

**BRISTOL PUBLIC LIBRARY**  
(a joint venture of the cities of Bristol, TN and Bristol, VA)

**ANNUAL FINANCIAL REPORT**

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



**MAULDIN & JENKINS**

**CPAs & ADVISORS**

**BRISTOL PUBLIC LIBRARY**  
(a joint venture of the cities of Bristol, TN and Bristol, VA)

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**June 30, 2024**

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# BRISTOL PUBLIC LIBRARY BOARD OF TRUSTEES

BRISTOL TENNESSEE REPRESENTATIVES		PHONE/EMAIL	APPOINTED	TERM	TERM EXPIRES
Ms. Alex Akard – Student Rep. 215 Donegal Way Bristol, TN 37621		423-361-9556 alexakard@icloud.com	02/18/21		Graduation
Dr. Barry Hopper 133 Spanish Oak Road Bristol, TN 37621		423-341-3331 barrylhopper@gmail.com	09/05/23	(to complete 1 <sup>st</sup> term for Sherry Hutton)	12/31/24
Mrs. Margaret Feierabend – Council Rep. 208 Lovedale Drive Bristol, TN 37620		423-764-3336 mfeierabend@bristoltn.org	07/20		Term of Office
Mr. Ted Black, Jr. - Secretary 330 Godsey Road Bristol, TN 37620		302-470-1793 dazarth2005@gmail.com	01/10/23	1 <sup>st</sup>	12/31/25
Ms. Anne Rife - Treasurer 300 Robin Road Bristol, TN 37620		276-619-1015 rifeanne@gmail.com	07/07/20	2 <sup>nd</sup>	12/31/26
Mr. Peter Stigers 1020 Georgia Avenue Bristol, TN 37620		423-963-2920 peter.stigers@gmail.com	05/07/24	(to complete 1 <sup>st</sup> term Crystal Peak)	12/31/26
BRISTOL VIRGINIA REPRESENTATIVES		PHONE/EMAIL	APPOINTED	TERM	TERM EXPIRES
Mr. Don Ashley – President 709 Navajo Trail Bristol, VA 24201		276-669-3245 dwa7@bvu.net	07/09/19	2 <sup>nd</sup>	06/30/26
Mr. John Sanslow 344 Kriswood Drive Bristol, VA 24201		423-366-8469 jsanslow@bvu.net	06/27/23	1 <sup>st</sup>	06/30/27
Mr. Steven Gobble 2647 Everett Street Bristol, VA 24201		276-451-5987 tigerkingva@yahoo.com	07/02/18	2 <sup>nd</sup>	06/30/25
Mr. Danny Peterson 409 Santa Monica Road Bristol, VA 24201		423-741-8778 petersontd1981@gmail.com	08/22/19	2 <sup>nd</sup>	06/30/26
Mr. Michael Pollard – Council Rep. 140 Ashley Drive Bristol, VA 24201		276-967-0143 michael.pollard@bristolva.org	01/03/23		Term of Office
Ms. Kaeleen Robinson 711 Lawrence Avenue Bristol, VA 24201		276-791-1158 kaeleenrobinson049@gmail.com	03/18/21		Graduation
MEMBER AT LARGE		PHONE/EMAIL	APPOINTED	TERM	TERM EXPIRES
Ms. Liesa Jenkins 2156 Randolph Street Bristol, VA 24201		423-306-4214 liesajj@gmail.com	11/16/23	1 <sup>st</sup>	06/30/26

## EXECUTIVE DIRECTOR

Ms. Tonia Kestner  
457 Manchester Place  
Bristol, TN 37620  
276-356-5865  
276-645-8782w  
tonia@bristol-library.org

## HRRL REPRESENTATIVE

Ms. Jennifer Breuer, Director  
Holston River Regional Library  
170 W. Springbrook Drive  
Johnson City, TN 37604  
423-926-2951  
Jennifer.Breuer@tn.gov



## INDEPENDENT AUDITOR'S REPORT

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**The Board of Trustees  
Bristol Public Library  
Bristol, Virginia**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the discretely presented component unit, and the major fund of the Bristol Public Library, a joint venture of the Cities of Bristol, TN and Bristol, VA (the "Library"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and the major fund, of the Bristol Public Library, a joint venture of the Cities of Bristol, TN and Bristol, VA, as of June 30, 2024, and the respective changes in its financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library'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.

***Auditor's 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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

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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, the schedule of Library's proportionate share of the net pension liability, schedule of Library contributions – pension, Notes to required supplementary information- pension, the schedule of changes in the Library's total OPEB liability, the schedule of changes in proportionate share of the Library's net OPEB liability – GLI plan, and the schedule of Library contributions – OPEB GLI plan on pages 5 – 7 and 41 – 46, respectively, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The component unit – Bristol Public Library Foundation balance sheet, component unit – Bristol Public Library Foundation statement of revenues, expenditures, and changes in fund balance, and schedule of revenues and expenditures by division – governmental fund (the "supplementary information"), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2024, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Chattanooga, Tennessee  
December 2, 2024

## MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2024

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Management's discussion and analysis of the financial performance of the Bristol Public Library (the "Library") is intended to provide the readers of these financial statements with an overview of the Library's financial activities for the year ended June 30, 2024. This statement reports the financial activities of the Bristol Public Library, which for the purposes of this statement should be understood as a conflation of two distinct organizations: the Bristol Public Library, a governmental entity jointly owned by the two Cities of Bristol, TN and VA, and managed by a Board of Directors authorized by both States and duly appointed by each City; and the Bristol Public Library Foundation, (the "Foundation") a nonprofit organization formed as a 501(c)3 entity under the IRS tax code, and which exists solely to support the activities and programs of the Bristol Public Library. The Foundation is considered, for financial reporting purposes, a component unit of the Library.

The value of all property of the Bristol Public Library joint venture is reported by the two Cities that share in its ownership. Therefore, the assets and liabilities reported here are in the form of financial obligations for programs and services.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Library's basic financial statements. The Library's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Library's assets, deferred outflows of resources, deferred inflows of resources, and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The *statement of activities* presents information showing how the Library's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 8-9 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The sole fund of the Library is considered a governmental fund.

Governmental funds are used to account for essentially the same functions reported in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The basic governmental fund financial statements can be found on pages 10-12 of this report.



## MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2024

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-40 of this report.

### Government-wide Financial Analysis

#### Summary of the Library's Net Position June 30, 2024 and 2023

	Governmental activities	
	2024	2023
Assets:		
Current and other assets	\$ 378,048	\$ 194,645
Capital assets	93,145	-
Total assets	<u>471,193</u>	<u>194,645</u>
Deferred outflows of resources	<u>334,032</u>	<u>332,696</u>
Liabilities:		
Current liabilities	126,392	132,568
Long-term liabilities	<u>1,179,145</u>	<u>1,069,044</u>
Total liabilities	<u>1,305,537</u>	<u>1,201,612</u>
Deferred inflows of resources	<u>154,138</u>	<u>337,461</u>
Net position:		
Investment in capital assets	93,145	-
Unrestricted	<u>(747,595)</u>	<u>(1,011,732)</u>
Total net position	<u>\$ (654,450)</u>	<u>\$ (1,011,732)</u>

The Bristol Public Library's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$654,450 (net position) at June 30, 2024. Net position of (\$747,595) consists of a deficit unrestricted net position. Unrestricted net position is not available to fund future library operations.

## MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2024

### Summary of Changes in the Library's Net Position Years ended June 30, 2024 and 2023

	Governmental activities	
	2024	2023
Revenues:		
Program revenue		
Charges for services	\$ 40,000	\$ 36,762
Operating grants and contributions	431,702	282,378
Capital grants and contributions	-	-
General revenue		
Cities' appropriations	1,879,632	1,833,307
Unrestricted investment earnings	3,541	649
Other general revenue	175,863	35,851
Total revenues	<u>2,530,738</u>	<u>2,188,947</u>
Expenses:		
Public services	1,273,723	1,165,623
Information technology	209,240	223,979
Administration	210,397	174,650
Maintenance and operations	480,096	454,691
Total expenses	<u>2,173,456</u>	<u>2,018,943</u>
Change in net position	357,282	170,004
Net position (deficit), beginning of year	<u>(1,011,732)</u>	<u>(1,181,736)</u>
Net position (deficit), end of year	<u>\$ (654,450)</u>	<u>\$ (1,011,732)</u>

The Library's deficit net position decreased from \$(1,011,732), for 2023 to \$(654,450) in 2024. The decrease in the deficit net position is primarily due to the decreased in total OPEB liability and the related items allocated to the Library during 2024. Revenues of \$2,530,738 were over the budgeted \$2,302,270. The Jones Creativity Center's funding has decreased significantly over the past several years.

#### Fund Analysis

There are no significant differences in activity between the financial statements at the fund level and the government wide level.

#### Requests for Information

The financial statements are designed to provide a general overview of the Library's finances. Questions concerning any of the information provided should be addressed to the Executive Director, Bristol Public Library, 701 Goode Street, Bristol, VA 24201.

**BRISTOL PUBLIC LIBRARY**  
(a joint venture of the cities of Bristol, TN and Bristol, VA)  
Statement of Net Position  
June 30, 2024

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Library Foundation</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 329,019	\$ -
Certificates of deposit	31,426	-
Investments	-	557,405
Accounts receivable	16,551	-
Prepaid items	1,052	-
Restricted assets:		
Cash and cash equivalents	-	73,102
<b>Total current assets</b>	<u>378,048</u>	<u>630,507</u>
<b>Capital Assets</b>		
Depreciable, net of accumulated depreciation	93,145	-
<b>Total capital assets, net of accumulated depreciation</b>	<u>93,145</u>	<u>-</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows - pension	315,889	-
Deferred outflows - OPEB	18,143	-
<b>Total deferred outflows of resources</b>	<u>334,032</u>	<u>-</u>
<b>Liabilities</b>		
Accounts payable	38,793	-
Compensated absences:		
Due in less than one year	87,599	-
Net pension liability	1,025,783	-
Net OPEB GLI liability	39,895	-
Total OPEB liability	113,467	-
<b>Total liabilities</b>	<u>1,305,537</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows - pension	120,138	-
Deferred inflows - OPEB	34,000	-
<b>Total deferred inflows of resources</b>	<u>154,138</u>	<u>-</u>
<b>Net Position (Deficit)</b>		
Investment in capital assets	93,145	-
Restricted for capital projects	-	630,507
Unrestricted (deficit)	(747,595)	-
<b>Total net position (deficit)</b>	<u>\$ (654,450)</u>	<u>\$ 630,507</u>

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

**BRISTOL PUBLIC LIBRARY**  
(a joint venture of the cities of Bristol, TN and Bristol, VA)  
Statement of Activities  
For the fiscal year ended June 30, 2024

Functions/Programs				Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Program Revenues		Primary Government Governmental Activities	Component Unit Library Foundation
		Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Public services	\$ 1,273,723	\$ 21,733	\$ 431,702	\$ (820,288)	
Information technology	209,240	-	-	(209,240)	
Administration	210,397	-	-	(210,397)	
Maintenance and operations	480,096	18,267	-	(461,829)	
Total governmental activities	<u>\$ 2,173,456</u>	<u>\$ 40,000</u>	<u>\$ 431,702</u>	<u>\$ (1,701,754)</u>	
Component unit:					
Library Foundation	\$ 90,121	\$ -	\$ 50,187		\$ (39,934)
Total component unit	<u>\$ 90,121</u>	<u>\$ -</u>	<u>\$ 50,187</u>		<u>\$ (39,934)</u>
General revenues:					
Cities' appropriations				1,879,632	-
Unrestricted investment earnings				3,541	54,352
Other general revenue				175,863	-
Total general revenues				<u>2,059,036</u>	<u>54,352</u>
Change in net position				357,282	14,418
Net position (deficit), beginning of year				(1,011,732)	616,089
Net position (deficit), end of year				<u>\$ (654,450)</u>	<u>\$ 630,507</u>

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

**BRISTOL PUBLIC LIBRARY**  
(a joint venture of the cities of Bristol, TN and Bristol, VA)  
Balance Sheet  
Governmental Fund  
June 30, 2024

	<b>General Fund</b>
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 329,019
Certificates of deposit	31,426
Accounts receivable	16,551
Prepaid items	<u>1,052</u>
Total assets	<u><u>\$ 378,048</u></u>
 <b>Liabilities and Fund Balances</b>	
Liabilities:	
Accounts payable	<u>\$ 38,793</u>
Total liabilities	<u>38,793</u>
Fund balances:	
Nonspendable prepaid items	1,052
Assigned to:	
Avoca branch	43,277
Unassigned	<u>294,926</u>
Total fund balances	<u>339,255</u>
Total liabilities and fund balances	<u><u>\$ 378,048</u></u>
 Fund balance of governmental fund	
	\$ 339,255
 Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the governmental funds.	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds	93,145
Compensated absences	(87,599)
Net pension liability and related deferred inflows and outflows of resources	(830,032)
Net OPEB liability and related deferred inflows and outflows of resources	(128,437)
Total OPEB liability and related deferred inflows and outflows of resources	<u>(40,782)</u>
Net position of the governmental activities	<u><u>\$ (654,450)</u></u>

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

**BRISTOL PUBLIC LIBRARY**  
(a joint venture of the cities of Bristol, TN and Bristol, VA)  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Fund  
For the fiscal year ended June 30, 2024

	<u>General Fund</u>
Revenues:	
Intergovernmental revenue	\$ 2,246,824
Charges for fees and services	39,230
Contributions	57,484
Fines and forfeitures	1,475
Miscellaneous	<u>185,725</u>
Total revenues	<u>2,530,738</u>
Expenditures:	
Public services	1,424,099
Information technology	215,952
Administration	221,788
Maintenance and operations	<u>484,594</u>
Total expenditures	<u>2,346,433</u>
Net change in fund balance	184,305
Fund balance, beginning of year	<u>154,950</u>
Fund balance, end of year	<u><u>\$ 339,255</u></u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balance - total governmental fund	\$ 184,305
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period. This is the amount by which capital outlays exceeded depreciation in the current period:	
Capital outlay	94,724
Depreciation expense	(1,579)
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund:	
Change in compensated absences	5,274
Amortization of net pension liability and related deferrals	45,918
Amortization of net OPEB liability and related deferrals	19,479
Amortization of total OPEB liability and related deferrals	<u>9,162</u>
Change in net position of governmental activities	<u><u>\$ 357,283</u></u>

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

**BRISTOL PUBLIC LIBRARY**  
(a joint venture of the cities of Bristol, TN and Bristol, VA)  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual  
General Fund  
For the fiscal year ended June 30, 2024

	<b>Budget</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
Revenues:				
Intergovernmental revenue	\$ 2,162,916	\$ 2,162,916	\$ 2,246,824	\$ 83,908
Charges for fees and services	28,286	28,286	39,230	10,944
Contributions	38,041	38,041	57,484	19,443
Fines and forfeitures	2,282	2,282	1,475	(807)
Miscellaneous	70,745	70,745	185,725	114,980
Total revenues	<u>2,302,270</u>	<u>2,302,270</u>	<u>2,530,738</u>	<u>228,468</u>
Expenditures:				
Public services	1,373,304	1,373,304	1,424,099	(50,795)
Information technology	211,390	211,390	215,952	(4,562)
Administration	229,639	229,639	221,788	7,851
Maintenance and operations	487,937	487,937	484,594	3,343
Total expenditures	<u>2,302,270</u>	<u>2,302,270</u>	<u>2,346,433</u>	<u>(44,163)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	184,305	<u>\$ 184,305</u>
Fund balance, beginning of year			<u>154,950</u>	
Fund balance, end of year			<u>\$ 339,255</u>	

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

**BRISTOL PUBLIC LIBRARY**  
(a joint venture of the cities of Bristol, TN and Bristol, VA)

Notes to the Basic Financial Statements

June 30, 2024

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Bristol Public Library (the “Library”) provides service to both the City of Bristol, Tennessee and the City of Bristol, Virginia (jointly referred to as the “Cities”), all of Washington County, Virginia and Sullivan County, Tennessee. This Library is jointly owned and operated by the Cities. The Library has two separate library branches, the Main branch and the Avoca branch. Additionally, the Library operates a literacy branch, the Jones Creativity Center of Bristol, which provides educational assistance programs for low-income and disadvantaged families. The Library is governed by a board consisting of members from the Cities and an at-large trustee.

**Discretely Presented Component Unit.** During 2004, the Bristol Public Library Foundation (the “Foundation”) was formed as a non-profit organization to provide funding for the construction of a new Main Branch of the Library. It is included as a discretely presented component unit because it is a tax exempt organization, the economic resources held by the Foundation are held for the direct benefit of the Library, the Library has the ability to access a majority of the economic resources held by the Foundation, and the economic resources held by the Foundation are significant to the Library. The Foundation is governed by a board, of which 2 members must be appointed by the City of Bristol, Tennessee and City of Bristol, Virginia councils. It is a legally separate entity from the Library.

The Foundation, for its fund statements, uses the *current financial resource measurement focus* and the *modified accrual basis of accounting*. Separate financial statements are not prepared by the Foundation.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The financial statements of the Library have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units (GAAP). The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the Library. *Government activities*, which normally are supported by intergovernmental revenues are reported separately. The Library has no *business-type* activities. The Foundation, as a discretely presented component unit, is reported separately in the government-wide statements to emphasize that it is legally separate from the Library.



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June 30, 2024

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or benefit from the services provided by a given function or segment; 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment; and 3) interest income that is restricted for use on a particular function or segment. Unrestricted interest income and other items not included among program revenues are reported as *general revenues*.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants, endowments from the Foundation, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In the fund financial statements, governmental funds report the following classifications of fund balance:

*Nonspendable* – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

*Restricted* – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislations.

*Committed* – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Trustees, their highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Trustees.

*Assigned* – includes amounts that the Library intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Through resolution, the Board of Trustees has authorized the Board of Trustees or the Executive Director to assign fund balances.

*Unassigned* – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Library considered restricted funds to have been spent first, unless legal requirements disallow it or unrestricted funds will be lost if not utilized. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Library considered amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Library has provided otherwise in its commitment or assignment actions.

The Library's net position is categorized as unrestricted. The unrestricted category includes project funds which are established by the Board to set aside funds for future projects of the Library. The Foundation's net position is categorized as restricted.

The Foundation shows restricted gains, investment income and restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are considered measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under usual accrual accounting except debt related costs and other long-term liabilities which are recorded as expenditures when due. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant certifications and requirements have been met and the amounts are considered available.

Interest and reimbursements associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Library.

The government reports the following major governmental fund:

The *General Fund* is the Library's primary operating fund. It accounts for all financial resources of the government.

In addition, the Library has the Avoca branch and the Jones Creativity Center, which operate as divisions of the General Fund.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include deposits with financial institutions or certificates of deposit with a maturity date within three months of the date acquired by the Library.

Certificates of deposit with a maturity date greater than three months of the date acquired by the Library are considered investments. These certificates of deposit are considered non-participating interest earning investment contracts and, accordingly, are valued at cost.

D. Capital Assets

Capital Assets are defined by the Library as equipment and furniture with an initial, individual cost of more than \$5,000 and an estimated life in excess of one year and additions to the book collection. Capital assets are recorded on the financial records of the Library, as well as the Cities of Bristol, TN and Bristol, VA in accordance with their respective ownership.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on depreciable capital assets is calculated over the estimated lives of the capital assets and right to use lease assets, which range from 3 to 50 years, utilizing the straight-line method.

E. Restricted Assets

Restricted assets consist of donor-imposed purpose restrictions on funds donated to the Foundation. These assets are restricted primarily for library materials and programs.

F. Pledges Receivable

Pledges to give cash and other assets are reported at fair value and recognized when all eligibility requirements have been met.

G. Allowance for Uncollectible Pledges

Pledges receivable are stated at the amount management expects to collect on outstanding balances. Balances still outstanding after all reasonable collection efforts have been made will be written off. The balance of the allowance as of June 30, 2024 was \$0.

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Notes to the Basic Financial Statements

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Compensated Absences**

Library personnel policies make provisions for the granting of a specified number of days of leave with pay each year. The amount reflects, as of June 30, 2024, all unused vacation leave and 25% of sick leave up to \$5,000 for employees with five years or more of service. All leave is paid out upon termination. The applicable share of employer related taxes payable on the eventual termination payments is also included. The Library's liability for the amount of leave earned by employees, but not taken at June 30, 2024, is recorded in the Statement of Net Position and as a component of compensation and benefit expense in the Statement of Activities.

**I. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements and fund financial statements. The cost of prepaid items is recorded as an expense or expenditure when consumed rather than when purchased.

**J. Estimates**

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

**K. Budgets**

The Library prepares an annual budget. The Foundation is not legally required to adopt a budget; however, the Foundation Board does approve and operate based on a budget.

**L. Net Position**

The Library's financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets - is intended to reflect the portion of net position which is associated with non-liquid capital assets less outstanding capital asset related debt.

**M. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

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Notes to the Basic Financial Statements

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance or net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Library reports deferred outflows and inflows of resources related to the recording of changes in its net pension liability (asset) and total OPEB liability. Certain changes in these liabilities are recognized as expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the Library's actuary which adjust the net pension liability (asset) and total OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability and total OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five-year period. Additionally, any contributions made by the Library to the pension plan before year-end but subsequent to the measurement date of the Library's net pension liability are reported as deferred outflows of resources. These contributions will reduce the net pension liability in the next fiscal year.

**N. Pension**

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision Retirement Plan and the additions to/deductions from the Political Subdivision Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**BRISTOL PUBLIC LIBRARY**  
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Notes to the Basic Financial Statements

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**NOTE 2 – LEGAL COMPLIANCE - BUDGETS**

Budgeted amounts are as originally adopted, or as amended by the Board of Trustees. The budget was adopted on a basis consistent with generally accepted accounting principles (GAAP). The public services (\$50,795) function and information technology (\$4,562) function of the General Fund had expenditures in excess of final budgeted amounts. These were funded with available fund balance.

**NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS**

All of the cash and cash equivalents of the Library are maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. Seq. of the Code of Virginia or covered by federal depository insurance. At year-end, the Library's carrying value of deposits, including certificates of deposit, was \$360,445 and the bank balance of deposits was \$503,283. All deposits were collateralized as public funds or insurance by the FDIC. The Library does not have a policy for interest rate risk or other credit risk other than collateralization as public funds for amounts in excess of FDIC coverage.

The carrying value of the Foundation's deposits with banks and savings institutions was \$73,102 of the bank balance, none was uninsured and uncollateralized. The Foundation does not have deposit and investment policies that limit the entities' allowable deposits or investments. There are also no formal policies in regard to credit risk or interest rate risk.

At June 30, 2024, the Library had the following investments in certificates of deposit:

<u>Investment</u>	<u>Maturity</u>	<u>Rating</u>	<u>Balance</u>
Certificate of deposit	9/8/2024	N/A	\$ 6,000
Certificate of deposit	2/26/2025	N/A	25,426
			<u>\$ 31,426</u>

As nonparticipating interest earning contracts, the Library's CDs are reported at cost.

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Notes to the Basic Financial Statements

June 30, 2024

**NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

***Investments***

At June 30, 2024, the Foundation's investment balances were as follows:

<b>Investments:</b>	<b>Reported Amount</b>	<b>Credit Rating</b>	<b>Maturity</b>	
			<b>&lt; 1 Year</b>	<b>&gt; 1 Year</b>
Treasury notes and bonds	\$ 66,930	AAA	\$ -	\$ 66,930
Bond mutual funds	172,364	(a)	N/A	N/A
Common stocks	275,299	(a)	N/A	N/A
Equity mutual funds	42,812	(a)	N/A	N/A
Total	<u>\$ 557,405</u>		<u>\$ -</u>	<u>\$ 66,930</u>

(a) Money market funds, common stocks and mutual funds are not rated.

***Fair Value Measurements***

The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments.

The Foundation has the following recurring fair value measurements as of June 30, 2024:

<b>Investments:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair Value</b>
Treasury notes and bonds	\$ 66,930	\$ -	\$ -	\$ 66,930
Bond mutual funds	172,364	-	-	172,364
Common stocks	275,299	-	-	275,299
Equity mutual funds	42,812	-	-	42,812
Total investments at fair value	<u>\$ 557,405</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 557,405</u>

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**NOTE 4 – CAPITAL ASSETS**

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

	Beginning Balance	Increase	Decrease	Ending Balance
Depreciable capital assets				
Equipment	\$ -	\$ 94,724	\$ -	\$ 94,724
Total capital assets	-	94,724	-	94,724
Less accumulated depreciation for:				
Equipment	-	(1,579)	-	(1,579)
Total accumulated depreciation	-	(1,579)	-	(1,579)
Total capital assets, net	\$ -	\$ 93,145	\$ -	\$ 93,145

Depreciation/amortization expense totaled \$1,579 for the year ended June 30, 2024 has been reported as public services functional expense.

**NOTE 5 – LONG-TERM LIABILITIES**

The following is a summary of long-term debt activity for the year ended June 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 92,873	\$ 70,143	\$ 75,417	\$ 87,599	\$ 87,599

These liabilities are paid by the General Fund.

**NOTE 6 – PENSION PLAN**

*Plan Description*

All full-time, salaried permanent employees of the City of Bristol, Virginia are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (VRS) along with plans for other employer groups in the Commonwealth of Virginia. However, several entities, including the Bristol Public Library, participate in the VRS plan through City of Bristol, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan. The primary government employees comprised 87.96 percent, the Solid Waste employees comprised 4.75 percent, the Library employees comprised 5.82 percent, and the Transit employees comprised 1.47 percent of the plan based on contribution data.



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**NOTE 6 – BENEFIT PLANS (CONTINUED)**

*Benefit Structures*

The System administers three different benefit structures for covered employees – Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.

Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.

Non-hazardous duty employees hired on or after January 1, 2014, are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014, with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

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**NOTE 6 – BENEFIT PLANS (CONTINUED)**

*Average Final Compensation and Service Retirement Multiplier*

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

*Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits*

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service are eligible for an annual COLA beginning July 1, after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of creditable service are eligible for an annual COLA beginning on July 1, after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

*Contributions*

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Library's contractually required employer contribution rate for the year ended June 30, 2024, was 18.64% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Library was \$167,338.

**BRISTOL PUBLIC LIBRARY**  
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Notes to the Basic Financial Statements

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**NOTE 6 – BENEFIT PLANS (CONTINUED)**

*Net Pension Liability (Asset)*

At June 30, 2024, the Library reported a liability of \$1,025,783 for its proportionate share of the net pension liability. The Library's net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. In order to allocate the net pension liability to all employers included in the plan, the City of Bristol, Virginia is required to determine its proportionate share of the net pension liability. The City's proportionate share is then allocated among the City and the participating entities, including the Library on the same basis, creditable compensation. Creditable compensation as of June 30, 2023, was used as a basis for allocation to determine the Library's proportionate share of the net pension liability. At June 30, 2023, the Library's proportion was 5.820%, an increase of 0.0032% from June 30, 2022.

*Actuarial Assumptions – General Employees*

The total pension liability for General Employees in the Library's Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation 2.5%

Salary increases, including inflation 3.5% – 5.35%

Investment rate of return 6.75%, net of pension plan investment expense,  
including inflation

**Mortality rates:**

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service related

Preretirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Postretirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Postdisablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

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**NOTE 6 – BENEFIT PLANS (CONTINUED)**

*Actuarial Assumptions – General Employees (Continued)*

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related

Preretirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Postretirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Postdisablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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**NOTE 6 – BENEFIT PLANS (CONTINUED)**

*Actuarial Assumptions – General Employees (Continued)*

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, postretirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service.
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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**NOTE 6 – BENEFIT PLANS (CONTINUED)**

*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Airthmetic Long-Term Expected Rate of Return	Weighted Average Long- Term Expected Rate of Return
Public Equity	34 %	6.14 %	2.09 %
Fixed Income	15	2.56	0.38
Credit Strategies	14	5.60	0.78
Real Assets	14	5.02	0.70
Private Equity	16	9.17	1.47
MAPS - Mutli-Asset Public Strategies	4	4.50	0.18
PIP - Private Investment Partnership	2	7.18	0.14
Cash	1	1.20	0.01
Total	100 %		5.75 %
		Inflation	2.50
		Expected arithmetic nominal return*	8.25 %

\*The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

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**NOTE 6 – BENEFIT PLANS (CONTINUED)**

*Discount Rate*

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2024, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022, actuarial valuations, whichever was greater. From July 1, 2023, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in Net Pension Liability*

	Total Pension Liability (a)	Increase/(Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 6/30/22</b>	\$ 6,843,147	\$ 5,942,754	\$ 900,393
<b>Changes for the year:</b>			
Service cost	100,933	-	100,933
Interest	480,368	-	480,368
Differences between expected and actual experience	86,804	-	86,804
Changes in proportionate share	398,145	345,759	52,386
Contributions—Employer	-	158,334	(158,334)
Contributions—Employees	-	42,810	(42,810)
Net investment income	-	397,959	(397,959)
Benefit Payments, Including			
Refunds of Employee			
Contribution	(451,285)	(451,285)	-
Administrative Expense	-	(4,097)	4,097
Other Changes		95	(95)
<b>Net changes</b>	614,965	489,575	125,390
<b>Balances at 6/30/23</b>	\$ 7,458,112	\$ 6,432,329	\$ 1,025,783

The Plan's fiduciary net position as a percentage of the total Pension liability 86.2%

**BRISTOL PUBLIC LIBRARY**  
(a joint venture of the cities of Bristol, TN and Bristol, VA)

Notes to the Basic Financial Statements

June 30, 2024

**NOTE 6 – BENEFIT PLANS (CONTINUED)**

*Sensitivity of the Library's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the Library using the discount rate of 6.75%, as well as what the Library's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability	\$ 1,917,609	\$ 1,025,783	\$ 285,488

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

For the year ended June 30, 2024, the Library recognized pension expense of \$121,419. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. At June 30, 2024, the Library 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	\$ 48,898	\$ 27,457
Net difference between projected and actual earnings on pension plan investments	-	92,681
Change in proportion	99,653	-
Employer contributions subsequent to the measurement date	167,338	-
	<u>\$ 315,889</u>	<u>\$ 120,138</u>



**BRISTOL PUBLIC LIBRARY**  
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Notes to the Basic Financial Statements

June 30, 2024

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**NOTE 6 – BENEFIT PLANS (CONTINUED)**

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

\$167,338 reported as deferred outflows of resources related to pensions resulting from the Library's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ending June 30,	Amount
2025	4,375
2026	(78,717)
2027	99,169
2028	3,586
	<u>\$ 28,413</u>

*Pension Plan Data*

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Comprehensive Financial Report (ACFR). A copy of the 2023 VRS ACFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS**

**OPEB Health Insurance Plan**

In addition to the pension benefits described in Note 5, the City of Bristol, Virginia administers a cost-sharing defined benefit healthcare plan, the City of Bristol OPEB Plan. Several entities, including the Bristol Public Library, participate in the defined benefit healthcare plan through the City of Bristol, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan.

*Benefits Provided*

The Plan provides for participation by eligible retirees of the Library, and their spouses, in the health insurance programs available to Library employees. The Plan will provide retiring employees the option to continue health insurance offered by the Library. An eligible Library retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit, a retiree must have 10 years of service with the Library and the employee must be eligible to retire from the Library under the Virginia Retirement System. The benefits, employee contributions, and the employer contributions are governed by the Library and can be amended through Library Council action.

**BRISTOL PUBLIC LIBRARY**  
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Notes to the Basic Financial Statements

June 30, 2024

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**NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**OPEB Health Insurance Plan (Continued)**

*Plan Membership*

At July 1, 2023 (measurement date), the following employees were covered by the benefit terms:

	<u>City-wide</u>	<u>Library</u>
Total active employees with coverage	25	-
Active employees	301	30
Total	<u>326</u>	<u>30</u>

*Contributions*

The Library does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the City Council. The amount paid by the Library for OPEB as the benefits came due during the year ended June 30, 2024 were \$945.

*Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB*

As of June 30, 2024, the Library's proportionate share of the total OPEB liability of \$113,467 (total liability, including the City and the Library is \$2,149,000). The total OPEB liability was measured as of July 1, 2023. The City's total OPEB liability is allocated to the Library based on credited compensation, which resulted in an allocation basis of 5.28% for the June 30, 2024, an decrease from the June 30, 2023 allocation rate of 5.82%. The City recognized OPEB expense of \$68,300, while the Library's share of the pension expense recognized was \$9,701. Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense was related to deferred amounts from changes in proportion. At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

**BRISTOL PUBLIC LIBRARY**  
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Notes to the Basic Financial Statements

June 30, 2024

**NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**OPEB Health Insurance Plan (Continued)**

For the year ended June 30, 2024, the Library recognized OPEB expense in the amount of \$1,612. At June 30, 2024, the Library reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 401	\$ 9,013
Change in assumptions	6,341	13,644
Contributions subsequent to measurement date	945	-
	<u>\$ 7,687</u>	<u>\$ 22,657</u>

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

Year ending June 30,	Amount
2025	\$ (5,546)
2026	(4,076)
2027	(3,363)
2028	(2,365)
2029	(565)
	<u><u>\$ (15,915)</u></u>

*Actuarial Assumptions*

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Healthcare cost trend rates	9.90% for fiscal year end 2023, decreasing 0.25% per year to an ultimate rate of 5.00%
Discount rate	3.86%
Salary Scale	2.50%

RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

**BRISTOL PUBLIC LIBRARY**  
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Notes to the Basic Financial Statements

June 30, 2024

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**NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**OPEB Health Insurance Plan (Continued)**

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

*Discount Rate*

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is selected from the Municipal GO AA 20-year curve as of June 30, 2023. The final equivalent single discount rate used for this year's valuation is 3.86% as of the end of the fiscal year with the expectation that the Library will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

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

The following amounts present the total OPEB liability of the Library, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.86%) or one percentage point higher (4.86%) than the current discount rate:

	1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
Total OPEB Liability	\$ 123,072	\$ 113,467	\$ 104,792

*Rate Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The following presents the total OPEB liability of the Library, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease (5.5% decreasing to 4.00%)	Current Discount Rate (6.5% decreasing to 5.00%)	1% Increase (7.5% decreasing to 6.00%)
Total OPEB Liability	\$ 104,232	\$ 113,467	\$ 124,143

**BRISTOL PUBLIC LIBRARY**  
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Notes to the Basic Financial Statements

June 30, 2024

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**NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**OPEB Group Life Insurance (GLI) Plan**

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Several entities, including the Bristol Public Library, participate in the defined benefit healthcare plan through the City of Bristol, Virginia.

*Benefits Provided*

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,254 as of June 30, 2024.

**BRISTOL PUBLIC LIBRARY**  
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Notes to the Basic Financial Statements

June 30, 2024

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**NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**OPEB Group Life Insurance (GLI) Plan (Continued)**

*Contributions*

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the Library were \$4,720 for the year ended June 30, 2024.

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB*

At June 30, 2024, the City reported a liability of \$720,949 for its proportionate share of the Net GLI OPEB Liability (total liability, including the City and the Library is \$760,844). The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the City's proportion was 0.06300% as compared to 0.06600% at June 30, 2022. The Bristol Public Library participates in the City's GLI OPEB and represents 5.28% of the above proportionate share. For the year ended June 30, 2024, the City recognized GLI OPEB expense of \$1,754. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion. At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

**BRISTOL PUBLIC LIBRARY**  
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Notes to the Basic Financial Statements

June 30, 2024

**NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**OPEB Group Life Insurance (GLI) Plan (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,423	\$ 1,344
Changes in assumptions	947	3,068
Net difference between projected and actual earnings on pension plan investments	-	1,779
Changes in proportionate share	366	5,152
Library contributions subsequent to the measurement date	4,720	-
Total	<u>\$ 10,456</u>	<u>\$ 11,343</u>

\$4,720 reported as deferred outflows of resources related to the GLI OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year ending June 30:	
2025	\$ (1,815)
2026	(2,799)
2027	(266)
2028	(848)
2029	121
Total	<u>\$ (5,607)</u>

*Actuarial Assumptions*

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS ACFR.

**BRISTOL PUBLIC LIBRARY**  
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Notes to the Basic Financial Statements

June 30, 2024

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**NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**OPEB Group Life Insurance (GLI) Plan (Continued)**

*Mortality Rates – Non-Largest Ten Locality Employers – General Employees*

Preretirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Postretirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Postdisablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, postretirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80.
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service.
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change



**BRISTOL PUBLIC LIBRARY**  
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Notes to the Basic Financial Statements

June 30, 2024

**NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**OPEB Group Life Insurance (GLI) Plan (Continued)**

*Net GLI OPEB Liability*

The net OPEB liability (NOL) for the GLI Insurance Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, the Library's share of the net OPEB liability was \$39,895.

*Long-Term Expected Rate of Return*

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Airthmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34 %	6.14 %	2.09 %
Fixed Income	15	2.56	0.38
Credit Strategies	14	5.60	0.78
Real Assets	14	5.02	0.70
Private Equity	16	9.17	1.47
MAPS - Mutli-Asset Public Strategies	4	4.50	0.18
PIP - Private Investment Partnership	2	7.18	0.14
Cash	1	1.20	0.01
Total	100 %		5.75 %
		Inflation	2.50
		Expected arithmetic nominal return*	8.25 %

**BRISTOL PUBLIC LIBRARY**  
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Notes to the Basic Financial Statements

June 30, 2024

**NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**OPEB Group Life Insurance (GLI) Plan (Continued)**

\*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

*Discount Rate*

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by employers for the VRS GLI OPEB Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined rate. From July 1, 2023, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

*Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate*

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Current Rate 6.75%	1% Increase 7.75%
Library's proportionate share of the Net OPEB GLI liability	\$ 59,135	\$ 39,895	\$ 24,337

**BRISTOL PUBLIC LIBRARY**  
(a joint venture of the cities of Bristol, TN and Bristol, VA)

Notes to the Basic Financial Statements

June 30, 2024

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**NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**OPEB Group Life Insurance (GLI) Plan (Continued)**

*GLI Plan Fiduciary Net Position*

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (ACFR). A copy of the 2023 VRS ACFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**NOTE 8 – ECONOMIC DEPENDENCY**

The Library received a substantial amount (74.3 percent) of its support from state and local governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Library's programs and activities.

**NOTE 9 – RELATED PARTY TRANSACTIONS**

Appropriations of \$1,643,960 were received from the City of Bristol, Virginia and City of Bristol, Tennessee (\$841,664 and \$802,296, respectively) for the year ended June 30, 2024. In addition, the Avoca Branch received \$203,172 from the City of Bristol, Virginia and \$15,000 from Sullivan County, Tennessee. The Jones Creativity Center received \$32,500 from the City of Bristol, Tennessee.

**NOTE 10 – RISK MANAGEMENT**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; job-related illness or injuries to employees for which the Library carries commercial insurance purchased from independent third parties. The Library had no settlements in excess of insurance coverage in any of the prior three fiscal years. For insured programs, there have been no significant reductions in insurance coverage.

**NOTE 11 – COMMITMENT AND CONTINGENCIES**

In July 2014, the Board of Trustees voted to join the Organization of Watauga Libraries (OWL) Consortium to purchase a new integrated library automation system to replace the one provided by the Holston River Regional Library and ETSU. The Library, along with the other libraries, have signed a 7 year contract with Sirsi-Dynix to provide this system and house the server with the Library's data. The Sirsi-Dynix contract ended March 2023. In May 2022, Organization of Watauga Libraries (OWL) contracted with the Library Corporation (TLC) for a term of 5 years beginning April 2023.

## REQUIRED SUPPLEMENTARY INFORMATION

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**BRISTOL PUBLIC LIBRARY**  
(a joint venture of the cities of Bristol, TN and Bristol, VA)  
Schedule of Library's Proportionate Share of the Net Pension Liability  
For the fiscal years ended June 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the Net Pension Liability (NPL)	5.820%	5.500%	5.497%	5.274%	5.010%	4.221%	4.701%	4.701%	4.701%
Proportionate share of the NPL	\$ 1,025,783	\$ 900,393	\$ 635,797	\$ 1,286,673	\$ 1,161,748	\$ 854,731	\$ 1,048,710	\$ 1,223,405	\$ 995,754
Covered payroll	\$ 880,483	\$ 820,033	\$ 1,059,223	\$ 855,717	\$ 793,129	\$ 653,314	\$ 597,621	\$ 689,560	\$ 659,174
Proportionate share of the NPL as a percentage of covered payroll	116.50%	109.80%	60.02%	150.36%	146.48%	130.83%	175.48%	177.42%	151.06%
Pension plan's fiduciary net position as a percentage of total liability	91.93%	92.52%	97.25%	83.44%	87.82%	82.04%	80.17%	76.40%	80.41%

**BRISTOL PUBLIC LIBRARY**  
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Schedule of Library Contributions - Pension  
For the fiscal years ended June 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 167,338	\$ 166,969	\$ 147,488	\$ 143,207	\$ 115,693	\$ 109,818	\$ 110,703	\$ 116,185	\$ 118,124	\$ 118,124
Contributions in relation to the contractually required contribution	\$ 167,338	\$ 166,969	147,488	143,207	115,693	107,231	98,091	103,796	98,883	94,526
Contribution deficiency (excess)	-	-	-	-	-	2,587	12,612	12,389	19,241	23,598
Covered payroll	\$ 897,813	\$ 880,483	\$ 820,033	\$ 1,059,223	\$ 855,717	\$ 793,129	\$ 653,314	\$ 597,621	\$ 689,560	\$ 659,174
Contributions as a percentage of covered payroll	18.64%	18.96%	17.99%	13.52%	13.52%	13.52%	15.01%	17.37%	14.34%	14.34%

**BRISTOL PUBLIC LIBRARY**  
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Notes to Required Supplementary Information - Pension  
For the fiscal years ended June 30

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**Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2022. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, postretirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**BRISTOL PUBLIC LIBRARY**

(a joint venture of the cities of Bristol, TN and Bristol, VA)

**Schedule of Changes in Proportionate Share of the Library's Total OPEB Liability and Related Ratios  
For the fiscal years ended June 30**

	2024	2023	2022	2021	2020	2019	2018
City of Bristol, Virginia's total OPEB Liability	\$ 2,035,533	\$ 749,055	\$ 776,347	\$ 1,133,225	\$ 1,083,407	\$ 1,048,785	\$ 1,116,904
Library's proportion share of the total OPEB liability associated with the City of Bristol, Virginia	113,467	122,400	142,882	131,502	113,504	111,079	134,562
Total	<u>\$ 2,149,000</u>	<u>\$ 2,103,100</u>	<u>\$ 2,597,900</u>	<u>\$ 2,473,300</u>	<u>\$ 2,417,800</u>	<u>\$ 2,631,580</u>	<u>\$ 2,862,400</u>
Library covered payroll	\$ 880,483	\$ 820,033	\$ 1,059,223	\$ 855,717	\$ 793,129	\$ 653,314	\$ 597,621
Library's proportionate share of the total OPEB liability as a percentage of its covered payroll	12.89%	14.93%	13.49%	15.37%	14.31%	17.00%	22.52%
Plan fiduciary net position as a percentage of the net OPEB liability	5.28%	5.82%	5.50%	5.32%	4.69%	4.22%	4.70%

Schedule will show 10 years of information once it s accumulated.



**BRISTOL PUBLIC LIBRARY**

(a joint venture of the cities of Bristol, TN and Bristol, VA)

**Schedule of Changes in Proportionate Share of the Library's Net OPEB Liability - Group Life Insurance (GLI) Plan  
For the fiscal years ended June 30**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City of Bristol, Virginia proportion of the net OPEB liability	0.0630%	0.0661%	0.0706%	0.0712%	0.0701%	0.0721%	0.0779%
City of Bristol, Virginia's proportion share of the net OPEB liability	\$ 7,209,749	\$ 749,055	\$ 776,347	\$ 1,133,225	\$ 1,083,407	\$ 1,048,785	\$ 1,116,904
Library's proportion share of the net OPEB liability associated with the City of Bristol, Virginia	<u>39,895</u>	<u>46,251</u>	<u>45,163</u>	<u>55,821</u>	<u>57,145</u>	<u>46,214</u>	<u>55,083</u>
Total	<u>\$ 7,249,644</u>	<u>\$ 795,306</u>	<u>\$ 821,510</u>	<u>\$ 1,189,046</u>	<u>\$ 1,140,552</u>	<u>\$ 1,094,999</u>	<u>\$ 1,171,987</u>
Library covered payroll	\$ 880,483	\$ 820,033	\$ 1,059,223	\$ 855,717	\$ 793,129	\$ 653,314	\$ 597,621
Library's proportionate share of the net OPEB liability as a percentage of its covered payroll	4.53%	5.64%	4.26%	6.52%	7.21%	7.07%	9.22%
Plan fiduciary net position as a percentage of the net OPEB liability	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule will show 10 years of information once it s accumulated.

**BRISTOL PUBLIC LIBRARY**  
(a joint venture of the cities of Bristol, TN and Bristol, VA)  
Schedule of Library Contributions - OPEB - GLI Plan  
For the fiscal years ended June 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 4,720	\$ 4,697	\$ 3,543	\$ 4,183	\$ 3,641	\$ 2,865	\$ 3,210	\$ 2,773	\$ 2,650
Contributions in relation to the contractually required contribution	4,720	4,697	3,543	4,183	3,641	2,865	3,210	2,773	2,650
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Covered payroll	\$ 880,483	\$ 820,033	\$ 1,059,223	\$ 855,717	\$ 793,129	\$ 653,314	\$ 597,621	\$ 689,560	\$ 659,174
Contributions as a percentage of covered payroll	0.54%	0.57%	0.33%	0.49%	0.46%	0.44%	0.54%	0.40%	0.40%

Schedule is intended to show information for 10 years. Prior to 2016, is not available. Additional years will be included as they become available.

## **SUPPLEMENTARY INFORMATION**

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**BRISTOL PUBLIC LIBRARY**  
(a joint venture of the cities of Bristol, TN and Bristol, VA)  
Component Unit - Bristol Public Library Foundation  
Balance Sheet  
June 30, 2024

	<u>Component Unit Library Foundation</u>
<b>Assets</b>	
Restricted assets:	
Cash and cash equivalents	\$ 73,102
Investments	<u>557,405</u>
Total assets	<u><u>\$ 630,507</u></u>
<b>Liabilities and Fund Balances</b>	
Liabilities:	
Accounts payable	<u>\$ -</u>
Total liabilities	<u>-</u>
Fund balances:	
Restricted for:	
Capital projects	<u>630,507</u>
Total fund balances	<u>630,507</u>
Total liabilities and fund balances	<u><u>\$ 630,507</u></u>

**BRISTOL PUBLIC LIBRARY**  
(a joint venture of the cities of Bristol, TN and Bristol, VA)  
Component Unit - Bristol Public Library Foundation  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the fiscal year ended June 30, 2024

	<u>Component Unit</u> <u>Library</u> <u>Foundation</u>
Revenues:	
Memorials and donations	\$ 50,187
Investment earnings	<u>54,352</u>
Total revenues	<u>104,539</u>
Expenditures	
Current:	
Endowment	50,344
General government	<u>39,777</u>
Total expenditures	<u>90,121</u>
Net change in fund balance	14,418
Fund balance, beginning of year	<u>616,089</u>
Fund balance, end of year	<u><u>\$ 630,507</u></u>

**BRISTOL PUBLIC LIBRARY**  
**(a joint venture of the cities of Bristol, TN and Bristol, VA)**  
Schedule of Revenues and Expenditures by Division - Governmental Funds  
For the fiscal year ended June 30, 2024

	<u>Main Library</u>	<u>Avoca Branch</u>	<u>Jones Creativity Center</u>	<u>Total</u>
Revenues:				
Local				
City of Bristol, VA	\$ 821,030	\$ -	\$ 15,000	\$ 836,030
City of Bristol, TN	821,030	203,172	32,500	1,056,702
Sullivan County, TN	-	15,000	-	15,000
State Library Aid	223,538	-	-	223,538
Other	71,068	-	44,486	115,554
Charges for fees and services				
Gift shop	17,923	-	-	17,923
Rent	2,135	200	-	2,335
Copy and fax machine revenue	14,114	2,897	1,257	18,268
Other	704	-	-	704
Contributions	57,184	300	-	57,484
Fines and forfeitures	1,400	75	-	1,475
Miscellaneous	184,552	1,173	-	185,725
Total revenues	<u>\$ 2,214,678</u>	<u>\$ 222,817</u>	<u>\$ 93,243</u>	<u>\$ 2,530,738</u>
Expenditures:				
Public services	\$ 1,100,616	\$ 212,413	\$ 111,070	\$ 1,424,099
Information technology	215,952	-	-	215,952
Administration	221,788	-	-	221,788
Maintenance and operations	484,594	-	-	484,594
Total expenditures	<u>\$ 2,022,950</u>	<u>\$ 212,413</u>	<u>\$ 111,070</u>	<u>\$ 2,346,433</u>



**INDEPENDENT AUDITOR'S 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***

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**The Board of Trustees  
Bristol Public Library  
Bristol, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, and the major fund of the Bristol Public Library, a joint venture of the Cities of Bristol, TN and Bristol, VA (the "Library") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated December 2, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 or significant deficiencies may exist that were not identified.

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## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library'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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Chattanooga, Tennessee  
December 2, 2024



**BRISTOL PUBLIC LIBRARY**  
**(a joint venture of the cities of Bristol, TN and Bristol, VA)**

**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of report the auditor issued on whether the  
financial statements audited were prepared in  
accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

\_\_\_\_\_ yes      X   no

Significant deficiencies identified?

\_\_\_\_\_ yes      X   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes      X   no

**Federal Awards**

There was not an audit of major federal award programs for the year ended June 30, 2024 due to the Library not expending federal awards of \$750,000 or more.

**BRISTOL PUBLIC LIBRARY**  
**(a joint venture of the cities of Bristol, TN and Bristol, VA)**

**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**Section II – Financial Statement Findings and Responses**

None reported.

**BRISTOL PUBLIC LIBRARY**  
**(a joint venture of the cities of Bristol, TN and Bristol, VA)**

**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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No prior audit findings were reported.