

CITY OF BRISTOL, VIRGINIA



AUDIT PRESENTATION

December 22, 2020

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**INDEPENDENT AUDITORS' REPORT
ON FINANCIAL ANALYSIS**

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

We have audited in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Bristol, Virginia for the years ended June 30, 2016-2020. Those audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. In our reports and reports of other auditors, an unmodified opinion was expressed for the years ended June 30, 2016-2020. The financial analysis set forth in this section is presented for purposes of additional analysis and is not a required part of the basic financial statements. However, this financial analysis was derived from, and should be read in conjunction with, the basic financial statements and the reports thereon. Any information which is of non-accounting nature has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and we express no opinion on it.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 22, 2020

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Member
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Communication with Those Charged with Governance

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

We have audited 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 City of Bristol, Virginia for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 5, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Bristol, Virginia are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements was (were):

Management's estimate of the depreciation is based on straight line method. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for doubtful accounts is based on historical information. We evaluated key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimates of deferred inflows, outflows, and liabilities related to pension plans and other post-employment plans (OPEB) in which the City of Bristol, Virginia participates are based on actuarial information provided by the Virginia Retirement System and actuary consultants and include certain long-term assumptions used to develop these estimates in determining that they are reasonable to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 25, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and the schedules related to pension and OPEB funding, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI. Our responsibility with respect to the budgetary comparison information, which also supplements the basic financial statements, is to evaluate the presentation of schedules in relation to the financial statements as a whole and to report on whether it is fairly stated, in all material respects, in relation to the financial statements as a whole.

We were engaged to report on other supplementary information and the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section and statistical information, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of City Council and management of City of Bristol, Virginia is not intended to be, and should not be, used by anyone other than these specified parties.

Polina, Fane, Cox Associates

Blacksburg, Virginia
November 25, 2020



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: November 25, 2020

Memorandum to: Randall C. Eads, City Manager
Tamrya Spradlin, Chief Financial Officer

From: Robinson, Farmer, Cox Associates

Regarding: FY 19-20 Audit

In planning and performing our audit of the financial statements of the City of Bristol, Virginia for the year ended June 30, 2020, we considered the City's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience.

City:

Construction Contracts:

Our review of the Lee Highway Widening - Phase 2 project disclosed that amounts paid exceeded the contract by a material amount. We recommend that all contracts be reviewed periodically in order to ensure payment does not exceed original contract amounts.

City of Bristol, Virginia
Equity Analysis

Condensed Statement of Net Position Governmental Activities					
	2016	2017	2018	2019	2020
Current Assets	26,945,095.00	28,628,035.00	32,584,390.00	36,704,881.00	39,322,979.00
Capital Asset	89,121,900.00	90,376,279.00	88,935,271.00	93,632,728.00	92,595,772.00
Total assets	116,066,995.00	119,004,314.00	121,519,661.00	130,337,609.00	131,918,751.00
Deferred Outflows	2,361,935.00	4,570,809.00	3,336,157.00	3,861,125.00	5,576,433.00
Current Liabilities	4,899,980.00	3,947,216.00	5,675,060.00	4,706,615.00	5,287,185.00
Long-term Liabilities	95,914,295.00	110,500,843.00	107,288,013.00	105,517,591.00	107,389,365.00
Total Liabilities	100,814,275.00	114,448,059.00	112,963,073.00	110,224,206.00	112,676,550.00
Deferred Inflows	14,535,654.00	10,646,309.00	12,457,853.00	13,652,556.00	13,710,712.00
Net Position					
Net Inv in Cap Assets	16,237,546.00	15,361,661.00	11,265,975.00	15,682,112.00	14,701,966.00
Restricted	990,054.00	461,041.00	394,934.00	263,848.00	326,955.00
Unrestricted	(14,148,599.00)	(17,341,947.00)	(12,226,017.00)	(5,623,988.00)	(3,920,999.00)
Total Net Position	3,079,001.00	(1,519,245.00)	(565,108.00)	10,321,972.00	11,107,922.00
	-	-	-	-	-
Condensed Balance Sheet Governmental Funds					
	2016	2017	2018	2019	2020
Current Assets	26,945,095.00	28,628,035.00	32,598,030.00	36,725,576.00	39,311,669.00
Capital Asset	-	-	-	-	-
Total assets	26,945,095.00	28,628,035.00	32,598,030.00	36,725,576.00	39,311,669.00
Deferred Outflows	-	-	-	-	-
Current Liabilities	4,024,880.00	3,649,560.00	5,160,196.00	4,033,915.00	4,677,439.00
Long-term Liabilities	-	-	-	-	-
Total Liabilities	4,024,880.00	3,649,560.00	5,160,196.00	4,033,915.00	4,677,439.00
Deferred Inflows	14,014,140.00	12,011,583.00	11,862,777.00	11,778,029.00	11,850,147.00
Fund Balances					
Nonspendable	521,732.00	707,275.00	693,895.00	405,187.00	1,483,727.00
Restricted	990,054.00	3,828,772.00	688,350.00	1,132,610.00	326,955.00
Committed	-	-	-	3,053,823.00	3,455,036.00
Assigned	45,758.00	4,025.00	23,820.00	18,820.00	40,070.00
Unassigned	7,348,531.00	8,426,820.00	14,168,992.00	16,303,192.00	17,478,295.00
Total Fund Balances	8,906,075.00	12,966,892.00	15,575,057.00	20,913,632.00	22,784,083.00
	-	-	-	-	-
Net Governmental Exp	71,328,860.00	71,464,210.00	68,470,471.00	72,669,501.00	77,006,025.00
Total Fund Balance/Exp	12%	18%	23%	29%	30%
Unassigned Fund Bal/Exp	10%	12%	21%	22%	23%

City of Bristol, Virginia
Equity Analysis

Condensed Statement of Net Position					
Business-Type Activities (Solid Waste)					
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Current Assets	730,142.00	2,439,694.00	2,400,876.00	3,973,763.00	3,734,617.00
Capital Asset	22,931,332.00	23,439,040.00	21,921,229.00	17,967,998.00	17,783,785.00
Total assets	23,661,474.00	25,878,734.00	24,322,105.00	21,941,761.00	21,518,402.00
Deferred Outflows	970,456.00	926,184.00	1,659,566.00	1,422,239.00	1,273,202.00
Current Liabilities	796,832.00	1,507,134.00	611,722.00	755,287.00	361,673.00
Long-term Liabilities	41,187,648.00	43,117,434.00	45,494,030.00	47,665,196.00	47,716,365.00
Total Liabilities	41,984,480.00	44,624,568.00	46,105,752.00	48,420,483.00	48,078,038.00
Deferred Inflows	209,333.00	20,932.00	183,378.00	314,499.00	265,280.00
Net Position					
Net Inv in Cap Assets	-	(9,882,306.00)	(11,240,766.00)	(14,938,806.00)	(15,437,826.00)
Unrestricted	(17,561,883.00)	(7,958,276.00)	(9,066,693.00)	(10,432,176.00)	(10,113,888.00)
Total Net Position	(17,561,883.00)	(17,840,582.00)	(20,307,459.00)	(25,370,982.00)	(25,551,714.00)
	-	-	-	-	-

City of Bristol, Virginia
Equity Analysis

Condensed Statement of Net Position					
Business-Type Activities (Transit)					
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Current Assets	-	-	-	-	205,231.00
Capital Asset	-	-	-	-	378,888.00
Total assets	-	-	-	-	584,119.00
Deferred Outflows	-	-	-	-	346,125.00
Current Liabilities	-	-	-	-	11,221.00
Long-term Liabilities	-	-	-	-	614,225.00
Total Liabilities	-	-	-	-	625,446.00
Deferred Inflows	-	-	-	-	34,049.00
Net Position					
Net Inv in Cap Assets	-	-	-	-	378,888.00
Unrestricted	-	-	-	-	(108,139.00)
Total Net Position	-	-	-	-	270,749.00
	-	-	-	-	-

**City of Bristol, Virginia
General Fund Summary
Fiscal Years 2016-2020**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Annualized Growth Rate from 17</u>
Revenues:						
General property taxes	\$ 16,648,119	\$ 18,202,398	\$ 17,771,748	\$ 18,096,902	\$ 18,328,904	0.23%
Other local taxes	13,863,419	14,235,420	14,275,193	14,928,744	13,906,812	-0.78%
Permits, privilege fees, and regulatory licenses	130,317	175,884	125,243	137,486	101,844	
Fines and forfeitures	144,190	150,338	216,163	257,255	109,154	
Revenue from the use of money and property	156,278	146,719	145,466	389,118	295,974	
Charges for services	977,093	967,360	990,322	1,179,029	1,351,419	11.79%
Miscellaneous	2,675,056	997,357	1,309,203	1,021,619	951,617	
Recovered costs	-	438,714	452,792	890,990	354,440	
Intergovernmental revenues	24,992,168	20,176,521	22,517,165	24,757,376	20,190,085	0.02%
Total Revenues	59,586,640	55,490,711	57,803,295	61,658,519	55,590,249	0.06%
Expenditures						
General government administration	3,127,629	3,679,300	3,268,460	3,362,096	3,740,263	0.55%
Judicial administration	1,492,193	1,473,001	1,520,878	1,675,642	1,795,551	6.82%
Public safety	15,591,034	14,676,295	14,139,809	15,432,576	14,659,057	-0.04%
Public works	7,218,312	4,812,644	4,696,700	5,833,148	6,867,810	12.58%
Health and welfare	7,400,902	7,447,964	7,752,125	7,801,390	9,458,347	8.29%
Education	9,671,236	6,505,637	6,868,446	6,624,370	6,380,093	-0.65%
Parks, recreation, and cultural	3,580,190	3,126,275	2,758,116	2,994,958	2,814,939	-3.44%
Community and economic development	2,620,414	4,861,145	2,866,600	3,465,180	3,261,815	-12.45%
Nondepartmental	374,386	610,391	414,294	505,113	-	-100.00%
Total operating expenditures	51,076,296	47,192,652	44,285,428	47,694,473	48,977,875	1.25%
Capital projects	7,709,278	3,496,319	6,507,261	5,488,638	806,482	
Debt Service:						
Principal retirement (net of refundings)	427,500	1,205,528	1,566,285	865,417	1,450,899	
Interest and other fiscal charges (net of refundings)	2,440,476	2,855,623	2,064,506	2,876,388	3,157,538	
Issuance costs (net of refundings)	496,411	127,015	29,768	3,139	1,414	
Total Debt Service	3,364,387	4,188,166	3,660,559	3,744,944	4,609,851	3.25%
Debt Refinancing	(520,000)	-	-	-	-	
Total Expenditures	62,669,961	54,877,137	54,453,248	56,928,055	54,394,208	
Other financing sources uses (net of refundings)	(19,125,504)	3,714,357	(741,882)	608,111	836,814	
Change in Fund Balance	(22,208,825)	4,327,931	2,608,165	5,338,575	2,032,855	
Beginning Fund Balance	31,114,900	8,638,961	12,966,892	15,575,057	20,751,228	
Ending Fund Balance	\$ 8,906,075	\$ 12,966,892	\$ 15,575,057	\$ 20,913,632	\$ 22,784,083	
Ending Cash Balance (unrestricted)	\$ 6,838,478	\$ 7,048,567	\$ 13,281,055	\$ 17,373,586	\$ 19,284,647	

Summarized from Financial Reports for the fiscal years listed above.

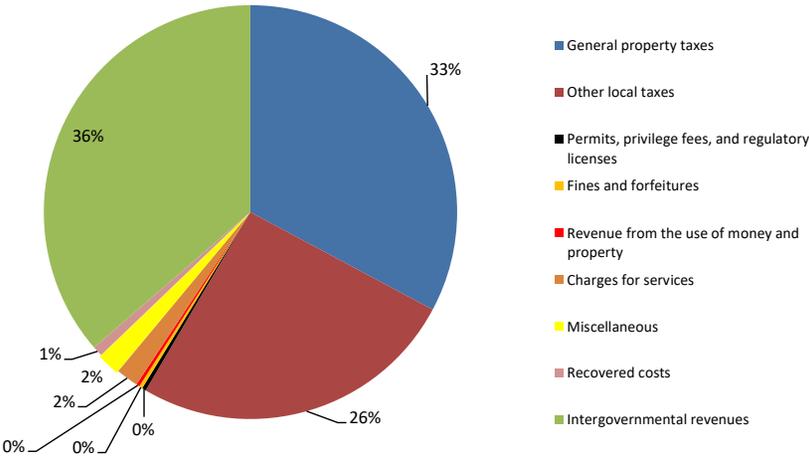
City of Bristol, Virginia
Calculation of Operating Reserve
Fiscal Years 2016-2020

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Ending General Fund Balance	\$ 8,906,075	\$ 12,966,892	\$ 15,575,057	\$ 20,913,632	\$ 22,784,083
Ending General Fund Cash Balance (unrestricted)	\$ 6,838,478	\$ 7,048,567	\$ 13,281,055	\$ 17,373,586	\$ 19,284,647
Total City operating expenditures and debt service	\$ 54,440,683	\$ 51,380,818	\$ 47,945,987	\$ 51,439,417	\$ 53,587,726
School Board operating expenditures	26,525,653	27,006,171	27,314,423	27,820,694	29,764,632
Less: City contribution to school board included in gross	(9,637,476)	(6,471,877)	(6,789,939)	(6,590,610)	(6,346,333)
Net Government Operating Expenditures	\$ 71,328,860	\$ 71,915,112	\$ 68,470,471	\$ 72,669,501	\$ 77,006,025
Ending Fund Balance as a % of Operating Expenditures	12.5%	18.0%	22.7%	28.8%	29.6%
Ending Cash Balance as a % of Operating Expenditures	9.6%	9.8%	19.4%	23.9%	25.0%

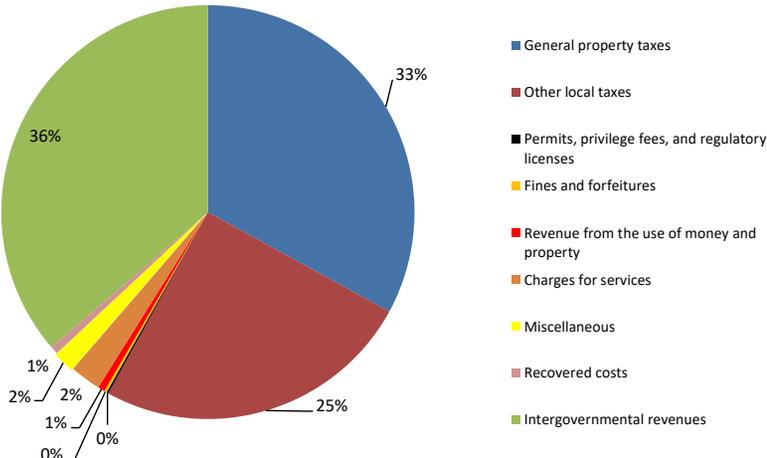
Summarized from Financial Reports for the fiscal years listed above.

BRISTOL, VIRGINIA

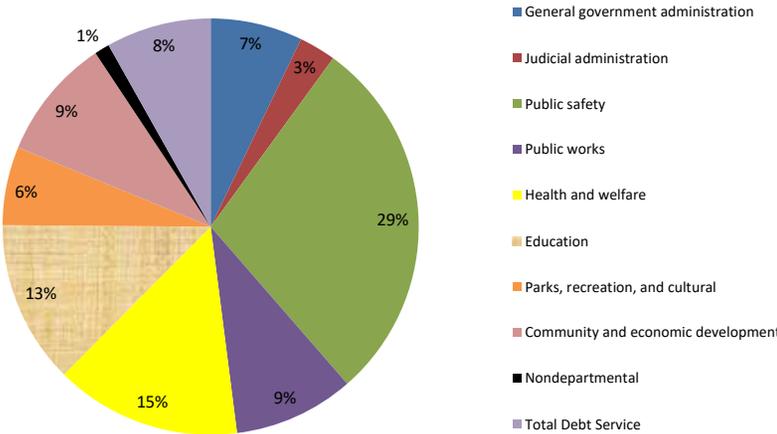
General Fund Revenues for Fiscal Year 2017



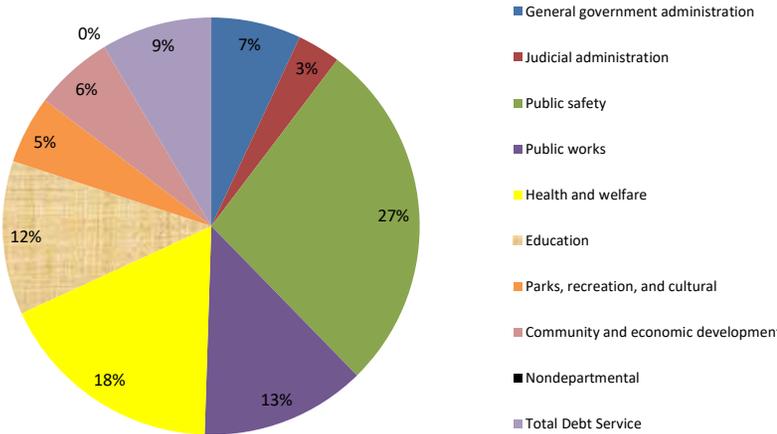
General Fund Revenues for Fiscal Year 2020



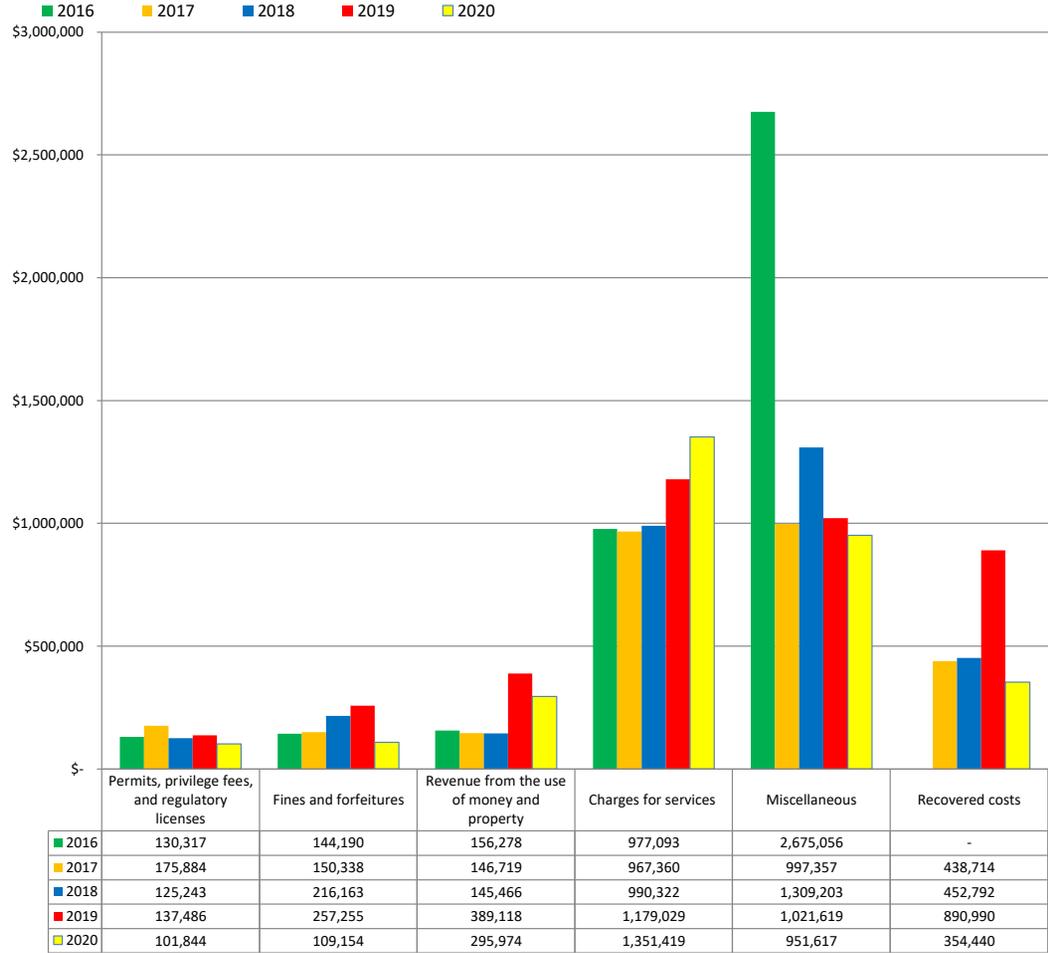
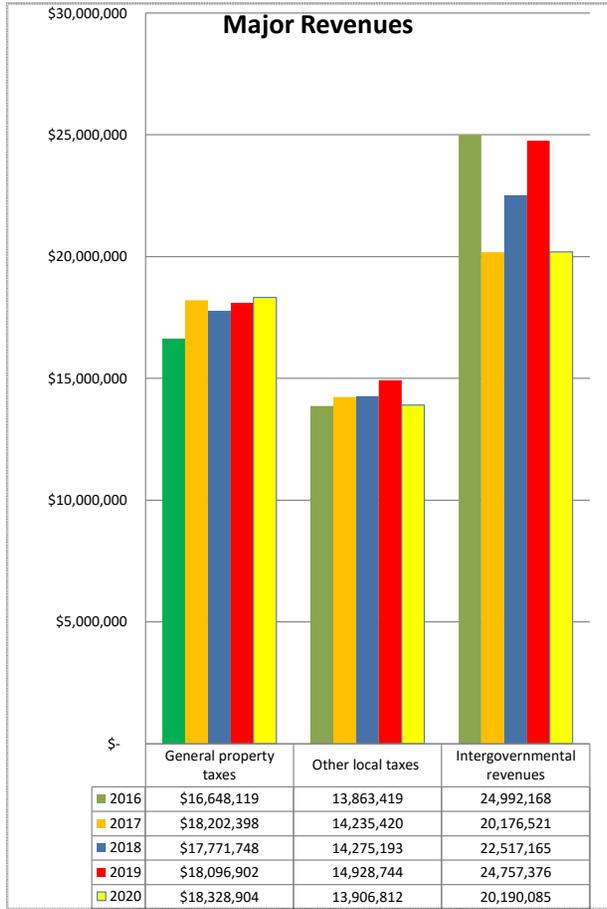
General Fund Expenditures for Fiscal Year 2017



General Fund Expenditures for Fiscal Year 2020

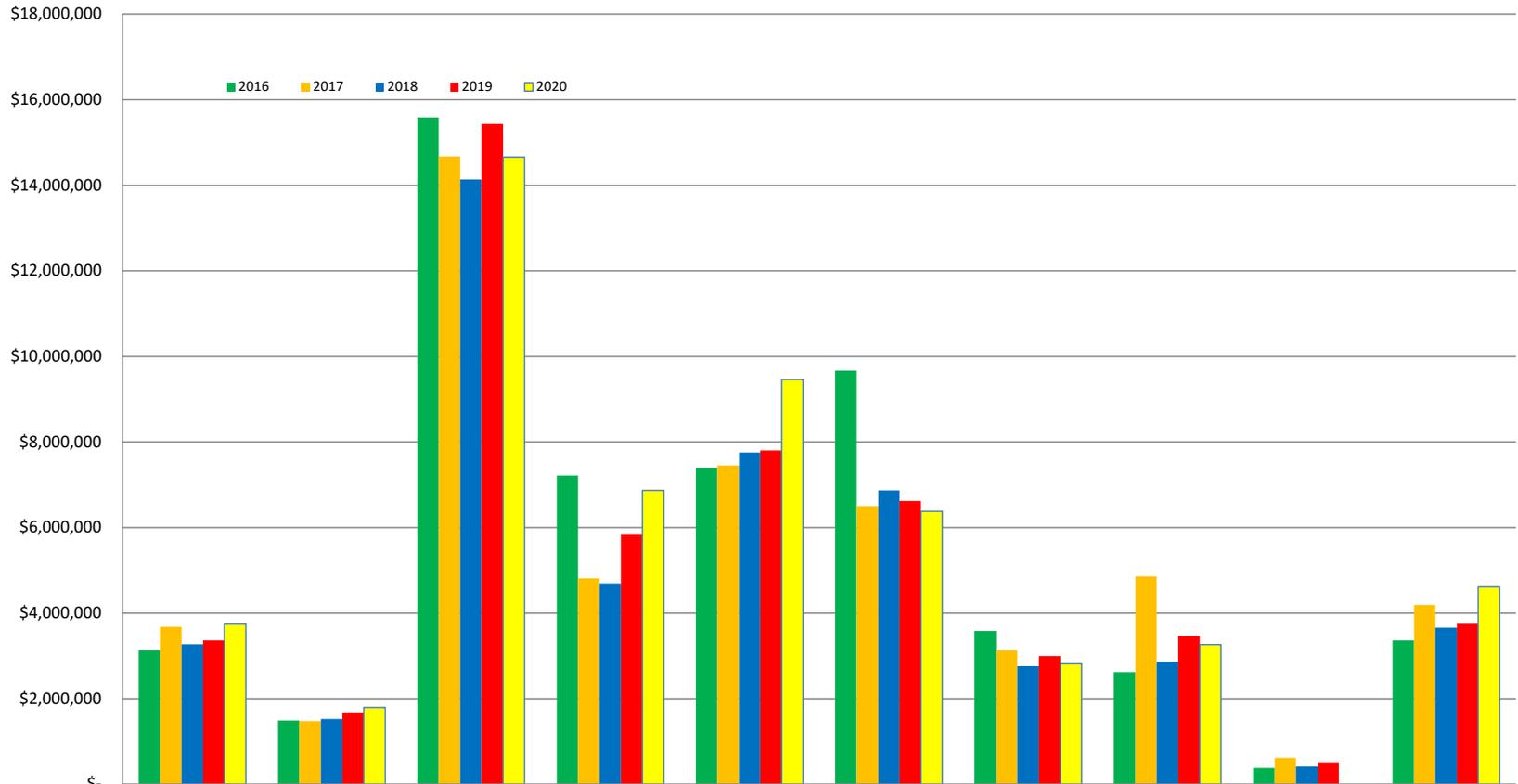


BRISTOL, VIRGINIA General Fund Revenues by Fiscal Year



BRISTOL, VIRGINIA

General Fund Expenditures by Fiscal Year



	General government administration	Judicial administration	Public safety	Public works	Health and welfare	Education	Parks, recreation, and cultural	Community and economic development	Nondepartmental	Total Debt Service
2016	3,127,629	1,492,193	15,591,034	7,218,312	7,400,902	9,671,236	3,580,190	2,620,414	374,386	3,364,387
2017	3,679,300	1,473,001	14,676,295	4,812,644	7,447,964	6,505,637	3,126,275	4,861,145	610,391	4,188,166
2018	3,268,460	1,520,878	14,139,809	4,696,700	7,752,125	6,868,446	2,758,116	2,866,600	414,294	3,660,559
2019	3,362,096	1,675,642	15,432,576	5,833,148	7,801,390	6,624,370	2,994,958	3,465,180	505,113	3,744,944
2020	3,740,263	1,795,551	14,659,057	6,867,810	9,458,347	6,380,093	2,814,939	3,261,815	-	4,609,851

**City of Bristol, Virginia
Debt Summary**

	2016	2017	2018	2019 (1)	2020
Governmental Acts Long-term Obligations					
Interest bearing debt:					
Bond Anti Notes	\$ 47,530,000	\$ 47,530,000	\$ -	\$ -	\$ -
General Obligation Debt	21,336,599	25,048,145	74,220,358	73,836,635	73,739,125
Literary Loans	480,000	240,000	-	-	-
Capital Leases	4,251,742	3,979,839	3,055,373	3,695,125	3,874,902
Total interest bearing debt:	73,598,341	76,797,984	77,275,731	77,531,760	77,614,027
Other long-term liabilities:					
Compensated Absences	1,802,481	1,709,492	1,976,468	1,993,454	1,759,051
Net Pension Liability	18,997,274	23,340,462	19,960,501	17,988,626	20,373,310
Net OPEB Liability	1,109,400	6,552,905	6,325,313	6,149,811	6,592,977
Revenue Sharing Agreement	2,450,000	2,100,000	1,750,000	1,400,000	1,050,000
Total other long-term liabilities	24,359,155	33,702,859	30,012,282	27,531,891	29,775,338
General Long-term Obligations	\$ 97,957,496	\$ 110,500,843	\$ 107,288,013	\$ 105,063,651	\$ 107,389,365
Business-Type Long-term Obligations					
Interest bearing debt (solid waste):					
General Obligation Debt	\$ 32,416,122	\$ 34,159,171	\$ 34,952,622	\$ 34,568,183	\$ 33,956,617
Capital Leases	324,570	311,929	239,728	131,317	311,747
Total interest bearing debt:	32,740,692	34,471,100	35,192,350	34,699,500	34,268,364
Other long-term liabilities (solid waste):					
Landfill Closure Liability	6,692,048	6,645,753	8,643,536	11,604,295	11,983,288
Compensated Absences	150,829	123,741	125,171	116,786	128,485
Net Pension Liability	1,332,967	1,637,713	1,299,244	1,051,150	1,147,186
Net OPEB Liability	-	239,127	233,729	193,465	189,042
Total interest bearing debt:	8,175,844	8,646,334	10,301,680	12,965,696	13,448,001
Business-Type Long-term Obligations (solid waste)	\$ 40,916,536	\$ 43,117,434	\$ 45,494,030	\$ 47,665,196	\$ 47,716,365
Other long-term liabilities (transit):					
Compensated Absences	-	-	-	33,688	26,097
Net Pension Liability	-	-	-	354,975	504,923
Net OPEB Liability	-	-	-	65,332	83,205
Total interest bearing debt:	-	-	-	453,995	614,225
Business-Type Long-term Obligations (transit)	\$ -	\$ -	\$ -	\$ 453,995	\$ 614,225
Business-Type Long-term Obligations	\$ 40,916,536	\$ 43,117,434	\$ 45,494,030	\$ 48,119,191	\$ 48,330,590

**City of Bristol, Virginia
Debt Summary**

	2016	2017	2018	2019 (1)	2020
School Board:					
Other Long-term Obligations	\$ 738,755	\$ 386,429	\$ 445,240	\$ 453,177	\$ 495,081
Energy Lease	2,998,512	2,809,287	2,614,637	2,414,406	2,208,435
Net Pension Liability-VRS	20,812,374	22,947,755	19,687,653	18,119,431	20,144,297
Net OPEB Liability	280,400	5,793,400	5,643,600	5,177,400	5,272,869
School Board Long-term Obligations	\$ 24,830,041	\$ 31,936,871	\$ 28,391,130	\$ 26,164,414	\$ 28,120,682
IDA:					
Revenue Bonds	\$ 33,855,000	\$ 33,835,000	\$ 33,015,000	\$ 32,135,000	\$ 31,200,000
IDA Long-term Obligations	\$ 33,855,000	\$ 33,835,000	\$ 33,015,000	\$ 32,135,000	\$ 31,200,000
Total Long-term Obligations	\$ 197,559,073	\$ 219,390,148	\$ 214,188,173	\$ 211,482,256	\$ 215,040,637
Population	17,669	17,160	17,160	17,160	17,160
Debt per capita (interest bearing)	7,934.46	8,455.95	8,478.04	8,412.95	8,338.13
Debt per capita (other)	3,246.65	4,329.02	4,003.79	3,884.73	4,157.58
Debt per capita (total)	11,181.11	12,784.97	12,481.83	12,324.14	12,531.51
State Averages	7,120.00	7,546.00	7,572.00	7,484.00	not avail.

(1) Transit Fund shown separately starting in 2019