

CITY OF BRISTOL, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2022

City of Bristol, Virginia
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022



The Finance Department is Responsible for Preparation of this Report

CITY OF BRISTOL, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	1-5
GFOA Certificate of Achievement	6
Organizational Chart	7
List of Elected and Appointed Officials	8

FINANCIAL SECTION

Independent Auditors' Report	9-12
Management's Discussion and Analysis	13-24

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	1	25
Statement of Activities	2	26
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	27
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	28
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	5	29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities ...	6	30
Statement of Net Position - Proprietary Funds.....	7	31
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8	32-33
Statement of Cash Flows - Proprietary Funds	9	34
Statement of Fiduciary Net Position - Fiduciary Funds	10	35
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	11	36
Notes to Financial Statements		37-94

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		
General Fund.....	12	95
Schedule of Employer's Proportionate Share of the Net Pension Liability.....	13	96
Schedule of Employer Contributions - Pension Plan	14	97
Notes to Required Supplementary Information - Pension Plan.....	15	98
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios.....	16	99

CITY OF BRISTOL, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information: (Continued)		
Notes to Required Supplementary Information-City OPEB.....	17	100
Schedule of City's Share of Net OPEB Liability - Group Life Insurance Plan.....	18	101
Schedule of Employer Contributions - Group Life Insurance Plan	19	102
Notes to Required Supplementary Information-Group Life Insurance Plan	20	103
Schedule of Employer's Share of Net LODA OPEB Liability	21	104
Schedule of Employer Contributions - LODA	22	105
Notes to Required Supplementary Information - LODA	23	106
Other Supplementary Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		
CDBG Fund	24	107
Statement of Net Position		
Component Unit - Industrial Development Authority.....	25	108
Statement of Revenues, Expenses, and Changes in Net Position		
Component Unit - Industrial Development Authority.....	26	109
Statement of Cash Flows		
Component Unit - Industrial Development Authority.....	27	110
	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues - Budget and Actual - Governmental Funds	1	111-114
Schedule of Expenditures - Budget and Actual - Governmental Funds	2	115-118
Statistical Section:		
	<u>Table</u>	<u>Page</u>
Net Position by Component.....	1	119
Changes in Net Position	2	120-121
Fund Balances of Governmental Funds	3	122
Changes in Fund Balances of Governmental Funds	4	123
General Governmental Tax Revenues by Source	5	124
Assessed Value and Estimated Actual Value of Taxable Property	6	125
Property Tax Rates and Tax Levies.....	7	126
Property Tax Levies and Collections	8	127
Principal Property Taxpayers.....	9	128
Ratios of Outstanding Debt by Type.....	10	129
Ratios of General Bonded Debt Outstanding.....	11	130
Legal Debt Margin Information.....	12	131

CITY OF BRISTOL, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS (CONTINUED)

Statistical Section: (Continued)	<u>Table</u>	<u>Page</u>
Demographic and Economic Statistics	13	132
Principal Employers	14	133
Full-time Equivalent City Government Employees by Function/Program	15	134
Operating Indicators by Function	16	135
Capital Asset Infrastructure Statistics by Function/Program	17	136

COMPLIANCE SECTION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	137-138
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	139-141
Schedule of Expenditures of Federal Awards	142-143
Schedule of Findings and Questioned Costs	144-145
Summary Schedule of Prior Audit Findings	146

INTRODUCTORY SECTION



City of Bristol, Virginia

November 25, 2022

To the Honorable Mayor, Members of City Council and the Citizens of the City 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, 2022 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).

This report consists of the City's representations concerning the finances of the City of Bristol, Virginia. Consequently, the City assumes full responsibility for the completeness and reliability of all of the information presented in this report. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures that are necessary to enable the reader to gain an understanding of the City's financial structures have been included.

This report includes all funds of the City, as well as all of its component units. Component units are legally separate entities for which the City is financially accountable. The City of Bristol, Virginia School Board and Industrial Development Authority are discretely presented in the financial statements to emphasize that they are legally separate from the City.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Financial Information

Management of the City is responsible for establishing and maintaining internal controls designed to ensure that all assets of the City are protected from loss, theft or misuse and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Independent Audit. The City Charter requires that an annual audit be made of the accounts, books, records and financial transactions of the City departments by the auditor of public accounts of the Commonwealth or by a firm of independent certified public accountants. This fiscal year, the City engaged Robinson, Farmer, Cox Associates, PLLC, 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, 2022 are fairly presented in conformity with generally accepted accounting principles.

Budgeting Controls. In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Activities of the General Fund, Special Revenue Funds and Proprietary Funds are included in the annual appropriated budget. The level of budgetary control is established on the department or activity level within an individual fund.

Profile of the Government

The City of Bristol, Virginia was founded in 1856 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 17,219.

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 by majority vote of all members of Council from its own members. Council appoints a City Manager to act as 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.

Annually, the City Manager submits the recommended budget to City Council. In accordance with the City Charter, the Council approves the annual appropriation ordinance 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 budget appropriations for the ensuing year.

Factors Affecting Financial Condition

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 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 new 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.

Despite the successful commercial development and new housing development over the last ten years, Bristol has significant community development needs. Approximately 68% of the total housing stock in Bristol is 50 years or older, and many houses are in need of rehabilitation. Multi-family units account for 22% of the homes in the City. The City has been working on housing rehabilitation as well as blight reduction, through its Community Development Block Grant program, and the City has several older neighborhoods that are designated historic districts. The 2021 median household income in Bristol, Virginia was \$43,879, with 17.76% of the population falling below the poverty level. The four (4) largest employers are Hard Rock Casino (16.9%), Electro Mechanical Corporation (13.7%), Bristol, Virginia Schools (13.5%) and the City of Bristol, Virginia (10.5%).

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 six 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 Minor League Baseball Park.

Long-Term Financial 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 January 2021, 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.

In March 2017, the City Council adopted a new Comprehensive Plan for the City which addresses long-term goals and objectives for land use, transportation, community facilities, parks and recreation, and housing. The plan received accolades as an excellent example of what a small city can accomplish in terms of long-term planning, and won the Commonwealth Plan of the Year award from the Virginia Chapter of the American Planning Association. The plan is being used on a regular basis to guide decision-making, with a yearly review of recommended actions being prepared by the Planning Commission. Already a major overhaul of the city’s zoning ordinance is well underway and will result in a much-needed update and a new, “user-friendly” approach to land use regulations.

Financial Management Policies and Practices. 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. On November 28, 2017, the Bristol, Virginia City Council amended its Fund Balance policy. The City Council set the unassigned fund balance level at 18% of budgeted operating revenues. During fiscal year 2022, the City maintained unassigned fund balance levels above the policy amount.

On January 12, 2021, 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.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This was the City's second consecutive year for receiving this prestigious award. In order to be awarded a Certificate of Achievement, a government unit 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 our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another award.

The preparation of this report would not have been possible without the skill, effort and dedication of the Accounting staff. Credit is also due to all government departments for their assistance in providing the data necessary to prepare this report, and to the auditors for their assistance in the preparation of this report.

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

Respectfully submitted,



Randall C. Eads
City Manager



Janet Jennings
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, 2021

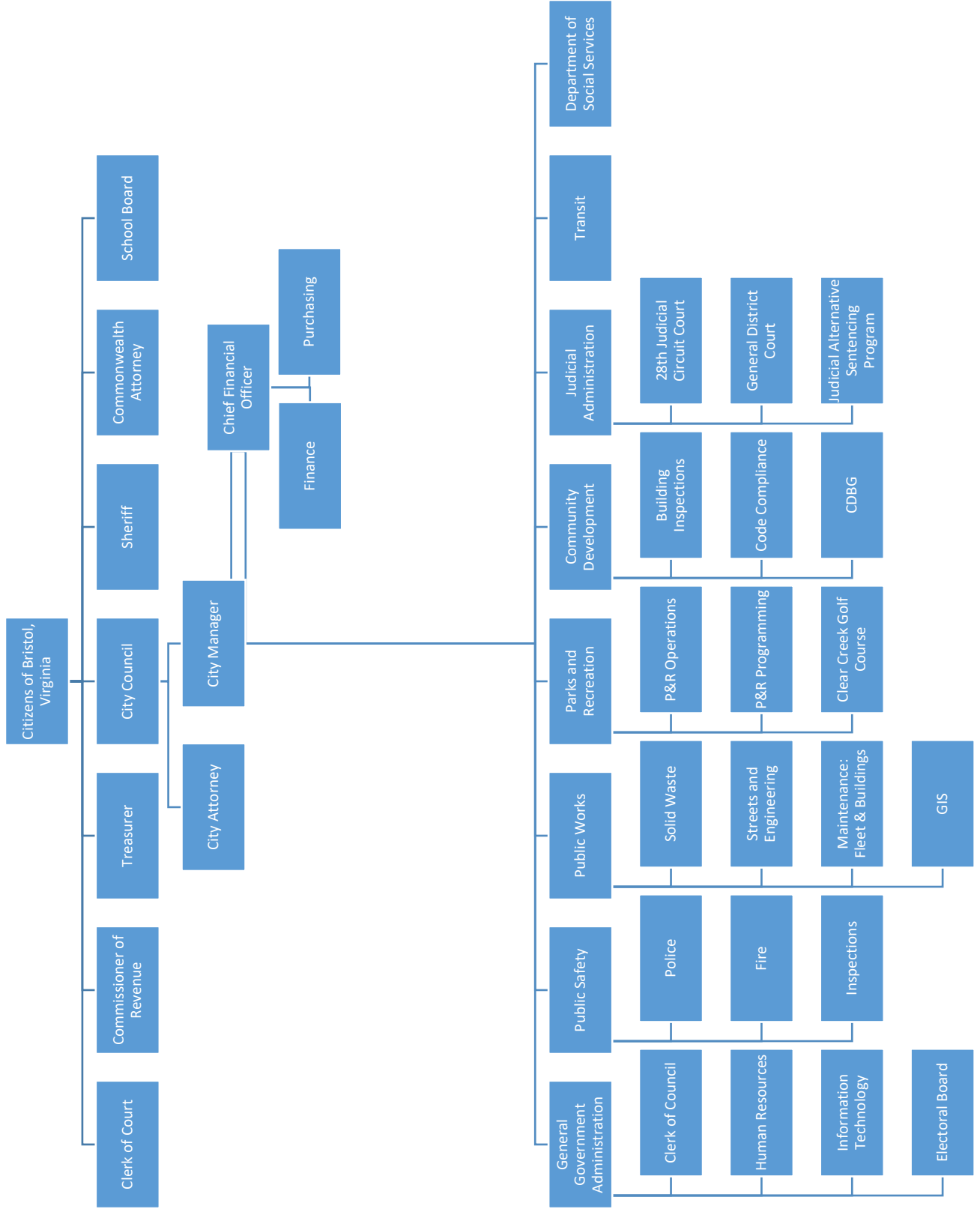
Christopher P. Morill

Executive Director/CEO



City of Bristol, Virginia

Organization Chart



CITY OF BRISTOL, VIRGINIA

MEMBERS OF CITY COUNCIL

Neal Osborne, Vice Mayor	Anthony Farnum, Mayor	Becky Nave
Kevin Wingard		Bill Hartley

CITY OFFICIALS

City Manager	Randall C. Eads
Chief Financial Officer	Janet Jennings
City Attorney.....	Randall C. Eads
City Clerk.....	William J. Lamie
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

Paul Conco, Chair	Jacqueline Nophlin, Vice Chair
Immanuel Morenings	Nick Esposito
Jan Huffman	Carly Thompson

SOCIAL SERVICES BOARD

David Maples, Chairman	
Rev. W.A. Johnson, Vice Chairman	Eula Wheeler
Becky Nave	Vicie Dotson

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, 2022, 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, 2022, 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 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 27 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 27. 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.

Emphasis of Matter - Litigation

As described in Note 22 to the financial statements, the City has been named in a lawsuit regarding the landfill operations. Our opinions are not modified with respect to this matter.

Change in Accounting Principle

As described in Note 25 to the financial statements, in 2022, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 26 to the financial statements, in 2022, the City restated beginning balances to reflect the requirements of GASB Statement Nos. 87 and merging the FSA fund into the General fund for presentation of the financial statements. 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 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 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 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 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 25, 2022, on our consideration of 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 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 City of Bristol, Virginia's internal control over financial reporting and compliance.

Robinson, Fawcett, & Associates

Blacksburg, Virginia
November 25, 2022

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, 2022. 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. All amounts included in this management's discussion and analysis, unless otherwise indicated, are expressed in the thousands of dollars.

Financial Highlights

- The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$6,731 (*negative net position*). Of this amount, \$(4,462) is invested in capital assets (*net of related debt*), \$307 is restricted for specific purposes and \$(2,576) is unrestricted.
- The City's overall net position increased by \$4,236. In addition, beginning net position increased \$27 to reflect the first-time inclusion of the FSA fund as part of the general fund and decreased \$11 to reflect the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$57,582, a current year increase of \$28,792. Of this amount, \$1,483 is nonspendable, \$24,978 is restricted for specific purposes, \$4,529 is committed, \$26 is assigned and \$26,566 is unrestricted. In addition, beginning fund balance increased \$27 to reflect the first-time inclusion of the FSA fund as part of the general fund.
- At the end of the current fiscal year, fund balance for the general fund was \$57,582, or 103% of total general fund expenditures including transfers out. This balance includes \$1,483 in nonspendable assets, \$24,978 of restricted funds, \$4,529 committed for specific purposes, \$26 of assigned funds and \$26,566 in unrestricted.
- The City's total outstanding long-term debt increased by \$23,059 (20%) during the current fiscal year, a combination of entering into a lease revenue note arrangement (\$24,520), additional capital leases and loans (\$2,128) and principal repayments (\$3,589).

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 solid waste and transit.

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 25 through 26 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. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data for the community development block grant fund (CDBG), a nonmajor governmental fund, 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 27 through 30 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 solid waste and transit funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the solid waste and transit operations, both of which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 31 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 through 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 can be found on pages 37 through 94 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension and 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

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 by \$6,731, at the close of the most recent fiscal year, an overall improvement of \$4,236 from the prior fiscal year. In addition, beginning net position increased \$27 to reflect the first-time inclusion of the FSA fund as part of the general fund and decreased \$11 to reflect the implementation of GASB Statement No. 87, *Leases*.

City of Bristol, Virginia's Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 83,440	\$ 48,545	\$ 5,232	\$ 4,854	\$ 88,672	\$ 53,399
Capital assets	85,507	89,178	17,329	16,676	102,836	105,854
Total assets	168,947	137,723	22,561	21,530	191,508	159,253
Total deferred outflows of resources	8,305	8,894	2,702	2,970	11,007	11,864
Long-term liabilities outstanding	118,676	110,211	49,999	50,134	168,675	160,345
Other liabilities	13,111	8,006	469	289	13,580	8,295
Total liabilities	131,787	118,217	50,468	50,423	182,255	168,640
Total deferred inflows of resources	25,985	13,292	1,006	168	26,991	13,460
Net position:						
Net investment in capital assets	11,961	14,366	(16,423)	(16,545)	(4,462)	(2,179)
Restricted	307	511	-	-	307	511
Unrestricted	7,212	231	(9,788)	(9,546)	(2,576)	(9,315)
Total net position	\$ 19,480	\$ 15,108	\$ (26,211)	\$ (26,091)	\$ (6,731)	\$ (10,983)

The largest portion of the City's negative net position (66%) reflects its investment in capital assets (e.g., land, buildings, equipment, vehicles and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Consequently, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

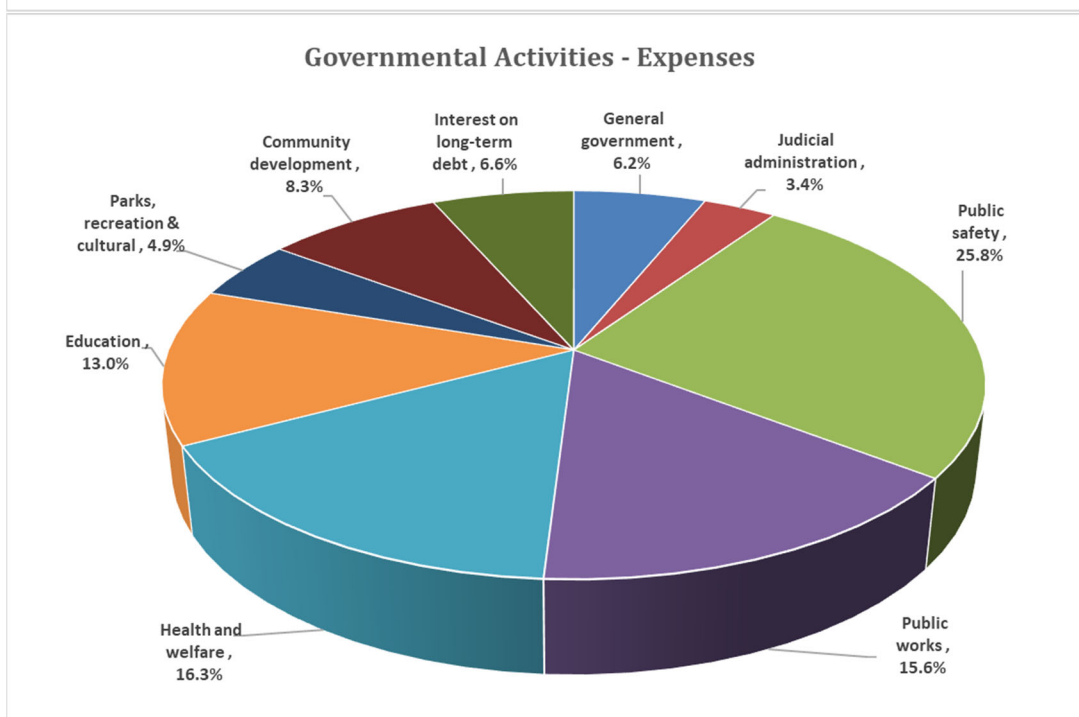
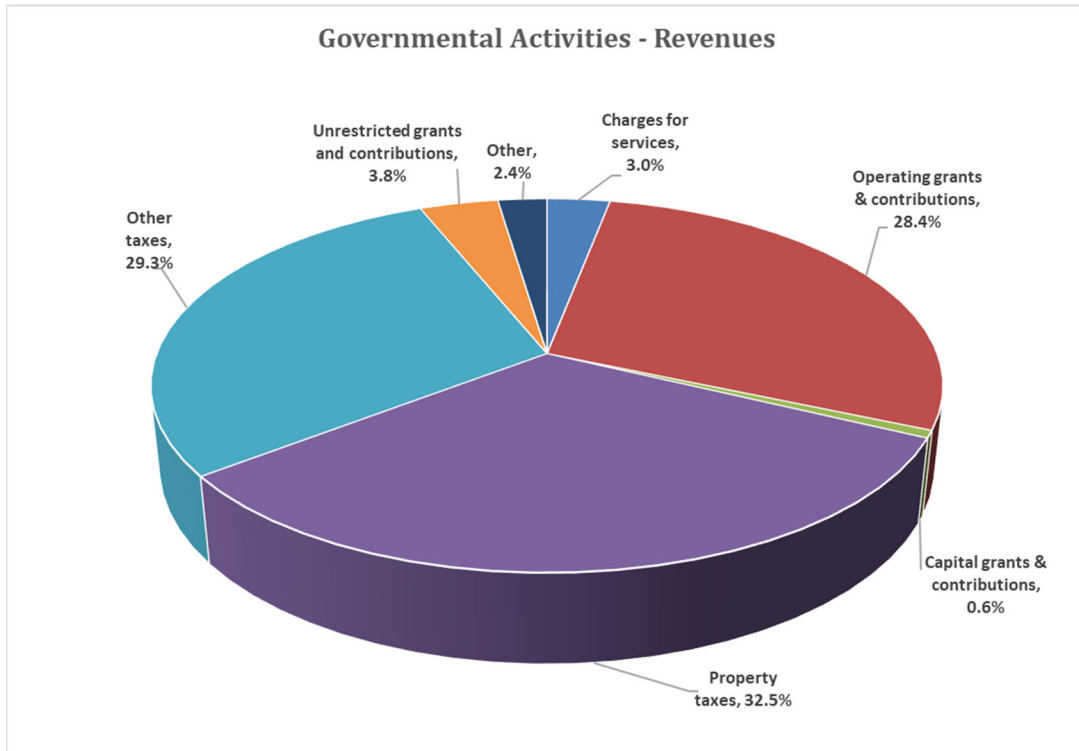
An additional portion of the City's net position (positive 4%) represents resources that are subject to external restrictions on how they may be used. The remaining negative net position (38%) reflects unrestricted net position that may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City reports positive balances in all categories of net position for the separate governmental activities and negative balances in all categories for the separate business-type activities. The reasons for the current year increase of \$4,236 are discussed in the sections for governmental activities and business-type activities, following the summary of changes in net position.

City of Bristol, Virginia's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 1,788	\$ 1,626	\$ 5,812	\$ 5,891	\$ 7,600	\$ 7,517
Operating grants & contributions	16,802	19,840	414	351	17,216	20,191
Capital grants & contributions	378	1,585	-	-	378	1,585
General revenues:						
Property taxes	19,195	18,675	-	-	19,195	18,675
Other taxes	17,285	14,845	-	-	17,285	14,845
Unrestricted grants and contributions	2,228	2,188	-	-	2,228	2,188
Other	1,395	1,305	22	49	1,417	1,354
Total revenues	<u>59,071</u>	<u>60,064</u>	<u>6,248</u>	<u>6,291</u>	<u>65,319</u>	<u>66,355</u>
Expenses:						
General government	3,249	3,421	-	-	3,249	3,421
Judicial administration	1,803	1,951	-	-	1,803	1,951
Public safety	13,621	16,475	-	-	13,621	16,475
Public works	8,203	8,011	-	-	8,203	8,011
Health and welfare	8,569	8,497	-	-	8,569	8,497
Education	6,829	7,524	-	-	6,829	7,524
Parks, recreation & cultural	2,609	2,683	-	-	2,609	2,683
Community development	4,358	4,774	-	-	4,358	4,774
Interest on long-term debt	3,481	3,120	-	-	3,481	3,120
Solid waste disposal	-	-	7,827	6,765	7,827	6,765
Transit	-	-	534	507	534	507
Total expenses	<u>52,722</u>	<u>56,456</u>	<u>8,361</u>	<u>7,272</u>	<u>61,083</u>	<u>63,728</u>
Increase (decrease) in net position before transfers	6,349	3,608	(2,113)	(981)	4,236	2,627
Transfers	<u>(1,962)</u>	<u>(136)</u>	<u>1,962</u>	<u>136</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	4,387	3,472	(151)	(845)	4,236	2,627
Net position, beginning	15,109	11,637	(26,092)	(25,247)	(10,983)	(13,610)
Prior period adjustment	<u>(16)</u>	<u>-</u>	<u>32</u>	<u>-</u>	<u>16</u>	<u>-</u>
Net position, ending	<u>\$ 19,480</u>	<u>\$ 15,109</u>	<u>\$ (26,211)</u>	<u>\$ (26,092)</u>	<u>\$ (6,731)</u>	<u>\$ (10,983)</u>

Governmental activities. During the current fiscal year, net position for governmental activities increased \$4,387 due mainly to an increase in cash generated by healthy tax revenue collections. In addition, beginning net position increased \$27 to reflect the first-time inclusion of the FSA fund as part of the general fund and decreased \$43 to reflect the implementation of GASB Statement No. 87, *Leases*. Governmental activities reported an ending net position balance of \$19,480. The following charts reflect the sources of revenue by category and the expenses by function, for the governmental activities.



Business-type activities. For the City's business-type activities, current year net position decreased \$151, due mainly to weak performance by the solid waste fund. Business-type activities reported an ending net position of \$(26,211). Key elements include:

- Solid waste activities contributed \$(98) of the net position decline as the result of revenues reporting no growth concurrent with operating expenses realizing a 23% increase. Expense increases were realized in professional services for specific landfill related services, utilities, landfill postclosure care and depreciation. A portion of solid waste funds are utilized to provide funding for debt principal repayments and capital asset purchases, as indicated in the statement of cash flows located on page 34 of this report.
- Transit activities contributed \$(53) of the net position decline as the result of revenues not being sufficient to cover depreciation, pension and OPEB related expenses.

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, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, it is useful to review the various classifications of fund balance in measuring the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$57,582, a current year increase of \$28,792. Additionally, beginning fund balance increased \$27 to reflect the first-time inclusion of the FSA fund as part of the general fund. Included in ending fund balance are assets of \$1,483 which are nonspendable, indicating that they are either not in a spendable form or must be maintained intact. Restricted fund balance of \$24,978 includes amounts legally constrained for capital projects (\$24,671), public safety (\$172) and legal revenue sharing (\$135). Funds committed for a particular purpose total \$4,529 and include debt service (\$3,076) and an emergency reserve (\$1,453). Funds assigned for a specific purpose include \$26 for public safety. The remaining unassigned fund balance of \$26,566 comprises 46% of total fund balance and represents funds available for spending at the government's discretion.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance was \$57,582, including \$1,483 of nonspendable assets, \$24,978 of restricted funds, \$4,529 committed for specific purposes, \$26 assigned for a particular purpose and \$26,566 unassigned.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers out. Unassigned fund balance of \$26,566 represents 48% of the total general fund expenditures and transfer out, while total fund balance represents 103% of that same amount. The total fund balance of the City's general fund increased \$28,792 due mainly to the issuance of a lease revenue bond for school construction (\$25,107). In addition, healthy tax revenue collections and cost control measures in place in all City departments contributed to the fund balance growth.

Nonmajor (other) governmental funds have a fund balance of \$0. There was no change in fund balance during the fiscal year.

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. Unrestricted net position of the solid waste fund and transit fund, at the end of the year, amounted to \$(9,636) and \$(152), respectively. Total unrestricted net position of the proprietary funds totaled \$(9,788).

As noted earlier in the discussion of business-type activities, net position for the proprietary funds decreased \$151, with solid waste and transit contributing declines of \$98 and \$53, respectively. Other factors concerning the financial position of these funds have already been addressed in the discussion of the City’s business-type activities.

General Fund Budgetary Highlights

Original and Final Budgeted Amounts. Differences between the original budget and the final amended budget for the general fund represent a \$7,601 increase in expenditures and a \$1,811 increase in other financing uses. The increase consists of the following:

\$ 5,015	American Rescue Plan Act funds received and appropriated
724	Community health and welfare new state funds received and appropriated
629	Carryover funds from fiscal year 2021 re-budgeted for economic development, public safety, legal, information technology, public works and golf
555	Additional development of regional impact (DRI) revenues received and appropriated for debt service
266	Economic development and tourism additional grant funds and lodging tax received and appropriated
225	Public works budget amendment to reflect additional receipt of VDOT funding and insurance reimbursements
105	Public safety additional grant funds, donations and reimbursements received and appropriated for police and fire
29	Judicial alternative sentencing program grant received and appropriated
30	Electoral board funding received for general registrar salary
23	Treasurer additional litigation fees collected and appropriated for tax sale fees
<u>7,601</u>	Total Increase in General Fund Expenditures
1,811	Transfer to Solid Waste Fund for projects, professional services, personnel costs, fuel and equipment rental
<u>1,811</u>	Total Increase in General Fund Other Financing Uses
<u><u>\$ 9,412</u></u>	Total Increase in General Fund Expenditures and Other Financing Uses

Better than expected tax collections, additional state and federal funding and cost savings across City departments provided available funding to completely offset the additional spending.

Final Amended Budget and Actual Amounts. Differences between the final amended budget and actual results for the general fund represent a \$15,640 decrease in expenditures and a \$7 decrease in other financing uses, for a total decrease of \$15,647. This decrease consists of the following:

\$ (6,263)	Capital projects spending lower than budget, due to delays in numerous construction projects
(5,006)	Budgeted spending for ARPA funds did not materialize during the year
(3,239)	Public safety spending lower due to open positions in police and fire, lower salaries and benefits due to the jail closure and lower operational spending in all public safety departments for equipment and supplies
(876)	Program costs lower than budget for joint operating costs for the department of social services and comprehensive services
(530)	Community development spending lower than budget, due to lower spending for economic development programs and a lower distribution to the IDA
(267)	Public works spending below budget due to open positions, work delays, less expense for facility maintenance and lower operational spending
(220)	Parks and recreation costs lower than budget, due to less spending for contract labor, capital and golf course operations
(218)	Judicial administration spending lower than expected, due to lower program cost for judicial alternative sentencing and less asset forfeiture spending
(202)	General government administration experienced lower spending for employee benefits, legal fees, retiree reimbursements and other operating costs
1,377	Principal, interest and bond issuance costs exceeded budget
(196)	Other
<u>(15,640)</u>	Total Decrease in General Fund Expenditures
<u>(7)</u>	Transfers to other departments lower than expected
<u>(7)</u>	Total Decrease in General Fund Other Financing Uses
<u><u>\$ (15,647)</u></u>	Total Decrease in General Fund Expenditures and Other Financing Uses

Since the budget to actual variance represents a reduction in required appropriations, no additional funding was necessary. Timing delays for capital projects and outside funded programs, combined with open positions and effective departmental cost control measures, accounted for the expenditures savings. This savings, combined with robust revenue collections, resulted in the excess of revenues over expenditures exceeding budget by \$11,217. Other financing sources (uses) reported additional resources over budget of \$25,448, due mainly to the issuance of lease revenue bonds, resulting in net change in fund balance exceeding budget by \$36,665.

Capital Asset and Debt Administration

Capital Assets. The City of Bristol, Virginia's investment in capital assets for its governmental and business-type activities as of June 30, 2022 totaled \$102,836 (net of accumulated depreciation). This investment in capital assets includes land and land development costs, buildings and improvements, equipment and vehicles, plant, infrastructure, library assets and construction in progress.

The City implemented provisions of GASB Statement No. 87, *Leases*, during the fiscal year. Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

City of Bristol, Virginia's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land and Improvements	\$ 17,875	\$ 18,360	\$ 802	\$ 802	\$ 18,677	\$ 19,162
Construction in Progress	1,059	1,046	513	23	1,572	1,069
Buildings and Improvements	16,336	19,187	411	411	16,747	19,598
Machinery and Equipment	14,620	15,375	8,052	6,929	22,672	22,304
Library Assets	7,198	7,198	-	-	7,198	7,198
Infrastructure	124,805	124,425	2,962	2,962	127,767	127,387
Plant			1,239	1,315	1,239	1,315
Land Development Costs	480	480	35,457	35,457	35,937	35,937
Accumulated Depreciation	(99,572)	(96,893)	(32,930)	(31,223)	(132,502)	(128,116)
Subtotal	82,801	89,178	16,506	16,676	99,307	105,854
Buildings and Improvements Leased	1,747	-	-	-	1,747	-
Machinery and Equipment Leased	1,284	-	-	-	1,284	-
Infrastructure Leased	-	-	975	-	975	-
Plant Leased	-	-	50	-	50	-
Accumulated Amortization	(324)	-	(203)	-	(527)	-
Subtotal Lease Assets	2,707	-	822	-	3,529	-
Total	<u>\$85,508</u>	<u>\$89,178</u>	<u>\$17,328</u>	<u>\$16,676</u>	<u>\$102,836</u>	<u>\$105,854</u>

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

- Acquisition of new vehicles and equipment for police, fire, transit and solid waste

The following capital projects have been appropriated additional funding and are in progress:

- Lee Highway Project Phase 1B and Shared Used Path
- Goodson Street Bridge Replacement
- Piedmont Avenue and State Street Pedestrian Signal
- Pauleena Drive and Bonham Road Sidewalk
- Euclid Avenue Signal and Roundabout
- Martin Luther King Bridge, Fairview Street Bridge and Oak Street Bridge Rehabs
- Lee Highway Old Airport Intersection Improvements

Additional information on the City's capital assets can be found in Note 15 on pages 85 through 88 of this report.

Long-Term Debt. At the end of the current fiscal year, the City had total debt outstanding of \$135,147. Of this amount, \$105,413 is backed by the full faith and credit of the government.

City of Bristol, Virginia's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 71,222	\$ 73,043	\$ 34,191	\$ 34,980	\$ 105,413	\$ 108,023
Lease liabilities and loans	3,352	3,329	1,862	736	5,214	4,065
Lease revenue notes	<u>24,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,520</u>	<u>-</u>
Total long-term debt	<u>\$ 99,094</u>	<u>\$ 76,372</u>	<u>\$ 36,053</u>	<u>\$ 35,716</u>	<u>\$ 135,147</u>	<u>\$ 112,088</u>

The City's total debt increased \$23,059 (20.6%) during the current fiscal year. The governmental activities net increase of \$22,722 was the combination of the issuance of \$25,053 in lease revenue notes and loans, implementation of GASB Statement No. 87 totaling \$2 and principal and lease repayments of \$2,333. The \$337 business-type activities increase resulted from the combination of the issuance of \$1,391 in new loans and lease arrangements, \$202 for implementation of GASB Statement No. 87 and principal and lease repayments of \$1,256. 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.

The City of Bristol, Virginia is subject to debt limitations imposed by its Charter and the Constitution and general laws of the Commonwealth of Virginia. The total bonded and interest-bearing indebtedness shall not exceed 10% of the assessed taxable value of real estate within the City. The current debt limitation for the City is in excess of the outstanding general obligation debt, with the amount of debt applicable to the debt limit at only 7.9%. Additional information on the City's long-term debt can be found in Note 9 on pages 54 through 59 of this report.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate (not seasonally adjusted) for the metropolitan statistical area is currently 3.2%, which is a decrease from last year's rate of 5.7%. This compares to the state's unemployment rate (not seasonally adjusted) of 3% as of June 30, 2022.
- Inflationary trends in the region are comparable to national indices.
- New taxable construction came in at \$5.4 million; renovations and additions permitted totaled \$16.4 million.
- The State's first full-scale casino opened in the City and will play a role in providing casino tax revenues to fourteen (14) Southwest Virginia localities, including Bristol, Virginia. Renovations to the former mall facility were permitted during the year. Revenue distributions will impact the City's budget commencing in 2023-24, with ancillary economic impacts to be realized in the 2022-23 fiscal year.
- The "Falls" project, which is a 1.5 million square foot "Commercial Development of Regional Impact," will continue to be a positive economic factor for the City. Phase I is nearly complete, with development continuing on Phases 2 and 3.
- Unknown impacts of the landfill closure will affect current and future budgets and the extent will depend on the provision of funding for any federal mandates.

Short-term interest rates on the City's pooled cash account increased as the result of an increase in the fed funds rate. The City's financial institution currently credits interest on the pooled cash at a rate of 1.1%. All of these factors were considered in preparing the City of Bristol, Virginia's budget for fiscal year 2023.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$26,566, an increase of \$4,329. All appropriations lapse at year-end.

Discretely Presented Component Units

The City of Bristol, Virginia School Board (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 discretely presented component unit. Separately issued financial statements may be requested from: Bristol Virginia Public Schools, 280 Lee Street, Bristol, Virginia 24201.

The Industrial Development Authority (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 the City of Bristol, 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.

Requests for Information

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

Basic Financial Statements

City of Bristol, Virginia
Statement of Net Position
June 30, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	IDA
ASSETS					
Cash and cash equivalents	\$ 38,888,422	\$ 4,468,966	\$ 43,357,388	\$ 2,573,656	\$ 3,919
Receivables (net of allowance for uncollectibles):					
Taxes receivable	13,371,685	-	13,371,685	-	-
Accounts receivable	1,736,786	258,118	1,994,904	21,073	-
Internal balances	-	-	-	-	-
Due from other governmental units	2,981,624	491,782	3,473,406	2,846,270	-
Due from primary government	-	-	-	-	550,952
Inventories	156,032	-	156,032	106,030	-
Prepaid items	1,327,432	13,623	1,341,055	312,675	-
Restricted assets:					
Cash and cash equivalents	24,977,681	-	24,977,681	3,089,407	1,400,101
Investments	-	-	-	-	-
Capital assets (net of accumulated depreciation):					
Land	17,875,162	802,062	18,677,224	267,711	1,063,960
Land development costs	-	10,997,141	10,997,141	-	-
Buildings and improvements	10,362,160	608,558	10,970,718	15,868,879	-
Machinery and equipment	4,449,548	2,819,422	7,268,970	2,059,352	-
Infrastructure and utility plants	49,055,172	765,693	49,820,865	-	13,874,222
Construction in progress	1,058,575	513,460	1,572,035	1,512,615	-
Right-to-use lease assets (net of accumulated amortization):					
Buildings and improvements	1,572,708	-	1,572,708	-	-
Machinery and equipment	1,134,445	821,884	1,956,329	151,620	-
Total assets	\$ 168,947,432	\$ 22,560,709	\$ 191,508,141	\$ 28,809,288	\$ 16,893,154
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding, net	\$ 1,373,247	\$ 2,308,621	\$ 3,681,868	\$ -	\$ -
Pension related items	4,850,917	351,952	5,202,869	5,325,654	-
OPEB related items	2,080,516	41,108	2,121,624	768,873	-
Total deferred outflows of resources	\$ 8,304,680	\$ 2,701,681	\$ 11,006,361	\$ 6,094,527	\$ -
LIABILITIES					
Accounts payable	\$ 1,117,374	\$ 273,382	\$ 1,390,756	\$ 1,980,267	\$ 23,070
Wages payable	32,448	3,206	35,654	1,698,140	-
Accrued interest payable	1,366,286	192,941	1,559,227	22,987	696,299
Due to component unit	550,952	-	550,952	-	-
Unearned revenue	10,043,798	-	10,043,798	5,935	-
Long-term liabilities:					
Due within one year	4,017,034	1,862,171	5,879,205	771,224	155,000
Due in more than one year	114,659,774	48,136,112	162,795,886	20,654,786	30,440,000
Total liabilities	\$ 131,787,666	\$ 50,467,812	\$ 182,255,478	\$ 25,133,339	\$ 31,314,369
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-property taxes	\$ 12,146,992	\$ -	\$ 12,146,992	\$ -	\$ -
Pension related items	12,145,333	946,947	13,092,280	9,413,225	-
OPEB related items	1,692,601	58,562	1,751,163	1,418,839	-
Total deferred inflows of resources	\$ 25,984,926	\$ 1,005,509	\$ 26,990,435	\$ 10,832,064	\$ -
NET POSITION					
Net investment in capital assets	\$ 11,960,935	\$ (16,422,472)	\$ (4,461,537)	\$ 17,003,702	\$ (15,656,818)
Restricted					
Capital projects	-	-	-	1,318,808	-
Federal sharing	134,512	-	134,512	-	-
School cafeterias	-	-	-	1,089,694	-
Asset forfeiture	171,997	-	171,997	-	-
Grants	-	-	-	1,454,691	-
Unrestricted (deficit)	7,212,076	(9,788,459)	(2,576,383)	(21,928,483)	1,235,603
Total net position	\$ 19,479,520	\$ (26,210,931)	\$ (6,731,411)	\$ (1,061,588)	\$ (14,421,215)

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, 2022

Net (Expense) Revenue and Changes in Net Position									
Functions/Programs	Program Revenues				Primary Government		Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	School Board	IDA
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	\$ 3,249,124	\$ -	\$ 322,384	\$ -	\$ (2,926,740)	\$ -	\$ (2,926,740)	\$ -	\$ -
Judicial administration	1,802,928	38,158	1,028,523	-	(736,247)	-	(736,247)	-	-
Public safety	13,620,519	707,381	3,346,740	368,742	(9,197,656)	-	(9,197,656)	-	-
Public works	8,203,039	35,939	4,232,447	9,253	(3,925,400)	-	(3,925,400)	-	-
Health and welfare	8,569,105	-	7,108,592	-	(1,460,513)	-	(1,460,513)	-	-
Education	6,828,669	-	-	-	(6,828,669)	-	(6,828,669)	-	-
Parks, recreation, and cultural	2,608,961	1,001,040	-	-	(1,607,921)	-	(1,607,921)	-	-
Community development	4,358,138	5,200	636,680	-	(3,716,258)	-	(3,716,258)	-	-
Interest	3,481,138	-	127,305	-	(3,353,833)	-	(3,353,833)	-	-
Total governmental activities	\$ 52,721,621	\$ 1,787,718	\$ 16,802,671	\$ 377,995	\$ (33,753,237)	\$ -	\$ (33,753,237)	\$ -	\$ -
Business-type activities:									
Solid waste	\$ 7,826,618	\$ 5,788,134	\$ -	\$ -	\$ (2,038,484)	\$ (2,038,484)	\$ -	\$ -	\$ -
Transit Fund	534,120	23,665	414,114	-	(96,341)	-	(96,341)	-	-
Total business-type activities	\$ 8,360,738	\$ 5,811,799	\$ 414,114	\$ -	\$ (2,134,825)	\$ (2,134,825)	\$ -	\$ -	\$ -
Total primary government	\$ 61,082,359	\$ 7,599,517	\$ 17,216,785	\$ 377,995	\$ (33,753,237)	\$ (2,134,825)	\$ (35,888,062)	\$ -	\$ -
COMPONENT UNITS:									
School Board	\$ 32,981,975	\$ 109,874	\$ 27,648,217	\$ -	\$ -	\$ -	\$ (5,223,884)	\$ -	\$ (4,068,650)
IDA	4,068,650	-	-	-	-	-	-	-	(4,068,650)
Total component units	\$ 37,050,625	\$ 109,874	\$ 27,648,217	\$ -	\$ -	\$ -	\$ (5,223,884)	\$ -	\$ (4,068,650)
General revenues:									
General property taxes	\$ 19,194,745	\$ -	\$ -	\$ -	\$ 19,194,745	\$ -	\$ -	\$ -	\$ -
Other local taxes:									
Local sales and use taxes	5,214,209	-	-	-	5,214,209	3,688,191	-	-	-
Consumers' utility taxes	167,309	-	-	-	167,309	-	-	-	-
Business license taxes	1,514,267	-	-	-	1,514,267	-	-	-	-
Motor vehicle taxes	245,673	-	-	-	245,673	-	-	-	-
Restaurant food taxes	7,060,364	-	-	-	7,060,364	-	-	-	-
Bank stock taxes	371,496	-	-	-	371,496	-	-	-	-
Hotel and motel room taxes	1,810,057	-	-	-	1,810,057	-	-	-	-
Tobacco taxes	421,514	-	-	-	421,514	-	-	-	-
Other local taxes	480,136	-	-	-	480,136	-	-	-	-
Unrestricted revenues from the use of money and property	246,943	-	-	-	20,983	267,926	13,766	196	196
Miscellaneous	1,098,549	-	-	-	944	1,099,493	995,843	-	-
Contributions from the City of Bristol, Virginia	-	-	-	-	-	-	6,590,815	3,141,740	-
Grants and contributions not restricted to specific programs	2,227,611	-	-	-	-	2,227,611	-	-	-
Gain on disposal of surplus equipment	49,673	-	-	-	-	49,673	-	-	-
Gain on investments	-	-	-	-	-	-	-	-	8,664
Transfers	(1,961,695)	-	1,961,695	-	-	-	-	-	-
Total general revenues and transfers	\$ 38,140,851	\$ 1,983,622	\$ 40,124,473	\$ 11,288,615	\$ 11,288,615	\$ 3,150,600	\$ 3,150,600	\$ 3,150,600	\$ 3,150,600
Change in net position	\$ 4,387,614	\$ (151,203)	\$ 4,236,411	\$ 6,064,731	\$ 6,064,731	\$ (918,050)	\$ (918,050)	\$ (918,050)	\$ (918,050)
Net position - beginning, as restated	15,091,906	(26,059,728)	(10,967,822)	(7,126,319)	(7,126,319)	(13,503,165)	(13,503,165)	(13,503,165)	(13,503,165)
Net position - ending	\$ 19,479,520	\$ (26,210,931)	\$ (6,731,411)	\$ (1,061,588)	\$ (1,061,588)	\$ (14,421,215)	\$ (14,421,215)	\$ (14,421,215)	\$ (14,421,215)

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

City of Bristol, Virginia
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 38,888,422	\$ -	\$ 38,888,422
Receivables (net of allowance for uncollectibles):			
Taxes receivable	13,371,685	-	13,371,685
Accounts receivable	1,736,786	-	1,736,786
Due from other governmental units	2,948,427	33,197	2,981,624
Inventories	156,032	-	156,032
Prepaid items	1,327,432	-	1,327,432
Restricted assets:			
Cash and cash equivalents	24,977,681	-	24,977,681
Total assets	<u>\$ 83,406,465</u>	<u>\$ 33,197</u>	<u>\$ 83,439,662</u>
LIABILITIES			
Accounts payable	\$ 1,084,177	\$ 33,197	\$ 1,117,374
Accrued wages	32,448	-	32,448
Due to component unit	550,952	-	550,952
Unearned revenue	10,823,798	-	10,823,798
Total liabilities	<u>\$ 12,491,375</u>	<u>\$ 33,197</u>	<u>\$ 12,524,572</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	<u>\$ 13,333,182</u>	<u>\$ -</u>	<u>\$ 13,333,182</u>
Total deferred inflows of resources	<u>\$ 13,333,182</u>	<u>\$ -</u>	<u>\$ 13,333,182</u>
FUND BALANCES			
Nonspendable	\$ 1,483,464	\$ -	\$ 1,483,464
Restricted	24,977,681	-	24,977,681
Committed	4,528,572	-	4,528,572
Assigned	26,320	-	26,320
Unassigned	26,565,871	-	26,565,871
Total fund balances	<u>\$ 57,581,908</u>	<u>\$ -</u>	<u>\$ 57,581,908</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 83,406,465</u></u>	<u><u>\$ 33,197</u></u>	<u><u>\$ 83,439,662</u></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, 2022

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	57,581,908
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	17,875,162
Buildings and improvements		11,934,868
Machinery and equipment		5,583,993
Infrastructure		49,055,172
Construction in progress		<u>1,058,575</u>
		85,507,770
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unavailable revenue-property taxes	\$	1,186,190
Unavailable revenue-note receivable		<u>780,000</u>
		1,966,190
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	\$	1,373,247
Pension related items		4,850,917
OPEB related items		<u>2,080,516</u>
		8,304,680
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	\$	(95,742,580)
Lease revenue bond		(2,721,538)
Loans payable		(630,298)
Accrued interest payable		(1,366,286)
Unamortized bond premium		(496,838)
Amount payable to Washington County		(350,000)
Compensated absences		(1,643,883)
Net OPEB liabilities		(6,873,966)
Net pension liability		<u>(10,217,705)</u>
		(120,043,094)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(12,145,333)
OPEB related items		<u>(1,692,601)</u>
		(13,837,934)
Net position of governmental activities	\$	<u><u>19,479,520</u></u>

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, 2022

	<u>General</u>	Other Governmental <u>Fund</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 18,898,411	\$ -	\$ 18,898,411
Other local taxes	17,285,025	-	17,285,025
Permits, privilege fees, and regulatory licenses	159,200	-	159,200
Fines and forfeitures	150,502	-	150,502
Revenue from the use of money and property	226,943	-	226,943
Charges for services	1,478,016	-	1,478,016
Miscellaneous	1,098,549	-	1,098,549
Recovered costs	368,308	-	368,308
Intergovernmental	19,118,957	289,320	19,408,277
Total revenues	<u>\$ 58,783,911</u>	<u>\$ 289,320</u>	<u>\$ 59,073,231</u>
EXPENDITURES			
Current:			
General government administration	\$ 3,618,355	\$ -	\$ 3,618,355
Judicial administration	1,876,846	-	1,876,846
Public safety	14,547,180	-	14,547,180
Public works	5,853,494	-	5,853,494
Health and welfare	8,727,865	-	8,727,865
Education	6,622,419	-	6,622,419
Parks, recreation, and cultural	2,555,846	-	2,555,846
Community development	3,688,403	289,320	3,977,723
Nondepartmental	259,086	-	259,086
Capital projects	292,867	-	292,867
Debt service:			
Principal retirement	2,332,302	-	2,332,302
Interest and other fiscal charges	2,852,373	-	2,852,373
Bond issuance costs	420,649	-	420,649
Total expenditures	<u>\$ 53,647,685</u>	<u>\$ 289,320</u>	<u>\$ 53,937,005</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,136,226</u>	<u>\$ -</u>	<u>\$ 5,136,226</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 172,000	\$ -	\$ 172,000
Transfers out	(2,133,695)	-	(2,133,695)
Issuance of loans payable	533,051	-	533,051
Issuance of lease revenue bond	25,016,838	-	25,016,838
Sale of capital assets	67,412	-	67,412
Total other financing sources (uses)	<u>\$ 23,655,606</u>	<u>\$ -</u>	<u>\$ 23,655,606</u>
Net change in fund balances	\$ 28,791,832	\$ -	\$ 28,791,832
Fund balances - beginning, as restated	28,790,076	-	28,790,076
Fund balances - ending	<u>\$ 57,581,908</u>	<u>\$ -</u>	<u>\$ 57,581,908</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, 2022

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

Net change in fund balances - total governmental funds	\$	28,791,832
--	----	------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 1,376,662	
Reversion of capital assets to school board (net)	(146,250)	
Depreciation/amortization expense	<u>(4,357,773)</u>	(3,127,361)

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

Transfer of land to IDA	\$ (484,712)	
Disposal of assets	<u>(17,739)</u>	(502,451)

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

Property taxes	\$ 296,334	
Notes receivable	<u>20,000</u>	316,334

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 lease revenue bond	\$ (24,520,000)	
Issuance premium (to be amortized against interest expense)	(496,838)	
Issuance of loans payable	(533,051)	
Principal repayments:		
General obligation bonds	1,820,080	
Lease liabilities	310,045	
Loans payable	202,177	
Washington County	<u>350,000</u>	(22,867,587)

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	\$ 147,577	
Change in accrued interest payable	(89,811)	
Amortization of deferred amount on refunding	(118,305)	
Change in pension related items	1,906,942	
Change in OPEB related items	<u>(69,556)</u>	1,776,847

Change in net position of governmental activities	\$	<u><u>4,387,614</u></u>
---	----	-------------------------

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

City of Bristol, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2022

	Enterprise Funds		
	Solid Waste Fund	Transit Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,260,530	\$ 208,436	\$ 4,468,966
Accounts receivable, net of allowance for uncollectibles	220,281	37,837	258,118
Due from other governmental units	444,690	47,092	491,782
Prepaid items	10,366	3,257	13,623
Total current assets	<u>\$ 4,935,867</u>	<u>\$ 296,622</u>	<u>\$ 5,232,489</u>
Noncurrent assets:			
Capital assets:			
Land	\$ 802,062	\$ -	\$ 802,062
Land development costs	35,456,968	-	35,456,968
Buildings and systems	1,238,720	410,889	1,649,609
Machinery and equipment	7,580,474	472,208	8,052,682
Infrastructure	2,962,290	-	2,962,290
Construction in progress	513,460	-	513,460
Accumulated depreciation	(32,343,382)	(587,353)	(32,930,735)
Right-to-use lease assets:			
Machinery and equipment	1,024,682	-	1,024,682
Accumulated amortization	(202,798)	-	(202,798)
Total capital assets	<u>\$ 17,032,476</u>	<u>\$ 295,744</u>	<u>\$ 17,328,220</u>
Total noncurrent assets	<u>\$ 17,032,476</u>	<u>\$ 295,744</u>	<u>\$ 17,328,220</u>
Total assets	<u>\$ 21,968,343</u>	<u>\$ 592,366</u>	<u>\$ 22,560,709</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refunding, net	\$ 2,308,621	\$ -	\$ 2,308,621
Pension related items	269,014	82,938	351,952
OPEB related items	31,393	9,715	41,108
Total deferred outflows of resources	<u>\$ 2,609,028</u>	<u>\$ 92,653</u>	<u>\$ 2,701,681</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 272,905	\$ 477	\$ 273,382
Accrued payroll	2,563	643	3,206
Accrued interest payable	192,941	-	192,941
Compensated absences - current portion	64,917	29,049	93,966
Lease liabilities - current portion	228,989	-	228,989
Loans payable - current portion	255,497	-	255,497
Bonds payable - current portion	1,283,719	-	1,283,719
Total current liabilities	<u>\$ 2,301,531</u>	<u>\$ 30,169</u>	<u>\$ 2,331,700</u>
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 21,639	\$ 9,683	\$ 31,322
Lease liabilities - net of current portion	583,621	-	583,621
Loans payable - net of current portion	793,437	-	793,437
Bonds payable - net of current portion	32,914,050	-	32,914,050
Landfill closure liability	12,859,631	-	12,859,631
Net OPEB liabilities	167,950	51,971	219,921
Net pension liability	561,895	172,235	734,130
Total noncurrent liabilities	<u>\$ 47,902,223</u>	<u>\$ 233,889</u>	<u>\$ 48,136,112</u>
Total liabilities	<u>\$ 50,203,754</u>	<u>\$ 264,058</u>	<u>\$ 50,467,812</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 683,018	\$ 263,929	\$ 946,947
OPEB related items	44,746	13,816	58,562
Total deferred inflows of resources	<u>\$ 727,764</u>	<u>\$ 277,745</u>	<u>\$ 1,005,509</u>
NET POSITION			
Net investment in capital assets	\$ (16,718,216)	\$ 295,744	\$ (16,422,472)
Unrestricted	(9,635,931)	(152,528)	(9,788,459)
Total net position	<u>\$ (26,354,147)</u>	<u>\$ 143,216</u>	<u>\$ (26,210,931)</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 Funds
For the Year Ended June 30, 2022

	Enterprise Funds		
	<u>Solid Waste Fund</u>	<u>Transit Fund</u>	<u>Total</u>
OPERATING REVENUES			
Disposal Operating Revenue:			
Solid waste - disposal fees	\$ 2,868,760	\$ -	\$ 2,868,760
Recycling income	9,809	-	9,809
Mulch/compost	22,518	-	22,518
Miscellaneous	36,642	-	36,642
Collections Operating Revenue:			
Waste collection fees	2,750,610	-	2,750,610
Dumpster permit fee	99,795	-	99,795
Charges for service	-	23,665	23,665
Miscellaneous	-	944	944
Total operating revenues	<u>\$ 5,788,134</u>	<u>\$ 24,609</u>	<u>\$ 5,812,743</u>
OPERATING EXPENSES			
Disposal Operational Expenses:			
Salaries and fringes	\$ 682,211	\$ -	\$ 682,211
Professional services	1,016,449	-	1,016,449
Utilities	644,056	-	644,056
Materials and supplies	365,645	-	365,645
Lease/rent of equipment	39,272	-	39,272
Maintenance and repairs	194,688	-	194,688
Education and training	1,963	-	1,963
Other	114,559	-	114,559
Refuse Collection Operational Expenses:			
Salaries and fringes	318,776	-	318,776
Professional services	54,443	-	54,443
Utilities	2,605	-	2,605
Materials and supplies	120,419	-	120,419
Maintenance and repairs	46,323	-	46,323
Other	567	-	567
Transit Operational Expenses:			
Salaries and fringes	-	403,879	403,879
Professional services	-	430	430
Materials and supplies	-	1,389	1,389
Maintenance and repairs	-	56,341	56,341
Other	-	16,783	16,783
Landfill postclosure care	574,159	-	574,159
Depreciation and amortization	2,297,300	55,298	2,352,598
Total operating expenses	<u>\$ 6,473,435</u>	<u>\$ 534,120</u>	<u>\$ 7,007,555</u>
Operating income (loss)	<u>\$ (685,301)</u>	<u>\$ (509,511)</u>	<u>\$ (1,194,812)</u>

City of Bristol, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022 (Continued)

	Enterprise Funds		
	<u>Solid Waste Fund</u>	<u>Transit Fund</u>	<u>Total</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	\$ 20,983	\$ -	\$ 20,983
Bank service expense	(11,724)	-	(11,724)
Amortization	(192,078)	-	(192,078)
Debt service costs	(2,862)	-	(2,862)
Gain (loss) on disposal of surplus equipment	(10,696)	-	(10,696)
Interest expense	(1,135,823)	-	(1,135,823)
Intergovernmental	-	414,114	414,114
Total nonoperating revenues (expenses)	<u>\$ (1,332,200)</u>	<u>\$ 414,114</u>	<u>\$ (918,086)</u>
Income before transfers	\$ (2,017,501)	\$ (95,397)	\$ (2,112,898)
Transfers in	1,918,921	42,774	1,961,695
Change in net position	<u>\$ (98,580)</u>	<u>\$ (52,623)</u>	<u>\$ (151,203)</u>
Net position - beginning, as restated	(26,255,567)	195,839	(26,059,728)
Net position - ending	<u>\$ (26,354,147)</u>	<u>\$ 143,216</u>	<u>\$ (26,210,931)</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, 2022

	Enterprise Funds		
	<u>Solid Waste Fund</u>	<u>Transit Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 6,056,614	\$ (10,343)	\$ 6,046,271
Payments to suppliers	(2,395,587)	(99,374)	(2,494,961)
Payments to employees	(1,198,603)	(337,911)	(1,536,514)
Net cash provided by (used for) by operating activities	\$ 2,462,424	\$ (447,628)	\$ 2,014,796
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	\$ 1,918,921	\$ 42,774	\$ 1,961,695
State and federal funds	-	445,945	445,945
Net cash provided by (used for) by noncapital financing activities	\$ 1,918,921	\$ 488,719	\$ 2,407,640
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	\$ (2,795,003)	\$ (6,834)	\$ (2,801,837)
Loss from the sale of assets	20,160	-	20,160
Principal payments on bonds	(788,420)	-	(788,420)
Payments on loan payable	(175,356)	-	(175,356)
Proceeds of loan payable	774,610	-	774,610
Principal payments on lease liabilities	(292,708)	-	(292,708)
Issuance of lease liabilities	616,903	-	616,903
Interest expense	(1,139,426)	-	(1,139,426)
Debt service costs	(2,862)	-	(2,862)
Other	(11,724)	-	(11,724)
Net cash provided by (used for) by capital and related financing activities	\$ (3,793,826)	\$ (6,834)	\$ (3,800,660)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	\$ 20,983	\$ -	\$ 20,983
Net increase (decrease) in cash and cash equivalents	\$ 608,502	\$ 34,257	\$ 642,759
Cash and cash equivalents - beginning	3,652,028	174,179	3,826,207
Cash and cash equivalents - ending	\$ 4,260,530	\$ 208,436	\$ 4,468,966
Reconciliation of operating income (loss) to net cash provided by (used for) by operating activities:			
Operating income (loss)	\$ (685,301)	\$ (509,511)	\$ (1,194,812)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	\$ 2,297,300	\$ 55,298	\$ 2,352,598
Increase (decrease) in pension related items	(163,688)	63,559	(100,129)
Increase (decrease) in OPEB related items	(3,903)	(1,386)	(5,289)
(Increase) decrease in accounts receivable	263,319	(36,337)	226,982
(Increase) decrease in due from other funds	5,161	1,385	6,546
(Increase) decrease in prepaid items	(561)	(356)	(917)
Increase (decrease) in operating payables	205,964	(24,075)	181,889
Increase (decrease) in salaries and wages payable	1,482	453	1,935
Increase (decrease) in compensated absences	(31,507)	3,342	(28,165)
Increase (decrease) in landfill closure liability	574,158	-	574,158
Total adjustments	\$ 3,147,725	\$ 61,883	\$ 3,209,608
Net cash provided by (used for) by operating activities	\$ 2,462,424	\$ (447,628)	\$ 2,014,796

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, 2022

	<u>Custodial Funds</u> <u>Special</u> <u>Welfare</u>
ASSETS	
Cash and cash equivalents	\$ 116,052
Total assets	<u>\$ 116,052</u>
NET POSITION	
Restricted for:	
Held for social services client	\$ 116,052
Total net position	<u>\$ 116,052</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, 2022

	<u>Custodial Funds</u> <u>Special</u> <u>Welfare</u>
ADDITIONS	
Special welfare collections	\$ 69,472
Interest	655
Total additions	<u>\$ 70,127</u>
DEDUCTIONS	
Special welfare payments	\$ 62,941
Administrative charges	133
Total deductions	<u>\$ 63,074</u>
Net increase (decrease) in fiduciary net position	<u>\$ 7,053</u>
Net position - beginning	\$ 108,999
Net position - ending	<u>\$ 116,052</u>

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

CITY OF BRISTOL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 \$754,842 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, Abingdon, Virginia, and Scott 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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 government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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 as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property 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. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues.

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

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

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the City, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the City.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

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 waste collection services and a landfill. The activities of the system are accounted for in the *solid waste fund*.

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.

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.

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

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

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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 \$588,342 at June 30, 2022. The allowance consists of delinquent taxes, including administration and lien fees, in the amount of \$321,135.

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, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below).

Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

The other tangible and intangible property, plant, equipment, leases assets, and infrastructure of the primary government, as well as the component units, are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	8-50
Building improvements	40
Structures, lines, and accessories	25-50
Machinery and equipment	3-25
Infrastructure	20-25
Right-to-use lease assets:	
Building improvements	40
Machinery and equipment	3-25

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)

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.

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.

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

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

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.

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

12. Long-term obligations (Continued)

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.
- 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 solid waste disposal fund has an accumulated deficit in net position of (\$26,354,147). The City is currently funding the operating losses out of the general fund; however, it continues to monitor the operations of the landfill and is exploring opportunities to produce operating surpluses in future fiscal years to reduce the deficit. 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.

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

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

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.

15. Fund Balance

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- 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.

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 (Continued)

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).

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 \$5,000, 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.

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, 2022 there were no funds that had expenditures in excess of appropriations.

C. Deficit fund equity

At June 30, 2022 the Solid Waste Fund and the IDA Fund reported a deficit in fund equity.

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, 2022

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 and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP). As of June 30, 2022, the City and the City’s component unit Industrial Development Authority had investments in the amount of \$39,155,881 and \$721,216, respectively.

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 and Poor’s, as of June 30, 2022 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)	\$ 24,609,901
MSILF Mutual Funds	721,216
VIP	14,545,980
Total	\$ 39,877,097

External Investment Pools

The value of the positions in the external investment pool (State Non-Arbitrage Pool) is the same as the value of the pool shares. As SNAP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. SNAP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

Interest Rate Risk

Investment Type	Fair Value	Less than 1 yr
SNAP	\$ 24,609,901	\$ 24,609,901
VIP	14,545,980	14,545,980

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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.

The City has the following recurring fair value measurements as of June 30, 2022:

Investment	6/30/2022	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments in mutual funds:				
Mutual Funds Bonds	\$ 721,216	\$ 721,216	\$ -	\$ -
Total	\$ 721,216	\$ 721,216	\$ -	\$ -
Investments measured at NAV:				
Virginia Investment Pool	\$ 14,545,980			
Total investments measured at NAV	\$ 14,545,980			
Total investments measured at fair value	\$ 15,267,196			

As of June 30, 2022, there were no withdraw limitations associated with investments held by the Virginia Investment Pool.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 5-Receivables:

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

	Primary Government		
	General	Solid Waste Disposal	Transit
Receivables			
Taxes	\$ 13,960,027	\$ -	\$ -
Accounts	1,736,786	220,281	37,837
Gross Receivables	\$ 15,696,813	\$ 220,281	\$ 37,837
Less: Allowance for uncollectibles	(588,342)	-	-
Net Receivables	<u>\$ 15,108,471</u>	<u>\$ 220,281</u>	<u>\$ 37,837</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. 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.	\$ -	\$ 1,186,190
2nd half assessments due after June 30	11,976,674	11,976,674
Prepaid property taxes due after June 30 but paid in advance by taxpayers	170,318	170,318
Total deferred/unavailable revenue	<u>\$ 12,146,992</u>	<u>\$ 13,333,182</u>
Unearned Revenue		
Notes Receivable	\$ -	\$ 780,000
Clear Creek Golf Course	16,424	16,424
ARPA Funding	10,027,374	10,027,374
Total unearned revenue	<u>\$ 10,043,798</u>	<u>\$ 10,823,798</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 5-Receivables: (Continued)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 \$280,000 as of June 30, 2022. All accrued interest and principal is due in one balloon payment at maturity.

Note 6-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	\$ 322,961	\$ 444,690
Other	-	-
<u>Commonwealth of Virginia:</u>		
Local sales tax	1,024,375	-
Local communication tax	69,300	-
Categorical aid-State Sales Tax-DRI	325,469	-
Categorical aid-VDOT	8,220	-
Categorical aid-other	73,605	-
Categorical aid-Shared Expenses	185,733	-
Non-categorical aid	5,216	-
Categorical aid-Virginia Public Assistance	176,177	-
Categorical aid-Comprehensive Services Act	413,915	-
<u>Federal Government:</u>		
Categorical aid-VDOT	111,150	47,092
Categorical aid-Virginia Public Assistance	232,306	-
Categorical aid-other	33,197	-
Total	<u>\$ 2,981,624</u>	<u>\$ 491,782</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-Interfund Transfers and Balances:

Interfund transfers for the year ended June 30, 2022, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 172,000.00	\$ 2,133,695
Solid Waste Disposal Fund	1,918,921	-
Transit Fund	42,774	-
Total	<u>\$ 2,133,695</u>	<u>\$ 2,133,695</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.

Note 8-Component-Unit Contribution and Obligations:

Component unit contributions for the year ended June 30, 2022, consisted of the following:

Component Unit:	
School Board	\$ 6,590,815
IDA	<u>1,008,582</u>
Total	<u>\$ 7,599,397</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	\$ 550,952	\$ -
Component Unit		
IDA	<u>-</u>	<u>550,952</u>
Totals	<u>\$ -</u>	<u>\$ 550,952</u>

CITY OF BRISTOL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 9-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, 2022.

	Balance June 30, 2021	GASB No. 87 Implementation	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2022
Direct Borrowings and Placements					
General Obligation Bonds	\$ 2,222,160	\$ -	\$ -	\$ (561,980)	\$ 1,660,180
Loans payable	3,328,674	(3,029,250)	533,051	(202,177)	630,298
Total Direct Borrowings and Placements	\$ 5,550,834	\$ (3,029,250)	\$ 533,051	\$ (764,157)	\$ 2,290,478
General Obligation Bonds	70,820,500	-	-	(1,258,100)	69,562,400
Lease Revenue Note	-	-	24,520,000	-	24,520,000
Unamortized Premium	-	-	496,838	-	496,838
Lease Liabilities	-	3,031,583	-	(310,045)	2,721,538
Net OPEB Liabilities	6,952,022	-	3,041,551	(3,119,607)	6,873,966
Compensated Absences	1,791,460	-	1,196,018	(1,343,595)	1,643,883
Net Pension Liability	24,396,880	-	12,744,821	(26,923,996)	10,217,705
Revenue sharing agreement	700,000	-	-	(350,000)	350,000
Total	\$ 110,211,696	\$ 2,333	\$ 42,532,279	\$ (34,069,500)	\$ 118,676,808

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
2023	\$ 745,078	\$ 159,367	\$ 1,352,450	\$ 3,609,098	\$ 321,068	\$ 96,097
2024	523,214	147,619	2,710,150	3,648,224	332,488	84,676
2025	524,584	139,529	2,706,700	3,547,693	344,321	72,844
2026	310,102	135,000	2,524,950	3,461,781	356,580	60,584
2027	187,500	135,000	2,536,550	3,395,610	369,283	47,881
2028-2032	-	-	19,401,050	15,252,627	997,798	62,753
2033-2037	-	-	27,544,050	11,009,488	-	-
2038-2042	-	-	20,942,750	6,550,559	-	-
2043-2047	-	-	5,333,750	2,834,163	-	-
2048-2052	-	-	6,120,000	1,523,250	-	-
2053-2057	-	-	2,910,000	147,250	-	-
Totals	\$ 2,290,478	\$ 716,515	\$ 94,082,400	\$ 54,979,741	\$ 2,721,538	\$ 424,835

CITY OF BRISTOL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-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	\$ 937,500	\$ 187,500
GO Bond	2.82-4.83%	10/1/2012	2025	3,965,000	555,000	205,000
GO Bond	1.92%	11/10/2016	2023	960,000	167,680	167,680
Loan Payable - Fire Truck	3.65%	8/1/2015	2025	340,000	114,383	36,788
Loan Payable - Golf Carts	2.05%	11/1/2019	2023	211,575	36,170	36,170
Loan Payable - Police Equipment Bundle	0.00%	3/7/2022	2026	533,051	479,745	111,940
Total Direct Borrowings and Placements					<u>\$ 2,290,478</u>	<u>\$ 745,078</u>
General Obligation Bonds						
GO Bond	1.56%	4/2/2020	2026	\$ 1,461,750	\$ 1,428,250	\$ 13,250
GO Bond	5.65%	10/1/2007	2024	12,050,000	163,800	79,100
GO Bond	2.06%	7/29/2019	2026	3,177,000	3,129,000	25,000
GO Bond	2.72-4.21%	1/9/2018	2043	59,050,600	57,635,600	1,150,000
GO Bond	2.18-2.91%	10/22/2020	2043	7,357,450	7,205,750	85,100
Total General Obligation Bonds					<u>\$ 69,562,400</u>	<u>\$ 1,352,450</u>
Lease Revenue Note	4.25-5.00%	5/26/2022	2053	\$ 24,520,000	\$ 24,520,000	\$ -
Add:						
Unamortized Premium on Issuance	n/a	n/a	n/a	n/a	496,838	15,526
Net Revenue Bond					<u>\$ 25,016,838</u>	<u>\$ 15,526</u>
Lease Liabilities						
2017 Pierce Enforcer Ladder Truck	4.08%	7/1/2021	2029	\$ 928,032	\$ 687,865	\$ 86,879
Pierce Enforcer Pumper Truck	3.95%	7/1/2021	2029	617,955	456,992	57,948
Energy Project Improvement	3.17%	7/1/2021	2030	2,667,711	1,576,681	176,241
Total Lease Liabilities					<u>\$ 2,721,538</u>	<u>\$ 321,068</u>
Other Obligations						
Net OPEB Liabilities	n/a	n/a	n/a	n/a	\$ 6,873,966	\$ -
Compensated Absences	n/a	n/a	n/a	n/a	1,643,883	1,232,912
Net Pension Liability	n/a	n/a	n/a	n/a	10,217,705	-
Revenue sharing agreement with Washington County (1)	n/a	n/a	n/a	n/a	350,000	350,000
Total Other Obligations					<u>\$ 19,085,554</u>	<u>\$ 1,582,912</u>
Total Long-term Obligations					<u>\$ 118,676,808</u>	<u>\$ 4,017,034</u>

(1) There is a Voluntary Settlement agreement between the City and Washington County, Virginia (the County) for the City to pay \$350,000 annually to the County for seven years beginning within nine months after a County retailer closes its business for a total of \$2,450,000.

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

CITY OF BRISTOL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 9-Long-Term Obligations: (Continued)****Primary Government - Business-Type Activities Indebtedness:**

The following is a summary of long-term debt transactions of the Solid Waste Fund for the year ended June 30, 2022.

	Balance July 1, 2021	GASB No. 87 Implementation	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2022
Direct Borrowings and Placements					
General Obligation Bonds	\$ 1,210,840	\$ -	\$ -	\$ (604,520)	\$ 606,320
Unamortized Premium	23,388	-	-	(16,539)	6,849
Loans Payable	735,993	(286,313)	774,610	(175,356)	1,048,934
Total Direct Borrowings and Placements	\$ 1,970,221	\$ (286,313)	\$ 774,610	\$ (796,415)	\$ 1,662,103
General Obligation Bonds	33,768,500	-	-	(183,900)	33,584,600
Lease Liabilities	-	488,415	616,903	(292,708)	812,610
Landfill Closure Liability	12,285,473	-	574,158	-	12,859,631
Net Pension Liability	1,307,175	-	725,286	(1,470,566)	561,895
Net OPEB Liabilities	176,590	-	30,558	(39,198)	167,950
Compensated Absences	118,063	-	57,040	(88,547)	86,556
Total	\$ 49,626,022	\$ 202,102	\$ 2,778,555	\$ (2,871,334)	\$ 49,735,345

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
2023	\$ 861,817	\$ 27,297	\$ 670,550	\$ 1,061,792	\$ 228,989	\$ 25,132
2024	261,241	14,226	708,850	1,031,626	211,366	17,577
2025	238,370	8,322	1,215,300	1,006,941	218,994	9,950
2026	213,929	3,988	1,675,050	985,145	129,216	2,515
2027	79,897	555	1,761,450	958,759	5,733	762
2028-2032	-	-	6,538,950	4,476,379	18,312	1,173
2033-2037	-	-	3,505,950	3,614,287	-	-
2038-2042	-	-	16,642,250	1,533,072	-	-
2043-2047	-	-	866,250	25,243	-	-
Totals	\$ 1,655,254	\$ 54,388	\$ 33,584,600	\$ 14,693,244	\$ 812,610	\$ 57,109

CITY OF BRISTOL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Long-Term Obligations: (Continued)

Primary Government - Business-Type Activities Indebtedness: (Continued)

	Interest Rates	Issue/ Implementation Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Direct Borrowings and Placements						
GO Bond	2.27-3.75%	10/1/2012	2023	\$ 2,550,000	\$ 250,000	\$ 250,000
GO Bond	1.92%	11/10/2016	2023	2,040,000	356,320	356,320
Finance Purchase - Garbage Truck	2.92%	6/1/2021	2026	263,413	213,744	51,132
Finance Purchase - Garbage Truck	3.99%	10/1/2019	2025	258,541	135,649	52,658
Finance Purchase - 2020 International Cobra	1.39%	1/15/2022	2027	169,990	153,516	33,292
Finance Purchase - 326 Excavator	1.39%	1/15/2022	2027	243,620	220,010	47,713
Finance Purchase - CAT 725 Articulated Truck	1.39%	1/20/2022	2027	361,000	326,015	70,702
Total Direct Borrowings and Placements					<u>\$ 1,655,254</u>	<u>\$ 861,817</u>
General Obligation Bonds						
GO Bond	5.65%	10/1/2007	2024	\$ 12,050,000	\$ 1,006,200	\$ 485,900
GO Bond	2.72-4.21%	1/9/2018	2043	16,024,400	16,024,400	-
GO Bond	1.56%	4/2/2020	2026	4,385,250	4,284,750	39,750
GO Bond	2.18-2.91%	10/22/2020	2043	12,527,550	12,269,250	144,900
Total General Obligation Bonds					<u>\$ 33,584,600</u>	<u>\$ 670,550</u>
Deferred Amount Bond Premium					<u>\$ 6,849</u>	<u>\$ 6,849</u>
Lease Liabilities						
Energy Project	3.17%	7/1/2021	2030	\$ 76,594	\$ 45,269	\$ 5,060
2020 Xtreme Vac Truck	1.38%	7/1/2021	2026	261,489	184,916	51,931
2022 Caterpillar Landfill Compactor	4.30%	2/11/2022	2026	616,903	557,473	147,046
2019 Track Type Tractor	5.40%	7/1/2021	2026	361,569	24,952	24,952
Total Lease Liabilities					<u>\$ 812,610</u>	<u>\$ 228,989</u>
Other Obligations						
Landfill Closure Liability	n/a	n/a	n/a	n/a	\$ 12,859,631	\$ -
Net Pension Liability	n/a	n/a	n/a	n/a	561,895	-
Net OPEB Liabilities	n/a	n/a	n/a	n/a	167,950	-
Compensated Absences	n/a	n/a	n/a	n/a	86,556	64,917
Total Other Obligations					<u>\$ 13,676,032</u>	<u>\$ 64,917</u>
Total Long-term Obligations					<u>\$ 49,735,345</u>	<u>\$ 1,833,122</u>

The following is a summary of long-term obligation transactions of the Transit Fund for the year ended June 30, 2022:

	Balance July 1 2021	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2022
Compensated Absences	\$ 35,390	\$ 29,885	\$ (26,543)	\$ 38,732
Net Pension Liability	417,370	214,832	(459,967)	172,235
Net OPEB Liabilities	54,853	9,602	(12,484)	51,971
Total	<u>\$ 507,613</u>	<u>\$ 254,319</u>	<u>\$ (498,994)</u>	<u>\$ 262,938</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Long-Term Obligations: (Continued)Primary Government - Business-Type Activities Indebtedness: (Continued)Details of long-term indebtedness:

	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	\$ 172,235	\$ -
Net OPEB Liabilities	n/a	n/a	n/a	n/a	51,971	-
Compensated Absences	n/a	n/a	n/a	n/a	38,732	29,049
Total Other Obligations					<u>\$ 262,938</u>	<u>\$ 29,049</u>
Total Long-term Obligations					<u>\$ 262,938</u>	<u>\$ 29,049</u>

For the business-type activities, landfill closure liability, net pension liability, net OPEB liabilities, and compensated absences are generally liquidated by the Transit and Solid Waste Funds.

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, 2022:

	Balance July 1, 2021	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2022
Revenue Bonds	<u>\$ 30,740,000</u>	<u>\$ -</u>	<u>\$ (145,000)</u>	<u>\$ 30,595,000</u>
Total	<u>\$ 30,740,000</u>	<u>\$ -</u>	<u>\$ (145,000)</u>	<u>\$ 30,595,000</u>

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

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2023	\$ 155,000	\$ 1,909,781
2024	165,000	1,898,981
2025	180,000	1,887,338
2026	190,000	1,874,850
2027	205,000	1,861,519
2028-2032	4,215,000	8,703,231
2033-2037	985,000	7,858,231
2038-2042	-	7,778,750
2043-2045	<u>24,500,000</u>	<u>3,189,375</u>
Totals	<u>\$ 30,595,000</u>	<u>\$ 36,962,056</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Long-Term Obligations: (Continued)**Primary Government - Business-Type Activities Indebtedness: (Continued)****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
<u>Revenue Bonds:</u>							
Revenue Bond Series 2014A	6.75%	12/23/2014	2033	\$145,000-820,000 a+	\$ 6,355,000	\$ 3,115,000	\$ 155,000
Revenue Bond Series 2014B	5.00-6.35%	12/23/2014	2044	bp	27,500,000	27,480,000	-
Total Revenue Bonds						<u>\$ 30,595,000</u>	<u>\$ 155,000</u>
Total Long-Term Obligations						<u>\$ 30,595,000</u>	<u>\$ 155,000</u>

(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

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.

Material Event (Default):

On May 1, 2022 the Industrial Development Authority (IDA) failed to make the full payment on interest that was due for the Series 2014B bonds. As such, the underpayment of \$384,069 was included in the financial statements as accrued interest payable. On November 1, 2022 the IDA paid this amount plus \$500,000 towards the November 1, 2022 interest amount leaving \$352,875 of interest due. Principal and interest remaining unpaid have not been forgiven and the outstanding unpaid principal continues to bear interest.

Note 10-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 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.

Note 10-Pension Plan: (Continued)

Benefit Structures

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

- 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.
- 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.

The remainder of this page is left blank intentionally.

Note 10-Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total 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.

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, 2022 was 18.17% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$2,403,975 and \$2,448,653 for the years ended June 30, 2022 and June 30, 2021, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 10-Pension Plan: (Continued)

Net Pension Liability

At June 30, 2022, the City reported a liability of \$10,951,835 for its proportionate share of the net pension liability. The City's net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021 and 2020 was used as a basis for allocation to determine the City's proportionate share of the net pension liability. At June 30, 2021 and 2020, the City's proportion was 94.6900% and 95.3100%, 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, 2020, 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, 2021.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 10-Pension Plan: (Continued)***Actuarial Assumptions - General Employees (Continued)***

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

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, 2020, 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, 2021.

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, 2022

Note 10-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, 2020 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, 2019. 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, 2022

Note 10-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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.39%</u>

* The above allocation provides a one-year expected return of 7.39%. 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 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 10-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, 2021, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2021 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	\$ 24,877,734	\$ 10,951,835	\$ (646,526)

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

For the year ended June 30, 2022, the City recognized pension expense of \$394,911. 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, 2022**Note 10-Pension Plan: (Continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

At June 30, 2022, 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	\$ -	\$ 1,401,333
Change in assumptions	2,798,894	-
Net difference between projected and actual earnings on pension plan investments	-	11,562,025
Change in proportion	-	128,922
Employer contributions subsequent to the measurement date	<u>2,403,975</u>	<u>-</u>
Total	\$ <u>5,202,869</u>	\$ <u>13,092,280</u>

\$2,403,975 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, 2023. 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>	
2023	\$ (1,955,989)
2024	(2,070,909)
2025	(2,730,107)
2026	(3,536,381)
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 11-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, 2022 was \$0.

Total OPEB Liability

The City's total OPEB liability was measured as of July 1, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020.

The remainder of this page is left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11-Other Postemployment Benefits-Health Insurance: (Continued)

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Healthcare Cost Trend Rates	3.01% for fiscal year end 2021 (to reflect actual experience), then 5.00% for fiscal year end 2022 and thereafter.
Salary Increases	2.50%
Discount Rate	1.92%

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.

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, 2021. The final equivalent single discount rate used for this year's valuation is 1.92% 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

	<u>Primary Government</u>
	<u>Total OPEB Liability</u>
Balances at June 30, 2021	\$ 2,341,797
Changes for the year:	
Service cost	83,632
Interest	57,550
Difference between expected and actual experience	14,836
Contributions - employer	(147,892)
Changes in assumptions	110,660
Benefit payments	-
Change in proportionate share	(4,527)
Net changes	114,259
Balances at June 30, 2022	\$ 2,456,056

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11-Other Postemployment Benefits-Health Insurance: (Continued)***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 (0.92%) or one percentage point higher (2.92%) than the current discount rate:

Rate		
1% Decrease	Current Discount	1% Increase
(0.92%)	(1.92%)	(2.92%)
\$ 2,679,264	\$ 2,456,056	\$ 2,252,691

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	Healthcare Cost	1% Increase
(2.01% for 2021, then 4.00% thereafter)	Trend (3.01% for 2021, then 5.00% thereafter)	(4.01% for 2021, then 6.00% thereafter)
\$ 2,231,050	\$ 2,456,056	\$ 2,719,993

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

For the year ended June 30, 2022, the City recognized OPEB expense in the amount of \$21,829. At June 30, 2022, 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	\$ 12,285	\$ 463,145
Change in assumptions	236,155	37,422
Contributions subsequent to the measurement date	139,758	-
Total	\$ 388,198	\$ 500,567

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11-Other Postemployment Benefits-Health Insurance: (Continued)

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

\$139,758 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, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future report periods as follows:

<u>Year Ended June 30</u>	
2023	\$ (123,984)
2024	(123,984)
2025	(23,152)
2026	3,118
2027	15,875
Thereafter	-

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 12- 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:

Note 12- Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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 \$8,722 as of June 30, 2022.

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, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the City were \$73,317 and \$74,486 for the years ended June 30, 2022 and June 30, 2021, respectively.

The remainder of this page is left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 12- 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***

At June 30, 2022, the City reported a liability of \$777,832 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the City's proportion was 0.0669% as compared to 0.07120% at June 30, 2012. The Bristol Public Library participates in the City's GLI OPEB and represents 5.3169% of the above proportionate share.

For the year ended June 30, 2022, the City recognized GLI OPEB expense of \$8,026. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, 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	\$ 88,714	\$ 5,926
Changes in assumptions	42,882	106,424
Net difference between projected and actual earnings on OPEB plan investments	-	185,652
Change in proportionate share	11,334	65,966
Employer contributions subsequent to the measurement date	73,317	-
Total	\$ 216,247	\$ 363,968

\$73,317 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, 2023. 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	
2023	\$ (62,160)
2024	(50,602)
2025	(38,876)
2026	(57,652)
2027	(11,748)
Thereafter	-

Note 12- Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. 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 CAFR.

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

Note 12- 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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, 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, 2022

Note 12- 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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, 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, 2021, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,577,346
Plan Fiduciary Net Position		2,413,074
GLI Net OPEB Liability (Asset)	\$	<u>1,164,272</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.45%

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 12- Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.39%</u>

*The above allocation provides a one-year return of 7.39%. 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 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

The remainder of this page is left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 12- 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, 2020, 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 100% of the actuarially determined contribution rate. From July 1, 2021 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
City's proportionate share of the GLI Plan Net OPEB Liability	\$ 1,136,440	\$ 777,832	\$ 488,238

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

The remainder of this page is left blank intentionally.

Note 13—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, 2022 was \$722.55 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 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 \$127,169 and \$120,508 for the years ended June 30, 2022 and June 30, 2021, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 13—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, 2021, the entity reported a liability of \$3,859,999 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2021 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2021, the entity's proportion was 0.8753% as compared to 0.88550% at June 30, 2020.

For the year ended June 30, 2022, the entity recognized LODA OPEB expense of \$338,260. 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, 2022, 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	\$ 321,820	\$ 584,438
Net difference between projected and actual earnings on LODA OPEB plan investments	-	22,352
Change in assumptions	1,068,190	184,642
Change in proportion	-	95,196
Employer contributions subsequent to the measurement date	<u>127,169</u>	<u>-</u>
Total	<u>\$ 1,517,179</u>	<u>\$ 886,628</u>

\$127,169 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, 2023. 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:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 13—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)***Year Ended June 30

2023	\$	71,487
2024		72,514
2025		72,816
2026		73,138
2027		86,048
Thereafter		127,379

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. 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	5.375%-4.75%
Year of ultimate trend rate:	
Under age 65	Fiscal year ended 2029
Ages 65 and older	Fiscal year ended 2024
Investment rate of return	2.16%, including inflation*

*Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.16% was used since it approximates the risk-free rate of return.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 13—Line of Duty Act (LODA) Program: (Continued)

Actuarial Assumptions (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, 2020 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, 2022

Note 13—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, 2021, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 448,542
Plan Fiduciary Net Position	7,553
LODA Net OPEB Liability (Asset)	<u>\$ 440,989</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.68%

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 2.16% 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 2.16% 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 Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2021.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 2.16%. 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, 2021, 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.

Note 13—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 2.16%, 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 (1.16%) or one percentage point higher (3.16%) than the current rate:

	Discount Rate		
	1% Decrease (1.16%)	Current (2.16%)	1% Increase (3.16%)
City's proportionate share of the total LODA Net OPEB Liability	\$ 4,440,414	\$ 3,859,999	\$ 3,398,811

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	\$ 3,167,227	\$ 3,859,999	\$ 4,728,276

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-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, 2022

Note 14—Summary of OPEB Plans:

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
City Stand-Alone Plan (Note 11)	\$ 388,198	\$ 500,567	\$ 2,456,056	\$ 21,829
VRS OPEB Plans:				
Group Life Insurance Plan (Note 12)	216,247	363,968	777,832	8,026
Line of Duty Act Program (Note 13)	1,517,179	886,628	3,859,999	338,260
Totals	\$ 2,121,624	\$ 1,751,163	\$ 7,093,887	\$ 368,115

Note 15—Capital Assets:

Capital asset activity for the year ended June 30, 2022 was as follows:

Primary Government:

	Beginning Balance	GASB No. 87 Implementation	Increases	Decreases	Transfers Out	Ending Balance
Governmental Activities:						
Capital assets, not being depreciated:						
Land	\$ 18,359,874	\$ -	\$ -	\$ -	\$ (484,712)	\$ 17,875,162
Construction in progress	1,046,210	-	392,063	(379,698)	-	1,058,575
Total capital assets not being depreciated	\$ 19,406,084	\$ -	\$ 392,063	\$ (379,698)	\$ (484,712)	\$ 18,933,737
Capital assets, being depreciated:						
Buildings and improvements	\$ 19,186,929	\$ (2,663,301)	\$ -	\$ -	\$ (187,500)	\$ 16,336,128
Land Development Costs	480,000	-	-	-	-	480,000
Infrastructure	124,424,996	-	379,775	-	-	124,804,771
Library Assets	7,197,901	-	-	-	-	7,197,901
Machinery and equipment	15,374,815	(1,543,668)	984,522	(195,558)	-	14,620,111
Total capital assets being depreciated	\$ 166,664,641	\$ (4,206,969)	\$ 1,364,297	\$ (195,558)	\$ (187,500)	\$ 163,438,911
Accumulated depreciation:						
Buildings and improvements	\$ (10,459,034)	\$ 887,745	\$ (377,806)	\$ -	\$ 41,250	\$ (9,907,845)
Land Development Costs	(460,800)	-	(19,200)	-	-	(480,000)
Infrastructure	(73,315,886)	-	(2,433,713)	-	-	(75,749,599)
Library Assets	(3,166,077)	-	(97,947)	-	-	(3,264,024)
Machinery and equipment	(9,490,642)	246,937	(1,104,677)	177,819	-	(10,170,563)
Total accumulated depreciation	\$ (96,892,439)	\$ 1,134,682	\$ (4,033,343)	\$ 177,819	\$ 41,250	\$ (99,572,031)
Total capital assets being depreciated, net	\$ 69,772,202	\$ (3,072,287)	\$ (2,669,046)	\$ (17,739)	\$ (146,250)	\$ 63,866,880
Right-to-use lease assets, being amortized:						
Buildings and improvements	\$ -	\$ 1,747,507	\$ -	\$ -	\$ -	\$ 1,747,507
Machinery and equipment	-	1,284,076	-	-	-	1,284,076
Total right-to-use lease assets being amortized	\$ -	\$ 3,031,583	\$ -	\$ -	\$ -	\$ 3,031,583
Accumulated amortization:						
Buildings and improvements	\$ -	\$ -	\$ (174,799)	\$ -	\$ -	\$ (174,799)
Machinery and equipment	-	-	(149,631)	-	-	(149,631)
Total accumulated amortization	\$ -	\$ -	\$ (324,430)	\$ -	\$ -	\$ (324,430)
Total right-to-use lease assets being amortized, net	\$ -	\$ 3,031,583	\$ (324,430)	\$ -	\$ -	\$ 2,707,153
Governmental activities capital assets, net	\$ 89,178,286	\$ (40,704)	\$ (2,601,413)	\$ (397,437)	\$ (630,962)	\$ 85,507,770

CITY OF BRISTOL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 15-Capital Assets: (Continued)**

Primary Government: (Continued)

	Beginning Balance	GASB No. 87 Implementation	Increases	Decreases	Ending Balance
Business-type Activities (Solid Waste Fund):					
Capital assets, not being depreciated:					
Land	\$ 802,062	\$ -	\$ -	\$ -	\$ 802,062
Construction in progress	-	-	513,460	-	513,460
Total capital assets not being depreciated	<u>\$ 802,062</u>	<u>\$ -</u>	<u>\$ 513,460</u>	<u>\$ -</u>	<u>\$ 1,315,522</u>
Capital assets, being depreciated:					
Land Development Costs	\$ 35,456,968	\$ -	\$ -	\$ -	\$ 35,456,968
Machinery and equipment	6,486,554	(261,489)	1,664,640	(309,231)	7,580,474
Plant	1,315,187	(76,467)	-	-	1,238,720
Infrastructure	2,962,290	-	-	-	2,962,290
Total capital assets being depreciated	<u>\$ 46,220,999</u>	<u>\$ (337,956)</u>	<u>\$ 1,664,640</u>	<u>\$ (309,231)</u>	<u>\$ 47,238,452</u>
Accumulated depreciation:					
Land Development Costs	\$ (23,319,820)	\$ -	\$ (1,140,007)	\$ -	\$ (24,459,827)
Machinery and equipment	(5,008,927)	37,355	(253,190)	278,375	(4,946,387)
Plant	(752,686)	45,876	(33,761)	-	(740,571)
Infrastructure	(1,609,689)	-	(586,908)	-	(2,196,597)
Total accumulated depreciation	<u>\$ (30,691,122)</u>	<u>\$ 83,231</u>	<u>\$ (2,013,866)</u>	<u>\$ 278,375</u>	<u>\$ (32,343,382)</u>
Total capital assets being depreciated, net	<u>\$ 15,529,877</u>	<u>\$ (254,725)</u>	<u>\$ (349,226)</u>	<u>\$ (30,856)</u>	<u>\$ 14,895,070</u>
Right-to-use lease assets, being amortized:					
Plant	\$ -	\$ 50,173	\$ -	\$ -	\$ 50,173
Infrastructure	-	438,242	616,903	(80,636)	974,509
Total right-to-use lease assets being amortized	<u>\$ -</u>	<u>\$ 488,415</u>	<u>\$ 616,903</u>	<u>\$ (80,636)</u>	<u>\$ 1,024,682</u>
Accumulated amortization:					
Plant	\$ -	\$ -	\$ (5,019)	\$ -	\$ (5,019)
Infrastructure	-	-	(278,415)	80,636	(197,779)
Total accumulated amortization	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (283,434)</u>	<u>\$ 80,636</u>	<u>\$ (202,798)</u>
Total right-to-use lease assets being amortized, net	<u>\$ -</u>	<u>\$ 488,415</u>	<u>\$ 333,469</u>	<u>\$ -</u>	<u>\$ 821,884</u>
Business-type activities (Solid Waste Fund) capital assets, net	<u>\$ 16,331,939</u>	<u>\$ 233,690</u>	<u>\$ 497,703</u>	<u>\$ (30,856)</u>	<u>\$ 17,032,476</u>

The remainder of this page is left blank intentionally.

CITY OF BRISTOL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 15-Capital Assets: (Continued)**

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities (Transit Fund):				
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	22,685	6,834	(29,519)	-
Total capital assets not being depreciated	<u>\$ 22,685</u>	<u>\$ 6,834</u>	<u>\$ (29,519)</u>	<u>\$ -</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 410,889	\$ -	\$ -	\$ 410,889
Machinery and equipment	442,689	29,519	-	472,208
Total capital assets being depreciated	<u>\$ 853,578</u>	<u>\$ 29,519</u>	<u>\$ -</u>	<u>\$ 883,097</u>
Accumulated depreciation:				
Buildings and improvements	\$ (293,276)	\$ (7,204)	\$ -	\$ (300,480)
Machinery and equipment	(238,779)	(48,094)	-	(286,873)
Total accumulated depreciation	<u>\$ (532,055)</u>	<u>\$ (55,298)</u>	<u>\$ -</u>	<u>\$ (587,353)</u>
Total capital assets being depreciated, net	<u>\$ 321,523</u>	<u>\$ (25,779)</u>	<u>\$ -</u>	<u>\$ 295,744</u>
Business-type activities (Transit Fund) capital assets, net	<u>\$ 344,208</u>	<u>\$ (18,945)</u>	<u>\$ (29,519)</u>	<u>\$ 295,744</u>

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

Governmental activities:	
General government administration	\$ 156,257
Judicial administration	101,486
Public safety	949,402
Public works	2,897,656
Health and welfare	27,314
Education	60,000
Parks, recreation, and cultural	<u>165,658</u>
Total depreciation/amortization expense- governmental activities	<u>\$ 4,357,773</u>
Business type activities:	
Solid Waste Fund	\$ 2,297,300
Transit Fund	<u>55,298</u>
Total depreciation/amortization expense-business-type activities	<u>\$ 2,352,598</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 15-Capital Assets: (Continued)

Capital asset activity for the Industrial Development Authority for the year ended June 30, 2022 was as follows:

Discretely Presented Component Unit-Industrial Development Authority:

	Beginning Balance	Transfer In	Increases	Decreases	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,063,960	\$ 484,712	\$ -	\$ (484,712)	\$ 1,063,960
Total capital assets not being depreciated	\$ 1,063,960	\$ 484,712	\$ -	\$ (484,712)	\$ 1,063,960
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	\$ (1,982,028)	\$ -	\$ (660,676)	\$ -	\$ (2,642,704)
Total accumulated depreciation	\$ (1,982,028)	\$ -	\$ (660,676)	\$ -	\$ (2,642,704)
Total capital assets being depreciated, net	\$ 14,534,898	\$ -	\$ (660,676)	\$ -	\$ 13,874,222
Business-type activities capital assets, net	\$ 15,598,858	\$ 484,712	\$ (660,676)	\$ (484,712)	\$ 14,938,182

Note 16-Landfill Closure and Post-Closure Care Costs:

The City owns and operates two landfills, compost and baling facilities, and a tire shredder. One landfill has been in operation for a number of years. It is referred to as the old landfill. The other, formerly a quarry, began operations in 1998 and is referred to as the quarry balefill.

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. The recognition of these landfill closure and postclosure care costs is based on the landfill capacity used as of each statement of net position date, while accepting trash.

The estimated landfill closure and postclosure care cost liability for the old landfill is \$5,601,277 as of June 30, 2022, which is based on 100% usage (filled) of the landfill. The City is mining waste from the old landfill, baling it, and placing it in the quarry balefill.

The estimated liability for landfill closure and postclosure care costs for the quarry balefill is \$7,029,186 as of June 30, 2022, which is based on 50.22% usage (filled) of the landfill. It is estimated that an additional \$6,967,600 will be recognized as closure and postclosure care expenses between the date of the statement of net position and the date the landfill is currently expected to be filled to capacity (the year 2045).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 16-Landfill Closure and Post-Closure Care Costs: (Continued)

The estimated liability from landfill closure and postclosure care costs of the compost facility and tire shredder as of June 30, 2022 are \$142,929 and \$30,665, respectively. It is estimated that an additional \$182,046 will be recognized for the compost facility as closure expense between the date of the statement of net position and the date the facility is expected to be closed.

The estimated liability to close the solid waste transfer/baling facility is \$55,574 at June 30, 2022. This is estimated at 100%.

It should be recognized that the formula for closure/postclosure costs are based on a prescribed formula established by the Department of Environmental Quality without regard to regions or cost differentials across the state. The estimated total current cost of the landfill closure and postclosure care (\$20,009,278) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired as of June 30, 2022. 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. The City qualifies to use the allowable financial assurances test in order to demonstrate financial responsibility, and those calculations are in compliance with the applicable regulations.

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.

Note 17-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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 18-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 19-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

Note 20-Commitments and Contingencies:

Effective December 31, 1998, the City entered into an agreement with Washington County, Virginia, whereby the City pays a share of real estate, personal property, and machinery and tools tax revenues derived from certain areas. Payments are to be 60% of the related tax for years 1-5, 40% for 6-10 years and 25% for years 11 and beyond. Amounts paid to Washington County during the fiscal year, representing 25%, were approximately \$87,747.

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 payments for fiscal year 2022 were \$225.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 21-Fund Balance:

<u>Governmental Funds:</u>	<u>General Fund</u>
Nonspendable:	
Inventories	\$ 156,032
Prepaid items	1,327,432
Total nonspendable balances	<u>\$ 1,483,464</u>
Restricted:	
Federal Sharing	\$ 134,512
Asset Forfeiture	171,997
Capital Projects	24,671,172
Total restricted balances	<u>\$ 24,977,681</u>
Assigned:	
Investigations-Police Department	\$ 26,320
Total assigned balances	<u>\$ 26,320</u>
Committed:	
Reserve	\$ 1,453,000
Debt Service Reserve	3,075,572
Total Committed	<u>\$ 4,528,572</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 22-Litigation:

The City of Bristol, Tennessee filed suit against the City of Bristol, Virginia on May 26, 2022 in the United States District Court of the Western District of Virginia. In the three count complaint Bristol, Tennessee alleges the City has violated the Clean Air Act, the Resource Conservation and Recovery Act and the City has created a public nuisance as a result of negligent maintenance and operation of the landfill. At the present time, the amount of the City's liability related to this suit cannot be reasonably estimated and therefore no amount has been recorded in the financial statements for same. However, the City believes such liability has the potential to be material to the financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 23-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 following list provides details of each agreement the City had as of June 30, 2022:

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 liability was \$527,123. 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 liability was \$1,584,777. These payments flow through the Industrial Development Authority for the City of Bristol, Virginia.

K-VA-T Food Stores, Inc. - 0.5% of total sales once the renter of property provides 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.

Heritage Motorsports, LLC - 50% of new real property tax, 0.5% of taxable sales tax reported, 0.3% of taxable personal property value. Total per the agreement is \$75,000. The agreement is dated 10/10/2014 and expires 06/26/26. These payments flow through the Industrial Development Authority for the City of Bristol, Virginia. At June 30, the City's liability was \$0.

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 liability was \$623,847.

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 liability at June 30, 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 liability at June 30, was \$482,778.

The following list provides details of each agreement the IDA had as of June 30, 2022:

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. IDA liability at June 30, was \$9,528,278.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 24-Subsequent Events:

In December 2020, the landfill 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 came to the City of Bristol to view the 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 cease the acceptance of waste at the landfill due to the incompatibility of operations with the necessary odor mitigation the ETLF remedial strategy. The City ceased accepting waste on September 9, 2022 in order to comply with the recommendations of the expert panel report and a preliminary injunctions that was issued by the federal court.

Note 25-Adoption of Accounting Principles:

The City implemented provisions of Governmental Accounting Standards Board Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. Statement No. 87, *Leases* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Restatement of beginning balance was required as a result of this implementation. Using the facts and circumstances at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases:

	Governmental Activities	Business-Type Activities
Lessee activity:		
Lease assets	\$ 3,031,583	\$ 488,415
Lease liabilities	\$ 3,031,583	\$ 488,415

Note 26-Restatement of Beginning Balances:

	Fund Balance	Primary Government Net Position	
		Governmental Activities	Business-Type Activities
Fund equity, as previously reported	\$ 28,763,544	\$ 15,108,411	\$ (26,287,154)
Adjustments:			
Merging of FSA Fund to General Fund	26,532	26,532	-
Implementation of GASB87	-	(43,037)	31,587
Fund equity, as restated	\$ 28,790,076	\$ 15,091,906	\$ (26,255,567)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 27 - Going Concern

During May 2022, the IDA did not make the required debt payment for the 2014B revenue bond issuance and the bond is currently in default. The IDA made a full payment in November 2022 however, the payment was not enough to cover the amount from May and the amount due in November.

However, the IDA currently 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 28-Upcoming Pronouncements:

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

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.

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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 17,873,350	\$ 17,941,929	\$ 18,898,411	\$ 956,482
Other local taxes	13,698,100	14,189,936	17,285,025	3,095,089
Permits, privilege fees, and regulatory licenses	151,850	151,850	159,200	7,350
Fines and forfeitures	130,500	130,500	150,502	20,002
Revenue from the use of money and property	244,801	244,801	226,943	(17,858)
Charges for services	1,411,135	1,451,199	1,478,016	26,817
Miscellaneous	806,703	847,675	1,098,549	250,874
Recovered costs	276,000	318,894	368,308	49,414
Intergovernmental	26,666,659	27,930,418	19,118,957	(8,811,461)
Total revenues	\$ 61,259,098	\$ 63,207,202	\$ 58,783,911	\$ (4,423,291)
EXPENDITURES				
Current:				
General government administration	\$ 3,933,374	\$ 3,820,662	\$ 3,618,355	\$ 202,307
Judicial administration	2,055,379	2,094,822	1,876,846	217,976
Public safety	17,511,168	17,786,416	14,547,180	3,239,236
Public works	5,866,413	6,120,744	5,853,494	267,250
Health and welfare	8,940,368	9,603,727	8,727,865	875,862
Education	6,817,614	6,817,614	6,622,419	195,195
Parks, recreation, and cultural	2,704,613	2,776,206	2,555,846	220,360
Community development	3,073,519	4,218,709	3,688,403	530,306
Nondepartmental	-	5,264,615	259,086	5,005,529
Capital projects	6,555,825	6,555,825	292,867	6,262,958
Debt service:				
Principal retirement	1,632,580	1,632,580	2,332,302	(699,722)
Interest and other fiscal charges	2,585,858	2,585,858	2,852,373	(266,515)
Bond issuance costs	10,000	10,000	420,649	(410,649)
Total expenditures	\$ 61,686,711	\$ 69,287,778	\$ 53,647,685	\$ 15,640,093
Excess (deficiency) of revenues over (under) expenditures	\$ (427,613)	\$ (6,080,576)	\$ 5,136,226	\$ 11,216,802
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 172,000	\$ 172,000	\$ 172,000	\$ -
Transfers out	(329,412)	(2,140,241)	(2,133,695)	6,546
Issuance of loans payable	-	-	533,051	533,051
Issuance of lease revenue bond	-	-	25,016,838	25,016,838
Sale of capital assets	166,500	175,400	67,412	(107,988)
Total other financing sources (uses)	\$ 9,088	\$ (1,792,841)	\$ 23,655,606	\$ 25,448,447
Net change in fund balances	\$ (418,525)	\$ (7,873,417)	\$ 28,791,832	\$ 36,665,249
Fund balances - beginning, as restated	418,525	7,873,417	28,790,076	20,916,659
Fund balances - ending	\$ -	\$ -	\$ 57,581,908	\$ 57,581,908

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, 2021

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					
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
For the Years Ended June 30, 2015 through June 30, 2022

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
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
For the Year Ended June 30, 2022

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, 2020, 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, 2019. 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, 2021

	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	\$ 83,632	\$ 70,823	\$ 65,638	\$ 100,569	98,173
Interest	57,550	78,587	91,950	111,200	106,027
Changes in assumptions	110,660	138,048	109,429	(110,338)	-
Contributions - employer	(147,892)	(200,444)	-	-	-
Differences between expected and actual experience	14,836	(283,103)	(168,797)	(573,910)	-
Benefit payments	-	-	(52,150)	(59,862)	(59,861)
Change in proportionate share	(4,527)	(8,218)	(20,787)	(26)	-
Net change in total OPEB liability	\$ 114,259	\$ (204,307)	\$ 25,283	\$ (532,367)	144,339
Total OPEB liability - beginning, as restated	<u>2,341,797</u>	<u>2,546,104</u>	<u>2,520,821</u>	<u>3,053,138</u>	<u>2,908,799</u>
Total OPEB liability - ending	<u>\$ 2,456,056</u>	<u>\$ 2,341,797</u>	<u>\$ 2,546,104</u>	<u>\$ 2,520,771</u>	<u>3,053,138</u>
 Covered - employee payroll	 \$ 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	 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, 2022

Valuation Date: 7/1/2020
Measurement Date: 7/1/2021

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 normal
Discount Rate	1.92%
Healthcare Trend Rate	Medical per capita costs, average costs, retiree contributions, and premiums are assumed to increase to 3.01% for fiscal year end 2021 (to reflect actual experience), then 5.00% for fiscal year end 2022 and thereafter.
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
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, 2021

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)
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, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
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%
2014	68,865	68,865	-	14,346,978	0.48%
2013	69,220	69,220	-	14,420,809	0.48%

City of Bristol, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2022

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

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, 2021

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)
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. 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 the 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, 2022

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)
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. Since 2017 is the first year for this presentation, only two years of data is 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, 2022

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, 2020 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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Intergovernmental	\$ 350,000	\$ 592,284	\$ 289,320	\$ (302,964)
Total revenues	\$ 350,000	\$ 592,284	\$ 289,320	\$ (302,964)
EXPENDITURES				
Community development	\$ 350,000	\$ 592,284	\$ 289,320	\$ 302,964
Total expenditures	\$ 350,000	\$ 592,284	\$ 289,320	\$ 302,964
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, 2022

	Industrial Development Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,919
Due from other funds	550,952
Total current assets	<u>\$ 554,871</u>
Restricted cash and cash equivalents:	
Cash and cash equivalents	\$ 1,400,101
Total restricted assets	<u>\$ 1,400,101</u>
Total current assets	<u>\$ 1,954,972</u>
Noncurrent assets:	
Capital assets:	
Land	\$ 1,063,960
Infrastructure	16,516,926
Accumulated depreciation	(2,642,704)
Total capital assets	<u>\$ 14,938,182</u>
Total noncurrent assets	<u>\$ 14,938,182</u>
Total assets	<u>\$ 16,893,154</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 23,070
Accrued interest payable	696,299
Bonds payable - current portion	155,000
Total current liabilities	<u>\$ 874,369</u>
Noncurrent liabilities:	
Bonds payable - net of current portion	30,440,000
Total noncurrent liabilities	<u>\$ 30,440,000</u>
Total liabilities	<u>\$ 31,314,369</u>
NET POSITION	
Net investment in capital assets	\$ (15,656,818)
Unrestricted	1,235,603
Total net position	<u><u>\$ (14,421,215)</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, 2022

	Industrial Development Authority
OPERATING EXPENSES	
IDA professional fees	\$ 10,725
IDA administrative	29,924
IDA business incentives	484,963
Depreciation	660,676
Total operating expenses	<u>\$ 1,186,288</u>
Operating income (loss)	<u>\$ (1,186,288)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 196
Gain (loss) on investments	8,664
Gain (loss) on sale of land	(484,713)
Interest expense	(1,918,810)
Debt service costs	(8,663)
Contributions from primary government:	
Economic development	1,008,582
Development of regional impact	2,133,158
Economic development	(470,176)
Total nonoperating revenues (expenses)	<u>268,238</u>
Change in net position	\$ (918,050)
Net position - beginning	(13,503,165)
Net position - ending	<u><u>\$ (14,421,215)</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, 2022

	Industrial Development Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ (29,706)
Payments to suppliers	(538,287)
Net cash provided by (used for) by operating activities	<u>\$ (567,993)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Contributions from primary government	<u>\$ 2,657,027</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on bonds	\$ (145,000)
Interest expense	(1,536,337)
Debt service costs	(8,663)
Economic development	(470,176)
Net cash provided by (used for) by capital and related financing activities	<u>\$ (2,160,176)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Gain (loss) on investments	\$ 8,664
Interest received	196
Net cash provided by (used for) by investing activities	<u>\$ 8,860</u>
Net increase (decrease) in cash and cash equivalents	\$ (62,282)
Cash and cash equivalents - beginning (including restricted cash and cash equivalents of \$1,462,090)	1,466,302
Cash and cash equivalents - ending (including restricted cash and cash equivalents of \$1,400,101)	<u><u>\$ 1,404,020</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) by operating activities:	
Operating income (loss)	<u>\$ (1,186,288)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	\$ 660,676
(Increase) decrease in due from other funds	(29,706)
Increase (decrease) in operating payables	(12,675)
Total adjustments	<u>\$ 618,295</u>
Net cash provided by (used for) by operating activities	<u><u>\$ (567,993)</u></u>
Schedule of non-cash capital activities	
Contribution of capital assets (at net book value)	<u>\$ 484,713</u>

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

Supporting Schedules

City of Bristol, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 1
Page 1 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 13,894,500	\$ 13,894,500	\$ 14,192,079	\$ 297,579
Real and personal public service corporation taxes	242,500	242,500	264,095	21,595
Personal property taxes	3,386,350	3,454,929	3,978,339	523,410
Other taxes	80,000	80,000	84,036	4,036
Penalties	150,000	150,000	213,675	63,675
Interest	120,000	120,000	166,187	46,187
Total general property taxes	<u>\$ 17,873,350</u>	<u>\$ 17,941,929</u>	<u>\$ 18,898,411</u>	<u>\$ 956,482</u>
Other local taxes:				
Local sales and use taxes	\$ 4,331,000	\$ 4,378,936	\$ 5,214,209	\$ 835,273
Consumers' utility taxes	155,000	155,000	167,309	12,309
Consumption taxes	67,000	67,000	73,794	6,794
Tobacco taxes	475,000	475,000	421,514	(53,486)
Business license taxes	1,113,600	1,148,693	1,514,267	365,574
Motor vehicle licenses	240,000	240,000	245,673	5,673
Bank stock taxes	400,000	400,000	371,496	(28,504)
Taxes on recordation and wills	150,000	150,000	359,596	209,596
Hotel and motel room taxes	1,200,000	1,287,000	1,810,057	523,057
Restaurant food taxes	5,550,000	5,871,807	7,060,364	1,188,557
Admissions taxes	16,500	16,500	46,746	30,246
Total other local taxes	<u>\$ 13,698,100</u>	<u>\$ 14,189,936</u>	<u>\$ 17,285,025</u>	<u>\$ 3,095,089</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,450	\$ 2,450	\$ 2,449	\$ (1)
Transfer fees	500	500	885	385
Charges for stormwater management	18,900	18,900	26,500	7,600
Zoning fees	5,000	5,000	5,200	200
Permits and other licenses	125,000	125,000	124,166	(834)
Total permits, privilege fees, and regulatory licenses	<u>\$ 151,850</u>	<u>\$ 151,850</u>	<u>\$ 159,200</u>	<u>\$ 7,350</u>
Fines and forfeitures:				
Court fines and forfeitures	<u>\$ 130,500</u>	<u>\$ 130,500</u>	<u>\$ 150,502</u>	<u>\$ 20,002</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 190,181	\$ 190,181	\$ 165,917	\$ (24,264)
Revenue from use of property	54,620	54,620	61,026	6,406
Total revenue from use of money and property	<u>\$ 244,801</u>	<u>\$ 244,801</u>	<u>\$ 226,943</u>	<u>\$ (17,858)</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 6,000	\$ 6,000	\$ 1,978	\$ (4,022)
Charges for courthouse maintenance	13,000	13,000	9,439	(3,561)
Charges for courtroom security	60,000	60,000	43,361	(16,639)
Charges for miscellaneous jail and inmate fees	85,200	85,200	36,166	(49,034)
Charges for Commonwealth's Attorney	4,000	4,000	3,537	(463)
Charges for rescue services	250,000	289,564	348,759	59,195
Charges for miscellaneous court	40,735	41,235	30,155	(11,080)
Charges for parks and recreation	18,000	18,000	26,685	8,685
Charges for golf course	831,000	831,000	866,714	35,714

City of Bristol, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 1
Page 2 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for law library	\$ 7,000	\$ 7,000	\$ 3,581	\$ (3,419)
Other charges for services	96,200	96,200	107,641	11,441
Total charges for services	<u>\$ 1,411,135</u>	<u>\$ 1,451,199</u>	<u>\$ 1,478,016</u>	<u>\$ 26,817</u>
Miscellaneous:				
Miscellaneous	\$ 188,703	\$ 229,675	\$ 473,638	\$ 243,963
Payments in lieu of taxes - BVU	280,000	280,000	282,058	2,058
Payments in lieu of taxes - TVA	338,000	338,000	342,853	4,853
Total miscellaneous	<u>\$ 806,703</u>	<u>\$ 847,675</u>	<u>\$ 1,098,549</u>	<u>\$ 250,874</u>
Recovered costs:				
Insurance recoveries	\$ 11,000	\$ 29,279	\$ 76,141	\$ 46,862
CDBG recoveries	60,000	60,000	71,380	11,380
Other recovered costs	205,000	229,615	220,787	(8,828)
Total recovered costs	<u>\$ 276,000</u>	<u>\$ 318,894</u>	<u>\$ 368,308</u>	<u>\$ 49,414</u>
Total revenue from local sources	<u>\$ 34,592,439</u>	<u>\$ 35,276,784</u>	<u>\$ 39,664,954</u>	<u>\$ 4,388,170</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 23,000	\$ 23,000	\$ 22,084	\$ (916)
Mobile home titling tax	1,500	1,500	10,088	8,588
Motor vehicle rental tax	13,000	13,000	15,470	2,470
Communications tax	468,000	468,000	433,228	(34,772)
State tax on deeds	40,000	40,000	-	(40,000)
State sales tax	840,000	921,807	1,013,418	91,611
Personal property tax relief funds	723,990	723,990	723,990	-
Other noncategorical aid	-	-	9,333	9,333
Total noncategorical aid	<u>\$ 2,109,490</u>	<u>\$ 2,191,297</u>	<u>\$ 2,227,611</u>	<u>\$ 36,314</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 563,244	\$ 563,244	\$ 562,315	\$ (929)
Sheriff	2,258,856	2,258,856	1,583,209	(675,647)
Commissioner of revenue	125,758	125,758	123,548	(2,210)
Treasurer	109,960	109,960	109,900	(60)
Registrar/electoral board	37,030	66,509	63,813	(2,696)
Clerk of the Circuit Court	342,699	342,699	323,779	(18,920)
Other shared expenses	30,600	30,600	30,137	(463)
Total shared expenses	<u>\$ 3,468,147</u>	<u>\$ 3,497,626</u>	<u>\$ 2,796,701</u>	<u>\$ (700,925)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 2,654,882	\$ 2,654,882	\$ 2,181,427	\$ (473,455)
Comprehensive services act	1,448,299	2,172,790	1,691,804	(480,986)
DHCD resurgence grant	-	150,000	150,000	-
Law enforcement 599 funds	1,075,456	1,075,456	1,075,560	104
Wireless E-911 payment state grant	80,000	80,000	112,163	32,163
Emergency services funds	106,000	126,960	53,078	(73,882)

City of Bristol, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 1
Page 3 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
VDOT grants	\$ 3,446,624	\$ 3,587,326	\$ 9,253	\$ (3,578,073)
Street and highway maintenance	4,078,000	4,148,945	4,195,707	46,762
Fire program	64,000	72,187	72,187	-
PSAP grants	317,595	317,595	-	(317,595)
4-for-life funds	14,000	14,000	-	(14,000)
Litter control grant	6,500	6,500	7,981	1,481
VA foundation for healthy youth	39,140	39,140	-	(39,140)
Victim witness funds	27,625	27,625	38,604	10,979
State contract jail beds	340,000	340,000	213,832	(126,168)
Tobacco region opportunity funds	87,202	87,202	92,807	5,605
Brownfield restoration grant	-	-	47,318	47,318
Other categorical aid-Judicial	16,880	45,808	7,839	(37,969)
Other categorical aid-Community Development	67,000	67,000	57,235	(9,765)
Other categorical aid	40,000	40,000	155,146	115,146
Total other categorical aid	<u>\$ 13,909,203</u>	<u>\$ 15,053,416</u>	<u>\$ 10,161,941</u>	<u>\$ (4,891,475)</u>
Total categorical aid	<u>\$ 17,377,350</u>	<u>\$ 18,551,042</u>	<u>\$ 12,958,642</u>	<u>\$ (5,592,400)</u>
Total revenue from the Commonwealth	<u>\$ 19,486,840</u>	<u>\$ 20,742,339</u>	<u>\$ 15,186,253</u>	<u>\$ (5,556,086)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 2,934,823	\$ 2,934,823	\$ 3,080,215	\$ 145,392
Coronavirus relief funds	-	-	25,123	25,123
Selective enforcement grants	45,000	45,000	14,642	(30,358)
SHSP funds	244,000	244,000	52,069	(191,931)
Disaster relief	-	-	1,890	1,890
VDOT grants	-	-	210,218	210,218
V stop grant	21,771	21,771	21,771	-
Brownsfield grant	100,000	100,000	28,759	(71,241)
Victim witness funds	83,320	83,320	65,849	(17,471)
Emergency management	15,500	15,500	2,942	(12,558)
Justice assistance grant	4,000	12,260	3,846	(8,414)
QSCB interest	450,000	450,000	127,305	(322,695)
ARPA compensation board	-	-	122,721	122,721
NHTSA speed control	-	-	16,830	16,830
Special projects	539,300	539,300	-	(539,300)
Street and highway maintenance	2,559,785	2,559,785	-	(2,559,785)
Equitable sharing program	-	-	6,728	6,728
Cops hiring program (COPS)	182,320	182,320	151,796	(30,524)
Total categorical aid	<u>\$ 7,179,819</u>	<u>\$ 7,188,079</u>	<u>\$ 3,932,704</u>	<u>\$ (3,255,375)</u>
Total revenue from the federal government	<u>\$ 7,179,819</u>	<u>\$ 7,188,079</u>	<u>\$ 3,932,704</u>	<u>\$ (3,255,375)</u>
Total General Fund	<u>\$ 61,259,098</u>	<u>\$ 63,207,202</u>	<u>\$ 58,783,911</u>	<u>\$ (4,423,291)</u>

City of Bristol, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 1
Page 4 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
CDBG Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Entitlement grants	\$ 350,000	\$ 397,036	\$ 229,197	\$ (167,839)
Coronavirus relief funds	-	195,248	60,123	(135,125)
Total categorical aid	<u>\$ 350,000</u>	<u>\$ 592,284</u>	<u>\$ 289,320</u>	<u>\$ (302,964)</u>
Total revenue from the federal government	<u>\$ 350,000</u>	<u>\$ 592,284</u>	<u>\$ 289,320</u>	<u>\$ (302,964)</u>
Total CDBG Fund	<u>\$ 350,000</u>	<u>\$ 592,284</u>	<u>\$ 289,320</u>	<u>\$ (302,964)</u>
Total Primary Government	<u>\$ 61,609,098</u>	<u>\$ 63,799,486</u>	<u>\$ 59,073,231</u>	<u>\$ (4,726,255)</u>

City of Bristol, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 2
Page 1 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
City Council	\$ 71,722	\$ 72,407	\$ 63,006	\$ 9,401
General and financial administration:				
City clerk	\$ 26,755	\$ 29,491	\$ 20,193	\$ 9,298
City manager	277,395	279,895	253,413	26,482
Human resources	183,388	186,388	186,032	356
Independent auditor	83,400	83,400	72,449	10,951
City attorney	82,023	144,604	63,546	81,058
Commissioner of revenue	301,764	301,764	272,461	29,303
Assessor	15,000	15,000	9,379	5,621
Treasurer	413,043	455,290	409,511	45,779
Finance	449,595	495,523	457,899	37,624
Purchasing	94,016	94,016	79,999	14,017
Information technology	697,193	707,897	677,826	30,071
Retired benefits	142,000	142,000	89,830	52,170
Other	887,182	564,001	714,531	(150,530)
Total general and financial administration	\$ 3,652,754	\$ 3,499,269	\$ 3,307,069	\$ 192,200
Board of elections:				
Electoral board	\$ 208,898	\$ 248,986	\$ 248,280	\$ 706
Total board of elections	\$ 208,898	\$ 248,986	\$ 248,280	\$ 706
Total general government administration	\$ 3,933,374	\$ 3,820,662	\$ 3,618,355	\$ 202,307
Judicial administration:				
Courts:				
Circuit court	\$ 65,695	\$ 65,695	\$ 62,840	\$ 2,855
General district court	16,250	16,362	15,839	523
Juvenile and domestic relations court	2,333	2,333	2,220	113
Judicial alternative sentencing program	312,764	342,192	244,298	97,894
Magistrate's office	1,000	3,000	843	2,157
Law library	1,530	1,530	559	971
Victim witness program	114,434	114,434	104,867	9,567
Clerk of the circuit court	509,196	517,099	505,714	11,385
Clerk of the juvenile and domestic relations court	10,520	10,520	8,584	1,936
Total courts	\$ 1,033,722	\$ 1,073,165	\$ 945,764	\$ 127,401
Commonwealth's attorney:				
Commonwealth's attorney	\$ 937,057	\$ 937,057	\$ 930,372	\$ 6,685
Commonwealth's attorney asset forfeiture	84,600	84,600	710	83,890
Total commonwealth's attorney	\$ 1,021,657	\$ 1,021,657	\$ 931,082	\$ 90,575
Total judicial administration	\$ 2,055,379	\$ 2,094,822	\$ 1,876,846	\$ 217,976
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 6,796,431	\$ 6,827,076	\$ 5,543,541	\$ 1,283,535
Total law enforcement and traffic control	\$ 6,796,431	\$ 6,827,076	\$ 5,543,541	\$ 1,283,535
Fire and rescue services:				
Fire department	\$ 4,214,115	\$ 4,395,680	\$ 3,709,771	\$ 685,909
Total fire and rescue services	\$ 4,214,115	\$ 4,395,680	\$ 3,709,771	\$ 685,909
Correction and detention:				
City Sheriff & Jail	\$ 5,803,783	\$ 5,827,763	\$ 4,594,883	\$ 1,232,880
Appalachian Juvenile Commission	153,576	153,576	153,576	-
City Sheriff & Jail grants	7,800	12,495	2,682	9,813
Total correction and detention	\$ 5,965,159	\$ 5,993,834	\$ 4,751,141	\$ 1,242,693

City of Bristol, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 2
Page 2 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building inspector	\$ 171,922	\$ 171,922	\$ 192,356	\$ (20,434)
Total inspections	\$ 171,922	\$ 171,922	\$ 192,356	\$ (20,434)
Other protection:				
Animal control	\$ 151,983	\$ 152,313	\$ 126,382	\$ 25,931
Medical examiner	500	500	300	200
Emergency preparedness	51,058	51,058	41,600	9,458
Hazardous materials emergency - ERS	30,000	64,033	54,920	9,113
Line of duty act	130,000	130,000	127,169	2,831
Total other protection	\$ 363,541	\$ 397,904	\$ 350,371	\$ 47,533
Total public safety	\$ 17,511,168	\$ 17,786,416	\$ 14,547,180	\$ 3,239,236
Public works:				
Sanitation and waste removal:				
Solid waste disposal	\$ 425,000	\$ 417,081	\$ 376,233	\$ 40,848
Total sanitation and waste removal	\$ 425,000	\$ 417,081	\$ 376,233	\$ 40,848
Maintenance of highways, streets, bridges and sidewalks:				
Street and engineering divisions	\$ 830,427	\$ 1,004,807	\$ 794,954	\$ 209,853
VDOT reimbursed maintenance	3,452,208	3,531,153	3,889,508	(358,355)
Streetlights	29,400	29,400	27,261	2,139
Fleet maintenance	539,475	539,475	451,276	88,199
Total maintenance of highways, streets, bridges and sidewalks	\$ 4,851,510	\$ 5,104,835	\$ 5,162,999	\$ (58,164)
Maintenance of general buildings and grounds:				
General properties	\$ 501,753	\$ 502,759	\$ 257,036	\$ 245,723
Other city property	25,200	33,119	30,809	2,310
Municipal parking facilities	62,950	62,950	26,417	36,533
Total maintenance of general buildings and grounds	\$ 589,903	\$ 598,828	\$ 314,262	\$ 284,566
Total public works	\$ 5,866,413	\$ 6,120,744	\$ 5,853,494	\$ 267,250
Health and welfare:				
Health:				
Supplement of local health department	\$ 468,292	\$ 407,160	\$ 407,160	\$ -
Behavioral Health and Developmental Services				
Mental health services	\$ 165,414	\$ 165,414	\$ 165,414	\$ -
Total behavioral health and developmental services	\$ 165,414	\$ 165,414	\$ 165,414	\$ -
Welfare:				
Welfare administration and programs	\$ 6,198,119	\$ 6,198,119	\$ 5,497,767	\$ 700,352
Comprehensive services act	2,108,543	2,833,034	2,657,524	175,510
Total welfare	\$ 8,306,662	\$ 9,031,153	\$ 8,155,291	\$ 875,862
Total health and welfare	\$ 8,940,368	\$ 9,603,727	\$ 8,727,865	\$ 875,862
Education:				
Educational:				
Contributions to community colleges	\$ 31,604	\$ 31,604	\$ 31,604	\$ -
Contribution to City School Board	6,786,010	6,786,010	6,590,815	195,195
Total education	\$ 6,817,614	\$ 6,817,614	\$ 6,622,419	\$ 195,195

City of Bristol, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 2
Page 3 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 512,692	\$ 512,692	\$ 443,871	\$ 68,821
Programming	605,130	608,924	632,179	(23,255)
Clear Creek golf course	831,949	899,748	724,954	174,794
Total parks and recreation	<u>\$ 1,949,771</u>	<u>\$ 2,021,364</u>	<u>\$ 1,801,004</u>	<u>\$ 220,360</u>
Library:				
Library expenses	\$ 754,842	\$ 754,842	\$ 754,842	\$ -
Total parks, recreation, and cultural	<u>\$ 2,704,613</u>	<u>\$ 2,776,206</u>	<u>\$ 2,555,846</u>	<u>\$ 220,360</u>
Community development:				
Planning and community development:				
Planning and community development	\$ 380,191	\$ 380,191	\$ 282,487	\$ 97,704
Tourism promotion program	65,000	157,000	157,000	-
Economic development	202,202	530,645	226,101	304,544
Mount Rogers PDC	15,614	15,614	15,614	-
Chamber of Commerce	4,730	4,730	4,730	-
Keep Bristol Beautiful committee	6,500	6,500	6,500	-
District 3 Governmental Coop	10,523	10,523	10,523	-
Office on Youth	39,140	39,140	1,420	37,720
Economic development activities	88,470	258,470	242,953	15,517
Foreign trade zone	19,500	18,730	18,730	-
Code compliance	60,773	61,068	61,260	(192)
Non-city property management	14,976	14,976	4,057	10,919
Contribution to Industrial Development Authority-Economic Dev.	594,600	594,600	523,870	70,730
Contribution to Industrial Development Authority-DRI	1,571,300	2,126,522	2,133,158	(6,636)
Total planning and community development	<u>\$ 3,073,519</u>	<u>\$ 4,218,709</u>	<u>\$ 3,688,403</u>	<u>\$ 530,306</u>
Total community development	<u>\$ 3,073,519</u>	<u>\$ 4,218,709</u>	<u>\$ 3,688,403</u>	<u>\$ 530,306</u>
Nondepartmental:				
Nondepartmental	\$ -	\$ 5,264,615	\$ 259,086	\$ 5,005,529
Total nondepartmental	<u>\$ -</u>	<u>\$ 5,264,615</u>	<u>\$ 259,086</u>	<u>\$ 5,005,529</u>
Capital projects:				
Lee highway widening exit 7	\$ -	\$ -	\$ 8,139	\$ (8,139)
Exit 5 project	170,000	170,000	-	170,000
Bristol flood damage red program	-	-	20,558	(20,558)
Other capital outlay	6,385,825	6,385,825	264,170	6,121,655
Total capital projects	<u>\$ 6,555,825</u>	<u>\$ 6,555,825</u>	<u>\$ 292,867</u>	<u>\$ 6,262,958</u>
Debt service:				
Principal retirement	\$ 1,632,580	\$ 1,632,580	\$ 2,332,302	\$ (699,722)
Interest and other fiscal charges	2,585,858	2,585,858	2,852,373	(266,515)
Bond issuance costs	10,000	10,000	420,649	(410,649)
Total debt service	<u>\$ 4,228,438</u>	<u>\$ 4,228,438</u>	<u>\$ 5,605,324</u>	<u>\$ (1,376,886)</u>
Total General Fund	<u>\$ 61,686,711</u>	<u>\$ 69,287,778</u>	<u>\$ 53,647,685</u>	<u>\$ 15,640,093</u>
Special Revenue Funds:				
CDBG Fund:				
Community development:				
Planning and community development:				
Administrative Fees	\$ 58,000	\$ 58,000	\$ 53,080	\$ 4,920
Demolition	30,000	30,000	25,877	4,123
Emergency Housing Rehab	50,000	50,000	64,152	(14,152)
Boys and Girls Club	4,500	51,536	1,000	50,536
Special Revenue Funds: (Continued)				

City of Bristol, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 2
Page 4 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
CDBG Fund: (Continued)				
Community Development: (Continued)				
Planning and community development: (Continued)				
Children's Advocacy Center	\$ -	\$ -	\$ 4,000	\$ (4,000)
Enterprise Zone Incentives	20,000	20,000	6,000	14,000
CASA (People Inc)	4,500	4,500	3,861	639
Bristol Housing Authority	4,500	4,500	2,812	1,688
Highlands Community Services	9,000	9,000	3,999	5,001
Sidewalk Improvements	88,500	88,500	15,102	73,398
Bristol Public Library	4,500	4,500	1,250	3,250
Housing Maintenance Partnership	20,000	20,000	-	20,000
AIC	4,500	4,500	5,366	(866)
Crossroads Medical Mission	4,500	4,500	5,850	(1,350)
Communities in School	-	-	3,000	(3,000)
King's Mt Supportive Housing	7,500	7,500	3,500	4,000
Code Enforcement	40,000	40,000	25,000	15,000
CARES	-	195,248	65,471	129,777
Total planning and community development	<u>\$ 350,000</u>	<u>\$ 592,284</u>	<u>\$ 289,320</u>	<u>\$ 302,964</u>
Total CDBG Fund	<u>\$ 350,000</u>	<u>\$ 592,284</u>	<u>\$ 289,320</u>	<u>\$ 302,964</u>
Total Primary Government	<u>\$ 62,036,711</u>	<u>\$ 69,880,062</u>	<u>\$ 53,937,005</u>	<u>\$ 15,943,057</u>

Statistical Section

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net Investment in capital assets										
Restricted	\$ 27,983,924	\$ 30,780,027	\$ 8,717,208	\$ 16,237,546	\$ 15,361,661	\$ 11,265,975	\$ 15,682,112	\$ 14,701,966	\$ 14,366,458	\$ 11,960,935
Unrestricted	2,029,871	1,149,693	2,376,424	990,054	461,041	394,934	263,848	326,955	510,695	306,509
	24,072,734	21,040,925	5,746,269	(14,148,599)	(12,353,658)	(12,226,017)	(5,904,380)	(3,393,318)	231,258	7,212,076
Total governmental activities net position	\$ 54,086,529	\$ 52,970,645	\$ 16,839,901	\$ 3,079,001	\$ 3,469,044	\$ (565,108)	\$ 10,041,580	\$ 11,635,603	\$ 15,108,411	\$ 19,479,520
Business-type activities										
Net Investment in capital assets										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ (9,882,306)	\$ (11,240,766)	\$ (14,938,806)	\$ (15,058,938)	\$ (16,545,336)	\$ (16,422,472)
Unrestricted	(33,867,453)	(36,310,290)	(38,527,008)	(17,561,883)	(7,723,498)	(9,066,693)	(10,432,176)	(10,186,439)	(9,545,979)	(9,788,459)
Total business-type activities net position	\$ (33,867,453)	\$ (36,310,290)	\$ (38,527,008)	\$ (17,561,883)	\$ (17,605,804)	\$ (20,307,459)	\$ (25,370,982)	\$ (25,245,377)	\$ (26,091,315)	\$ (26,210,931)
Primary government										
Net Investment in capital assets										
Restricted	\$ 27,983,924	\$ 30,780,027	\$ 8,717,208	\$ 16,237,546	\$ 5,479,355	\$ 25,209	\$ 743,306	\$ (356,972)	\$ (2,178,878)	\$ (4,461,537)
Unrestricted	2,029,871	1,149,693	2,376,424	990,054	461,041	394,934	263,848	326,955	510,695	306,509
	(9,794,719)	(15,269,365)	(32,780,739)	(31,710,482)	(20,077,156)	(21,292,710)	(16,336,556)	(13,579,757)	(9,314,721)	(2,576,383)
Total primary government net position	\$ 20,219,076	\$ 16,660,355	\$ (21,687,107)	\$ (14,482,882)	\$ (14,136,760)	\$ (20,872,567)	\$ (15,329,402)	\$ (13,609,774)	\$ (10,982,904)	\$ (6,731,411)

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.

Note:

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.

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

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government administration	\$ 3,863,132	\$ 3,644,857	\$ 3,577,188	\$ 3,808,184	\$ 3,293,394	\$ 2,870,965	\$ 3,959,101	\$ 3,323,126	\$ 3,420,556	\$ 3,249,124
Judicial administration	1,446,663	1,403,143	1,416,373	1,542,808	1,489,238	1,546,585	1,521,639	1,976,627	1,950,818	1,802,928
Public safety	13,303,468	13,658,662	13,353,824	13,950,011	14,845,666	14,203,394	13,482,799	14,443,114	16,474,620	13,620,519
Public works	5,825,721	6,078,768	5,735,516	6,491,735	6,612,183	12,169,519	7,669,099	8,520,743	8,011,443	8,203,039
Health and welfare	6,188,984	6,340,817	6,985,092	7,398,856	7,493,980	7,796,803	7,679,441	8,816,862	8,497,461	8,569,105
Education	9,370,182	9,468,882	9,495,178	9,839,236	6,664,037	6,810,420	5,415,563	6,593,843	7,524,122	6,828,669
Parks, recreation and cultural	3,933,370	3,817,264	3,241,612	3,354,408	3,142,962	3,092,715	2,987,371	2,991,537	2,683,341	2,608,961
Community development	2,791,217	5,182,711	5,533,853	2,766,734	5,058,993	3,024,445	3,596,213	3,452,643	4,774,056	4,358,138
Transit	474,911	506,937	415,780	397,012	-	-	-	-	-	-
Interest on long-term debt	1,495,132	1,406,389	2,273,656	2,602,511	3,047,922	3,823,602	3,208,814	3,369,943	3,119,628	3,481,138
Total governmental activities expenses	\$ 48,692,780	\$ 51,508,430	\$ 52,028,072	\$ 52,151,495	\$ 51,648,395	\$ 55,338,448	\$ 49,520,040	\$ 53,488,438	\$ 56,456,045	\$ 52,721,621
Business-type activities:										
Electric	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water	-	-	-	-	-	-	-	-	-	-
Wastewater	-	-	-	-	-	-	-	-	-	-
OptiNet	-	-	-	-	-	-	-	-	-	-
Solid Waste Disposal	6,799,466	6,201,423	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
Golf Course	-	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	6,799,466	6,201,423	5,888,523	6,147,043	6,036,630	8,083,494	9,174,163	7,213,160	7,271,196	8,360,738
Total primary government expenses	\$ 55,492,246	\$ 57,709,853	\$ 57,916,595	\$ 58,298,538	\$ 57,685,025	\$ 63,421,942	\$ 58,694,203	\$ 60,701,598	\$ 63,727,241	\$ 61,082,359
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 477,548	\$ 393,855	\$ 187,115	\$ 134,641	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Judicial administration	341,793	316,409	292,519	266,659	53,309	55,074	63,930	44,278	41,298	38,158
Public safety	138,616	118,852	206,871	158,929	389,093	393,977	683,358	641,423	654,070	707,381
Public works	4,751	724	6,481	21,564	71,861	76,848	78,415	12,515	25,027	35,939
Parks, recreation and cultural	895,803	832,374	752,324	834,989	773,444	798,102	741,079	858,594	900,655	1,001,040
Other activities	46,345	32,640	56,943	69,234	5,875	7,727	6,988	5,607	5,370	5,200
Operating grants and contributions	14,277,719	15,647,934	13,884,725	15,316,508	15,920,827	16,155,264	16,919,063	16,812,399	19,840,207	16,802,671
Capital grants and contributions	1,370,963	2,722,801	5,091,895	8,385,503	2,111,361	4,157,571	5,707,886	1,507,606	1,585,198	377,995
Total governmental activities program revenues	\$ 17,553,538	\$ 20,065,589	\$ 20,478,373	\$ 25,188,027	\$ 19,325,770	\$ 21,644,563	\$ 24,200,719	\$ 19,882,422	\$ 23,051,825	\$ 18,968,384
Business-type activities:										
Charges for services:										
Solid Waste Disposal	\$ 4,838,203	\$ 3,877,782	\$ 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
Operating grants and contributions	-	-	-	-	-	-	-	312,133	351,516	414,114
Total business-type activities program revenues	\$ 4,838,203	\$ 3,877,782	\$ 4,259,669	\$ 4,506,392	\$ 4,884,260	\$ 4,705,962	\$ 5,615,024	\$ 6,196,666	\$ 6,243,182	\$ 6,225,913
Total primary government program revenues	\$ 22,391,741	\$ 23,943,371	\$ 24,738,042	\$ 29,694,419	\$ 24,210,030	\$ 26,350,525	\$ 29,815,743	\$ 26,079,088	\$ 29,295,007	\$ 25,194,297
Net (expense) / revenue										
Governmental activities	\$ (31,139,242)	\$ (31,442,841)	\$ (31,549,699)	\$ (26,963,468)	\$ (32,322,625)	\$ (33,693,885)	\$ (25,319,321)	\$ (33,606,016)	\$ (33,404,220)	\$ (33,753,237)
Business-type activities	(1,961,263)	(2,323,641)	(1,628,854)	(1,640,651)	(1,152,370)	(3,377,532)	(3,559,139)	(1,016,494)	(1,028,014)	(2,134,825)
Total primary government net (expense)/revenue	\$ (33,100,505)	\$ (33,766,482)	\$ (33,178,553)	\$ (28,604,119)	\$ (33,474,995)	\$ (37,071,417)	\$ (28,878,460)	\$ (34,622,510)	\$ (34,432,234)	\$ (35,888,062)

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 13,833,296	\$ 14,380,655	\$ 15,946,537	\$ 16,993,071	\$ 18,343,545	\$ 17,385,958	\$ 17,838,482	\$ 18,032,947	\$ 18,675,283	\$ 19,194,745
Other taxes	12,427,340	12,316,335	13,264,747	13,863,419	13,637,649	14,275,193	14,921,446	13,906,812	14,844,720	17,285,025
Unrestricted grants and contributions	3,222,122	3,327,544	3,454,427	3,973,346	2,366,377	2,398,882	2,415,775	2,259,682	2,188,069	2,227,611
Unrestricted revenues from use of money and property										
Miscellaneous	34,554	31,149	43,487	40,343	166,719	165,466	409,118	315,974	235,311	246,943
Gain (Loss) on disposal of capital assets	9,474	193,306	272,181	(515,679)	997,357	1,309,203	741,227	951,617	1,069,561	1,098,549
Transfers	(84,010)	77,968	14,641	28,388	-	-	-	-	-	49,673
Special item-conveyance of property	-	-	(986,243)	(22,605,369)	(785,408)	(886,680)	(567,480)	(698,287)	(135,916)	(1,961,695)
	-	-	(14,869,201)	1,425,049	-	-	-	-	-	-
Total governmental activities	\$ 29,442,776	\$ 30,326,957	\$ 17,140,576	\$ 13,202,568	\$ 34,726,239	\$ 34,648,022	\$ 35,758,568	\$ 34,768,745	\$ 36,877,028	\$ 38,140,851
Business-type activities:										
Unrestricted revenues from use of money and property										
Miscellaneous	\$ 582	\$ 99	\$ 95	\$ 407	\$ 6,977	\$ 2,867	\$ 3,449	\$ 3,722	\$ 20,907	\$ 20,983
Gain (Loss) on disposal of capital assets	-	-	462	-	22,339	9,267	47,951	23,140	26,742	944
Transfers	(8,725)	(5,102)	(11,123)	-	1,219	11,841	-	4,584	(1,489)	-
	-	-	986,243	22,605,369	785,408	886,680	567,480	698,287	135,916	1,961,695
Total business-type activities	\$ (8,143)	\$ (5,003)	\$ 975,677	\$ 22,605,776	\$ 815,943	\$ 910,655	\$ 618,880	\$ 729,733	\$ 182,076	\$ 1,983,622
Total primary government	\$ 29,434,633	\$ 30,321,954	\$ 18,116,253	\$ 35,808,344	\$ 35,542,182	\$ 35,558,677	\$ 36,377,448	\$ 35,498,478	\$ 37,059,104	\$ 40,124,473
Change in Net Position										
Governmental activities	\$ (1,696,466)	\$ (1,115,884)	\$ (14,409,123)	\$ (13,760,900)	\$ 2,403,614	\$ 954,137	\$ 10,439,247	\$ 1,162,729	\$ 3,472,808	\$ 4,387,614
Business-type activities	(1,969,406)	(2,328,644)	(653,177)	20,965,125	(336,427)	(2,466,877)	(2,940,259)	(286,761)	(845,938)	(151,203)
Total primary government	\$ (3,665,872)	\$ (3,444,528)	\$ (15,062,300)	\$ 7,204,225	\$ 2,067,187	\$ (1,512,740)	\$ 7,498,988	\$ 875,968	\$ 2,626,870	\$ 4,236,411

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, 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.

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

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Nonspendable	\$ 19,835,179	\$ 22,661,237	\$ 22,642,183	\$ 521,732	\$ 707,275	\$ 693,895	\$ 405,187	\$ 1,483,727	\$ 1,485,975	\$ 1,483,464
Restricted	2,029,871	1,149,693	2,376,424	990,054	3,828,772	688,350	1,132,610	326,955	510,695	24,977,681
Assigned	-	-	-	45,758	4,025	23,820	18,820	40,070	36,320	26,320
Committed	-	-	-	-	-	-	3,053,823	3,455,036	4,493,347	4,528,572
Unassigned	5,249,125	(277,620)	6,096,293	7,348,531	8,300,228	14,168,992	16,022,800	17,478,295	22,237,207	26,565,871
Total general fund	<u>\$ 27,114,175</u>	<u>\$ 23,533,310</u>	<u>\$ 31,114,900</u>	<u>\$ 8,906,075</u>	<u>\$ 12,840,300</u>	<u>\$ 15,575,057</u>	<u>\$ 20,633,240</u>	<u>\$ 22,784,083</u>	<u>\$ 28,763,544</u>	<u>\$ 57,581,908</u>
All other governmental funds										
Assigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	(8,925)	-	-	-	-	(18,168)	(12,864)	-	-	-
Unreserved:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ (8,925)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,168)</u>	<u>\$ (12,864)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Effective July 1, 2010, the City adopted provisions of the Governmental Accounting Standards Board Statement Number 54. As such, components of fund balance beginning with the year ending June 30, 2011 follow requirements of that standard.

The presentation of fund balance was changed to conform with GASB 54 beginning with fiscal year 2011.

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

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

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$ 27,619,746	\$ 27,436,595	\$ 29,117,698	\$ 30,511,538	\$ 31,860,324	\$ 32,046,941	\$ 32,858,205	\$ 32,235,716	\$ 33,513,717	\$ 36,183,436
Permits, privilege fees and regulatory licenses	48,089	69,535	169,671	130,317	175,884	125,243	137,486	101,844	122,478	159,200
Fines and forfeitures	212,516	196,285	169,313	144,190	150,338	216,163	257,255	109,154	164,299	150,502
Revenue from use of money and property	542,803	540,803	265,960	156,278	146,719	145,466	389,118	295,974	215,311	226,943
Charges for services	1,084,589	992,034	926,872	977,093	967,360	990,322	1,179,029	1,351,419	1,339,643	1,478,016
Miscellaneous	2,052,718	1,413,866	2,913,288	2,675,056	997,357	1,309,203	741,227	951,617	1,069,561	1,098,549
Recovered Costs	-	-	-	-	438,714	452,792	890,990	354,440	512,083	368,308
Intergovernmental	16,259,174	18,753,918	19,537,095	25,160,120	20,398,565	22,517,165	24,757,376	20,579,687	23,613,474	19,408,277
Total revenues	\$ 47,819,635	\$ 49,403,036	\$ 53,099,897	\$ 59,754,592	\$ 55,135,261	\$ 57,803,295	\$ 61,210,686	\$ 55,979,851	\$ 60,550,566	\$ 59,073,231
Expenditures										
General government administration	\$ 3,136,968	\$ 3,127,195	\$ 3,192,661	\$ 3,127,629	\$ 3,679,300	\$ 3,268,460	\$ 3,456,779	\$ 3,740,263	\$ 3,919,062	\$ 3,618,355
Judicial administration	1,379,353	1,284,285	1,322,111	1,492,193	1,473,001	1,520,878	1,580,959	1,795,551	1,769,796	1,876,846
Public safety	13,090,233	13,378,990	13,815,140	15,591,034	14,676,295	14,139,809	15,432,576	14,659,057	16,146,382	14,547,180
Public works	4,965,547	5,191,466	4,920,842	7,218,312	4,812,644	4,696,700	5,833,148	6,867,810	5,336,052	5,853,494
Health and welfare	6,198,340	6,359,553	6,953,676	7,400,902	7,447,964	7,752,125	7,801,390	9,458,347	8,548,814	8,727,865
Education	9,151,682	9,281,682	9,346,760	9,671,236	6,505,637	6,868,446	6,624,370	6,380,093	7,314,122	6,622,419
Parks, recreation and cultural	3,616,612	3,544,177	3,170,823	3,580,190	3,126,275	2,758,116	2,894,000	2,814,939	2,300,637	2,555,846
Community development	1,674,584	2,470,287	2,115,716	2,788,366	4,410,243	2,866,600	3,465,180	3,638,553	3,880,677	3,977,723
Transit	578,936	474,236	392,271	374,386	-	-	-	-	-	-
Nondepartmental	-	-	-	-	610,391	414,294	505,113	-	-	259,086
Capital projects	23,797,731	19,906,730	6,820,042	7,709,278	3,718,363	6,507,261	5,488,638	806,482	544,068	292,867
Debt service:										
Principal retirement	10,828,820	15,404,710	7,138,750	50,877,500	1,205,528	37,626,285	865,417	4,540,899	2,306,182	2,332,302
Bond issuance costs	-	-	-	-	127,015	658,107	3,139	90,134	112,249	2,852,373
Interest and other fiscal charges	1,699,310	2,127,968	2,126,011	2,936,887	2,855,623	2,607,751	2,876,388	3,174,055	2,923,312	420,649
Total expenditures	\$ 80,118,116	\$ 82,551,279	\$ 61,314,803	\$ 112,767,913	\$ 54,648,279	\$ 91,684,832	\$ 56,827,097	\$ 57,966,183	\$ 55,101,353	\$ 53,937,005
Excess (deficiency) of revenues over (under) expenditures	\$ (32,298,481)	\$ (33,148,243)	\$ (8,214,906)	\$ (53,013,321)	\$ 486,982	\$ (33,881,537)	\$ 4,383,589	\$ (1,986,332)	\$ 5,449,213	\$ 5,136,226
Other financing sources (uses)										
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 2,026,124	\$ 57,755	\$ -	\$ -	\$ -	\$ 172,000
Transfers out	-	-	(986,243)	(22,605,369)	(2,811,532)	(886,680)	(567,480)	(698,287)	(135,916)	(2,133,695)
Issuance of debt	34,115,513	28,756,450	14,750,000	49,930,000	4,466,125	59,050,600	1,162,149	6,079,280	7,357,450	25,549,889
Payment to bond escrow agent	-	-	-	-	-	(21,819,016)	-	(1,443,513)	(7,228,767)	-
Insurance recoveries	-	-	-	28,388	-	-	-	-	-	-
Capital leases	9,474	193,306	14,641	3,407,070	-	-	-	-	-	-
Sale of capital assets	411,251	496,408	524,161	44,407	33,640	87,043	(87,516)	94,571	9,800	67,412
Total other financing sources (uses)	\$ 34,591,350	\$ 29,576,303	\$ 15,796,496	\$ 30,804,496	\$ 3,714,357	\$ 36,489,702	\$ 507,153	\$ 4,032,051	\$ 2,567	\$ 23,655,606
Net change in fund balances	\$ 2,292,869	\$ (3,571,940)	\$ 7,581,590	\$ (22,208,825)	\$ 4,201,339	\$ 2,608,165	\$ 4,890,742	\$ 2,045,719	\$ 5,451,780	\$ 28,791,832
Debt service as a percentage of noncapital expenditures (1)	22.24%	27.99%	17.00%	51.22%	8.09%	8.68%	7.43%	8.96%	9.86%	5.13%

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

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

	Fiscal Year										% Change 2013- 2022
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Revenues											
General Property Taxes	\$ 15,192,406	\$ 15,120,260	\$ 15,852,951	\$ 16,648,119	\$ 18,202,398	\$ 17,771,748	\$ 17,936,759	\$ 18,328,904	\$ 18,668,997	\$ 18,898,411	24.39%
Restaurant Meal Taxes	5,349,403	5,226,248	5,749,073	5,624,278	5,743,673	5,642,445	6,015,143	5,538,138	5,872,031	7,060,364	31.98%
Local Sales & Use Taxes	3,690,245	3,661,560	3,651,226	4,048,832	3,861,683	4,104,440	4,430,693	4,326,594	4,753,295	5,214,209	41.30%
Business License Taxes	1,158,940	1,203,627	1,178,435	1,423,571	1,181,072	1,401,431	1,327,635	1,302,313	1,289,976	1,514,267	30.66%
Lodging Taxes	1,011,142	992,389	1,099,052	1,186,427	1,252,539	1,368,400	1,417,096	1,201,891	1,353,825	1,810,057	79.01%
Bank Stock Taxes	446,719	489,100	450,157	384,303	345,315	437,918	401,879	336,444	395,621	371,496	-16.84%
Motor Vehicle License Tax	255,625	247,584	278,234	237,286	246,335	276,616	273,958	251,333	257,137	245,673	-3.89%
Cigarette Taxes	154,988	149,521	346,317	426,930	530,684	465,120	512,787	469,965	462,985	421,514	171.97%
Consumer Utility Taxes	147,845	140,382	146,758	153,801	154,648	155,204	169,807	160,981	161,001	167,309	13.17%
Taxes on Recordation & Wills	131,753	124,456	185,565	175,229	156,898	235,294	180,814	150,607	201,806	359,596	172.93%
Admissions Tax (1)	-	-	99,969	127,527	112,905	113,621	110,635	94,828	23,267	46,746	100.00%
Electric Consumption Tax	80,679	81,467	79,959	75,235	72,174	74,704	80,999	73,718	73,776	73,794	-8.53%
Total Revenues	\$ 27,619,745	\$ 27,436,594	\$ 29,117,696	\$ 30,511,538	\$ 31,860,324	\$ 32,046,941	\$ 32,858,205	\$ 32,235,716	\$ 33,513,717	\$ 36,183,436	

(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
2022	\$ 1,311,526,174	\$ 1,311,526,174	1.00	\$ 23,247,571	\$ 23,247,571	1.00
2021	1,254,351,740	1,254,351,740	1.00	21,652,214	21,652,214	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
2014	1,044,964,375	1,044,964,375	1.00	18,986,235	18,986,235	1.00
2013	1,048,954,582	1,048,954,582	1.00	19,026,098	19,026,098	1.00

Personal Property								
Fiscal Year Ended	Machinery & Tools/Business Furniture & Furnishings (2)		Estimated Actual Value (2)		Machinery & Tools (2)	Estimated Actual Value (2)	Assessment Ratio	
Personal Property	Estimated Actual Value	Assessment Ratio						
2022	\$ 107,105,388	\$ 107,105,388	1.00	\$ -	\$ -	\$ 29,552,027	\$ 98,506,757	0.30
2021	100,066,044	100,066,044	1.00	28,081,014	234,008,450	-	-	-
2020	101,903,441	96,799,208	1.05	26,488,817	220,740,142	-	-	-
2019	96,799,208	96,799,208	1.00	25,355,759	211,297,992	-	-	-
2018	96,645,353	96,645,353	1.00	23,244,042	211,309,473	-	-	-
2017	98,420,988	98,420,988	1.00	28,808,328	261,893,891	-	-	-
2016	92,816,997	92,816,997	1.00	28,454,655	258,678,682	-	-	-
2015	26,968,568	89,895,227	0.30	29,368,709	266,988,264	-	-	-
2014	27,434,272	91,447,573	0.30	26,420,298	240,184,527	-	-	-
2013	26,901,534	89,671,780	0.30	28,792,186	261,747,145	-	-	-
Fiscal Year Ended	Business Furniture & Fixtures (2)		Estimated Actual Value (2)		Assessment Ratio			
Business Furniture & Fixtures (2)	Estimated Actual Value	Assessment Ratio						
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	
2014	-	-	-	1,495,279	1,495,279		1.00	
2013	-	-	-	1,534,142	1,534,142		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.

Table 7

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
2022	\$ 1.12	\$ 14,724,833	\$ 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
2014	1.01	10,695,095	1.01	191,761
2013	0.99	10,405,371	0.99	188,358

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
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	-	-
2014	2.10	1,920,399	7.00	1,849,420	-	-
2013	2.10	1,881,977	7.00	2,015,452	-	-

Fiscal Year Ended	Business Furniture & Fixtures (4)		Mobile Homes	
	Direct Tax Rate (1)	Levy	Direct Tax Rate (1)	Levy
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
2014	-	-	1.01	13,308
2013	-	-	0.99	13,633

(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.

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
2022	\$ 19,135,300	\$ 18,012,602	94.13%	\$ -	\$ 18,012,602	94.13%
2021	19,086,758	18,065,798	94.65%	784,236	18,850,034	98.76%
2020	18,659,332	17,766,271	95.21%	747,070	18,513,341	99.22%
2019	18,242,167	16,707,854	91.59%	1,459,992	18,167,846	99.59%
2018	17,926,028	16,519,367	92.15%	1,345,117	17,864,484	99.66%
2017	17,954,874	16,448,984	91.61%	1,485,007	17,933,991	99.88%
2016	16,571,429	14,835,535	89.52%	1,722,674	16,558,209	99.92%
2015	15,557,145	14,162,206	91.03%	1,376,749	15,538,955	99.88%
2014	14,669,983	13,327,390	90.85%	1,340,209	14,667,599	99.98%
2013	14,504,791	13,394,107	92.34%	1,104,747	14,498,854	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 2022			Fiscal Year 2013		
		Taxable Assessed Valuation	Rank	% of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	% of Total Taxable Assessed Value
Johnson Sugar Hollow LLC (Alpha)	Office Building	\$ 17,975,600	1	1.4%	\$ 17,547,000	1	1.7%
US Magis International	College	10,618,200	2	0.8%	-		0.0%
401 Gordon Ave LLC	Assisted Living	10,251,400	3	0.8%	-		0.0%
Lowes Home Centers LLC	Retail	10,010,500	4	0.8%	-		0.0%
CFOC Bristol VA LLC	Hotel	10,000,000	5	0.8%	-		0.0%
D&J Virginia Real Estate LLC	Hotel	8,711,000	6	0.7%	9,078,400	3	0.9%
Bristol Va Realty LLC	Realty	8,677,000	7	0.7%	-		0.0%
Bristol Hotel Master Landlord	Hotel	8,500,000	8	0.6%	-		0.0%
HD Development of MD, Inc.	Retail	8,181,800	9	0.6%	8,392,900	4	0.8%
Bristol Hotels, Inc.	Hotel	7,725,400	10	0.6%	-		0.0%
BLC Bristol-GC LLC (Brookdale Assisted Living)	Assisted Living	-		0.0%	6,895,900	6	0.7%
Bristol Mall Associates	Shopping Mall	-		0.0%	16,871,900	2	1.6%
Debora Jean Limited (Tinsletown)	Movie Theater	-		0.0%	7,287,900	5	0.7%
Apple Nine SPE Bristol (Marriott)	Hotel	-		0.0%	6,502,700	7	0.6%
Ball Metal Beverage Container Corp.	Manufacturing	-		0.0%	5,733,000	8	0.5%
Pacific Capital Group LLC	Shopping Center	-		0.0%	4,552,900	10	0.4%
Yale Bristol VA LLC	Shopping Center	-		0.0%	5,007,100	9	0.5%
Totals		100,650,900		7.8%	87,869,700		8.4%

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		Lease		General		Lease						
	Obligation Bonds (1)	Literary Loans	Revenue Note	Loans Payable (3)	Lease Liabilities (3)	Obligation Bonds (1)	Loans Payable (3)	Lease Liabilities (3)					
2022	\$ 71,222,580	\$ -	\$25,016,838	\$ 630,298	\$ 2,721,538	\$ 34,197,769	\$ 1,048,934	\$ 812,610	\$ 135,650,567	18.98%	\$ 7,954		
2021	73,042,660	-	-	3,328,674	-	35,002,728	735,993	-	112,110,055	15.68%	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	16.69%	6,554		
2017	72,578,145	240,000	-	3,979,839	-	34,159,171	311,929	-	111,269,084	17.12%	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		
2014	61,759,056	960,000	-	1,336,405	-	33,079,476	376,627	-	97,511,564	13.81%	5,512		
2013	22,713,193	1,200,000	-	1,139,435	-	33,984,762	262,948	-	59,300,338	8.60%	3,345		

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

(1) Includes Unamortized Bond Premiums

(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.

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		
2022	\$ 105,420,349	\$ 105,420,349	8.04%	6,182
2021	108,045,388	108,045,388	8.61%	6,275
2020	107,695,742	107,695,742	9.02%	6,254
2019	108,298,425	108,298,425	9.23%	6,311
2018	109,172,980	109,172,980	9.58%	6,362
2017	106,737,316	106,737,316	9.79%	6,220
2016	101,282,721	101,282,721	9.29%	5,732
2015	102,333,127	102,333,127	9.78%	5,806
2014	94,838,532	94,838,532	9.18%	5,361
2013	56,697,955	56,697,955	5.43%	3,198

(1) Includes Unamortized Bond Premiums

(2) See Table 6-Assessed Value and Estimated Actual Value of Taxable Property for real property value data.

(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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$105,301,369	\$ 105,071,548	\$ 107,947,859	\$ 107,947,859	\$ 113,882,533	\$ 117,848,900	\$ 120,737,519	\$ 121,580,880	\$ 127,759,931	\$ 133,477,375
Total net debt applicable to limit	81,145,000	94,647,500	102,070,000	104,212,721	106,737,316	109,172,980	108,298,425	107,695,742	108,045,388	105,420,349
Legal debt margin	<u>\$ 24,156,369</u>	<u>\$ 10,424,048</u>	<u>\$ 5,877,859</u>	<u>\$ 3,735,138</u>	<u>\$ 7,145,217</u>	<u>\$ 8,675,920</u>	<u>\$ 12,439,094</u>	<u>\$ 13,885,138</u>	<u>\$ 19,714,543</u>	<u>\$ 28,057,026</u>
Total net debt applicable to the limit as a percentage of debt limit	77.06%	90.08%	94.55%	96.54%	93.73%	92.64%	89.70%	88.58%	84.57%	78.98%
Legal Debt Margin Calculation for Fiscal Year 2021										
Assessed value										\$1,334,773,745
Total assessed value										<u>\$1,334,773,745</u>
Debt limit (10% of total assessed value)										\$ 133,477,375
Net debt applicable to limit										<u>105,420,349</u>
Legal debt margin										<u>\$ 28,057,026</u>

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)	Personal Income	Per Capita Personal Income (3)	Median Age	School Enrollment (4)	Unemployment Rate (5)
2022	17,054 EST	\$ 707,962,702 EST	\$ 41,513 EST	42.4 EST	2,097	3.2%
2021	17,219	714,812,347	41,513	42.2	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%
2014	17,690	705,848,690	39,901	41.6	2,207	7.0%
2013	17,728	689,566,016	38,897	41.7	2,232	7.4%

(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

Table 14

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

Employer	Fiscal Year 2022			Fiscal Year 2013		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Hard Rock	569	1	16.91%	620	2	16.30%
Electro Mechanical Corp.	460	2	13.67%			
Bristol, Virginia Public Schools	454	3	13.49%	721	1	18.95%
City of Bristol, Virginia	352	4	10.46%			
Amazon	332	5	9.87%			
KVAT	291	6	8.65%			
Shearer's (Snack Alliance)	289	7	8.59%	248	7	6.52%
Strongwell	234	8	6.95%	300	5	7.89%
VDOT	222	9	6.60%			
AERUS	162	10	4.81%	168	10	4.42%
United Parcel Service				243	8	6.39%
Office Max				400	4	10.51%
Alpha Natural Resources				276	6	7.25%
Commonwealth of Virginia				601	3	15.80%
Ball Corporation				227	9	5.97%
Totals	<u>3,365</u>		<u>100.00%</u>	<u>3,804</u>		<u>100.00%</u>

* 2013 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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	25	24	23	23	26	23	23	24	23	23
Judicial administration	15	15	16	17	18	18	17	21	22	22
Public safety	173	169	167	173	176	179	178	178	175	179
Public works	29	30	30	31	32	34	30	31	30	30
Solid waste	31	28	29	26	25	25	23	23	23	23
Health and welfare	42	44	43	42	43	40	40	42	37	41
Parks, recreation, and cultural	28	27	25	25	23	23	21	21	20	19
Library	22	21	23	29	22	22	21	22	24	24
Community development	6	9	10	9	8	8	6	7	7	6
Transit	7	7	6	6	7	7	7	8	8	7
Totals	378	374	372	381	380	379	366	375	369	374

Source: 2020-2021 Adopted Budget Workbook

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

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Judicial Administration										
Sheriff:										
Inmates Housed (Daily)	153	153	144	140	145	151	155	148	148	139
Inmate Transports	396	537	522	519	568	917	934	705	812	2,294
Courts Worked	641	651	598	609	563	541	576	610	651	534
Public Safety										
Police:										
Criminal Warrants	2,393	2,666	2,276	2,419	2,273	1,710	2,542	2,193	990	1,973
Parking Violations	141	105	85	114	70	156	61	217	15	15
Traffic Violations	5,712	5,181	4,584	4,674	4,646	4,513	5,055	4,657	2,733	3,526
Fire-Current:										
Fire Responses	129	118	88	95	109	108	108	109	122	128
EMS Responses	1,398	1,583	1,598	990	1,389	1,836	2,833	3,074	3,221	3,122
Hazmat Responses	62	60	50	42	46	37	11	53	56	51
Other Responses	945	847	786	555	669	599	626	570	505	617
Public Works										
Refuse Collected (tons per day)	28	27	28	28	28	28	29	31	32	33
Recyclables collected (tons per day)	13	13	11	10	11	10	11	11	10	9
Library										
Volumes in collection	169,175	164,175	165,534	162,271	172,688	175,930	179,797	182,121	184,731	190,812
Total Circulated	381,470	352,080	312,565	287,868	280,164	275,015	279,200	** 264,453	231,146	271,815

*9 months of data

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

***5 months of data due to data loss

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety										
Law Enforcement Vehicles	63	66	64	67	67	60	61	55	62	63
Fire Stations	3	3	3	3	3	3	3	3	3	3
Public works										
Primary Streets (lane miles)	50.64	50.64	50.64	49.67	49.63	52.07	54.73	54.73	55.47	55.69
Secondary Streets (lane miles)	210.49	210.49	210.49	207.43	214.96	218.00	219.64	219.64	218.97	219.35
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	18	18

Source: Individual city departments. Prior year information provided to the extent available.

COMPLIANCE SECTION



**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, 2022, 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 25, 2022.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-01, that we consider to be material weaknesses.

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*.

City of Bristol, Virginia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on City of Bristol, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City of Bristol, Virginia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Robinson, Fawcett, & Associates

Blacksburg, Virginia
November 25, 2022



**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 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 City of Bristol, Virginia's major federal programs for the year ended June 30, 2022. 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.

City of Bristol, Virginia's basic financial statements include the operations of the City of Bristol, Virginia School Board, which expended \$11,241,312 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, 2022. Our audit, described below, did not include the operations of City of Bristol, Virginia School Board because the component unit engaged other auditors to perform an audit of compliance.

In our opinion, City of Bristol, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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 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 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 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 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 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 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 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 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 25, 2022

City of Bristol, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

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:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010121/0010122/00301 22/0040121/0040122/00 50121/0050122	\$ 524,872
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass Through Payments:			
State Department of Social Services:			
Guardianship Assistance	93.090	1110121/1110122	\$ 297
Title IV-E Prevention Program	93.472	1140122	3,806
Mary Lee Allen Promoting Safe and Stable Families	93.556	0950120/0950121	29,132
Temporary Assistance for Needy Families	93.558	0400121/0400122	340,590
Refugee and Entrant Assistance-State/Replacement Designee Administered Programs	93.566	0500122	1,420
Low-Income Home Energy Assistance	93.568	0600421/0600422	54,462
Community-Based Child Abuse Prevention Grants	93.590	9560121	1,000
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121	733
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760121/0760122	67,025
Chafee Education and Training Vouchers Program	93.599	9160120	80
Foster Care - Title IV-E	93.658	1100121/1100122	525,900
Adoption Assistance	93.659	1120121/1120122	733,852
Social Services Block Grant	93.667	1000121/100122	513,718
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120/9150121	6,167
Children's Health Insurance Program	93.767	0540121/0540122	2,833
Medicaid Cluster:			
Medical Assistance Program	93.778	1200121/1200122	274,328
Total Department of Health and Human Services			\$ 2,555,343
DEPARTMENT OF HOMELAND SECURITY:			
Pass Through Payments:			
State Department of Emergency Management:			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	4512DRVAP00000001	\$ 1,890
Homeland Security Grant Program	97.067	116193/118058	52,069
Emergency Management Performance Grants	97.042	EMP-2020-EP-00005	2,942
Total Department of Homeland Security			\$ 56,901
DEPARTMENT OF TREASURY:			
Pass Through Payments:			
State Department of Accounts:			
COVID-19-Coronavirus Relief Fund	21.019	SLT0022	\$ 85,246
COVID-19-Coronavirus State and Local Fiscal Recovery Fund - Compensation Board	21.027	not available	122,721
Total Department of Treasury			\$ 207,967
DEPARTMENT OF JUSTICE:			
Direct Payments:			
Equitable Sharing Program	16.922	not applicable	\$ 145,426
Pass Through Payments:			
State Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	CJS86018	65,849
Violence Against Women Formula Grants	16.588	20WFAX0011	21,771
Public Safety Partnership and Community Policing Grants	16.710	not available	151,796
Edward Byrne Memorial Justice Assistance Grant Program	16.738	not available	3,846
Total Department of Justice			\$ 388,688
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Direct Payments:			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants	14.218	not applicable	\$ 229,197

City of Bristol, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF TRANSPORTATION:			
Pass Through Payments:			
State Department of Rail and Transportation:			
Federal Transit Cluster:			
Federal Transit Formula Grants	20.507	not available	\$ 177,184
State Department of Motor Vehicles:			
Federal Transit Capital Investment Grants	20.500	not available	23,615
Total Federal Transit Cluster			<u>\$ 200,799</u>
Virginia Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	not available	235,401
Highway Safety Cluster:			
State and Community Highway Safety	20.600	not available	16,830
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL-2021-51417	<u>14,642</u>
Total Department of Transportation			<u>\$ 467,672</u>
ENVIRONMENTAL PROTECTION AGENCY:			
Pass through payments:			
Environmental Protection Agency			
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	not available	<u>\$ 28,759</u>
Total Expenditures of Federal Awards			<u><u>\$ 4,459,399</u></u>

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, 2022. 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:	
General Fund	\$ 3,932,704
Add: Equitable sharing program difference	138,698
Less: QSCB subsidy	(127,305)
Transit Fund	225,982
CDBG Fund	<u>289,320</u>
Total primary government	<u>\$ 4,459,399</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 4,459,399</u></u>

City of Bristol, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**Section I - Summary of Auditors' Results****Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
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>
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.658	Foster Care
93.659	Adoption Assistance

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

<u>2022-001 -</u>	<u>Material Weakness</u>
Criteria:	Proprietary funds are required to maintain a positive net position.
Condition:	The Solid Waste Disposal Fund has a fund deficit which resulted from costs of providing services, including capital costs, exceeding the fees and charges collected.

City of Bristol, Virginia

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section II - Financial Statement Findings (Continued)**2022-001 - Material Weakness (Continued)**

Cause: Rates charged are not sufficient to cover costs.

Effect: The Solid Waste Disposal Fund has received continuous advances and transfers from the General Fund to subsidize its activity.

Recommendation: Management and City Council have implemented some operational changes to the Solid Waste Disposal Fund over the last few fiscal years in order to see an increase in operational efficiency. Also, transfers have been budgeted and made from the General Fund during the last three fiscal years instead of continuing to increase the advances to the Solid Waste Disposal Fund which management determined would not be possible to repay. Only amounts that will be repaid within one year should be recorded as receivable and payable between funds. Continued efforts to monitor these results and implementation of changes should be maintained to make proprietary funds self-sufficient.

Management's Response: City Council and City Management are aware of the fund deficit in the Solid Waste Disposal Fund. Revenues for the Solid Waste Fund consisting primarily of charges for services are determined by the competitive market. Management continues to monitor the expenditures associated with the Solid Waste Disposal Fund, look for strategies that will reduce expenses, and implement those strategies when found.

Section III - Federal Award Findings and Questioned Costs

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

Section I - Summary of Auditors' Results

2021-001 -	Material Weakness
Condition:	The Solid Waste Disposal Fund has a fund deficit which resulted from costs of providing services, including capital costs, exceeding the fees and charges collected.
Recommendation:	Management and City Council have implemented some operational changes to the Solid Waste Disposal Fund over the last few fiscal years in order to see an increase in operational efficiency. Also, transfers have been budgeted and made from the General Fund during the last three fiscal years instead of continuing to increase the advances to the Solid Waste Disposal Fund which management determined would not be possible to repay. Only amounts that will be repaid within one year should be recorded as receivable and payable between funds. Continued efforts to monitor these results and implementation of changes should be maintained to make proprietary funds self-sufficient.
Current Status:	Finding 2021-001 was repeated in the current year as 2022-001.