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability of BrightRidge calculated using the discount rate of 3.54 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	1% Decrease (2.54%)	Current Rate (3.54%)	1% Increase (4.54%)
OPEB Liability	$ 9,749,588	8,834,241	8,051,470

NOTE 6 - POST-EMPLOYMENT BENEFIT COMMITMENTS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Changes in the OPEB Liability (Continued)

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

The following presents the OPEB liability of BrightRidge calculated using the health care trend rate of 6.50 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 (5.50 percent decreasing to 4.00 percent) or 1-percentage-point higher (7.50 percent decreasing to 6.00 percent) than the current health care trend rate:

	1% Decrease (5.50% decreasing to 4.00%)	Current Rate (6.50% decreasing to 5.00%)	1% Increase (7.50% decreasing to 6.00%)
OPEB Liability	$ 8,544,267	8,834,241	9,165,780

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

OPEB Expense

For the fiscal year ended June 30, 2023, BrightRidge recognized OPEB expense of $697,724.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 559,474	-
Changes in Assumptions	726,154	(955,192)
Total	$ 1,285,628	(955,192)

NOTE 6 - POST-EMPLOYMENT BENEFIT COMMITMENTS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

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

The net amount reported as deferred inflows of resources and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30:		
2024	$	85,205
2025		85,205
2026		96,423
2027		81,383
2028		78,811
Thereafter		(96,591)

In the table shown above, negative amounts, as applicable, will decrease OPEB expense.

NOTE 7 - DEFERRED COMPENSATION AND DEFINED CONTRIBUTION PLANS

Deferred Compensation Plan

BrightRidge offers its employees an optional 457(b) deferred compensation plan, the Johnson City Energy Authority 457(b) Plan (the Plan), available to all full-time employees. Employee must have reached age 18. Eligible employees are permitted 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. Elective contributions are amounts remitted by BrightRidge at the employee's election to a qualified plan. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency circumstances. The Plan assets are in custodial accounts with the Trust Company or Nationwide, and therefore they are not subject to the claims of BrightRidge's general creditors and are not reflected in the financial statements. Employee contributions and employee loan contributions were $504,178 and $20,456, respectively, for the fiscal year ended June 30, 2023.

NOTE 7 - DEFERRED COMPENSATION AND DEFINED CONTRIBUTION PLANS (CONTINUED)

Defined Contribution Plan

BrightRidge offers its employees a defined contribution plan 401(k) as administered by Empower Retirement, as offered by TCRS along with the defined benefit portion. Employees hired after January 1, 2019 participate in the hybrid pension plan. The employee must be 18 years to participate. The defined contribution plan is placed into the state's 401(k) plan and is managed by the employee, including loan applications if applicable. The defined contribution portion of the plan requires the employer to contribute 5.00% of the employee's retirement-related salary while employees are required to contribute a minimum of 2.00% of their related salary unless they opt out of the employee portion. During the fiscal year ended June 30, 2023, employees contributed $306,240, employer contributions were $191,324, and employee loan repayments were $7,003. Employees are 100% vested in employer contributions at date of hire. 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. Employees hired prior to July 1, 2019 participate in the legacy pension plan and are not eligible for the hybrid pension plan. Legacy pension plan employees may elect to contribute to the defined contribution plan 401(k). There is no employer contribution to the plan for legacy pension plan employees.

NOTE 8 - LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds					
Revenue Bonds Payable	$ 47,880,000	-	(2,830,000)	45,050,000	2,640,000
Premium	5,223,994	-	(384,983)	4,839,011	-
Total Revenue Bonds	53,103,994	-	(3,214,983)	49,889,011	2,640,000
Notes Payable	2,492,186	-	(348,111)	2,144,075	343,111
Total Long-Term Debt	$ 55,596,180	-	(3,563,094)	52,033,086	2,983,111

Bonds Payable

BrightRidge issues general obligation revenue bonds to provide funds for various construction and major electric infrastructure improvements. In addition, general obligation revenue bonds have been issued to refund other general obligation revenue bonds. The bonds are direct obligations and are payable from and are secured by a pledge of the net revenues to be derived from the operation of BrightRidge. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt.

On May 1, 2007, BrightRidge issued Electric System Revenue Bonds in the amount of $33,515,000. The Series 2007A Bonds were issued with interest rates ranging from 4.00% to 5.10% and maturity of May 2032.

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

On June 30, 2009, BrightRidge issued Electric System Revenue Bonds in the amount of $28,000,000. The Series 2008 Bonds were issued with interest rates ranging from 4.00% to 5.00% and maturity of May 2033.

On March 31, 2017, BrightRidge refunded and defeased in substance the outstanding Electric System Revenue Bonds, Series 2007A and 2008, as issued in the name of the prior entity, Johnson City Power Board. On that same date, Electric System Revenue Bonds, Series 2017 were issued by the new entity, JCEA. The defeased Series 2007A bonds, with varying outstanding maturity dates at the time of refund from May 1, 2017 through May 1, 2032, were called and redeemed on May 1, 2017 for the outstanding balance of $18,075,000. The defeased Series 2008 bonds, with varying outstanding maturity dates at the time of refunding from May 1, 2017 through May 1, 2033, were called and redeemed on May 1, 2017 in the amount of $910,000. The remaining $21,630,000 of defeased bonds were called and redeemed on May 1, 2018. The advance refunding resulted in an economic loss (difference between the present values of the old and new debt service payments) of $1,049,539, which is being amortized over the life of the bonds, and the unamortized portion at June 30, 2023 was $641,687. During the fiscal year ended June 30, 2023, $65,256 amortization expense was recognized for the economic loss.

On March 31, 2017, BrightRidge issued Electric System Revenue Bonds, Series 2017, totaling $34,480,000 with interest rates from 3.00% - 5.00% and maturity of May 2033. The interest is payable semiannually on May 1 and November 1 of each fiscal year with the principal payments due on May 1. The revenue of the system is pledged as security collateral for the debt. Upon event of default, this obligation is in many aspects dependent upon judicial actions. The debt is a direct obligation and pledge the full faith and credit authority of BrightRidge and will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

On August 6, 2021, BrightRidge issued Electric System Revenue Bonds, Series 2021, totaling $25,750,000 with interest rates from 2.00% - 5.00% and maturity of June 2041. The interest is payable semiannually on May 1 and November 1 of each fiscal year with the principal payments due on May 1. The revenue of the system is pledged as security collateral for the debt. Upon event of default, this obligation is in many aspects dependent upon judicial actions. The debt is a direct obligation and pledge the full faith and credit authority of BrightRidge and will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

The total interest incurred for the year ended June 30, 2023 was $1,785,354 charged to expense.

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

The following is a summary of general obligation revenue bonds currently outstanding:

	Date Issued	Amount Issued	Interest Rate	Maturity Date	Outstanding June 30, 2023
Electric System Revenue Bonds - 2017	3/31/2017	$ 34,480,000	3.00-5.00%	5/1/2033	$ 19,300,000
Electric System Revenue Bonds - 2021	8/6/2021	25,750,000	2.00-5.00%	6/30/2041	25,750,000
					$ 45,050,000

Changes in the Deferred Loss on Bond Refunding for the year ended June 30, 2023 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Deferred Loss on Bond Refunding	$ 706,943	-	(65,256)	641,687

Electric System Revenue Bonds issued May 1, 2017 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	$ 1,635,000	860,850	2,495,850
2025	1,710,000	779,100	2,489,100
2026	1,765,000	727,800	2,492,800
2027	1,850,000	639,550	2,489,550
2028	1,950,000	547,050	2,497,050
2029-2033	10,390,000	1,242,250	11,632,250
	$ 19,300,000	4,796,600	24,096,600

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

Electric System Revenue Bonds issued August 6, 2021 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	$ 1,005,000	789,800	1,794,800
2025	1,060,000	739,550	1,799,550
2026	1,110,000	686,550	1,796,550
2027	1,165,000	631,050	1,796,050
2028	1,225,000	572,800	1,797,800
2029-2033	7,020,000	1,969,250	8,989,250
2034-2038	7,985,000	1,003,400	8,988,400
2039-2041	5,180,000	208,500	5,388,500
	$ 25,750,000	6,600,900	32,350,900

Notes Payable

In June 2014, BrightRidge entered into a promissory note agreement with USDA Rural Economic Development as a result of federal loan funds received in August 2014 for pass-through to an international manufacturing company for construction of their new facility in rural Piney Flats, Tennessee. This $760,000 note payable has a term of ten years with 0% interest, with imputed interest being deemed immaterial. (See Note 2.) It is collateralized with an irrevocable letter of credit held with a financial institution. Principal payments of $6,333 are due monthly. The balance at June 30, 2023 is $88,667. Note payable debt service requirements for the fiscal years subsequent to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	$ 76,000	-	76,000
2025	12,667	-	12,667
	$ 88,667	-	88,667

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

In January 2021, BrightRidge entered into a promissory note agreement with USDA Rural Economic Development as a result of federal loan funds received in January 2021, for pass-through to a local wood pallet manufacturing company for the purchase of a new pallet nailing machine to replace the existing machine in rural Jonesborough, Tennessee. This $560,000 note payable has a term of ten years with 0% interest, with imputed interest being deemed immaterial. (See Note 2.) It is collateralized with an irrevocable letter of credit held with a financial institution. Principal payments of $4,667 are due monthly. The balance at June 30, 2023 is $424,667. Note payable debt service requirements for the fiscal years subsequent to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	$ 56,000	-	56,000
2025	56,000	-	56,000
2026	56,000	-	56,000
2027	56,000	-	56,000
2028	56,000	-	56,000
2029-2031	144,667	-	144,667
	$ 424,667	-	424,667

In January 2021, BrightRidge entered into a promissory note agreement with USDA Rural Economic Development as a result of federal loan funds received in January 2021, for pass-through to an international manufacturing company for additions to their facility in rural Piney Flats, Tennessee. This $1,000,000 note payable has a term of nine years with 0% interest, with imputed interest being deemed immaterial. (See Note 2.) It is collateralized with an irrevocable letter of credit held with a financial institution. Principal payments of $9,259 are due monthly. The balance at June 30, 2023 is $824,074. Note payable debt service requirements for the fiscal years subsequent to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	$ 111,111	-	111,111
2025	111,111	-	111,111
2026	111,111	-	111,111
2027	111,111	-	111,111
2028	111,111	-	111,111
2029-2031	268,519	-	268,519
	$ 824,074	-	824,074

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

In September 2021, BrightRidge entered into a promissory note agreement with USDA Rural Economic Development as a result of federal loan funds received in September 2021, for pass-through to a local manufacturing company for expansions to their facility in rural Chuckey, Tennessee. This $1,000,000 note payable has a term of ten years with 0% interest, with imputed interest being deemed immaterial. (See Note 2.) It is collateralized with an irrevocable letter of credit held with a financial institution. Principal payments of $8,333 are due monthly. The balance at June 30, 2023 is $806,667. Note payable debt service requirements for the fiscal years subsequent to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	$ 100,000	-	100,000
2025	100,000	-	100,000
2026	100,000	-	100,000
2027	100,000	-	100,000
2028	100,000	-	100,000
2029-2031	306,667	-	306,667
	$ 806,667	-	806,667

NOTE 9 - LONG-TERM OBLIGATIONS

Changes to long-term obligations, other than long-term debt, for the year ended June 30, 2023 were as follows:

	Beginning Balance, as Restated	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	$ 4,199,260	538,182	(604,902)	4,132,540	646,828
Subscription Liability*	138,226	-	51,316	86,910	86,910
Total Long-Term Liabilities	$ 4,337,486	538,182	(553,586)	4,219,450	733,738

*New category for BrightRidge's subscription liabilities due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

NOTE 9 - LONG-TERM OBLIGATIONS (CONTINUED)

Subscription-Based Information Technology Arrangements

Intangible right-to-use software arrangements of $138,226 have been recorded in capital assets. Due to the implementation of GASB Statement No. 96, these arrangements for software met the criteria of a SBITA; thus, requiring it to be recorded by the System as intangible assets and a SBITA liability. See Note 4 for additional details regarding these subscription arrangements. In addition to the SBITA liability, additional payments are made to CALIX throughout the year for variable charges based on monthly usage. These are not considered to be part of the SBITA liability and are expensed as incurred.

A summary of the principal and interest amounts to maturity on the SBITA arrangements as of June 30, 2023 is as follows:

Year Ended June 30	Principal	Interest	Total
2024	$ 86,910	7,170	94,080
	$ 86,910	7,170	94,080

NOTE 10 - HEAT PUMP PROGRAM

TVA's heat pump program offers financing to qualified BrightRidge customers for replacement of certain electric-related items, such as air sealing, attic insulation, doors, windows, electric water heaters, and certain heat pumps. BrightRidge served as a pass-through agent for this program through May 2020, as reflected in the offsetting asset and contra asset on the Statement of Net Position of $1,206,180 and ($1,206,180), respectively. Since May 2020, customers are able to obtain loans through TVA's vendor directly.

NOTE 11 - RISK MANAGEMENT

BrightRidge carries insurance for cyber and privacy, directors and officers, commercial crime, property, automobiles, general liability, worker's compensation, employee group health, and other coverages through external insurance carriers. There were no significant reductions in coverage from the prior fiscal year, and BrightRidge did not have any settlements in the last three fiscal years which were not covered by insurance.

Since July 1, 1986, BrightRidge has set aside funds as self-insurance for deductibles and uninsured risks. Funds were originally set aside by the Board of Directors in the amount of $1,000,000 and have accumulated to over $2,000,000 at June 30, 2023. For the fiscal year ended June 30, 2023, no settlements were paid from these funds.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Periodically, BrightRidge is active in lawsuits arising principally in the normal course of operations. In the opinion of management and attorneys consulted, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly, no material provision for losses has been recorded.

SECTION III

SUPPLEMENTARY INFORMATION

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS – LEGACY PLAN
Last Fiscal Year Ending June 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability									
Service Cost	$ 863,049	886,120	908,535	928,967	1,048,484	1,047,796	1,100,666	1,095,567	729,073
Interest	3,394,641	3,483,216	3,677,919	3,803,875	4,003,107	4,153,492	4,436,819	4,572,183	5,115,843
Differences between Expected and Actual Experience	(790,970)	667,467	(497,971)	626,009	(371,233)	1,409,848	(799,219)	(245,309)	(4,393,485)
Changes in Assumptions	-	-	-	1,483,160	-	-	-	10,628,605	-
Benefit Payments, including Refunds of Employee Contributions	(2,152,107)	(2,465,462)	(2,460,906)	(2,398,110)	(2,531,072)	(2,679,716)	(2,832,370)	(2,899,795)	(3,017,945)
Net Change in Total Pension Liability	1,314,613	2,571,341	1,627,577	4,443,901	2,149,286	3,931,420	1,905,896	13,151,251	(1,566,514)
Total Pension Liability - Beginning	45,474,884	46,789,497	49,360,838	50,988,415	55,432,316	57,581,602	61,513,022	63,418,918	76,570,169
Total Pension Liability - Ending (a)	$ 46,789,497	49,360,838	50,988,415	55,432,316	57,581,602	61,513,022	63,418,918	76,570,169	75,003,655
Plan Fiduciary Net Position									
Contributions - Employer	$ 1,574,379	1,577,102	1,594,572	1,694,199	1,666,121	1,835,801	1,881,689	1,878,149	1,848,649
Contributions - Employees	567,549	587,572	593,982	631,222	620,761	683,980	695,377	694,068	682,639
Net Investment Income	6,171,384	1,331,964	1,174,476	5,129,570	4,168,938	4,033,866	2,876,138	15,621,290	(2,898,051)
Benefit Payments, including Refunds of Employee Contributions	(2,152,107)	(2,465,462)	(2,460,906)	(2,398,110)	(2,531,072)	(2,679,716)	(2,832,370)	(2,899,795)	(3,017,945)
Administrative Expense	(8,578)	(9,074)	(13,285)	(14,692)	(16,596)	(16,023)	(15,647)	(15,071)	(15,555)
Net Change in Plan Fiduciary Net Position	6,152,627	1,022,102	888,839	5,042,189	3,908,152	3,857,908	2,605,187	15,278,641	(3,400,263)
Plan Fiduciary Net Position - Beginning	37,249,258	43,401,885	44,423,987	45,312,826	50,355,015	54,263,167	58,121,075	60,726,262	76,004,903
Plan Fiduciary Net Position - Ending (b)	$ 43,401,885	44,423,987	45,312,826	50,355,015	54,263,167	58,121,075	60,726,262	76,004,903	72,604,640
Net Pension Liability - Ending (a) - (b)	$ 3,387,612	4,936,851	5,675,589	5,077,301	3,318,435	3,391,947	2,692,656	565,266	2,399,015
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.76%	90.00%	88.87%	90.84%	94.24%	94.49%	95.75%	99.26%	96.80%
Covered Payroll	$ 11,350,967	$ 11,751,752	$ 11,881,393	$ 12,624,437	$ 12,415,203	$ 13,679,586	$ 13,912,250	$ 13,881,366	$ 13,653,117
Net Pension Liability as a Percentage of Covered Payroll	29.84%	42.01%	47.77%	40.22%	26.73%	24.80%	19.35%	4.07%	17.57%

(Continued)

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS – LEGACY PLAN
Last Fiscal Year Ending June 30

Notes to Schedule:

Changes in Assumptions

In fiscal year 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In fiscal year 2017, amounts reported as changes in assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS – LEGACY PLAN
Last Fiscal Year Ending June 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution	$ 1,574,379	1,577,102	1,594,572	1,694,199	1,666,121	1,835,801	1,881,869	1,878,149	1,848,649	1,872,270
Contributions in relation to the Actuarially Determined Contribution	1,574,379	1,577,102	1,594,572	1,694,199	1,666,121	1,835,801	1,881,869	1,878,149	1,848,649	1,872,270
Contribution Deficiency (Excess)	$ -	-	-	-	-	-	-	-	-	-
Covered Payroll	$ 11,350,967	11,751,752	11,881,393	12,624,437	12,415,203	13,679,586	13,912,250	13,881,366	13,653,117	13,807,295
Contributions as a Percentage of Covered Payroll	13.87%	13.42%	13.42%	13.42%	13.42%	13.42%	13.53%	13.53%	13.54%	13.56%

(Continued)

SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS – LEGACY PLAN
Last Fiscal Year Ending June 30

Notes to Schedule:

Valuation Date

Actuarially determined contribution rates for fiscal year 2023 were calculated based on the June 30, 2021 actuarial valuation.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (not to exceed 20 years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-year smoothed within a 20 percent corridor to market value.
Inflation	2.25 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent.
Investment Rate of Return	6.75 percent, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study.
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement.
Cost-of-Living Adjustments	2.125 percent.

Changes of Assumptions

In fiscal year 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In fiscal year 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.

JOHNSON CITY ENERGY AUTHORITY
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A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS – HYBRID PLAN
Last Fiscal Year Ending June 30

	2019	2020	2021	2022
Total Pension Liability				
Service Cost	$ -	17,735	63,331	114,530
Interest	-	1,286	8,037	18,828
Differences between Expected and Actual Experience	-	28,502	29,463	59,991
Changes in Assumptions	-	-	16,048	-
Benefit Payments, including Refunds of Employee Contributions	-	-	-	-
Net Change in Total Pension Liability	-	47,523	116,879	193,349
Total Pension Liability - Beginning	-	-	47,523	164,402
Total Pension Liability - Ending (a)	$ -	47,523	164,402	357,751
Plan Fiduciary Net Position				
Contributions - Employer	$ 767	11,621	23,005	39,942
Contributions - Employees	2,311	35,002	75,676	119,601
Net Investment Income	109	1,280	25,342	(9,560)
Benefit Payments, including Refunds of Employee Contributions	-	-	-	-
Administrative Expense	(161)	(1,059)	(1,942)	(3,639)
Net Change in Plan Fiduciary Net Position	3,026	46,844	122,081	146,344
Plan Fiduciary Net Position - Beginning	-	3,026	49,870	171,951
Plan Fiduciary Net Position - Ending (b)	$ 3,026	49,870	171,951	318,295
Net Pension Liability - Ending (a) - (b)	$ (3,026)	(2,347)	(7,549)	39,456
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	0.00%	104.94%	104.59%	88.97%
Covered Payroll	$ 46,215	$ 695,326	$ 1,513,514	$ 2,392,008
Net Pension Liability as a Percentage of Covered Payroll	-6.55%	-0.34%	-0.50%	1.65%

Notes to Schedule:

Changes of Assumptions

In fiscal year 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-living adjustment, and mortality improvements. In fiscal year 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 the TCRS GASB website for prior years' data, if needed.

See Independent Auditors' Report.

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS – HYBRID PLAN
Last Fiscal Year Ending June 30

		2019	2020	2021	2022	2023
Actuarially Determined Contribution	$	767	11,621	23,005	39,942	96,746
Contributions in relation to the Actuarially Determined Contribution		767	11,621	23,005	39,942	96,746
Contribution Deficiency (Excess)	$	-	-	-	-	-
Covered Payroll	$	46,215	695,326	1,513,514	2,392,008	3,826,471
Contributions as a Percentage of Covered Payroll		1.66%	1.67%	1.52%	1.67%	2.53%

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 the TCRS GASB website for prior years' data, if needed.

Beginning in fiscal year 2019, BrightRidge placed the actuarially determined contribution rate of covered payroll into the pension plan and placed the remainder of the four percent contractually required contribution into the Pension Stabilization Reserve Trust (SRT), as follows:

2019: Pension 1.66%, SRT 2.44%
2020: Pension 1.67%, SRT 2.43%
2021: Pension 1.52%, SRT 2.48%
2022: Pension 1.67%, SRT 2.33%
2023: Pension 2.53%, SRT 1.47%

(Continued)

SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS – HYBRID PLAN
Last Fiscal Year Ending June 30

Notes to Schedule:

Valuation Date

Actuarially determined contribution rates for fiscal year 2023 were calculated based on the June 30, 2021 actuarial valuation.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (not to exceed 20 years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-year smoothed within a 20 percent corridor to market value.
Inflation	2.25 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent.
Investment Rate of Return	6.75 percent, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study.
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement.
Cost-of-Living Adjustments	2.125 percent.

Changes of Assumptions

In fiscal year 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In fiscal year 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.

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
Last Fiscal Year Ending June 30

	2018	2019	2020	2021	2022	2023
Total OPEB Liability						
Service Cost	$ 199,823	194,525	288,031	375,875	384,661	301,915
Interest	210,132	224,657	275,307	204,751	216,690	310,604
Changes in Benefit Terms	-	-	1,343,154	-	-	-
Difference Between Expected and Actual Experience	-	-	393,388	-	440,460	-
Changes in Assumptions	(162,797)	208,404	1,085,435	49,751	(1,186,843)	-
Benefit Payments	(325,251)	(287,352)	(388,023)	(405,263)	(452,142)	(496,627)
Net Change in Total OPEB Liability	(78,093)	340,234	2,997,292	225,114	(597,174)	115,892
Total OPEB Liability - Beginning	5,830,976	5,752,883	6,093,117	9,090,409	9,315,523	8,718,349
Total OPEB Liability - Ending	$ 5,752,883	6,093,117	9,090,409	9,315,523	8,718,349	8,834,241
Covered Payroll	$ 11,608,049	11,898,250	13,300,650	13,633,166	14,837,626	15,208,567
Total OPEB Liability as a Percentage of Covered Payroll	49.56%	51.21%	68.35%	68.33%	58.76%	58.09%

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 of Assumptions

Discount Rate: In fiscal year 2018, discount rates changes from 3.58 percent at June 30, 2017 to 3.87 percent at June 30, 2018. In fiscal year 2019, discount rates changes from 3.87 percent at June 30, 2018 to 3.50 percent at June 30, 2019. In fiscal year 2020, discount rates changes from 3.50 percent at June 30, 2019 to 2.21 percent at June 30, 2020. In fiscal year 2021, discount rates changes from 2.21 percent at June 30, 2020 to 2.16 percent at June 30, 2021. In fiscal year 2022, discount rates changes from 2.16 percent at June 30, 2021 to 3.54 percent at June 30, 2022.

Mortality Table: In fiscal year 2020, the mortality table used was changed from RP-2000 Fully Generational Table with projection scale BB used in fiscal year 2019 to RPH-2014 Headcount-weighted Fully Generational Table with projection scale MP-2018. In fiscal year 2022, the mortality table used was changed from RPH-2014 Headcount-weighted Fully Generational Table with projection scale MP-2018 to RPH-2014 Headcount-weighted Fully Generational Table with projection scale MP-2021.

Non-Medicare Eligible Health Care Trend Rates: In fiscal year 2018, health care trend rate was updated to 8.0% in 2018, grading down 0.5% per annum to an ultimate rate of 5.0% in years after 2023. In fiscal year 2020, health care trend rate was updated to 8.0% in 2020, grading down 0.5% per annum to an ultimate rate of 5.0% in years after 2025.

Changes in Benefit Terms

Plan changes: In fiscal year 2020, benefit terms changed from paid-up life insurance policies for retirees in fiscal year 2019 to life insurance benefits for new retirees and actives are no longer paid-up beginning in fiscal year 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.

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
COMBINING SCHEDULE OF NET POSITION BY DIVISION
June 30, 2023

	Business-Type Fund			
	Electric Division	Broadband Division	Intrafund Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash on Hand and in Bank	$ 31,507,547	1,018,910	-	32,526,457
Accounts Receivable - Customer Service, Net of Allowance for Uncollectible Accounts	19,916,357	547,172	-	20,463,529
Accounts Receivable - Rents and Other	1,240,094	76,549	61,069	1,377,712
Current Inter-Division Receivables	1,657,519	389,600	(2,047,119)	-
Current Maturities of Notes Receivable	343,111	-	-	343,111
Current Maturities of Leases Receivable	424,390	3,113	-	427,503
Inventories	10,251,959	5,436,525	-	15,688,484
Prepaid Expenses	1,114,332	167,220	(61,069)	1,220,483
Total Current Assets	66,455,309	7,639,089	(2,047,119)	72,047,279
CAPITAL ASSETS				
Land and Land Rights	5,623,567	-	-	5,623,567
Intangibles	80,176	255,601	-	335,777
Construction in Progress	7,425,248	7,977,841	-	15,403,089
Depreciable Capital Assets	329,211,248	30,497,585	-	359,708,833
Less: Accumulated Depreciation	(119,828,274)	(4,778,273)	-	(124,606,547)
Net Capital Assets	222,511,965	33,952,754	-	256,464,719
DESIGNATED ASSETS				
Cash and Cash Equivalents	21,875,082	3,281,560	-	25,156,642
Investments	8,500,000	-	-	8,500,000
Net Designated Assets	30,375,082	3,281,560	-	33,656,642
RESTRICTED ASSETS				
TCRS Stabilization Reserve Trust	115,359	37,636	-	152,995
OTHER ASSETS				
Inter-Division Receivables	59,685,452	6,500,000	(66,185,452)	-
Accounts Receivable - Customers - Heat Pumps	1,206,180	-	-	1,206,180
Advance from Tennessee Valley Authority	(1,206,180)	-	-	(1,206,180)
Leases Receivable, Net of Current Maturities	358,076	161,162	-	519,238
Notes Receivable, Net of Current Maturities	1,789,964	-	-	1,789,964
Total Other Assets	61,833,492	6,661,162	(66,185,452)	2,309,202
TOTAL ASSETS	381,291,207	51,572,201	(68,232,571)	364,630,837
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources Related to Pension Plans	9,937,625	1,079,571	-	11,017,196
Deferred Outflows of Resources Related to OPEB	1,100,240	185,388	-	1,285,628
Deferred Loss on Bond Refunding	641,687	-	-	641,687
TOTAL DEFERRED OUTFLOWS OF RESOURCES	11,679,552	1,264,959	-	12,944,511

(Continued)

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
COMBINING SCHEDULE OF NET POSITION BY DIVISION
June 30, 2023

	Business-Type Fund			
	Electric Division	Broadband Division	Intrafund Eliminations	Total
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	25,421,380	466,737	-	25,888,117
Accrued Salaries	518,081	-	-	518,081
Accrued Interest	275,108	-	-	275,108
Customer Deposits	5,308,109	34,428	-	5,342,537
Unearned Revenue Related to USDA Loans	10,000	-	-	10,000
Current Portion of Compensated Absences	646,828	-	-	646,828
Current Maturities of Bonds Payable	2,640,000	-	-	2,640,000
Current Maturities of Notes Payable	343,111	-	-	343,111
Current Inter-Division Payables	264,765	1,782,354	(2,047,119)	-
Other Current and Accrued Liabilities	291,989	34,505	-	326,494
Subscription Liability	-	86,910	-	86,910
Total Current Liabilities	35,719,371	2,404,934	(2,047,119)	36,077,186
LONG-TERM LIABILITIES				
Inter-Division Payables	-	66,185,452	(66,185,452)	-
Bonds Payable, Net of Current Maturities and Unamortized Bond Premium	47,249,011	-	-	47,249,011
Notes Payable, Net of Current Maturities	1,800,964	-	-	1,800,964
Compensated Absences, Net of Current Portion	3,485,712	-	-	3,485,712
Net Pension Liability (Asset)	2,562,859	(124,388)	-	2,438,471
Other Post-Employment Benefits Liability	7,560,343	1,273,898	-	8,834,241
Total Long-Term Liabilities	62,658,889	67,334,962	(66,185,452)	63,808,399
TOTAL LIABILITIES	98,378,260	69,739,896	(68,232,571)	99,885,585
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources Related to Pension Plans	3,895,481	390,438	-	4,285,919
Deferred Inflows of Resources Related to OPEB	817,453	137,739	-	955,192
Deferred Inflows of Resources Related to Leases	782,466	164,275	-	946,741
TOTAL DEFERRED INFLOWS OF RESOURCES	5,495,400	692,452	-	6,187,852
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	173,264,641	33,865,844	-	207,130,485
Restricted for Pension Stabilization Reserve Trust	115,359	37,636	-	152,995
Unrestricted (Deficit)	115,717,099	(51,498,668)	-	64,218,431
TOTAL NET POSITION (DEFICIT)	$ 289,097,099	(17,595,188)	-	271,501,911

See Independent Auditors' Report.

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY DIVISION
For the Fiscal Year Ended June 30, 2023

	Business-Type Fund			
	Electric Division	Broadband Division	Intrafund Eliminations	Total
OPERATING REVENUES				
Sales of Electric Energy				
Residential	$ 117,996,601	-	-	117,996,601
Large Lighting and Power	68,387,449	-	-	68,387,449
Small Lighting and Power	19,874,284	-	-	19,874,284
Street and Outdoor Lighting	3,850,997	-	-	3,850,997
Unbilled Revenue	8,120,328	-	-	8,120,328
Sales of Broadband				
Internet Operating Revenue - Residential	-	7,595,407	-	7,595,407
Internet Operating Revenue - Business	-	2,878,575	-	2,878,575
Internet Operating Revenue - Support Services	-	773,458	-	773,458
Other Operating Revenues	5,795,695	249,557	(640,194)	5,405,058
Total Operating Revenues (Pledged as Revenue Bonds Security)	224,025,354	11,496,997	(640,194)	234,882,157
OPERATING EXPENSES				
Operations				
Power Purchased from Tennessee Valley Authority and Other Entities	162,376,537	-	-	162,376,537
Broadband Wholesale Delivery	-	2,280,980	(392,201)	1,888,779
Broadband Installation	-	3,343,612	-	3,343,612
Other Operating Expenses	15,741,135	4,590,001	(165,328)	20,165,808
Maintenance	12,249,798	1,133,543	(82,665)	13,300,676
Provision for Depreciation	10,487,347	1,926,234	-	12,413,581
Tax Equivalents	5,787,959	375,137	-	6,163,096
Total Operating Expenses	206,642,776	13,649,507	(640,194)	219,652,089
NET OPERATING INCOME	17,382,578	(2,152,510)	-	15,230,068
NONOPERATING REVENUES (EXPENSES)				
Interest Income	2,530,474	113,713	(1,684,114)	960,073
Other Income	138,869	285,420	-	424,289
Interest Expense	(1,773,909)	(1,695,559)	1,684,114	(1,785,354)
Amortization of Bond Premium	384,983	-	-	384,983
Amortization of Deferred Loss on Bond Refunding	(65,256)	-	-	(65,256)
Nonoperating Grant Revenues	302,104	2,300,000	-	2,602,104
Nonoperating Grant and Other Expenses	(516,928)	-	-	(516,928)
Total Nonoperating Revenues (Expenses)	1,000,337	1,003,574	-	2,003,911
CHANGE IN NET POSITION (DEFICIT)	18,382,915	(1,148,936)	-	17,233,979
NET POSITION (DEFICIT), BEGINNING	270,714,184	(16,446,252)	-	254,267,932
NET POSITION (DEFICIT), ENDING	$ 289,097,099	(17,595,188)	-	271,501,911

See Independent Auditors' Report.

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2023

Grantor Agency	Pass-Through Agency/Program Name	Assistance Listing Number	Contract Number	Expenditures	Passed-Through to Subrecipient
U.S. Department of Agriculture	Rural Economic Development Loans and Grants	10.854	[1]	$ 133,693	133,693
U.S. Department of Treasury	COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	[1]	2,300,000	-
U.S. Department of Homeland Security	Disaster Grants - Public Assistance	97.036	[1]	168,411	-
TOTAL FEDERAL AWARDS				$ 2,602,104	133,693

[1] Information not available

Notes to Schedule:

NOTE A: BASIS OF PRESENTATION
The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant and loan activity of BrightRidge under programs of the federal government for the fiscal year ended June 30, 2023. The information in the 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). Since the schedule presents only a selected portion of the operations of BrightRidge, it is not intended to, and does not present, the financial position, changes in net position, or cash flows of BrightRidge.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Expenditures reported on the schedule are reported on the accrual basis of accounting. Non-monetary assistance, when applicable, is reported in the schedule at the estimated fair market value of property received and used.

NOTE C: INDIRECT COSTS
BrightRidge has not elected to use the 10% *de minimis* indirect cost allocation option.

(Continued)

Notes to Schedule (Continued):

NOTE D: FEDERAL LOANS PROGRAMS

The federal loan programs listed subsequently are administered directly by BrightRidge, and balances and transactions relating to these programs are included in BrightRidge basic financial statements. Loans outstanding at the beginning of the year, loans made during the year, and other required components are included in the federal expenditures presented in the schedule.

The balance of federal loans outstanding at June 30, 2023 and 2022 consists of:

Assistance Listing Number	Program Name	Outstanding Balance at June 30, 2022	2023
10.854	USDA - Rural Economic Development Loans and Grants	$ 2,492,186	2,144,075

See Independent Auditors' Report.

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS -
2017 REFUNDING ISSUE
June 30, 2023

Fiscal Year Ending	Interest Rate	Principal	Interest	Total Requirements
6-30-2024	5.00%	$ 1,635,000	860,850	2,495,850
6-30-2025	5.00%	1,710,000	779,100	2,489,100
6-30-2026	3.00%	1,765,000	727,800	2,492,800
6-30-2027	5.00%	1,850,000	639,550	2,489,550
6-30-2028	5.00%	1,950,000	547,050	2,497,050
6-30-2029	5.00%	2,045,000	449,550	2,494,550
6-30-2030	5.00%	2,150,000	347,300	2,497,300
6-30-2031	4.00%	2,255,000	239,800	2,494,800
6-30-2032	4.00%	2,340,000	149,600	2,489,600
6-30-2033	3.50%	1,600,000	56,000	1,656,000
		$ 19,300,000	4,796,600	24,096,600

See Independent Auditors' Report.

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS -
2021 REFUNDING ISSUE
June 30, 2023

Fiscal Year Ending	Interest Rate	Principal	Interest	Total Requirements
6-30-2024	5.00%	$ 1,005,000	789,800	1,794,800
6-30-2025	5.00%	1,060,000	739,550	1,799,550
6-30-2026	5.00%	1,110,000	686,550	1,796,550
6-30-2027	5.00%	1,165,000	631,050	1,796,050
6-30-2028	5.00%	1,225,000	572,800	1,797,800
6-30-2029	5.00%	1,285,000	511,550	1,796,550
6-30-2030	5.00%	1,350,000	447,300	1,797,300
6-30-2031	3.00%	1,420,000	379,800	1,799,800
6-30-2032	3.00%	1,460,000	337,200	1,797,200
6-30-2033	2.00%	1,505,000	293,400	1,798,400
6-30-2034	2.00%	1,535,000	263,300	1,798,300
6-30-2035	2.00%	1,565,000	232,600	1,797,600
6-30-2036	2.00%	1,595,000	201,300	1,796,300
6-30-2037	2.00%	1,630,000	169,400	1,799,400
6-30-2038	2.00%	1,660,000	136,800	1,796,800
6-30-2039	2.00%	1,695,000	103,600	1,798,600
6-30-2040	2.00%	1,725,000	69,700	1,794,700
6-30-2041	2.00%	1,760,000	35,200	1,795,200
		$ 25,750,000	6,600,900	32,350,900

See Independent Auditors' Report.

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS -
TOTAL COMBINED ISSUED DEBT
June 30, 2023

Fiscal Year Ending	Interest Rate	Principal	Interest	Total Requirements
6-30-2024	5.00%	$ 2,640,000	1,650,650	4,290,650
6-30-2025	5.00%	2,770,000	1,518,650	4,288,650
6-30-2026	3.00%-5.00%	2,875,000	1,414,350	4,289,350
6-30-2027	5.00%	3,015,000	1,270,600	4,285,600
6-30-2028	5.00%	3,175,000	1,119,850	4,294,850
6-30-2029	5.00%	3,330,000	961,100	4,291,100
6-30-2030	5.00%	3,500,000	794,600	4,294,600
6-30-2031	3.00%-4.00%	3,675,000	619,600	4,294,600
6-30-2032	3.00%-4.00%	3,800,000	486,800	4,286,800
6-30-2033	2.00%-3.50%	3,105,000	349,400	3,454,400
6-30-2034	2.00%	1,535,000	263,300	1,798,300
6-30-2035	2.00%	1,565,000	232,600	1,797,600
6-30-2036	2.00%	1,595,000	201,300	1,796,300
6-30-2037	2.00%	1,630,000	169,400	1,799,400
6-30-2038	2.00%	1,660,000	136,800	1,796,800
6-30-2039	2.00%	1,695,000	103,600	1,798,600
6-30-2040	2.00%	1,725,000	69,700	1,794,700
6-30-2041	2.00%	1,760,000	35,200	1,795,200
		$ 45,050,000	11,397,500	56,447,500

See Independent Auditors' Report.

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
For the Fiscal Year Ended June 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2022	Issued During Period	Paid and/or Matured During Period	Outstanding June 30, 2023
Bonds Payable, Net of Premium								
Payable Through Electric Fund								
Electric System Revenue Bonds, Series 2017	$ 34,480,000	3% to 5%	3/31/2017	5/1/2033	$ 22,130,000	-	(2,830,000)	19,300,000
Electric System Revenue Bonds, Series 2021	$ 25,750,000	2% to 5%	8/6/2021	6/30/2041	25,750,000	-	-	25,750,000
Total Bonds Payable, Net of Premium, Through Electric Fund					$ 47,880,000	-	(2,830,000)	45,050,000
Notes Payable	$ 760,000	0%	8/21/2014	8/21/2024	$ 164,667	-	(76,000)	88,667
USDA Rural Development Obligations	$ 560,000	0%	1/4/2021	1/3/2031	480,667	-	(56,000)	424,667
Payable Through Electric Fund	$ 1,000,000	0%	1/4/2021	1/3/2031	935,185	-	(111,111)	824,074
Rural Economic Development Loans	$ 1,000,000	0%	9/1/2021	9/1/2031	911,667	-	(105,000)	806,667
Total Notes Payable Through Electric Fund					$ 2,492,186	-	(348,111)	2,144,075

See Independent Auditors' Report.

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
CHANGES IN STATEMENT OF NET POSITION ACCOUNTS (UNAUDITED)
June 30, 2023 and 2022

A comparison of the Statements of Net Position at June 30, 2023 and 2022 is shown below.

	2023	2022	Increase (Decrease)
Capital Assets	$ 381,071,266	353,799,627	27,271,639
Less: Accumulated Depreciation	(124,606,547)	(117,395,793)	(7,210,754)
Net Capital Assets	256,464,719	236,403,834	20,060,885
Plus: Deferred Outflows of Resources	12,944,511	15,018,452	(2,073,941)
Plus: Restricted, Designated, and Other Assets	36,118,839	51,254,380	(15,135,541)
Current Assets	72,047,279	67,871,217	4,176,062
Less: Current Liabilities	(36,077,186)	(39,803,689)	3,726,503
Working Capital	35,970,093	28,067,528	7,902,565
Less: Long-Term Liabilities	(63,808,399)	(65,201,939)	1,393,540
Less: Deferred Inflows of Resources	(6,187,852)	(11,274,323)	5,086,471
Net Position	$ 271,501,911	254,267,932	17,233,979

See Independent Auditors' Report.

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
COMPARATIVE RESULTS OF OPERATIONS (UNAUDITED)
For the Fiscal Years Ended June 30, 2023 and 2022

The operating results for the fiscal years ended June 30, 2023 and 2022 are summarized below.

Percent of Operating Revenues 2023	Percent of Operating Revenues 2022		Amount 2023	Amount 2022	Increase (Decrease)
		Operating Revenues			
92.90 %	94.37	Sales of Electric Energy	$ 218,229,659	206,223,520	12,006,139
4.79	3.51	Sales of Broadband	11,247,440	7,667,460	3,579,980
2.30	2.12	Other Operating Revenues	5,405,058	4,621,704	783,354
99.99	100.00	Total Operating Revenues	234,882,157	218,512,684	16,369,473
		Operating Expenses			
69.13	68.63	Power Purchased	162,376,537	149,975,244	12,401,293
2.23	2.06	Wholesale Broadband Delivery and Installation	5,232,391	4,508,309	724,082
14.25	13.19	Other Operation and Maintenance Expense	33,466,484	28,815,146	4,651,338
5.29	5.26	Provision for Depreciation	12,413,581	11,495,219	918,362
2.62	2.67	Tax Equivalent	6,163,096	5,827,503	335,593
93.52	91.81	Total Operating Expenses	219,652,089	200,621,421	19,030,668
6.48	8.19	Net Operating Income	15,230,068	17,891,263	(2,661,195)
0.85	(0.83)	Nonoperating Revenue (Expense)(Net)	2,003,911	(1,813,609)	3,817,520
7.34 %	7.36	Change in Net Position	$ 17,233,979	16,077,654	1,156,325

See Independent Auditors' Report.

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
SELECTED DATA AND COMPARISONS (UNAUDITED)
June 30, 2023 and 2022

Presented below is a summary of certain changes in financial position together with selected TVA report data and comparisons.

	2023	2022	Increase (Decrease)	Percent Increase (Decrease)
Operating Revenues	$ 234,882,157	218,512,684	16,369,473	7%
Change in Net Position	17,233,979	16,077,654	1,156,325	7%
Gross Plant Additions Less or Plus Net Salvage	18,370,247	16,520,581	1,849,666	11%
Funds for Capital Asset Addition Provided Through Depreciation and Amortization	11,114,242	10,687,508	426,734	4%
Excess of Capital Asset Expenditures Over Amounts Provided by Depreciation	7,256,005	5,833,073	1,422,932	24%
Electric Division	82,727	81,747	980	1%
Broadband Division	11,684	4,466	7,218	162%
Average Use (kwH) Per Residential Electric Customer	13,489	14,180	(691)	-5%

See Independent Auditors' Report.

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
COMPARATIVE STATISTICAL DATA - BRIGHTRIDGE AND OTHER GROUP A MUNICIPALITIES IN THE TVA AREA (UNAUDITED)
For the Fiscal Years Ended June 30, 2023 and 2022

Certain revenue statistics and operating costs of BrightRidge (Electric Division) for the fiscal years ended June 30, 2023 and 2022 are compared with the composite of Group A Municipalities in the TVA area for the fiscal year ended June 30, 2022.

	BrightRidge		2022 Composite of Group A Municipalities on TVA Area (Note 1)
	2023	2022	
Average Number of Customers - Electric	82,727	81,747	15,367
Electric Sales - Cents per Kilowatt Hour Sold	11.81	10.83	10.17
Percent of Revenue by Classes to Total Electric Sales			
Residential	57.08 %	56.20 %	44.69 %
Large Lighting and Power	32.38	31.87	41.66
Small Lighting and Power	9.58	9.38	11.29
Street and Outdoor	1.77	1.80	1.88
Unbilled Revenue - All Classes	(0.81)	0.75	0.48
	100.00 %	100.00 %	100.00 %
Purchased Power - Cents Per Kilowatt Hour Purchased	8.51	7.58	7.41
Percent of Unaccounted for Kilowatt Hours (Distribution Losses)	3.12 %	3.75 %	3.89 %
Certain Expenses Expressed in Dollar per Customer			
Transmission and Distribution	$ 178.74	$ 164.17	$ 196.60
Customer Accounting and Collecting	51.38	53.60	50.72
Sales Promotion	8.43	5.35	6.03
Administrative and General	99.79	80.67	118.77
	$ 338.34	$ 303.79	$ 372.12
Percent of Certain Operating Expenses to Revenue from Electric Sales			
Purchased Power	74.41 %	72.72 %	75.75 %
Other Operating Expenses (Depreciation and Taxes)	7.46	7.56	8.28
	81.87 %	80.28 %	84.03 %

Note 1 - Data compiled from information within "The 2022 Financial and Statistical Report for Municipal and Cooperative Distributors of TVA Power" published by the Tennessee Valley Authority. For comparative purposes, large distributors (Memphis, Chattanooga, Knoxville, Huntsville and Nashville) have been excluded from the Composite. The 2023 report was not available as of the date of this audit report.

See Independent Auditors' Report.

SECTION IV

INTERNAL CONTROL AND COMPLIANCE SECTION

Blackburn, Childers & Steagall, PLC
Certified Public Accountants & Consultants

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 Board of Directors
Johnson City Energy Authority
dba BrightRidge

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 business-type activities of the Johnson City Energy Authority dba BrightRidge, a component unit of the City of Johnson City, Tennessee, (BrightRidge), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise BrightRidge's basic financial statements, and have issued our report thereon dated December 5, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered BrightRidge's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BrightRidge's internal control. Accordingly, we do not express an opinion on the effectiveness of BrightRidge'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of BrightRidge's financial statements will not 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that were not identified.

801B Sunset Drive, Johnson City, TN 37604 423.282.4511
1361 South Wilcox Drive, Kingsport, TN 37660 423.246.1725
550 Tusculum Boulevard, Greeneville, TN 37745 423.638.8516
820 State Farm Road, Boone, NC 28607 828.264.3595

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether BrightRidge's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 BrightRidge's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BrightRidge's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blackburn, Childers & Steagall, PLC

BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

December 5, 2023

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Johnson City Energy Authority
dba BrightRidge

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Johnson City Energy Authority dba BrightRidge's, a component unit of the City of Johnson City, Tennessee, (BrightRidge) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of BrightRidge's major federal programs for the fiscal year ended June 30, 2023. BrightRidge's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, BrightRidge complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of BrightRidge and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of BrightRidge's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to BrightRidge's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on BrightRidge's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about BrightRidge's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding BrightRidge's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding BrightRidge's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of BrightRidge's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Blackburn, Childers & Steagall, PLC

BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

December 5, 2023

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the business-type activities of the Johnson City Energy Authority dba BrightRidge, a component unit of the City of Johnson City, Tennessee, (BrightRidge).

2. No material weaknesses or significant deficiencies are reported relating to the audit of the financial statements.

3. No instances of noncompliance material to the financial statements of BrightRidge are required to be reported in accordance with *Government Auditing Standards*.

4. No material weaknesses or significant deficiencies in internal control over major federal award programs are disclosed during the audit of BrightRidge.

5. The auditors' report on compliance for the major federal award programs for BrightRidge expresses an unmodified opinion on all major federal programs.

6. There were no audit findings relative to the major federal award programs that are required to be disclosed in accordance with Title 2 U.S. CFR section 200.516(a) of the Uniform Guidance.

7. The program tested as a major program was as follows:

Program	ALN Number
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027

8. The threshold for distinguishing Type A and B programs was $750,000.

9. BrightRidge was determined to not be a low-risk auditee.

SECTION II - FINANCIAL STATEMENT FINDINGS

Current Fiscal Year Findings

No findings reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Current Fiscal Year Findings

No findings reported.

JOHNSON CITY ENERGY AUTHORITY
DBA BRIGHTRIDGE
A COMPONENT UNIT OF THE CITY OF JOHNSON CITY, TENNESSEE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Fiscal Year Ended June 30, 2023

PRIOR FISCAL YEAR FINANCIAL STATEMENT FINDINGS

No findings reported.

PRIOR FISCAL YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Prior Year Finding Number	Finding Title	Status/ Current Year Finding Number
2022-001	Subrecipient Monitoring of Matching Requirements (U.S. Department of Agriculture, Rural Economic Development Loans and Grants, ALN #10.854)	Corrected