

CITY OF BRISTOL, VIRGINIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2024

City of Bristol, Virginia
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024



The Finance Department is Responsible for Preparation of this Report

CITY OF BRISTOL, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

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INTRODUCTORY SECTION



City of Bristol, Virginia

November 21, 2024

To the Honorable Mayor, Members of City Council and the Citizens of Bristol, VA:

We are pleased to present the City of Bristol, Virginia's ("the City") Annual Comprehensive Financial Report (Annual Report) for the fiscal year ended June 30, 2024 in accordance with Section 7.02(C) of the *Bristol Virginia City Charter* and Section 15.2-2511 of the *Code of Virginia*, 1950, as amended. The *City Charter* and the *Code of Virginia* require that the City issue annually a report on its financial position and operations and that this report be audited by either the state auditor or an independent firm of certified public accountants in accordance with generally accepted auditing standards (GAAS).

Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with the City's management. The City has a comprehensive framework of internal control, considering that the cost of internal controls should not exceed anticipated benefits. The objective of the internal control framework is to provide reasonable assurance that the financial statements are free of material misstatement. The data as presented in the Annual Report is accurate in all material respects and is reported in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of the various funds and component units. Management believes that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

The City engaged Robinson, Farmer, Cox Associates, licensed certified public accountants, to independently audit the City's financial statements. The goal of the audit is to provide reasonable assurance that the financial statements found herein are free from material misstatement. Tests of the City's internal control structure and of its compliance with applicable laws and regulations were conducted. The audit was conducted in accordance with GAAS and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Virginia Auditor of Public Accounts. The independent auditor's report is presented as the first component of the financial section of this report. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2024, are fairly presented in conformity with generally accepted accounting principles (GAAP).

The independent audit was also designed to audit compliance in accordance with the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements of Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). These reports are available in the compliance section of this Annual Report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the Government

The City of Bristol, Virginia was founded in 1890 and has grown to become the principal center of commerce located along Interstate 81 in the southern highlands of Southwest Virginia. The Virginia-Tennessee State Line bisects the principal business street and commercial center of the twin cities of Bristol, Virginia, and Bristol, Tennessee. Each of the Cities is independent of the other in governmental administration and operation. Bristol, Virginia, encompassing 13.3 square miles, is geographically located north of the State Line and is adjacent to Washington County and services a population of approximately 16,807.

Bristol is an independent city of the Commonwealth with no county oversight. The City government is organized under the Council-Manager form of government. The governing body, a Council elected at-large to staggered 4-year terms by the voters, makes policies for proper administration of the City. The Council is composed of five members. The Mayor and Vice-Mayor are chosen annually by majority vote of all members of Council from its own members. Council appoints a City Manager to act as the administrative head of the City. The City Manager serves at the pleasure of the Council, carries out its policies, and directs business procedures.

The City provides a full range of services, including general government administration, judicial administration, public safety, public works, human services, education, community development, and parks, recreation and cultural activities.

The Bristol Virginia School Board and the Industrial Development Authority are component units of the City. Their respective audited financial information is presented in this Annual Report.

Annually, the City Manager submits the recommended budget to City Council. Per city charter, the Council approves the annual appropriation ordinance at the fund level based upon the budget submitted by the City Manager, as amended by City Council. Council adopts tax ordinances submitted by the City Manager and agreed upon by the City Council for the purpose of funding the appropriations for the budget for the ensuing year. Per the budget ordinance, the City Manager has the authority to approve budget transfers within departments. Budget transfers between departments or funds require the approval of the City Council.

Local Economy

The economy of the City has been historically dependent on manufacturing as a major component. The twin cities of Bristol, Virginia, and Bristol, Tennessee, serve as a commercial trade center for Southwest Virginia and Northeast Tennessee. Also, other sectors of the economy such as services and government are becoming more important. The City appears to be in economic transition from a manufacturing center to a more diverse economy incorporating tourism, trade, services, governmental functions, and attendant activities such as construction, finance, insurance and real estate.

In 1985, the City became the second Virginia City to attain certification by the Governor through a program administered by the Virginia Department of Economic Development, as a prepared community ready for economic investment. Bristol also benefits from its partnership with state government by having a large designated Enterprise Zone and in 2018 was announced as a Designated Opportunity Zone by the Governor.

Bristol has a rich history that is being translated into a vibrant downtown supported by a unique community. State Street, which also serves as the state line between Virginia and Tennessee, hosts a multitude of businesses including national chains and hometown entrepreneur successes. Loft apartments, condos, and two boutique hotels further enrich the growing downtown community. Bristol has promoted tourism and retail development through the establishment of a Main Street district, a

Tourism Zone, and an Arts and Entertainment district. The Smithsonian-affiliated Birthplace of Country Music Museum, a 24,000 square foot museum, is in the City's historic downtown district. These attractions are projected to continually increase the number of visitors in the downtown area.

Located adjacent to Interstate 81, Bristol, VA has three interchanges providing access to businesses, neighborhoods, industrial areas, and downtown. The City is currently working on development of a new destination retail center featuring 1.5 million square feet of commercial space at Exit 5 of I-81, in close proximity to Exit 7 which already is developed with retail, lodging, and restaurants. The former Bristol Mall facility was repurposed to open as Virginia's first casino, Bristol Casino, "Future Home of Hard Rock". Bristol Casino served as a temporary casino and gaming floor while a permanent Hard Rock Hotel and Casino was being constructed on the former mall property. The permanent facility opened on November 14, 2024. The Hard Rock Hotel and Casino Bristol project is set to include restaurant options, retail, convention facilities, and indoor and outdoor concert venues.

Despite the successful commercial development and new housing development over the last ten years, Bristol has significant community development needs, due to lack of developable land. Approximately 79% of the total housing stock in Bristol is 64 years or older (built prior to 1960), and many houses are in need of rehabilitation. Vacant properties are increasing due to absentee property owners and deterioration. Multi-family units account for 22% of the homes in the City. Approximately 63% of housing units are owner-occupied. There remains a current demand for housing units of all kinds. The City has been working on housing rehabilitation as well as blight reduction, with limited funding through its Community Development Block Grant program, and the City has several older neighborhoods that are designated historic districts in which the City continues to try to motivate rehabilitation.

The median household income in Bristol is \$45,250 with 17% of the population falling below the poverty level. The largest industry sectors forming the City's employment base are: Manufacturing (14.2%), Accommodation and Food Services (13.1%), and Retail Trade (12.6%), Health and Social Services (12.4%) and Education (7.99%).

The City offers substantial educational advantages in comparison with other cities of comparable size or location. The City School System is operated under the jurisdiction of the Bristol Virginia School Board, and is comprised of four schools. There are seven colleges and universities in the general vicinity of the City.

In addition to I-81, Bristol is served by the main line of the Norfolk-Southern Railroad – the railway being the main reason for the founding of the City in 1856 – and the Tri-Cities Regional Airport in nearby Blountville, Tennessee. The City operates numerous parks, including the 400 acre Sugar Hollow Park on the northeastern edge of the City, and the Randolph Park complex with football stadium and baseball park.

Long-Term Planning

In 2014, the Bristol, Virginia City Council prepared a vision from the perspective of the City Council in the year of 2034. This written vision sets a course of action in several policy areas. The following are areas that will be the focus for strategic planning:

- Economic Hub
- Destination Bristol
- Foundation for the Future
- Vibrant Neighborhoods
- Outstanding City Services
- Healthy Financial Environment
- Superb Facilities and Infrastructure

In March 2024, the City of Bristol, Virginia updated its Capital Improvement Program (“CIP”). The CIP is a formal mechanism for decision making, links the budgeting process to the City’s long-range planning, and is a financial management tool. The Capital Improvement Program consists of two (2) components, the capital plan and the capital budgets. The plan is a listing of capital items that the locality anticipates undertaking within the next five (5) years. The plan is used in preparing the annual budget and approved by Council during the annual budget process.

The City of Bristol is required by Virginia State Code to re-evaluate its Comprehensive Plan every five years. In late 2022, the Planning Commission directed planning staff to begin work on a new Comprehensive Plan and over the course of the next 24 months the City staff worked with an outside consultant, stakeholders, citizens, the Planning Commission and City Council to develop a land use development plan which addresses goals and objectives for transportation, economic development, government, public services and public health. The Planning Commission recommended approval of the plan in September 2024 and City Council adopted the plan on November 12, 2024.

Financial Policies

The City believes that sound financial management principles require that sufficient funds be retained by the City to provide a stable financial base at all times. To retain this stable financial base, the City needs to maintain fund balance reserves sufficient to fund all cash flows of the City, to provide financial reserves for unanticipated or emergency expenditures and/or revenue shortfalls, and to provide funds for all existing expenses. In the Fund Balance Policy, City Council has set the unassigned fund balance level at 18% of budgeted operating revenues. During fiscal year 2024, the City maintained unassigned fund balance levels above the policy amount.

In January 2024, City Council approved, as amended, the City of Bristol, Virginia Financial Policies,-a comprehensive set of individual policies. The policy is a statement of the guidelines and objectives that will influence and guide the financial management practices of the City. The goal of the policy is to provide the structure that will necessitate best practices for the financial stability of the City. Items included in the policy are revenues, expenditures, budget, capital improvements, debt, and financial reporting. The policy sets certain goals that are required to be monitored and communicated to Council and the Citizens of the City of Bristol, Virginia during the budget process. The policy is reviewed annually by Council.

Major Budget Initiatives

The City has experienced increased landfill remediation costs since fiscal year 2021. During fiscal year 2024 the real estate tax, the restaurant meals tax, and the lodging tax were all increased to support government services, including landfill remediation efforts. During fiscal year 2024, the City expended the remainder of its original allocation of \$10 million of Coronavirus State and Local Fiscal Recovery Funds authorized by the American Rescue Plan Act (ARPA). The majority of the funds were expended for landfill remediation projects. In fiscal year 2024 the City issued \$30.7 million in general obligation bond anticipation notes to support ongoing landfill projects as well.

Tax Abatements

The City, in partnership with the Industrial Development Authority, has offered tax rebates to incentivize local development and redevelopment of properties within the City. The City has developed criteria to determine the amount of such rebates that includes: the level of job creation; the amount of capital investment; and the incremental increase in local taxes directly attributed to a proposed project. City Council reviews each project in conjunction with the Economic Development team to determine the City’s estimated rate of return which serves as a guideline for moving forward with any incentive plan. That being said, the City often considers non-financial factors, such as quality of life considerations, in offering participation in the tax rebate program.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. This was the fourth consecutive year the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the City of Bristol, VA. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Many hours of hard work are represented herein, and we extend our sincere appreciation to each member of our staff who contributed to the final report.

Finally, grateful appreciation is extended to the City Council for their leadership and support throughout the year.

Respectfully submitted,



Randall C. Eads
City Manager



Tamrya Spradlin
Assistant City Manager/Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Bristol
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

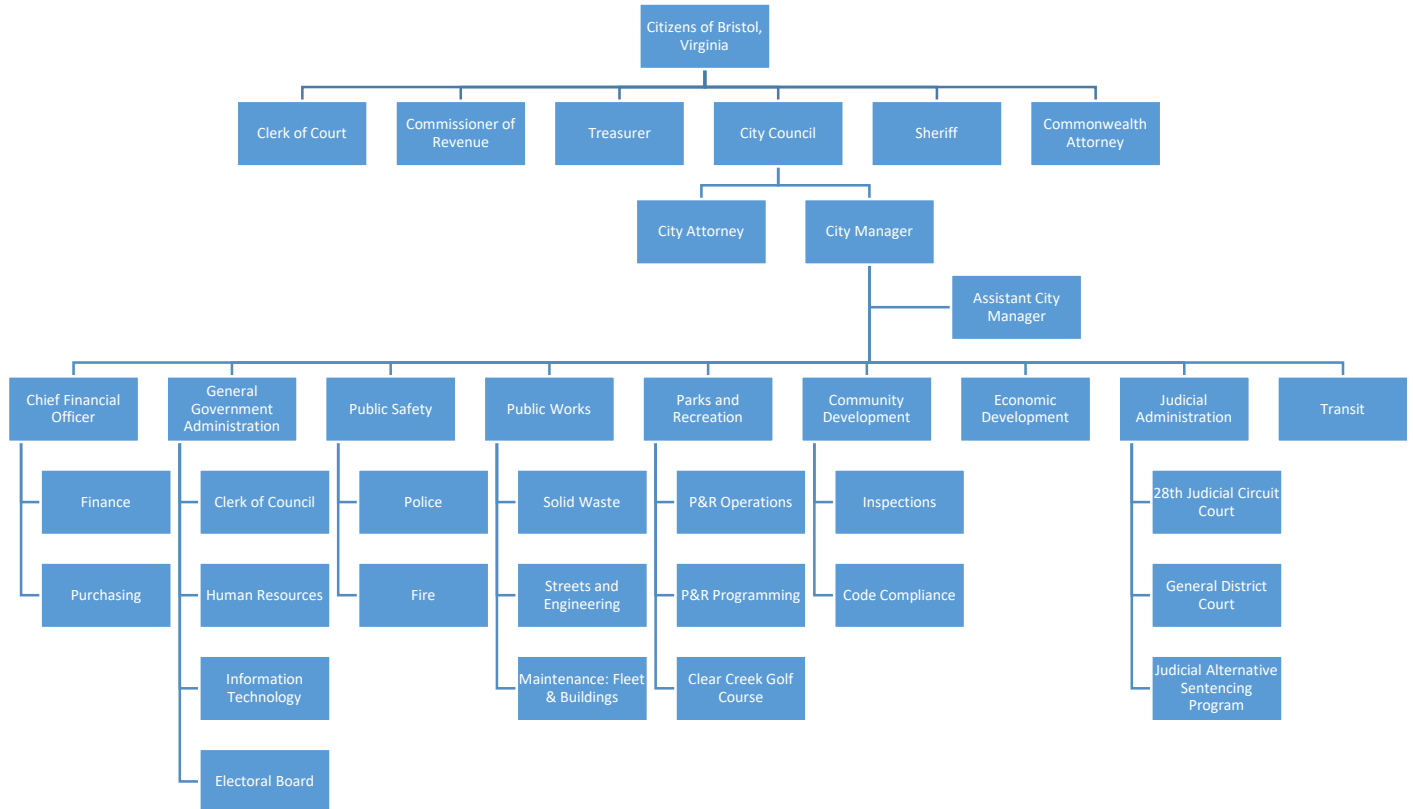
June 30, 2023

Christopher P. Morill

Executive Director/CEO



City of Bristol, Virginia Organization Chart



CITY OF BRISTOL, VIRGINIA
ELECTED AND APPOINTED OFFICIALS
AS OF JUNE 30, 2024

MEMBERS OF CITY COUNCIL

	Becky Nave, Mayor	
Jake Holmes, Vice Mayor		Anthony Farnum
Neal Osborne		Michael Pollard

CITY OFFICIALS

City Manager.....	Randall C. Eads
Assistant City Manager/CFO.....	Tamrya Spradlin
Finance Director	Joel Surber
City Attorney	Randall C. Eads
City Clerk	Tenille Montgomery
City Treasurer	Angel Britt
Commissioner of Revenue	Cloe-Eva Barker
Clerk of Circuit Court	Kelly L. Flannagan
City Sheriff.....	Tyrone Foster
Commonwealth Attorney	Jerry Wolfe

INDUSTRIAL DEVELOPMENT AUTHORITY BOARD

	Nick Esposito, Chair	
Jacqueline Nophlin, Vice Chair		Jan Huffman
Immanuel Morenings		Michael McGirr
Monica R. H. Shew		Carly Thompson

SOCIAL SERVICES BOARD

	David Maples, Chairman	
Eula Wheeler, Vice Chairman		Vicie Dotson
Becky Nave		Bryan Read

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

To the Members of the City Council
City of Bristol, Virginia
Bristol, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bristol, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bristol, Virginia, as of and for the year ended June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Bristol, Virginia, 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 unmodified audit opinions.

Substantial Doubt about the Bristol Industrial Development Authority's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Bristol Industrial Development Authority (the IDA), a component unit of the City of Bristol, Virginia, will continue as a going concern. As discussed in Note 25 to the financial statements, the IDA did not make debt payments in accordance with the bond agreement and does not have sufficient funds available to make ongoing payments. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 25. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2024, on our consideration of the City of Bristol, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Bristol, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bristol, Virginia's internal control over financial reporting and compliance.

Robinson, Fawcett, & Associates

Blacksburg, Virginia
November 21, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Bristol, Virginia (the City), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 through 5 of this report.

Financial Highlights

- The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at June 30, 2024 resulting in a negative net position of \$97.49 million, \$(98.18) million from governmental activities and \$692,903 from business-type activities. Of the total amount, \$13.39 million is invested in capital assets (*net of related debt*), \$1.07 million is restricted for specific purposes and -\$111.95 million is unrestricted. Unrestricted net position shows a negative balance primarily due to liabilities recorded in the statement of net position that will not be paid with currently available funds.
- The City's overall net position increased by \$4.65 million during the fiscal year. Of this amount, an increase of \$4.29 million is related to government activities and an increase of \$.36 million is attributed to business-type activities. The increase is primarily due to a one-time revenue receipt related to a lawsuit settlement, an increase in interest earnings, additional local tax revenue driven partially by tax rate increases and overall expenditure savings.
- At June 30, 2024 the City's governmental funds reported combined fund balances of \$53.16 million, a current year increase of \$9.72 million. Of this amount, \$1.78 million is nonspendable, \$13.46 million is restricted for specific purposes, \$4.96 million is committed, \$6,320 is assigned and \$32.95 million is unassigned and available for spending at the government's discretion. The current year overall increase in fund balance is primarily due to the issuance of bond anticipation notes during the fiscal year for various landfill related projects.
- At June 30, 2024 unassigned fund balance for the general fund was \$32.95 million, or 32% of total general fund expenditures. This is a \$9.6 million increase from the prior year. This increase is primarily related to the proceeds of the bond anticipation notes that the City used for landfill projects expended in previous fiscal years.
- The City's total outstanding long-term obligations increased by \$14.96 million during the current fiscal year. The City issued \$30.71 million of general obligation bond anticipation notes. The City's landfill closure and postclosure liability decreased by \$11.95 million due primarily to the closure of Landfill Permit # 498. General Obligation Bonds (bonded debt) decreased by \$3.78 million. Other debt, which is comprised of loans payable, lease revenue notes, lease liabilities, net pension liability, other post-employment benefits, and compensated absences, decreased by \$.02 million.

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, etc.).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*), from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government administration, judicial administration, public safety, public works, health and welfare, education, parks, recreation and cultural and community development. The business-type activities of the City include transit services.

The government-wide financial statements include not only the City of Bristol, Virginia itself (known as the *primary government*), but also two legally separate entities for which the City is financially obligated, the Bristol, Virginia School Board (School Board) and the Industrial Development Authority (IDA). Financial information for these component units is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 26 and 27 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains two individual governmental funds, the General Fund and the Community Development Block Grant Fund (CDBG). The City's General Fund is the only major governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Data for the Community Development Block Grant Fund (CDBG) is presented under the heading "Other Governmental Funds" in the governmental fund presentation.

The City adopts an annual appropriation budget for its general and CDBG funds. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 28 through 31 of this report.

Proprietary funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the transit fund.

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for transit operations. The basic proprietary fund financial statements can be found on pages 32 through 34 of this report.

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

The City maintains one fiduciary fund. The Special Welfare Fund is used to report resources held in a custodial capacity for the department of social services to use for payments to social services clients. The basic fiduciary fund financial statements can be found on pages 35 and 36 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 37 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other post-employment benefits (OPEB) to its employees. Required supplementary information can be found on pages 95 through 106 of this report.

Government-Wide Overall Financial Analysis

Statement of Net Position

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City of Bristol, Virginia, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources resulting in a negative net position of \$97.49 million at the close of the most recent fiscal year.

The largest portion of the City's net position, \$13.39 million, reflects its investment in capital assets (e.g., land, buildings, equipment, vehicles and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Consequently, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City's net investment in capital assets increased .38 million during the current fiscal year due to capital asset additions that were not debt financed and a reduction in capital related debt as offset by depreciation expense.

An additional portion of the City's net position, \$1.07 million, was restricted net position that represents resources subject to external restrictions on how they may be used. Restricted net position on June 30, 2024, included Asset Forfeiture Funds (\$235,346), Federal Revenue Sharing Funds (\$123,158), and Opioid Settlement Funds (\$711,151).

The remaining balance consists of unrestricted net position of -\$111.95 million that will be addressed over time through revenue expansion and expenditure controls. To that end, the City's unrestricted net position increased 4.05 million during the current fiscal year. This is primarily due to a one-time revenue receipt related to a lawsuit settlement, an increase in interest earnings, additional locally generated tax revenue and overall expenditure savings.

The City's total net position increased 4.65 million from the previous year.

City of Bristol, Virginia's Net Position						
(in thousands 000's)						
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 75,582	\$ 74,080	\$ 685	\$ 471	\$ 76,267	\$ 74,551
Capital assets	103,880	96,754	336	251	104,216	97,005
Total assets	179,462	170,834	1,021	722	180,483	171,556
Total deferred outflows of resources	7,988	9,081	52	67	8,040	9,148
Long-term liabilities outstanding	260,274	245,311	1	326	260,275	245,637
Other liabilities	7,475	16,772	325	7	7,800	16,779
Total liabilities	267,749	262,083	326	333	268,075	262,416
Total deferred inflows of resources	17,881	20,298	54	127	17,935	20,425
Net position:						
Net investment in capital assets	13,053	12,757	336	251	13,389	13,008
Restricted	1,069	852	-	-	1,069	852
Unrestricted	(112,303)	(116,075)	357	78	(111,946)	(115,997)
Total net position	\$ (98,181)	\$ (102,466)	\$ 693	\$ 329	\$ (97,488)	\$ (102,137)

Statement of Activities

The City's total revenues and expenses for governmental activities and business-type activities are reflected in the following table:

City of Bristol, Virginia						
Summary of Changes in Net Position						
(in thousands 000's)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 5,818	\$ 5,285	\$ 28	\$ 30	\$ 5,846	\$ 5,315
Operating grants & contributions	18,575	28,236	699	533	19,274	28,769
Capital grants & contributions	1,135	912	-	1	1,135	913
General revenues:						
Property taxes	21,860	20,022	-	-	21,860	20,022
Other taxes	24,615	19,316	-	-	24,615	19,316
Unrestricted grants and contributions	2,461	2,310	-	-	2,461	2,310
Other	6,031	4,002	21	9	6,052	4,011
Total revenues	80,495	80,083	748	573	81,243	80,656
Expenses:						
General government	7,041	6,095	-	-	7,041	6,095
Judicial administration	2,024	1,995	-	-	2,024	1,995
Public safety	17,152	15,541	-	-	17,152	15,541
Public works	19,154	110,699	-	-	19,154	110,699
Health and welfare	10,056	9,191	-	-	10,056	9,191
Education	7,582	7,665	-	-	7,582	7,665
Parks, recreation & cultural	3,040	3,063	-	-	3,040	3,063
Community development	4,528	4,811	-	-	4,528	4,811
Interest on long-term debt	5,583	4,928	-	-	5,583	4,928
Transit	-	-	434	458	434	458
Total expenses	76,160	163,988	434	458	76,594	164,446
Increase (decrease) in net position before transfers	4,335	(83,905)	314	115	4,649	(83,790)
Transfers	(50)	(26,425)	50	26,425	-	-
Extraordinary item - asset impairment	-	(11,616)	-	-	-	(11,616)
Increase (decrease) in net position	4,285	(121,946)	364	26,540	4,649	(95,406)
Net position, beginning	(102,466)	19,480	329	(26,211)	(102,137)	(6,731)
Prior period adjustment	-	-	-	-	-	-
Net position, ending	\$ (98,181)	\$ (102,466)	\$ 693	\$ 329	\$ (97,488)	\$ (102,137)

Governmental Activities-Statement of Activities-Overview

The City's governmental activities are comprised of the General Fund and the Community Development Block Grant Fund. Governmental activities increased the City's net position by \$4.285 million during the current fiscal year.

Revenue-Governmental Activities:

Revenues from governmental activities of \$80.4 million increased 0.50%, or \$.4 million from FY2023. This increase in revenues is comprised of the changes in program revenues and general revenues.

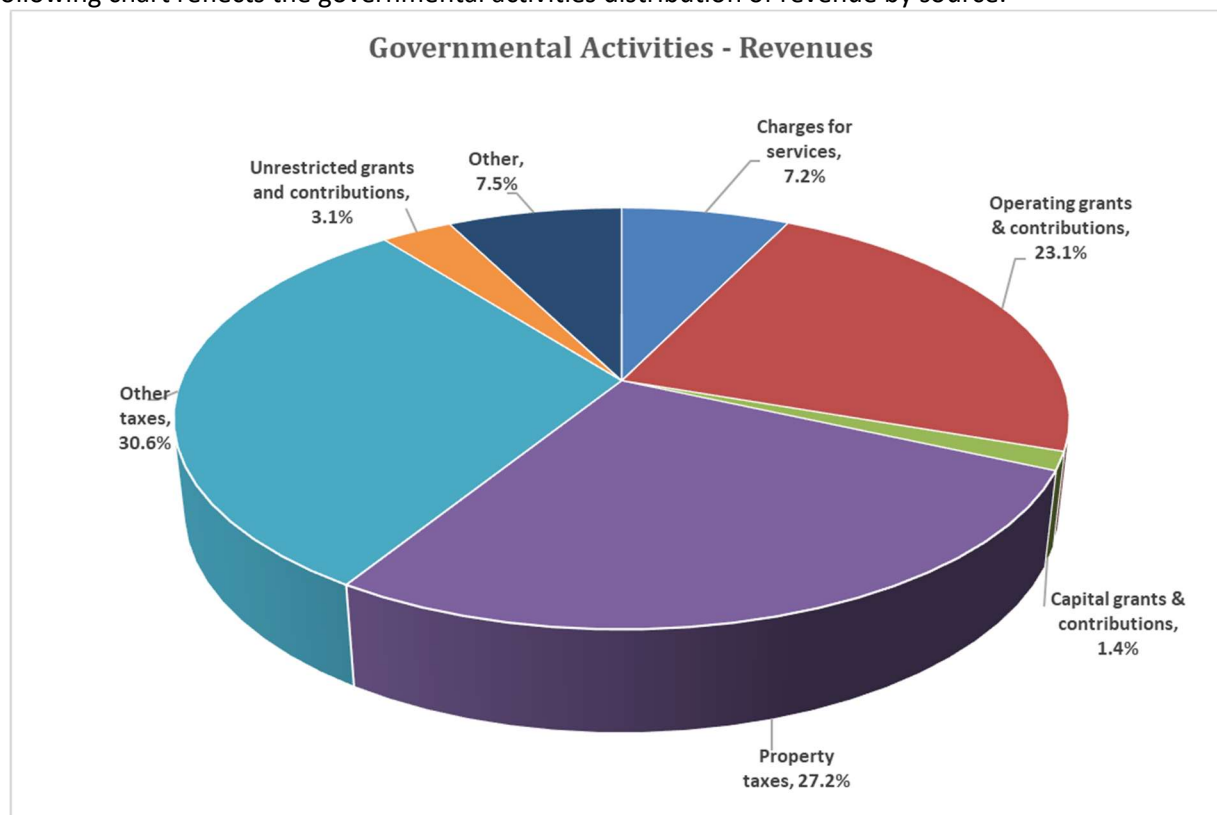
Program revenues decreased \$8.9 million from fiscal year 2023 and includes the following revenues:

- Charges for services of \$5.82 million increased \$.53 million due to an increase in the waste collection fee charged during the fiscal year.
- Operating grants and contributions totaled \$18.57 million and decreased 9.66 million, or 34%. This decrease is due to the federal monies from the American Rescue Plan Act that were expended in fiscal year 2023 and were unavailable in fiscal year 2024.
- Capital grants and contributions totaled \$1.14 million and increased \$.23 million.

General Revenues increased \$9.3 million and includes the following revenues:

- General property taxes of \$21.86 million increased \$1.8 million or 9%, primarily as a result of an increase to the real property tax rate for calendar year 2023. The rate was increased from \$1.12 to \$1.17. General property taxes are comprised mainly of real property and personal property.
- Other local taxes of \$24.61 million increased \$5.3 million or 27%. This increase was attributable to increases in the tax rates for restaurant food taxes and lodging taxes. The restaurant food tax rate was increased from 7% to 10%. The lodging tax rate was increased from 9% to 13%. Overall sales tax revenue increased from fiscal year 2023 as well. Other local taxes are also comprised of revenues from consumer utility taxes, business licenses, bank stock taxes, cigarette taxes, and motor vehicle license taxes.
- Unrestricted grants and contributions totaled \$2.46 million and increased \$.2 million from the prior year. Unrestricted grants and contributions are comprised primarily of state sales tax collections and payments received in lieu of taxes.
- Other revenues totaled \$6 million and increased \$2 million or 50% due to a one-time payment related to a lawsuit settlement.

The following chart reflects the governmental activities distribution of revenue by source:



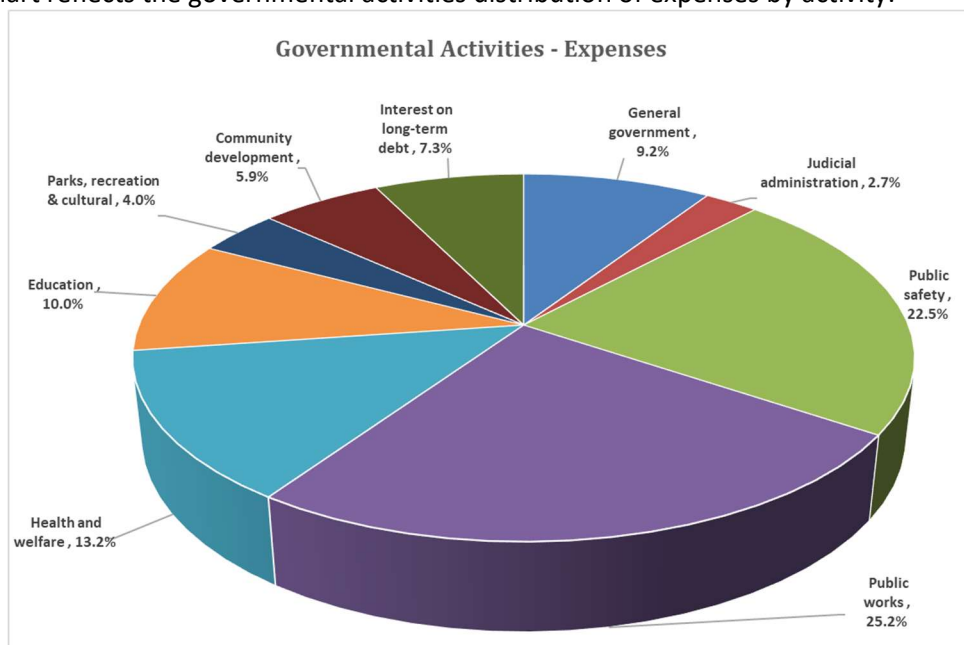
Expenses-Governmental Activities

Expenses for governmental activities totaled \$76.16 million a decrease of \$87.83 million from FY2023. In fiscal year 2023, the City landfill was closed and activities of the solid waste fund were moved to the general fund. The unanticipated closure, driven by non-capacity issues, required the immediate recognition of approximately \$77 million for future landfill closure and post closure liabilities. This amount and required landfill remediation costs in the prior year drove expenses significantly higher than normal. Accordingly, expenses in 2024 returned to normalized levels.

Program expenses include the following expenses:

- General government expenses totaled \$7.04 million and increased \$.95 million or 15% from the prior year due primarily to salary increases, assessor charges, added positions, and equipment purchases.
- Judicial administration expenses totaled \$2.02 million and increased \$.03 million or 1%.
- Public safety expenses totaled \$17.15 million and increased \$1.61 million or 10.4%. Public safety is comprised of the police department, fire department, sheriff's department, payments to the regional jail authority, inspections, and animal control. The current year increase was primarily due to equipment and vehicle purchases and salary increases.
- Public works expenses totaled \$19.16 million and decreased \$91.55 or 83% from the prior year. The decrease is attributed to additional expense recognition in 2023 related to landfill closure and remediation efforts as discussed previously.
- Health and welfare expenses totaled \$10.06 million and increased \$.86 million or 9%. Expense increases include additional funding for the Department of Social Services, opioid abatement expenses, and health department expenses.
- Education expenses totaled \$7.58 million and decreased \$.08 million or 1% from the prior year.
- Parks, Recreation, and Cultural expenses totaled \$3.04 million and decreased \$.02 million or 1% from FY2023.
- Community development expenses totaled \$4.53 million and decreased \$.29 million or 6%. This decrease is attributed to a decrease in outside agency funding and a decrease in flow through state funding.
- Interest expenses totaled \$5.58 million and increased \$.66 million or 13% compared to FY2023. This increase is due to interest payments associated with the construction-in-progress of Virginia Intermediate School.

The following chart reflects the governmental activities distribution of expenses by activity:



Transfers-Governmental Activities:

Transfers decreased the Governmental Activities net position by \$.05 million. During the current fiscal year, the Governmental Activities recorded \$50,353 in transfers to the Business-Type Activities. The transfer was to support the operations of the Transit Fund.

Business-Type Activities-Statement of Activities-Overview

The City's business-type activities consist of the Transit Fund. Activities from the Business-type activities reported a positive change in net position of \$363,718 million during the current fiscal year. The Transit Fund reported an ending net position of \$692,903.

Revenue-Business-Type Activities:

The Transit Fund's revenues totaled \$747,086 and consisted of charges for services (\$28,275), operating grants and contributions (\$698,589), capital grants and contributions (\$15,851), and miscellaneous revenues (\$4,371). Total revenues increased \$.175 million or 23%. This was primarily due to an increase in federal revenues.

Expenses-Business-Type Activities:

The Transit Fund reported total expenses of \$433,508, a decrease of \$.02 million or 6% from the prior year. This decrease is due to lower personnel costs relative to staff turnover and position vacancies.

Government-wide Financial Analysis (Component Units)**School Board**

The assets and deferred outflows of the School Board exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$16,770,616 (net position). Of this amount, (\$17,438,232) represents unrestricted net position. Unrestricted net position shows a negative balance due primarily to liabilities recorded in the statement of net position that will not be paid with immediate funds. Additionally, any unexpended funds which are not specifically restricted by state regulation must be returned to the primary government. Therefore, there is no buildup of fund balances to accommodate liabilities that will not be paid with current resources. The School Board's total net position increased by \$6,239,927. The increase is attributable to the completion of Virginia Intermediate School, which was largely funded by the City and an increase in deferred outflows or resources related to pension items. Separate audited financial statements are issued by the School Board.

Industrial Development Authority

The Industrial Development Authority, IDA, is reported as a component unit of the City of Bristol. Separate audited financial statements are not issued by the IDA. The IDA had a net position at June 30, 2024 of -\$15.6 million. The IDA had assets of \$15.3 million, mainly comprised of capital assets, related to the Falls project. Total liabilities at June 30, 2024 were \$30.9 million. The IDA had \$30.275 million of revenue bond debt at June 30, 2024, related to the Falls project. The change in net position for FY2024 was a decrease of \$224,668.

Financial Analysis of the City's Funds

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

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows and outflows, of *spendable* resources, as well as balances of spendable resources available at year end. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$53.16 million, a current year increase of \$9.72 million. Approximately 62% of this total amount, \$32.95 million, constitutes unassigned fund balance which is available for spending at the government's discretion. The remainder of the fund balance is shown as nonspendable, restricted, committed or assigned to indicate that it is 1) not in spendable form (\$1.78 million), 2) restricted for a particular purpose (\$13.46 million), 3) committed by the appropriating body (4.96 million), or 4) assigned for a particular purpose (\$6,320).

Governmental Funds-General Fund

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$32.95 million, while total fund balance was \$53.16 million. As a measure of the general fund's liquidity, it may be useful to compare total unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 32% of the total general fund expenditures, while total fund balance represents 52% of the same amount for FY2024.

The total fund balance of the City's general fund increased by \$9.72 million during the current fiscal year. This increase was primarily due to the issuance of bond anticipation notes during the fiscal year for various landfill related projects. The expenditures for the projects are not reported in the 2024 expenditures in their entirety due to the timing of the projects. Additional drivers of the increase are discussed below.

General fund revenues totaled \$80.76 million and increased \$.8 million or 1% overall from FY2023. General property taxes total \$21.8 million and increased by 10% in FY2024, due to an increase in the real estate property tax rate in calendar year 2023. Local taxes including local sales taxes, restaurant food taxes, lodging taxes and business license taxes totaled \$24.6 million and increased by 27% as compared to last year, due primarily to an increase in the restaurant food tax rate and the lodging tax rate. Funding from the Commonwealth of Virginia and the Federal Government funding totaled \$21.7 million and decreased \$9.4 million or 30%. This decrease was primarily due to \$9 million of federal ARPA funding expended in FY23. Those federal monies were not available to be expended in FY24.

General fund expenditures totaled \$102 million and increased by \$2.68 million. General government expenditures totaled \$7.1 million and increased \$.82 million primarily due to salary increases, assessor charges, added positions and equipment purchases. Public Safety expenditures increased \$1.77 million compared to the prior year and totaled \$18.26 million for FY2024. This increase is primarily due to equipment and vehicle purchases and increased salary costs. Public works expenditures totaled \$28.7 million, an increase of \$.33 million or 1%. Capital Projects totaled \$10.27 million, a decrease of \$1.79 million due to the timing of the expenditures related to the construction of Virginia Intermediate School and other capital projects.

Governmental Funds-CDBG

The Community Development Block Grant Fund (CDBG) is a non-major governmental fund. As of June 30, 2024, the CDBG fund had a fund balance of zero. All expenditures of the fund are reimbursed by the federal government.

Proprietary Funds. The City of Bristol Virginia's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City's proprietary funds are comprised of the Transit Fund.

Proprietary Funds-Transit Fund

Net position of the Transit Fund totaled \$692,903. The Transit Fund had an operating loss of \$393,792, because it is primarily funded from state and federal revenues and those are not reported as operating revenues. The Transit Fund had a change in net position of \$363,718, due primarily to increased intergovernmental revenues and reduced personnel costs related to staff turnover and position vacancies.

General Fund Budgetary Highlights

The following table provides budgetary and actual information for the general fund's revenues and expenditures.

City of Bristol, Virginia General Fund-Budget Comparison For Fiscal Year Ending June 30, 2024 (in thousands 000's)					
	Original Budget	Amended Budget	Budget Increase/ (Decrease)	Actual	Variance Actual vs. Amended
Revenues					
Taxes	\$ 43,812	\$ 44,063	\$ 251	\$ 46,422	\$ 2,359
Intergovernmental	33,843	36,566	2,723	21,721	(14,845)
Other	10,007	9,794	\$ (213)	12,616	2,822
Total Revenues	\$ 87,662	\$ 90,423	\$ 2,761	\$ 80,759	\$ (9,664)
Expenditures					
Expenditures	\$ 110,984	\$ 125,883	\$ 14,899	\$ 91,422	\$ 34,461
Debt Service	\$ 7,105	8,121	\$ 1,016	10,654	(2,533)
Total Expenditures	\$ 118,089	\$ 134,004	\$ 15,915	\$ 102,076	\$ 31,928
Other Financing Sources (Uses)					
Transfers	\$ 300	\$ 2,118	\$ 1,818	\$ (50)	\$ (2,168)
Other	26,595	32,019	\$ 5,424	31,090	(929)
Total Other Financing Sources	\$ 26,895	\$ 34,137	\$ 7,242	\$ 31,040	\$ (3,097)
Change in Fund Balance	\$ (3,532)	\$ (9,444)	\$ (5,912)	\$ 9,723	\$ 19,167

The difference between the original budget and the final amended budget was approximately an increase of \$15.92 million in revenues, expenditures, other financing sources (uses), and changes in fund balance, or 13% of the original budget.

The changes from the original budget to the amended budget can be briefly summarized as follows:

- \$5.9 million increase for prior year carryover items where the revenue was received or available in the prior year
- \$2.19 million decrease in transfers out to other funds due to the solid waste activities no longer reported in a separate fund
- \$1.4 million for legal fees incurred by the City related to lawsuits involving the City landfill
- \$1.5 million for additional employee positions and salary increases
- \$.8 million for additional garbage collection trucks
- \$.6 million for public safety equipment
- \$.6 million for additional outside agency funding

There were several variances between the final amended budget and the actual results in the General Fund. This activity can be briefly summarized as follows:

- Appropriated general property taxes exceeded the budgeted amount by \$1.87 million due to actual delinquent real property tax collections and personal property tax collections exceeding the budgeted amounts.

- Appropriated revenue from use of money and property exceeded the budgeted amount by \$2.02 million. This variance is due to actual interest earnings being higher than budgeted amounts. Interest earned on the unexpended debt proceeds were not budgeted, because the amount was not known at the time of budget development.
- Appropriated intergovernmental revenues had a budget variance of -\$14.85 million. This variance is related to the timing of various capital projects. The project expenditures were not incurred, so the related revenue could not be requested.
- Appropriated public safety expenditures had a budget variance of \$1.7 million. This variance is due to employee vacancy savings, budgeted lease payments, and materials and supply savings.
- Appropriated public works expenditures, primarily related to services and projects for odor mitigation and remediation of the City's landfill, resulted in a budget variance of \$25.7 million due to the timing of expenditures related to those projects.
- Appropriated capital projects expenditures, primarily related to certain road and infrastructure projects that were not completed in FY2024, resulted in a budget variance of \$4.68 million.
- Appropriated debt service expenditures, related to the payments for lease liabilities and the interest on the school lease revenue note, resulted in budget variances of -\$1.02 million and -\$1.43 million.
- Appropriated transfers in, related to solid waste transfers that were budgeted but did not occur because solid waste was no longer a separate fund, resulted in a -\$2.2 budget variance.
- Appropriated issuance of general obligation notes has a -\$1.29 budget variance. This variance is because the actual debt issuance was less than the amount budgeted.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2024 totaled \$104.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, equipment, vehicles, infrastructure, library assets and construction in progress.

City of Bristol, Virginia Capital Assets Net of Depreciation (in thousands 000's)						
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land and Improvements	\$ 18,437	\$ 18,437		\$ -	\$ 18,437	\$ 18,437
Construction in Progress	22,283	12,867		-	22,283	12,867
Buildings and Improvements	15,961	16,149	411	411	16,372	16,560
Machinery and Equipment	22,134	20,584	550	483	22,684	21,067
Library Assets	7,198	7,198		-	7,198	7,198
Infrastructure	125,895	125,153		-	125,895	125,153
Plant	1,257	1,257		-	1,257	1,257
Land Development Costs	480	480		-	480	480
Accumulated Depreciation	(112,123)	(108,165)	(625)	(643)	(112,748)	(108,808)
Subtotal	101,522	93,960	336	251	101,858	94,211
Buildings and Improvements Leased	1,748	1,748	-	-	1,748	1,748
Machinery and Equipment Leased	1,755	1,755	-	-	1,755	1,755
Plant Leased	50	50	-	-	50	50
Accumulated Amortization	(1,196)	(759)	-	-	(1,196)	(759)
Subtotal Lease Assets	2,357	2,794	-	-	2,357	2,794
Total	\$ 103,879	\$ 96,754	\$ 336	\$ 251	\$ 104,215	\$ 97,005

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

- Additions to capital assets totaled \$12.96 million, and included \$10.09 million for the construction of Virginia Intermediate School. This asset is reported as construction in progress at June 30, 2024.
- Other significant additions include \$753,962 for public works signal light infrastructure, 997,815 for public safety vehicles and equipment, a public works bucket truck in the amount of \$181,374, and a transit bus in the amount of \$137,252.
- Decreases to capital assets totaled \$1.18 million. The current year decrease in capital assets included \$959,641 of construction in progress assets that were placed into service during the fiscal year. These assets consist of a completed signal light and a public safety 911 system update. Other decreases include city vehicles (including a transit bus) and voting equipment.
- Total accumulated depreciation and amortization for FY2024 was \$113.94 million, with current year expense totaling \$4.62 million.

Additional information regarding the City's capital assets can be found in Note 16 of the notes to financial statements.

Debt Administration-Long-Term Debt

At the end of the current fiscal year, the City had total debt outstanding of \$260.3 million. Of this amount, \$98.44 million represents general obligation bonded debt backed by the full faith and credit of the government.

City of Bristol, Virginia Long-Term Debt Obligations As of June 30, 2022 and 2023 (in thousands 000's)						
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General Obligations						
General Obligation Bonds	\$ 98,443	\$ 102,224	\$ -	\$ -	\$ 98,443	\$ 102,224
Other Long-Term Debt						
Loans Payable	\$ 817	\$ 1,250	\$ -	\$ -	\$ 817	\$ 1,250
Bond Anticipation Note	30,710	-	-	-	30,710	-
Lease Revenue Note	24,520	24,520	-	-	24,520	24,520
Unamortized Premium	689	433	-	-	689	433
Lease Liabilities	2,354	2,800	-	-	2,354	2,800
Net Pension Liability	16,340	15,220	-	-	16,340	15,220
Other Post Employment Benefits	5,537	6,184	-	-	5,537	6,184
Compensated Absences	1,996	1,864	-	-	1,996	1,864
Landfill Closure and Postclosure	78,867	90,816	-	-	78,867	90,816
Total	\$ 161,830	\$ 143,087	\$ -	\$ -	\$ 161,830	\$ 143,087
Total Long-Term Debt	\$ 260,273	\$ 245,311	\$ -	\$ -	\$ 260,273	\$ 245,311

The following is a summary of the City's long-term liabilities for FY2024.

- The City's total permanent bonded debt decreased by \$3.78 million during the fiscal year.
- Other long-term debt totaled \$161.83 million and increased by \$18.74 million during the fiscal year. Other long-term debt is comprised of debt not bonded, loans payable, bond anticipation notes, lease revenue notes, lease liabilities, net pension liability, other post-employment benefits, compensated absences, and

the landfill closure and postclosure liability. The current year increase includes an increase of \$30.71 million for the issuance of bond anticipation notes during the fiscal year and a decrease of \$11.95 million due to the reduction of the landfill closure and postclosure liability.

- GASB 68-Accounting and Financial Reporting for Pensions requires state and local governments to record pension liability and expenditures. The net pension liability as of June 30, 2024 was \$16.34 million.
- The City maintains the state's intercept rating of Aa1 from Moody's for general obligation debt. The underlying rating for the City is A2 from Moody's and A+ for Standard and Poor's.

Additional information on the City's long-term debt can be found in Note 10 of the notes to financial statements.

Economic Factors and Next Year's Budget and Rates

- The State's first full-scale casino opened in the City in July 2022 and will play a role in providing state casino tax revenues to fourteen (14) Southwest Virginia localities, including Bristol, Virginia. The permanent casino facility, Hard Rock Hotel and Casino Bristol, opened on November 14, 2024. Revenue from the project will impact the City's budget development for FY 2025-2026, as economic impacts from the project are realized in the 2024-2025 fiscal year and are expected to increase in future years.
- The "Falls" project, which is a 1.5 million square foot "Commercial Development of Regional Impact," will continue to be an economic factor for the City. Phase I is nearly complete, with development continuing on Phases 2 and 3.
- The impact of landfill closure and the related landfill remediation projects will affect current and future budgets. The amount of such future costs is presently estimated at \$79 million but is subject to change based on factors discussed in Note 17 to the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's questions. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, City of Bristol, Virginia, 300 Lee Street, Bristol, VA 24201.

Basic Financial Statements

City of Bristol, Virginia
Statement of Net Position
June 30, 2024

	Primary Government			Component Units	
	Governmental	Business-type	Total	School Board	IDA
	Activities	Activities			
ASSETS					
Cash and cash equivalents	\$ 35,957,294	\$ 641,157	\$ 36,598,451	\$ 2,526,359	\$ 4,075
Receivables (net of allowance for uncollectibles):					
Taxes receivable	14,514,703	-	14,514,703	-	-
Accounts receivable	3,114,102	20,461	3,134,563	280,109	-
Due from other governmental units	5,058,836	20,946	5,079,782	5,348,971	-
Due from primary government	-	-	-	-	678,488
Inventories	120,303	-	120,303	52,460	-
Prepaid items	1,660,869	2,324	1,663,193	54,032	-
Restricted assets:					
Cash and cash equivalents	15,156,275	-	15,156,275	2,655,057	843,748
Investments	-	-	-	-	588,763
Capital assets:					
Capital assets, not being depreciated/amortized	40,719,811	-	40,719,811	5,773,747	641,126
Capital assets, net of accumulated depreciation/amortization	63,159,680	335,970	63,495,650	23,998,662	12,552,870
Total assets	\$ 179,461,873	\$ 1,020,858	\$ 180,482,731	\$ 40,689,397	\$ 15,309,070
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding, net	\$ 3,042,649	\$ -	\$ 3,042,649	\$ -	\$ -
Pension related items	3,593,372	48,160	3,641,532	5,208,087	-
OPEB related items	1,351,542	4,245	1,355,787	717,294	-
Total deferred outflows of resources	\$ 7,987,563	\$ 52,405	\$ 8,039,968	\$ 5,925,381	\$ -
LIABILITIES					
Accounts payable	\$ 3,527,955	\$ 140	\$ 3,528,095	\$ 1,113,476	\$ 160,359
Wages payable	38,319	917	39,236	1,954,513	-
Retainage payable	1,202,492	-	1,202,492	-	-
Accrued interest payable	985,052	-	985,052	18,894	512,958
Due to component unit	678,488	-	678,488	-	-
Unearned revenue	1,043,142	-	1,043,142	-	-
Long-term liabilities:					
Due within one year	6,751,813	22,121	6,773,934	757,345	180,000
Due in more than one year	253,521,528	303,220	253,824,748	22,762,249	30,095,000
Total liabilities	\$ 267,748,789	\$ 326,398	\$ 268,075,187	\$ 26,606,477	\$ 30,948,317
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-property taxes	\$ 13,034,902	\$ -	\$ 13,034,902	\$ -	\$ -
Pension related items	2,266,128	45,991	2,312,119	2,193,482	-
OPEB related items	2,580,406	7,971	2,588,377	1,044,203	-
Total deferred inflows of resources	\$ 17,881,436	\$ 53,962	\$ 17,935,398	\$ 3,237,685	\$ -
NET POSITION					
Net investment in capital assets	\$ 13,052,727	\$ 335,970	\$ 13,388,697	\$ 26,616,468	\$ (17,081,004)
Restricted					
Capital projects	-	-	-	3,662,770	-
Federal asset forfeiture	123,158	-	123,158	-	-
School cafeterias	-	-	-	816,913	-
Asset forfeiture	235,346	-	235,346	-	-
Opioid settlement fund	711,151	-	711,151	-	-
Grants	-	-	-	3,112,697	-
Unrestricted (deficit)	(112,303,171)	356,933	(111,946,238)	(17,438,232)	1,441,757
Total net position	\$ (98,180,789)	\$ 692,903	\$ (97,487,886)	\$ 16,770,616	\$ (15,639,247)

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

City of Bristol, Virginia
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Business-type Activities	Total	School Board	IDA
					Governmental Activities					
PRIMARY GOVERNMENT:										
Governmental activities:										
General government administration	\$ 7,040,772	\$ -	\$ 366,182	\$ -	\$ (6,674,590)	\$ -	\$ (6,674,590)	\$ -	\$ -	\$ -
Judicial administration	2,023,493	33,581	1,193,997	-	(795,915)	-	(795,915)	-	-	-
Public safety	17,152,369	1,045,181	3,570,660	394,753	(12,141,775)	-	(12,141,775)	-	-	-
Public works	19,153,727	3,599,026	4,934,065	740,583	(9,880,053)	-	(9,880,053)	-	-	-
Health and welfare	10,055,907	-	7,864,649	-	(2,191,258)	-	(2,191,258)	-	-	-
Education	7,581,781	-	-	-	(7,581,781)	-	(7,581,781)	-	-	-
Parks, recreation, and cultural	3,040,330	1,134,293	-	-	(1,906,037)	-	(1,906,037)	-	-	-
Community development	4,528,450	5,822	518,000	-	(4,004,628)	-	(4,004,628)	-	-	-
Interest	5,583,410	-	127,681	-	(5,455,729)	-	(5,455,729)	-	-	-
Total governmental activities	\$ 76,160,239	\$ 5,817,903	\$ 18,575,234	\$ 1,135,336	\$ (50,631,766)	\$ -	\$ (50,631,766)	\$ -	\$ -	\$ -
Business-type activities:										
Transit Fund	433,508	28,275	698,589	-	-	293,356	293,356	-	-	-
Total business-type activities	\$ 433,508	\$ 28,275	\$ 698,589	\$ -	\$ -	\$ 293,356	\$ 293,356	\$ -	\$ -	\$ -
Total primary government	\$ 76,593,747	\$ 5,846,178	\$ 19,273,823	\$ 1,135,336	\$ (50,631,766)	\$ 293,356	\$ (50,338,410)	\$ -	\$ -	\$ -
COMPONENT UNITS:										
School Board	\$ 38,327,242	\$ 97,172	\$ 22,581,895	\$ 1,503,580	\$ -	\$ -	\$ -	\$ (14,144,595)	\$ -	\$ (3,405,815)
IDA	3,405,815	-	-	-	-	-	-	-	-	(3,405,815)
Total component units	\$ 41,733,057	\$ 97,172	\$ 22,581,895	\$ 1,503,580	\$ -	\$ -	\$ -	\$ (14,144,595)	\$ -	\$ (3,405,815)
General revenues:										
General property taxes					\$ 21,860,565	\$ -	\$ 21,860,565	\$ -	\$ -	\$ -
Other local taxes:										
Local sales and use taxes					6,326,892	-	6,326,892	3,268,153	-	-
Consumers' utility taxes					206,774	-	206,774	-	-	-
Business license taxes					1,705,590	-	1,705,590	-	-	-
Motor vehicle taxes					253,184	-	253,184	-	-	-
Restaurant food taxes					10,989,099	-	10,989,099	-	-	-
Bank stock taxes					373,578	-	373,578	-	-	-
Hotel and motel room taxes					3,098,685	-	3,098,685	-	-	-
Cigarette taxes					443,887	-	443,887	-	-	-
Other local taxes					1,217,135	-	1,217,135	-	-	-
Unrestricted revenues from the use of money and property					2,685,676	15,851	2,701,527	227,639	26,664	-
Miscellaneous					3,344,865	4,371	3,349,236	1,272,760	-	-
Contributions from the City of Bristol, Virginia					-	-	-	7,845,181	3,154,483	-
Grants and contributions not restricted to specific programs					2,461,205	-	2,461,205	7,770,789	-	-
Transfers					(50,353)	50,353	-	-	-	-
Total general revenues and transfers					\$ 54,916,782	\$ 70,575	\$ 54,987,357	\$ 20,384,522	\$ 3,181,147	\$ -
Change in net position					\$ 4,285,016	\$ 363,931	\$ 4,648,947	\$ 6,239,927	\$ (224,668)	\$ -
Net position - beginning					(102,465,805)	328,972	(102,136,833)	10,530,689	(15,414,579)	-
Net position - ending					\$ (98,180,789)	\$ 692,903	\$ (97,487,886)	\$ 16,770,616	\$ (15,639,247)	\$ -

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

City of Bristol, Virginia
Balance Sheet
Governmental Funds
June 30, 2024

	<u>General</u>	Other Governmental <u>Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 35,957,294	\$ -	\$ 35,957,294
Receivables (net of allowance for uncollectibles):			
Taxes receivable	14,514,703	-	14,514,703
Accounts receivable	3,114,102	-	3,114,102
Due from other funds	12,050	-	12,050
Due from other governmental units	5,031,873	26,963	5,058,836
Inventories	120,303	-	120,303
Prepaid items	1,660,869	-	1,660,869
Restricted assets:			
Cash and cash equivalents	15,156,275	-	15,156,275
Total assets	<u>\$ 75,567,469</u>	<u>\$ 26,963</u>	<u>\$ 75,594,432</u>
LIABILITIES			
Accounts payable	\$ 3,513,042	\$ 14,913	\$ 3,527,955
Accrued wages	38,319	-	38,319
Retainage payable	1,202,492	-	1,202,492
Due to other funds	-	12,050	12,050
Due to component unit	678,488	-	678,488
Unearned revenue	1,863,142	-	1,863,142
Total liabilities	<u>\$ 7,295,483</u>	<u>\$ 26,963</u>	<u>\$ 7,322,446</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	\$ 14,449,173	\$ -	\$ 14,449,173
Unavailable revenue-opioid	667,665	-	667,665
Total deferred inflows of resources	<u>\$ 15,116,838</u>	<u>\$ -</u>	<u>\$ 15,116,838</u>
FUND BALANCES			
Nonspendable	\$ 1,781,172	\$ -	\$ 1,781,172
Restricted	13,454,453	-	13,454,453
Committed	4,965,178	-	4,965,178
Assigned	6,320	-	6,320
Unassigned	32,948,025	-	32,948,025
Total fund balances	<u>\$ 53,155,148</u>	<u>\$ -</u>	<u>\$ 53,155,148</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 75,567,469</u>	<u>\$ 26,963</u>	<u>\$ 75,594,432</u>

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

City of Bristol, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2024

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	53,155,148
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets not being depreciated/amortized	\$ 40,719,811		
Capital assets being depreciation/amortized	176,479,143		
Accumulated depreciation/amortization	<u>(113,319,463)</u>		103,879,491

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Unavailable revenue-property taxes	\$ 1,414,271		
Unavailable revenue-note receivable	820,000		
Unavailable revenue-opioid settlement	<u>667,665</u>		2,901,936

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Deferred charge on refunding	\$ 3,042,649		
Pension related items	3,593,372		
OPEB related items	<u>1,351,542</u>		7,987,563

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

General obligation bonds	\$ (98,442,500)		
Lease revenue note	(24,520,000)		
Lease liabilities	(2,354,200)		
General obligation notes	(30,710,000)		
Loans payable	(816,882)		
Accrued interest payable	(985,052)		
Unamortized bond premium	(689,076)		
Landfill closure and postclosure liability	(78,867,145)		
Compensated absences	(1,996,057)		
Net OPEB liabilities	(5,537,267)		
Net pension liability	<u>(16,340,214)</u>		(261,258,393)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$ (2,266,128)		
OPEB related items	<u>(2,580,406)</u>		(4,846,534)

Net position of governmental activities	\$	<u>(98,180,789)</u>
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The notes to the financial statements are an integral part of this statement.

City of Bristol, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	<u>General</u>	Other Governmental <u>Fund</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 21,807,432	\$ -	\$ 21,807,432
Other local taxes	24,614,824	-	24,614,824
Permits, privilege fees, and regulatory licenses	174,017	-	174,017
Fines and forfeitures	368,887	-	368,887
Revenue from the use of money and property	2,665,676	-	2,665,676
Charges for services	5,274,999	-	5,274,999
Miscellaneous	3,059,874	-	3,059,874
Recovered costs	1,072,157	-	1,072,157
Intergovernmental	21,720,646	451,129	22,171,775
Total revenues	<u>\$ 80,758,512</u>	<u>\$ 451,129</u>	<u>\$ 81,209,641</u>
EXPENDITURES			
Current:			
General government administration	\$ 7,104,712	\$ -	\$ 7,104,712
Judicial administration	2,110,034	-	2,110,034
Public safety	18,263,844	-	18,263,844
Public works	28,667,931	-	28,667,931
Health and welfare	9,904,186	-	9,904,186
Education	7,908,031	-	7,908,031
Parks, recreation, and cultural	2,984,432	-	2,984,432
Community development	4,205,515	451,129	4,656,644
Capital projects	10,272,890	-	10,272,890
Debt service:			
Principal retirement	4,660,976	-	4,660,976
Interest and other fiscal charges	5,392,178	-	5,392,178
Bond issuance costs	601,185	-	601,185
Total expenditures	<u>\$ 102,075,914</u>	<u>\$ 451,129</u>	<u>\$ 102,527,043</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (21,317,402)</u>	<u>\$ -</u>	<u>\$ (21,317,402)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(50,353)	-	(50,353)
Issuance of general obligation notes	30,710,000	-	30,710,000
Premium on general obligation notes	365,449	-	365,449
Sale of capital assets	14,941	-	14,941
Total other financing sources (uses)	<u>\$ 31,040,037</u>	<u>\$ -</u>	<u>\$ 31,040,037</u>
Net change in fund balances	\$ 9,722,635	\$ -	\$ 9,722,635
Fund balances - beginning	43,432,513	-	43,432,513
Fund balances - ending	<u>\$ 53,155,148</u>	<u>\$ -</u>	<u>\$ 53,155,148</u>

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

City of Bristol, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2024

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

Net change in fund balances - total governmental funds	\$	9,722,635
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the detail of items supporting this adjustment:

Capital outlays	\$ 11,859,827	
Depreciation/amortization expense	(4,570,244)	7,289,583

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.

Reversion of capital assets to the School Board (net)	\$ (138,750)	
Disposal of assets (net)	(24,721)	(163,471)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$ 53,133	
Notes receivable	20,000	
Opioid settlement receivable	284,991	358,124

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued or incurred:		
Issuance of general obligation notes	\$ (30,710,000)	
Issuance premium (to be amortized against interest expense)	(365,449)	
Principal repayments:		
General obligation bonds	3,781,500	
Lease liabilities	446,000	
Loans payable	433,476	
Decrease (increase) in estimated liability		
Landfill closure and postclosure liability	11,948,964	(14,465,509)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in compensated absences	\$ (132,564)	
Change in accrued interest payable	617,681	
Amortization of deferred amount on refunding	(317,174)	
Amortization of bond premium	109,446	
Change in pension related items	1,515,152	
Change in OPEB related items	(248,887)	1,543,654

Change in net position of governmental activities	\$	4,285,016
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The notes to the financial statements are an integral part of this statement.

City of Bristol, Virginia
Statement of Net Position
Proprietary Fund
June 30, 2024

	Enterprise Fund
	<u>Transit Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 641,157
Accounts receivable, net of allowance for uncollectibles	20,461
Due from other governmental units	20,946
Prepaid items	2,324
Total current assets	<u>\$ 684,888</u>
Noncurrent assets:	
Capital assets:	
Capital assets, net of accumulated depreciation/amortization	\$ 335,970
Total capital assets	<u>\$ 335,970</u>
Total noncurrent assets	<u>\$ 335,970</u>
Total assets	<u>\$ 1,020,858</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 48,160
OPEB related items	4,245
Total deferred outflows of resources	<u>\$ 52,405</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 140
Accrued payroll	917
Compensated absences - current portion	22,121
Total current liabilities	<u>\$ 23,178</u>
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 7,374
Net OPEB liabilities	36,757
Net pension liability	259,089
Total noncurrent liabilities	<u>\$ 303,220</u>
Total liabilities	<u>\$ 326,398</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 45,991
OPEB related items	7,971
Total deferred inflows of resources	<u>\$ 53,962</u>
NET POSITION	
Investment in capital assets	\$ 335,970
Unrestricted	356,933
Total net position	<u><u>\$ 692,903</u></u>

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

City of Bristol, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2024

	Enterprise Fund <u>Transit Fund</u>
OPERATING REVENUES	
Charges for service	\$ 28,275
Miscellaneous	4,371
Total operating revenues	<u>\$ 32,646</u>
OPERATING EXPENSES	
Salaries and fringes	\$ 295,599
Professional services	4,740
Materials and supplies	1,153
Maintenance and repairs	66,967
Other	12,450
Depreciation and amortization	45,529
Total operating expenses	<u>\$ 426,438</u>
Operating income (loss)	<u>\$ (393,792)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 15,851
Intergovernmental	698,589
Loss on disposal of assets	(7,070)
Total nonoperating revenues (expenses)	<u>\$ 707,370</u>
Income before transfers	\$ 313,578
Transfers in	50,353
Change in net position	<u>\$ 363,931</u>
Net position - beginning	328,972
Net position - ending	<u><u>\$ 692,903</u></u>

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

City of Bristol, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	Enterprise Fund <u>Transit Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 22,375
Payments to suppliers	(87,322)
Payments to employees	(357,674)
Net cash provided by (used for) by operating activities	<u>\$ (422,621)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 50,353
State and federal funds	880,662
Net cash provided by (used for) by noncapital financing activities	<u>\$ 931,015</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	\$ (137,252)
Net cash provided by (used for) by capital and related financing activities	<u>\$ (137,252)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	\$ 15,851
Net cash provided by (used for) by investing activities	<u>\$ 15,851</u>
Net increase (decrease) in cash and cash equivalents	\$ 386,993
Cash and cash equivalents - beginning	254,164
Cash and cash equivalents - ending	<u><u>\$ 641,157</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) by operating activities:	
Operating income (loss)	\$ (393,792)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	\$ 45,529
Increase (decrease) in pension related items	(50,143)
Increase (decrease) in OPEB related items	(6,167)
(Increase) decrease in accounts receivable	(10,271)
(Increase) decrease in prepaid items	960
Increase (decrease) in operating payables	(2,972)
Increase (decrease) in salaries and wages payable	(3,249)
Increase (decrease) in compensated absences	(2,516)
Total adjustments	<u>\$ (28,829)</u>
Net cash provided by (used for) by operating activities	<u><u>\$ (422,621)</u></u>

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

City of Bristol, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024

	<u>Custodial Funds</u>
	<u>Special</u>
	<u>Welfare</u>
ASSETS	
Cash and cash equivalents	\$ 105,573
Total assets	<u>\$ 105,573</u>
NET POSITION	
Restricted for:	
Held for social services client	\$ 105,573
Total net position	<u><u>\$ 105,573</u></u>

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

City of Bristol, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2024

	<u>Custodial Funds</u>
	<u>Special</u>
	<u>Welfare</u>
ADDITIONS	
Special welfare collections	\$ 70,705
Interest	5,571
Total additions	<u>\$ 76,276</u>
DEDUCTIONS	
Special welfare payments	\$ 85,011
Total deductions	<u>\$ 85,011</u>
Net increase (decrease) in fiduciary net position	<u>\$ (8,735)</u>
Net position - beginning	114,308
Net position - ending	<u>\$ 105,573</u>

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

CITY OF BRISTOL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1-Summary of Significant Accounting Policies:

The financial statements of the City of Bristol, Virginia conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial Reporting Entity

The City of Bristol, Virginia (the City) was founded in 1890. It is a municipal corporation governed by an elected five-member City Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units - None

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the City's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the City.

The City of Bristol, Virginia School Board (the School Board) operates the elementary and secondary public schools in the City. School Board members are popularly elected. The School Board is fiscally dependent upon the City because the City approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type. A separate report is issued for the School Board and can be obtained from the School Board office.

The Industrial Development Authority (the IDA) of the City was established to promote industry and develop trade within the City. The IDA is authorized to acquire, own, lease and dispose of properties to the extent that such activities may foster and stimulate industrial development. The Authority is governed by a Board of Directors appointed by the Council of Bristol City, Virginia. Due to their close relationship, the City reports the IDA as a discretely presented component unit. A separate report is not issued for the Authority.

Joint Ventures - these entities are excluded from the accompanying financial statements:

The Bristol Public Library was established by the City, along with the City of Bristol, Tennessee and is located in Bristol, Virginia. Each City Council appoints five members to the Library Board, on which there is one at-large member appointed by the Board itself. Each locality provides equal funding to the Library annually and each has fifty percent ownership of the capital assets which are included in capital assets in the government-wide statements. During the fiscal year, the City contributed \$840,714 to fund operations of the Library. Financial statements of the Bristol Public Library can be obtained from the Library, located at 701 Goode Street, Bristol, Virginia 24201.

Note 1-Summary of Significant Accounting Policies: (Continued)

A. Financial Reporting Entity (Continued)

Related Organizations - The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointment.

The City jointly governs BVU Authority (BVU) with Washington County, Virginia. BVU provides electricity, water, wastewater, and fiber-optic telecommunication and information services to the City of Bristol, Virginia, Washington County, Virginia, Abingdon, Virginia, and Scott County, Virginia. The City appoints one member to BVU's Board of Directors. Complete financial statements of BVU can be obtained from its corporate office.

The City jointly governs the Regional Airport Authority with Bristol, Tennessee, Kingsport, Tennessee, Johnson City, Tennessee, Washington County, Tennessee, and Sullivan County, Tennessee. The Airport is located in Sullivan County Tennessee. The City appoints one member to the Airport Board of Commissioners. Complete financial statements of the Airport Authority can be obtained from its corporate office.

The Highlands Juvenile Detention Center Commission (the Commission) was organized in 1984 and is a jointly-governed organization by the City, the counties of Washington, Smyth, Lee, Dickenson, Tazewell, Wise, Russell, Buchanan, and Scott and the City of Norton. One member of the Commission Board is appointed by the City Council; however, the City Council is not financially accountable for the Commission.

Under the Code of Virginia, the Commonwealth of Virginia (Commonwealth) created in each city and county a redevelopment and housing authority which is a separate political Sub-Board of the Commonwealth. The Bristol Redevelopment and Housing Authority (the BRHA) owns and operates federal and state-assisted housing projects for low-income families and administers urban development projects. Commissioners of the BRHA are appointed by the City Council; however, the City Council is not financially accountable for BRHA.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of net position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments will report all capital position in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Note 1-Summary of Significant Accounting Policies: (Continued)

B. Government-wide and fund financial statements (Continued)

The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The statement of activities demonstrates the degree to which the 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 or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

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

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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Note 1-Summary of Significant Accounting Policies: (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds.

The government reports the following major proprietary funds:

The City operates transit services. The activities of the system are accounted for in the *transit fund*.

Additionally, the government reports the following fund types:

Special revenues funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The City reports the community development block grant fund as a nonmajor fund.

Note 1-Summary of Significant Accounting Policies: (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

Fiduciary funds (trust and custodial funds) account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. The Custodial fund consists of the special welfare fund and is used to report resources held in a custodial capacity for the department of social services clients.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's solid waste function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and the internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance:

1. Cash and cash equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

2. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Note 1-Summary of Significant Accounting Policies: (Continued)

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (Continued)

3. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds” (i.e. the noncurrent portion of interfund loans. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

4. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property when payment is due. Real estate taxes are payable on June 5th and on December 5th.

Personal property taxes are due and collectible annually on December 5th. The City bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$153,856 at June 30, 2024. The allowance consists of delinquent taxes.

6. Use of Estimates

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

7. Capital assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year or aggregate purchases with cost of more than \$50,000 and an estimated useful life in excess of one year.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 1-Summary of Significant Accounting Policies: (Continued)

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (Continued)

7. Capital assets (Continued)

As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease and subscription assets, the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, and infrastructure of the primary government, as well as the component unit, are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	8-50
Building improvements	40
Lease building improvements	15
Plant	40
Lease plant	15
Structures, lines, and accessories	25-50
Machinery and equipment	3-25
Lease machinery and equipment	4-10
Infrastructure	20-25
Lease infrastructure	15

School Board Capital Assets and Related Debt Reporting - Local governments in Virginia have a "tenancy in common" with the School Board whenever the locality incurs a financial obligation for school property which is payable over more than one fiscal year. The primary government reports this debt in its financial statements. In order to match the capital assets with the related debt, the legislation permits the primary government to report the portion of the school property related to the outstanding financial obligation. As principal is repaid, capital assets equal to the amount of principal debt reduction will be removed from the primary government's financial statements and reported in the School Board's financial statements. The School Board retains authority and responsibility over the operation and control of this property.

Note 1-Summary of Significant Accounting Policies: (Continued)

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (Continued)

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has multiple items that qualify for reporting in this category. The City has deferred loss on bond refunding that is reported in the government-wide and proprietary fund statements of net position and is a result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has multiple types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes and membership fees are reported in the governmental funds balance sheet. These amounts are comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th; amounts prepaid on the 2nd half installments and membership fees received in advance for services to be provided subsequent to fiscal year end. Under the modified accrual basis of accounting, these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension and OPEB are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

9. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement and for those vested employees with at least five years of service, calculated at 25% up to \$5,000. The City accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

Note 1-Summary of Significant Accounting Policies: (Continued)

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (Continued)

10. Pensions

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 City's Retirement Plan and the additions to/deductions from the City's 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.

11. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI and LODA OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

13. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Note 1-Summary of Significant Accounting Policies: (Continued)

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (Continued)

13. Net Position (Continued)

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

The governmental activities of the primary government and component-unit IDA have an accumulated deficit in net position of \$(98,175,405) and \$(15,639,247), respectively. With the closure of the landfill operations during fiscal year 2023, all assets and liabilities were transferred to governmental activities which resulted in deficit net position. Restricted net position for specified purposes represents certain deposits restricted for specified expenditures and resources that have restrictions to particular uses imposed by federal awarding agencies or by state legislation.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond and grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted - net position is applied.

14. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method except for where usability is affected by physical deterioration or obsolescence, and for commodities received from the federal government which are valued at market. Inventory in the general fund consists of expendable supplies held for consumption. The cost is recoded as an expenditure at the time of consumption. Governmental fund type inventories are offset by fund balance reserves, which indicated that they do not constitute available expendable resources. Inventory of some proprietary fund types is valued at the lower of cost (first-in, first-out) or market.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The City uses the consumption method for accounting for prepaid items in the fund financial statements.

Note 1-Summary of Significant Accounting Policies: (Continued)

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (Continued)

15. Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balance.” The City’s governmental funds report the following categories of fund balance, based on the nature of any limitation requiring the use of resources for specific purposes:

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally and contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the majority vote of City Council committing fund balance for a specified purpose prior to the end of the fiscal year. Once approved, the limitation imposed by Council remains in place until the resources have been spent for the specified purpose or the Council votes to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

When fund balance resources are available for a specific purpose in more than one classification, it is the City’s policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The City establishes (and modifies or rescinds) fund balance commitments by majority vote of City Council. Funds are released from commitment by a majority vote of City Council. Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

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Note 1-Summary of Significant Accounting Policies: (Continued)

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (Continued)

16. Leases

The City leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

The City recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$50,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

The City monitors changes in circumstances that would require a remeasurement or modification of its leases. The City will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

The following procedures are used by the City in establishing the budgetary data reflected in the financial statements:

1. By the second Tuesday in April, the City Manager submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All of the City's funds, excluding fiduciary funds, have legally adopted budgets.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Ordinance.
4. The Appropriations Ordinance places legal restrictions on expenditures at the fund level. Only City Council can revise appropriations for each fund.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 for all City units.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is part of the City's accounting system.

B. Excess of expenditures over appropriations

For the year ended June 30, 2024, no fund showed an over-expenditure of appropriations.

C. Deficit net position

At June 30, 2024, the primary government governmental activities and the component-unit IDA reported a deficit in net position.

Note 3-Deposits and Investments:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"), Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 3-Deposits and Investments: (Continued)

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard & Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, the Virginia Investment Pool, the State Non-arbitrage Pool and the State Treasurer’s Local Government Investment Pool (LGIP). As of June 30, 2024, the City and the City’s component-unit Industrial Development Authority had investments in the amount of \$27,560,019 and \$588,763, respectively. These investments are reported as cash and cash equivalents in the financial statements.

Credit Risk of Debt Securities

The City has not adopted an investment policy for credit risk.

The City and IDA’s rated debt investments for were rated by Standard & Poor’s, as of June 30, 2024 and the ratings are presented below using the respective rating scale.

Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
State Non-arbitrage Pool (SNAP)	\$ 14,622,177
Virginia Investment Pool	12,805,735
Morgan Stanley Institutional Liquidity MM Fund	588,763
First American Money Market Funds	132,107
Total	\$ 28,148,782

External Investment Pools and Money Markets

The value of the positions in the external investment pools (State Non-Arbitrage Pool) (SNAP) are the same as the value of the pool shares. As SNAP is not SEC registered, regulatory oversight of the pools rest with the Virginia State Treasury. SNAP is an amortized cost basis portfolio.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 3-Deposits and Investments: (Continued)Interest Rate Risk

The City has not adopted an investment policy for interest rate risk. Investments subject to interest rate risk are presented below along with their corresponding maturities.

Investment Maturities (in years)		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 yr</u>
SNAP	\$ 14,622,177	\$ 14,622,177
Virginia Investment Pool	12,805,735	12,805,735
Morgan Stanley Institutional Liquity MM Fund	588,763	588,763
First American Money Market Funds	132,107	132,107
Totals	\$ 28,148,782	\$ 28,148,782

As of June 30, 2024, there were no withdraw limitations associated with investments held by the Virginia Investment Pool, SNAP or the money market funds.

Note 4-Fair Value Measurements:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City 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. The City maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 4-Fair Value Measurements: (Continued)

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

Investment	6/30/2024	Fair Value Measurement
		Quoted Prices in Active Markets for Identical Assets (Level 1)
Money Market Funds	\$ 720,870	\$ 720,870
Total	\$ 720,870	\$ 720,870
Investments measured at NAV:		
Virginia Investment Pool	12,805,735	
Total investments measured at NAV	\$ 12,805,735	
Total investments measured at fair value	\$ 13,526,605	

Note 5-Receivables:

Receivables for the City's individual major funds are as follows:

	Primary Government	
	General	Transit
Receivables		
Taxes	\$ 14,668,559	\$ -
Accounts	3,114,102	20,461
Gross Receivables	\$ 17,782,661	\$ 20,461
Less: Allowance for uncollectibles	(153,856)	-
Net Receivables	\$ 17,628,805	\$ 20,461

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 6-Unearned and Deferred/Unavailable Revenue:

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources (unavailable revenue) and unearned revenue reported in the governmental activities and funds were as follows:

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Deferred/Unavailable Revenue		
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ -	\$ 1,414,271
2nd half assessments due after June 30	12,815,067	12,815,067
Prepaid property taxes due after June 30 but paid in advance by taxpayers	219,835	219,835
Total deferred/unavailable revenue	<u>\$ 13,034,902</u>	<u>\$ 14,449,173</u>
Unearned Revenue		
Notes Receivable	\$ -	\$ 820,000
Clear Creek Golf Course	67,903	67,903
Urban Highway Maintenance Funding	975,239	975,239
Total unearned revenue	<u>\$ 1,043,142</u>	<u>\$ 1,863,142</u>

Notes Receivable

Two promissory notes were issued by the City in February 2007 to construct/renovate an old school (Douglas) into housing. The notes are for \$350,000 and \$150,000, respectively. Both notes have an interest rate of 4.00% and have 31-year term. Accrued interest was \$320,000 as of June 30, 2024. All accrued interest and principal is due in one balloon payment at maturity.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 7-Due from Other Governmental Units:

The following amounts represent receivables from other governments at year-end:

	Primary Government	
	Governmental Activities	Business-type Activities
<u>Local Governments</u>		
BVU	\$ 693,720	\$ -
Other	46,449	-
<u>Commonwealth of Virginia:</u>		
Local sales tax	1,205,847	-
Local communication tax	62,180	-
Categorical aid-State Sales Tax-DRI	359,907	-
Categorical aid-VDOT	713,390	20,946
Categorical aid-other	56,652	-
Categorical aid-Shared Expenses	230,249	-
Non-categorical aid	1,583	-
Categorical aid-Virginia Public Assistance	220,666	-
Categorical aid-Comprehensive Services Act	606,634	-
<u>Federal Government:</u>		
Categorical aid-VDOT	-	-
Categorical aid-Virginia Public Assistance	253,163	-
Categorical aid-other	608,396	-
Total	<u>\$ 5,058,836</u>	<u>\$ 20,946</u>

Note 8-Interfund/Government-Wide Transfers and Balances:

Interfund/government-wide transfers for the year ended June 30, 2024, consisted of the following:

Fund	Transfers In	Transfers Out
<u>Primary Government:</u>		
General Fund	\$ -	\$ 50,353
Transit Fund	50,353	-
Total	<u>\$ 50,353</u>	<u>\$ 50,353</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in one fund to other fund(s) to finance various programs accounted for in other funds in accordance with budgeting authorization. Transfers to the Transit Fund are for local grant match requirements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 9-Component-Unit Contribution and Obligations:

Component unit contributions for the year ended June 30, 2024, consisted of the following:

Component Unit:	
School Board	\$ 7,845,181
IDA	3,154,483
Total	<u>\$ 10,999,664</u>

At year end, the Primary Government carries a liability to the Component Unit-IDA for funds due to the IDA related to taxes collected for payment of debt service.

<u>Fund</u>	<u>Due to Primary Government/ Component Unit</u>	<u>Due from Primary Government/ Component Unit</u>
Primary Government:		
General Fund	\$ 678,488	\$ -
Component Unit		
IDA	<u>-</u>	<u>678,488</u>
Totals	<u>\$ 678,488</u>	<u>\$ 678,488</u>

CITY OF BRISTOL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 10-Long-Term Obligations:

Primary Government - Governmental Activities Indebtedness:

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2024.

	Balance July 1, 2023	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2024
Direct Borrowings and Placements				
General Obligation Bonds	\$ 1,100,000	\$ -	\$ (362,500)	\$ 737,500
Loans payable	1,250,358	-	(433,476)	816,882
Total Direct Borrowings and Placements	\$ 2,350,358	\$ -	\$ (795,976)	\$ 1,554,382
General Obligation Bonds	101,124,000	-	(3,419,000)	97,705,000
Bond Anticipation Note	-	30,710,000	-	30,710,000
Unamortized Premium	-	365,449	(45,681)	319,768
Lease Revenue Note	24,520,000	-	-	24,520,000
Unamortized Premium	433,073	-	(63,765)	369,308
Lease Liabilities	2,800,200	-	(446,000)	2,354,200
Landfill Closure and Postclosure Liability	90,816,109	-	(11,948,964)	78,867,145
Net OPEB Liabilities	6,183,648	3,296,838	(3,943,219)	5,537,267
Compensated Absences	1,863,493	1,530,184	(1,397,620)	1,996,057
Net Pension Liability	15,219,871	10,707,869	(9,587,526)	16,340,214
Total	\$ 245,310,752	\$ 46,610,340	\$ (31,647,751)	\$ 260,273,341

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Direct Borrowings and Placements		Non-Direct Borrowings and Placements		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 762,954	\$ 147,852	\$ 3,922,000	\$ 6,090,134	\$ 460,370	\$ 83,688
2026	524,031	138,988	4,200,000	5,982,427	449,825	67,083
2027	267,397	135,555	4,298,000	5,889,869	429,228	50,376
2028	-	-	35,555,000	5,058,358	388,359	35,300
2029	-	-	5,005,000	4,128,875	400,852	21,475
2030-2034	-	-	27,825,000	17,842,670	225,566	7,150
2035-2039	-	-	33,470,000	12,201,103	-	-
2040-2044	-	-	26,605,000	5,269,823	-	-
2045-2049	-	-	5,290,000	2,353,863	-	-
2050-2054	-	-	6,765,000	879,375	-	-
Totals	\$ 1,554,382	\$ 422,395	\$ 152,935,000	\$ 65,696,497	\$ 2,354,200	\$ 265,072

CITY OF BRISTOL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 10-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue/ Implementation Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements						
GO Bond	4.50%	6/1/2011	2027	\$ 3,000,000	\$ 562,500	\$ 187,500
GO Bond	2.82-4.83%	10/1/2012	2025	3,965,000	175,000	175,000
Loan Payable - Fire Truck	3.65%	8/1/2015	2025	340,000	39,483	39,483
Loan Payable - Police Equipment Bundle	0.00%	3/7/2022	2026	533,051	245,203	122,601
Loan Payable - Garbage Truck	2.92%	6/1/2021	2026	263,413	109,974	54,189
Loan Payable - Garbage Truck	3.99%	10/1/2019	2025	258,541	28,212	28,212
Loan Payable - 2020 International Cobra	1.39%	1/15/2022	2027	169,990	86,467	34,228
Loan Payable - 326 Excavator	1.39%	1/15/2022	2027	243,620	123,918	49,053
Loan Payable - CAT 725 Articulated Truck	1.39%	1/20/2022	2027	361,000	183,625	72,688
Total Direct Borrowings and Placements					\$ 1,554,382	\$ 762,954
General Obligation Bonds						
GO Bond	1.56%	4/2/2020	2026	\$ 1,461,750	\$ 5,606,000	\$ 1,423,000
GO Bond	2.06%	7/29/2019	2026	3,177,000	3,079,000	664,000
GO Bond	2.72-4.21%	1/9/2018	2043	59,050,600	70,010,000	1,215,000
GO Bond	2.18-2.91%	10/22/2020	2043	19,885,000	19,010,000	235,000
Total General Obligation Bonds					\$ 97,705,000	\$ 3,537,000
Bond Anticipation Note	5.00%	11/15/2023	2028	\$ 30,710,000	\$ 30,710,000	\$ -
Add:						
Unamortized Premium on Issuance	n/a	n/a	n/a	n/a	319,768	45,681
Net Bond Anticipation Note					\$ 31,029,768	\$ 45,681
Lease Revenue Note	4.25-5.00%	5/26/2022	2053	\$ 24,520,000	\$ 24,520,000	\$ 385,000
Add:						
Unamortized Premium on Issuance	n/a	n/a	n/a	n/a	369,308	63,765
Net Revenue Bond					\$ 24,889,308	\$ 448,765
Lease Liabilities						
2017 Pierce Enforcer Ladder Truck	4.08%	7/1/2021	2029	\$ 928,032	\$ 509,229	\$ 94,113
Pierce Enforcer Pumper Truck	3.95%	7/1/2021	2029	617,955	338,808	62,616
Energy Project Improvement	3.17%	7/1/2021	2030	2,667,711	1,218,612	187,592
Energy Project	3.17%	7/1/2021	2030	76,594	34,988	5,386
2020 Xtreme Vac Truck	1.38%	7/1/2021	2026	261,489	80,337	53,375
Golf Cars	5.84%	5/26/2023	2027	235,283	172,226	57,288
Total Lease Liabilities					\$ 2,354,200	\$ 460,370
Other Obligations						
Landfill Closure and Postclosure Liability	n/a	n/a	n/a	n/a	\$ 78,867,145	\$ -
Net OPEB Liabilities	n/a	n/a	n/a	n/a	5,537,267	-
Compensated Absences	n/a	n/a	n/a	n/a	1,996,057	1,497,043
Net Pension Liability	n/a	n/a	n/a	n/a	16,340,214	-
Total Other Obligations					\$ 102,740,683	\$ 1,497,043
Total Long-term Obligations					\$ 260,273,341	\$ 6,751,813

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 10-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness: (Continued)

For the governmental activities, net OPEB liabilities, compensated absences, and net pension liability are generally liquidated by the General Fund.

The City's general obligation bonds are subject to the State Aid Intercept Program. Under terms of the program, the City state aid is redirected to bond holders to cure any event(s) of default.

Primary Government - Business-type Activities Indebtedness:

The following is a summary of long-term obligation transactions of the Transit Fund for the year ended June 30, 2024:

	Balance July 1 2023	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2024
Compensated Absences	\$ 32,011	\$ 21,492	\$ (24,008)	\$ 29,495
Net Pension Liability	250,471	169,784	(161,166)	259,089
Net OPEB Liabilities	43,084	6,784	(13,111)	36,757
Total	\$ 325,566	\$ 198,060	\$ (198,285)	\$ 325,341

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Other Obligations						
Net Pension Liability	n/a	n/a	n/a	n/a	\$ 259,089	\$ -
Net OPEB Liabilities	n/a	n/a	n/a	n/a	36,757	-
Compensated Absences	n/a	n/a	n/a	n/a	29,495	22,121
Total Other Obligations					\$ 325,341	\$ 22,121
Total Long-term Obligations					\$ 325,341	\$ 22,121

For the business-type activities, net pension liability, net OPEB liabilities, and compensated absences are generally liquidated by the Transit Fund.

CITY OF BRISTOL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 10-Long-Term Obligations: (Continued)

Component Unit IDA Indebtedness

The following is a summary of long-term obligation transactions of the Component-Unit Industrial Development Authority for the year ended June 30, 2024:

	Balance July 1, 2023	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2024
Revenue Bonds	\$ 30,440,000	\$ -	\$ (165,000)	\$ 30,275,000
Total	\$ 30,440,000	\$ -	\$ (165,000)	\$ 30,275,000

Annual requirements to amortize long-term obligations and the related interest are as follows:

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2025	\$ 180,000	\$ 1,887,337
2026	190,000	1,874,850
2027	205,000	1,861,519
2028	215,000	1,847,344
2029	230,000	1,832,325
2030-2034	4,755,000	8,214,544
2035-2039	-	7,778,750
2040-2044	-	7,778,750
2045-2049	24,500,000	77,875
Totals	\$ 30,275,000	\$ 33,153,294

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Installment Amounts	Amount of Original Issue	Balance Business- type Activities	Amount Due with- in One Year
Revenue Bonds:							
Revenue Bond Series 2014A	6.75%	12/23/2014	2033	\$180,000-820,000 a+	\$6,355,000	\$ 2,795,000	\$ 180,000
Revenue Bond Series 2014B	5.00-6.35%	12/23/2014	2044	bp	27,500,000	27,480,000	-
Total Revenue Bonds						\$ 30,275,000	\$ 180,000
Total Long-Term Obligations						\$ 30,275,000	\$ 180,000

(a+) - annual principal installments shown; does not include semi-annual interest installments

bp - balloon payment on 11/1/2029 of \$2,980,000 and \$24,500,000 on 11/1/2044; does not include semi-annual interest installments

Note 10-Long-Term Obligations: (Continued)

Component Unit IDA Indebtedness (Continued)

Material Event (Default):

The Industrial Development Authority is currently in arrears on payments totaling \$204,250. At year end, this amount has been included as a component of interest payable in the financial statements.

Note 11-Pension Plan:

Plan Description

All full-time, salaried permanent employees of the City are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. However, several entities whose financial information is not included in the primary government report participate in the VRS plan through the City of Bristol, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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.

- a. Employees with a membership date 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 service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. 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 service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

Note 11-Pension Plan: (Continued)

Benefit Structures (Continued)

- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before 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 service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date 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 service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

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 service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% 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 1.70% 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.

Note 11-Pension Plan: (Continued)

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 service credit 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 service credit 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 City's contractually required employer contribution rate for the year ended June 30, 2024 was 18.76% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 City were \$2,850,250 and \$2,565,612 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Liability

At June 30, 2024, the City reported a liability of \$16,599,303 for its proportionate share of the net pension liability. The City'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 is required to determine its proportionate share of the net pension liability. Creditable compensation as of June 30, 2023 and 2022 was used as a basis for allocation to determine the City's proportionate share of the net pension liability. At June 30, 2023 and 2022, the City's proportion was 94.18% and 94.50%, respectively.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the City'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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 11-Pension Plan: (Continued)

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates:

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

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

Post-Retirement:

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

Post-Disablement:

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 Improvements:

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 11-Pension Plan: (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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10-Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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 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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the City'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	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates:

All Others (Non-10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related
Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 11-Pension Plan: (Continued)**Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)**

Mortality rates: (Continued)

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 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 with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvements:

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 July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Local Largest 10 Hazardous
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 11-Pension Plan: (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)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	<u>100.00%</u>		<u>5.75%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>8.25%</u>

* 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 is 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%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 11-Pension Plan: (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 phased-in funding provided by the General Assembly for state and teacher employer contributions; the City was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined 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.

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

The following presents the net pension liability of the City using the discount rate of 6.75%, as well as what the City'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:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
City's proportionate share of the VRS Retirement Plan Net Pension Liability	\$ 31,030,898	\$ 16,599,303	\$ 4,619,792

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

For the year ended June 30, 2024, the City recognized pension expense of \$1,270,647. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**Note 11-Pension Plan: (Continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 791,282	\$ 471,765
Net difference between projected and actual earnings on pension plan investments	-	1,740,701
Change in proportion	-	99,653
Employer contributions subsequent to the measurement date	<u>2,850,250</u>	<u>-</u>
Total	\$ <u>3,641,532</u>	\$ <u>2,312,119</u>

\$2,850,250 reported as deferred outflows of resources related to pensions resulting from the City'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, 2025. 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:

<u>Year ended June 30</u>	
2025	\$ (1,135,530)
2026	(1,905,554)
2027	1,462,197
2028	58,050
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 12-Other Postemployment Benefits-Health Insurance:

The City administers a cost-sharing defined benefit healthcare plan, the City of Bristol OPEB Plan. Several entities 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 City, and their spouses, in the health insurance programs available to City employees. The Plan will provide retiring employees the option to continue health insurance offered by the City. An eligible City 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 City and the employee must be eligible to retire from the City under the Virginia Retirement System. The benefits, employee contributions and the employer contributions are governed by the City and can be amended through city Council action.

Contributions

The City 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 City for OPEB as the benefits came due during the year ended June 30, 2024 was \$16,955.

Total OPEB Liability

The City's total OPEB liability was measured as of July 1, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions

The total OPEB liability in the July 1, 2022 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 (to reflect actual experience), then 6.25% for fiscal year end 2024, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increases	2.50%
Discount Rate	3.86%

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 12-Other Postemployment Benefits-Health Insurance: (Continued)

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 July 1, 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 City will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

		Primary Government
		Total OPEB Liability
Balances at June 30, 2023	\$	1,980,700
Changes for the year:		
Service cost		55,885
Interest		75,302
Difference between expected and actual experience		(42,624)
Contributions - employer		(16,955)
Changes in assumptions		(28,132)
Change in proportionate share		11,357
Net changes		54,833
Balances at June 30, 2024	\$	2,035,533

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

The following amounts present the total OPEB liability of the City, 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:

Rate		
1% Decrease	Current Discount	1% Increase
(2.86%)	(3.86%)	(4.86%)
\$ 2,207,828	\$ 2,035,533	\$ 1,879,908

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 12-Other Postemployment Benefits-Health Insurance: (Continued)***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the total OPEB liability of the City, 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:

Rate		
1% Decrease (8.90% for 2023, then 4.00% thereafter)	Healthcare Cost Trend (9.90% for 2023, then 5.00% thereafter)	1% Increase (10.90% for 2023, then 6.00% thereafter)
\$ 1,869,868	\$ 2,035,533	\$ 2,227,056

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

For the year ended June 30, 2024, the City recognized OPEB expense in the amount of \$(64,694). At June 30, 2024, the City 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	\$ 7,198	\$ 161,686
Change in assumptions	113,759	244,756
Contributions subsequent to the measurement date	16,955	-
Total	\$ 137,912	\$ 406,442

\$16,955 reported as deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2025. 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 Ended June 30

2025	\$ (99,457)
2026	(73,124)
2027	(60,337)
2028	(42,434)
2029	(10,133)

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

Note 13- Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

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, seatbelt 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.

Note 13- Group Life Insurance (GLI) Plan (OPEB 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% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). 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 the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 City were \$84,676 and \$76,004 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

At June 30, 2024, the City reported a liability of \$716,562 for its proportionate share of the Net GLI OPEB Liability. 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 0.0598% as compared to 0.0624% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$(3,322). 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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 13- Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)***

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 71,568	\$ 21,752
Changes in assumptions	15,316	49,646
Net difference between projected and actual earnings on OPEB plan investments	-	28,795
Change in proportionate share	5,944	83,377
Employer contributions subsequent to the measurement date	84,676	-
Total	\$ 177,504	\$ 183,570

\$84,676 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, 2025. 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 Ended June 30	
2025	\$ (29,381)
2026	(45,302)
2027	(4,297)
2028	(13,716)
2029	1,954

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. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Note 13- Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

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

- Pre-Retirement:
 Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years
- Post-Retirement:
 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
- Post-Disablement:
 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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 13- Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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 for all
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

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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 Scale:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 13- Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**Actuarial Assumptions (Continued)****Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,907,052
Plan Fiduciary Net Position		2,707,739
GLI Net OPEB Liability (Asset)	\$	<u>1,199,313</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		69.30%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 13- Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

NET GLI OPEB Liability (Continued)

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

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)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

*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%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 13- Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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 ended June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB'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:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
City's proportionate share of the GLI Plan Net OPEB Liability	\$ 1,062,171	\$ 716,562	\$ 437,137

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 (Annual Report). A copy of the 2023 VRS Annual Report 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.

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Note 14—Line of Duty Act (LODA) Program:

Plan Description

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System). Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

The specific information for LODA OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the LODA Program. As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program.

Benefit Amounts

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date; or an additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2024 was \$830 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$120,143 and \$93,412 for the years ended June 30, 2024 and June 30, 2023, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**Note 14—Line of Duty Act (LODA) Program: (Continued)*****LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB***

At June 30, 2024, the entity reported a liability of \$2,821,929 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2023 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2023 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2023, the entity's proportion was 0.7039% as compared to 0.9234% at June 30, 2022.

For the year ended June 30, 2024, the entity recognized LODA OPEB expense of \$291,521. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 150,525	\$ 531,367
Net difference between projected and actual earnings on LODA OPEB plan investments	-	8,256
Change in assumptions	626,783	581,897
Change in proportion	142,920	876,845
Employer contributions subsequent to the measurement date	<u>120,143</u>	<u>-</u>
Total	<u>\$ 1,040,371</u>	<u>\$ 1,998,365</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 14—Line of Duty Act (LODA) Program: (Continued)

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB (Continued)

\$120,143 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA 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 LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2025	\$ (100,665)
2026	(100,406)
2027	(89,496)
2028	(100,844)
2029	(125,538)
Thereafter	(561,188)

Actuarial Assumptions

The total LODA 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. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00%-4.75%
Ages 65 and older	5.25%-4.75%
Year of ultimate trend rate:	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	3.86%, including inflation*

*Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 14—Line of Duty Act (LODA) Program: (Continued)**Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees****Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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 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. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 14—Line of Duty Act (LODA) Program: (Continued)

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program’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, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 406,211
Plan Fiduciary Net Position	5,311
LODA Net OPEB Liability (Asset)	<u>\$ 400,900</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.31%

The total LODA OPEB liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program’s investments was set at 3.86% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments’ 6.75% assumption. Instead, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2023.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.86%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they 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 ended June 30, 2023, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 14—Line of Duty Act (LODA) Program: (Continued)

Sensitivity of the Covered Employer’s Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate

The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the discount rate of 3.86%, as well as what the covered employer’s proportionate share of the net LODA 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 rate:

	Discount Rate		
	1% Decrease (2.86%)	Current (3.86%)	1% Increase (4.86%)
City's proportionate share of the total LODA Net OPEB Liability	\$ 3,164,054	\$ 2,821,929	\$ 2,532,497

Sensitivity of the Covered Employer’s Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the health care trend rate of 7.00% decreasing to 4.75%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
City's proportionate share of the total LODA Net OPEB Liability	\$ 2,393,092	\$ 2,821,929	\$ 3,353,327

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report 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.

CITY OF BRISTOL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**Note 15—Summary of OPEB Plans:**

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
City Stand-Alone Plan (Note 12)	\$ 137,912	\$ 406,442	\$ 2,035,533	\$ (64,694)
VRS OPEB Plans:				
Group Life Insurance Plan (Note 13)	177,504	183,570	716,562	(3,322)
Line of Duty Act Program (Note 14)	1,040,371	1,998,365	2,821,929	291,521
Totals	<u>\$ 1,355,787</u>	<u>\$ 2,588,377</u>	<u>\$ 5,574,024</u>	<u>\$ 223,505</u>

Note 16—Capital Assets:

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

Primary Government:

	Beginning Balance	Increases	Decreases	Transfer Out - Tenancy in Common / To Other Funds	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 18,437,063	\$ -	\$ -	\$ -	\$ 18,437,063
Construction in progress	12,866,609	10,375,780	(959,641)	-	22,282,748
Total capital assets not being depreciated/amortized	<u>\$ 31,303,672</u>	<u>\$ 10,375,780</u>	<u>\$ (959,641)</u>	<u>\$ -</u>	<u>\$ 40,719,811</u>
Capital assets, being depreciated/amortized:					
Buildings and improvements	\$ 16,148,628	\$ -	\$ -	\$ (187,500)	\$ 15,961,128
Lease buildings and improvements	1,747,507	-	-	-	1,747,507
Land Development Costs	480,000	-	-	-	480,000
Plant	1,257,100	-	-	-	1,257,100
Lease plant	50,173	-	-	-	50,173
Infrastructure	125,152,800	753,862	(11,382)	-	125,895,280
Library Assets	7,197,901	-	-	-	7,197,901
Machinery and equipment	20,583,672	1,689,826	(138,942)	-	22,134,556
Lease machinery and equipment	1,755,498	-	-	-	1,755,498
Total capital assets being depreciated/amortized	<u>\$ 174,373,279</u>	<u>\$ 2,443,688</u>	<u>\$ (150,324)</u>	<u>\$ (187,500)</u>	<u>\$ 176,479,143</u>
Accumulated depreciation/amortization:					
Buildings and improvements	\$ (10,238,746)	\$ (375,381)	\$ -	\$ 48,750	\$ (10,565,377)
Lease buildings and improvements	(349,597)	(175,277)	-	-	(524,874)
Land Development Costs	(480,000)	-	-	-	(480,000)
Plant	(774,332)	(34,496)	-	-	(808,828)
Lease plant	(10,038)	(5,032)	-	-	(15,070)
Infrastructure	(78,227,656)	(2,395,763)	6,953	-	(80,616,466)
Library Assets	(3,361,971)	(97,947)	-	-	(3,459,918)
Machinery and equipment	(15,081,824)	(1,230,179)	118,650	-	(16,193,353)
Lease machinery and equipment	(399,408)	(256,169)	-	-	(655,577)
Total accumulated depreciation/amortization	<u>\$ (108,923,572)</u>	<u>\$ (4,570,244)</u>	<u>\$ 125,603</u>	<u>\$ 48,750</u>	<u>\$ (113,319,463)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 65,449,707</u>	<u>\$ (2,126,556)</u>	<u>\$ (24,721)</u>	<u>\$ (138,750)</u>	<u>\$ 63,159,680</u>
Governmental activities capital assets, net	<u>\$ 96,753,379</u>	<u>\$ 8,249,224</u>	<u>\$ (984,362)</u>	<u>\$ (138,750)</u>	<u>\$ 103,879,491</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 16-Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities (Transit Fund):				
Capital assets, being depreciated:				
Buildings and improvements	\$ 410,889	\$ -	\$ -	\$ 410,889
Machinery and equipment	483,208	137,252	(70,670)	549,790
Total capital assets being depreciated	<u>\$ 894,097</u>	<u>\$ 137,252</u>	<u>\$ (70,670)</u>	<u>\$ 960,679</u>
Accumulated depreciation:				
Buildings and improvements	\$ (307,684)	\$ (7,204)	\$ -	\$ (314,888)
Machinery and equipment	(335,096)	(38,325)	63,600	(309,821)
Total accumulated depreciation	<u>\$ (642,780)</u>	<u>\$ (45,529)</u>	<u>\$ 63,600</u>	<u>\$ (624,709)</u>
Total capital assets being depreciated, net	<u>\$ 251,317</u>	<u>\$ 91,723</u>	<u>\$ (7,070)</u>	<u>\$ 335,970</u>
Business-type activities (Transit Fund) capital assets, net	<u>\$ 251,317</u>	<u>\$ 91,723</u>	<u>\$ (7,070)</u>	<u>\$ 335,970</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government administration	\$ 133,245
Judicial administration	101,486
Public safety	899,191
Public works	3,127,595
Health and welfare	31,869
Education	60,000
Parks, recreation, and cultural	<u>216,858</u>

Total depreciation/amortization expense-
governmental activities

\$ 4,570,244

Business type activities:

Transit Fund	<u>\$ 45,529</u>
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 16-Capital Assets: (Continued)

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

Discretely Presented Component Unit-Industrial Development Authority:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 641,126	\$ -	\$ -	\$ 641,126
Total capital assets not being depreciated	\$ 641,126	\$ -	\$ -	\$ 641,126
Capital assets, being depreciated:				
Public Domain Infrastructure	\$ 16,516,926	\$ -	\$ -	\$ 16,516,926
Total capital assets being depreciated	\$ 16,516,926	\$ -	\$ -	\$ 16,516,926
Accumulated depreciation:				
Public Domain Infrastructure	\$ (3,303,380)	\$ (660,676)	\$ -	\$ (3,964,056)
Total accumulated depreciation	\$ (3,303,380)	\$ (660,676)	\$ -	\$ (3,964,056)
Total capital assets being depreciated, net	\$ 13,213,546	\$ (660,676)	\$ -	\$ 12,552,870
Business-type activities capital assets, net	\$ 13,854,672	\$ (660,676)	\$ -	\$ 13,193,996

Note 17-Landfill Closure and Postclosure Care Costs:

The City owns two closed landfills, compost and baling facilities, and a tire shredder. One landfill has been out of operation for several years and is referred to as the old landfill, permit #498. The other, formerly a quarry, began operations in 1998 and is referred to as the quarry bale-fill, permit #588.

State and federal laws and regulations require that the City place a final cover on its landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure. In addition to operating expenses related to current activities of the landfill sites, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfills no longer accept waste.

In December 2020, the landfill associated with permit #588 began having odor issues. Throughout 2021, the City implemented recommendations from its consultants, engineers, and the Virginia Department of Environmental Quality (DEQ) to remediate the problem. In early 2022, the director of DEQ viewed the City of Bristol's landfill. The director suggested that DEQ convene an expert panel to make recommendations on resolving the landfill odor issue. In late March 2022, the panel convened and issued its recommendations on April 25, 2022.

Part of the recommendations were for the City to discontinue the acceptance of waste at the landfill due to the incompatibility of operations with the necessary odor mitigation remedial strategy. The City discontinued accepting waste on September 9, 2022 in order to comply with the recommendations of the expert panel report and a preliminary injunction that was issued by the federal court.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 17-Landfill Closure and Postclosure Care Costs: (Continued)

The estimated landfill closure and postclosure care cost liability for the old landfill (permit #498) is \$5,134,940 as of June 30, 2024, which is estimated at 100% of capacity. The estimated liability for landfill closure and postclosure care costs for the quarry bale-fill (permit #588) is \$73,277,260 as of June 30, 2024, which is estimated at 100% of capacity since the landfill stopped accepting waste. A reconciliation of this amount is provided below:

Closure costs	\$ 16,216,186
Postclosure costs	42,202,001
Additional project costs:	
EVOH liner	5,106,098
Stormwater management	2,868,835
Benzene removal	6,884,140
	<u>\$ 73,277,260</u>

The estimated liability from landfill closure and postclosure care costs of the compost facility and tire shredder as of June 30, 2024 are \$359,534 and \$33,927, respectively. These are estimated at 100% as the facilities are no longer in service.

The estimated liability to close the solid waste transfer/baling facility is \$61,484 at June 30, 2024, which is estimated at 100%.

The estimated total current cost of the landfill closure and postclosure care (\$78,867,145) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills and related facilities were acquired as of June 30, 2024. However, the actual costs of closure will be paid out at the time of closure of each facility and postclosure will be paid out in the thirty years following the closure of each facility. The actual costs of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

Federal and state regulations require owners of permitted solid waste landfills to provide financial assurance to assure that funds are available to properly close the facility to protect human health and the environment. For the December 31, 2023, the City demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 18-Risk Management:

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omission; and natural disasters for which the government carries insurances. The City is a member of the Virginia Association of Counties Group Self Insurance Association (Association) for workers compensation, property and liability coverage. Each Association member jointly and severally agrees to assume, pay, and discharge any liability. Association contributions and assessment are based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The City carries commercial insurance for all other risks of losses. Settled claims from these risks have not exceed commercial coverage in any of the last three years.

Note 19-Contingent Liabilities:

Federal programs in which the City and its component units participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 20-Surety Bonds:

Primary Government:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
Kelly L. Flannagan, Clerk of Circuit Court	\$ 645,000
Angel Britt, Treasurer	500,000
Cloe-Eva Barker, Commissioner of Revenue	3,000
Tyrone Foster, Sheriff	30,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 21-Commitments and Contingencies:

City Payments

The City has agreed to make the City Payments to the Industrial Development Authority of the City of Bristol, Virginia (the “Authority”), or to UMB Bank, n.a. (the “Trustee”) as the Authority’s assignee, in accordance with the Financing Agreement, dated as of December 1, 2014 (the “Financing Agreement”), between the City and the Authority. The City Payments are determined pursuant to the Financing Agreement and the Indenture of Trust, dated as of December 1, 2014 (the “Indenture”), between the Authority and the Trustee, to be in amounts sufficient to pay (i) principal of and interest on the 2014A Bonds as such amounts come due and to replenish the debt service reserve account for the 2014A Bonds, in each case to the extent Sales Tax Revenues Payments, Additional Tax Revenues Payments available for such purpose, and Guaranteed Payments (as each of such capitalized terms is defined in the Indenture) are insufficient for such purpose, and (ii) Administrative Expenses (as defined in the Indenture) after taking into account Additional Tax Revenues Payments available for such purpose. The City Payments are subject to appropriation by City Council but are payable from general revenues of the City and are not limited to any revenue source. The Financing Agreement provides that as long as the 2014A Bonds are outstanding, the City Manager, or other City officer charged with responsibility for preparing the City’s budget, will include in the budget for each fiscal year a request for an amount sufficient to pay the City Payments expected to become due in such fiscal year. The City made no payments during the fiscal year 2024.

Outstanding Construction Projects

The City was involved in major construction projects during the fiscal year as presented below:

Project	Contract Amount	Contract Amount Outstanding at June 30, 2024
Bristol VA Intermediate School	\$ 27,286,723	\$ 1,817,699

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 22-Fund Balance:

Governmental Funds:	General Fund
Nonspendable:	
Inventories	\$ 120,303
Prepaid items	1,660,869
Total nonspendable balances	<u>\$ 1,781,172</u>
Restricted:	
Federal Sharing	\$ 123,158
Asset Forfeiture	235,346
Capital Projects	13,052,463
Opioid settlement fund	43,486
Total restricted balances	<u>\$13,454,453</u>
Committed:	
Reserve	\$ 1,593,086
Debt Service Reserve	3,372,092
Total Committed	<u>\$ 4,965,178</u>
Assigned:	
Investigations-Police Department	\$ 6,320
Total assigned balances	<u>\$ 6,320</u>

On June 12, 2019, City Council committed \$1,400,000 of General Fund monies to an Emergency Reserve account. These funds can be released from commitment by a super-majority (4/5ths) vote of City Council.

On June 12, 2019, City Council committed \$1,653,823 of General Fund monies and \$140,851 of Solid Waste Disposal Fund monies to a Debt Service Reserve account. These funds can be released from commitment by a majority vote of City Council.

On June 9, 2020 Council voted to release \$653,823 of General Fund monies from committed status in the Debt Service Reserve Account.

On June 23, 2020 Council voted to commit \$1,000,000 to the Debt Service reserve account. These funds can be released from commitment by a majority vote of City Council.

On June 8, 2021 Council voted to commit \$1,000,000 to the Debt Service reserve account.

Note 23-Litigation:

As of June 30, 2024, there were no matters of litigation involving the City which would materially affect the City's financial position should a court decision on pending matters not be favorable.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 24-Tax Abatement and Economic Incentives:

GASB Statement 77, Tax Abatement Disclosures, requires governments that enter into tax abatement agreements to disclose information about the agreements.

The City and the IDA have entered into performance agreements with certain business as economic incentives. All taxes are paid by the business and then verified by the City. Once that verification has occurred, an agreed upon percentage of the tax may be rebated back to the business per the performance agreement.

The following list provides details of each agreement the City had as of June 30, 2024:

CBH Bristol, LLC - 3.5% of total annual sales from gross lodging receipts and sales of meals. Maximum amount due from the City is \$850,000. The amended agreement is dated 4/12/2018 and expires 5 years from official grand opening, June 29, 2020. At June 30, the City's potential future liability was \$141,425. The City also has an agreement to pay as a Tourism Zone Incentive an amount equal to 1% of the local sales tax collected by the City and 1% of sales tax remitted to the City by the Commonwealth of Virginia. The payments are to be applied to the payment of principal and interest on the qualified gap financing for the project. The Tourism Zone Incentive allocation shall continue until the sooner of 20 years from the date of the first quarterly allocation or when the gap financing loan is satisfied. The Tourism Zone Incentive maximum amount, made up of state and local revenues, is \$1,767,261. At June 30, the City's maximum remaining liability was \$1,353,569. These payments flow through the Industrial Development Authority for the City of Bristol, Virginia. Total payments made during the fiscal year were \$315,325.

K-VA-T Food Stores, Inc. - 0.5% of total sales once the renter of property provides the City certain information. No information has been provided to the City at this time. The City's total liability per the agreement is \$100,000. These payments flow through the Industrial Development Authority for the City of Bristol, Virginia. This incentive does not expire.

Hotel Bristol, LLC - 50% of local sales tax. The total per the agreement is \$1,200,000. The agreement expires six years from the official grand opening, October 10, 2018. These payments flow through the Industrial Development Authority for the City of Bristol, Virginia. At June 30, the City's maximum remaining liability was \$130,110. Payments for the fiscal year totaled \$291,605.

Burger Bar, LLC - 3.5% of total food sales, for a maximum of \$26,000. The agreement is dated 07/14/2015 and expires 10 years from the opening date, or 10/1/2025. These payments flow through the Industrial Development Authority for the City of Bristol, Virginia. The City's maximum remaining liability at June 30th was \$15,709.

The Euclid Avenue Center, LLC. - 50% of total reported meal and alcohol taxes, for a maximum of \$900,000. The agreement is dated 01/25/2018 and expires 10 years from the date of the initial payment, or June 2029. The City's maximum liability at June 30th was \$154,453.

Infinity Venture Group LLC - 50% of total reported meal and alcohol taxes, for a maximum of \$30,000. The agreement is dated 11/28/2023 and expires 2 years from the opening date, or July 2026. These payments flow through the Industrial Development Authority for the City of Bristol, Virginia. The City's maximum remaining liability at June 30th was \$30,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 24-Tax Abatement and Economic Incentives: (Continued)

S & D Hotel, LLC - 50% of total reported gross occupancy taxes, for a maximum of \$600,000. The agreement is dated 12/21/2023 and expires 4 years once fully open and operational. These payments flow through the Industrial Development Authority for the City of Bristol, Virginia. The City's maximum remaining liability at June 30th was \$600,000.

The following list provides details of each agreement the IDA had as of June 30, 2024:

Lowe's Home Center - 3% of total reported annual sales, shall not exceed 50% of the amount actually received by the City. Total per agreement dated 03/31/2014 \$12,000,000. The IDA's maximum remaining liability at June 30th was \$8,800,029. Total payments during the fiscal year were \$194,527.

Note 25 - Going Concern

The Component-Unit IDA is currently in arrears on debt service payments totaling \$204,250 related to their 2014B revenue bond. In addition, the IDA has deficit net position. The IDA does not have sufficient funds available to make upcoming debt payments and the underlying revenue stream generated from the Falls project has been declining over the last several years. Management is working with the City to determine other revenue streams that might be available and is continuing to make payments as resources are available. Until a revenue source is secured, expenses are reduced to make funds available for debt service payments, or the underlying debt is restructured, the IDA will continue as a going concern.

Note 26-Upcoming Pronouncements:

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Required Supplementary Information

City of Bristol, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 19,884,054	\$ 19,939,054	\$ 21,807,432	\$ 1,868,378
Other local taxes	23,928,401	24,123,871	24,614,824	490,953
Permits, privilege fees, and regulatory licenses	176,850	180,450	174,017	(6,433)
Fines and forfeitures	150,500	154,000	368,887	214,887
Revenue from the use of money and property	394,370	647,510	2,665,676	2,018,166
Charges for services	6,230,715	5,356,395	5,274,999	(81,396)
Miscellaneous	2,684,100	2,956,530	3,059,874	103,344
Recovered costs	370,100	499,442	1,072,157	572,715
Intergovernmental	33,842,920	36,565,903	21,720,646	(14,845,257)
Total revenues	\$ 87,662,010	\$ 90,423,155	\$ 80,758,512	\$ (9,664,643)
EXPENDITURES				
Current:				
General government administration	\$ 6,132,375	\$ 7,532,149	\$ 7,104,712	\$ 427,437
Judicial administration	2,242,679	2,436,981	2,110,034	326,947
Public safety	18,804,817	19,961,110	18,263,844	1,697,266
Public works	41,794,158	54,367,321	28,667,931	25,699,390
Health and welfare	9,921,282	10,507,673	9,904,186	603,487
Education	8,102,850	8,102,850	7,908,031	194,819
Parks, recreation, and cultural	3,165,533	3,378,776	2,984,432	394,344
Community development	4,621,871	4,645,977	4,205,515	440,462
Capital projects	16,197,792	14,949,333	10,272,890	4,676,443
Debt service:				
Principal retirement	3,594,000	3,640,415	4,660,976	(1,020,561)
Interest and other fiscal charges	3,506,260	3,958,380	5,392,178	(1,433,798)
Bond issuance costs	5,000	523,273	601,185	(77,912)
Total expenditures	\$ 118,088,617	\$ 134,004,238	\$ 102,075,914	\$ 31,928,324
Excess (deficiency) of revenues over (under) expenditures				
	\$ (30,426,607)	\$ (43,581,083)	\$ (21,317,402)	\$ 22,263,681
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,565,560	\$ 2,195,560	\$ -	\$ (2,195,560)
Transfers out	(2,265,909)	(78,369)	(50,353)	28,016
Issuance of general obligation notes	26,578,524	32,000,000	30,710,000	(1,290,000)
Premium on general obligation notes	-	-	365,449	365,449
Sale of capital assets	16,500	19,500	14,941	(4,559)
Total other financing sources (uses)	\$ 26,894,675	\$ 34,136,691	\$ 31,040,037	\$ (3,096,654)
Net change in fund balances				
	\$ (3,531,932)	\$ (9,444,392)	\$ 9,722,635	\$ 19,167,027
Fund balances - beginning	3,531,932	9,444,392	43,432,513	33,988,121
Fund balances - ending	\$ -	\$ -	\$ 53,155,148	\$ 53,155,148

Note: GAAP serves as the budgetary basis of accounting

City of Bristol, Virginia
Schedule of Employer's Proportionate Share of the Net Pension Liability
For the Measurement Dates of June 30, 2014 through June 30, 2023

Date (1)	Proportion of the Net Pension Liability (NPL) (2)*	Proportionate Share of the NPL (3)*	Covered Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
Primary Government					
2023	94.18%	\$ 16,599,301	\$ 14,057,174	118.08%	86.25%
2022	94.50%	15,470,342	13,391,423	115.52%	86.84%
2021	94.69%	10,951,835	13,764,275	79.57%	90.69%
2020	95.31%	26,121,425	13,972,911	186.94%	77.03%
2019	94.99%	22,025,419	13,159,678	167.37%	80.26%
2018	95.78%	19,394,748	13,066,288	148.43%	82.04%
2017	95.30%	21,259,745	11,952,424	177.87%	80.17%
2016	95.98%	24,978,175	13,791,202	181.12%	76.40%
2015	95.98%	20,330,242	13,183,487	154.21%	80.41%
2014	95.98%	18,668,266	12,555,570	148.69%	81.76%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

City of Bristol, Virginia
Schedule of Employer Contributions - Pension Plan
For the Years Ended June 30, 2015 through June 30, 2024

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution (1)*	Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	as a % of Covered Payroll (5)
2024	\$ 2,850,250	\$ 2,850,250	\$ -	\$ 15,680,668	18.18%
2023	2,565,612	2,565,612	-	14,057,174	18.25%
2022	2,403,975	2,403,975	-	13,391,423	17.95%
2021	2,448,653	2,448,653	-	13,764,275	17.79%
2020	2,348,731	2,348,731	-	13,972,911	16.81%
2019	2,144,623	2,144,623	-	13,159,678	16.30%
2018	2,214,065	1,961,818	252,247	13,066,288	15.01%
2017	2,323,691	2,075,925	247,766	11,952,424	17.37%
2016	2,471,383	1,977,658	493,725	13,791,202	14.34%
2015	2,362,481	1,890,512	471,968	13,183,487	14.34%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

City of Bristol, Virginia
Notes to Required Supplementary Information - Pension Plan
For the Year Ended June 30, 2024

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, valuations 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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 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

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

City of Bristol, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government

For the Measurement Dates of July 1, 2017 through July 1, 2023

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service cost	\$ 55,885	\$ 93,839	\$ 83,632	\$ 70,823	\$ 65,638	\$ 100,569	\$ 98,173
Interest	75,302	46,494	57,550	78,587	91,950	111,200	106,027
Changes in assumptions	(28,132)	(345,492)	110,660	138,048	109,429	(110,338)	-
Differences between expected and actual experience	(42,624)	(4,631)	14,836	(283,103)	(168,797)	(573,910)	-
Benefit payments	(16,955)	(258,836)	(147,892)	(200,444)	(52,150)	(59,862)	(59,861)
Change in proportionate share	11,357	(6,730)	(4,527)	(8,218)	(20,787)	(26)	-
Net change in total OPEB liability	\$ 54,833	\$ (475,356)	\$ 114,259	\$ (204,307)	\$ 25,283	\$ (532,367)	\$ 144,339
Total OPEB liability - beginning	1,980,700	2,456,056	2,341,797	2,546,104	2,520,821	3,053,138	2,908,799
Total OPEB liability - ending	\$ 2,035,533	\$ 1,980,700	\$ 2,456,056	\$ 2,341,797	\$ 2,546,104	\$ 2,520,771	\$ 3,053,138
Covered - employee payroll	\$ 13,705,132	\$ 13,626,998	\$ 12,588,533	\$ 11,593,064	\$ 11,727,338	\$ 11,804,180	\$ 11,843,411
City's total OPEB liability (asset) as a percentage of covered - employee payroll	14.85%	14.54%	19.51%	20.20%	21.71%	21.35%	25.78%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

City of Bristol, Virginia
Notes to Required Supplementary Information - City OPEB
For the Year Ended June 30, 2024

Valuation Date: 7/1/2022
Measurement Date: 7/1/2023

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age actuarial cost method
Discount Rate	3.86%
Healthcare Trend Rate	9.90% for fiscal year end 2023 (to reflect actual experience), then 6.25% for fiscal year end 2024, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50%
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Fully Generational Mortality Table with base year 2006, using two-dimensional improvement scale MP-2021.

City of Bristol, Virginia
Schedule of City's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2023

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2023	0.0598% \$	716,562 \$	14,057,174	5.10%	69.30%
2022	0.0624%	751,564	13,577,121	5.54%	67.21%
2021	0.0669%	777,832	13,793,818	5.64%	67.45%
2020	0.0712%	1,133,225	13,976,153	8.11%	52.64%
2019	0.0701%	1,083,407	13,051,231	8.30%	52.00%
2018	0.0721%	1,048,785	13,132,182	7.99%	51.22%
2017	0.0779%	1,116,904	13,684,481	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

City of Bristol, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2014 through June 30, 2024

Date	Contributions in Relation to				Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	
2024	\$ 84,676	\$ 84,676	\$ -	\$ 15,680,668	0.54%
2023	76,004	76,004	-	14,057,174	0.54%
2022	73,317	73,317	-	13,577,121	0.54%
2021	74,486	74,486	-	13,793,818	0.54%
2020	72,676	72,676	-	13,976,153	0.52%
2019	67,864	67,864	-	13,051,231	0.52%
2018	68,287	68,287	-	13,132,182	0.52%
2017	71,160	71,160	-	13,684,481	0.52%
2016	68,971	68,971	-	14,368,829	0.48%
2015	65,931	65,931	-	13,735,661	0.48%

City of Bristol, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2024

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, 2012. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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 for all
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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

City of Bristol, Virginia
Schedule of Employer's Share of Net LODA OPEB Liability
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2017 through June 30, 2023

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2023	0.7039% \$	2,821,929	N/A	N/A	1.31%
2022	0.9234%	3,494,468	N/A	N/A	1.87%
2021	0.8753%	3,859,999	N/A	N/A	1.68%
2020	0.8855%	3,708,443	N/A	N/A	1.02%
2019	0.9019%	3,235,713	N/A	N/A	0.79%
2018	0.9055%	2,839,000	N/A	N/A	0.60%
2017	0.9088%	2,389,000	N/A	N/A	1.30%

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.

Schedule is intended to show information for 10 years. Information prior to 2017 valuation is not available. However, additional years will be included as they become available.

City of Bristol, Virginia
Schedule of Employer Contributions
Line of Duty Act (LODA) Program
For the Years Ended June 30, 2017 through June 30, 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
2024	\$ 120,143	\$ 120,143	\$ -	N/A	N/A
2023	93,412	93,412	-	N/A	N/A
2022	127,169	127,169	-	N/A	N/A
2021	120,508	120,508	-	N/A	N/A
2020	120,334	120,334	-	N/A	N/A
2019	121,039	121,039	-	N/A	N/A
2018	96,453	96,453	-	N/A	N/A
2017	98,013	98,013	-	N/A	N/A

*The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

Schedule is intended to show information for 10 years. Information prior to 2017 is not available. However, additional years will be included as they become available.

City of Bristol, Virginia
Notes to Required Supplementary Information
Line of Duty Act (LODA) Program
For the Year Ended June 30, 2024

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 results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Employees in the Non-Largest Ten Locality Employers with Public Safety Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Other Supplementary Information

City of Bristol, Virginia
CDBG Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 420,000	\$ 516,100	\$ 451,129	\$ (64,971)
Total revenues	\$ 420,000	\$ 516,100	\$ 451,129	\$ (64,971)
EXPENDITURES				
Community development	\$ 420,000	\$ 516,100	\$ 451,129	\$ 64,971
Total expenditures	\$ 420,000	\$ 516,100	\$ 451,129	\$ 64,971
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

City of Bristol, Virginia
Statement of Net Position
Discretely Presented Component Unit - Industrial Development Authority
June 30, 2024

	Industrial Development Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,075
Due from primary government	678,488
Total current assets	<u>\$ 682,563</u>
Restricted cash and cash equivalents:	
Cash and cash equivalents	\$ 843,748
Investments	588,763
Total restricted assets	<u>\$ 1,432,511</u>
Total current assets	<u>\$ 2,115,074</u>
Noncurrent assets:	
Capital assets:	
Capital assets, not being depreciated	\$ 641,126
Capital assets, net of accumulated depreciation	12,552,870
Total capital assets	<u>\$ 13,193,996</u>
Total noncurrent assets	<u>\$ 13,193,996</u>
Total assets	<u>\$ 15,309,070</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 160,359
Accrued interest payable	512,958
Revenue bonds - current portion	180,000
Total current liabilities	<u>\$ 853,317</u>
Noncurrent liabilities:	
Revenue bonds - net of current portion	\$ 30,095,000
Total noncurrent liabilities	<u>\$ 30,095,000</u>
Total liabilities	<u>\$ 30,948,317</u>
NET POSITION	
Net investment in capital assets	\$ (17,081,004)
Unrestricted	1,441,757
Total net position	<u><u>\$ (15,639,247)</u></u>

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

City of Bristol, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2024

	Industrial Development Authority
OPERATING EXPENSES	
IDA professional fees	\$ 12,360
IDA administrative	34,157
IDA business incentives	801,457
Depreciation	660,676
Total operating expenses	<u>\$ 1,508,650</u>
Operating income (loss)	<u>\$ (1,508,650)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 26,664
Interest expense	(1,897,165)
Contributions from primary government:	
Economic development	586,019
Development of regional impact	2,568,464
Total nonoperating revenues (expenses)	<u>1,283,982</u>
Change in net position	\$ (224,668)
Net position - beginning	(15,414,579)
Net position - ending	<u><u>\$ (15,639,247)</u></u>

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

City of Bristol, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2024

	Industrial Development Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to suppliers and economic development incentives	\$ (827,101)
Net cash provided by (used for) by operating activities	<u>\$ (827,101)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Contributions from primary government	<u>\$ 3,166,880</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on bonds	\$ (165,000)
Interest expense	<u>(2,046,606)</u>
Net cash provided by (used for) by capital and related financing activities	<u>\$ (2,211,606)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	\$ 26,664
Net cash provided by (used for) by investing activities	<u>\$ 26,664</u>
Net increase (decrease) in cash and cash equivalents	\$ 154,837
Cash and cash equivalents - beginning	1,281,749
(including restricted cash and cash equivalents of \$1,277,674)	
Cash and cash equivalents - ending	
(including restricted cash and cash equivalents/investments of \$1,432,511)	<u><u>\$ 1,436,586</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) by operating activities:	
Operating income (loss)	<u>\$ (1,508,650)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	\$ 660,676
Increase (decrease) in operating payables	20,873
Total adjustments	<u>\$ 681,549</u>
Net cash provided by (used for) by operating activities	<u><u>\$ (827,101)</u></u>

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

Statistical Section

Statistical Section

This part of the annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Starting Page</u>
Financial Trends	
These tables contain trend information to help the reader understand how the the City's financial performance and well-being have changed over time.	111
Revenue Capacity	
These tables contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	116
Debt Capacity	
These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.	121
Demographic and Economic Information	
These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	124
Operating Information	
These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relate to the services the City provides and the activities it performs.	126

Sources: Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant year.

Table 1

CITY OF BRISTOL, VIRGINIA Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
Net investment in capital assets										
Restricted	\$ 8,717,208	\$ 16,237,546	\$ 15,361,661	\$ 11,265,975	\$ 15,682,112	\$ 14,701,966	\$ 14,366,458	\$ 11,960,935	\$ 12,756,406	\$ 13,052,727
Unrestricted	2,376,424	990,054	461,041	394,934	263,848	326,955	510,695	306,509	852,646	1,069,655
	5,746,269	(14,148,599)	(12,353,658)	(12,226,017)	(5,904,380)	(3,393,318)	231,258	7,212,076	(116,074,857)	(112,303,171)
Total governmental activities net position	\$ 16,839,901	\$ 3,079,001	\$ 3,469,044	\$ (565,108)	\$ 10,041,580	\$ 11,635,603	\$ 15,108,411	\$ 19,479,520	\$ (102,465,805)	\$ (98,180,789)
Business-type activities										
Net investment in capital assets										
Unrestricted	\$ -	\$ -	\$ (9,882,306)	\$ (11,240,766)	\$ (14,938,806)	\$ (15,059,938)	\$ (16,545,336)	\$ (16,422,472)	\$ 251,317	\$ 335,970
	(38,527,008)	(17,561,883)	(7,723,498)	(9,066,693)	(10,432,176)	(10,186,439)	(9,545,979)	(9,788,459)	77,655	356,933
Total business-type activities net position	\$ (38,527,008)	\$ (17,561,883)	\$ (17,605,804)	\$ (20,307,459)	\$ (25,370,982)	\$ (25,245,377)	\$ (26,091,315)	\$ (26,210,931)	\$ 328,972	\$ 692,903
Primary government										
Net investment in capital assets										
Restricted	\$ 8,717,208	\$ 16,237,546	\$ 5,479,355	\$ 25,209	\$ 743,306	\$ (356,972)	\$ (2,178,878)	\$ (4,461,537)	\$ 13,007,723	\$ 13,388,697
Unrestricted	2,376,424	990,054	461,041	394,934	263,848	326,955	510,695	306,509	852,646	1,069,655
	(32,780,739)	(31,710,482)	(20,077,156)	(21,292,710)	(16,336,556)	(13,579,757)	(9,314,721)	(2,576,383)	(115,997,202)	(111,946,238)
Total primary government net position	\$ (21,687,107)	\$ (14,482,882)	\$ (14,136,760)	\$ (20,872,567)	\$ (15,329,402)	\$ (13,609,774)	\$ (10,982,904)	\$ (6,731,411)	\$ (102,136,833)	\$ (97,487,886)

Notes:

As of July 1, 2010, BVU Authority is considered to be a component unit of the City and will no longer be included in the City's financial data. Starting July 1, 2016, BVU ceased being a component unit of the City. The fiscal year 2016 numbers were restated in fiscal year 2017. The fiscal year 2016 numbers were restated in fiscal year 2017.

Provisions of Statement No. 68 and No. 75 from the Governmental Accounting Standards Board (GASB) were implemented during the 2015 and 2018 fiscal years, respectively. Financial information prior to the fiscal year ending June 30, 2015 has not been retroactively restated for provisions of this standard.

As of July 1, 2019, the Transit Fund was transferred to a separate business-type activity.

Provisions of Statement No. 87 from the Governmental Accounting Standards Board (GASB) were implemented during fiscal year 2022. Financial information prior to the fiscal year ending June 30, 2022 has not been retroactively restated for provisions of this standard.

During fiscal year 2023, the City discontinued operations of the solid waste disposal fund and all remaining balances were transferred to the general fund.

CITY OF BRISTOL, VIRGINIA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
General government administration	\$ 3,577,188	\$ 3,808,184	\$ 3,293,394	\$ 2,870,965	\$ 3,959,101	\$ 3,323,126	\$ 3,420,556	\$ 3,249,124	\$ 6,095,078	\$ 7,030,992
Judicial administration	1,416,373	1,542,808	1,489,258	1,546,585	1,521,639	1,976,627	1,950,818	1,802,928	1,995,047	2,023,493
Public safety	13,333,824	13,950,011	14,845,666	14,203,394	13,482,799	14,443,114	16,474,620	13,620,519	15,541,051	17,152,369
Public works	5,735,516	6,491,735	6,612,183	12,169,519	7,669,099	8,520,743	8,011,443	8,203,039	110,699,012	19,153,727
Health and welfare	6,985,092	7,398,856	7,493,980	7,796,803	7,679,441	8,816,862	8,497,461	8,569,105	9,190,991	10,055,907
Education	9,495,178	9,839,236	6,664,037	6,810,420	5,415,563	6,593,843	7,524,122	6,828,669	7,665,250	7,581,781
Parks, recreation and cultural	3,241,612	3,354,408	3,142,962	3,092,715	2,987,371	2,991,537	2,683,341	2,608,961	3,063,155	3,040,330
Community development	5,533,853	2,766,734	5,058,993	3,024,445	3,596,213	3,452,643	4,774,056	4,358,138	4,810,400	4,528,450
Transit	415,780	397,012	-	-	-	-	-	-	-	-
Interest on long-term debt	2,273,656	2,602,511	3,047,922	3,823,602	3,208,814	3,369,943	3,119,628	3,481,138	4,927,463	5,583,410
Total governmental activities expenses	\$ 52,028,072	\$ 52,151,495	\$ 51,648,395	\$ 55,338,448	\$ 49,520,040	\$ 53,488,438	\$ 56,456,045	\$ 52,721,621	\$ 163,987,447	\$ 76,150,459
Business-type activities:										
Solid Waste Disposal	\$ 5,888,523	\$ 6,147,043	\$ 6,036,630	\$ 8,083,494	\$ 9,174,163	\$ 6,609,293	\$ 6,764,742	\$ 7,826,618	\$ -	\$ -
Transit	-	-	-	-	-	603,867	506,454	534,120	457,443	433,508
Total business-type activities expenses	5,888,523	6,147,043	6,036,630	8,083,494	9,174,163	7,213,160	7,271,196	8,360,738	457,443	433,508
Total primary government expenses	\$ 57,916,595	\$ 58,298,538	\$ 57,685,025	\$ 63,421,942	\$ 58,694,203	\$ 60,701,598	\$ 63,727,241	\$ 61,082,359	\$ 164,444,890	\$ 76,583,967
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 187,115	\$ 134,641	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Judicial administration	292,519	266,659	53,309	55,074	63,930	44,278	41,298	38,158	42,431	33,581
Public safety	206,871	158,929	389,093	393,977	683,358	641,423	654,070	707,381	795,154	1,045,181
Public works	6,481	21,564	71,861	76,848	78,415	12,515	25,027	35,939	3,390,247	3,599,026
Parks, recreation and cultural	752,324	834,989	773,444	798,102	741,079	858,594	900,655	1,001,040	1,051,627	1,134,293
Other activities	56,943	69,234	5,875	7,727	6,988	5,607	5,370	5,200	5,619	5,822
Operating grants and contributions	13,884,225	15,316,508	15,920,827	16,155,264	16,919,063	16,812,399	19,840,207	16,802,671	28,235,576	18,575,234
Capital grants and contributions	5,091,895	8,385,303	2,111,361	4,157,571	5,707,886	1,507,606	1,585,198	377,995	911,598	1,135,336
Total governmental activities program revenues	\$ 20,478,373	\$ 25,188,027	\$ 19,325,770	\$ 21,644,563	\$ 24,200,719	\$ 19,882,422	\$ 23,051,825	\$ 18,968,384	\$ 34,432,252	\$ 25,528,473
Business-type activities:										
Charges for services:										
Solid Waste Disposal	\$ 4,259,669	\$ 4,506,392	\$ 4,884,260	\$ 4,705,962	\$ 5,615,024	\$ 5,852,776	\$ 5,878,972	\$ 5,788,134	\$ -	\$ -
Transit	-	-	-	-	-	31,757	12,694	23,665	30,257	28,275
Operating grants and contributions	-	-	-	-	-	312,133	351,516	414,114	532,717	698,589
Capital grants and contributions	-	-	-	-	-	-	-	-	1,102	-
Total business-type activities program revenues	\$ 4,259,669	\$ 4,506,392	\$ 4,884,260	\$ 4,705,962	\$ 5,615,024	\$ 6,196,666	\$ 6,243,182	\$ 6,225,913	\$ 564,076	\$ 726,864
Total primary government program revenues	\$ 24,738,042	\$ 29,694,419	\$ 24,210,030	\$ 26,350,525	\$ 29,815,743	\$ 26,079,088	\$ 29,295,007	\$ 25,194,297	\$ 34,996,328	\$ 26,255,337
Net (expense) / revenue										
Governmental activities	\$ (31,549,699)	\$ (26,963,468)	\$ (32,322,625)	\$ (33,693,885)	\$ (25,319,321)	\$ (33,606,016)	\$ (33,404,220)	\$ (33,753,237)	\$ (129,555,195)	\$ (50,621,986)
Business-type activities	(1,628,854)	(1,640,651)	(1,152,370)	(3,377,532)	(3,559,139)	(1,016,494)	(1,028,014)	(2,134,825)	106,633	293,356
Total primary government net (expense)/revenue	\$ (33,178,553)	\$ (28,604,119)	\$ (33,474,995)	\$ (37,071,417)	\$ (28,878,460)	\$ (34,622,510)	\$ (34,432,234)	\$ (35,888,062)	\$ (129,448,562)	\$ (50,328,630)

CITY OF BRISTOL, VIRGINIA
Changes in Net Position
Last Ten Fiscal Years
(*accrual basis of accounting*)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 15,946,537	\$ 16,993,071	\$ 18,343,545	\$ 17,385,958	\$ 17,838,482	\$ 18,032,947	\$ 18,675,283	\$ 19,194,745	\$ 20,021,642	\$ 21,860,565
Other taxes	13,264,747	13,863,419	13,637,649	14,275,193	14,921,446	13,906,812	14,844,720	17,285,025	19,316,339	24,614,824
Unrestricted grants and contributions	3,454,427	3,973,346	2,366,377	2,398,882	2,415,775	2,259,682	2,188,069	2,227,611	2,309,827	2,461,205
Unrestricted revenues from use of money and property	43,487	40,343	166,719	165,466	409,118	315,974	235,311	246,943	1,977,007	2,685,676
Miscellaneous	272,181	(515,679)	997,357	1,309,203	741,227	951,617	1,069,561	1,098,549	1,860,910	3,344,865
Gain (Loss) on disposal of capital assets	14,641	28,388	-	-	-	-	-	49,673	164,079	(9,780)
Transfers	(986,243)	(22,605,369)	(785,408)	(886,680)	(567,480)	(698,287)	(135,916)	(1,961,695)	(26,424,496)	(50,353)
Special item-conveyance of property	(14,869,201)	1,425,049	-	-	-	-	-	-	-	-
Extraordinary item-asset impairment	-	-	-	-	-	-	-	-	(11,615,438)	-
Total governmental activities	\$ 17,140,576	\$ 13,202,568	\$ 34,726,239	\$ 34,648,022	\$ 35,758,568	\$ 34,768,745	\$ 36,877,028	\$ 38,140,851	\$ 7,609,870	\$ 54,907,002
Business-type activities:										
Unrestricted revenues from use of money and property	\$ 95	\$ 407	\$ 6,977	\$ 2,867	\$ 3,449	\$ 3,722	\$ 20,907	\$ 20,983	\$ -	\$ 15,851
Miscellaneous	462	-	22,339	9,267	47,951	23,140	26,742	944	8,774	4,371
Gain (Loss) on disposal of capital assets	(11,123)	-	1,219	11,841	-	4,584	(1,489)	-	-	-
Transfers	986,243	22,605,369	785,408	886,680	567,480	698,287	135,916	1,961,695	26,424,496	50,353
Total business-type activities	\$ 975,677	\$ 22,605,776	\$ 815,943	\$ 910,655	\$ 618,880	\$ 729,733	\$ 182,076	\$ 1,983,622	\$ 26,433,270	\$ 70,575
Total primary government	\$ 18,116,253	\$ 35,808,344	\$ 35,542,182	\$ 35,558,677	\$ 36,377,448	\$ 35,498,478	\$ 37,059,104	\$ 40,124,473	\$ 34,043,140	\$ 54,977,577
Change in Net Position										
Governmental activities	\$ (14,409,123)	\$ (13,760,900)	\$ 2,403,614	\$ 954,137	\$ 10,439,247	\$ 1,162,729	\$ 3,472,808	\$ 4,387,614	\$ (121,945,325)	\$ 4,285,016
Business-type activities	(653,177)	20,965,125	(336,427)	(2,466,877)	(2,940,259)	(286,761)	(845,938)	(151,203)	26,539,903	363,931
Total primary government	\$ (15,062,300)	\$ 7,204,225	\$ 2,067,187	\$ (1,512,740)	\$ 7,498,988	\$ 875,968	\$ 2,626,870	\$ 4,236,411	\$ (95,405,422)	\$ 4,648,947

Notes:

- As of July 1, 2010, BVU Authority is considered to be a component unit of the City and will no longer be included in the City's financial data. Starting July 1, 2016, BVU ceased being a component unit of the City. The fiscal year 2016 numbers were restated in fiscal year 2017. The fiscal year 2016 numbers were restated in fiscal year 2017.
- Provisions of Statement No. 68 and No. 75 from the Governmental Accounting Standards Board (GASB) were implemented during the 2015 and 2018 fiscal years, respectively. Financial information prior to the fiscal year ending June 30, 2015 has not been retroactively restated for provisions of this standard.
- As of July 1, 2019, the Transit Fund was transferred to a separate business-type activity.
- Provisions of Statement No. 87 from the Governmental Accounting Standards Board (GASB) were implemented during fiscal year 2022. Financial information prior to the fiscal year ending June 30, 2022 has not been retroactively restated for provisions of this standard.
- During fiscal year 2023, the City discontinued operations of the solid waste disposal fund and all remaining balances were transferred to the general fund.

CITY OF BRISTOL, VIRGINIA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General fund										
Nonspendable	\$ 22,642,183	\$ 521,732	\$ 707,275	\$ 693,895	\$ 405,187	\$ 1,483,727	\$ 1,485,975	\$ 1,483,464	\$ 1,812,697	\$ 1,781,172
Restricted	2,376,424	990,054	3,828,772	688,350	1,132,610	376,955	510,695	24,977,681	13,583,083	13,454,453
Assigned	-	45,758	4,025	23,820	18,820	40,070	36,320	26,320	17,570	6,320
Committed	-	-	-	-	3,053,823	3,455,036	4,493,347	4,528,572	4,708,341	4,965,178
Unassigned	6,096,293	7,348,531	8,300,228	14,168,992	16,022,800	17,478,295	22,237,207	26,565,871	23,310,822	32,948,025
Total general fund	\$ 31,114,900	\$ 8,906,075	\$ 12,840,300	\$ 15,575,057	\$ 20,633,240	\$ 22,784,083	\$ 28,763,544	\$ 57,581,908	\$ 43,432,513	\$ 53,155,148
All other governmental funds										
Unassigned	\$ -	\$ -	\$ -	\$ (18,168)	\$ (12,864)	\$ -	\$ -	\$ -	\$ -	\$ -
Total all other governmental funds	\$ -	\$ -	\$ -	\$ (18,168)	\$ (12,864)	\$ -	\$ -	\$ -	\$ -	\$ -

Notes:

-The fiscal year 2016 numbers were restated in fiscal year 2017

-The fiscal year 2019 numbers were restated in fiscal year 2020.

-During fiscal year 2023, the City discontinued operations of the solid waste disposal fund and all remaining balances were transferred to the general fund.

CITY OF BRISTOL, VIRGINIA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Taxes	\$ 29,117,698	\$ 30,511,538	\$ 31,860,324	\$ 32,046,941	\$ 32,858,205	\$ 32,235,716	\$ 33,513,717	\$ 36,183,436	\$ 39,163,033	\$ 46,422,256
Permits, privilege fees and regulatory licenses	169,671	130,317	175,884	125,243	137,486	101,844	122,478	159,200	198,733	174,017
Fines and forfeitures	169,313	144,190	190,338	216,163	257,255	109,154	164,299	150,502	206,445	368,887
Revenue from use of money and property	265,960	156,278	146,719	145,466	389,118	295,974	215,311	226,943	1,957,007	2,665,676
Charges for services	926,872	977,093	967,360	990,322	1,179,029	1,351,419	1,339,643	1,478,016	4,879,900	5,274,999
Miscellaneous	2,913,288	2,675,056	997,357	1,309,203	741,227	951,617	1,069,561	1,098,549	1,478,236	3,059,874
Recovered Costs	-	-	438,714	453,792	890,990	354,440	512,083	368,308	967,018	1,072,157
Intergovernmental	19,537,095	25,160,120	20,398,965	22,517,165	24,797,376	20,579,687	23,613,474	19,408,277	31,457,001	22,171,775
Total revenues	\$ 53,099,897	\$ 59,754,592	\$ 55,135,261	\$ 57,803,295	\$ 61,210,686	\$ 55,979,851	\$ 60,550,566	\$ 59,073,231	\$ 80,307,373	\$ 81,209,641
Expenditures										
General government administration	\$ 3,192,661	\$ 3,127,629	\$ 3,679,300	\$ 3,268,460	\$ 3,456,779	\$ 3,740,263	\$ 3,919,862	\$ 3,618,355	\$ 6,283,698	\$ 7,104,712
Judicial administration	1,322,111	1,492,193	1,473,001	1,520,878	1,580,959	1,795,551	1,769,796	1,876,846	2,069,127	2,110,034
Public safety	13,815,140	15,591,034	14,676,295	14,139,809	15,432,576	14,659,057	16,146,382	14,547,180	16,491,477	18,263,844
Public works	4,920,842	7,218,312	4,812,644	4,696,700	5,833,148	6,867,810	5,336,052	5,853,494	28,334,636	28,667,931
Health and welfare	6,953,676	7,400,902	7,447,964	7,752,125	7,801,390	9,458,347	8,548,814	8,727,865	9,373,677	9,904,186
Education	9,346,760	9,671,236	6,505,637	6,868,446	6,624,370	6,380,093	7,314,122	6,622,419	7,462,750	7,908,031
Parks, recreation and cultural	3,170,823	3,580,190	3,126,275	2,758,116	2,894,000	2,814,939	2,300,637	2,555,846	3,181,829	2,984,432
Community development	2,115,716	2,788,366	4,410,243	2,866,600	3,465,180	3,638,553	3,880,677	3,977,723	4,907,940	4,656,644
Transit	392,271	374,386	-	-	-	-	-	259,086	-	-
Nondepartmental	-	-	610,391	414,294	505,113	-	-	-	-	-
Capital projects	6,820,042	7,709,278	3,718,363	6,507,261	5,488,638	806,482	544,068	292,867	12,064,823	10,272,890
Debt service:										
Principal retirement	7,138,750	50,877,500	1,205,528	37,626,285	865,417	4,540,899	2,306,182	2,332,302	4,937,605	4,660,976
Bond issuance costs	-	-	127,015	658,107	3,139	90,134	112,249	420,649	1,477	601,185
Interest and other fiscal charges	2,126,011	2,936,887	2,855,623	2,607,751	2,876,388	3,174,055	2,923,312	2,852,373	4,631,049	5,392,178
Total expenditures	\$ 61,314,803	\$ 112,767,913	\$ 54,648,279	\$ 91,684,832	\$ 56,827,097	\$ 57,966,183	\$ 55,101,353	\$ 53,937,005	\$ 99,740,088	\$ 102,527,043
Excess (deficiency) of revenues over (under) expenditures	\$ (8,214,906)	\$ (53,013,321)	\$ 486,982	\$ (33,881,537)	\$ 4,383,589	\$ (1,986,332)	\$ 5,449,213	\$ 5,136,226	\$ (19,432,715)	\$ (21,317,402)
Other financing sources (uses)										
Transfers in	-	-	\$ 2,026,124	\$ 57,755	-	-	-	\$ 172,000	\$ 4,660,399	\$ -
Transfers out	(986,243)	(22,605,369)	(2,811,532)	(886,680)	(567,480)	(698,287)	(135,916)	(2,133,695)	(70,349)	(50,353)
Issuance of debt	14,750,000	49,930,000	4,466,125	59,050,600	1,162,149	6,079,280	7,357,460	25,549,889	235,283	30,710,000
Premium on bonds issued	-	-	-	-	-	-	-	-	-	365,449
Payment to bond escrow agent	-	-	-	(21,819,016)	-	(1,443,513)	(7,228,767)	-	-	-
Insurance recoveries	-	28,388	-	-	-	-	-	-	-	-
Leases	14,641	3,407,070	-	-	-	-	-	-	-	-
Sale of capital assets	1,493,937	44,407	33,640	87,043	(87,516)	94,571	9,800	67,412	457,987	14,941
Total other financing sources (uses)	\$ 15,796,496	\$ 30,804,496	\$ 3,714,357	\$ 36,489,702	\$ 507,153	\$ 4,032,051	\$ 2,567	\$ 23,655,606	\$ 5,283,320	\$ 31,040,037
Net change in fund balances	\$ 7,581,590	\$ (22,208,825)	\$ 4,201,339	\$ 2,608,165	\$ 4,890,742	\$ 2,046,719	\$ 5,461,780	\$ 28,791,832	\$ (14,149,395)	\$ 9,722,635
Debt service as a percentage of noncapital expenditures (1)	17.00%	51.22%	8.09%	8.68%	7.43%	8.96%	9.85%	9.86%	11.04%	11.09%

Notes:

-The fiscal year 2016 numbers were restated in fiscal year 2017

-The fiscal year 2019 numbers were restated in fiscal year 2020.

(1) Debt service excludes refunding amounts from principal retirement for fiscal years 2018 and 2020

-During fiscal year 2023, the City discontinued operations of the solid waste disposal fund and all remaining balances were transferred to the general fund.

Table 5

CITY OF BRISTOL, VIRGINIA
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year										% Change 2015-2024
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Revenues											
General Property Taxes	\$ 15,852,951	\$ 16,648,119	\$ 18,202,398	\$ 17,771,748	\$ 17,936,759	\$ 18,328,904	\$ 18,668,997	\$ 18,898,411	\$ 19,846,694	\$ 21,807,432	37.56%
Restaurant Meal Taxes	5,749,073	5,624,278	5,743,673	5,642,445	6,015,143	5,538,138	5,872,031	7,060,364	7,833,252	10,989,099	91.15%
Local Sales & Use Taxes	3,651,226	4,048,832	3,861,683	4,104,440	4,430,693	4,326,594	4,753,295	5,214,209	6,054,087	6,326,892	73.28%
Business License Taxes	1,178,435	1,423,571	1,181,072	1,401,431	1,327,635	1,302,313	1,289,976	1,514,267	1,748,226	1,705,590	44.73%
Lodging Taxes	1,099,052	1,186,427	1,252,539	1,368,400	1,417,096	1,201,891	1,353,825	1,810,057	2,128,672	3,098,685	181.94%
Bank Stock Taxes	450,157	384,303	345,315	437,918	401,879	336,444	395,621	371,496	314,223	373,578	-17.01%
Motor Vehicle License Tax	278,234	237,286	246,335	276,616	273,958	251,333	257,137	245,673	229,111	253,184	-9.00%
Cigarette Taxes	346,317	426,930	530,684	465,120	512,787	469,965	462,985	421,514	392,583	443,887	28.17%
Consumer Utility Taxes	146,758	153,801	154,648	155,204	169,807	160,981	161,001	167,309	182,752	206,774	40.89%
Taxes on Recordation & Wills	185,565	175,229	156,898	235,294	180,814	150,607	201,806	359,596	248,520	303,485	63.55%
Admissions Tax (1)	99,969	127,527	112,905	113,621	110,635	94,828	23,267	46,746	112,690	125,734	25.77%
Electric Consumption Tax	79,959	75,235	72,174	74,704	80,999	73,718	73,776	73,794	72,223	74,526	-6.79%
Casino gaming taxes	-	-	-	-	-	-	-	-	-	713,390	100.00%
Total Revenues	\$ 29,117,696	\$ 30,511,538	\$ 31,860,324	\$ 32,046,941	\$ 32,858,205	\$ 32,235,716	\$ 33,513,717	\$ 36,183,436	\$ 39,163,033	\$ 46,422,256	

(1) In FY2015, the City adopted an admission tax.

CITY OF BRISTOL, VIRGINIA
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended	Real Property			Public Service Corporation		
	Assessed Value	Estimated Actual Value	Assessment Ratio	Assessed Value (1)	Estimated Actual Value	Assessment Ratio
2024	\$ 1,356,186,788	\$ 1,356,186,788	1.00	\$ 17,682,462	\$ 17,682,462	1.00
2023	1,325,355,588	1,325,355,588	1.00	19,349,362	19,349,362	1.00
2022	1,311,526,174	1,311,526,174	1.00	21,604,349	21,604,349	1.00
2021	1,254,351,740	1,254,351,740	1.00	22,454,999	22,454,999	1.00
2020	1,193,607,995	1,193,607,995	1.00	22,200,800	22,200,800	1.00
2019	1,173,098,670	1,173,098,670	1.00	23,711,543	23,711,543	1.00
2018	1,139,516,616	1,139,516,616	1.00	32,463,546	32,463,546	1.00
2017	1,090,010,193	1,090,010,193	1.00	19,237,431	19,237,431	1.00
2016	1,046,135,062	1,046,135,062	1.00	19,271,970	19,271,970	1.00
2015	1,033,266,400	1,033,266,400	1.00	18,941,715	18,941,715	1.00

Fiscal Year Ended	Personal Property			Machinery & Tools (2)			Assessment Ratio
	Personal Property	Estimated Actual Value	Assessment Ratio	Furniture & Furnishings (2)	Estimated Actual Value (2)	Assessment Ratio	
2024	\$ 137,152,871	\$ 137,152,871	1.00	\$ -	\$ -	-	0.30
2023	127,446,080	127,446,080	1.00	-	-	-	0.30
2022	107,099,063	107,099,063	1.00	-	-	-	0.30
2021	100,066,044	100,066,044	1.00	-	-	-	-
2020	101,903,441	96,799,208	1.05	28,081,014	234,008,450	0.12	-
2019	96,799,208	96,799,208	1.00	26,488,817	220,740,142	0.12	-
2018	96,645,353	96,645,353	1.00	25,355,759	211,297,992	0.12	-
2017	98,420,988	98,420,988	1.00	23,244,042	211,309,473	0.11	-
2016	92,816,997	92,816,997	1.00	28,808,328	261,893,891	0.11	-
2015	26,968,568	89,895,227	0.30	28,454,655	258,678,682	0.11	-

Fiscal Year Ended	Business Furniture & Fixtures (2)			Mobile Homes			Assessment Ratio
	Business Furniture & Fixtures (2)	Estimated Actual Value (2)	Assessment Ratio	Mobile Homes	Estimated Actual Value	Assessment Ratio	
2024	\$ 20,888,692	\$ 174,072,433	0.12	\$ 899,629	\$ 899,629	1.00	-
2023	16,268,696	135,572,467	0.12	969,765	969,765	1.00	-
2022	16,755,788	139,631,567	0.12	937,797	937,797	1.00	-
2021	-	-	-	898,067	898,067	1.00	-
2020	-	-	-	930,453	930,453	1.00	-
2019	-	-	-	1,018,400	1,018,400	1.00	-
2018	-	-	-	1,038,533	1,038,533	1.00	-
2017	-	-	-	1,052,119	1,052,119	1.00	-
2016	-	-	-	1,550,826	1,550,826	1.00	-
2015	-	-	-	1,505,142	1,505,142	1.00	-

(1) Assessed values are established by the State Corporation Commission

(2) In fiscal year 2022, the assessments changed relating to machinery and tools tax and business furniture and fixtures. Prior to 2021, these two tax types were included together in the above table.

CITY OF BRISTOL, VIRGINIA
Property Tax Rates and Tax Levies
Last Ten Fiscal Years

Fiscal Year Ended	Real Property		Public Service Corporation	
	Direct Tax Rate (1)	Levy	Direct Tax Rate (1)	Levy
2024	\$ 1.17	\$ 15,736,606	\$ 1.12	\$ 202,201
2023	1.12/1.17*	15,056,333	1.12	223,565
2022	1.12	14,570,394	1.12	260,373
2021	1.17/1.12*	14,248,489	1.17/1.12*	253,331
2020	1.17	13,884,990	1.17	259,749
2019	1.17	13,661,145	1.17	277,425
2018	1.17	13,394,191	1.17	379,824
2017	1.19	13,137,763	1.19	228,925
2016	1.12	12,403,015	1.12	215,846
2015	1.07	11,400,248	1.07	202,676

Personal Property						
Fiscal Year Ended	Personal Property		Machinery & Tools/ Business Furniture & Fixtures (4)		Machinery & Tools (4)	
	Direct Tax Rate (1)	Levy (2) (3)	Direct Tax Rate (1)	Levy	Direct Tax Rate (1)	Levy
2024	\$ 2.60	\$ 3,565,974	\$ -	\$ -	\$ 2.60	\$ 736,146
2023	2.60	3,313,597	-	-	2.60	799,904
2022	2.60	2,784,740	-	-	2.60	768,353
2021	2.60	2,601,718	7.00	1,965,671	-	-
2020	2.60	2,649,490	7.00	1,854,217	-	-
2019	2.60	2,516,779	7.00	1,774,903	-	-
2018	2.60	2,512,779	7.00	1,627,083	-	-
2017	2.60	2,559,083	7.00	2,016,583	-	-
2016	2.10	1,949,185	7.00	1,991,826	-	-
2015	2.10	1,887,799	7.00	2,055,810	-	-

Fiscal Year Ended	Business Furniture & Fixtures (4)		Mobile Homes	
	Direct Tax Rate (1)	Levy	Direct Tax Rate (1)	Levy
2024	\$ 7.00	\$ 1,462,209	\$ 1.12	\$ 10,526
2023	7.00	1,138,809	1.12	10,861
2022	7.00	1,172,905	1.12	10,503
2021	-	-	1.17/1.12*	10,507
2020	-	-	1.17	10,886
2019	-	-	1.17	11,915
2018	-	-	1.17	12,151
2017	-	-	1.19	12,520
2016	-	-	1.12	11,557
2015	-	-	1.07	10,612

(1) The City is autonomous from any other political subdivision of the Commonwealth of Virginia, and there are no overlapping taxing powers with other political subdivisions.

(2) Levy includes the state portion of the Personal Property Tax Relief Act

(3) Levy does not include the vehicle license fee

* The Real Property Tax Rate was \$1.17 per \$100 of value for the December 5, 2020 tax due date and \$1.12 per \$100 of value for the June 5, 2021 tax due date.

(4) In fiscal year 2022, the assessments changed relating to machinery and tools tax and business furniture and fixtures. Prior to 2021, these two tax types were included together in the above table.

* The Real Property Tax Rate was \$1.12 per \$100 of value for the December 5, 2022 tax due date and \$1.17 per \$100 of value for the June 5, 2023 tax due date.

Source: Commissioner of the Revenue

Table 8

CITY OF BRISTOL, VIRGINIA
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount (1)	Percentage of Levy		Amount	Percentage of Levy
2024	\$ 21,713,662	\$ 20,501,475	94.42%	\$ -	\$ 20,501,475	94.42%
2023	20,543,069	19,262,781	93.77%	896,240	20,159,021	98.13%
2022	19,567,268	18,012,602	92.05%	1,425,092	19,437,694	99.34%
2021	19,079,716	18,065,798	94.69%	933,520	18,999,318	99.58%
2020	18,659,332	17,766,271	95.21%	849,133	18,615,404	99.76%
2019	18,242,167	16,707,854	91.59%	1,523,486	18,231,340	99.94%
2018	17,926,028	16,519,367	92.15%	1,397,227	17,916,594	99.95%
2017	17,954,874	16,448,984	91.61%	1,494,383	17,943,367	99.94%
2016	16,571,429	14,835,535	89.52%	1,728,932	16,564,467	99.96%
2015	15,557,145	14,162,206	91.03%	1,388,658	15,550,864	99.96%

Source: Commissioner of Revenue, City Treasurer's office

(1) Includes collections and assessments under the State's PPTRA program

Table 9

CITY OF BRISTOL, VIRGINIA
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Description	Fiscal Year 2024				Fiscal Year 2015			
		Taxable Assessed Valuation	Rank	% of Total Taxable Assessed Value		Taxable Assessed Valuation	Rank	% of Total Taxable Assessed Value	
Bristol Mall Holding Company (former shopping mall)	Casino	\$ 47,352,400	1	3.4%		\$ -	-	0.0%	
One Alpha Place LLC	Office Building	17,975,600	2	1.3%		17,547,000	1	1.5%	
US Magis International	College	10,618,200	3	0.8%		-	-	0.0%	
401 Gordon Ave LLC	Assisted Living	10,251,400	4	0.7%		-	-	0.0%	
Lowes Home Centers LLC	Retail	10,010,500	5	0.7%		-	-	0.0%	
CFOC Bristol VA LLC	Hotel	10,000,000	6	0.7%		-	-	0.0%	
D&J Virginia Real Estate LLC	Hotel	8,711,000	7	0.6%		9,078,400	4	0.8%	
Bristol Va Realty LLC	Realty	8,677,000	8	0.6%		-	-	0.0%	
Bristol Hotel Master Landlord	Hotel	8,500,000	9	0.6%		-	-	0.0%	
HD Development of MD, Inc.	Retail	8,181,800	10	0.6%		8,392,900	5	0.7%	
Bristol Mall Associates	Shopping Mall	-		0.0%		16,871,900	2	1.4%	
Virginia Intermont College	College	-		0.0%		11,603,500	3	1.0%	
Debra Jean Limited	Movie Theatre	-		0.0%		7,287,900	6	0.6%	
BLC Bristol-GC LLC-Brookdale Assisted Living	Assisted Living	-		0.0%		6,895,900	7	0.6%	
Apple Nine SPE Bristol (Marriot)	Hotel	-		0.0%		6,502,700	8	0.5%	
Ball Metal Beverage Container Corp	Manufacturing	-		0.0%		5,733,000	9	0.5%	
Cabela's Wholesale Inc	Shopping Center	-		0.0%		5,670,000	10	0.5%	
Totals		140,277,900		10.2%		95,583,200		8.0%	

Source: Commissioner of Revenue

Table 10

CITY OF BRISTOL, VIRGINIA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds (1)	Literary Loans	Lease Revenue Note	Loans Payable (3)	Lease Liabilities (3)	General Obligation Bonds (1)	Loans Payable (3)	Lease Liabilities (3)			
2024	\$ 129,472,268	\$ -	\$ 24,889,308	\$ 816,882	\$ 2,354,200	\$ -	\$ -	\$ -	\$ 157,532,658	20.07%	\$ 9,373
2023	102,224,000	-	24,953,073	1,250,358	2,800,200	-	-	-	131,227,631	16.72%	7,808
2022	71,222,580	-	25,016,838	630,298	2,721,538	34,197,769	1,048,934	812,610	135,650,567	17.11%	7,991
2021	73,042,660	-	-	3,328,674	-	35,002,728	735,993	-	112,110,055	13.76%	6,511
2020	73,739,125	-	-	3,874,902	-	33,956,617	311,747	-	111,882,391	15.65%	6,498
2019	73,836,635	-	-	3,695,125	-	34,461,790	131,317	-	112,124,867	15.97%	6,534
2018	74,220,358	-	-	3,055,373	-	34,952,622	239,729	-	112,468,082	16.02%	6,554
2017	72,578,145	240,000	-	3,979,839	-	34,159,171	311,929	-	111,269,084	16.51%	6,484
2016	68,780,899	480,000	-	4,251,733	-	32,501,822	324,570	-	106,339,024	16.36%	6,018
2015	69,549,353	720,000	-	1,411,911	-	32,783,774	234,067	-	104,699,105	15.16%	5,940

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Includes Unamortized Bond Premiums and bond anticipation notes

(2) See the Table 13 - Demographic and Economic Statistics for personal income and population data

(3) Lease liabilities meet the definition of lease under GASB 87. Loans payable are finance purchases and capital leases prior to fiscal year 2022.
-During fiscal year 2023, the City discontinued operations of the solid waste disposal fund and all remaining balances were transferred to governmental activities.

CITY OF BRISTOL, VIRGINIA
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Real Property (2)	Per Capita (3)
	General Obligation Bonds (1)	Total		
2024	\$ 129,472,268	\$ 129,472,268	9.42%	7,703
2023	102,224,000	102,224,000	7.60%	6,082
2022	105,420,349	105,420,349	7.91%	6,210
2021	108,045,388	108,045,388	8.46%	6,275
2020	107,695,742	107,695,742	8.86%	6,254
2019	108,298,425	108,298,425	9.05%	6,311
2018	109,172,980	109,172,980	9.32%	6,362
2017	106,737,316	106,737,316	9.62%	6,220
2016	101,282,721	101,282,721	9.51%	5,732
2015	102,333,127	102,333,127	9.73%	5,806
2014	94,838,532	94,838,532	8.91%	5,361

(1) Includes Unamortized Bond Premiums and bond anticipation notes

(2) See Table 6-Assessed Value and Estimated Actual Value of Taxable Property for real property value data(which includes Public Service Corporations)

(3) See the Table 13-Demographic and Economic Statistics for personal and population data.

CITY OF BRISTOL, VIRGINIA
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt limit	\$ 107,947,859	\$ 107,947,859	\$ 113,882,533	\$ 117,848,900	\$ 120,737,519	\$ 121,580,880	\$ 127,759,931	\$ 133,477,375	\$ 134,470,495	\$ 137,386,925
Total net debt applicable to limit	102,070,000	104,212,721	106,737,316	109,172,980	108,298,425	107,695,742	108,045,388	105,420,349	102,224,000	129,472,268
Legal debt margin	\$ 5,877,859	\$ 3,735,138	\$ 7,145,217	\$ 8,675,920	\$ 12,439,094	\$ 13,885,138	\$ 19,714,543	\$ 28,057,026	\$ 32,246,495	\$ 7,914,657
Total net debt applicable to the limit as a percentage of debt limit	94.55%	96.54%	93.73%	92.64%	89.70%	88.58%	84.57%	78.98%	76.02%	94.24%
Legal Debt Margin Calculation for Fiscal Year 2024										
Assessed value										\$ 1,373,869,250
Total assessed value										\$ 1,373,869,250
Debt limit (10% of total assessed value)										\$ 137,386,925
Net debt applicable to limit										129,472,268
Legal debt margin										\$ 7,914,657

Note: Includes General Real Estate and Public Service Corporation Real Estate

CITY OF BRISTOL, VIRGINIA
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1) (2)	Per Capita				Median Age	School Enrollment (4)	Unemployment Rate (5)
		Personal Income	Personal Income (3)	EST	EST			
2024	16,807	\$ 784,987,742	\$ 46,706	EST	43.7	2,035	2.8%	
2023	16,807	784,987,742	46,706		43.7	2,093	3.6%	
2022	16,975	792,834,350	46,706		43.4	2,097	3.2%	
2021	17,219	814,630,890	47,310		43.4	2,116	5.7%	
2020	17,219	714,812,347	41,513		42.2	2,134	9.8%	
2019	17,160	702,049,920	40,912		42.2	2,129	3.9%	
2018	17,160	702,049,920	40,912		42.2	2,157	4.2%	
2017	17,160	673,856,040	39,269		42.9	2,171	4.3%	
2016	17,669	649,865,820	36,780		42.9	2,193	5.2%	
2015	17,625	690,494,625	39,177		42.6	2,182	5.9%	

(1) Population, school enrollment, and unemployment figures are based on fiscal year ending June 30. Per Capita Income is as of December 31.

(2) Population is based on figures available from the U.S. Census Bureau

(3) Source: Bureau of Economic Analysis US Department of Commerce

Per Capita Income is based on City of Bristol, Virginia + Washington County, Virginia

(4) Source: Bristol Virginia School System; does not include preschool enrollment

(5) Source: Virginia Employment Commission

CITY OF BRISTOL, VIRGINIA
Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2024			Fiscal Year 2015		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Hard Rock	750	1	21.80%			
Electro Mechanical Corporation	529	2	15.37%	528	2	15.95%
Bristol, Virginia Public School	481	3	13.98%			
City of Bristol Virginia	350	4	10.17%	720	1	21.75%
Amazon	300	5	8.72%			
Strongwell	250	6	7.27%	300	5	9.06%
KVAT	243	7	7.06%			
Shearer's	228	8	6.63%	327	4	9.88%
Commonwealth of Virginia (VDOT)	192	9	5.58%	365	3	11.03%
Aerus	118	10	3.43%	154	10	4.65%
Office Max				209	9	6.31%
Alpha Natural Resources				226	7	6.83%
United Parcel Service				266	6	8.04%
Ball Corporation				215	8	6.50%
Totals	3,441		100.00%	3,310		100.00%

* 2015 employees for Bristol, Virginia School System are included in the figure for City of Bristol, Virginia

Source: Economic Development

CITY OF BRISTOL, VIRGINIA
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government	23	23	26	23	23	24	23	23	26	31
Judicial administration	16	17	18	18	17	21	22	22	22	23
Public safety	167	173	176	179	178	178	175	179	145	145
Public works	30	31	32	34	30	31	30	30	30	33
Solid waste	29	26	25	25	23	23	23	23	28	21
Health and welfare	43	42	43	40	40	42	37	41	43	43
Parks, recreation, and cultural	25	25	23	23	21	21	20	19	20	20
Library	23	29	22	22	21	22	24	24	26	23
Community development	10	9	8	8	6	7	7	6	5	5
Transit	6	6	7	7	7	8	8	7	8	7
Totals	372	381	380	379	366	375	369	374	352	350

Source: Adopted Budget Book, Library, and Department of Social Services

CITY OF BRISTOL, VIRGINIA
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Judicial Administration										
Sheriff:										
Inmates Housed (Daily)****	144	140	145	151	155	148	148	139	-	-
Inmate Transports	522	519	568	917	934	705	812	2,294	319	462
Courts Worked	598	609	563	541	576	610	651	534	516	596
Public Safety										
Police:										
Criminal Warrants	2,276	2,419	2,273 *	1,710	2,542	2,193 ***	990 ***	1,973	2,809	3,359
Parking Violations	85	114	70	156	61	217 ***	15 ***	15	35	37
Traffic Violations	4,584	4,674	4,646 *	4,513	5,055	4,657 ***	2,733 ***	3,526	4,658	5,604
Fire-Current:										
Fire Responses	88	95	109	108	108	109	122	128	98	139
EMS Responses	1,598	990	1,389	1,836	2,833	3,074	3,221	3,122	2,904	2,798
Hazmat Responses	50	42	46	37	11	53	56	51	62	50
Other Responses	786	555	669	599	626	570	505	617	641	686
Public Works										
Refuse Collected (tons per day)	28	28	28	28	29	31	32	33	40	41
Recyclables collected (tons per day)	11	10	11	10	11	11	10	9	2	-
Library										
Volumes in collection	165,534	162,271	172,688	175,930	179,797	182,121	184,731	190,812	195,740	202,192
Total Circulated	312,565	287,868	280,164	275,015	279,200 **	264,453	231,146	271,815	281,239	283,740

*9 months of data

**Library closed 3/18/2020 - 5/6/2020 due to COVID19 pandemic

***5 months of data due to data loss

****During fiscal year 2023, the City became a member of the Southwest Virginia Regional Jail Authority.

Source: Individual City Departments. Prior year information provided to the extent available.

CITY OF BRISTOL, VIRGINIA
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public safety										
Law Enforcement Vehicles	64	67	67	60	61	55	62	63	62	75
Fire Stations	3	3	3	3	3	3	3	3	3	3
Public works										
Primary Streets (lane miles)	50.64	49.67	49.63	52.07	54.73	54.73	55.47	55.69	55.69	55.47
Secondary Streets (lane miles)	210.49	207.43	214.96	218.00	219.64	219.64	218.97	219.35	219.35	219.57
Parks, Recreation, and Cultural										
Community Center	1	1	1	1	1	1	1	1	1	1
Parks/Athletic Fields	18	18	18	18	18	18	18	18	17	17

Source: Individual City Departments. Prior year information provided to the extent available.

COMPLIANCE SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

**To the Members of the City Council
City of Bristol, Virginia
Bristol, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bristol, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Bristol, Virginia's basic financial statements, and have issued our report thereon dated November 21, 2024.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bristol, Virginia'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.

Polina, Jane, Cox Associates

Blacksburg, Virginia
November 21, 2024



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Members of the City Council
City of Bristol, Virginia
Bristol, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Bristol, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Bristol, Virginia's major federal programs for the year ended June 30, 2024. The City of Bristol, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The City of Bristol, Virginia's basic financial statements include the operations of the City of Bristol, Virginia School Board, which expended \$9,605,227 in federal awards which is not included in the City of Bristol, Virginia's schedule of expenditure of federal awards during the year ended June 30, 2024. Our audit, described below, did not include the operations of the City of Bristol, Virginia School Board because the component unit engaged other auditors to perform an audit of compliance.

In our opinion, the City of Bristol, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Bristol, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Bristol, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Bristol, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Polina, Fane, Cox Associates

Blacksburg, Virginia
November 21, 2024

City of Bristol, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF AGRICULTURE:			
Pass Through Payments:			
State Department of Social Services:			
SNAP Cluster:			
		0010123/0010124/0030124 /0040123/004124/0050123 /0050124	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 582,834
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass Through Payments:			
State Department of Social Services:			
Guardianship Assistance	93.090	1110123/1110124	\$ 443
Title IV-E Prevention Program	93.472	1140123/1140124	6,274
Mary Lee Allen Promoting Safe and Stable Families	93.556	0950122/0950123	28,601
Temporary Assistance for Needy Families	93.558	0400123/0400124	380,770
Refugee and Entrant Assistance-State/Replacement Designee Administered Programs	93.566	0500123/0500124	1,612
Low-Income Home Energy Assistance	93.568	0600423/0600424	82,129
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900122/0900123	294
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760123/0760124	75,510
Chafee Education and Training Vouchers Program	93.599	9160123	214
Adoption and Legal Guardianship Incentive Payments	93.603	1130122	5,999
Foster Care - Title IV-E	93.658	1100123/1100124	398,805
Adoption Assistance	93.659	1120123/1120124	846,956
Social Services Block Grant	93.667	1000123/1000124	532,431
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150122/9150123	8,233
Elder Abuse Prevention Interventions Program	93.747	8000321	20,950
Children's Health Insurance Program	93.767	0540123/0540124	5,344
Medicaid Cluster:			
Medical Assistance Program	93.778	1200123/1200124	460,764
Total Department of Health and Human Services			\$ 2,855,329
DEPARTMENT OF HOMELAND SECURITY:			
Pass Through Payments:			
State Department of Emergency Management:			
Homeland Security Grant Program	97.067	EMW-2023-SS-00109	\$ 94,216
Emergency Management Performance Grants	97.042	Program 776002	38,849
Total Department of Homeland Security			\$ 133,065
DEPARTMENT OF TREASURY:			
Direct Payments:			
COVID-19-Coronavirus State and Local Fiscal Recovery Fund	21.027	not applicable	\$ 636,258
Pass Through Payments:			
Department of Criminal Justice Services:			
COVID-19-Coronavirus State and Local Fiscal Recovery Fund	21.027	510029	477,000
State Department of Social Services:			
COVID-19-Coronavirus State and Local Fiscal Recovery Fund	21.027	not available	5,992 \$ 1,119,250
State Department of Accounts:			
COVID-19-Coronavirus Relief Fund	21.019	not available	63,962
Total Department of Treasury			\$ 1,183,212
DEPARTMENT OF JUSTICE:			
Direct Payments:			
Equitable Sharing Program	16.922	not applicable	\$ 75,280
Pass Through Payments:			
State Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	122648	72,110
Violence Against Women Formula Grants	16.588	124538	35,885
Public Safety Partnership and Community Policing Grants	16.710	not available	120,942
Edward Byrne Memorial Justice Assistance Grant Program	16.738	not available	5,499
Total Department of Justice			\$ 309,716

City of Bristol, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Direct Payments:			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants	14.218	not applicable	\$ 387,167
DEPARTMENT OF TRANSPORTATION:			
Pass Through Payments:			
State Department of Rail and Transportation:			
Federal Transit Cluster:			
Federal Transit Formula Grants	20.507	not available	\$ 358,141
State Department of Motor Vehicles:			
Federal Transit Capital Investment Grants	20.500	not available	109,802
Total Federal Transit Cluster			\$ 467,943
Virginia Department of Transportation:			
Highway Planning and Construction	20.205	50232302/5014410/5014310	230,462
Highway Safety Cluster:			
State and Community Highway Safety	20.600	53400/54018	36,444
Total Department of Transportation			\$ 734,849
ENVIRONMENTAL PROTECTION AGENCY:			
Pass through payments:			
Environmental Protection Agency			
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	not available	\$ 35,161
Total Expenditures of Federal Awards			\$ 6,221,333

Notes to Schedule of Expenditures of Federal Awards

Note A-Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Bristol, Virginia under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the City of Bristol, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Bristol, Virginia.

Note B-Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

(2) Pass-through entity identifying number are presented where available.

(3) The City did not elect the 10% de minimus indirect cost rate because they only request direct costs for reimbursement.

Note C-Loans and Loan Guarantees:

The City did not have any loans or loan guarantees which are subject to reporting requirements for the current year.

Note D-Subrecipients:

The City did not have any subrecipients during the fiscal year.

Note E-Relationship to the Financial Statements:

Federal expenditures, revenues and capital contributions are reported in the City's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

Intergovernmental revenue (exhibit 5)	\$ 22,171,775
Intergovernmental revenue (exhibit 8)	698,589
Less: Equitable sharing received and restricted at year end.	(5,612)
Less: State aid and QSCB subsidy	(16,643,419)

Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 6,221,333
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City of Bristol, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section, 200.516 (a)?	No

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
93.659	Adoption Assistance
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
21.027	COVID - 19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

City of Bristol, Virginia

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

No prior year findings