

CITY OF BRISTOL, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2021

City of Bristol, Virginia
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021



The Finance Department is Responsible for Preparation of this Report

CITY OF BRISTOL, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

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INTRODUCTORY SECTION



City of Bristol, Virginia

November 21, 2021

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

We are pleased to present the City of Bristol, Virginia's ("the City") Annual Comprehensive Financial Report (Annual Report) for the fiscal year ended June 30, 2021 in accordance with Section 7.02(C) of the *Bristol Virginia City Charter* and Section 15.2-2511 of the *Code of Virginia*, 1950, as amended. The *City Charter* and the *Code of Virginia* require that the City issue annually a report on its financial position and operations and that this report be audited by either the state auditor or an independent firm of certified public accountants in accordance with generally accepted auditing standards (GAAS).

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

The City engaged Robinson, Farmer, Cox Associates, licensed certified public accountants, to independently audit the City's financial statements. The goal of the audit is to provide reasonable assurance that the financial statements found herein are free from material misstatement. Tests of the City's internal control structure and of its compliance with applicable laws and regulations were conducted. The audit was conducted in accordance with GAAS and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Virginia Auditor of Public Accounts. The independent auditor's report is presented as the first component of the financial section of this report. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with generally accepted accounting principles.

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

Profile of the Government

The City of Bristol, Virginia was founded in 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. Per 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 appropriations for the budget for the ensuing year.

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 median household income in Bristol is \$37,500, with 22.6% of the population falling below the poverty level. The largest industry sectors forming the City's employment base are: Retail (14.6%), Government (14.3%), Accommodation and Food Service (12%), Manufacturing (12%), Health Care and Social Assistance (7.7%).

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 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 Policies

The City believes that sound financial management principles require that sufficient funds be retained by the City to provide a stable financial base at all times. To retain this stable financial base, the City needs to maintain fund balance reserves sufficient to fund all cash flows of the City, to provide financial reserves for unanticipated or emergency expenditures and/or revenue shortfalls, and to provide funds for all existing expenses. On November 28, 2017, the Bristol, Virginia City Council amended its Fund Balance policy. Per the policy, the City Council set the unassigned fund balance level at 18% of budgeted operating revenues. During fiscal year 2021, 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.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. This was the first year the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

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

Respectfully submitted,


Randall C. Eads
City Manager


Tamrya Spradlin
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Bristol
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

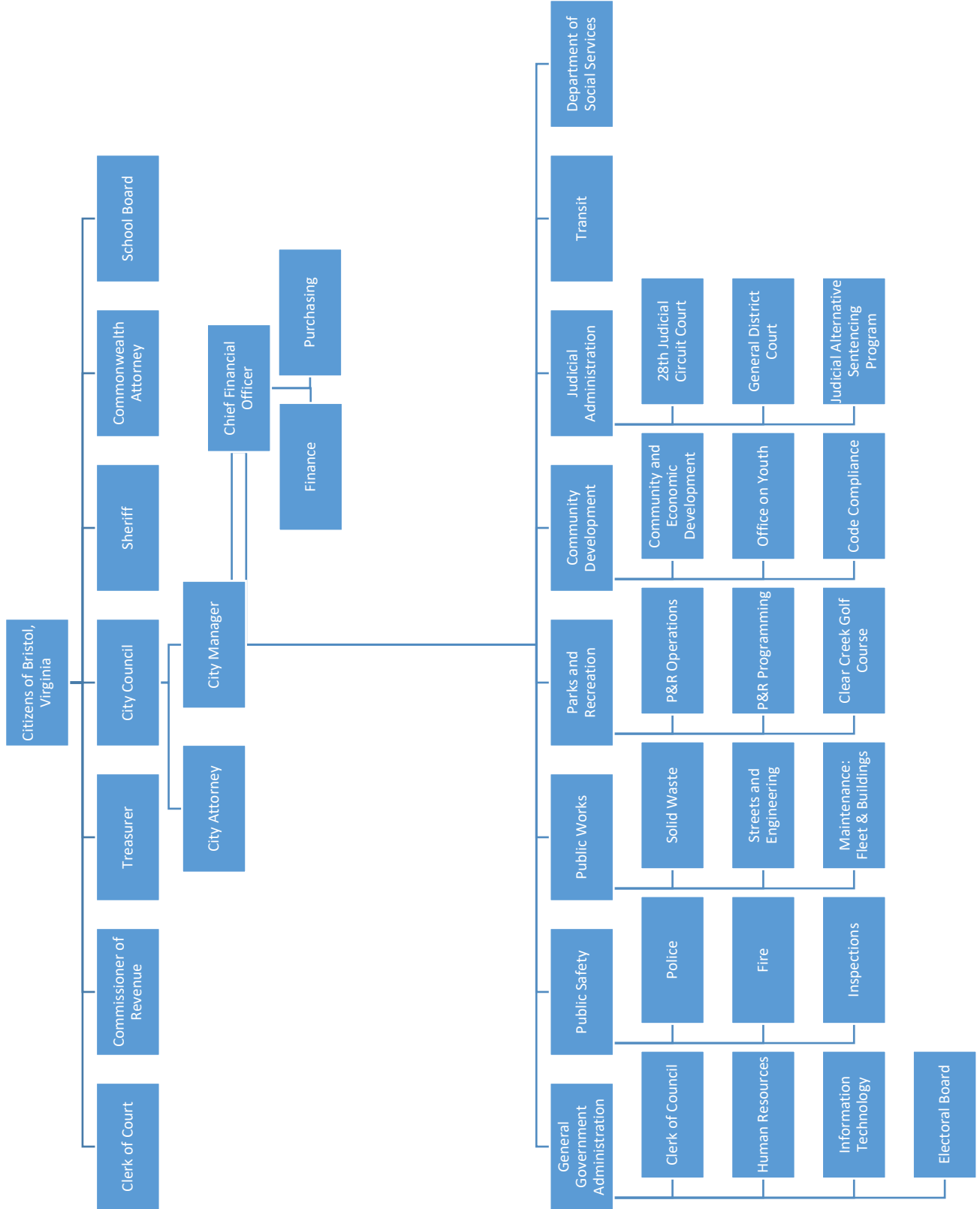
Christopher P. Morill

Executive Director/CEO



City of Bristol, Virginia

Organization Chart



CITY OF BRISTOL, VIRGINIA

MEMBERS OF CITY COUNCIL

Bill Hartley, Mayor
Kevin Wingard

Anthony Farnum, Vice Mayor
Neal Osborne

CITY OFFICIALS

City Manager	Randall C. Eads
Chief Financial Officer	Tamrya Spradlin
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	David Maples
Commonwealth Attorney	Jerry Wolfe

INDUSTRIAL DEVELOPMENT AUTHORITY BOARD

Jacqueline Nophlin, Vice Chair
Jan Huffman

Paul Conco, Chair

Daniel Marciano
Carly Thompson

SOCIAL SERVICES BOARD

Rev. W.A. Johnson, Vice Chairman
Kevin Wingard

David Maples, Chairman

Eula Wheeler
Vicie Dotson

FINANCIAL SECTION



Independent Auditors' Report

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

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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 June 30, 2021, 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.

Change in Accounting Principle

As described in Note 27 to the financial statements, in 2021, the City adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 28 to the financial statements, in 2021, the City restated beginning balances to reflect the removal of the IBNR liability and the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

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 on pages 11-22, 96, and 97-107 be presented to supplement the basic financial statements. Such information, 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 and Other Information

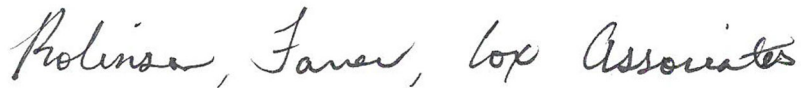
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bristol, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2021, on our consideration of the City of Bristol, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Bristol, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bristol, Virginia's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Robinson, Fawcett, & Associates".

Blacksburg, Virginia
November 21, 2021

City of Bristol Virginia Management's Discussion and Analysis

As management of the City of Bristol, Virginia (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Bristol, Virginia, for fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

Financial Highlights

- The total liabilities and deferred inflows of resources for the City exceeded its assets and deferred outflows of resources at June 30, 2021 resulting in a negative net position of -\$10.98 million, \$15.11 million from governmental activities and -\$26.09 million from business-type activities. Of the total amount, -\$9.31 million represents unrestricted net position. Unrestricted net position shows a negative balance primarily due to liabilities recorded in the statement of net position that will not be paid with immediate funds.
- The City's total net position increased by \$2,626,870 during the current fiscal year. Of this amount an increase of \$3,472,808 is related to government activities and a decrease of \$845,938 is attributed to business-type activities.
- At June 30, 2021 the City's governmental funds had an ending fund balance of \$28.76 million, an increase of \$5.45 million. Approximately 77% of this total amount, \$22.24 million is classified as unassigned fund balance and is available for spending at the government's discretion.
- At June 30, 2021 unassigned fund balance for the general fund was \$22.24 million or 41% of total general fund expenditures. This is a \$4.2 million increase over the prior year amount.
- The City's total debt increased by \$5.2 million during the current fiscal year. General Obligation Bonds (bonded debt) increased by \$.35 million. Other Debt which is comprised of net pension liability, capital lease obligations, landfill closure liability, and compensated absences increased \$4.9million.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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 full accrual accounting method is used.

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 most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

In the *statement of net position* and the *statement of activities*, the City's fund-based activity is classified as follows:

- Governmental activities—Most of the City's basic services including general government administration, judicial administration, public safety, public works, health and welfare, education, parks, recreation and cultural, community development and transit are reported here. The majority of these activities are supported by property taxes, other local taxes, and federal and state grants.
- Business-type activities—The City's Solid Waste Disposal Enterprise is reported as a business-type activity. The City charges a fee to customers to fund all or most of the cost of services provided by these activities. The City's Transit Enterprise is also reported as a business-type activity. The City charges fees for Transit services, but the primary sources of revenue for this fund are state and federal revenues.

- **Component Units-**The City includes two legally separate component units in this report, Bristol Virginia School Board (School Board) and the Industrial Development Authority (IDA). Although legally separate, the component units are included as the City is financially accountable for the School Board and appoints the majority of the IDA Board; as such, exclusion could cause the City's financial statements to be misleading. Complete financial statements for the School Board can be obtained from the Finance Department.

The government-wide financial statements can be found on pages 23-24 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, fund based financial statements focus on how resources flow into and out of those funds and the balances left at year-end. Unlike the government-wide financial statements, governmental fund financial statements provide a detailed short-term overview that helps the reader determine the financial resources that can be spent in the near future.

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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund 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 governmental funds: the General Fund and the Community Development Block Grant Fund (CDBG). Information for each fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. The City's General Fund is the only major governmental fund.

The City adopts an annual appropriated budget for its general and CDBG funds. A budgetary comparison statement has been provided for the general fund and CDBG grant fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 25-28 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 maintains two enterprise funds: the Solid Waste Disposal Fund and the Transit Fund.

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 Disposal Fund, which is considered to be a major fund, and the Transit Fund.

The basic proprietary fund financial statements can be found on pages 29-32 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected 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 basic fiduciary fund financial statements can be found on pages 33-34 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 35-95 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 96-107 of this report.

Government-Wide Financial Analysis (Primary Government)

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City at the close of the most recent fiscal year, the total liabilities and deferred inflows of resources exceeded the total assets and deferred outflows of resources resulting in a negative net position of \$10.98 million.

The largest portion of the City's net position, \$.3 million, was restricted net position for Asset Forfeiture funds. Restricted net position for federal revenue sharing (\$.134 million) and capital projects (\$.068 million) are additional components of the City's restricted net position. Restricted net position represents resources that are subject to external restrictions on how they may be used.

An additional portion of the City's net position, -\$2,178,878, is the investment in capital assets (e.g., land, buildings, plant in service, machinery, and equipment); less any related debt used to acquire those assets. The City uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position, -\$9.315 million, may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net position increased by \$2,626,870 from FY2020.

City of Bristol, Virginia Summary of Net Position (in thousands 000's)						
	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
Current & Other Assets	\$ 39,324	\$ 48,545	\$ 3,940	\$ 4,854	\$ 43,264	\$ 53,399
Capital Assets	92,595	89,178	18,162	16,676	110,757	105,854
Total Assets	\$ 131,919	\$ 137,723	\$ 22,102	\$ 21,530	\$ 154,021	\$ 159,253
Total Deferred Outflows of Resources	\$ 5,576	\$ 8,894	\$ 1,619	\$ 2,970	\$ 7,195	\$ 11,864
Current & Other Liabilities	\$ 4,758	\$ 8,006	\$ 338	\$ 289	\$ 5,096	\$ 8,295
Long term Liabilities	107,390	110,211	48,330	50,134	155,720	160,345
Total Liabilities	\$ 112,148	\$ 118,217	\$ 48,668	\$ 50,423	\$ 160,816	\$ 168,640
Total Deferred Inflows of Resources	\$ 13,711	\$ 13,292	\$ 299	\$ 168	\$ 14,010	\$ 13,460
Net Position:						
Net investment in capital assets	\$ 14,702	\$ 14,366	\$ (15,059)	\$ (16,545)	\$ (357)	\$ (2,179)
Restricted	\$ 327	511	-	-	327	511
Unrestricted (as restated)	\$ (3,393)	231	(10,187)	(9,546)	(13,580)	(9,315)
Total Net Position	\$ 11,636	\$ 15,108	\$ (25,246)	\$ (26,091)	\$ (13,610)	\$ (10,983)
A correction of an error from previous years resulted in a restatement of beginning fund equity for FY21. See note 28 for more detail.						

Statement of Activities

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

City of Bristol, Virginia Summary of Changes in Net Position (in thousands 000's)								
	Governmental Activities		Business-Type Activities		Total			
	2020	2021	2020	2021	2020	2021		
Revenues								
Program Revenue								
Charges for Services	\$ 1,562	\$ 1,626	\$ 5,885	\$ 5,891	\$ 7,447	\$ 7,517		
Operating Grants & Contributions	16,812	19,840	312	351	17,124	20,191		
Capital Grants & Contributions	1,508	1,585	-	-	1,508	1,585		
General Revenues								
Property Taxes	18,033	18,675	-	-	18,033	18,675		
Other Taxes	13,907	14,845	-	-	13,907	14,845		
Grants & Contributions Not Restricted	2,260	2,188	-	-	2,260	2,188		
Gain (Loss) on Sale of Equipment	-	-	4	1	4	1		
Other	1,268	1,305	27	48	1,295	1,353		
Total Revenues	\$ 55,350	\$ 60,064	\$ 6,228	\$ 6,291	\$ 61,578	\$ 66,355		
Expenses								
General Government	\$ 3,323	\$ 3,421	\$ -	\$ -	\$ 3,323	\$ 3,421		
Judicial Administration	1,976	1,951	-	-	1,976	1,951		
Public Safety	14,443	16,475	-	-	14,443	16,475		
Public Works	8,521	8,011	-	-	8,521	8,011		
Health and Welfare	8,817	8,497	-	-	8,817	8,497		
Education	6,594	7,524	-	-	6,594	7,524		
Parks, Recreation, & Cultural	2,992	2,683	-	-	2,992	2,683		
Community Development	3,453	4,774	-	-	3,453	4,774		
Interest on Long-Term Debt	3,370	3,120	-	-	3,370	3,120		
Solid Waste Disposal	-	-	6,609	6,765	6,609	6,765		
Transit	-	-	604	507	604	507		
Total Expenses	\$ 53,489	\$ 56,456	\$ 7,213	\$ 7,272	\$ 60,702	\$ 63,728		
Excess (Deficiency)								
Before Special Items & Transfers	\$ 1,861	\$ 3,608	\$ (985)	\$ (981)	\$ 876	\$ 2,627		
Special Items & Transfers								
Restatement of prior amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Transfers	(698)	(136)	698	136	-	-		
Total Special Items & Transfers	\$ (698)	\$ (136)	\$ 698	\$ 136	\$ -	\$ -		
Change in Net Position	\$ 1,163	\$ 3,472	\$ (287)	\$ (845)	\$ 876	\$ 2,627		
Net Position								
Beginning, as Restated FY21	\$ 9,945	\$ 11,636	\$ (24,994)	\$ (25,246)	\$ (15,049)	\$ (13,610)		
Restatement	\$ 528	\$ -	\$ 35	\$ -	\$ 563	\$ -		
Ending	\$ 11,636	\$ 15,108	\$ (25,246)	\$ (26,091)	\$ (13,610)	\$ (10,983)		
A correction of an error from previous years resulted in a restatement of beginning fund equity for FY21. See note 28 for more detail.								

Governmental Activities-Statement of Activities-Overview

The City's governmental activities are comprised of the general fund and the community development and block grant fund. Governmental activities increased the City's net position by \$3.47 million during the current fiscal year.

Revenue-Governmental Activities:

Revenues from governmental activities of \$60 million increased 8.5% or \$4.7 million from FY2020. This increase in revenues is mainly attributed to federal funding for the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) received in FY2021. For more information, see Note 26 related to CARES Act Funding.

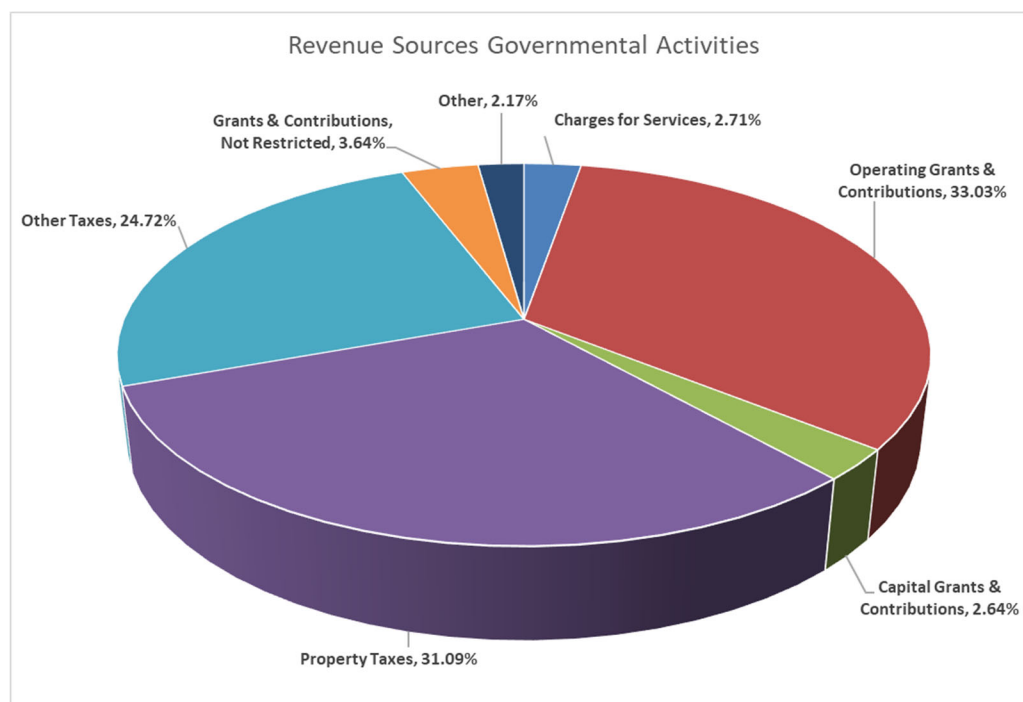
Program Revenues increased \$3.2 million and includes the following revenue:

- Charges for services of \$1.6 million had an increase of 4%.
- Operating grants and contributions totaled \$19.8 million and increased \$3 million or 18%. This increase was primarily the result of one-time flow federal funding referenced above and in Note 26 related to the CARES Act Funding.
- Capital grants and contributions totaled \$1.6 million and increased \$.08 million or 5%.

General Revenues increased \$1.5 million and includes the following revenues:

- Property taxes of \$18.7 million increased \$.6 million or 3.6%, partially as a result of the real property reassessment for calendar year 2021. Property taxes are comprised mainly of real property and personal property. In FY2021, the real estate property tax rate was \$1.17 for December 5, 2020 collections and \$1.12 for June 5, 2021 collections.
- Other taxes of \$14.8 million increased \$.9 million or 6.7%. The increase was primarily due to increases in local sales and use taxes and restaurant food taxes. Other taxes are comprised primarily of revenues from local sales tax, restaurant/meals tax, lodging tax, business licenses, cigarette taxes and motor vehicle license taxes.
- Unrestricted grants and contributions totaled \$2.2 million and remained consistent with prior year data. Unrestricted grants and contributions are comprised primarily of state sales tax collections and payments received in lieu of taxes.

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



Expenses-Governmental Activities:

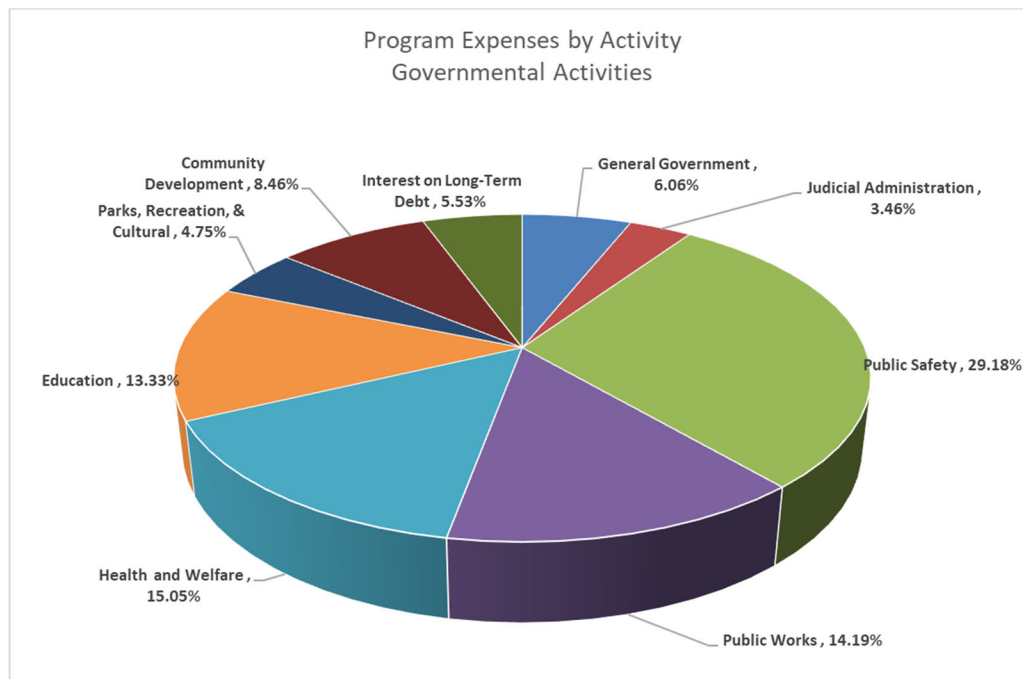
Expenses for governmental activities totaled \$56.5 million and increased \$3 million or 5.6% from FY2020.

Program Expenses include the following expenses:

- General government expenses totaled \$3.4 million and increased \$.1 million or 2.95% in FY2021, due primarily to one-time expenses related to COVID19 and paid for from the federal CARES funds.
- Judicial administration expenses totaled \$2 million and decreased \$.025 million or 1%.

- Public safety expenses totaled \$16.48 million and increased \$2 million or 14%. Public safety is comprised of the police department, fire department, sheriff department and jail, inspections and animal control. The increase was due to a significant additional cost to house inmates at facilities outside of the City, vehicle purchases utilizing asset forfeiture funds, and expenses related to COVID19, primarily paid for from CARES funds.
- Public works expenses totaled \$8 million and decreased \$.5 million or 6%, primarily due to one-time road projects for FY20.
- Health and welfare expenses totaled \$8.5 million and decreased \$.3 million, 3.6%, related to one-time FY20 expenses for the purchase and renovation of a new building.
- Education expenses totaled \$7.5 million and increased \$.9 million or 14%. This increase is related to COVID19 related expenditures that were paid for from federal CARES funds.
- Parks, recreation and cultural expenses totaled \$2.7 million and decreased \$.3 million or 10%. This decrease was related to the reallocation of a portion of staffs' duties from parks and recreation maintenance to street and highway maintenance, and a reduction in budgeted expenses due to the decreased revenue projections related to COVID19.
- Community development expenses totaled \$4.8 million and increased \$1.3 million or 38%. This increase was due to small business grants related to COVID19 funded with federal CARES funds, and other COVID19 expenditures paid for from federal CARES funds, and economic incentives.
- Interest expenses totaled \$3.1 million and decreased .25 million or 7%.

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



Special Items-Governmental Activities:

Transfers decreased the Governmental Activities net position by \$.136 million. During the current fiscal year, the Governmental Activities recorded \$135,916 in transfers to the Business-Type Activities. The transfer was to support the operations of the Solid Waste Disposal Fund and the Transit Fund.

Business-Type Activities-Statement of Activities-Overview

The City's business-type activities are comprised of the Solid Waste Disposal Fund and the Transit Fund. The Solid Waste Disposal Fund's net position decreased \$759,942 in the current fiscal year. The Transit Fund reported a negative change in net position of \$85,996.

Revenue-Business-Type Activities:

The Solid Waste Disposal Fund's operating revenues remained stable and consistent with FY20's revenues. Disposal operating revenue of \$3 million increased less than 1% from FY20. The collection revenue of \$2.8 million also increased by less than 1% for FY21.

The Transit Fund operating revenues of \$39,436 decreased 28% from FY20 due to a decrease in ridership due to the COVID19 pandemic. Intergovernmental revenues of \$351,516 increased 12.6% from the prior year.

Expenses-Business-Type Activities:

The Solid Waste Disposal Fund operating expenses totaled \$5.26 million. This was a \$.4 million increase from FY2020 and was due primarily to an increase in professional services for specific landfill related services and an increase in depreciation for FY21.

The Transit Fund operating expenses of \$505,772 were a 15% decrease from the prior year. The decrease was attributed to employee positions that remained unfilled for the year to offset the decrease in revenues due to the COVID19 pandemic. The fund showed a negative change in net position, because total revenues were not sufficient to cover depreciation, compensated absences, and OPEB related items.

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

The liabilities and deferred inflows of the School Board exceeded its assets and deferred outflows at the close of FY2021 by \$7,126,319 (net position). Of this amount, (\$24,411,977) represents unrestricted net position. Unrestricted net position shows a negative balance due primarily to liabilities recorded in the statement of net position that will not be paid with immediate funds. Additionally, any unexpended funds which are not specifically restricted by state regulation must be returned to the primary government. Therefore, there is no buildup of fund balances to accommodate liabilities that will not be paid with current resources. The School Board's total net position increased by \$2,334,310. The increase is attributable in part to an increase in state and federal funding. Separate audited financial statements are issued by the School Board.

Industrial Development Authority

The Industrial Development Authority, IDA, is reported as a component unit of the City of Bristol. Separate audited financial statements are not issued by the IDA. The IDA had a net position at June 30, 2021 of -\$13.5 million. The IDA had assets of \$17.6 million, mainly comprised of capital assets, related to the Falls project. Total liabilities at June 30, 2021 were \$31 million. The IDA had \$30.7 million of revenue bond debt at June 30, 2021, related to the Falls project. The change in net position for FY21 was negative \$1.28 million.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$28.8 million, an increase of \$5.45 million in comparison with the prior year. Approximately 77% of this total amount, \$22.2 million, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is shown as nonspendable, restricted, committed or assigned to indicate that it is 1) not

in spendable form (\$1.49 million), 2) restricted for a particular purpose (\$.5 million), 3) committed by the appropriating body (4.5 million), or 4) assigned for a particular purpose (\$36,320).

Governmental Funds-General Fund

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$22.2 million, while total fund balance reached \$28.8 million. As a measure of the general fund's liquidity, it may be useful to compare total unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 41% of the total general fund expenditures, while total fund balance represents 53% of the same amount for FY2021.

The fund balance of the City's general fund increased by \$5.45 million during the current fiscal year.

General fund revenues totaled \$60.2 million and increased 8% from FY2020. Local taxes including local sales taxes, restaurant/meal taxes, lodging taxes and business license taxes totaled \$14.8 million and increased by 6.74% as compared to last year, due primarily to an increase in local sales and use tax and restaurant meal taxes. General property taxes total \$18.7 million and increased by 1.86% in FY2021. Funding from the Commonwealth of Virginia and the Federal Government funding totaled \$23.2 million and increased 15% or \$3.1 million. This increase was due to federal CARES funding expended in FY21.

General fund expenditures totaled \$54.8million and increased by \$2.8 million. This overall increase was due primarily to COVID19 expenditures related to the federal CARES funding.

Governmental Funds-CDBG

The Community Development Block Grant Fund (CDBG) is a non-major governmental fund. As of June 30, 2021, the CDBG fund had a fund balance of zero. All expenditures of the fund are reimbursed by the federal government.

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

Proprietary Funds-Solid Waste Disposal Fund

Net position of the Solid Waste Fund totaled negative \$26.3 million. The Solid Waste Fund had an operating income of \$617,662 and an overall change in net position of negative \$759,942, due primarily from interest payments on debt. The Fund does rely on a transfer from the general fund. That transfer was \$106,410 in FY2021. The Solid Waste Fund is involved in a competitive market and relies heavily on charges for services to cover operating expenses.

Proprietary Funds-Transit Fund

Net position of the Transit Fund totaled \$195,839. The Transit Fund had an operating loss of \$466,366, because it is primarily funded from state and federal revenues and those are not reported as operating revenues. The Transit Fund had a change in net position of negative \$85,996, due primarily to depreciation, OPEB items, and compensated absences.

General Fund Budgetary Highlights

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

City of Bristol, Virginia General Fund-Budget Comparison For Fiscal Year Ending June 30, 2021 (in thousands)						
	Original Budget	Amended Budget	Budget Increase/ (Decrease)	Actual	Variance Actual vs. Amended	
Revenues						
Taxes	\$ 29,691	\$ 30,185	\$ 494	\$ 33,514	\$ 3,329	
Intergovernmental	27,460	30,245	2,785	23,291	(6,954)	
Other	2,979	3,129	\$ 150	3,423	294	
Total Revenues	\$ 60,130	\$ 63,559	\$ 3,429	\$ 60,228	\$ (3,331)	
Expenditures						
Expenditures	\$ 56,397	\$ 63,673	\$ 7,276	\$ 49,438	\$ 14,235	
Debt Service	4,856	5,830	\$ 974	5,341	489	
Total Expenditures	\$ 61,253	\$ 69,503	\$ 8,250	\$ 54,779	\$ 14,724	
Other Financing Sources (Uses)						
Transfers	\$ (136)	\$ (136)	\$ -	\$ (136)	\$ -	
Other	166	438	\$ 272	139	(299)	
Total Other Financing Sources	\$ 30	\$ 302	\$ 272	\$ 3	\$ (299)	
Change in Fund Balance	\$ (1,093)	\$ (5,642)	\$ (4,549)	\$ 5,452	\$ 11,094	

The difference between the original budget and the final amended budget was approximately an increase of \$8.25 million in revenues, expenditures, other financing sources (uses), and changes in fund balance, or 13% of the original budget.

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

- \$2.9 million for CARES Act Funding related to the COVID19 pandemic for public safety, public health, medical, and personal protective equipment expenditures
- \$1.6 million for federal, state, or grant funding related expenditures
- \$1.4 million for prior year carryover items where the revenue was received or available in the prior year
- \$535,018 for additional Asset Forfeiture revenue
- \$460,386 for flow through payments to fund the IDA Revenue Bonds
- \$275,016 for CDBG CARES Funds
- \$270,000 for bond refunding costs

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

- Appropriated capital projects, primarily funded from state and federal revenues were not completed by June 30, 2021, due partially to the COVID-19 pandemic, resulting in a budget variance of \$8.7 million for that activity.
- Appropriated public safety expenditures, related to asset forfeiture expenditures, the timing of grant expenditures, and personnel vacancies exceeded actual expenditures by \$2.2 million.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2021, was \$105.85 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, roads, bridges, library assets, and land development costs.

The following table shows the major categories of capital assets for June 30, 2020 and 2021.

City of Bristol, Virginia Capital Assets Net of Depreciation (in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
Land & Improvements	\$ 19,343	\$ 18,360	\$ 802	\$ 802	\$ 20,145	\$ 19,162
Construction in Progress	9,666	1,046	-	23	9,666	1,069
Buildings & Improvements	9,346	8,728	721	681	10,067	9,409
Machinery and Equipment	6,004	5,884	1,423	1,681	7,427	7,565
Library Assets	4,140	4,032	-	-	4,140	4,032
Infrastructure	44,059	51,108	1,939	1,352	45,998	52,460
Land Development Costs	38	20	13,278	12,137	13,316	12,157
Total	\$ 92,596	\$ 89,178	\$ 18,163	\$ 16,676	\$ 110,759	\$ 105,854

Major capital asset events during the current fiscal year include the following:

- Additions to capital assets totaled \$12 million, and included \$9.45 million of construction in progress items placed in service.
- Other significant additions included: \$261,491 for a vacuum truck, \$263,413 for a garbage truck, \$486,850 for police vehicles and equipment, \$343,877 for fire department radios,
- Decreases to capital assets totaled \$9.7 million, and included a construction in progress decrease of \$9.45 million for assets placed into service. These assets included a completed road construction project and a stadium bleacher construction project.
- Total accumulated depreciation for FY2021 was \$128 million, with current year depreciation of \$6.3 million.

Additional information on the City's capital assets can be found in Note 15 on pages 83-85 of this report.

Debt Administration-Long-Term Debt

At the end of the current fiscal year, the City had total debt outstanding of \$160 million. Of this amount, \$108 million or 67% comprises debt backed by the full faith and credit of the government.

The following table shows the long-term debt balances for the governmental and business activities as of June 30, 2020 and 2021:

City of Bristol, Virginia Long-Term Debt Obligations As of June 30, 2020 and 2021 (in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
General Obligations						
General Obligation Bonds	\$ 73,668	\$ 73,043	\$ 33,917	\$ 34,980	\$ 107,585	\$ 108,023
Bond Premiums	71	-	40	23	\$ 111	23
Total	\$ 73,739	\$ 73,043	\$ 33,957	\$ 35,003	\$ 107,696	\$ 108,046
Other Long-Term Debt						
Capital Lease Obligations	\$ 3,875	\$ 3,329	\$ 312	\$ 736	\$ 4,187	\$ 4,065
Net Pension Liability	20,373	24,397	1,147	1,724	21,520	26,121
Other Post Employment Benefits	6,593	6,952	189	232	6,782	7,184
Compensated Absences	1,759	1,791	128	154	1,887	1,945
Revenue Sharing Agreement	1,050	700	-	-	1,050	700
Landfill Postclosure Liability	-	-	11,983	12,285	11,983	12,285
Total	\$ 33,650	\$ 37,169	\$ 13,759	\$ 15,131	\$ 47,409	\$ 52,300
Total Long-Term Debt	\$ 107,389	\$ 110,212	\$ 47,716	\$ 50,134	\$ 155,105	\$ 160,346

The following is a summary of the City's long-term liabilities in FY2021:

- The City's total bonded debt increased by \$.35 million during the fiscal year.
- Other long-term debt totaled \$52.3 million and is comprised of debt not bonded, capital lease obligations, long-term loans, notes payables, postclosure landfill liability and compensated absences. Other long-term debt increased \$4.89 million or 10%.
- The implementation of GASB 68-Accounting and Financial Reporting for Pensions required state and local government to record pension liability and expenditures. The net pension liability as of June 30, 2021 was \$26 million. Of this amount \$24.3 million was for the governmental activities and \$1.7 million for the business-type activities.
- The City maintains the state's intercept rating of Aa1 from Moody's for general obligation debt. The underlying rating for the City is A3 from Moody's and A+ for Standard and Poor's.

Significant long-term debt events during the year included the following:

- The issuance of \$19.885 million bonds to advance refund the 2014 \$16.82 outstanding bonds

Additional information on the City's long-term debt can be found in Note 9 on pages 51-56 of this report.

Economic Factors Impacting Next Year's Budget

- The entire "Falls" project, which is a 1.5 million square foot "Commercial Development of Regional Impact," will continue to be an economic factor for the City. The completion of Phase I is scheduled for the next fiscal year as well as additional tenants in Phases 2 & 3.
- The Commonwealth of Virginia's strategies regarding state funding and how these strategies will impact the local governments will continue to have an impact on the budget.
- Personnel costs make up approximately 36% of the City of Bristol's general fund budget. Increases in salary and fringe benefit costs, including health care, retirement and worker's compensation expenses will have a major impact on the City's budget.
- Economic trends and downturns, especially related to the continuing COVID19 pandemic, could have a significant impact on the City's budget. They could potentially impact all revenue items including real estate and personal property tax collections, sales tax, restaurant meals tax, lodging tax, and other local taxes.
- The Solid Waste Disposal Fund continues to rely on general fund transfers to sustain operations. Increased capital or operating needs of the Solid Waste Disposal Fund could have a significant impact on the City's budget.
- For the month of June 2021, the City of Bristol, Virginia's unemployment rate was 5.7%, compared to the State rate of 4.5% and the Federal rate of 6.1%.

Requests for Information

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

Basic Financial Statements

City of Bristol, Virginia
Statement of Net Position
June 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	IDA
ASSETS					
Cash and cash equivalents	\$ 29,417,221	\$ 3,826,207	\$ 33,243,428	\$ 1,024,673	\$ 4,212
Receivables (net of allowance for uncollectibles):					
Taxes receivable	12,649,117	-	12,649,117	-	-
Accounts receivable	1,531,180	274,376	1,805,556	107,025	-
Internal balances	(6,546)	6,546	-	-	-
Due from other governmental units	2,956,868	734,337	3,691,205	3,430,215	-
Due from primary government	-	-	-	-	521,246
Inventories	115,807	-	115,807	67,060	-
Prepaid items	1,370,168	12,706	1,382,874	66,955	-
Restricted assets:					
Cash and cash equivalents	510,695	-	510,695	1,502,644	1,462,090
Investments	-	-	-	70	-
Capital assets (net of accumulated depreciation):					
Land	18,359,874	802,062	19,161,936	267,711	1,063,960
Land development costs	19,200	12,137,148	12,156,348	-	-
Buildings and improvements	12,759,719	680,114	13,439,833	14,565,514	-
Machinery and equipment	5,884,548	1,681,537	7,566,085	967,597	-
Infrastructure and utility plants	51,108,735	1,352,601	52,461,336	-	14,534,898
Construction in progress	1,046,210	22,685	1,068,895	480,017	-
Total assets	\$ 137,722,796	\$ 21,530,319	\$ 159,253,115	\$ 22,479,481	\$ 17,586,406
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding, net	\$ 1,491,552	\$ 2,517,238	\$ 4,008,790	\$ -	\$ -
Pension related items	5,298,983	409,847	5,708,830	5,848,234	-
OPEB related items	2,103,944	42,625	2,146,569	713,078	-
Total deferred outflows of resources	\$ 8,894,479	\$ 2,969,710	\$ 11,864,189	\$ 6,561,312	\$ -
LIABILITIES					
Accounts payable	\$ 1,070,529	\$ 91,493	\$ 1,162,022	\$ 1,325,878	\$ 35,745
Wages payable	28,046	1,271	29,317	1,656,960	-
Accrued interest payable	1,276,475	196,543	1,473,018	11,799	313,826
Health insurance claims IBNR	-	-	-	-	-
Due to component unit	521,246	-	521,246	-	-
Unearned revenue	5,108,721	-	5,108,721	5,818	-
Long-term liabilities:					
Due within one year	3,801,484	1,078,408	4,879,892	290,719	145,000
Due in more than one year	106,410,212	49,055,227	155,465,439	29,625,754	30,595,000
Total liabilities	\$ 118,216,713	\$ 50,422,942	\$ 168,639,655	\$ 32,916,928	\$ 31,089,571
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-property taxes	\$ 11,402,568	\$ -	\$ 11,402,568	\$ -	\$ -
Pension related items	321,166	114,556	435,722	1,983,935	-
OPEB related items	1,568,417	53,846	1,622,263	1,266,249	-
Total deferred inflows of resources	\$ 13,292,151	\$ 168,402	\$ 13,460,553	\$ 3,250,184	\$ -
NET POSITION					
Net investment in capital assets	\$ 14,366,458	\$ (16,545,336)	\$ (2,178,878)	\$ 14,284,280	\$ (15,141,142)
Restricted					
Capital projects	67,954	-	67,954	1,321,347	-
Federal sharing	134,420	-	134,420	-	-
School cafeterias	-	-	-	825,980	-
Asset forfeiture	308,321	-	308,321	-	-
Grants	-	-	-	854,051	-
Unrestricted (deficit)	231,258	(9,545,979)	(9,314,721)	(24,411,977)	1,637,977
Total net position	\$ 15,108,411	\$ (26,091,315)	\$ (10,982,904)	\$ (7,126,319)	\$ (13,503,165)

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, 2021

Functions/Programs		Program Revenues			Net (Expense) Revenue and Changes in Net Position											
		Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units								
						Governmental Activities	Business-type Activities	Total	School Board	IDA						
PRIMARY GOVERNMENT:																
Governmental activities:																
General government administration	\$	3,420,556	\$	-	\$	557,340	\$	-	\$	(2,863,216)	\$	-	\$	-		
Judicial administration		1,950,818		41,298		976,719		-		(932,801)		-		-		
Public safety		16,474,620		654,070		4,896,439		1,019,239		(9,904,872)		-		-		
Public works		8,011,443		25,027		4,524,792		565,959		(2,895,665)		-		-		
Health and welfare		8,497,461		-		6,845,710		-		(1,651,751)		-		-		
Education		7,524,122		-		894,314		-		(6,629,808)		-		-		
Parks, recreation, and cultural		2,683,341		900,655		-		-		(1,782,686)		-		-		
Community development		4,774,056		5,370		1,020,199		-		(3,748,487)		-		-		
Interest		3,119,628		-		124,694		-		(2,994,934)		-		-		
Total governmental activities	\$	56,456,045	\$	1,626,420	\$	19,840,207	\$	1,585,198	\$	(33,404,220)	\$	-	\$	-		
Business-type activities:																
Solid waste	\$	6,764,742	\$	5,878,972	\$	-	\$	-	\$	-	\$	(885,770)	\$	-	\$	-
Transit Fund		506,454		12,694		351,516		-		-		(142,244)		-		-
Total business-type activities	\$	7,271,196	\$	5,891,666	\$	351,516	\$	-	\$	-	\$	(1,028,014)	\$	-	\$	-
Total primary government	\$	63,727,241	\$	7,518,086	\$	20,191,723	\$	1,585,198	\$	(33,404,220)	\$	(1,028,014)	\$	(34,432,234)	\$	-
COMPONENT UNITS:																
School Board	\$	32,444,960	\$	70,784	\$	27,698,264	\$	-	\$	-	\$	-	\$	(4,675,912)	\$	(4,834,786)
IDA		5,120,107		285,321		-		-		-		-		-		(4,834,786)
Total component units	\$	37,565,067	\$	356,105	\$	27,698,264	\$	-	\$	-	\$	-	\$	(4,675,912)	\$	(4,834,786)
General revenues:																
General property taxes	\$	18,675,283	\$	-	\$	-	\$	18,675,283	\$	-	\$	-	\$	-		-
Other local taxes:																
Local sales and use taxes		4,753,295		-		-		4,753,295		-		-		-		-
Consumers' utility taxes		161,001		-		-		161,001		-		-		-		-
Business license taxes		1,289,976		-		-		1,289,976		-		-		-		-
Motor vehicle taxes		257,137		-		-		257,137		-		-		-		-
Restaurant food taxes		5,872,031		-		-		5,872,031		-		-		-		-
Bank stock taxes		395,621		-		-		395,621		-		-		-		-
Hotel and motel room taxes		1,353,825		-		-		1,353,825		-		-		-		-
Tobacco taxes		462,985		-		-		462,985		-		-		-		-
Other local taxes		298,849		-		-		298,849		-		-		-		-
Unrestricted revenues from the use of money and property		235,311		20,907		256,218		256,218		17,681		17,681		148		
Miscellaneous		1,069,561		26,742		1,096,303		1,096,303		604,337		604,337		-		
Contributions from the City of Bristol, Virginia		-		-		-		-		6,388,204		6,388,204		3,559,095		
Grants and contributions not restricted to specific programs		2,188,069		-		2,188,069		2,188,069		-		-		-		-
Gain on disposal of surplus equipment		-		(1,489)		(1,489)		(1,489)		-		-		-		-
Gain on investments		-		-		-		-		-		-		-		3
Loss on sale of land		-		-		-		-		-		-		-		-
Transfers		(135,916)		135,916		-		-		-		-		-		-
Total general revenues and transfers	\$	36,877,028	\$	182,076	\$	37,059,104	\$	37,059,104	\$	7,010,222	\$	7,010,222	\$	3,559,246		
Change in net position	\$	3,472,808	\$	(845,938)	\$	2,626,870	\$	2,626,870	\$	2,334,310	\$	2,334,310	\$	(1,275,540)		
Net position - beginning, as restated		11,635,603		(25,245,377)		(13,609,774)		(13,609,774)		(9,460,629)		(9,460,629)		(12,227,625)		
Net position - ending	\$	15,108,411	\$	(26,091,315)	\$	(10,982,904)	\$	(10,982,904)	\$	(7,126,319)	\$	(7,126,319)	\$	(13,503,165)		

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

City of Bristol, Virginia
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 29,417,221	\$ -	\$ 29,417,221
Receivables (net of allowance for uncollectibles):			
Taxes receivable	12,649,117	-	12,649,117
Accounts receivable	1,531,180	-	1,531,180
Due from other funds	24,570	-	24,570
Due from other governmental units	2,897,465	59,403	2,956,868
Inventories	115,807	-	115,807
Prepaid items	1,370,168	-	1,370,168
Restricted assets:			
Cash and cash equivalents	510,695	-	510,695
Total assets	<u>\$ 48,516,223</u>	<u>\$ 59,403</u>	<u>\$ 48,575,626</u>
LIABILITIES			
Accounts payable	\$ 1,035,696	\$ 34,833	\$ 1,070,529
Accrued wages	28,046	-	28,046
Due to other funds	6,546	24,570	31,116
Due to component unit	521,246	-	521,246
Unearned revenue	5,868,721	-	5,868,721
Total liabilities	<u>\$ 7,460,255</u>	<u>\$ 59,403</u>	<u>\$ 7,519,658</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	<u>\$ 12,292,424</u>	<u>\$ -</u>	<u>\$ 12,292,424</u>
Total deferred inflows of resources	<u>\$ 12,292,424</u>	<u>\$ -</u>	<u>\$ 12,292,424</u>
FUND BALANCES			
Nonspendable	\$ 1,485,975	\$ -	\$ 1,485,975
Restricted	510,695	-	510,695
Committed	4,493,347	-	4,493,347
Assigned	36,320	-	36,320
Unassigned	22,237,207	-	22,237,207
Total fund balances	<u>\$ 28,763,544</u>	<u>\$ -</u>	<u>\$ 28,763,544</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 48,516,223</u>	<u>\$ 59,403</u>	<u>\$ 48,575,626</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, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 28,763,544
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$ 18,359,874	
Buildings and improvements	12,759,719	
Land development costs	19,200	
Machinery and equipment	5,884,548	
Infrastructure	51,108,735	
Construction in progress	<u>1,046,210</u>	89,178,286
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unavailable revenue-property taxes	\$ 889,856	
Unavailable revenue-note receivable	<u>760,000</u>	1,649,856
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	\$ 1,491,552	
Pension related items	5,298,983	
OPEB related items	<u>2,103,944</u>	8,894,479
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	\$ (73,042,660)	
Capital leases	(3,328,674)	
Accrued interest payable	(1,276,475)	
Amount payable to Washington County	(700,000)	
Compensated absences	(1,791,460)	
Net OPEB liabilities	(6,952,022)	
Net pension liability	<u>(24,396,880)</u>	(111,488,171)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (321,166)	
OPEB related items	<u>(1,568,417)</u>	(1,889,583)
Net position of governmental activities		<u><u>\$ 15,108,411</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, 2021

	<u>General</u>	<u>Other Governmental Fund</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 18,668,997	\$ -	\$ 18,668,997
Other local taxes	14,844,720	-	14,844,720
Permits, privilege fees, and regulatory licenses	122,478	-	122,478
Fines and forfeitures	164,299	-	164,299
Revenue from the use of money and property	215,311	-	215,311
Charges for services	1,339,643	-	1,339,643
Miscellaneous	1,069,561	-	1,069,561
Recovered costs	512,083	-	512,083
Intergovernmental	23,290,749	322,725	23,613,474
Total revenues	<u>\$ 60,227,841</u>	<u>\$ 322,725</u>	<u>\$ 60,550,566</u>
EXPENDITURES			
Current:			
General government administration	\$ 3,919,062	\$ -	\$ 3,919,062
Judicial administration	1,769,796	-	1,769,796
Public safety	16,146,382	-	16,146,382
Public works	5,336,052	-	5,336,052
Health and welfare	8,548,814	-	8,548,814
Education	7,314,122	-	7,314,122
Parks, recreation, and cultural	2,300,637	-	2,300,637
Community development	3,557,952	322,725	3,880,677
Capital projects	544,068	-	544,068
Debt service:			
Principal retirement	2,306,182	-	2,306,182
Interest and other fiscal charges	2,923,312	-	2,923,312
Bond issuance costs	112,249	-	112,249
Total expenditures	<u>\$ 54,778,628</u>	<u>\$ 322,725</u>	<u>\$ 55,101,353</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,449,213</u>	<u>\$ -</u>	<u>\$ 5,449,213</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	\$ (135,916)	\$ -	\$ (135,916)
Issuance of refunding debt	7,357,450	-	7,357,450
Sale of capital assets	9,800	-	9,800
Payment to bond escrow agent	(7,228,767)	-	(7,228,767)
Total other financing sources (uses)	<u>\$ 2,567</u>	<u>\$ -</u>	<u>\$ 2,567</u>
Net change in fund balances	\$ 5,451,780	\$ -	\$ 5,451,780
Fund balances - beginning, as restated	23,311,764	-	23,311,764
Fund balances - ending	<u>\$ 28,763,544</u>	<u>\$ -</u>	<u>\$ 28,763,544</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, 2021

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

Net change in fund balances - total governmental funds	\$	5,451,780
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 2,051,278	
Reversion of capital assets to school board (net)	(150,000)	
Depreciation expense	<u>(4,313,637)</u>	(2,412,359)

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	\$ (983,518)	
Disposal of assets	(21,609)	(1,005,127)

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

Property taxes	\$ 6,286	
Notes receivable	<u>20,000</u>	26,286

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 refunding debt	(7,357,450)	
Principal repayments:		
General obligation bonds	1,759,954	
Payment to escrow agent (excluding accrued interest)	7,211,479	
Capital lease	546,228	
Washington County	<u>350,000</u>	2,510,211

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	\$ (32,409)	
Change in accrued interest payable	61,961	
Amortization of deferred amount on refunding	(138,148)	
Amortization of bond premium	9,408	
Change in pension related items	(1,135,676)	
Change in OPEB related items	<u>136,881</u>	(1,097,983)

Change in net position of governmental activities	\$	<u><u>3,472,808</u></u>
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The notes to the financial statements are an integral part of this statement.

City of Bristol, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2021

	Enterprise Funds		
	Solid Waste Fund	Transit Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,652,028	\$ 174,179	\$ 3,826,207
Accounts receivable, net of allowance for uncollectibles	272,876	1,500	274,376
Due from other governmental units	655,414	78,923	734,337
Due from other funds	5,161	1,385	6,546
Prepaid items	9,805	2,901	12,706
Total current assets	\$ 4,595,284	\$ 258,888	\$ 4,854,172
Noncurrent assets:			
Capital assets:			
Land	\$ 802,062	\$ -	\$ 802,062
Land development costs	35,456,968	-	35,456,968
Buildings and systems	1,315,187	410,889	1,726,076
Machinery and equipment	6,486,554	442,689	6,929,243
Infrastructure	2,962,290	-	2,962,290
Construction in progress	-	22,685	22,685
Accumulated depreciation	(30,691,122)	(532,055)	(31,223,177)
Total noncurrent assets	\$ 16,331,939	\$ 344,208	\$ 16,676,147
Total assets	\$ 20,927,223	\$ 603,096	\$ 21,530,319
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refunding, net	\$ 2,517,238	\$ -	\$ 2,517,238
Pension related items	275,981	133,866	409,847
OPEB related items	32,539	10,086	42,625
Total deferred outflows of resources	\$ 2,825,758	\$ 143,952	\$ 2,969,710
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 66,941	\$ 24,552	\$ 91,493
Accrued payroll	1,081	190	1,271
Accrued interest payable	196,543	-	196,543
Compensated absences - current portion	88,547	26,543	115,090
Capital lease - current portion	151,510	-	151,510
Bonds payable - current portion	811,808	-	811,808
Total current liabilities	\$ 1,316,430	\$ 51,285	\$ 1,367,715
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 29,516	\$ 8,847	\$ 38,363
Capital lease - net of current portion	584,483	-	584,483
Bonds payable - net of current portion	34,190,920	-	34,190,920
Landfill closure liability	12,285,473	-	12,285,473
Net OPEB liabilities	176,590	54,853	231,443
Net pension liability	1,307,175	417,370	1,724,545
Total noncurrent liabilities	\$ 48,574,157	\$ 481,070	\$ 49,055,227
Total liabilities	\$ 49,890,587	\$ 532,355	\$ 50,422,942
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 108,393	\$ 6,163	\$ 114,556
OPEB related items	41,155	12,691	53,846
Total deferred inflows of resources	\$ 149,548	\$ 18,854	\$ 168,402
NET POSITION			
Net investment in capital assets	\$ (16,889,544)	\$ 344,208	\$ (16,545,336)
Unrestricted	(9,397,610)	(148,369)	(9,545,979)
Total net position	\$ (26,287,154)	\$ 195,839	\$ (26,091,315)

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, 2021

	Enterprise Funds		
	<u>Solid Waste Fund</u>	<u>Transit Fund</u>	<u>Total</u>
OPERATING REVENUES			
Disposal Operating Revenue:			
Solid waste - disposal fees	\$ 2,969,305	\$ -	\$ 2,969,305
Recycling income	4,267	-	4,267
Mulch/compost	43,245	-	43,245
Miscellaneous	8,302	-	8,302
Collections Operating Revenue:			
Waste collection fees	2,753,409	-	2,753,409
Dumpster permit fee	100,444	-	100,444
Charges for service	-	12,694	12,694
Miscellaneous	-	26,742	26,742
Total operating revenues	\$ 5,878,972	\$ 39,436	\$ 5,918,408
OPERATING EXPENSES			
Disposal Operational Expenses:			
Salaries and fringes	\$ 691,481	\$ -	\$ 691,481
Professional services	647,477	-	647,477
Utilities	387,035	-	387,035
Materials and supplies	260,241	-	260,241
Lease/rent of equipment	292,203	-	292,203
Maintenance and repairs	103,778	-	103,778
Education and training	2,574	-	2,574
Other	57,835	-	57,835
Refuse Collection Operational Expenses:			
Salaries and fringes	349,434	-	349,434
Professional services	57,779	-	57,779
Utilities	2,640	-	2,640
Materials and supplies	61,560	-	61,560
Maintenance and repairs	73,617	-	73,617
Education and training	200	-	200
Other	1,173	-	1,173
Transit Operational Expenses:			
Salaries and fringes	-	406,164	406,164
Professional services	-	730	730
Materials and supplies	-	949	949
Maintenance and repairs	-	28,657	28,657
Other	-	13,974	13,974
Landfill postclosure care	302,185	-	302,185
Depreciation	1,970,098	55,298	2,025,396
Total operating expenses	\$ 5,261,310	\$ 505,772	\$ 5,767,082
Operating income (loss)	\$ 617,662	\$ (466,336)	\$ 151,326

City of Bristol, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021 (Continued)

	Enterprise Funds		
	<u>Solid Waste Fund</u>	<u>Transit Fund</u>	<u>Total</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	\$ 20,907	\$ -	\$ 20,907
Bank service expense	(7,610)	-	(7,610)
Amortization	(195,380)	-	(195,380)
Debt service costs	(220,407)	-	(220,407)
Gain (loss) on disposal of surplus equipment	(1,489)	-	(1,489)
Gain (loss) on investments	-	-	-
Gain (loss) on sale of land	-	-	-
Interest expense	(1,080,035)	-	(1,080,035)
Intergovernmental	-	351,516	351,516
Other	-	(682)	(682)
Total nonoperating revenues (expenses)	<u>\$ (1,484,014)</u>	<u>\$ 350,834</u>	<u>\$ (1,133,180)</u>
Income before transfers	\$ (866,352)	\$ (115,502)	\$ (981,854)
Transfers in	106,410	29,506	135,916
Change in net position	<u>\$ (759,942)</u>	<u>\$ (85,996)</u>	<u>\$ (845,938)</u>
Net position - beginning, as restated	(25,527,212)	281,835	(25,245,377)
Net position - ending	<u>\$ (26,287,154)</u>	<u>\$ 195,839</u>	<u>\$ (26,091,315)</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, 2021

	Enterprise Funds		
	<u>Solid Waste Fund</u>	<u>Transit Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 5,652,114	\$ 38,051	\$ 5,690,165
Payments to suppliers	(1,935,750)	(15,904)	(1,951,654)
Payments to employees	(1,101,784)	(325,608)	(1,427,392)
Net cash provided by (used for) by operating activities	\$ 2,614,580	\$ (303,461)	\$ 2,311,119
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	\$ 106,410	\$ 29,506	\$ 135,916
State and federal funds	-	277,106	277,106
Net cash provided by (used for) by noncapital financing activities	\$ 106,410	\$ 306,612	\$ 413,022
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	\$ (524,902)	\$ (22,685)	\$ (547,587)
Proceeds from sale of assets	5,161	1,385	6,546
Principal payments on bonds	(868,300)	-	(868,300)
Principal payments on lease obligations	(100,656)	-	(100,656)
Proceeds of capital lease	524,902	-	524,902
Proceeds from indebtedness	12,527,550	-	12,527,550
Payment to escrow agent	(12,308,440)	-	(12,308,440)
Interest expense	(1,134,361)	-	(1,134,361)
Debt service costs	(220,407)	-	(220,407)
Other	(7,610)	-	(7,610)
Net cash provided by (used for) by capital and related financing activities	\$ (2,107,063)	\$ (21,300)	\$ (2,128,363)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	\$ 20,907	\$ -	\$ 20,907
Net increase (decrease) in cash and cash equivalents	\$ 634,834	\$ (18,149)	\$ 616,685
Cash and cash equivalents - beginning	3,017,194	192,328	3,209,522
Cash and cash equivalents - ending	\$ 3,652,028	\$ 174,179	\$ 3,826,207
Reconciliation of operating income (loss) to net cash provided by (used for) by operating activities:			
Operating income (loss)	\$ 617,662	\$ (466,336)	\$ 151,326
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	\$ 1,970,098	\$ 55,298	\$ 2,025,396
Increase (decrease) in pension related items	(24,596)	106,868	82,272
Increase (decrease) in OPEB related items	(25,670)	(35,795)	(61,465)
(Increase) decrease in accounts receivable	(236,427)	-	(236,427)
(Increase) decrease in due from other funds	9,569	(1,385)	8,184
(Increase) decrease in prepaid items	1,025	3,989	5,014
Increase (decrease) in operating payables	11,337	24,417	35,754
Increase (decrease) in salaries and wages payable	(181)	190	9
Increase (decrease) in compensated absences	(10,422)	9,293	(1,129)
Increase (decrease) in landfill closure liability	302,185	-	302,185
Total adjustments	\$ 1,996,918	\$ 162,875	\$ 2,159,793
Net cash provided by (used for) by operating activities	\$ 2,614,580	\$ (303,461)	\$ 2,311,119

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, 2021

	Custodial Funds	
	Special Welfare	FSA
ASSETS		
Cash and cash equivalents	\$ 108,999	\$ 26,532
Total assets	<u>\$ 108,999</u>	<u>\$ 26,532</u>
NET POSITION		
Restricted for:		
Held for social services client	\$ 108,999	\$ -
Held for employees	-	26,532
Total net position	<u>\$ 108,999</u>	<u>\$ 26,532</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
June 30, 2021

	Custodial Funds	
	Special Welfare	FSA
ADDITIONS		
Special welfare collections	\$ 135,423	\$ -
Employee deposits	-	26,439
Interest	975	182
Total additions	<u>\$ 136,398</u>	<u>\$ 26,621</u>
DEDUCTIONS		
Special welfare payments	\$ 138,068	\$ -
Employee claims paid	-	28,210
Total deductions	<u>\$ 138,068</u>	<u>\$ 28,210</u>
Net increase (decrease) in fiduciary net position	<u>\$ (1,670)</u>	<u>\$ (1,589)</u>
Net position - beginning, as restated	\$ 110,669	\$ 28,121
Net position - ending	<u>\$ 108,999</u>	<u>\$ 26,532</u>

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

CITY OF BRISTOL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 \$722,342 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, 2021

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 funds consist of the special welfare fund and the FSA fund.

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, 2021

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 \$215,590 at June 30, 2021. The allowance consists of delinquent taxes, including administration and lien fees, in the amount of \$215,590.

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), 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.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the fiscal year ending June 30, 2021.

Property, plant, and equipment and infrastructure of the primary government, as well as the component units, is depreciated 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

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 will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/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 to the measurement of the net pension liability and net OPEB liabilities and/or contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

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

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 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 (\$26,287,154). 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.

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 not in spendable form (such as inventory and prepaids) or are 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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).

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, 2021 there were no funds that had expenditures in excess of appropriations.

C. Deficit fund equity

At June 30, 2021 the Solid Waste Fund and the IDA Fund reported a deficit in fund equity.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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.

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, 2021, the City's component unit Industrial Development Authority had investments in the amount of \$398,780.

Credit Risk of Debt Securities

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

The IDA's rated debt investments for were rated by Standard and Poor's, as of June 30, 2021 and the ratings are presented below using the respective rating scale.

City's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
State Non-arbitrage Pool (SNAP)	\$ 8,541
MSILF Mutual Funds	390,239
VIP	10
Total	\$ 398,790

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

Investment Type	Fair Value	Less than 1 yr
SNAP	\$ 8,541	\$ 8,541
MSILF Mutual Funds	390,239	390,239
VIP	10	10

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, 2021:

Investment	6/30/2021	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	\$ 390,239	\$ 390,239	\$ -	\$ -
Total	\$ 390,239	\$ 390,239	\$ -	\$ -
Investments measured at NAV:				
Virginia Investment Pool	\$ 10			
Total investments measured at NAV	\$ 10			
Total investments measured at fair value	\$ 390,249			

As of June 30, 2021, there were no withdraw limitations associated with investments held by the Virginia Investment Pool.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 5-Receivables:

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

	Primary Government		
	General	Solid Waste Disposal	Transit
Receivables			
Taxes	\$ 12,864,707	\$ -	\$ -
Accounts	1,531,180	272,876	2,885
Gross Receivables	\$ 14,395,887	\$ 272,876	\$ 2,885
Less: Allowance for uncollectibles	(215,590)	-	-
Net Receivables	<u>\$ 14,180,297</u>	<u>\$ 272,876</u>	<u>\$ 2,885</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.	\$ -	\$ 889,856
2nd half assessments due after June 30	11,194,015	11,194,015
Prepaid property taxes due after June 30 but paid in advance by taxpayers	208,553	208,553
Total deferred/unavailable revenue	<u>\$ 11,402,568</u>	<u>\$ 12,292,424</u>
Unearned Revenue		
Notes Receivable	\$ -	\$ 760,000
Clear Creek Golf Course	95,034	95,034
ARPA Funding	5,013,687	5,013,687
Total unearned revenue	<u>\$ 5,108,721</u>	<u>\$ 5,868,721</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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 \$260,000 as of June 30, 2021. 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	\$ 318,906	\$ 655,323
Other	-	91
<u>Commonwealth of Virginia:</u>		
Local sales tax	854,310	-
Local communication tax	69,618	-
Categorical aid-State Sales Tax-DRI	273,689	-
Categorical aid-VDOT	711	-
Categorical aid-other	54,468	-
Categorical aid-Shared Expenses	298,638	-
Non-categorical aid	77,106	-
Categorical aid-Virginia Public Assistance	180,034	-
Categorical aid-Comprehensive Services Act	433,368	-
<u>Federal Government:</u>		
Categorical aid-VDOT	-	78,923
Categorical aid-Virginia Public Assistance	234,703	-
Categorical aid-other	161,317	-
Total	<u>\$ 2,956,868</u>	<u>\$ 734,337</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 7-Interfund Transfers and Balances:

Interfund transfers for the year ended June 30, 2021, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 135,916
Solid Waste Disposal Fund	106,410	-
Transit Fund	29,506	-
Total	<u>\$ 135,916</u>	<u>\$ 135,916</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, 2021, consisted of the following:

Component Unit:	
School Board	\$ 6,388,204
School Board - Cares Contribution	894,314
IDA	1,302,739
IDA - Cares Contribution	516,000
Total	<u>\$ 9,101,257</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	\$ 521,246	\$ -
Component Unit		
IDA	<u>-</u>	<u>521,246</u>
Totals	<u>\$ -</u>	<u>\$ 521,246</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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, 2021.

	Balance June 30, 2020	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2021
Direct Borrowings and Placements				
General Obligation Bonds	\$ 3,011,260	\$ -	\$ (789,100)	\$ 2,222,160
Unamortized Premium	70,561	-	(70,561)	-
Total Direct Borrowings and Placements	\$ 3,081,821	\$ -	\$ (859,661)	\$ 2,222,160
General Obligation Bonds	70,657,304	7,357,450	(7,194,254)	70,820,500
Capital Lease	3,874,902	-	(546,228)	3,328,674
Net OPEB Liabilities	6,592,977	2,676,934	(2,317,889)	6,952,022
Compensated Absences	1,759,051	1,351,697	(1,319,288)	1,791,460
Net Pension Liability	20,373,310	8,756,932	(4,733,362)	24,396,880
Revenue sharing agreement	1,050,000	-	(350,000)	700,000
Total	\$ 107,389,365	\$ 20,143,013	\$ (17,320,682)	\$ 110,211,696

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

Year Ending June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	General Obligation Bonds Principal	Interest
2022	\$ 1,258,100	\$ 2,559,737	\$ 561,980	\$ 168,148
2023	1,352,450	2,532,870	560,180	154,975
2024	2,710,150	2,491,680	362,500	144,828
2025	2,321,700	2,400,774	362,500	138,109
2026	2,124,950	2,334,487	187,500	135,000
2027-2031	14,704,100	10,531,914	187,500	135,000
2032-2036	23,504,650	7,394,864	-	-
2037-2041	15,901,700	3,408,489	-	-
2042-2043	6,942,700	294,118	-	-
Totals	\$ 70,820,500	\$ 33,948,933	\$ 2,222,160	\$ 876,060

CITY OF BRISTOL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**Note 9-Long-Term Obligations: (Continued)****Primary Government - Governmental Activities Indebtedness: (Continued)**

Details of long-term indebtedness:

	Interest Rates	Issue 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	\$ 1,125,000	\$ 187,500
GO Bond	2.82-4.83%	10/1/2012	2025	3,965,000	765,000	210,000
GO Bond	1.92%	11/10/2016	2023	960,000	332,160	164,480
Total Direct Borrowings and Placements					<u>\$ 2,222,160</u>	<u>\$ 561,980</u>
General Obligation Bonds						
GO Bond	1.56%	4/2/2020	2026	\$ 1,461,750	\$ 1,441,250	\$ 13,000
GO Bond	5.65%	10/1/2007	2024	12,050,000	163,800	-
GO Bond	2.06%	7/29/2019	2026	3,177,000	3,154,000	25,000
GO Bond	2.72-4.21%	1/9/2018	2043	59,050,600	58,770,600	1,135,000
GO Bond	2.18-2.91%	10/22/2020	2043	7,357,450	7,290,850	85,100
Total General Obligation Bonds					<u>\$ 70,820,500</u>	<u>\$ 1,258,100</u>
Other Obligations						
Capital Leases	n/a	n/a	n/a	n/a	\$ 3,328,674	\$ 287,809
Net OPEB Liabilities	n/a	n/a	n/a	n/a	6,952,022	-
Compensated Absences	n/a	n/a	n/a	n/a	1,791,460	1,343,595
Net Pension Liability	n/a	n/a	n/a	n/a	24,396,880	-
Revenue sharing agreement with Washington County (1)	n/a	n/a	n/a	n/a	700,000	350,000
Total Other Obligations					<u>\$ 37,169,036</u>	<u>\$ 1,981,404</u>
Total Long-term Obligations					<u>\$ 110,211,696</u>	<u>\$ 3,801,484</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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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, 2021.

	Balance July 1, 2020	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2021
Direct Borrowings and Placements				
General Obligation Bonds	\$ 1,904,240	\$ -	\$ (693,400)	\$ 1,210,840
Unamortized Premium	39,927	-	(16,539)	23,388
Total Direct Borrowings and Placements	\$ 1,944,167	\$ -	\$ (709,939)	\$ 1,234,228
General Obligation Bonds	32,012,450	12,527,550	(10,771,500)	33,768,500
Capital Lease	311,747	524,902	(100,656)	735,993
Landfill Closure Liability	11,983,288	302,185	-	12,285,473
Net Pension Liability	1,147,186	454,921	(294,932)	1,307,175
Net OPEB Liabilities	189,042	33,570	(46,022)	176,590
Compensated Absences	128,485	85,942	(96,364)	118,063
Total	\$ 47,716,365	\$ 13,929,070	\$ (12,019,413)	\$ 49,626,022

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

Year Ending June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	General Obligation Bonds Principal	Interest
2022	\$ 183,900	\$ 1,077,156	\$ 604,520	\$ 21,594
2023	670,550	1,061,792	606,320	7,327
2024	708,850	1,031,626	-	-
2025	1,215,300	1,006,941	-	-
2026	1,675,050	985,146	-	-
2027-2031	7,638,900	4,667,399	-	-
2032-2036	3,430,350	3,692,573	-	-
2037-2041	16,538,300	2,172,774	-	-
2042-2043	1,707,300	74,993	-	-
Totals	\$ 33,768,500	\$ 15,770,400	\$ 1,210,840	\$ 28,921

CITY OF BRISTOL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**Note 9-Long-Term Obligations: (Continued)****Primary Government - Business-Type Activities Indebtedness: (Continued)**

	Interest Rates	Issue 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	\$ 505,000	\$ 255,000
GO Bond	1.92%	11/10/2016	2023	2,040,000	705,840	349,520
Total Direct Borrowings and Placements					<u>\$ 1,210,840</u>	<u>\$ 604,520</u>
General Obligation Bonds						
GO Bond	5.65%	10/1/2007	2024	\$ 12,050,000	\$ 1,006,200	\$ -
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	4,323,750	39,000
GO Bond	2.18-2.91%	10/22/2020	2043	12,527,550	12,414,150	144,900
Total General Obligation Bonds					<u>\$ 33,768,500</u>	<u>\$ 183,900</u>
Deferred Amount Bond Premium					<u>\$ 23,388</u>	<u>\$ 23,388</u>
Other Obligations						
Capital Lease	n/a	n/a	n/a	n/a	\$ 735,993	\$ 151,510
Landfill Closure Liability	n/a	n/a	n/a	n/a	12,285,473	-
Net Pension Liability	n/a	n/a	n/a	n/a	1,307,175	-
Net OPEB Liabilities	n/a	n/a	n/a	n/a	176,590	-
Compensated Absences	n/a	n/a	n/a	n/a	118,063	88,547
Total Other Obligations					<u>\$ 14,623,294</u>	<u>\$ 240,057</u>
Total Long-term Obligations					<u>\$ 49,626,022</u>	<u>\$ 1,051,865</u>

The following is a summary of long-term obligation transactions of the Transit Fund for the year ended June 30, 2021:

	Balance July 1 2020	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2021
Compensated Absences	\$ 26,097	\$ 28,866	\$ (19,573)	\$ 35,390
Net Pension Liability	504,923	145,252	(232,805)	417,370
Net OPEB Liabilities	83,205	10,531	(38,883)	54,853
Total	<u>\$ 614,225</u>	<u>\$ 184,649</u>	<u>\$ (291,261)</u>	<u>\$ 507,613</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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	\$ 417,370	\$ -
Net OPEB Liabilities	n/a	n/a	n/a	n/a	54,853	-
Compensated Absences	n/a	n/a	n/a	n/a	35,390	26,543
Total Other Obligations					<u>\$ 507,613</u>	<u>\$ 26,543</u>
Total Long-term Obligations					<u>\$ 507,613</u>	<u>\$ 26,543</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.

Advanced Refundings:

On October 22, 2020, the City issued a \$19,885,000 general obligation refunding bond to advance refund \$16,820,000 general obligation bonds. The net proceeds for the advanced refunding were placed into an irrevocable trust with an escrow agent to provide funds for future debt service payments of the advanced refunding bonds. As a result, the refunded 2014 general obligation bond is considered defeased, and the City has removed the liability from the statement of net position.

The purpose of the refunding was to restructure annual debt service and to achieve a savings for refinancing. Accordingly, the refinancing decreased debt payments by \$2,715,046 and resulted in a net present value savings of \$2,102,599.

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, 2021:

	Balance July 1, 2020	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2021
Revenue Bonds	\$ 31,200,000	\$ -	\$ (460,000)	\$ 30,740,000
Total	<u>\$ 31,200,000</u>	<u>\$ -</u>	<u>\$ (460,000)</u>	<u>\$ 30,740,000</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9-Long-Term Obligations: (Continued)Primary Government - Business-Type Activities Indebtedness: (Continued)

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

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2022	\$ 145,000	\$ 1,919,906
2023	155,000	1,909,781
2024	165,000	1,898,987
2025	180,000	1,887,338
2026	190,000	1,874,850
2027-2031	4,140,000	8,936,063
2032-2036	1,265,000	7,934,169
2037-2041	-	7,778,750
2042-2045	24,500,000	5,445,125
Totals	<u>\$ 30,740,000</u>	<u>\$ 39,584,968</u>

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	\$ 3,260,000	\$ 145,000
Revenue Bond Series 2014B	5.00-6.35%	12/23/2014	2044	bp	27,500,000	27,480,000	-
Total Revenue Bonds						<u>\$ 30,740,000</u>	<u>\$ 145,000</u>
Total Long-Term Obligations						<u>\$ 30,740,000</u>	<u>\$ 145,000</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.

A draw of \$129,405 was made from the 2014B Debt Service Reserve Account to service the November 1, 2021 2014B debt payment. The available amount in the account after this withdraw was \$9,238. The remaining balance is less than the fiscal year withdraws from the account needed for FY21 to service the debt.

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.

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.

Note 10-Pension Plan: (Continued)

Benefit Structures (Continued)

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

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 10-Pension Plan: (Continued)

Contributions (Continued)

The City's contractually required employer contribution rate for the year ended June 30, 2021 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 \$2,448,653 and \$2,348,731 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

At June 30, 2021, the City reported a liability of \$26,121,425 for its proportionate share of the net pension liability. The City's net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. 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, 2020 and 2019 was used as a basis for allocation to determine the City's proportionate share of the net pension liability. At June 30, 2020 and 2019, the City's proportion was 95.3100% and 94.990%, 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, 2019, 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, 2020.

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*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

Mortality rates:

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

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2019, 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, 2020.

Note 10-Pension Plan: (Continued)**Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)**

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*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

All Others (Non-10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 10-Pension Plan: (Continued)***Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)***

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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, 2020, 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, 2020 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	\$ 39,021,589	\$ 26,121,425	\$ 15,295,196

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

For the year ended June 30, 2021, the City recognized pension expense of \$3,602,127. 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, 2021**Note 10-Pension Plan: (Continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

At June 30, 2021, 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	\$ -	\$ 344,775
Change in assumptions	571,288	-
Net difference between projected and actual earnings on pension plan investments	2,596,168	-
Change in proportion	92,721	90,947
Employer contributions subsequent to the measurement date	<u>2,448,653</u>	<u>-</u>
Total	\$ <u>5,708,830</u>	\$ <u>435,722</u>

\$2,448,653 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, 2022. 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>	
2022	\$ 324,426
2023	726,679
2024	925,213
2025	848,137
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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, 2021 was \$0.

Total OPEB Liability

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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	5.00% for fiscal year end 2021
Salary Increases	2.50%
Discount Rate	2.45%

Mortality rates are based on RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2020.

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, 2020. The final equivalent single discount rate used for this year's valuation is 2.45% 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, 2020	\$ 2,546,104
Changes for the year:	
Service cost	70,823
Interest	78,587
Difference between expected and actual experience	(283,103)
Contributions - employer	(200,444)
Changes in assumptions	138,048
Benefit payments	-
Change in proportionate share	(8,218)
Net changes	(204,307)
Balances at June 30, 2021	\$ 2,341,797

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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 (1.45%) or one percentage point higher (3.45%) than the current discount rate:

Rate		
1% Decrease	Current Discount	1% Increase
(1.45%)	(2.45%)	(3.45%)
\$ 2,560,107	\$ 2,341,797	\$ 2,143,814

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
(4.00%)	Trend	(6.00%)
(5.00%)		
\$ 2,143,530	\$ 2,341,797	\$ 2,572,729

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

For the year ended June 30, 2021, the City recognized OPEB expense in the amount of \$6,249. At June 30, 2021, 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	\$ 187,189	\$ 634,377
Change in assumptions	-	55,389
Contributions subsequent to the measurement date	200,444	-
Total	\$ 387,633	\$ 689,766

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

\$200,444 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, 2022. 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>	
2022	\$ (146,191)
2023	(146,191)
2024	(146,191)
2025	(45,164)
2026	(18,840)
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, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

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, 2021 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 \$74,486 and \$72,676 for the years ended June 30, 2021 and June 30, 2020, respectively.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**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, 2021, the City reported a liability of \$1,133,225 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the City's proportion was 0.07120% as compared to 0.07009% at June 30, 2019. The Bristol Public Library participates in the City's GLI OPEB and represents 4.6946% of the above proportionate share.

For the year ended June 30, 2021, the City recognized GLI OPEB expense of \$22,420. 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, 2021, 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	\$ 72,685	\$ 10,179
Changes in assumptions	56,674	23,662
Net difference between projected and actual earnings on OPEB plan investments	34,041	-
Change in proportionate share	14,106	82,978
Employer contributions subsequent to the measurement date	74,486	-
Total	\$ 251,992	\$ 116,819

\$74,486 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, 2022. 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	
2022	\$ (3,726)
2023	5,887
2024	17,605
2025	29,413
2026	10,245
Thereafter	1,263

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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, 2019, 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, 2020. 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*

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2020, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
GLI Net OPEB Liability (Asset)	\$	1,668,835
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

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, 2021

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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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 member contributions will be made per the VRS guidance 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. 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, 2020 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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	\$ 1,489,711	\$ 1,133,225	\$ 843,724

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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 Line of Duty Act Program (LODA). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program.

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

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. Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. Beginning July 1, 2017, 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. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by LODA.

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, 2021 was \$717.31 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 \$120,508 and \$120,334 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2020, the entity reported a liability of \$3,708,443 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2020 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2020, the entity's proportion was 0.88550% as compared to 0.90185% at June 30, 2019.

For the year ended June 30, 2021, the entity recognized LODA OPEB expense of \$325,828. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**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 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	\$ 393,658	\$ 505,582
Net difference between projected and actual earnings on LODA OPEB plan investments	-	5,273
Change in assumptions	992,778	231,093
Change in proportion	-	73,730
Employer contributions subsequent to the measurement date	<u>120,508</u>	<u>-</u>
Total	\$ <u>1,506,944</u>	\$ <u>815,678</u>

\$120,508 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ 73,208
2023	74,182
2024	75,221
2025	75,527
2026	75,853
Thereafter	196,767

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. 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 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 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	2.21%, including inflation*

*Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return.

Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 13—Line of Duty Act (LODA) Program: (Continued)**Actuarial Assumptions (Continued)****Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees (Continued)**

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%

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, 2020, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 423,147
Plan Fiduciary Net Position	4,333
LODA Net OPEB Liability (Asset)	<u>\$ 418,814</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.02%

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.

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Note 13—Line of Duty Act (LODA) Program: (Continued)***Long-Term Expected Rate of Return***

The long-term expected rate of return on LODA OPEB Program's investments was set at 2.21% 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 2.21% 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, 2020.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 2.21%. 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, 2020, 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.

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 2.21%, 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 (1.21%) or one percentage point higher (3.21%) than the current rate:

	Discount Rate		
	1% Decrease (1.21%)	Current (2.21%)	1% Increase (3.21%)
City's proportionate share of the total LODA Net OPEB Liability	\$ 4,401,872	\$ 3,708,443	\$ 3,185,751

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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 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	\$ 3,065,149	\$ 3,708,443	\$ 4,549,863

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 14—Summary of OPEB Plans:

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
City Stand-Alone Plan (Note 11)	\$ 387,633	\$ 689,766	\$ 2,341,797	\$ 6,249
VRS OPEB Plans:				
Group Life Insurance Plan (Note 12)	251,992	116,819	1,133,225	22,420
Line of Duty Act Program (Note 13)	1,506,944	815,678	3,708,443	325,828
Totals	\$ 2,146,569	\$ 1,622,263	\$ 7,183,465	\$ 354,497

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CITY OF BRISTOL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**Note 15-Capital Assets:**

Capital asset activity for the year ended June 30, 2021 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Transfers Out	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 19,343,392	\$ -	\$ -	\$ (983,518)	\$ 18,359,874
Construction in progress	9,665,664	833,018	(9,452,472)	-	1,046,210
Total capital assets not being depreciated	<u>\$ 29,009,056</u>	<u>\$ 833,018</u>	<u>\$ (9,452,472)</u>	<u>\$ (983,518)</u>	<u>\$ 19,406,084</u>
Capital assets, being depreciated:					
Buildings and improvements	\$ 19,265,724	\$ 108,705	\$ -	\$ (187,500)	\$ 19,186,929
Land Development Costs	480,000	-	-	-	480,000
Infrastructure	114,960,524	9,464,097	-	-	124,424,621
Library Assets	7,197,901	-	-	-	7,197,901
Machinery and equipment	14,448,113	1,097,930	(170,853)	-	15,375,190
Total capital assets being depreciated	<u>\$ 156,352,262</u>	<u>\$ 10,670,732</u>	<u>\$ (170,853)</u>	<u>\$ (187,500)</u>	<u>\$ 166,664,641</u>
Accumulated depreciation:					
Buildings and improvements	\$ (9,919,560)	\$ (576,974)	\$ -	\$ 37,500	\$ (10,459,034)
Land Development Costs	(441,600)	(19,200)	-	-	(460,800)
Infrastructure	(70,902,318)	(2,413,568)	-	-	(73,315,886)
Library Assets	(3,057,673)	(108,404)	-	-	(3,166,077)
Machinery and equipment	(8,444,395)	(1,195,491)	149,244	-	(9,490,642)
Total accumulated depreciation	<u>\$ (92,765,546)</u>	<u>\$ (4,313,637)</u>	<u>\$ 149,244</u>	<u>\$ 37,500</u>	<u>\$ (96,892,439)</u>
Total capital assets being depreciated, net	<u>\$ 63,586,716</u>	<u>\$ 6,357,095</u>	<u>\$ (21,609)</u>	<u>\$ (150,000)</u>	<u>\$ 69,772,202</u>
Governmental activities capital assets, net	<u>\$ 92,595,772</u>	<u>\$ 7,190,113</u>	<u>\$ (9,474,081)</u>	<u>\$ (1,133,518)</u>	<u>\$ 89,178,286</u>

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CITY OF BRISTOL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**Note 15-Capital Assets: (Continued)**

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities (Solid Waste Fund):				
Capital assets, not being depreciated:				
Land	\$ 802,062	\$ -	\$ -	\$ 802,062
Construction in progress	-	-	-	-
Total capital assets not being depreciated	\$ 802,062	\$ -	\$ -	\$ 802,062
Capital assets, being depreciated:				
Land Development Costs	\$ 35,456,968	\$ -	\$ -	\$ 35,456,968
Machinery and equipment	6,028,152	524,902	(66,500)	6,486,554
Plant	1,315,187	-	-	1,315,187
Infrastructure	2,962,290	-	-	2,962,290
Total capital assets being depreciated	\$ 45,762,597	\$ 524,902	\$ (66,500)	\$ 46,220,999
Accumulated depreciation:				
Land Development Costs	\$ (22,179,813)	\$ (1,140,007)	\$ -	\$ (23,319,820)
Machinery and equipment	(4,859,355)	(209,422)	59,850	(5,008,927)
Plant	(718,925)	(33,761)	-	(752,686)
Infrastructure	(1,022,781)	(586,908)	-	(1,609,689)
Total accumulated depreciation	\$ (28,780,874)	\$ (1,970,098)	\$ 59,850	\$ (30,691,122)
Total capital assets being depreciated, net	\$ 16,981,723	\$ (1,445,196)	\$ (6,650)	\$ 15,529,877
Business-type activities (Solid Waste Fund) capital assets, net	\$ 17,783,785	\$ (1,445,196)	\$ (6,650)	\$ 16,331,939
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities (Transit Fund):				
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	22,685	-	22,685
Total capital assets not being depreciated	\$ -	\$ 22,685	\$ -	\$ 22,685
Capital assets, being depreciated:				
Buildings and improvements	\$ 410,889	\$ -	\$ -	\$ 410,889
Machinery and equipment	463,354	-	(20,665)	442,689
Total capital assets being depreciated	\$ 874,243	\$ -	\$ (20,665)	\$ 853,578
Accumulated depreciation:				
Buildings and improvements	\$ (286,072)	\$ (7,204)	\$ -	\$ (293,276)
Machinery and equipment	(209,283)	(48,094)	18,598	(238,779)
Total accumulated depreciation	\$ (495,355)	\$ (55,298)	\$ 18,598	\$ (532,055)
Total capital assets being depreciated, net	\$ 378,888	\$ (55,298)	\$ (2,067)	\$ 321,523
Business-type activities (Transit Fund) capital assets, net	\$ 378,888	\$ (32,613)	\$ (2,067)	\$ 344,208

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 15-Capital Assets: (Continued)

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

Governmental activities:	
General government administration	\$ 88,758
Judicial administration	120,426
Public safety	939,140
Public works	2,802,249
Health and welfare	32,026
Education	60,000
Parks, recreation, and cultural	271,038
Total depreciation expense-governmental activities	<u>\$ 4,313,637</u>
Business type activities:	
Solid Waste Fund	\$ 1,970,098
Transit Fund	55,298
Total depreciation expense-business type activities	<u>\$ 2,025,396</u>

Capital asset activity for the Industrial Development Authority for the year ended June 30, 2021 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	\$ 1,418,040	\$ 983,518	\$ -	\$ (1,337,598)	\$ 1,063,960
Total capital assets not being depreciated	<u>\$ 1,418,040</u>	<u>\$ 983,518</u>	<u>\$ -</u>	<u>\$ (1,337,598)</u>	<u>\$ 1,063,960</u>
Capital assets, being depreciated:					
Public Domain Infrastructure	\$ 16,516,926	\$ -	\$ -	\$ -	\$ 16,516,926
Total capital assets being depreciated	<u>\$ 16,516,926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,516,926</u>
Accumulated depreciation:					
Public Domain Infrastructure	\$ (1,321,352)	\$ -	\$ (660,676)	\$ -	\$ (1,982,028)
Total accumulated depreciation	<u>\$ (1,321,352)</u>	<u>\$ -</u>	<u>\$ (660,676)</u>	<u>\$ -</u>	<u>\$ (1,982,028)</u>
Total capital assets being depreciated, net	<u>\$ 15,195,574</u>	<u>\$ -</u>	<u>\$ (660,676)</u>	<u>\$ -</u>	<u>\$ 14,534,898</u>
Business-type activities capital assets, net	<u>\$ 16,613,614</u>	<u>\$ 983,518</u>	<u>\$ (660,676)</u>	<u>\$ (1,337,598)</u>	<u>\$ 15,598,858</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 16-Capital Leases:

The City has entered into lease agreements to finance the acquisition of a fire trucks, garbage trucks, various vehicles, machinery, and energy projects. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments at the date of inception.

As of June 30, 2021, the City has the following capital leases:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Lease	Balance Governmental Activities	Balance Business-type Activities
Governmental						
Fire Truck	3.65%	08-15	06-25	\$ 340,000	\$ 149,895	\$ -
Energy Project	3.17%	06-15	07-30	2,663,317	1,747,504	-
Ladder Truck	4.09%	01-19	01-29	925,713	769,008	-
Street Sweeper	5.09%	10-18	12-21	236,436	42,120	-
Golf Carts	2.05%	11-19	12-22	211,575	107,409	-
Fire Truck	3.95%	02-20	02-29	617,955	512,738	-
Solid Waste						
Energy Project	3.17%	06-15	07-30	\$ 76,467	\$ -	\$ 50,175
Garbage Truck	3.99%	10-19	11-24	258,541	-	186,266
Vac Truck	1.38%	12-20	12-25	261,489	-	236,139
Garbage Truck	2.92%	06-21	06-26	263,413	-	263,413
					<u>\$ 3,328,674</u>	<u>\$ 735,993</u>

The cost and accumulated depreciation associated with the above mentioned machinery and equipment acquired through a capital lease are as follows:

	Governmental Activities	Business-type Activities
Machinery & Equipment	\$ 4,994,980	\$ 859,910
Accumulated Depreciation	(1,385,834)	(120,165)
Total	<u>\$ 3,609,146</u>	<u>\$ 739,745</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 16-Capital Leases: (Continued)

Annual requirements to amortize lease agreements and related interest are as follows:

Fiscal Year Ended	Governmental Activities	Business-type Activities
2022	\$ 347,634	\$ 168,859
2023	494,218	175,351
2024	457,769	175,351
2025	457,769	146,576
2026	416,867	90,653
2027-2031	1,703,048	32,463
Total minimum lease payments	\$ 3,877,305	\$ 789,253
Less: amount representing interest	(548,631)	(53,260)
Present value of minimum lease payments	<u>\$ 3,328,674</u>	<u>\$ 735,993</u>

Note 17-Operating Leases:

The City has operating leases for two pieces of equipment in the Solid Waste Disposal Fund. Future minimum lease payments as of June 30, 2021 are as follows:

Fiscal Year Ended	Business-type Activities	
	Landfill Compactor	Landfill Tractor
2022	\$ 82,173	\$ 100,708
2022	-	25,177
Total	<u>\$ 82,173</u>	<u>\$ 125,885</u>

Note 18-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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 18-Landfill Closure and Post-Closure Care Costs: (Continued)

The estimated landfill closure and postclosure care cost liability for the old landfill is \$5,354,950 as of June 30, 2021, 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 \$6,720,063 as of June 30, 2021, which is based on 50.22% usage (filled) of the landfill. It is estimated that an additional \$6,661,185 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).

The estimated liability from landfill closure and postclosure care costs of the compost facility and tire shredder as of June 30, 2021 are \$128,013 and \$29,317, respectively. It is estimated that an additional \$182,671 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 \$53,130 at June 30, 2021. 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 (\$19,129,329) 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, 2021. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 19-Risk Management:

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

Note 20-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 21-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
David Maples, Sheriff	30,000

Note 22-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 \$122,415.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 22-Commitments and Contingencies: (Continued)**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 2021 were \$33,294.

Note 23-Fund Balance:

Governmental Funds:	General Fund
Nonspendable:	
Inventories	\$ 115,807
Prepaid items	1,370,168
Total nonspendable balances	<u>\$ 1,485,975</u>
Restricted:	
Federal Sharing	\$ 134,420
Asset Forfeiture	308,321
Capital Projects	67,954
Total restricted balances	<u>\$ 510,695</u>
Assigned:	
Investigations-Police Department	\$ 36,320
Total assigned balances	<u>\$ 36,320</u>
Committed:	
Reserve	\$ 1,441,698
Debt Service Reserve	3,051,649
Total Committed	<u>\$ 4,493,347</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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 23-Fund Balance: (Continued)

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 24-Litigation:

As of June 30, 2020, there were no matters of litigation involving the City which would materially affect the City's financial position should a court decision on pending matters not be favorable.

Note 25-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, 2021:

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 \$705,928. 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 \$1,685,569. 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 \$7,108.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 25-Tax Abatement and Economic Incentives: (Continued)

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 \$832,815.

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 \$616,071.

The following list provides details of each agreement the IDA had as of June 30, 2020:

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 \$9,998,454.

Note 26-Subsequent Events:

IDA Subsequent Event:

A draw of \$129,405 was made from the 2014B Debt Service Reserve Account to service the November 1, 2021 2014B debt payment. The available amount in the account after this withdraw was \$9,238. The remaining balance is less than the fiscal year withdraws from the account needed for FY21 to service the debt.

COVID-19:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the City, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the City is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

CARES Act Funding

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 26-Subsequent Events: (Continued)

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The City received total CRF funding of \$2,924,840. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. At June 30, 2021 there were no unexpended funds.

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On May 18, 2021, the City received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$5,013,687 from the initial allocation are reported as unearned revenue as of June 30.

Note 27-Adoption of Accounting Principles:

The City implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how these activities should be reported. The Special Welfare and FSA funds are reported solely as fiduciary in the current year. The implementation of this standard resulted in the following restatement of net position and fund balance noted in Note 28.

Note 28-Restatement of Prior Financial Statements:

The previously issued financial statements have been restated as following:

	Primary Government				Custodial Funds	
	Fund Balance	Net Position			Net Position	
		General Fund	Governmental Activities	Business-type Activities-Solid Waste Business-type Activities-Transit	Special Welfare	FSA
Fund equity, as previously reported	\$ 22,784,083	\$ 11,107,922	\$ (25,551,714)	\$ 270,749	\$ -	\$ -
Adjustments:						
IBNR	527,681	527,681	24,502	11,086	-	-
Implementation of GASB 84	-	-	-	-	110,669	28,121
Fund equity, as restated	\$ 23,311,764	\$ 11,635,603	\$ (25,527,212)	\$ 281,835	\$ 110,669	\$ 28,121

In 2021, the City removed the IBNR liability from their books and the restatements noted above are a result of that change.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 29-Upcoming Pronouncements:

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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 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 reporting periods 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 reporting periods beginning after June 15, 2022.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 29-Upcoming Pronouncements: (Continued)

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement. No 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 17,617,402	\$ 17,714,024	\$ 18,668,997	\$ 954,973
Other local taxes	12,073,500	12,471,506	14,844,720	2,373,214
Permits, privilege fees, and regulatory licenses	148,950	148,950	122,478	(26,472)
Fines and forfeitures	200,500	200,500	164,299	(36,201)
Revenue from the use of money and property	213,320	213,320	215,311	1,991
Charges for services	1,329,185	1,329,185	1,339,643	10,458
Miscellaneous	834,130	889,132	1,069,561	180,429
Recovered costs	252,500	347,572	512,083	164,511
Intergovernmental	27,460,463	30,244,982	23,290,749	(6,954,233)
Total revenues	\$ 60,129,950	\$ 63,559,171	\$ 60,227,841	\$ (3,331,330)
EXPENDITURES				
Current:				
General government administration	\$ 3,497,451	\$ 4,317,382	\$ 3,919,062	\$ 398,320
Judicial administration	2,001,472	2,082,780	1,769,796	312,984
Public safety	15,825,534	18,367,259	16,146,382	2,220,877
Public works	5,577,465	6,280,910	5,336,052	944,858
Health and welfare	8,787,837	9,380,640	8,548,814	831,826
Education	6,420,114	7,314,428	7,314,122	306
Parks, recreation, and cultural	2,623,776	2,747,774	2,300,637	447,137
Community development	2,373,646	3,892,725	3,557,952	334,773
Capital projects	9,289,216	9,289,216	544,068	8,745,148
Debt service:				
Principal retirement	1,945,792	2,623,393	2,306,182	317,211
Interest and other fiscal charges	2,900,291	2,926,623	2,923,312	3,311
Bond issuance costs	10,000	280,000	112,249	167,751
Total expenditures	\$ 61,252,594	\$ 69,503,130	\$ 54,778,628	\$ 14,724,502
Excess (deficiency) of revenues over (under) expenditures	\$ (1,122,644)	\$ (5,943,959)	\$ 5,449,213	\$ 11,393,172
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (135,916)	\$ (135,916)	\$ (135,916)	\$ -
Issuance of refunding debt	-	270,000	7,357,450	7,087,450
Sale of capital assets	166,500	167,434	9,800	(157,634)
Payment to escrow agent	-	-	(7,228,767)	(7,228,767)
Total other financing sources (uses)	\$ 30,584	\$ 301,518	\$ 2,567	\$ (298,951)
Net change in fund balances	\$ (1,092,060)	\$ (5,642,441)	\$ 5,451,780	\$ 11,094,221
Fund balances - beginning, as restated	1,092,060	5,642,441	23,311,764	17,669,323
Fund balances - ending	\$ -	\$ -	\$ 28,763,544	\$ 28,763,544

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, 2020

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					
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, 2021

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)
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%

Schedule is intended to show information for 10 years. Prior to 2015, the Library's information was consolidated in the City's totals and presented in the City report. Therefore, sufficient information to allocate the prior year balances is not available. Additional years will be included as they become available.

City of Bristol, Virginia
Notes to Required Supplementary Information - Pension
For the Year Ended June 30, 2021

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, 2019, valuations were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2020

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

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

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	2.45%
Healthcare Trend Rate	Medical per capita costs, average costs, retiree contributions, and premiums are assumed to increase to 5.00% each year.
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-2020.

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, 2020

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)
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, 2012 through June 30, 2021

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)
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%
2012	38,635	38,635	-	13,798,071	0.28%

City of Bristol, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2020

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)
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, 2021

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)
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, 2021

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, 2019 valuation were based on results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%

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, 2021

	<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	\$ 368,785	\$ 693,697	\$ 322,725	\$ (370,972)
Total revenues	\$ 368,785	\$ 693,697	\$ 322,725	\$ (370,972)
EXPENDITURES				
Community development	\$ 368,785	\$ 693,697	\$ 322,725	\$ 370,972
Total expenditures	\$ 368,785	\$ 693,697	\$ 322,725	\$ 370,972
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, 2021

	Industrial Development Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,212
Due from other funds	521,246
Total current assets	<u>\$ 525,458</u>
Restricted cash and cash equivalents:	
Cash and cash equivalents	\$ 1,462,090
Total restricted assets	<u>\$ 1,462,090</u>
Total current assets	<u>\$ 1,987,548</u>
Noncurrent assets:	
Capital assets:	
Land	\$ 1,063,960
Infrastructure	16,516,926
Accumulated depreciation	(1,982,028)
Total capital assets	<u>\$ 15,598,858</u>
Total noncurrent assets	<u>\$ 15,598,858</u>
Total assets	<u>\$ 17,586,406</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 35,745
Accrued interest payable	313,826
Bonds payable - current portion	145,000
Total current liabilities	<u>\$ 494,571</u>
Noncurrent liabilities:	
Bonds payable - net of current portion	30,595,000
Total noncurrent liabilities	<u>\$ 30,595,000</u>
Total liabilities	<u>\$ 31,089,571</u>
NET POSITION	
Net investment in capital assets	\$ (15,141,142)
Unrestricted	1,637,977
Total net position	<u><u>\$ (13,503,165)</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, 2021

	Industrial Development Authority
OPERATING REVENUES	
Cabela's guarantee payment	\$ 285,321
Total operating revenues	<u>\$ 285,321</u>
OPERATING EXPENSES	
IDA professional fees	\$ 11,264
IDA small business grants - COVID 19	516,000
IDA administrative	31,213
IDA business incentives	180,750
Depreciation	660,676
Total operating expenses	<u>\$ 1,399,903</u>
Operating income (loss)	<u>\$ (1,114,582)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 148
Gain (loss) on investments	3
Gain (loss) on sale of land	(1,337,398)
Interest expense	(1,935,263)
Contributions from primary government:	
Economic development	1,302,739
Development of regional impact	1,740,356
CARES funding	516,000
Economic development	(447,543)
Total nonoperating revenues (expenses)	<u>(160,958)</u>
Change in net position	\$ (1,275,540)
Net position - beginning	(12,227,625)
Net position - ending	<u><u>\$ (13,503,165)</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, 2021

	Industrial Development Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 285,321
Payments to suppliers	(714,891)
Net cash provided by (used for) by operating activities	<u>\$ (429,570)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Contributions from primary government	<u>\$ 2,451,329</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of assets	200
Principal payments on bonds	(460,000)
Interest expense	(1,940,326)
Economic development	(447,543)
Net cash provided by (used for) by capital and related financing activities	<u>\$ (2,847,669)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Gain (loss) on investments	\$ 3
Interest received	148
Net cash provided by (used for) by investing activities	<u>\$ 151</u>
Net increase (decrease) in cash and cash equivalents	\$ (825,759)
Cash and cash equivalents - beginning (including restricted cash and cash equivalents of \$2,287,549)	2,292,061
Cash and cash equivalents - ending (including restricted cash and cash equivalents of \$1,462,090)	<u><u>\$ 1,466,302</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) by operating activities:	
Operating income (loss)	<u>\$ (1,114,582)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	\$ 660,676
Increase (decrease) in operating payables	24,336
Total adjustments	<u>\$ 685,012</u>
Net cash provided by (used for) by operating activities	<u><u>\$ (429,570)</u></u>
Schedule of non-cash capital activities	
Contribution of capital assets (at net book value)	<u>\$ 983,518</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, 2021

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	\$ 13,557,752	\$ 13,581,752	\$ 14,268,031	\$ 686,279
Real and personal public service corporation taxes	266,000	266,000	278,621	12,621
Personal property taxes	3,388,650	3,458,650	3,754,210	295,560
Other taxes	90,000	90,000	84,212	(5,788)
Penalties	150,000	150,000	161,174	11,174
Interest	165,000	167,622	122,749	(44,873)
Total general property taxes	<u>\$ 17,617,402</u>	<u>\$ 17,714,024</u>	<u>\$ 18,668,997</u>	<u>\$ 954,973</u>
Other local taxes:				
Local sales and use taxes	\$ 3,717,000	\$ 3,853,500	\$ 4,753,295	\$ 899,795
Consumers' utility taxes	155,000	155,000	161,001	6,001
Consumption taxes	67,000	67,000	73,776	6,776
Tobacco taxes	475,000	475,000	462,985	(12,015)
Business license taxes	1,080,000	1,109,506	1,289,976	180,470
Motor vehicle licenses	240,000	240,000	257,137	17,137
Bank stock taxes	400,000	400,000	395,621	(4,379)
Taxes on recordation and wills	150,000	150,000	201,806	51,806
Hotel and motel room taxes	1,275,000	1,347,000	1,353,825	6,825
Restaurant food taxes	4,498,000	4,658,000	5,872,031	1,214,031
Admissions taxes	16,500	16,500	23,267	6,767
Total other local taxes	<u>\$ 12,073,500</u>	<u>\$ 12,471,506</u>	<u>\$ 14,844,720</u>	<u>\$ 2,373,214</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 750	\$ 750	\$ 2,796	\$ 2,046
Transfer fees	500	500	750	250
Charges for stormwater management	16,200	16,200	13,000	(3,200)
Zoning fees	6,500	6,500	5,370	(1,130)
Permits and other licenses	125,000	125,000	100,562	(24,438)
Total permits, privilege fees, and regulatory licenses	<u>\$ 148,950</u>	<u>\$ 148,950</u>	<u>\$ 122,478</u>	<u>\$ (26,472)</u>
Fines and forfeitures:				
Court fines and forfeitures	<u>\$ 200,500</u>	<u>\$ 200,500</u>	<u>\$ 164,299</u>	<u>\$ (36,201)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 176,700	\$ 176,700	\$ 158,554	\$ (18,146)
Revenue from use of property	36,620	36,620	56,757	20,137
Total revenue from use of money and property	<u>\$ 213,320</u>	<u>\$ 213,320</u>	<u>\$ 215,311</u>	<u>\$ 1,991</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 5,000	\$ 5,000	\$ 312	\$ (4,688)
Charges for courthouse maintenance	15,000	15,000	12,027	(2,973)
Charges for courtroom security	62,000	62,000	58,033	(3,967)
Charges for miscellaneous jail and inmate fees	88,200	88,200	57,536	(30,664)
Charges for Commonwealth's Attorney	4,000	4,000	4,215	215
Charges for rescue services	225,000	225,000	270,532	45,532
Charges for miscellaneous court	42,235	42,235	33,006	(9,229)
Charges for parks and recreation	10,250	10,250	9,037	(1,213)
Charges for golf course	805,000	805,000	817,025	12,025

City of Bristol, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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	\$ 3,327	\$ (3,673)
Other charges for services	65,500	65,500	74,593	9,093
Total charges for services	\$ 1,329,185	\$ 1,329,185	\$ 1,339,643	\$ 10,458
Miscellaneous:				
Miscellaneous	\$ 216,130	\$ 271,132	\$ 405,310	\$ 134,178
Payments in lieu of taxes - BVU	280,000	280,000	282,193	2,193
Payments in lieu of taxes - TVA	338,000	338,000	382,058	44,058
Total miscellaneous	\$ 834,130	\$ 889,132	\$ 1,069,561	\$ 180,429
Recovered costs:				
Insurance recoveries	\$ 13,000	\$ 102,372	\$ 163,534	\$ 61,162
CDBG recoveries	60,000	60,000	82,589	22,589
Other recovered costs	179,500	185,200	265,960	80,760
Total recovered costs	\$ 252,500	\$ 347,572	\$ 512,083	\$ 164,511
Total revenue from local sources	\$ 32,669,487	\$ 33,314,189	\$ 36,937,092	\$ 3,622,903
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 23,000	\$ 23,000	\$ 22,595	\$ (405)
Mobile home titling tax	1,500	1,500	3,540	2,040
Motor vehicle rental tax	13,000	13,000	12,472	(528)
Communications tax	500,000	500,000	446,348	(53,652)
State tax on deeds	40,000	40,000	-	(40,000)
State sales tax	692,000	859,880	928,665	68,785
Personal property tax relief funds	723,990	723,990	723,990	-
Other noncategorical aid	-	-	50,459	50,459
Total noncategorical aid	\$ 1,993,490	\$ 2,161,370	\$ 2,188,069	\$ 26,699
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 537,115	\$ 537,115	\$ 535,151	\$ (1,964)
Sheriff	2,128,799	2,128,799	2,129,204	405
Commissioner of revenue	119,350	119,350	117,139	(2,211)
Treasurer	92,695	92,695	95,482	2,787
Registrar/electoral board	37,030	37,030	40,235	3,205
Clerk of the Circuit Court	321,913	321,913	284,850	(37,063)
Other shared expenses	28,600	28,600	10,717	(17,883)
Total shared expenses	\$ 3,265,502	\$ 3,265,502	\$ 3,212,778	\$ (52,724)
Other categorical aid:				
Public assistance and welfare administration	\$ 2,623,683	\$ 2,623,683	\$ 2,064,777	\$ (558,906)
Comprehensive services act	1,448,299	1,964,522	1,650,692	(313,830)
Law enforcement 599 funds	998,000	998,000	1,109,076	111,076
Wireless E-911 payment state grant	80,000	80,000	91,335	11,335
Emergency services funds	106,000	116,072	58,722	(57,350)
VDOT grants	4,669,025	4,669,025	6,008	(4,663,017)

City of Bristol, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 1
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<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)				
Street and highway maintenance	\$ 4,167,153	\$ 4,419,891	\$ 4,208,076	\$ (211,815)
Fire program	64,000	72,969	67,969	(5,000)
PSAP grants	-	317,595	21,249	(296,346)
4-for-life funds	14,000	14,000	13,788	(212)
Litter control grant	6,500	6,500	5,608	(892)
VA foundation for healthy youth	40,214	40,214	35,577	(4,637)
Victim witness funds	27,625	27,625	26,780	(845)
State contract jail beds	320,000	320,000	286,132	(33,868)
Other categorical aid-Judicial	16,000	96,808	38,881	(57,927)
Other categorical aid-Community Development	7,000	44,500	47,936	3,436
Other categorical aid	5,000	47,334	24,483	(22,851)
Total other categorical aid	<u>\$ 14,592,499</u>	<u>\$ 15,858,738</u>	<u>\$ 9,757,089</u>	<u>\$ (6,101,649)</u>
Total categorical aid	<u>\$ 17,858,001</u>	<u>\$ 19,124,240</u>	<u>\$ 12,969,867</u>	<u>\$ (6,154,373)</u>
Total revenue from the Commonwealth	<u>\$ 19,851,491</u>	<u>\$ 21,285,610</u>	<u>\$ 15,157,936</u>	<u>\$ (6,127,674)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 2,913,495	\$ 2,913,495	\$ 3,059,436	\$ 145,941
Coronavirus relief funds	-	56,623	2,967,714	2,911,091
Selective enforcement grants	45,000	45,000	32,510	(12,490)
SHSP funds	124,932	208,932	195,712	(13,220)
Emergency management	-	-	3,252	3,252
Assistance to firefighters grant	-	404,762	404,025	(737)
V stop grant	21,771	21,771	21,771	-
Brownsfield grant	-	75,000	42,236	(32,764)
Victim witness funds	83,320	83,320	80,340	(2,980)
Bullet Proof Vest Grant	6,000	6,000	-	(6,000)
State homeland security grant	15,500	15,500	12,558	(2,942)
Justice assistance grant	4,000	4,000	-	(4,000)
QSCB interest	125,000	180,579	124,694	(55,885)
Special projects	482,512	482,512	-	(482,512)
Street and highway maintenance	3,787,442	3,787,442	559,951	(3,227,491)
Appalachian area development	-	13,400	13,400	-
Equitable sharing program	-	535,018	536,194	1,176
Cops Hiring Program (COPS)	-	126,018	79,020	(46,998)
Total categorical aid	<u>\$ 7,608,972</u>	<u>\$ 8,959,372</u>	<u>\$ 8,132,813</u>	<u>\$ (826,559)</u>
Total revenue from the federal government	<u>\$ 7,608,972</u>	<u>\$ 8,959,372</u>	<u>\$ 8,132,813</u>	<u>\$ (826,559)</u>
Total General Fund	<u>\$ 60,129,950</u>	<u>\$ 63,559,171</u>	<u>\$ 60,227,841</u>	<u>\$ (3,331,330)</u>

City of Bristol, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 1
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<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	\$ 368,785	\$ 418,681	\$ 238,561	\$ (180,120)
Coronavirus relief funds	-	275,016	84,164	(190,852)
Total categorical aid	<u>\$ 368,785</u>	<u>\$ 693,697</u>	<u>\$ 322,725</u>	<u>\$ (370,972)</u>
Total revenue from the federal government	<u>\$ 368,785</u>	<u>\$ 693,697</u>	<u>\$ 322,725</u>	<u>\$ (370,972)</u>
Total CDBG Fund	<u>\$ 368,785</u>	<u>\$ 693,697</u>	<u>\$ 322,725</u>	<u>\$ (370,972)</u>
Total Primary Government	<u>\$ 60,498,735</u>	<u>\$ 64,252,868</u>	<u>\$ 60,550,566</u>	<u>\$ (3,702,302)</u>

City of Bristol, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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	\$ 70,851	\$ 70,851	\$ 68,413	\$ 2,438
General and financial administration:				
City clerk	\$ 22,495	\$ 24,204	\$ 22,712	\$ 1,492
City manager	233,902	258,902	252,628	6,274
Human resources	165,685	182,472	182,092	380
Independent auditor	76,000	76,000	67,860	8,140
City attorney	75,554	276,475	222,909	53,566
Commissioner of revenue	286,856	287,156	267,844	19,312
Assessor	42,500	138,328	35,154	103,174
Treasurer	394,883	403,758	383,639	20,119
Finance	418,525	418,525	395,245	23,280
Purchasing	23,708	79,300	71,526	7,774
Information technology	516,675	912,993	899,894	13,099
Retired benefits	142,000	142,000	82,852	59,148
Other	851,901	799,623	724,735	74,888
Total general and financial administration	\$ 3,250,684	\$ 3,999,736	\$ 3,609,090	\$ 390,646
Board of elections:				
Electoral board	\$ 175,916	\$ 246,795	\$ 241,559	\$ 5,236
Total board of elections	\$ 175,916	\$ 246,795	\$ 241,559	\$ 5,236
Total general government administration	\$ 3,497,451	\$ 4,317,382	\$ 3,919,062	\$ 398,320
Judicial administration:				
Courts:				
Circuit court	\$ 59,875	\$ 60,375	\$ 59,885	\$ 490
General district court	16,018	16,018	13,947	2,071
Juvenile and domestic relations court	2,273	2,273	1,755	518
Judicial alternative sentencing program	295,534	360,462	256,690	103,772
Magistrate's office	833	833	848	(15)
Law library	1,530	1,530	559	971
Victim witness program	110,946	110,946	107,159	3,787
Clerk of the circuit court	479,519	495,399	430,530	64,869
Clerk of the juvenile and domestic relations court	10,520	10,520	9,794	726
Total courts	\$ 977,048	\$ 1,058,356	\$ 881,167	\$ 177,189
Commonwealth's attorney:				
Commonwealth's attorney	\$ 898,824	\$ 898,824	\$ 888,439	\$ 10,385
Commonwealth's attorney asset forfeiture	125,600	125,600	190	125,410
Total commonwealth's attorney	\$ 1,024,424	\$ 1,024,424	\$ 888,629	\$ 135,795
Total judicial administration	\$ 2,001,472	\$ 2,082,780	\$ 1,769,796	\$ 312,984
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 5,877,392	\$ 7,093,191	\$ 5,869,504	\$ 1,223,687
Total law enforcement and traffic control	\$ 5,877,392	\$ 7,093,191	\$ 5,869,504	\$ 1,223,687
Fire and rescue services:				
Fire department	\$ 3,812,304	\$ 4,644,126	\$ 4,169,220	\$ 474,906
Total fire and rescue services	\$ 3,812,304	\$ 4,644,126	\$ 4,169,220	\$ 474,906
Correction and detention:				
City Sheriff & Jail	\$ 5,414,379	\$ 5,879,668	\$ 5,493,610	\$ 386,058
Appalachian Juvenile Commission	207,512	207,512	182,692	24,820
City Sheriff & Jail grants	7,800	12,487	2,993	9,494
Total correction and detention	\$ 5,629,691	\$ 6,099,667	\$ 5,679,295	\$ 420,372

City of Bristol, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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<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	\$ 164,441	\$ 164,441	\$ 138,511	\$ 25,930
Total inspections	\$ 164,441	\$ 164,441	\$ 138,511	\$ 25,930
Other protection:				
Animal control	\$ 148,908	\$ 148,908	\$ 112,885	\$ 36,023
Medical examiner	425	425	280	145
Emergency preparedness	42,373	50,627	44,337	6,290
Hazardous materials emergency - ERS	30,000	45,874	11,842	34,032
Line of duty act	120,000	120,000	120,508	(508)
Total other protection	\$ 341,706	\$ 365,834	\$ 289,852	\$ 75,982
Total public safety	\$ 15,825,534	\$ 18,367,259	\$ 16,146,382	\$ 2,220,877
Public works:				
Sanitation and waste removal:				
Solid waste disposal	\$ 375,000	\$ 375,000	\$ 397,707	\$ (22,707)
Total sanitation and waste removal	\$ 375,000	\$ 375,000	\$ 397,707	\$ (22,707)
Maintenance of highways, streets, bridges and sidewalks:				
Street and engineering divisions	\$ 805,743	\$ 843,106	\$ 657,494	\$ 185,612
VDOT reimbursed maintenance	3,304,834	3,686,156	3,316,402	369,754
Streetlights	29,400	29,400	26,839	2,561
Fleet maintenance	479,370	479,370	343,450	135,920
Total maintenance of highways, streets, bridges and sidewalks	\$ 4,619,347	\$ 5,038,032	\$ 4,344,185	\$ 693,847
Maintenance of general buildings and grounds:				
General properties	\$ 494,968	\$ 814,728	\$ 571,073	\$ 243,655
Other city property	25,200	25,200	23,087	2,113
Municipal parking facilities	62,950	27,950	-	27,950
Total maintenance of general buildings and grounds	\$ 583,118	\$ 867,878	\$ 594,160	\$ 273,718
Total public works	\$ 5,577,465	\$ 6,280,910	\$ 5,336,052	\$ 944,858
Health and welfare:				
Health:				
Supplement of local health department	\$ 445,992	\$ 445,992	\$ 445,992	\$ -
Behavioral Health and Developmental Services				
Mental health services	\$ 165,414	\$ 228,388	\$ 187,036	\$ 41,352
Total behavioral health and developmental services	\$ 165,414	\$ 228,388	\$ 187,036	\$ 41,352
Welfare:				
Welfare administration and programs	\$ 6,067,888	\$ 6,081,494	\$ 5,388,745	\$ 692,749
Comprehensive services act	2,108,543	2,624,766	2,527,041	97,725
Total welfare	\$ 8,176,431	\$ 8,706,260	\$ 7,915,786	\$ 790,474
Total health and welfare	\$ 8,787,837	\$ 9,380,640	\$ 8,548,814	\$ 831,826
Education:				
Educational:				
Contributions to community colleges	\$ 31,604	\$ 31,604	\$ 31,604	\$ -
Contribution to City School Board	6,388,510	6,388,510	6,388,204	306
Contribution to City School Board-CARES	-	894,314	894,314	-
Total education	\$ 6,420,114	\$ 7,314,428	\$ 7,314,122	\$ 306

City of Bristol, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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<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	\$ 591,369	\$ 591,369	\$ 431,876	\$ 159,493
Programming	503,773	588,355	485,821	102,534
Clear Creek golf course	806,292	845,708	660,598	185,110
Total parks and recreation	<u>\$ 1,901,434</u>	<u>\$ 2,025,432</u>	<u>\$ 1,578,295</u>	<u>\$ 447,137</u>
Library:				
Library expenses	\$ 722,342	\$ 722,342	\$ 722,342	\$ -
Total parks, recreation, and cultural	<u>\$ 2,623,776</u>	<u>\$ 2,747,774</u>	<u>\$ 2,300,637</u>	<u>\$ 447,137</u>
Community development:				
Planning and community development:				
Planning and community development	\$ 276,455	\$ 401,607	\$ 347,501	\$ 54,106
Tourism promotion program	59,250	115,250	115,250	-
Economic development	267,875	581,275	319,362	261,913
Mount Rogers PDC	15,467	15,467	15,467	-
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	40,770	40,770	33,951	6,819
Economic development activities	10,100	103,997	58,408	45,589
Foreign trade zone	17,830	17,830	17,830	-
Code compliance	-	52,818	48,942	3,876
Non-city property management	14,546	14,546	3,911	10,635
Contribution to Industrial Development Authority-Economic Dev.	389,600	290,600	319,221	(28,621)
Contribution to Industrial Development Authority-CARES funding	-	516,426	516,000	426
Contribution to Industrial Development Authority-DRI	1,260,000	1,720,386	1,740,356	(19,970)
Total planning and community development	<u>\$ 2,373,646</u>	<u>\$ 3,892,725</u>	<u>\$ 3,557,952</u>	<u>\$ 334,773</u>
Total community development	<u>\$ 2,373,646</u>	<u>\$ 3,892,725</u>	<u>\$ 3,557,952</u>	<u>\$ 334,773</u>
Capital projects:				
Lee highway widening exit 7	\$ -	\$ -	\$ 25,744	\$ (25,744)
Exit 5 project	712,023	712,023	-	712,023
Lee highway widening phase 2	192,916	192,916	-	192,916
Other capital outlay	8,384,277	8,384,277	518,324	7,865,953
Total capital projects	<u>\$ 9,289,216</u>	<u>\$ 9,289,216</u>	<u>\$ 544,068</u>	<u>\$ 8,745,148</u>
Debt service:				
Principal retirement	\$ 1,945,792	\$ 2,623,393	\$ 2,306,182	\$ 317,211
Interest and other fiscal charges	2,900,291	2,926,623	2,923,312	3,311
Bond issuance costs	10,000	280,000	112,249	167,751
Total debt service	<u>\$ 4,856,083</u>	<u>\$ 5,830,016</u>	<u>\$ 5,341,743</u>	<u>\$ 488,273</u>
Total General Fund	<u>\$ 61,252,594</u>	<u>\$ 69,503,130</u>	<u>\$ 54,778,628</u>	<u>\$ 14,724,502</u>
CDBG Fund:				
Community development:				
Planning and community development:				
Administrative Fees	\$ 54,060	\$ 70,504	\$ 53,757	\$ 16,747
Demolition	19,500	30,582	2,780	27,802
Emergency Housing Rehab	45,448	59,613	47,736	11,877
Boys and Girls Club	40,000	44,000	39,000	5,000
Children's Advocacy Center	-	-	748	(748)
Enterprise Zone Incentives	13,000	21,395	-	21,395

City of Bristol, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 2
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<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>
Capital Projects Fund: (Continued)				
CDBG Fund: (Continued)				
Community Development: (Continued)				
Planning and community development: (Continued)				
CASA (People Inc)	\$ 5,000	\$ 2,545	\$ 3,159	\$ (614)
Bristol Housing Authority	-	5,000	3,756	1,244
Highlands Community Services	10,000	12,000	12,000	-
Sidewalk Improvements	80,000	90,518	45,157	45,361
Bristol Public Library	5,546	5,000	2,500	2,500
Housing Maintenance Partnership	29,981	29,981	-	29,981
AIC	-	3,000	3,000	-
Crossroads Medical Mission	5,000	5,000	1,968	3,032
King's Mt Supportive Housing	10,000	4,000	3,000	1,000
Code Enforcement	51,250	35,543	20,000	15,543
CARES	-	275,016	84,164	190,852
Total planning and community development	<u>\$ 368,785</u>	<u>\$ 693,697</u>	<u>\$ 322,725</u>	<u>\$ 370,972</u>
Total CDBG Fund	<u>\$ 368,785</u>	<u>\$ 693,697</u>	<u>\$ 322,725</u>	<u>\$ 370,972</u>
Total Primary Government	<u>\$ 61,621,379</u>	<u>\$ 70,196,827</u>	<u>\$ 55,101,353</u>	<u>\$ 15,095,474</u>

Statistical Information

Statistical Section

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

<u>Contents</u>	<u>Starting Page</u>
Financial Trends These tables contain trend information to help the reader understand how the the City's financial performance and well-being have changed over time.	120
Revenue Capacity These tables contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	125
Debt Capacity These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.	130
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	133
Operating Information These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relate to the services the City provides and the activities it performs.	135

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net Investment in capital assets										
Restricted	\$ 33,995,609	\$ 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
Unrestricted	779,252	2,029,871	1,149,693	2,376,424	990,054	461,041	394,934	263,848	326,955	510,695
	24,745,959	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
Total governmental activities net position	<u>\$ 59,520,820</u>	<u>\$ 54,086,529</u>	<u>\$ 52,970,645</u>	<u>\$ 16,839,901</u>	<u>\$ 3,079,001</u>	<u>\$ 3,469,044</u>	<u>\$ (565,108)</u>	<u>\$ 10,041,580</u>	<u>\$ 11,635,603</u>	<u>\$ 15,108,411</u>
Business-type activities										
Net Investment in capital assets										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (9,882,306)	\$ (11,240,766)	\$ (14,938,806)	\$ (15,058,938)	\$ (16,545,336)
Unrestricted	-	-	-	-	-	-	-	-	-	-
	(31,308,522)	(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)
Total business-type activities net position	<u>\$ (31,308,522)</u>	<u>\$ (33,867,453)</u>	<u>\$ (36,310,290)</u>	<u>\$ (38,527,008)</u>	<u>\$ (17,561,883)</u>	<u>\$ (17,605,804)</u>	<u>\$ (20,307,459)</u>	<u>\$ (25,370,982)</u>	<u>\$ (25,245,377)</u>	<u>\$ (26,091,315)</u>
Primary government										
Net Investment in capital assets										
Restricted	\$ 33,995,609	\$ 27,983,924	\$ 30,780,027	\$ 8,717,208	\$ 16,237,546	\$ 5,479,355	\$ 25,209	\$ 743,306	\$ (356,972)	\$ (2,178,878)
Unrestricted	779,252	2,029,871	1,149,693	2,376,424	990,054	461,041	394,934	263,848	326,955	510,695
	(6,562,563)	(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)
Total primary government net position	<u>\$ 28,212,298</u>	<u>\$ 20,219,076</u>	<u>\$ 16,660,355</u>	<u>\$ (21,687,107)</u>	<u>\$ (14,482,882)</u>	<u>\$ (14,136,760)</u>	<u>\$ (20,872,567)</u>	<u>\$ (15,329,402)</u>	<u>\$ (13,609,774)</u>	<u>\$ (10,982,904)</u>

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. As of July 1, 2011, the Clear Creek Golf Course fund was transferred to the General fund.

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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government administration	\$ 2,738,642	\$ 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
Judicial administration	1,315,755	1,446,663	1,403,143	1,416,373	1,542,808	1,489,258	1,546,585	1,521,639	1,976,627	1,950,818
Public safety	13,108,290	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
Public works	5,645,111	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
Health and welfare	5,997,666	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
Education	8,937,192	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
Parks, recreation and cultural	3,798,309	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
Community development	2,378,139	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
Transit	545,380	474,911	506,937	415,780	397,012	-	-	-	-	-
Interest on long-term debt	1,092,274	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
Total governmental activities expenses	\$ 45,556,758	\$ 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
Business-type activities:										
Electric	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water	-	-	-	-	-	-	-	-	-	-
Wastewater	-	-	-	-	-	-	-	-	-	-
OptiNet	-	-	-	-	-	-	-	-	-	-
Solid Waste Disposal	6,853,393	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
Transit	-	-	-	-	-	-	-	-	603,867	506,454
Golf Course	-	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	6,853,393	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
Total primary government expenses	\$ 52,410,151	\$ 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
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 273,817	\$ 477,548	\$ 393,855	\$ 187,115	\$ 134,641	\$ -	\$ -	\$ -	\$ -	\$ -
Judicial administration	348,572	341,793	316,409	292,519	266,659	53,309	55,074	63,930	44,278	41,298
Public safety	128,420	138,616	118,852	206,871	158,929	389,093	393,977	683,358	641,423	654,070
Public works	1,137	4,751	724	6,481	21,564	71,861	76,848	78,415	12,515	25,027
Parks, recreation and cultural	998,571	895,803	832,374	752,324	834,989	773,444	798,102	741,079	858,594	900,655
Other activities	44,620	46,345	32,640	56,943	69,234	5,875	7,727	6,988	5,607	5,370
Operating grants and contributions	14,065,443	14,277,719	15,647,934	13,884,225	15,316,508	15,920,827	16,155,264	16,919,063	16,812,399	19,840,207
Capital grants and contributions	4,189,662	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
Total governmental activities program revenues	\$ 20,050,242	\$ 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
Business-type activities:										
Charges for services:										
Electric	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water	-	-	-	-	-	-	-	-	-	-
Wastewater	-	-	-	-	-	-	-	-	-	-
OptiNet	-	-	-	-	-	-	-	-	-	-
Solid Waste Disposal	5,558,996	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
Transit	-	-	-	-	-	-	-	-	31,757	12,694
Golf Course	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	312,133	351,516
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	\$ 5,558,996	\$ 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
Total primary government program revenues	\$ 25,609,238	\$ 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
Net (expense) / revenue										
Governmental activities	\$ (25,506,516)	\$ (31,139,242)	\$ (31,442,841)	\$ (31,549,699)	\$ (26,963,468)	\$ (32,322,625)	\$ (33,693,885)	\$ (25,319,371)	\$ (33,606,016)	\$ (33,404,220)
Business-type activities	(1,294,397)	(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)
Total primary government net (expense)/revenue	\$ (26,800,913)	\$ (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)

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 13,597,177	\$ 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
Other taxes	12,419,037	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
Unrestricted grants and contributions	3,086,610	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
Unrestricted revenues from use of money and property	40,707	34,554	31,149	43,487	40,343	166,719	165,466	409,118	315,974	235,311
Miscellaneous	4,122	9,474	193,306	272,181	(515,679)	997,357	1,309,203	741,227	951,617	1,069,561
Gain (Loss) on disposal of capital assets	414,997	(84,010)	77,968	14,641	28,388	(785,408)	-	-	-	-
Transfers	(2,932,331)	-	-	(986,243)	(22,605,369)	(785,408)	(886,680)	(567,480)	(698,287)	(135,916)
Special item-conveyance of property	-	-	-	(14,869,201)	1,425,049	-	-	-	-	-
Total governmental activities	\$ 26,630,319	\$ 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
Business-type activities:										
Unrestricted revenues from use of money and property	\$ 2,028	\$ 582	\$ 99	\$ 95	\$ 407	\$ 6,977	\$ 2,867	\$ 3,449	\$ 3,722	\$ 20,907
Miscellaneous	28,423	-	-	462	-	22,339	9,267	47,951	23,140	26,742
Gain (Loss) on disposal of capital assets	32,815	(8,725)	(5,102)	(11,123)	-	1,219	11,841	-	4,584	(1,489)
Transfers	2,932,331	-	-	986,243	22,605,369	785,408	886,680	567,480	698,287	135,916
Total business-type activities	\$ 2,995,597	\$ (8,143)	\$ (5,003)	\$ 975,677	\$ 22,605,776	\$ 815,943	\$ 910,655	\$ 618,880	\$ 729,733	\$ 182,076
Total primary government	\$ 29,625,916	\$ 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
Change in Net Position										
Governmental activities	\$ 1,123,803	\$ (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
Business-type activities	1,701,200	(1,969,406)	(2,328,644)	(653,177)	20,965,125	(336,427)	(2,466,877)	(2,940,259)	(286,761)	(845,938)
Total primary government	\$ 2,825,003	\$ (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

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 retroac

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

As of July 1, 2011, the Clear Creek Golf Course fund was transferred to the General fund.

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Nonspendable	\$ 18,228,985	\$ 19,835,179	\$ 22,661,237	\$ 22,642,183	\$ 521,732	\$ 707,275	\$ 693,895	\$ 405,187	\$ 1,483,727	\$ 1,485,975
Restricted	779,252	2,029,871	1,149,693	2,376,424	990,054	3,828,772	688,350	1,132,610	326,955	510,695
Assigned	-	-	-	-	45,758	4,025	23,820	18,820	40,070	36,320
Committed	-	-	-	-	-	-	-	3,053,823	3,455,036	4,493,347
Unassigned	5,795,788	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
Total general fund	<u>\$ 24,804,025</u>	<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>
All other governmental funds										
Assigned	\$ 8,356	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	-	(8,925)	-	-	-	-	(18,168)	(12,864)	-	-
Unreserved:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 8,356</u>	<u>\$ (8,925)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,168)</u>	<u>\$ (12,864)</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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 26,334,737	\$ 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
Permits, privilege fees and regulatory licenses	69,455	48,089	69,535	169,671	130,317	175,884	125,243	137,486	101,844	122,478
Fines and forfeitures	228,566	212,516	196,285	169,313	144,190	150,338	216,163	257,255	109,154	164,299
Revenue from use of money and property	329,232	542,803	540,803	265,960	156,278	146,719	145,466	389,118	295,974	215,311
Charges for services	1,161,149	1,084,589	992,034	926,872	977,093	967,360	990,322	1,179,029	1,351,419	1,339,643
Miscellaneous	1,596,172	2,052,718	1,413,866	2,913,288	2,675,056	997,357	1,309,203	741,227	951,617	1,069,561
Recovered Costs	-	-	-	-	-	438,714	452,792	890,990	354,440	512,083
Intergovernmental	19,132,860	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
Total revenues	\$ 48,852,171	\$ 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
Expenditures										
General government administration	\$ 2,669,506	\$ 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
Judicial administration	1,453,743	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
Public safety	13,202,148	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
Public works	4,750,566	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
Health and welfare	6,016,795	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
Education	8,701,292	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
Parks, recreation and cultural	3,458,881	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
Community development	2,401,272	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
Transit	519,256	578,936	474,236	392,271	374,386	-	-	-	-	-
Nondepartmental	-	-	-	-	-	610,391	414,294	505,113	-	-
Capital projects	5,901,666	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
Debt service:										
Principal retirement	4,470,405	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
Bond issuance costs	-	-	-	-	-	127,015	658,107	3,139	90,134	112,249
Interest and other fiscal charges	1,007,191	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
Total expenditures	\$ 54,552,721	\$ 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
Excess (deficiency) of revenues over (under) expenditures	\$ (5,700,550)	\$ (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
Other financing sources (uses)										
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,026,124	\$ 57,755	\$ -	\$ -	\$ -
Transfers out	(2,996,108)	-	-	(986,243)	(22,605,369)	(2,811,532)	(886,680)	(567,480)	(698,287)	(135,916)
Issuance of debt	6,146,486	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
Payment to bond escrow agent	-	-	-	-	-	-	(21,819,016)	-	(1,443,513)	(7,228,767)
Insurance recoveries	671,165	9,474	193,306	14,641	28,388	-	-	-	-	-
Capital leases	-	411,251	496,408	524,161	3,407,070	-	-	-	-	-
Sale of capital assets	20,791	55,112	130,139	1,493,937	44,407	33,640	87,043	(87,516)	94,571	9,800
Total other financing sources (uses)	\$ 3,842,334	\$ 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
Net change in fund balances	\$ (1,858,216)	\$ 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
Debt service as a percentage of noncapital expenditures	11.26%	22.24%	27.99%	17.00%	51.22%	8.22%	47.24%	7.29%	13.50%	9.59%

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
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year										% Change 2012-2021
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Revenues											
General Property Taxes	\$ 13,915,700	\$ 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	34.16%
Restaurant Meal Taxes	5,055,094	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	16.16%
Local Sales & Use Taxes	3,968,672	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	19.77%
Business License Taxes	1,300,348	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	-0.80%
Lodging Taxes	926,754	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	46.08%
Bank Stock Taxes	408,863	446,719	489,100	450,157	384,303	345,315	437,918	401,879	336,444	395,621	-3.24%
Motor Vehicle License Tax	245,591	255,625	247,584	278,234	237,286	246,335	276,616	273,958	251,333	257,137	4.70%
Cigarette Taxes	170,956	154,988	149,521	346,317	426,930	530,684	465,120	512,787	469,965	462,985	170.82%
Consumer Utility Taxes	140,174	147,845	140,382	146,758	153,801	154,648	155,204	169,807	160,981	161,001	14.86%
Taxes on Recordation & Wills	123,771	131,753	124,456	185,565	175,229	156,898	235,294	180,814	150,607	201,806	63.05%
Admissions Tax (1)	-	-	-	99,969	127,527	112,905	113,621	110,635	94,828	23,267	100.00%
Electric Consumption Tax	78,815	80,679	81,467	79,959	75,235	72,174	74,704	80,999	73,718	73,776	-6.39%
Total Revenues	\$ 26,334,738	\$ 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	

(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
2021	\$ 1,254,351,740	\$ 1,254,351,740	1.00	\$ 23,247,571	\$ 23,247,571	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
2012	1,040,040,582	1,040,040,582	1.00	17,495,045	17,495,045	1.00

Personal Property

Fiscal Year Ended	Personal Property			Machinery & Tools/Business Furn & Fixtures			Mobile Homes			Estimated Actual Value		Assessment Ratio
	Personal Property	Estimated Actual Value	Assessment Ratio	Tools/Business Furn & Fixtures	Estimated Actual Value	Assessment Ratio				Actual Value	Assessment Ratio	
2021	\$ 100,066,044	\$ 100,066,044	1.00	\$ 28,081,014	234,008,450	0.12	\$ 898,067	\$ 898,067		\$ 898,067	1.00	1.00
2020	101,903,441	96,799,208	1.05	26,488,817	220,740,142	0.12	930,453	930,453		930,453	1.00	1.00
2019	96,799,208	96,799,208	1.00	25,355,759	211,297,992	0.12	1,018,400	1,018,400		1,018,400	1.00	1.00
2018	96,645,353	96,645,353	1.00	23,244,042	211,309,473	0.11	1,038,533	1,038,533		1,038,533	1.00	1.00
2017	98,420,988	98,420,988	1.00	28,808,328	261,893,891	0.11	1,052,119	1,052,119		1,052,119	1.00	1.00
2016	92,816,997	92,816,997	1.00	28,454,655	258,678,682	0.11	1,550,826	1,550,826		1,550,826	1.00	1.00
2015	26,968,568	89,895,227	0.30	29,368,709	266,988,264	0.11	1,505,142	1,505,142		1,505,142	1.00	1.00
2014	27,434,272	91,447,573	0.30	26,420,298	240,184,527	0.11	1,495,279	1,495,279		1,495,279	1.00	1.00
2013	26,901,534	89,671,780	0.30	28,792,186	261,747,145	0.11	1,534,142	1,534,142		1,534,142	1.00	1.00
2012	25,058,921	83,529,737	0.30	25,145,091	228,591,736	0.11	1,458,625	1,458,625		1,458,625	1.00	1.00

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
2021	\$1.17/\$1.12*	\$ 14,248,489	\$1.17/\$1.12*	\$ 260,373
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
2012	0.94	10,089,060	0.94	164,453

Fiscal Year Ended	Personal Property					
	Personal Property		Machine & Tools/Business Furniture & Fixtures		Mobile Homes	
	Direct Tax Rate (1)	Levy (2) (3)	Direct Tax Rate (1)	Levy	Direct Tax Rate (1)	Levy
2021	\$ 2.60	\$ 2,601,718	\$ 7.00	\$ 1,965,671	\$1.17/\$1.12*	\$ 10,507
2020	2.60	2,649,490	7.00	1,854,217	1.17	10,886
2019	2.60	2,516,779	7.00	1,774,903	1.17	11,915
2018	2.60	2,512,779	7.00	1,627,083	1.17	12,151
2017	2.60	2,559,083	7.00	2,016,583	1.19	12,520
2016	2.10	1,949,185	7.00	1,991,826	1.12	11,557
2015	2.10	1,887,799	7.00	2,055,810	1.07	10,612
2014	2.10	1,920,399	7.00	1,849,420	1.01	13,308
2013	2.10	1,881,977	7.00	2,015,452	0.99	13,633
2012	2.10	2,530,963	7.00	1,760,157	0.94	13,800

(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.

Source: Commissioner of the Revenue

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
2021	\$ 19,086,758	\$ 18,065,798	94.65%	\$ -	\$ 18,065,798	94.65%
2020	18,659,332	17,766,271	95.21%	557,296	18,323,567	98.20%
2019	18,242,167	16,707,854	91.59%	1,412,011	18,119,865	99.33%
2018	17,926,028	16,519,367	92.15%	1,321,361	17,840,728	99.52%
2017	17,954,874	16,448,984	91.61%	1,431,761	17,880,745	99.59%
2016	16,571,429	14,835,535	89.52%	1,717,683	16,553,218	99.89%
2015	15,557,145	14,162,206	91.03%	1,372,885	15,535,091	99.86%
2014	14,669,983	13,327,390	90.85%	1,337,510	14,664,900	99.97%
2013	14,504,791	13,394,107	92.34%	1,102,885	14,496,992	99.95%
2012	14,558,433	13,025,602	89.47%	1,527,591	14,553,193	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 2021				Fiscal Year 2012			
		Taxable Assessed Valuation	Rank	% of Total Taxable Assessed Value		Taxable Assessed Valuation	Rank	% of Total Taxable Assessed Value	
One Alpha Place LLC	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%		10,960,500	3	1.1%	
Bristol HCP LLC	Assisted Living	8,677,000	7	0.7%		-		0.0%	
Bristol Hotel Master Landlord	Hotel	8,500,000	8	0.7%		-		0.0%	
HD Development of MD, Inc.	Retail	8,181,800	9	0.7%		8,392,900	4	0.8%	
Bristol Hotels, Inc.	Hotel	7,725,400	10	0.6%		-		0.0%	
Bristol Mall Associates	Shopping Mall	-		0.0%		16,871,900	2	1.6%	
Debora Jean Limited	Movie Theater	-		0.0%		7,178,300	5	0.7%	
Apple Nine SPE Bristol (Marriott)	Hotel	-		0.0%		6,502,700	6	0.6%	
Ball Metal Beverage Container Corp.	Manufacturing	-		0.0%		5,733,000	7	0.6%	
Ventas Realty Limited Partnership	Shopping Center	-		0.0%		5,662,400	8	0.5%	
Pacific Capital Group LLC	Shopping Center	-		0.0%		4,552,900	9	0.4%	
Yale Bristol VA LLC	Shopping Center	-		0.0%		4,523,300	10	0.4%	
Totals		100,650,900		8.0%		87,924,900		8.5%	

Source: Commissioner of Revenue

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		Literary Loans	Capital Leases	General					Capital Leases
	Obligation Bonds (1)				Obligation Bonds (1)					
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	
2012	23,424,864	1,440,000		1,033,533	32,918,845	377,572	59,194,814	8.28%	3,344	

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

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		
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
2012	56,343,709	56,343,709	5.37%	3,183

(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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$107,435,535	\$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
Total net debt applicable to limit	57,607,500	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
Legal debt margin	<u>\$ 52,589,754</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	53.62%	77.06%	90.08%	94.55%	96.54%	93.73%	92.64%	89.70%	88.58%	84.57%
Legal Debt Margin Calculation for Fiscal Year 2021										
Assessed value										\$1,277,599,311
Total assessed value										<u>\$1,277,599,311</u>
Debt limit (10% of total assessed value)										\$ 127,759,931
Net debt applicable to limit										<u>108,045,388</u>
Legal debt margin										<u>\$ 19,714,543</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)
2021	17,219 EST	\$ 714,812,347 EST	\$ 41,513 EST	42.2 EST	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%
2012	17,702	714,576,634	40,367	50.8	2,265	7.8%

(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 2021			Fiscal Year 2012		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Electro Mechanical Corp.	448	1	16.56%	620	2	15.06%
Bristol, Virginia Public Schools	436	2	16.12%			
City of Bristol, Virginia	368	3	13.60%	715	1	17.36%
KVAT	286	4	10.57%			
Shearer's (Snack Alliance)	258	5	9.54%			
Strongwell	231	6	8.54%	300	7	7.29%
VDOT	225	7	8.32%	550	3	13.36%
AERUS	198	8	7.32%	240	9	5.83%
Lowe's	135	9	4.99%			
United Parcel Service	120	10	4.44%			
Office Max				416	5	10.10%
Sprint PCS				428	4	10.39%
US Solutions				367	6	8.91%
Alpha Natural Resources				264	8	6.41%
Ball Corporation				218	10	5.29%
Totals	<u>2,705</u>		<u>100.00%</u>	<u>4,118</u>		<u>100.00%</u>

* 2012 employees for Bristol, Virginia School System are included in the figure for City of Bristol, Virginia

Source: Economic Development

Table 15

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	24	25	24	23	23	26	23	23	24	23
Judicial administration	17	15	15	16	17	18	18	17	21	22
Public safety	173	173	169	167	173	176	179	178	178	175
Public works	25	29	30	30	31	32	34	30	31	30
Solid waste	34	31	28	29	26	25	25	23	23	23
Health and welfare	41	42	44	43	42	43	40	40	42	37
Parks, recreation, and cultural	27	28	27	25	25	23	23	21	21	20
Library	24	22	21	23	29	22	22	21	22	24
Community development	7	6	9	10	9	8	8	6	7	7
Transit	8	7	7	6	6	7	7	7	8	8
Totals	380	378	374	372	381	380	379	366	375	369

Source: 2020-2021 Adopted Budget Workbook

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

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Judicial Administration										
Sheriff:										
Inmates Housed (Daily)	141	153	153	144	140	145	151	155	148	148
Inmate Transports	583	396	537	522	519	568	917	934	705	812
Courts Worked	583	641	651	598	609	563	541	576	610	651
Public Safety										
Police:										
Criminal Warrants	2,631	2,393	2,666	2,276	2,419	2,273 *	1,710	2,542	2,193 ***	990
Parking Violations	154	141	105	85	114	70	156	61	217 ***	15
Traffic Violations	5,994	5,712	5,181	4,584	4,674	4,646 *	4,513	5,055	4,657 ***	2,733
Fire-Current:										
Fire Responses	157	129	118	88	95	109	108	108	109	122
EMS Responses	1,390	1,398	1,583	1,598	990	1,389	1,836	2,833	3,074	3,221
Hazmat Responses	67	62	60	50	42	46	37	11	53	56
Other Responses	901	945	847	786	555	669	599	626	570	505
Public Works										
Refuse Collected (tons per day)	29	28	27	28	28	28	28	29	31	32
Recyclables collected (tons per day)	7	13	13	11	10	11	10	11	11	10
Library										
Volumes in collection	169,312	169,175	164,175	165,534	162,271	172,688	175,930	179,797	182,121	184,731
Total Circulated	372,108	381,470	352,080	312,565	287,868	280,164	275,015	279,200 **	264,453	231,146

*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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety										
Law Enforcement Vehicles	70	63	66	64	67	67	60	61	55	62
Fire Stations	3	3	3	3	3	3	3	3	3	3
Public works										
Primary Streets (lane miles)	50.64	50.64	50.64	50.64	49.67	49.63	52.07	54.73	54.73	55.47
Secondary Streets (lane miles)	210.49	210.49	210.49	210.49	207.43	214.96	218.00	219.64	219.64	218.97
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, 2021, and the related notes to the financial statements, which collectively comprise the City of Bristol, Virginia's basic financial statements and have issued our report thereon dated November 21, 2021.

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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-01, that we consider to be material weaknesses.

Compliance and Other Matters

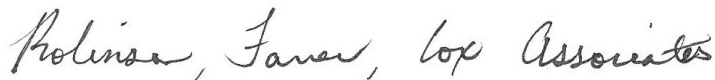
As part of obtaining reasonable assurance about whether the City of Bristol, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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

City of Bristol, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Bristol, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Blacksburg, Virginia
November 21, 2021



**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

We have audited the City of Bristol, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Bristol, Virginia's major federal programs for the year ended June 30, 2021. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Bristol, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Bristol, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Bristol, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2021.

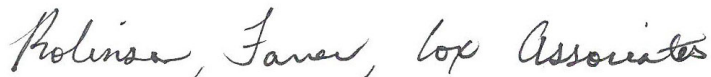
Report on Internal Control over Compliance

Management of the City of Bristol, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Bristol, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Bristol, Virginia's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Blacksburg, Virginia
November 21, 2021

City of Bristol, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
DEPARTMENT OF AGRICULTURE:				
Pass Through Payments:				
State Department of Social Services:				
SNAP Cluster:				
		0010120/0010121/003012 1/0040120/0040121/0050		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	120/0050121	\$ 465,203	
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Pass Through Payments:				
State Department of Social Services:				
Mary Lee Allen Promoting Safe and Stable Families	93.556	0950119/0950120	\$ 27,954	
Temporary Assistance for Needy Families	93.558	0400120/0400121	343,585	
Refugee and Entrant Assistance-State/Replacement Designee Administered Programs	93.566	0500120/0500121	732	
Low-Income Home Energy Assistance	93.568	0600420/0600421	50,804	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900120/0900121	154	
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760120/0760121	65,189	
Chafee Education and Training Vouchers Program	93.599	9160119/9160120	1,880	
Foster Care - Title IV-E	93.658	1110120/1110121	584,574	
Adoption Assistance	93.659	1120120/1120121	710,223	
Social Services Block Grant	93.667	1000120/1000121	452,171	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119/9150120	5,367	
Children's Health Insurance Program	93.767	0540120/054121	4,371	
Medicaid Cluster:				
Medical Assistance Program	93.778	1200120/1200121	347,229	
Total Department of Health and Human Services			\$ 2,594,233	
DEPARTMENT OF HOMELAND SECURITY:				
Pass Through Payments:				
State Department of Emergency Management:				
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	4512DRVAP00000001	\$ 3,252	
Assistance to Firefighters Grant	97.044	not available	404,025	
Homeland Security Grant Program	97.067	114373/116193	195,712	
Emergency Management Performance Grants	97.042	EMP-2020-EP-00005	12,558	
Total Department of Homeland Security			\$ 615,547	
DEPARTMENT OF TREASURY:				
Pass Through Payments:				
State Department of Accounts:				
COVID-19-Coronavirus Relief Fund	21.019	SLT0022	\$ 2,969,911	\$ 915,936
DEPARTMENT OF JUSTICE:				
Direct Payments:				
Equitable Sharing Program	16.922	not applicable	\$ 344,179	
Pass Through Payments:				
State Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	CJS5601701	\$ 80,340	
Violence Against Women Formula Grants	16.588	18WFAX0056	21,771	
Public Safety Partnership and Community Policing Grants	16.710	not available	79,020	
Total Department of Justice			\$ 525,310	
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Direct Payments:				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	not applicable	\$ 322,725	
DEPARTMENT OF TRANSPORTATION:				
Pass Through Payments:				
State Department of Rail and Transportation:				
Federal Transit Cluster:				
Federal Transit Formula Grants	20.507	not available	\$ 173,262	
Virginia Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	not available	594,052	
Department of Motor Vehickes:				
		154AL-2020-50375- 20375/154AL-2021-51417-		
Alcohol Open Container Requirements	20.607	21417	32,510	
Total Department of Transportation			\$ 799,824	

City of Bristol, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
ENVIRONMENTAL PROTECTION AGENCY:				
Pass through payments:				
Environmental Protection Agency				
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818		\$ 42,236	
APPALACHIAN REGIONAL COMMISSION:				
Direct Payments:				
Appalachian Area Development	23.002	not available	\$ 13,400	
Total Expenditures of Federal Awards			\$ 8,348,389	\$ 915,936

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, 2021. 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 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	\$ 8,132,813
Less: Equitable sharing program difference	(192,015)
Less: QSCB subsidy	(124,694)
Add: Interest revenue	2,197
Add: In-Kind VDOT revenue	4,934
Transit Fund	202,429
CDBG Fund	322,725

Total primary government \$ 8,348,389

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 8,348,389

City of Bristol, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**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>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Funds
97.044	Assistance to Firefighters Grant

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	No
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Section II - Financial Statement Findings**2021-001 - Material Weakness**

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, 2021

Section II - Financial Statement Findings (Continued)**2021-001 - 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.

City of Bristol, Virginia

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

Section I - Summary of Auditors' Results

2020-001 - 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 2020-001 was repeated in the current year as 2021-001.