

CITY OF BRISTOL, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2023

City of Bristol, Virginia
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023



The Finance Department is Responsible for Preparation of this Report

CITY OF BRISTOL, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

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INTRODUCTORY SECTION



City of Bristol, Virginia

November 28, 2023

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, 2023 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, 2023, 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 16,975.

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 boutique hotels further enrich the growing downtown community. Bristol has promoted tourism and retail development through the establishment of a Main Street district, a Tourism Zone, and an Arts and Entertainment district. The Smithsonian-affiliated Birthplace of Country Music Museum, a 24,000 square foot museum, is in the City's historic downtown district. These attractions are projected to continually increase the number of visitors in the downtown area.

Located adjacent to Interstate 81, Bristol, VA has three interchanges providing access to businesses, neighborhoods, industrial areas, and downtown. The City is currently working on development of a new destination retail center featuring 1.5 million square feet of commercial space at Exit 5 of I-81, in close proximity to Exit 7 which already is developed with retail, lodging, and restaurants. The former Bristol Mall facility has also been repurposed to open as Virginia's first casino, Bristol Casino, "Future Home of Hard Rock". Bristol Casino currently serves as a temporary casino and gaming floor while a permanent Hard Rock Hotel and Casino is constructed on the former mall property. The Hard Rock Hotel and Casino

project is set to include restaurant options, retail, convention facilities, and indoor and outdoor concert venues.

Despite the successful commercial development and new housing development over the last ten years, Bristol has significant community development needs. 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 \$43,879 with 17.7% of the population falling below the poverty level. The largest industry sectors forming the City's employment base are: Government (15%), Manufacturing (14.5%), Accommodation and Food Services (14.5%), and Retail Trade (12%).

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 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 2023, 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, 2022. This was the third consecutive year the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

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

Respectfully submitted,



Randall C. Eads
City Manager



Cameron Phillips
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Bristol
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

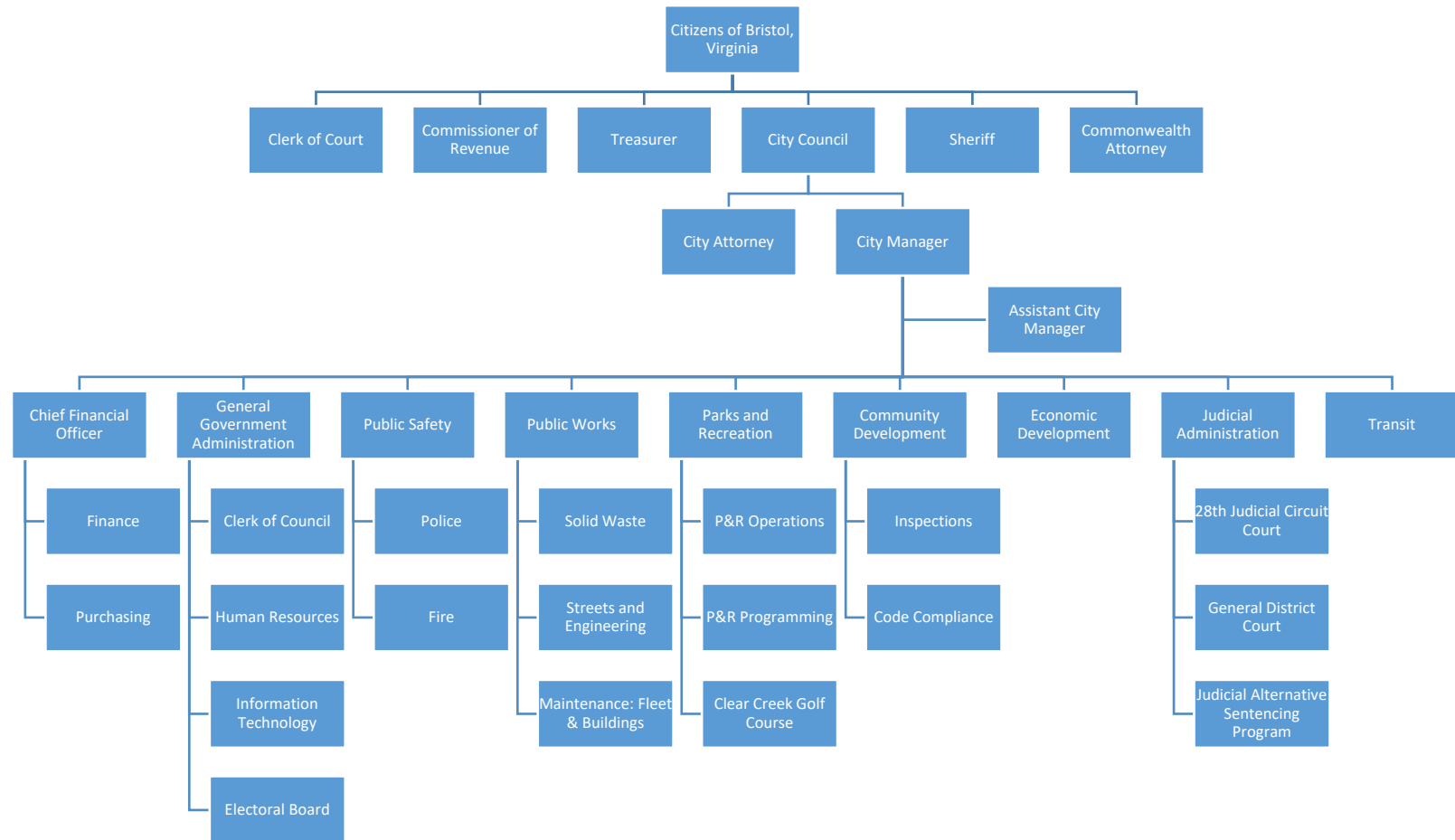
June 30, 2022

Christopher P. Morill

Executive Director/CEO



City of Bristol, Virginia Organization Chart



CITY OF BRISTOL, VIRGINIA
ELECTED AND APPOINTED OFFICIALS
AS OF NOVEMBER 28, 2023

MEMBERS OF CITY COUNCIL

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

CITY OFFICIALS

City Manager	Randall C. Eads
Assistant City Manager	Tamrya Spradlin
Chief Financial Officer	Cameron Phillips
City Attorney.....	Randall C. Eads
City Clerk.....	Tenille Montgomery
City Treasurer	Angel Britt
Commissioner of Revenue	Cloe-Eva Barker
Clerk of Circuit Court.....	Kelly L. Flannagan
City Sheriff	Tyrone Foster
Commonwealth Attorney	Jerry Wolfe

INDUSTRIAL DEVELOPMENT AUTHORITY BOARD

	Nike Esposito, Chair	
Jacqueline Nophlin, Vice Chair		Jan Huffman
Imanuel Morenings		Connor Selfe
Monica R. H. Shew		Carly Thompson

SOCIAL SERVICES BOARD

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

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bristol, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bristol, Virginia, as of and for the year ended June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Bristol, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinions.

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

The accompanying financial statements have been prepared assuming that the Bristol Industrial Development Authority (the IDA), a component unit of the City of Bristol, Virginia, will continue as a going concern. As discussed in Note 26 to the financial statements, the IDA did not make debt payments in accordance with the bond agreement and does not have sufficient funds available to make ongoing payments. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 26. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Emphasis of Matter - Discontinued Operations of the Landfill and Asset Impairment

As described in Note 23 to the financial statements, the City discontinued the operations of the landfill during fiscal year 2023. As a result, all balances of the solid waste fund were transferred to the general fund. In addition, capital assets related to the landfill have been determined to be impaired. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023, on our consideration of the City of Bristol, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Bristol, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bristol, Virginia's internal control over financial reporting and compliance.

Robinson, Fawcett, & Associates

Blacksburg, Virginia
November 28, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Bristol, Virginia (the City), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 through 4 of this report.

Financial Highlights

- The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at June 30, 2023 resulting in a negative net position of \$102.14 million, -\$102.47 million from governmental activities and \$328,972 from business-type activities. Of the total amount, \$13.01 million is invested in capital assets (*net of related debt*), \$852,646 is restricted for specific purposes and -\$116 million is unrestricted.
- The City's overall net position decreased by \$95.41 million during the fiscal year. Of this amount, a decrease of \$121.95 million is related to government activities and an increase of \$26.54 million is attributed to business-type activities. This is primarily due to the transfer of the Solid Waste Disposal Fund to the General Fund, as well as Solid Waste activity during the year. The Solid Waste Disposal Fund was previously reported as a business-type activity and proprietary fund. During fiscal year 2023, the City landfill ceased accepting waste and landfill operations were discontinued. All remaining balances of the Solid Waste Fund were transferred to the General Fund which resulted in a decrease in net position of \$26.35 million related to government activities and an increase in net position of \$26.35 million in business-type activities. The City's ending net position and current year decrease is also largely attributable to an increase of \$77.96 million related to the City's landfill closure and postclosure liability. The City landfill ceased accepting waste during fiscal year 2023 which requires the landfill closure and postclosure liability to be reported at 100% of estimated expenses per GASB 18. The total liability is currently estimated at \$90.82 million and is discussed in Note 17 to the financial statements. Additionally, the current year decrease in net position includes landfill assets with a net book value of \$11.62 million that have been deemed impaired and are no longer shown as capital assets. The landfill impairment is discussed in Note 23 to the financial statements.
- At June 30, 2023 the City's governmental funds reported combined fund balances of \$43.43 million, a current year decrease of \$14.15 million. Of this amount, \$1.81 million is nonspendable, \$13.58 million is restricted for specific purposes, \$4.71 million is committed, \$17,570 is assigned and \$23.31 million is unassigned and available for spending at the government's discretion. The current year overall decrease in fund balance is mostly attributable to a decrease in restricted fund balance of \$11.4 million due to funds expended for the construction of Virginia Intermediate School.
- At June 30, 2023 unassigned fund balance for the general fund was \$23.31 million, or 23% of total general fund expenditures. This is a \$3.26 million decrease from the prior year.
- The City's total outstanding long-term debt increased by \$76.9 million during the current fiscal year, due to the City's landfill closure and postclosure liability which increased \$77.96 million. General Obligation Bonds (bonded debt) decreased by \$3.2 million. Other Debt, which is comprised of capital loans and capital lease obligations, lease revenue notes, net pension liability, other post-employment benefits, and compensated absences, increased \$2.14 million.

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements include not only the City of Bristol, Virginia itself (known as the *primary government*), but also two legally separate entities for which the City is financially obligated, the Bristol, Virginia School Board (School Board) and the Industrial Development Authority (IDA). Financial information for these component units is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 25 through 26 of this report.

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

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

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

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

Previously, activities for the Solid Waste Disposal Fund were included in proprietary funds. During fiscal year 2023, landfill operations were discontinued and all remaining balances and activity for solid waste are now included in the General Fund.

The City adopts an annual appropriation budget for its general and CDBG funds. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 27 through 30 of this report.

Proprietary funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the transit fund. The solid waste fund was previously included in the City's proprietary funds but is now included in the general fund.

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for transit operations. The basic proprietary fund financial statements can be found on pages 31 through 33 of this report.

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

The City maintains one fiduciary fund. The Special Welfare Fund is used to report resources held in a custodial capacity for the department of social services to use for payments to social services clients. The basic fiduciary fund financial statements can be found on pages 34 through 35 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 36 through 97 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other post-employment benefits (OPEB) to its employees. Required supplementary information can be found on pages 98 through 109 of this report.

Government-Wide Overall Financial Analysis

Statement of Net Position

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City of Bristol, Virginia, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources resulting in a negative net position of \$102.14 million at the close of the most recent fiscal year.

The largest portion of the City's net position, \$13.01 million, reflects its investment in capital assets (e.g., land, buildings, equipment, vehicles and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Consequently, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City's net investment in capital assets increased 17.47 million during the current fiscal year due to the transfer of the Solid Waste Fund into the General Fund and the disposal of landfill assets deemed to be impaired. Debt that was previously related to the impaired assets and reported as net

investment in capital assets is now reported under unrestricted net position because the debt no longer has related assets.

An additional portion of the City's net position, \$.85 million, was restricted net position that represents resources subject to external restrictions on how they may be used. Restricted net position at June 30, 2023, included Asset Forfeiture Funds (\$199,889), Federal Revenue Sharing Funds (\$122,167), and Opioid Settlement Funds (\$530,590).

The remaining balance consists of unrestricted net position of -\$116 million that may be used to meet the government's ongoing obligations to its citizens and creditors. The City's unrestricted net position decreased \$113.42 million during the current fiscal year. This was primarily due to the transfer of the Solid Waste Fund to the General Fund, an increase in the City's landfill closure and postclosure liability of \$77.96 million, and landfill assets with a net book value of \$11.62 million that were deemed impaired and are no longer reported as capital assets.

The City's total net position decreased \$95.41 million from the previous year.

City of Bristol, Virginia's Net Position						
(in thousands 000's)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 74,080	\$ 83,440	\$ 471	\$ 5,232	\$ 74,551	\$ 88,672
Capital assets	96,754	85,507	251	17,329	97,005	102,836
Total assets	170,834	168,947	722	22,561	171,556	191,508
Total deferred outflows of resources	9,081	8,305	67	2,702	9,148	11,007
Long-term liabilities outstanding	245,311	118,676	326	49,999	245,637	168,675
Other liabilities	16,772	13,111	7	469	16,779	13,580
Total liabilities	262,083	131,787	333	50,468	262,416	182,255
Total deferred inflows of resources	20,298	25,985	127	1,006	20,425	26,991
Net position:						
Net investment in capital assets	12,757	11,961	251	(16,423)	13,008	(4,462)
Restricted	852	307	-	-	852	307
Unrestricted	(116,075)	7,212	78	(9,788)	(115,997)	(2,576)
Total net position	\$ (102,466)	\$ 19,480	\$ 329	\$ (26,211)	\$ (102,137)	\$ (6,731)

Statement of Activities

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

City of Bristol, Virginia						
Summary of Changes in Net Position						
(in thousands 000's)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 5,285	\$ 1,788	\$ 30	\$ 5,812	\$ 5,315	\$ 7,600
Operating grants & contributions	28,236	16,802	533	414	28,769	17,216
Capital grants & contributions	912	378	1	-	913	378
General revenues:						
Property taxes	20,022	19,195	-	-	20,022	19,195
Other taxes	19,316	17,285	-	-	19,316	17,285
Unrestricted grants and contributions	2,310	2,228	-	-	2,310	2,228
Other	4,002	1,395	9	22	4,011	1,417
Total revenues	80,083	59,071	573	6,248	80,656	65,319
Expenses:						
General government	6,095	3,249	-	-	6,095	3,249
Judicial administration	1,995	1,803	-	-	1,995	1,803
Public safety	15,541	13,621	-	-	15,541	13,621
Public works	110,699	8,203	-	-	110,699	8,203
Health and welfare	9,191	8,569	-	-	9,191	8,569
Education	7,665	6,829	-	-	7,665	6,829
Parks, recreation & cultural	3,063	2,609	-	-	3,063	2,609
Community development	4,811	4,358	-	-	4,811	4,358
Interest on long-term debt	4,928	3,481	-	-	4,928	3,481
Solid waste disposal	-	-	-	7,827	-	7,827
Transit	-	-	458	534	458	534
Total expenses	163,988	52,722	458	8,361	164,446	61,083
Increase (decrease) in net						
Position before transfers	(83,905)	6,349	115	(2,113)	(83,790)	4,236
Transfers	(26,425)	(1,962)	26,425	1,962	-	-
Extraordinary item - asset impairment	(11,616)	-	-	-	(11,616)	-
Increase (decrease) in net position	(121,946)	4,387	26,540	(151)	(95,406)	4,236
Net position, beginning	19,480	15,109	(26,211)	(26,092)	(6,731)	(10,983)
Prior period adjustment	-	(16)	-	32	-	16
Net position, ending	\$ (102,466)	\$ 19,480	\$ 329	\$ (26,211)	\$ (102,137)	\$ (6,731)

Governmental Activities-Statement of Activities-Overview

The City's governmental activities are comprised of the General Fund and the Community Development Block Grant Fund. The City's landfill stopped accepting waste during the fiscal year and the Solid Waste Disposal Fund is now included in the City's General Fund. Governmental activities decreased the City's net position by \$121.95 million

during the current fiscal year. This is primarily due to transfers of \$26.42 million (\$26.35 million of which is the transfer of the Solid Waste Fund into the General Fund), an extraordinary item of \$11.62 million related to impaired landfill assets, and current year expense of \$77.96 million related to the increased landfill closure and post closure care liability.

Revenue-Governmental Activities:

Revenues from governmental activities of \$80 million increased 36%, or \$21 million from FY2022. This increase in revenues is largely attributed to Solid Waste revenues that are now reported in the General Fund as well as federal funding for the American Rescue Plan Act that was recognized in fiscal year 2023.

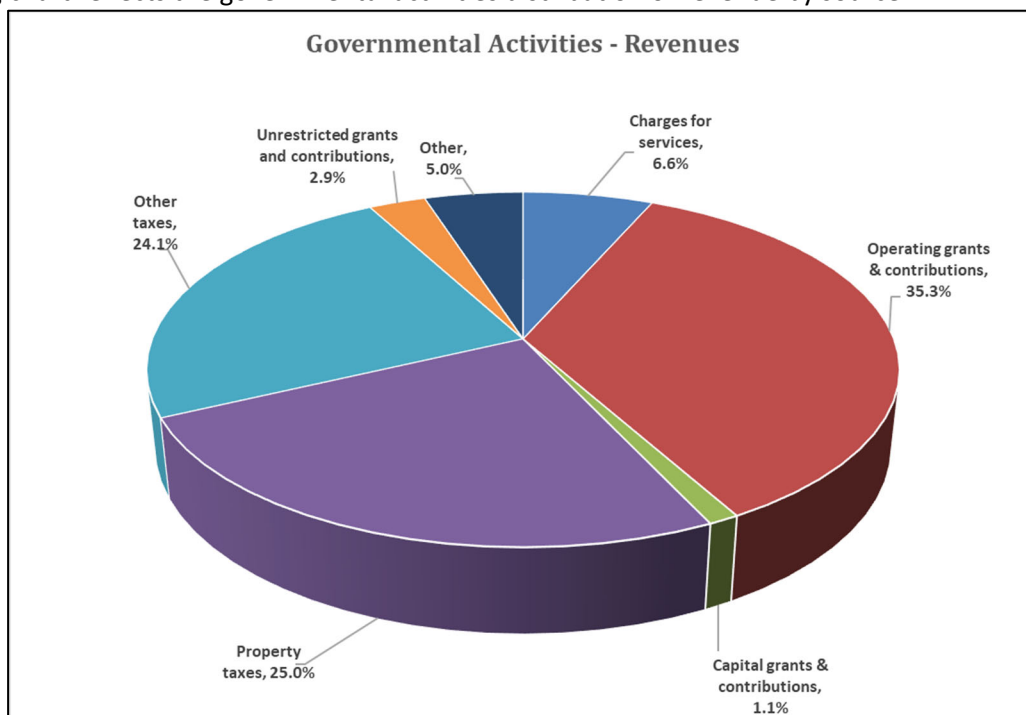
Program revenues increased \$15.46 million and includes the following revenues:

- Charges for services of \$5.28 million increased \$3.5 million due to solid waste revenues that are now included in governmental activities
- Operating grants and contributions totaled \$28.2 million and increased \$11.4 million, or 68%. This increase was primarily the result of \$9.4 million related to federal funding for the American Rescue Plan Act.
- Capital grants and contributions totaled \$911,598 and increased \$533,603.

General Revenues increased \$5.5 million and includes the following revenues:

- General property taxes of \$20 million increased \$0.8 million or 4%, primarily as a result of an increase to the real property tax rate for calendar year 2023. In FY2023, the real estate property tax rate was \$1.12 for December 5, 2022 collections and \$1.17 for June 5, 2023 collections. General property taxes are comprised mainly of real property and personal property.
- Other local taxes of \$19.3 million increased \$2 million or 12%. This increase was attributable to increases in local sales and use taxes, restaurant food taxes, and hotel and motel room taxes. Other local taxes are also comprised of revenues from consumer utility taxes, business licenses, bank stock taxes, cigarette taxes, and motor vehicle license taxes.
- Unrestricted grants and contributions totaled \$2.3 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:



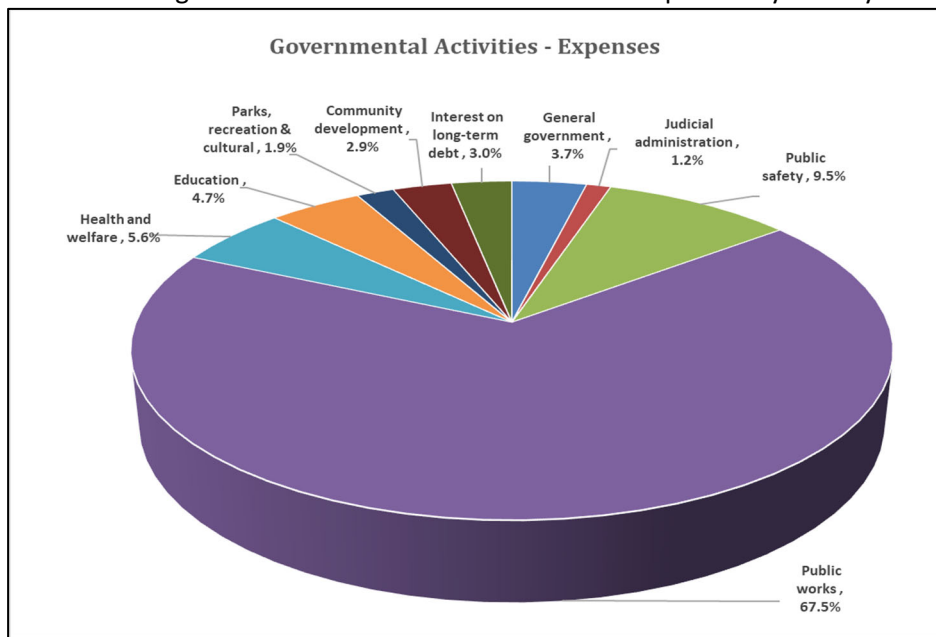
Expenses-Governmental Activities

Expenses for governmental activities totaled \$163.99 million and increased \$111.27 million from FY2022. This increase is primarily due to the transfer of the Solid Waste Fund into the General Fund, an increase of \$77.96 million related to the increased landfill closure and post closure care liability, and solid waste expenditures paid for from the federal American Rescue Plan Act funds.

Program expenses include the following expenses:

- General government expenses totaled \$6.1 million and increased \$2.8 million or 87.6% from prior year, due primarily to an increase in legal fees incurred related to litigation involving the solid waste activities.
- Judicial administration expenses totaled \$1.99 million and increased \$.19 million or 10.6%.
- Public safety expenses totaled \$15.5 million and increased \$1.9 million or 14.1%. Public safety is comprised of the police department, fire department, sheriff's department, payments to the regional jail authority, inspections, and animal control. The current year increase was partially due to equipment and vehicle purchases.
- Public works expenses totaled \$110.7 million and increased \$102.5 or 1249.5% from the prior year. This increase is attributed to the reporting of solid waste activities, previously reported in the Solid Waste Disposal Fund. Additionally, the current year expense for the City's landfill closure and post closure care increased significantly due the accompanying liability that is now reported at 100% of estimated expenses.
- Health and welfare expenses totaled \$9.19 million and increased \$.6 million or 7.3%.
- Education expenses totaled \$7.67 million and increased \$.8 million or 12.2% from prior year. This increase is due to additional local funding provided to Bristol Virginia Public Schools.
- Parks, Recreation, and Cultural expenses totaled \$3 million and increased \$.4 million or 17.4% from FY2022. This increase was due to equipment purchases, increased operational costs, and additional funding provided to the City library.
- Community development expenses totaled \$4.8 million and increased \$.4 million or 10.4%. This increase is attributed to economic incentives and tourism promotion programs.
- Interest expenses totaled \$4.9 million and increased \$1.4 million or 41.6% compared to FY2022. This increase is due to interest payments associated with the construction-in-progress of Virginia Intermediate School and the addition of solid waste debt payments with the transfer of the Solid Waste Fund into the General Fund.

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



Special Items-Governmental Activities:

Transfers decreased the Governmental Activities net position by \$26.42 million. This reduction is due to the reclassification of the reporting of solid waste activities from the Solid Waste Disposal Fund to the General Fund. This resulted in a net negative transfer of \$26.35 million. Governmental activities reported \$70,349 in transfers to the business-type activities to support the operations of the Transit fund. Additionally, assets with a net book value of \$11.62 million have been deemed impaired because the City landfill has ceased accepting waste. The impairment is shown as an extraordinary item on the Statement of Activities because it was unusual in nature and out of the City's control. The landfill impairment is discussed in further detail in Note 23 to the financial statements.

Business-Type Activities-Statement of Activities-Overview

The City's business-type activities consist of the Transit Fund. Activities from the Solid Waste Disposal Fund, previously shown as a business-type activity, are now included in governmental activities. Business-type activities reported a positive change in net position of \$26.5 million during the current fiscal year. Of this amount, \$26.35 is due to the transfer of the Solid Waste Fund into governmental activities. The Transit Fund reported an ending net position of \$328,972.

Revenue-Business-Type Activities:

The Transit Fund's revenues totaled \$572,850 and consisted of charges for services (\$30,257), operating grants and contributions (\$532,717), capital grants and contributions (\$1,102), and miscellaneous revenues (\$8,774). Total revenues increased \$113,144 or 25%. This was primarily due to intergovernmental revenues which increased \$118,603.

Expenses-Business-Type Activities:

The Transit Fund reported total expenses of \$457,443, a decrease of \$76,677 or 14% from the prior year. This decrease is due to lower personnel costs relative to staff turnover and position vacancies.

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

The assets and deferred outflows of the School Board exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$10,530,689 (net position). Of this amount, (\$18,092,631) 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 \$11,342,277. The increase is attributable to the influx of federal funding received in response to fighting the global coronavirus pandemic and the resulting new equipment and building improvements, the construction-in-progress of Virginia Intermediate School and the completion of a significant Energy Performance Contract. 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, 2023 of -\$15.4 million. The IDA had assets of \$15.8 million, mainly comprised of capital assets, related to the Falls project. Total liabilities at June 30, 2023 were \$31.2 million. The IDA had \$30.4 million of revenue bond debt at June 30, 2023, related to the Falls project. The change in net position for FY23 was a decrease of \$993,364.

Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$43.4 million, a current year decrease of \$14.1 million. Approximately 54% of this total amount, \$23.3 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 (\$1.8 million), 2) restricted for a particular purpose (\$13.58 million), 3) committed by the appropriating body (4.7 million), or 4) assigned for a particular purpose (\$17,570).

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 \$23.3 million, while total fund balance was \$43.4 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 23% of the total general fund expenditures, while total fund balance represents 44% of the same amount for FY2023.

The total fund balance of the City's general fund decreased by \$14.1 million during the current fiscal year. This was primarily due to a reduction in restricted fund balance of \$11.4 million. This current year decrease in restricted fund balance was related to capital funds expended toward the construction of Virginia Intermediate School.

General fund revenues totaled \$79.97 million and increased \$21.2 million or 36% from FY2022. This increase is primarily due to revenues previously reported in the Solid Waste Disposal Fund that are now reported in the General Fund and federal revenues from the American Rescue Plan Act (ARPA). General property taxes total \$19.8 million and increased by 5% in FY2023. Local taxes including local sales taxes, restaurant/meal taxes, lodging taxes and business license taxes totaled \$19.3 million and increased by 11.75% as compared to last year, due primarily to an increase in local sales and use tax and restaurant meal taxes. Funding from the Commonwealth of Virginia and the Federal Government funding totaled \$31.1 million and increased \$12 million or 62.74%. This increase was primarily due to \$9.4 million of federal ARPA funding expended in FY23.

General fund expenditures totaled \$99.4 million and increased by \$45.75 million. General government expenditures totaled \$6.28 million and increased \$2.67 million primarily due to increased legal fees incurred. Public Safety expenditures increased \$1.9 compared to the prior year and totaled \$16.49 million for FY2023. This increase is primarily due to equipment and vehicle purchases and increased operational costs. Public works expenditures totaled \$28.3 million, an increase of \$22.48 million due to solid waste expenditures reported in the General Fund beginning in FY2023, and expenditures related to federal ARPA funding. Capital Projects totaled \$12.06 million, an increase of \$11.77 million due to expenditures related to the construction of Virginia Intermediate School.

Governmental Funds-CDBG

The Community Development Block Grant Fund (CDBG) is a non-major governmental fund. As of June 30, 2023, the CDBG fund had a fund balance of zero. All expenditures of the fund are reimbursed by the federal government.

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

Proprietary Funds-Transit Fund

Net position of the Transit Fund totaled \$328,972. The Transit Fund had an operating loss of \$418,412, 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 \$185,756, due primarily to increased intergovernmental revenues and reduced personnel costs related to staff turnover and position vacancies.

General Fund Budgetary Highlights

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

City of Bristol, Virginia General Fund-Budget Comparison For Fiscal Year Ending June 30, 2023 (in thousands 000's)					
	Original Budget	Amended Budget	Budget Increase/ (Decrease)	Actual	Variance Actual vs. Amended
Revenues					
Taxes	\$ 34,561	\$ 34,853	\$ 292	\$ 39,163	\$ 4,310
Intergovernmental	35,676	35,878	202	31,115	(4,763)
Other	9,080	9,426	\$ 346	9,687	261
Total Revenues	\$ 79,317	\$ 80,157	\$ 840	\$ 79,965	\$ (192)
Expenditures					
Expenditures	\$ 76,545	\$ 100,095	\$ 23,550	\$ 89,828	\$ 10,267
Debt Service	6,971	6,971	\$ -	9,570	(2,599)
Total Expenditures	\$ 83,516	\$ 107,066	\$ 23,550	\$ 99,398	\$ 7,668
Other Financing Sources (Uses)					
Transfers	\$ (70)	\$ (70)	\$ -	\$ 4,590	\$ 4,660
Other	167	171	\$ 4	693	522
Total Other Financing Sources	\$ 97	\$ 101	\$ 4	\$ 5,283	\$ 5,182
Change in Fund Balance	\$ (4,102)	\$ (26,808)	\$ (22,706)	\$ (14,150)	\$ 12,658

The difference between the original budget and the final amended budget was approximately an increase of \$23.55 million in revenues, expenditures, other financing sources (uses), and changes in fund balance, or 28% of the original budget.

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

- \$16.5 million for projects and services related to odor mitigation and remediation of the City's landfill
- \$3.6 million for legal fees incurred by the City related to lawsuits involving the City landfill
- \$1.37 million for road projects and highway maintenance expenditures
- \$853,237 for prior year carryover items where the revenue was received or available in the prior year

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

- Appropriated public works expenditures, primarily related to services and projects for odor mitigation and remediation of the City's landfill, resulted in a budget variance of \$10.6 million due to the timing of expenditures related to those projects.
- Appropriated public safety expenditures, related to the timing of grant expenditures, personnel vacancies, and the timing of capital expenditures, exceeded actual expenditures by \$2.48 million.
- Capital projects expenditures, related to the construction of Virginia Intermediate School, exceeded appropriations by \$4.7 million as these expenditures are paid through the IDA and were not budgeted by the City in FY2023.

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, 2023 totaled \$97 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, equipment, vehicles, infrastructure, library assets and construction in progress.

City of Bristol, Virginia Capital Assets Net of Depreciation (in thousands 000's)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Land and Improvements	\$ 18,437	\$ 17,875	\$ -	\$ 802	\$ 18,437	\$ 18,677
Construction in Progress	12,867	1,059	-	513	12,867	1,572
Buildings and Improvements	16,149	16,336	411	411	16,560	16,747
Machinery and Equipment	20,584	14,620	483	8,052	21,067	22,672
Library Assets	7,198	7,198	-	-	7,198	7,198
Infrastructure	125,153	124,805	-	2,962	125,153	127,767
Plant	1,257	-	-	1,239	1,257	1,239
Land Development Costs	480	480	-	35,457	480	35,937
Accumulated Depreciation	(108,165)	(99,572)	(643)	(32,930)	(108,808)	(132,502)
Subtotal	93,960	82,801	251	16,506	94,211	99,307
Buildings and Improvements Leased	1,748	1,747	-	-	1,748	1,747
Machinery and Equipment Leased	1,755	1,284	-	-	1,755	1,284
Infrastructure Leased	-	-	-	975	-	975
Plant Leased	50	-	-	50	50	50
Accumulated Amortization	(759)	(324)	-	(203)	(759)	(527)
Subtotal Lease Assets	2,794	2,707	-	822	2,794	3,529
Total	\$ 96,754	\$ 85,508	\$ 251	\$ 17,328	\$ 97,005	\$ 102,836

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

- Additions to capital assets totaled \$13.5 million, and included \$11.2 million for the construction of Virginia Intermediate School. This asset is reported as construction in progress at June 30, 2023.
- Other significant additions include \$357,055 for public safety vehicles and equipment, and a lease of \$235,283 for golf carts
- Decreases to capital assets totaled \$41.8 million. This decrease included assets with an original cost of \$39.7 million deemed to be impaired due to the discontinued operations of the City landfill. The net book value of the impaired assets was \$11.62 million. The asset impairment is discussed in further detail in Note 23 of

the financial statements. The current year decrease in capital assets also included \$383,236 of construction in progress assets that were placed into service during the fiscal year. These assets consist of a completed road construction project and an information technology network redesign project.

- Total accumulated depreciation and amortization for FY2023 was \$109.5 million, with current year expense totaling \$6.2 million.

Additional information on the City's capital assets can be found in Note 16 on pages 86 through 89 of this report.

Debt Administration-Long-Term Debt

At the end of the current fiscal year, the City had total debt outstanding of \$245.3 million. Of this amount, \$102.2 million represents general obligation bonded debt backed by the full faith and credit of the government.

City of Bristol, Virginia Long-Term Debt Obligations As of June 30, 2022 and 2023 (in thousands 000's)						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General Obligations						
General Obligation Bonds	\$ 102,224	\$ 71,222	\$ -	\$ 34,191	\$ 102,224	\$ 105,413
Bond Premiums	-	-	-	7	-	7
Total	\$ 102,224	\$ 71,222	\$ -	\$ 34,198	\$ 102,224	\$ 105,420
Other Long-Term Debt						
Loans Payable	\$ 1,250	\$ 630	\$ -	\$ 1,049	\$ 1,250	\$ 1,679
Lease Revenue Note	24,520	24,520	-	-	24,520	24,520
Unamortized Premium	433	497	-	-	433	497
Capital Lease Obligations	2,800	2,722	-	813	2,800	3,535
Net Pension Liability	15,220	10,218	-	562	15,220	10,780
Other Post Employment Benefits	6,184	6,874	-	168	6,184	7,042
Compensated Absences	1,864	1,644	-	86	1,864	1,730
Revenue Sharing Agreement	-	350	-	-	-	350
Landfill Postclosure Liability	90,816	-	-	12,860	90,816	12,860
Total	\$ 143,087	\$ 47,455	\$ -	\$ 15,538	\$ 143,087	\$ 62,993
Total Long-Term Debt	<u>\$ 245,311</u>	<u>\$ 118,677</u>	<u>\$ -</u>	<u>\$ 49,736</u>	<u>\$ 245,311</u>	<u>\$ 168,413</u>

The following is a summary of the City's long-term liabilities in FY2023.

- The City's total bonded debt decreased by \$3.2 million during the fiscal year
- Other long-term debt totaled \$143.1 million and increased by \$80.1 million during the fiscal year. Other long-term debt is comprised of debt not bonded, notes payable, lease revenue notes, capital lease obligations, landfill postclosure liability, and compensated absences. The current year increase is primarily due to an increase of \$77.96 million in the landfill postclosure liability as a result of the City's cessation of waste at the landfill. The landfill postclosure liability at June 30, 2023 is reported at 100% of estimated expenses.
- GASB 68-Accounting and Financial Reporting for Pensions requires state and local governments to record pension liability and expenditures. The net pension liability as of June 30, 2023 was \$15.2 million.

- The City maintains the state's intercept rating of Aa1 from Moody's for general obligation debt. The underlying rating for the City is A2 from Moody's and A+ for Standard and Poor's.

Additional information on the City's long-term debt can be found in Note 10 on pages 55 through 60 of this report.

Economic Factors and Next Year's Budget and Rates

- The State's first full-scale casino opened in the City in July 2022 and will play a role in providing casino tax revenues to fourteen (14) Southwest Virginia localities, including Bristol, Virginia. Revenue distributions will impact the City's budget development for FY 2024-25, as economic impacts are realized in the 2023-2024 fiscal year and are expected to increase in future years.
- The "Falls" project, which is a 1.5 million square foot "Commercial Development of Regional Impact," will continue to be an economic factor for the City. Phase I is nearly complete, with development continuing on Phases 2 and 3.
- The impact of the landfill closure and the related projects will affect current and future budgets. The amount of such future costs is presently unknown and could be significant.

Requests for Information

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

Basic Financial Statements

City of Bristol, Virginia
Statement of Net Position
June 30, 2023

	Primary Government			Component Units	
	Governmental	Business-type	Total	School Board	IDA
	Activities	Activities			
ASSETS					
Cash and cash equivalents	\$ 36,183,808	\$ 254,164	\$ 36,437,972	\$ 3,204,522	\$ 4,075
Receivables (net of allowance for uncollectibles):					
Taxes receivable	14,402,193	-	14,402,193	-	-
Accounts receivable	2,423,363	10,190	2,433,553	70,768	-
Due from other governmental units	4,486,849	203,019	4,689,868	4,346,302	-
Due from primary government	-	-	-	-	690,885
Inventories	128,420	-	128,420	76,302	-
Prepaid items	1,684,277	3,284	1,687,561	27,961	-
Restricted assets:					
Cash and cash equivalents	337,460	-	337,460	2,810,426	736,633
Investments	14,434,030	-	14,434,030	-	541,041
Capital assets:					
Capital assets, not being depreciated/amortized	31,303,672	-	31,303,672	3,523,805	641,126
Capital assets, net of accumulated depreciation/amortization	65,449,707	251,317	65,701,024	23,234,286	13,213,546
Total assets	\$ 170,833,779	\$ 721,974	\$ 171,555,753	\$ 37,294,372	\$ 15,827,306
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding, net	\$ 3,359,823	\$ -	\$ 3,359,823	\$ -	\$ -
Pension related items	3,618,913	57,385	3,676,298	4,459,587	-
OPEB related items	2,101,820	9,641	2,111,461	765,792	-
Total deferred outflows of resources	\$ 9,080,556	\$ 67,026	\$ 9,147,582	\$ 5,225,379	\$ -
LIABILITIES					
Accounts payable	\$ 10,951,107	\$ 3,112	\$ 10,954,219	\$ 2,069,090	\$ 139,486
Wages payable	336,209	4,166	340,375	1,946,153	-
Retainage payable	1,457,438	-	1,457,438	-	-
Accrued interest payable	1,602,733	-	1,602,733	20,967	662,399
Due to component unit	690,885	-	690,885	-	-
Unearned revenue	1,733,623	-	1,733,623	5,862	-
Long-term liabilities:					
Due within one year	6,121,027	24,008	6,145,035	756,724	165,000
Due in more than one year	239,189,725	301,558	239,491,283	22,118,439	30,275,000
Total liabilities	\$ 262,082,747	\$ 332,844	\$ 262,415,591	\$ 26,917,235	\$ 31,241,885
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-property taxes	\$ 12,934,813	\$ -	\$ 12,934,813	\$ -	\$ -
Pension related items	4,927,164	113,977	5,041,141	3,775,265	-
OPEB related items	2,435,416	13,207	2,448,623	1,296,562	-
Total deferred inflows of resources	\$ 20,297,393	\$ 127,184	\$ 20,424,577	\$ 5,071,827	\$ -
NET POSITION					
Net investment in capital assets	\$ 12,756,506	\$ 251,317	\$ 13,007,823	\$ 22,394,243	\$ (16,585,328)
Restricted					
Capital projects	-	-	-	3,154,632	-
Federal sharing	122,167	-	122,167	-	-
School cafeterias	-	-	-	1,086,210	-
Asset forfeiture	199,889	-	199,889	-	-
Opioid settlement fund	530,590	-	530,590	-	-
Grants	-	-	-	1,988,235	-
Unrestricted (deficit)	(116,074,957)	77,655	(115,997,302)	(18,092,631)	1,170,749
Total net position	\$ (102,465,805)	\$ 328,972	\$ (102,136,833)	\$ 10,530,689	\$ (15,414,579)

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, 2023

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			
					Governmental Activities	Business-type Activities	Total	Component Units
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 6,095,078	\$ -	\$ 303,982	\$ -	\$ (5,791,096)	\$ -	\$ (5,791,096)	\$ -
Judicial administration	1,995,047	42,431	1,071,520	-	(881,096)	-	(881,096)	-
Public safety	15,541,051	795,154	3,452,281	911,598	(10,382,018)	-	(10,382,018)	-
Public works	110,699,012	3,390,247	15,019,098	-	(92,289,667)	-	(92,289,667)	-
Health and welfare	9,190,991	-	7,825,616	-	(1,365,375)	-	(1,365,375)	-
Education	7,665,250	-	-	-	(7,665,250)	-	(7,665,250)	-
Parks, recreation, and cultural	3,063,155	1,051,627	-	-	(2,011,528)	-	(2,011,528)	-
Community development	4,810,400	5,619	435,247	-	(4,369,534)	-	(4,369,534)	-
Interest	4,927,463	-	127,832	-	(4,799,631)	-	(4,799,631)	-
Total governmental activities	\$ 163,987,447	\$ 5,285,078	\$ 28,235,576	\$ 911,598	\$ (129,555,195)	\$ -	\$ (129,555,195)	\$ -
Business-type activities:								
Solid waste	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transit Fund	457,443	30,257	532,717	1,102	-	106,633	106,633	-
Total business-type activities	\$ 457,443	\$ 30,257	\$ 532,717	\$ 1,102	\$ -	\$ 106,633	\$ 106,633	\$ -
Total primary government	\$ 164,444,890	\$ 5,315,335	\$ 28,768,293	\$ 912,700	\$ (129,555,195)	\$ 106,633	\$ (129,448,562)	\$ -
COMPONENT UNITS:								
School Board	\$ 34,822,784	\$ 87,653	\$ 30,083,237	\$ 3,838,282	\$ -	\$ -	\$ -	\$ (813,612)
IDA	4,198,760	-	-	-	-	-	-	(4,198,760)
Total component units	\$ 39,021,544	\$ 87,653	\$ 30,083,237	\$ 3,838,282	\$ -	\$ -	\$ -	\$ (813,612)
General revenues:								
General property taxes		\$ 20,021,642	\$ -	\$ -	\$ 20,021,642	\$ -	\$ -	\$ -
Other local taxes:								
Local sales and use taxes		6,054,087	-	-	6,054,087	3,559,202	-	-
Consumers' utility taxes		182,752	-	-	182,752	-	-	-
Business license taxes		1,748,226	-	-	1,748,226	-	-	-
Motor vehicle taxes		229,111	-	-	229,111	-	-	-
Restaurant food taxes		7,833,252	-	-	7,833,252	-	-	-
Bank stock taxes		314,223	-	-	314,223	-	-	-
Hotel and motel room taxes		2,128,672	-	-	2,128,672	-	-	-
Tobacco taxes		392,983	-	-	392,983	-	-	-
Other local taxes		433,433	-	-	433,433	-	-	-
Unrestricted revenues from the use of money and property		1,977,007	-	-	1,977,007	81,850	21,540	-
Miscellaneous		1,860,910	-	-	1,869,684	1,112,912	-	-
Contributions from the City of Bristol, Virginia		-	-	-	-	7,401,925	3,183,856	-
Grants and contributions not restricted to specific programs		2,309,827	-	-	2,309,827	-	-	-
Gain on disposal of surplus equipment		164,079	-	-	164,079	-	-	-
Transfers		(26,424,496)	-	-	(26,424,496)	-	-	-
Total general revenues and transfers		\$ 19,225,308	\$ 26,433,270	\$ -	\$ 45,658,578	\$ 12,155,889	\$ 3,205,396	-
Extraordinary item - asset impairment		\$ (11,615,438)	\$ -	\$ -	\$ (11,615,438)	\$ -	\$ -	-
Change in net position		\$ (121,945,325)	\$ 26,539,903	\$ -	\$ (95,405,422)	\$ 11,342,277	\$ (993,364)	-
Net position - beginning		\$ 19,479,520	\$ (26,210,931)	\$ -	\$ (6,731,411)	\$ (81,588)	\$ (14,421,215)	-
Net position - ending		\$ (102,465,805)	\$ 328,972	\$ (102,136,833)	\$ 10,530,689	\$ (15,414,579)	\$ -	-

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

City of Bristol, Virginia
Balance Sheet
Governmental Funds
June 30, 2023

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 36,183,808	\$ -	\$ 36,183,808
Receivables (net of allowance for uncollectibles):			
Taxes receivable	14,402,193	-	14,402,193
Accounts receivable	2,423,363	-	2,423,363
Due from other funds	11,707	-	11,707
Due from other governmental units	4,462,545	24,304	4,486,849
Inventories	128,420	-	128,420
Prepaid items	1,684,277	-	1,684,277
Restricted assets:			
Cash and cash equivalents	337,460	-	337,460
Investments	14,434,030	-	14,434,030
Total assets	<u>\$ 74,067,803</u>	<u>\$ 24,304</u>	<u>\$ 74,092,107</u>
LIABILITIES			
Accounts payable	\$ 10,938,510	\$ 12,597	\$ 10,951,107
Accrued wages	336,209	-	336,209
Retainage payable	1,457,438	-	1,457,438
Due to other funds	-	11,707	11,707
Due to component unit	690,885	-	690,885
Unearned revenue	2,533,623	-	2,533,623
Total liabilities	<u>\$ 15,956,665</u>	<u>\$ 24,304</u>	<u>\$ 15,980,969</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	\$ 14,295,951	\$ -	\$ 14,295,951
Unavailable revenue-opioid	382,674	-	382,674
Total deferred inflows of resources	<u>\$ 14,678,625</u>	<u>\$ -</u>	<u>\$ 14,678,625</u>
FUND BALANCES			
Nonspendable	\$ 1,812,697	\$ -	\$ 1,812,697
Restricted	13,583,183	-	13,583,183
Committed	4,708,341	-	4,708,341
Assigned	17,570	-	17,570
Unassigned	23,310,722	-	23,310,722
Total fund balances	<u>\$ 43,432,513</u>	<u>\$ -</u>	<u>\$ 43,432,513</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 74,067,803</u>	<u>\$ 24,304</u>	<u>\$ 74,092,107</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, 2023

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	43,432,513
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets not being depreciated/amortized	\$	31,303,672
Capital assets being depreciation/amortized		174,373,279
Accumulated depreciation/amortization		<u>(108,923,572)</u>
		96,753,379
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unavailable revenue-property taxes	\$	1,361,138
Unavailable revenue-note receivable		800,000
Unavailable revenue-opioid settlement		<u>382,674</u>
		2,543,812
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Deferred charge on refunding	\$	3,359,823
Pension related items		3,618,913
OPEB related items		<u>2,101,820</u>
		9,080,556
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	\$	(102,224,000)
Lease revenue note		(24,520,000)
Lease liabilities		(2,800,200)
Loans payable		(1,250,358)
Accrued interest payable		(1,602,733)
Unamortized bond premium		(433,073)
Landfill closure and postclosure liability		(90,816,109)
Compensated absences		(1,863,493)
Net OPEB liabilities		(6,183,648)
Net pension liability		<u>(15,219,871)</u>
		(246,913,485)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(4,927,164)
OPEB related items		<u>(2,435,416)</u>
		(7,362,580)
Net position of governmental activities	\$	<u><u>(102,465,805)</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, 2023

	<u>General</u>	Other Governmental <u>Fund</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 19,846,694	\$ -	\$ 19,846,694
Other local taxes	19,316,339	-	19,316,339
Permits, privilege fees, and regulatory licenses	198,733	-	198,733
Fines and forfeitures	206,445	-	206,445
Revenue from the use of money and property	1,957,007	-	1,957,007
Charges for services	4,879,900	-	4,879,900
Miscellaneous	1,478,236	-	1,478,236
Recovered costs	967,018	-	967,018
Intergovernmental	31,114,777	342,224	31,457,001
Total revenues	<u>\$ 79,965,149</u>	<u>\$ 342,224</u>	<u>\$ 80,307,373</u>
EXPENDITURES			
Current:			
General government administration	\$ 6,283,698	\$ -	\$ 6,283,698
Judicial administration	2,069,127	-	2,069,127
Public safety	16,491,477	-	16,491,477
Public works	28,334,636	-	28,334,636
Health and welfare	9,373,677	-	9,373,677
Education	7,462,750	-	7,462,750
Parks, recreation, and cultural	3,181,829	-	3,181,829
Community development	4,565,716	342,224	4,907,940
Capital projects	12,064,823	-	12,064,823
Debt service:			
Principal retirement	4,937,605	-	4,937,605
Interest and other fiscal charges	4,631,049	-	4,631,049
Bond issuance costs	1,477	-	1,477
Total expenditures	<u>\$ 99,397,864</u>	<u>\$ 342,224</u>	<u>\$ 99,740,088</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (19,432,715)</u>	<u>\$ -</u>	<u>\$ (19,432,715)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 4,660,399	\$ -	\$ 4,660,399
Transfers out	(70,349)	-	(70,349)
Issuance of lease liabilities	235,283	-	235,283
Sale of capital assets	457,987	-	457,987
Total other financing sources (uses)	<u>\$ 5,283,320</u>	<u>\$ -</u>	<u>\$ 5,283,320</u>
Net change in fund balances	\$ (14,149,395)	\$ -	\$ (14,149,395)
Fund balances - beginning	57,581,908	-	57,581,908
Fund balances - ending	<u>\$ 43,432,513</u>	<u>\$ -</u>	<u>\$ 43,432,513</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, 2023

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

Net change in fund balances - total governmental funds	\$	(14,149,395)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the detail of items supporting this adjustment:

Capital outlays	\$ 13,066,890	
Depreciation/amortization expense	<u>(6,126,600)</u>	6,940,290

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

Transfer of asset to the Transit fund (net)	\$ (1,102)	
Reversion of capital assets to the School Board (net)	(142,500)	
Disposal of assets (net)	(968,117)	
Asset impairment	<u>(11,615,438)</u>	(12,727,157)

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

Property taxes	\$ 174,948	
Notes receivable	20,000	
Opioid settlement receivable	<u>382,674</u>	577,622

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

Debt issued or incurred:		
Issuance of lease liabilities	\$ (235,283)	
Principal repayments:		
General obligation bonds	3,189,500	
Lease liabilities	969,231	
Loans payable	428,874	
Revenue sharing agreement (Washington County)	350,000	
Decrease (increase) in estimated liability		
Landfill closure and postclosure liability	<u>(77,956,478)</u>	(73,254,156)

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	\$ (133,054)	
Change in accrued interest payable	(43,506)	
Amortization of deferred amount on refunding	(322,045)	
Amortization of bond premium	70,614	
Change in pension related items	1,959,898	
Change in OPEB related items	<u>150,110</u>	1,682,017

Transfer to the solid waste fund business-type activities		(31,014,546)
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Change in net position of governmental activities	\$	<u>(121,945,325)</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, 2023

	Enterprise Funds		
	Solid Waste Fund	Transit Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 254,164	\$ 254,164
Accounts receivable, net of allowance for uncollectibles	-	10,190	10,190
Due from other governmental units	-	203,019	203,019
Prepaid items	-	3,284	3,284
Total current assets	\$ -	\$ 470,657	\$ 470,657
Noncurrent assets:			
Capital assets:			
Capital assets, net of accumulated depreciation/amortization	\$ -	\$ 251,317	\$ 251,317
Total capital assets	\$ -	\$ 251,317	\$ 251,317
Total noncurrent assets	\$ -	\$ 251,317	\$ 251,317
Total assets	\$ -	\$ 721,974	\$ 721,974
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ -	\$ 57,385	\$ 57,385
OPEB related items	-	9,641	9,641
Total deferred outflows of resources	\$ -	\$ 67,026	\$ 67,026
LIABILITIES			
Current liabilities:			
Accounts payable	\$ -	\$ 3,112	\$ 3,112
Accrued payroll	-	4,166	4,166
Compensated absences - current portion	-	24,008	24,008
Total current liabilities	\$ -	\$ 31,286	\$ 31,286
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ -	\$ 8,003	\$ 8,003
Net OPEB liabilities	-	43,084	43,084
Net pension liability	-	250,471	250,471
Total noncurrent liabilities	\$ -	\$ 301,558	\$ 301,558
Total liabilities	\$ -	\$ 332,844	\$ 332,844
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ -	\$ 113,977	\$ 113,977
OPEB related items	-	13,207	13,207
Total deferred inflows of resources	\$ -	\$ 127,184	\$ 127,184
NET POSITION			
Investment in capital assets	\$ -	\$ 251,317	\$ 251,317
Unrestricted	-	77,655	77,655
Total net position	\$ -	\$ 328,972	\$ 328,972

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, 2023

	Enterprise Funds		
	Solid Waste Fund	Transit Fund	Total
OPERATING REVENUES			
Charges for service	\$ -	\$ 30,257	\$ 30,257
Miscellaneous	-	8,774	8,774
Total operating revenues	\$ -	\$ 39,031	\$ 39,031
OPERATING EXPENSES			
Transit Operational Expenses:			
Salaries and fringes	\$ -	\$ 296,569	\$ 296,569
Professional services	-	12,450	12,450
Materials and supplies	-	11,107	11,107
Maintenance and repairs	-	81,395	81,395
Other	-	10,393	10,393
Depreciation and amortization	-	45,529	45,529
Total operating expenses	\$ -	\$ 457,443	\$ 457,443
Operating income (loss)	\$ -	\$ (418,412)	\$ (418,412)
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	\$ -	\$ 532,717	\$ 532,717
Total nonoperating revenues (expenses)	\$ -	\$ 532,717	\$ 532,717
Income before capital contributions and transfers	\$ -	\$ 114,305	\$ 114,305
Capital contributions	-	1,102	1,102
Transfers in	31,014,546	70,349	31,084,895
Transfers out	(4,660,399)	-	(4,660,399)
Change in net position	\$ 26,354,147	\$ 185,756	\$ 26,539,903
Net position - beginning	(26,354,147)	143,216	(26,210,931)
Net position - ending	\$ -	\$ 328,972	\$ 328,972

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, 2023

	Enterprise Funds		
	Solid Waste Fund	Transit Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 664,971	\$ 66,678	\$ 731,649
Payments to suppliers	(262,539)	(112,737)	(375,276)
Payments to employees	(2,563)	(355,352)	(357,915)
Net cash provided by (used for) by operating activities	\$ 399,869	\$ (401,411)	\$ (1,542)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	\$ -	\$ 70,349	\$ 70,349
State and federal funds	-	376,790	376,790
Transfers to other funds	(4,660,399)	-	(4,660,399)
Net cash provided by (used for) by noncapital financing activities	\$ (4,660,399)	\$ 447,139	\$ (4,213,260)
Net increase (decrease) in cash and cash equivalents	\$ (4,260,530)	\$ 45,728	\$ (4,214,802)
Cash and cash equivalents - beginning	4,260,530	208,436	4,468,966
Cash and cash equivalents - ending	\$ -	\$ 254,164	\$ 254,164
Reconciliation of operating income (loss) to net cash provided by (used for) by operating activities:			
Operating income (loss)	\$ -	\$ (418,412)	\$ (418,412)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	\$ -	\$ 45,529	\$ 45,529
Increase (decrease) in pension related items	-	(46,163)	(46,163)
Increase (decrease) in OPEB related items	-	(9,422)	(9,422)
(Increase) decrease in accounts receivable	664,971	27,647	692,618
(Increase) decrease in prepaid items	10,366	(27)	10,339
Increase (decrease) in operating payables	(272,905)	2,635	(270,270)
Increase (decrease) in salaries and wages payable	(2,563)	3,523	960
Increase (decrease) in compensated absences	-	(6,721)	(6,721)
Total adjustments	\$ 399,869	\$ 17,001	\$ 416,870
Net cash provided by (used for) by operating activities	\$ 399,869	\$ (401,411)	\$ (1,542)
Schedule of non-cash capital activities			
Transfer in of capital assets (at net book value)	\$ -	\$ 1,102	\$ 1,102
Transfer of the solid waste fund business-type activities to governmental activities			
Capital assets, not being depreciated/amortized	(1,315,522)	-	(1,315,522)
Capital assets net of accumulated depreciation/amortization	(15,716,954)	-	(15,716,954)
Deferred loss on bond refunding	(2,308,621)	-	(2,308,621)
Deferred outflow pension related items	(269,014)	-	(269,014)
Deferred outflow OPEB related items	(31,393)	-	(31,393)
Interest payable	192,941	-	192,941
Compensated absences	86,556	-	86,556
Lease liabilities	812,610	-	812,610
Loans payable	1,048,934	-	1,048,934
Bonds payable	34,190,920	-	34,190,920
Unamortized premium	6,849	-	6,849
Landfill liability	12,859,631	-	12,859,631
Net OPEB liability	167,950	-	167,950
Net pension liability	561,895	-	561,895
Deferred inflow pension related items	683,018	-	683,018
Deferred inflow OPEB related items	44,746	-	44,746
Total	\$ 31,014,546	\$ 1,102	\$ 31,015,648

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, 2023

	<u>Custodial Funds</u>
	<u>Special</u>
	<u>Welfare</u>
ASSETS	
Cash and cash equivalents	\$ 114,308
Total assets	<u>\$ 114,308</u>
NET POSITION	
Restricted for:	
Held for social services client	\$ 114,308
Total net position	<u><u>\$ 114,308</u></u>

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

City of Bristol, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	<u>Custodial Funds</u> <u>Special</u> <u>Welfare</u>
ADDITIONS	
Special welfare collections	\$ 175,228
Interest	3,515
Total additions	<u>\$ 178,743</u>
DEDUCTIONS	
Special welfare payments	\$ 180,487
Total deductions	<u>\$ 180,487</u>
Net increase (decrease) in fiduciary net position	<u>\$ (1,744)</u>
Net position - beginning	116,052
Net position - ending	<u>\$ 114,308</u>

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

CITY OF BRISTOL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 \$804,589 to fund operations of the Library. Financial statements of the Bristol Public Library can be obtained from the Library, located at 701 Goode Street, Bristol, Virginia 24201.

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

A. Financial Reporting Entity (Continued)

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

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

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

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

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

B. Government-wide and fund financial statements

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

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

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

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

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

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

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

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

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

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

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

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

The government reports the following major governmental funds:

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

The government reports the following major proprietary funds:

The City operates waste collection services and a landfill. The activities of the system are accounted for in the *solid waste fund*. During fiscal year 2023, landfill operations were discontinued and all remaining balances of the fund were transferred to the general fund.

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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.

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

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

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.

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 \$545,688 at June 30, 2023. The allowance consists of delinquent taxes, including administration and lien fees in the amount of \$334,022.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

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

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

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

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

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

7. Capital assets (Continued)

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

8. Deferred Outflows/Inflows of Resources

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

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

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

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

9. Compensated Absences

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

10. Pensions

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

11. Other Postemployment Benefits (OPEB)

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

12. Long-term obligations

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

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

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

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

13. Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

The governmental activities of the primary government and component-unit IDA have an accumulated deficit in net position of \$(102,465,805) and \$(15,414,579), respectively. With the closure of the landfill operations during fiscal year 2023, all assets and liabilities were transferred to governmental activities which resulted in deficit net position. Restricted net position for specified purposes represents certain deposits restricted for specified expenditures and resources that have restrictions to particular uses imposed by federal awarding agencies or by state legislation.

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

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

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

14. Inventories and Prepaid Items

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

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

15. Fund Balance

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

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

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)

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

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

16. Leases

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

Lessee

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

Key Estimates and Judgments

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

16. Leases (Continued)

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. By the second Tuesday in April, the City Manager submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All of the City's funds, excluding fiduciary funds, have legally adopted budgets.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Ordinance.
4. The Appropriations Ordinance places legal restrictions on expenditures at the department 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, 2023, the CSA department had expenditures in excess of appropriations.

C. Deficit fund equity

At June 30, 2023, the primary government governmental activities and the component-unit IDA reported a deficit in fund equity.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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 & 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, 2023, the City and the City's component-unit Industrial Development Authority had investments in the amount of \$14,557,458 and \$541,041, respectively.

Credit Risk of Debt Securities

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

The City and IDA's rated debt investments for were rated by Standard & Poor's, as of June 30, 2023 and the ratings are presented below using the respective rating scale.

Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
State Non-arbitrage Pool (SNAP)	\$ 14,434,030
MSILF Mutual Funds	541,041
Virginia Investment Pool	123,428
Total	\$ 15,098,499

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, 2023

Note 3-Deposits and Investments: (Continued)

Interest Rate Risk

Investment Type	Fair Value	Less than 1 yr
SNAP	\$ 14,434,030	\$14,434,030
Virginia Investment Pool	123,428	123,428

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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 4-Fair Value Measurements: (Continued)

The City has the following recurring fair value measurements as of June 30, 2023:

Investment	6/30/2023	Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Investments in mutual funds:		
Mutual Funds Bonds	\$ 541,041	\$ 541,041
Total	<u>\$ 541,041</u>	<u>\$ 541,041</u>
Investments measured at NAV:		
Virginia Investment Pool	\$ 123,428	
Total investments measured at NAV	<u>\$ 123,428</u>	
Total investments measured at fair value	<u>\$ 664,469</u>	

As of June 30, 2023, there were no withdraw limitations associated with investments held by the Virginia Investment Pool.

Note 5-Receivables:

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

	Primary Government	
	General	Transit
Receivables		
Taxes	\$ 14,947,881	\$ -
Accounts	<u>2,423,363</u>	<u>10,190</u>
Gross Receivables	\$ 17,371,244	\$ 10,190
Less: Allowance for uncollectibles	<u>(545,688)</u>	<u>-</u>
Net Receivables	<u>\$ 16,825,556</u>	<u>\$ 10,190</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6-Unearned and Deferred/Unavailable Revenue:

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

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Deferred/Unavailable Revenue		
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ -	\$ 1,361,138
2nd half assessments due after June 30	12,749,779	12,749,779
Prepaid property taxes due after June 30 but paid in advance by taxpayers	185,034	185,034
Total deferred/unavailable revenue	<u>\$ 12,934,813</u>	<u>\$ 14,295,951</u>
Unearned Revenue		
Notes Receivable	\$ -	\$ 800,000
Clear Creek Golf Course	184,022	184,022
Urban Highway Maintenance Funding	649,626	649,626
ARPA Funding	899,975	899,975
Total unearned revenue	<u>\$ 1,733,623</u>	<u>\$ 2,533,623</u>

Notes Receivable

Two promissory notes were issued by the City in February 2007 to construct/renovate an old school (Douglas) into housing. The notes are for \$350,000 and \$150,000, respectively. Both notes have an interest rate of 4.00% and have 31-year term. Accrued interest was \$300,000 as of June 30, 2023. All accrued interest and principal is due in one balloon payment at maturity.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Due from Other Governmental Units:

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

	Primary Government	
	Governmental Activities	Business-type Activities
<u>Local Governments</u>		
BVU	\$ 505,264	\$ -
<u>Commonwealth of Virginia:</u>		
Local sales tax	1,071,251	-
Local communication tax	66,792	-
Categorical aid-State Sales Tax-DRI	306,213	-
Categorical aid-VDOT	625,470	19,849
Categorical aid-other	33,721	-
Categorical aid-Shared Expenses	165,749	-
Non-categorical aid	4,052	-
Categorical aid-Virginia Public Assistance	179,581	-
Categorical aid-Comprehensive Services Act	616,996	-
<u>Federal Government:</u>		
Categorical aid-VDOT	514,113	183,170
Categorical aid-Virginia Public Assistance	250,038	-
Categorical aid-other	147,609	-
Total	<u>\$ 4,486,849</u>	<u>\$ 203,019</u>

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

Interfund/government-wide transfers for the year ended June 30, 2023, consisted of the following:

	Operating		Discontinued Operations		Report Total	
	Transfers In	Transfers Out	Transfers In	Transfers Out	Transfers In	Transfers Out
Fund Financial Statements:						
General Fund	\$ 4,660,399	\$ 70,349	\$ -	\$ -	\$ 4,660,399	\$ 70,349
Solid Waste Disposal Fund	-	4,660,399	31,014,546	-	31,014,546	4,660,399
Transit Fund	70,349	-	-	-	70,349	-
Total Fund Financial Statements*	<u>\$ 4,730,748</u>	<u>\$ 4,730,748</u>	<u>\$ 31,014,546</u>	<u>\$ -</u>	<u>\$ 35,745,294</u>	<u>\$ 4,730,748</u>
Government-Wide Financial Statements:						
Governmental Activities	\$ 4,660,399	\$ 70,349	\$ -	\$ 31,014,546	\$ -	\$ 26,424,496
Business-Type Activities	70,349	4,660,399	31,014,546	-	26,424,496	-
Total Government-Wide Financial Statements	<u>\$ 4,730,748</u>	<u>\$ 4,730,748</u>	<u>\$ 31,014,546</u>	<u>\$ 31,014,546</u>	<u>\$ 26,424,496</u>	<u>\$ 26,424,496</u>

*Subtotal excludes fund financial statement transfer of capital assets and transfer from Solid Waste Disposal Fund to General Fund related to the discontinued operations that are duplicated in government-wide financial statement totals.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Interfund/Government-Wide Transfers and Balances: (Continued)

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 9-Component-Unit Contribution and Obligations:

Component unit contributions for the year ended June 30, 2023, consisted of the following:

Component Unit:	
School Board	\$ 7,401,925
IDA	3,183,856
Total	<u>\$ 10,585,781</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	\$ 690,885	\$ -
Component Unit		
IDA	<u>-</u>	<u>690,885</u>
Totals	<u>\$ -</u>	<u>\$ 690,885</u>

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CITY OF BRISTOL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 10-Long-Term Obligations:****Primary Government - Governmental Activities Indebtedness:**

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2023.

	Balance July 1, 2022	Transfer In - Discontinued Solid Waste Fund	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2023
Direct Borrowings and Placements					
General Obligation Bonds	\$ 1,660,180	\$ 606,320	\$ -	\$ (1,166,500)	\$ 1,100,000
Unamortized Premium	-	6,849	-	(6,849)	-
Loans payable	630,298	1,048,934	-	(428,874)	1,250,358
Total Direct Borrowings and Placements	\$ 2,290,478	\$ 1,662,103	\$ -	\$ (1,602,223)	\$ 2,350,358
General Obligation Bonds	69,562,400	33,584,600	-	(2,023,000)	101,124,000
Lease Revenue Note	24,520,000	-	-	-	24,520,000
Unamortized Premium	496,838	-	-	(63,765)	433,073
Lease Liabilities	2,721,538	812,610	235,283	(969,231)	2,800,200
Landfill Closure and Postclosure Liability	-	12,859,631	77,956,478	-	90,816,109
Net OPEB Liabilities	6,873,966	167,950	3,344,721	(4,202,989)	6,183,648
Compensated Absences	1,643,883	86,556	1,365,966	(1,232,912)	1,863,493
Net Pension Liability	10,217,705	561,895	9,528,070	(5,087,799)	15,219,871
Revenue sharing agreement	350,000	-	-	(350,000)	-
Total	\$ 118,676,808	\$ 49,735,345	\$ 92,430,518	\$ (15,531,919)	\$ 245,310,752

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

Year Ending June 30,	Direct Borrowings and Placements		Non-Direct Borrowings and Placements		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 795,977	\$ 161,845	\$ 3,419,000	\$ 4,679,851	\$ 444,665	\$ 99,392
2025	762,954	147,852	3,922,000	4,554,634	460,649	83,409
2026	524,031	138,988	4,200,000	4,446,927	450,121	66,788
2027	267,396	135,555	4,298,000	4,354,369	428,654	50,090
2028	-	-	4,845,000	4,290,608	388,360	35,301
2029-2033	-	-	26,855,000	18,812,010	402,185	21,475
2034-2038	-	-	32,230,000	13,442,830	225,566	7,151
2039-2043	-	-	32,900,000	6,579,304	-	-
2044-2048	-	-	5,050,000	2,594,938	-	-
2049-2053	-	-	6,435,000	1,209,375	-	-
2054	-	-	1,490,000	37,249	-	-
Totals	\$ 2,350,358	\$ 584,240	\$ 125,644,000	\$ 65,002,095	\$ 2,800,200	\$ 363,606

CITY OF BRISTOL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 10-Long-Term Obligations: (Continued)****Primary Government - Governmental Activities Indebtedness: (Continued)**

Details of long-term indebtedness:

	Interest Rates	Issue/ Implementation Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements						
GO Bond	4.50%	6/1/2011	2027	\$ 3,000,000	\$ 750,000	\$ 187,500
GO Bond	2.82-4.83%	10/1/2012	2025	3,965,000	350,000	175,000
Loan Payable - Fire Truck	3.65%	8/1/2015	2025	340,000	77,594	38,112
Loan Payable - Police Equipment Bundle	0.00%	3/7/2022	2026	533,051	379,327	134,124
Loan Payable - Garbage Truck	2.92%	6/1/2021	2026	263,413	162,612	52,638
Loan Payable - Garbage Truck	3.99%	10/1/2019	2025	258,541	82,992	54,780
Loan Payable - 2020 International Cobra	1.39%	1/15/2022	2027	169,990	120,223	33,757
Loan Payable - 326 Excavator	1.39%	1/15/2022	2027	243,620	172,297	48,378
Loan Payable - CAT 725 Articulated Truck	1.39%	1/20/2022	2027	361,000	255,313	71,688
Total Direct Borrowings and Placements					\$ 2,350,358	\$ 795,977
General Obligation Bonds						
GO Bond	1.56%	4/2/2020	2026	\$ 1,461,750	\$ 1,415,000	\$ 13,500
GO Bond	5.65%	10/1/2007	2024	12,050,000	84,700	84,700
GO Bond	2.06%	7/29/2019	2026	3,177,000	3,104,000	25,000
GO Bond	2.72-4.21%	1/9/2018	2043	59,050,600	56,485,600	2,500,000
GO Bond	2.18-2.91%	10/22/2020	2043	7,357,450	7,120,650	86,950
GO Bond	5.65%	10/1/2007	2024	12,050,000	520,300	520,300
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	4,245,000	40,500
GO Bond	2.18-2.91%	10/22/2020	2043	12,527,550	12,124,350	148,050
Total General Obligation Bonds					\$ 101,124,000	\$ 3,419,000
Lease Revenue Note	4.25-5.00%	5/26/2022	2053	\$ 24,520,000	\$ 24,520,000	\$ -
Add:						
Unamortized Premium on Issuance	n/a	n/a	n/a	n/a	433,073	63,765
Net Revenue Bond					\$ 24,953,073	\$ 63,765
Lease Liabilities						
2017 Pierce Enforcer Ladder Truck	4.08%	7/1/2021	2029	\$ 928,032	\$ 600,986	\$ 90,424
Pierce Enforcer Pumper Truck	3.95%	7/1/2021	2029	617,955	399,045	60,236
Energy Project Improvement	3.17%	7/1/2021	2030	2,667,711	1,400,440	181,828
Energy Project	3.17%	7/1/2021	2030	76,594	40,209	5,220
2020 Xtreme Vac Truck	1.38%	7/1/2021	2026	261,489	132,985	52,648
Golf Cars	5.84%	5/26/2023	2027	235,283	226,535	54,309
Total Lease Liabilities					\$ 2,800,200	\$ 444,665
Other Obligations						
Landfill Closure and Postclosure Liability	n/a	n/a	n/a	n/a	\$ 90,816,109	\$ -
Net OPEB Liabilities	n/a	n/a	n/a	n/a	6,183,648	-
Compensated Absences	n/a	n/a	n/a	n/a	1,863,493	1,397,620
Net Pension Liability	n/a	n/a	n/a	n/a	15,219,871	-
Total Other Obligations					\$ 114,083,121	\$ 1,397,620
Total Long-term Obligations					\$ 245,310,752	\$ 6,121,027

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 10-Long-Term Obligations: (Continued)Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness: (Continued)

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

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

Primary Government - Business-type Activities Indebtedness:

The following is a summary of long-term debt transactions of the Solid Waste Fund for the year ended June 30, 2023.

	Balance July 1, 2022	Transfer Out - Discontinued Solid Waste Fund	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2023
Direct Borrowings and Placements					
General Obligation Bonds	\$ 606,320	\$ (606,320)	\$ -	\$ -	\$ -
Unamortized Premium	6,849	(6,849)	-	-	-
Loans Payable	1,048,934	(1,048,934)	-	-	-
Total Direct Borrowings and Placements	\$ 1,662,103	\$ (1,662,103)	\$ -	\$ -	\$ -
General Obligation Bonds	33,584,600	(33,584,600)	-	-	-
Lease Liabilities	812,610	(812,610)	-	-	-
Landfill Closure Liability	12,859,631	(12,859,631)	-	-	-
Net Pension Liability	561,895	(561,895)	-	-	-
Net OPEB Liabilities	167,950	(167,950)	-	-	-
Compensated Absences	86,556	(86,556)	-	-	-
Total	<u>\$ 49,735,345</u>	<u>\$ (49,735,345)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The following is a summary of long-term obligation transactions of the Transit Fund for the year ended June 30, 2023:

	Balance July 1 2022	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2023
Compensated Absences	\$ 38,732	\$ 22,328	\$ (29,049)	\$ 32,011
Net Pension Liability	172,235	161,385	(83,149)	250,471
Net OPEB Liabilities	51,971	9,841	(18,728)	43,084
Total	<u>\$ 262,938</u>	<u>\$ 193,554</u>	<u>\$ (130,926)</u>	<u>\$ 325,566</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 10-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	\$ 250,471	\$ -
Net OPEB Liabilities	n/a	n/a	n/a	n/a	43,084	-
Compensated Absences	n/a	n/a	n/a	n/a	32,011	24,008
Total Other Obligations					<u>\$ 325,566</u>	<u>\$ 24,008</u>
Total Long-term Obligations					<u>\$ 325,566</u>	<u>\$ 24,008</u>

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

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, 2023:

	Balance July 1, 2022	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2023
Revenue Bonds	<u>\$ 30,595,000</u>	<u>\$ -</u>	<u>\$ (155,000)</u>	<u>\$ 30,440,000</u>
Total	<u>\$ 30,595,000</u>	<u>\$ -</u>	<u>\$ (155,000)</u>	<u>\$ 30,440,000</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 10-Long-Term Obligations: (Continued)Component Unit IDA Indebtedness (Continued)

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

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2024	\$ 165,000	\$ 1,898,981
2025	180,000	1,887,338
2026	190,000	1,874,850
2027	205,000	1,861,519
2028	215,000	1,847,344
2029-2033	4,300,000	8,468,000
2034-2038	685,000	7,801,869
2039-2043	-	7,778,750
2044-2045	24,500,000	1,633,624
Totals	<u>\$ 30,440,000</u>	<u>\$ 35,052,275</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	\$ 2,960,000	\$ 165,000
Revenue Bond Series 2014B	5.00-6.35%	12/23/2014	2044	bp	27,500,000	27,480,000	-
Total Revenue Bonds						<u>\$ 30,440,000</u>	<u>\$ 165,000</u>
Total Long-Term Obligations						<u>\$ 30,440,000</u>	<u>\$ 165,000</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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 10-Long-Term Obligations: (Continued)

Component Unit IDA Indebtedness (Continued)

Material Event (Default):

On May 1, 2022, the Industrial Development Authority (IDA) underpaid the interest that was due for the Series 2014B bonds by \$384,069. On November 1, 2022, the IDA paid \$384,069 plus \$500,000 towards the November 1, 2022 interest amount leaving \$351,875 of interest due. On May 1, 2023, the IDA paid their normal interest amount due of \$852,375. As a result, there is still an underpayment of interest of \$351,875 and this amount has been included in interest payable at the end of the year. Principal and interest remaining unpaid have not been forgiven and the outstanding unpaid principal continues to bear interest.

Note 11-Pension Plan:

Plan Description

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

Benefit Structures

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

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

Note 11-Pension Plan: (Continued)

Benefit Structures (Continued)

- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

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

Note 11-Pension Plan: (Continued)

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

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

Contributions

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

The City's contractually required employer contribution rate for the year ended June 30, 2023 was 18.76% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$2,565,612 and \$2,403,975 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability

At June 30, 2023, the City reported a liability of \$15,470,342 for its proportionate share of the net pension liability. The City's net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. 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, 2022 and 2021 was used as a basis for allocation to determine the City's proportionate share of the net pension liability. At June 30, 2022 and 2021, the City's proportion was 94.50% and 94.69%, 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, 2021, 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, 2022.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 11-Pension Plan: (Continued)

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

Mortality rates:

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

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvements:

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 11-Pension Plan: (Continued)***Actuarial Assumptions - General Employees (Continued)***

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Mortality rates: (Continued)

Post-Retirement:

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

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

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

Mortality Improvements:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 11-Pension Plan: (Continued)***Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

* The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 11-Pension Plan: (Continued)***Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with phased-in funding provided by the General Assembly for state and teacher employer contributions; the City was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. From July 1, 2022 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	\$ 29,565,424	\$ 15,470,342	\$ 3,803,186

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

For the year ended June 30, 2023, the City recognized pension expense of \$556,534. 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, 2023**Note 11-Pension Plan: (Continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience \$	-	\$ 1,765,622
Change in assumptions	1,102,595	-
Net difference between projected and actual earnings on pension plan investments	-	3,185,136
Change in proportion	8,091	90,383
Employer contributions subsequent to the measurement date	<u>2,565,612</u>	<u>-</u>
Total	<u>\$ 3,676,298</u>	<u>\$ 5,041,141</u>

\$2,565,612 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30

2024	\$ (1,432,676)
2025	(1,790,256)
2026	(2,124,769)
2027	1,417,246

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 12-Other Postemployment Benefits-Health Insurance:

The City administers a cost-sharing defined benefit healthcare plan, the City of Bristol OPEB Plan. Several entities participate in the defined benefit healthcare plan through the City of Bristol, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan.

Benefits Provided

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

Contributions

The City does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the City Council. The amount paid by the City for OPEB as the benefits came due during the year ended June 30, 2023 was \$258,836.

Total OPEB Liability

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Healthcare Cost Trend Rates	6.50% for fiscal year end 2023, decreasing 0.25% per year to an ultimate rate of 5.00%.
Salary Increases	2.50%
Discount Rate	3.69%

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

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

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is selected from the Municipal GO AA 20-year curve as of July 1, 2022. The final equivalent single discount rate used for this year's valuation is 3.69% as of the end of the fiscal year with the expectation that the City will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

	Primary Government
	Total OPEB Liability
Balances at June 30, 2022	\$ 2,456,056
Changes for the year:	
Service cost	93,839
Interest	46,494
Difference between expected and actual experience	(4,631)
Contributions - employer	(258,836)
Changes in assumptions	(345,492)
Change in proportionate share	(6,730)
Net changes	(475,356)
Balances at June 30, 2023	\$ 1,980,700

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 12-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 (2.69%) or one percentage point higher (4.69%) than the current discount rate:

Rate		
1% Decrease (2.69%)	Current Discount (3.69%)	1% Increase (4.69%)
\$ 2,153,331	\$ 1,980,700	\$ 1,825,114

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 (5.50% for 2023, then 4.00% thereafter)	Healthcare Cost Trend (6.50% for 2023, then 5.00% thereafter)	1% Increase (7.50% for 2023, then 6.00% thereafter)
\$ 1,830,953	\$ 1,980,700	\$ 2,153,050

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

For the year ended June 30, 2023, the City recognized OPEB expense in the amount of \$(43,981). At June 30, 2023, 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	\$ 9,700	\$ 295,914
Change in assumptions	174,234	300,905
Contributions subsequent to the measurement date	257,958	-
Total	\$ 441,892	\$ 596,819

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

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

\$257,958 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, 2024. 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>	
2024	\$ (187,324)
2025	(86,834)
2026	(60,652)
2027	(47,938)
2028	(30,137)

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

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

Plan Description

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

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the City were \$76,004 and \$73,317 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

At June 30, 2023, the City reported a liability of \$751,564 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 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, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the City's proportion was 0.0624% as compared to 0.0669% at June 30, 2021.

For the year ended June 30, 2023, the City recognized GLI OPEB expense of \$(8,893). 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, 2023, 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	\$ 59,515	\$ 30,151
Changes in assumptions	28,032	73,205
Net difference between projected and actual earnings on OPEB plan investments	-	46,961
Change in proportionate share	8,639	90,031
Employer contributions subsequent to the measurement date	76,004	-
Total	\$ 172,190	\$ 240,348

\$76,004 reported as deferred outflows of resources related to the GLI OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	
2024	\$ (43,148)
2025	(31,468)
2026	(48,457)
2027	(5,600)
2028	(15,489)

Note 13- 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, 2021, 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, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

Mortality Rates - Non-Largest Ten Locality Employers - General Employees**Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Actuarial Assumptions (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13- Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**Actuarial Assumptions (Continued)****Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)**

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Insurance Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,672,085
Plan Fiduciary Net Position		2,467,989
GLI Net OPEB Liability (Asset)	\$	<u>1,204,096</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.21%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

NET GLI OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

Note 13- Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)***Long-Term Expected Rate of Return (Continued)***

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, 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, 2022 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
City's proportionate share of the GLI Plan Net OPEB Liability	\$ 1,093,613	\$ 751,564	\$ 475,142

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

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

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2023 was \$681.84 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$93,412 and \$127,169 for the years ended June 30, 2023 and June 30, 2022, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 14—Line of Duty Act (LODA) Program: (Continued)*****LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB***

At June 30, 2023, the entity reported a liability of \$3,494,468 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2022 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2022, the entity's proportion was 0.9234% as compared to 0.8753% at June 30, 2021.

For the year ended June 30, 2023, the entity recognized LODA OPEB expense of \$472,509. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 268,470	\$ 653,109
Net difference between projected and actual earnings on LODA OPEB plan investments	-	14,944
Change in assumptions	974,510	861,898
Change in proportion	160,987	81,505
Employer contributions subsequent to the measurement date	93,412	-
Total	<u>\$ 1,497,379</u>	<u>\$ 1,611,456</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

\$93,412 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ 2,554
2025	2,874
2026	3,213
2027	16,683
2028	1,554
Thereafter	(234,367)

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00%-4.75%
Ages 65 and older	5.25%-4.75%
Year of ultimate trend rate:	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	3.69%, including inflation*

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Actuarial Assumptions (Continued)

*Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return.

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 385,669
Plan Fiduciary Net Position	<u>7,214</u>
LODA Net OPEB Liability (Asset)	<u><u>\$ 378,455</u></u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.87%

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program’s investments was set at 3.69% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments’ 6.75% assumption. Instead, the assumed annual rate of return of 3.69% 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, 2022.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.69%. 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, 2022, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

Note 14—Line of Duty Act (LODA) Program: (Continued)***Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate***

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.69%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current rate:

	Discount Rate		
	1% Decrease (2.69%)	Current (3.69%)	1% Increase (4.69%)
City's proportionate share of the total LODA Net OPEB Liability	\$ 3,988,903	\$ 3,494,468	\$ 3,089,963

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

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

	Health Care Trend Rates		
	1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
City's proportionate share of the total LODA Net OPEB Liability	\$ 2,944,849	\$ 3,494,468	\$ 4,184,325

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

CITY OF BRISTOL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 15—Summary of OPEB Plans:**

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
City Stand-Alone Plan (Note 12)	\$ 441,892	\$ 596,819	\$ 1,980,700	\$ (43,981)
VRS OPEB Plans:				
Group Life Insurance Plan (Note 13)	172,190	240,348	751,564	(8,893)
Line of Duty Act Program (Note 14)	1,497,379	1,611,456	3,494,468	472,509
Totals	<u>\$ 2,111,461</u>	<u>\$ 2,448,623</u>	<u>\$ 6,226,732</u>	<u>\$ 419,635</u>

Note 16—Capital Assets:

Capital asset activity for the year ended June 30, 2023 was as follows:

Primary Government:

	Beginning Balance	Transfer In - Discontinued Solid Waste Fund	Increases	Decreases	Transfer Out - Tenancy in Common/ To Other Funds	Asset Impairment	Ending Balance
Governmental Activities:							
Capital assets, not being depreciated/amortized:							
Land	\$ 17,875,162	\$ 802,062	\$ -	\$ (240,161)	\$ -	\$ -	\$ 18,437,063
Construction in progress	1,058,575	513,460	12,191,270	(468,236)	-	(428,460)	12,866,609
Total capital assets not being depreciated/amortized	<u>\$ 18,933,737</u>	<u>\$ 1,315,522</u>	<u>\$ 12,191,270</u>	<u>\$ (708,397)</u>	<u>\$ -</u>	<u>\$ (428,460)</u>	<u>\$ 31,303,672</u>
Capital assets, being depreciated/amortized:							
Buildings and improvements	\$ 16,336,128	\$ -	\$ -	\$ -	\$ (187,500)	\$ -	\$ 16,148,628
Lease buildings and improvements	1,747,507	-	-	-	-	-	1,747,507
Land Development Costs	480,000	35,456,968	-	-	-	(35,456,968)	480,000
Plant	-	1,238,720	18,380	-	-	-	1,257,100
Lease plant	-	50,173	-	-	-	-	50,173
Infrastructure	124,804,771	2,962,290	318,237	-	-	(2,932,498)	125,152,800
Library Assets	7,197,901	-	-	-	-	-	7,197,901
Machinery and equipment	14,620,111	7,580,474	686,956	(1,402,749)	(11,000)	(890,120)	20,583,672
Lease machinery and equipment	1,284,076	974,509	235,283	(738,370)	-	-	1,755,498
Total capital assets being depreciated/amortized	<u>\$ 166,470,494</u>	<u>\$ 48,263,134</u>	<u>\$ 1,258,856</u>	<u>\$ (2,141,119)</u>	<u>\$ (198,500)</u>	<u>\$ (39,279,586)</u>	<u>\$ 174,373,279</u>
Accumulated depreciation/amortization:							
Buildings and improvements	\$ (9,907,845)	\$ -	\$ (375,901)	\$ -	\$ 45,000	\$ -	\$ (10,238,746)
Lease buildings and improvements	(174,799)	-	(174,798)	-	-	-	(349,597)
Land Development Costs	(480,000)	(24,459,827)	(1,159,207)	-	-	25,599,831	(499,203)
Plant	-	(740,571)	(33,761)	-	-	-	(774,332)
Lease plant	-	(5,019)	(5,019)	-	-	-	(10,038)
Infrastructure	(75,749,599)	(2,196,597)	(2,689,020)	-	-	2,426,763	(78,208,453)
Library Assets	(3,264,024)	-	(97,947)	-	-	-	(3,361,971)
Machinery and equipment	(10,170,563)	(4,946,387)	(1,316,213)	1,275,427	9,898	66,014	(15,081,824)
Lease machinery and equipment	(149,631)	(197,779)	(274,734)	222,736	-	-	(399,408)
Total accumulated depreciation/amortization	<u>\$ (99,896,461)</u>	<u>\$ (32,546,180)</u>	<u>\$ (6,126,600)</u>	<u>\$ 1,498,163</u>	<u>\$ 54,898</u>	<u>\$ 28,092,608</u>	<u>\$ (108,923,572)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 66,574,033</u>	<u>\$ 15,716,954</u>	<u>\$ (4,867,744)</u>	<u>\$ (642,956)</u>	<u>\$ (143,602)</u>	<u>\$ (11,186,978)</u>	<u>\$ 65,449,707</u>
Governmental activities capital assets, net	<u>\$ 85,507,770</u>	<u>\$ 17,032,476</u>	<u>\$ 7,323,526</u>	<u>\$ (1,351,353)</u>	<u>\$ (143,602)</u>	<u>\$ (11,615,438)</u>	<u>\$ 96,753,379</u>

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CITY OF BRISTOL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 16-Capital Assets: (Continued)**

Primary Government: (Continued)

	Beginning Balance	Transfer Out - Discontinued Solid Waste Fund	Increases	Decreases	Ending Balance
Business-type Activities (Solid Waste Fund):					
Capital assets, not being depreciated/amortized:					
Land	\$ 802,062	\$ (802,062)	\$ -	\$ -	\$ -
Construction in progress	513,460	(513,460)	-	-	-
Total capital assets not being depreciated/amortized	<u>\$ 1,315,522</u>	<u>\$ (1,315,522)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital assets, being depreciated/amortized:					
Land Development Costs	\$ 35,456,968	\$ (35,456,968)	\$ -	\$ -	\$ -
Machinery and equipment	7,580,474	(7,580,474)	-	-	-
Plant	1,238,720	(1,238,720)	-	-	-
Lease plant	50,173	(50,173)	-	-	-
Infrastructure	2,962,290	(2,962,290)	-	-	-
Lease machinery and equipment	974,509	(974,509)	-	-	-
Total capital assets being depreciated/amortized	<u>\$ 48,263,134</u>	<u>\$ (48,263,134)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Accumulated depreciation/amortization:					
Land Development Costs	\$ (24,459,827)	\$ 24,459,827	\$ -	\$ -	\$ -
Machinery and equipment	(4,946,387)	4,946,387	-	-	-
Plant	(740,571)	740,571	-	-	-
Lease plant	(5,019)	5,019	-	-	-
Infrastructure	(2,196,597)	2,196,597	-	-	-
Lease machinery and equipment	(197,779)	197,779	-	-	-
Total accumulated depreciation/amortization	<u>\$ (32,546,180)</u>	<u>\$ 32,546,180</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total capital assets being depreciated/amortized, net	<u>\$ 15,716,954</u>	<u>\$ (15,716,954)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Business-type activities (Solid Waste Fund) capital assets, net	<u>\$ 17,032,476</u>	<u>\$ (17,032,476)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 16-Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance	Transfer In - From Other Funds	Increases	Decreases	Ending Balance
Business-type Activities (Transit Fund):					
Capital assets, being depreciated:					
Buildings and improvements	\$ 410,889	\$ -	\$ -	\$ -	\$ 410,889
Machinery and equipment	472,208	11,000	-	-	483,208
Total capital assets being depreciated	<u>\$ 883,097</u>	<u>\$ 11,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 894,097</u>
Accumulated depreciation:					
Buildings and improvements	\$ (300,480)	\$ -	\$ (7,204)	\$ -	\$ (307,684)
Machinery and equipment	(286,873)	(9,898)	(38,325)	-	(335,096)
Total accumulated depreciation	<u>\$ (587,353)</u>	<u>\$ (9,898)</u>	<u>\$ (45,529)</u>	<u>\$ -</u>	<u>\$ (642,780)</u>
Total capital assets being depreciated, net	<u>\$ 295,744</u>	<u>\$ 1,102</u>	<u>\$ (45,529)</u>	<u>\$ -</u>	<u>\$ 251,317</u>
Business-type activities (Transit Fund) capital assets, net	<u>\$ 295,744</u>	<u>\$ 1,102</u>	<u>\$ (45,529)</u>	<u>\$ -</u>	<u>\$ 251,317</u>

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

Governmental activities:

General government administration	\$ 172,669
Judicial administration	101,486
Public safety	881,624
Public works	4,729,971
Health and welfare	19,056
Education	60,000
Parks, recreation, and cultural	161,794

Total depreciation/amortization expense-
governmental activities

\$ 6,126,600

Business type activities:

Transit Fund	<u><u>\$ 45,529</u></u>
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 16-Capital Assets: (Continued)

Capital asset activity for the Industrial Development Authority for the year ended June 30, 2023 was as follows:

Discretely Presented Component Unit-Industrial Development Authority:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,063,960	\$ -	\$ (422,834)	\$ 641,126
Total capital assets not being depreciated	<u>\$ 1,063,960</u>	<u>\$ -</u>	<u>\$ (422,834)</u>	<u>\$ 641,126</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>\$ 16,516,926</u>
Accumulated depreciation:				
Public Domain Infrastructure	\$ (2,642,704)	\$ (660,676)	\$ -	\$ (3,303,380)
Total accumulated depreciation	<u>\$ (2,642,704)</u>	<u>\$ (660,676)</u>	<u>\$ -</u>	<u>\$ (3,303,380)</u>
Total capital assets being depreciated, net	<u>\$ 13,874,222</u>	<u>\$ (660,676)</u>	<u>\$ -</u>	<u>\$ 13,213,546</u>
Business-type activities capital assets, net	<u>\$ 14,938,182</u>	<u>\$ (660,676)</u>	<u>\$ (422,834)</u>	<u>\$ 13,854,672</u>

Note 17-Landfill Closure and Postclosure 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, permit #498. The other, formerly a quarry, began operations in 1998 and is referred to as the quarry balefill, permit #588.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

The estimated landfill closure and postclosure care cost liability for the old landfill (permit #498) is \$15,011,861 as of June 30, 2023, which is estimated at 100%.

The estimated liability for landfill closure and postclosure care costs for the quarry balefill (permit #588) is \$75,363,836 as of June 30, 2023, which is estimated at 100% since the landfill stopped accepting waste. A reconciliation of this amount is provided below:

Closure costs	\$ 15,698,147
Postclosure costs	40,853,825
Additional project costs:	
Gas collection system	2,860,716
Sidewall odor mitigation	1,566,760
EVOH liner	2,960,999
Stormwater management	4,759,168
Benzene removal	6,664,221
	<u>\$ 75,363,836</u>

The estimated liability from landfill closure and postclosure care costs of the compost facility and tire shredder as of June 30, 2023 are \$348,049 and \$32,843, respectively. These are estimated at 100%.

The estimated liability to close the solid waste transfer/baling facility is \$59,520 at June 30, 2023, which 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 (\$90,816,109) 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, 2023. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Federal and state regulations require owners of permitted solid waste landfills to provide financial assurance to assure that funds are available to properly close the facility to protect human health and the environment. For December 31, 2022 financial assurance requirements, the City qualified to use the allowable financial assurances test in order to demonstrate financial responsibility, and those calculations were in compliance with the applicable regulations. The City has been in communications with the Virginia Department of Environmental Quality regarding the December 31, 2023 financial assurance requirements. Based upon information available as of the report date, the City may not qualify to demonstrate financial responsibility using the allowable financial assurance test.

The City demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs for December 31, 2022, through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

Note 18-Risk Management:

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

Note 19-Contingent Liabilities:

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 20-Surety Bonds:

Primary Government:

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

Note 21-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 \$62,596.

City Payments

The City has agreed to make the City Payments to the Industrial Development Authority of the City of Bristol, Virginia (the "Authority"), or to UMB Bank, n.a. (the "Trustee") as the Authority's assignee, in accordance with the Financing Agreement, dated as of December 1, 2014 (the "Financing Agreement"), between the City and the Authority. The City Payments are determined pursuant to the Financing Agreement and the Indenture of Trust, dated as of December 1, 2014 (the "Indenture"), between the Authority and the Trustee, to be in amounts sufficient to pay (i) principal of and interest on the 2014A Bonds as such amounts come due and to replenish the debt service reserve account for the 2014A Bonds, in each case to the extent Sales Tax Revenues Payments, Additional Tax Revenues Payments available for such purpose, and Guaranteed Payments (as each of such capitalized terms is defined in the Indenture) are insufficient for such purpose, and (ii) Administrative Expenses (as defined in the Indenture) after taking into account Additional Tax Revenues Payments available for such purpose. The City Payments are subject to appropriation by City Council but are payable from general revenues of the City and are not limited to any revenue source. The Financing Agreement provides that as long as the 2014A Bonds are outstanding, the City Manager, or other City officer charged with responsibility for preparing the City's budget, will include in the budget for each fiscal year a request for an amount sufficient to pay the City Payments expected to become due in such fiscal year. The City made no payments during the fiscal year 2023.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 21-Commitments and Contingencies: (Continued)**Outstanding Construction Projects**

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

Project	Contract Amount	Contract Amount Outstanding at June 30, 2023
Landfill Gas Collection System Expansion Stage 1	\$ 7,052,875	\$ 1,871,108
Bristol VA Intermediate School	25,606,838	12,176,980
Sidewall Odor Mitigation System Construction	12,072,545	2,120,017

Note 22-Fund Balance:

Governmental Funds:	General Fund
Nondisposable:	
Inventories	\$ 128,420
Prepaid items	1,684,277
Total nondisposable balances	<u>\$ 1,812,697</u>
Restricted:	
Federal Sharing	\$ 122,167
Asset Forfeiture	199,889
Capital Projects	13,113,211
Opioid settlement fund	147,916
Total restricted balances	<u>\$13,583,183</u>
Committed:	
Reserve	\$ 1,510,679
Debt Service Reserve	3,197,662
Total Committed	<u>\$ 4,708,341</u>
Assigned:	
Investigations-Police Department	\$ 17,570
Total assigned balances	<u>\$ 17,570</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, 2023

Note 22-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 23-Discontinued Landfill Operations and Asset Impairment:

During fiscal year 2023, the City received recommendations from an expert panel, which were part of a federal court order, to discontinue operations of the landfill due to landfill odor issues. As a result, all balances of the solid waste fund were transferred to the general fund/governmental activities as noted below:

Fund Financial Statements	
Cash	\$ (4,660,399)
Government-Wide Financial Statements	
Capital assets, not being depreciated/amortized	(1,315,522)
Capital assets net of accumulated depreciation/amortization	(15,716,954)
Deferred loss on bond refunding	(2,308,621)
Deferred outflow pension related items	(269,014)
Deferred outflow OPEB related items	(31,393)
Interest payable	192,941
Compensated absences	86,556
Lease liabilities	812,610
Loans payable	1,048,934
Bonds payable	34,190,920
Unamortized premium	6,849
Landfill liability	12,859,631
Net OPEB liability	167,950
Net pension liability	561,895
Deferred inflow pension related items	683,018
Deferred inflow OPEB related items	44,746
Total	<u>\$ 26,354,147</u>

Note 23-Discontinued Landfill Operations and Asset Impairment: (Continued)

There were many assets that were transferred from business-type activities to governmental activities that related to the landfill operations such as, land development costs and other infrastructure, that related to the specific operations of the landfill. Since the landfill is no longer in operations, assets with a net book value of \$11,615,438 have been deemed impaired and are no longer shown as capital assets. This amount is shown as an extraordinary item on the Statement of Activities since it was both unusual and infrequent and out of the management's control. It is important to note the governmental activities is still showing debt associated with the impaired assets and will continue until it is paid off.

Note 24-Litigation:

As of June 30, 2023, 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, 2023:

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 \$342,159. 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 \$1,468,160. 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.

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 \$421,715.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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 \$350,229.

The following list provides details of each agreement the IDA had as of June 30, 2023:

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 \$8,994,557.

Note 26 - Going Concern

During May 2022, the IDA did not make the required debt payment for the 2014B revenue bond issuance and the bond is currently in default. The IDA made payments of \$1,736,444 in November 2022 and May 2023; however, the payments were not enough to cover the total amount due. The outstanding amount due at June 30 is \$351,875. Bondholders elected to pay \$1,000,000 toward the 2014B unpaid and currently due interest for the November 1, 2023 payment. There was \$351,875 in unpaid interest expenses prior to November 1, 2023. The payment of the \$1,000,000 was applied to the previous amounts outstanding, and the rest to pay a portion of the \$852,375 due on November 1, 2023. There is currently \$204,250 remaining in unpaid interest related to the 2014B revenue bond.

However, the IDA currently does not have sufficient funds available to make upcoming debt payments and the underlying revenue stream generated from the Falls project has been declining over the last several years. Management is working with the City to determine other revenue streams that might be available and is continuing to make payments as resources are available. Until a revenue source is secured, expenses are reduced to make funds available for debt service payments, or the underlying debt is restructured, the IDA will continue as a going concern.

Note 27-Subsequent Event:

On November 15, 2023, the City issued General Obligation Bond Anticipation Notes, Series 2023, with a principal amount of \$30,710,000. The proceeds of the notes will be used to finance a portion of the costs of mitigation and remediation of the Integrated Solid Waste Management facility located in the City. The notes mature in fiscal year 2027 and the interest rate is 5%.

Note 28-Upcoming Pronouncements:

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 28-Upcoming Pronouncements: (Continued)

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

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023*, effective for fiscal years beginning after June 15, 2023.

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

Required Supplementary Information

City of Bristol, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 18,232,840	\$ 18,525,340	\$ 19,846,694	\$ 1,321,354
Other local taxes	16,327,500	16,327,500	19,316,339	2,988,839
Permits, privilege fees, and regulatory licenses	142,850	142,850	198,733	55,883
Fines and forfeitures	148,500	167,500	206,445	38,945
Revenue from the use of money and property	120,270	120,270	1,957,007	1,836,737
Charges for services	7,507,742	7,679,135	4,879,900	(2,799,235)
Miscellaneous	796,100	866,618	1,478,236	611,618
Recovered costs	365,600	449,399	967,018	517,619
Intergovernmental	35,675,892	35,878,489	31,114,777	(4,763,712)
Total revenues	\$ 79,317,294	\$ 80,157,101	\$ 79,965,149	\$ (191,952)
EXPENDITURES				
Current:				
General government administration	\$ 4,099,088	\$ 7,792,626	\$ 6,283,698	\$ 1,508,928
Judicial administration	2,159,473	2,335,540	2,069,127	266,413
Public safety	17,864,194	18,639,203	16,491,477	2,147,726
Public works	18,446,743	38,278,544	28,334,636	9,943,908
Health and welfare	9,753,980	9,753,980	9,373,677	380,303
Education	7,601,803	7,601,803	7,462,750	139,053
Parks, recreation, and cultural	3,032,424	3,154,314	3,181,829	(27,515)
Community development	3,991,535	4,153,725	4,565,716	(411,991)
Nondepartmental	1,219,350	9,000	-	9,000
Capital projects	7,338,225	7,338,225	12,064,823	(4,726,598)
Debt service:				
Principal retirement	4,254,372	4,254,372	4,937,605	(683,233)
Interest and other fiscal charges	3,744,449	3,744,449	4,631,049	(886,600)
Bond issuance costs	10,000	10,000	1,477	8,523
Total expenditures	\$ 83,515,636	\$ 107,065,781	\$ 99,397,864	\$ 7,667,917
Excess (deficiency) of revenues over (under) expenditures				
	\$ (4,198,342)	\$ (26,908,680)	\$ (19,432,715)	\$ 7,475,965
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 4,660,399	\$ 4,660,399
Transfers out	(70,349)	(70,349)	(70,349)	-
Issuance of lease liabilities	-	-	235,283	235,283
Sale of capital assets	166,500	171,306	457,987	286,681
Total other financing sources (uses)	\$ 96,151	\$ 100,957	\$ 5,283,320	\$ 5,182,363
Net change in fund balances				
	\$ (4,102,191)	\$ (26,807,723)	\$ (14,149,395)	\$ 12,658,328
Fund balances - beginning	4,102,191	26,807,723	57,581,908	30,774,185
Fund balances - ending	\$ -	\$ -	\$ 43,432,513	\$ 43,432,513

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, 2022

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					
2022	94.50%	\$ 15,470,342	\$ 13,391,423	115.52%	86.84%
2021	94.69%	10,951,835	13,764,275	79.57%	90.69%
2020	95.31%	26,121,425	13,972,911	186.94%	77.03%
2019	94.99%	22,025,419	13,159,678	167.37%	80.26%
2018	95.78%	19,394,748	13,066,288	148.43%	82.04%
2017	95.30%	21,259,745	11,952,424	177.87%	80.17%
2016	95.98%	24,978,175	13,791,202	181.12%	76.40%
2015	95.98%	20,330,242	13,183,487	154.21%	80.41%
2014	95.98%	18,668,266	12,555,570	148.69%	81.76%

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

City of Bristol, Virginia
Schedule of Employer Contributions - Pension Plan
For the Years Ended June 30, 2015 through June 30, 2023

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)
2023	\$ 2,565,612	\$ 2,565,612	\$ -	\$ 14,057,174	18.25%
2022	2,403,975	2,403,975	-	13,391,423	17.95%
2021	2,448,653	2,448,653	-	13,764,275	17.79%
2020	2,348,731	2,348,731	-	13,972,911	16.81%
2019	2,144,623	2,144,623	-	13,159,678	16.30%
2018	2,214,065	1,961,818	252,247	13,066,288	15.01%
2017	2,323,691	2,075,925	247,766	11,952,424	17.37%
2016	2,471,383	1,977,658	493,725	13,791,202	14.34%
2015	2,362,481	1,890,512	471,968	13,183,487	14.34%

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

Schedule is intended to show information for 10 years. Information prior to 2015 is not available. However, additional years will be included as they become available.

City of Bristol, Virginia
Notes to Required Supplementary Information - Pension Plan
For the Year Ended June 30, 2023

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, 2021, valuations were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non 10 Largest) - Hazardous Duty:

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

City of Bristol, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government
For the Measurement Dates of July 1, 2017 through July 1, 2022

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

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

City of Bristol, Virginia
Notes to Required Supplementary Information - City OPEB
For the Year Ended June 30, 2023

Valuation Date: 7/1/2022

Measurement Date: 7/1/2022

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	3.69%
Healthcare Trend Rate	6.50% for fiscal year end 2023, decreasing 0.25% per year to an ultimate rate of 5.00%.
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Fully Generational Mortality Table with base year 2006, using two-dimensional improvement scale MP-2021.

City of Bristol, Virginia
Schedule of City's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2022

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)
2022	0.0624% \$	751,564 \$	13,577,121	5.54%	67.21%
2021	0.0669%	777,832	13,793,818	5.64%	67.45%
2020	0.0712%	1,133,225	13,976,153	8.11%	52.64%
2019	0.0701%	1,083,407	13,051,231	8.30%	52.00%
2018	0.0721%	1,048,785	13,132,182	7.99%	51.22%
2017	0.0779%	1,116,904	13,684,481	8.16%	48.86%

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

City of Bristol, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2014 through June 30, 2023

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2023	\$ 76,004	\$ 76,004	\$ -	\$ 14,074,813	0.54%
2022	73,317	73,317	-	13,577,121	0.54%
2021	74,486	74,486	-	13,793,818	0.54%
2020	72,676	72,676	-	13,976,153	0.52%
2019	67,864	67,864	-	13,051,231	0.52%
2018	68,287	68,287	-	13,132,182	0.52%
2017	71,160	71,160	-	13,684,481	0.52%
2016	68,971	68,971	-	14,368,829	0.48%
2015	65,931	65,931	-	13,735,661	0.48%
2014	68,865	68,865	-	14,346,978	0.48%

City of Bristol, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

City of Bristol, Virginia
Schedule of Employer's Share of Net LODA OPEB Liability
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2017 through June 30, 2022

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)
2022	0.9234%	\$ 3,494,468	N/A	N/A	1.87%
2021	0.8753%	3,859,999	N/A	N/A	1.68%
2020	0.8855%	3,708,443	N/A	N/A	1.02%
2019	0.9019%	3,235,713	N/A	N/A	0.79%
2018	0.9055%	2,839,000	N/A	N/A	0.60%
2017	0.9088%	2,389,000	N/A	N/A	1.30%

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

Schedule is intended to show information for 10 years. Information prior to 2017 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, 2023

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)
2023	\$ 93,412	\$ 93,412	\$ -	N/A	N/A
2022	127,169	127,169	-	N/A	N/A
2021	120,508	120,508	-	N/A	N/A
2020	120,334	120,334	-	N/A	N/A
2019	121,039	121,039	-	N/A	N/A
2018	96,453	96,453	-	N/A	N/A
2017	98,013	98,013	-	N/A	N/A

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

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

City of Bristol, Virginia
Notes to Required Supplementary Information
Line of Duty Act (LODA) Program
For the Year Ended June 30, 2023

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, 2021 valuation were based on results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

Other Supplementary Information

City of Bristol, Virginia
CDBG Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	<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	\$ 558,000	\$ 558,000	\$ 342,224	\$ (215,776)
Total revenues	\$ 558,000	\$ 558,000	\$ 342,224	\$ (215,776)
EXPENDITURES				
Community development	\$ 558,000	\$ 558,000	\$ 342,224	\$ 215,776
Total expenditures	\$ 558,000	\$ 558,000	\$ 342,224	\$ 215,776
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, 2023

	Industrial Development Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,075
Due from primary government	690,885
Total current assets	<u>\$ 694,960</u>
Restricted cash and cash equivalents:	
Cash and cash equivalents	\$ 736,633
Investments	541,041
Total restricted assets	<u>\$ 1,277,674</u>
Total current assets	<u>\$ 1,972,634</u>
Noncurrent assets:	
Capital assets:	
Capital assets, not being depreciated	\$ 641,126
Capital assets, net of accumulated depreciation	13,213,546
Total capital assets	<u>\$ 13,854,672</u>
Total noncurrent assets	<u>\$ 13,854,672</u>
Total assets	<u>\$ 15,827,306</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 139,486
Accrued interest payable	662,399
Revenue bonds - current portion	165,000
Total current liabilities	<u>\$ 966,885</u>
Noncurrent liabilities:	
Revenue bonds - net of current portion	<u>\$ 30,275,000</u>
Total noncurrent liabilities	<u>\$ 30,275,000</u>
Total liabilities	<u>\$ 31,241,885</u>
NET POSITION	
Net investment in capital assets	\$ (16,585,328)
Unrestricted	1,170,749
Total net position	<u><u>\$ (15,414,579)</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, 2023

	Industrial Development Authority
OPERATING EXPENSES	
IDA professional fees	\$ 17,990
IDA administrative	46,534
IDA business incentives	609,629
Depreciation	660,676
Total operating expenses	<u>\$ 1,334,829</u>
Operating income (loss)	<u>\$ (1,334,829)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 21,540
Gain (loss) on sale of land	(422,634)
Interest expense	(1,907,575)
Contributions from primary government:	
Economic development	621,630
Development of regional impact	2,562,226
Economic development	(533,722)
Total nonoperating revenues (expenses)	<u>341,465</u>
Change in net position	\$ (993,364)
Net position - beginning	(14,421,215)
Net position - ending	<u><u>\$ (15,414,579)</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, 2023

	Industrial Development Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to suppliers	\$ (557,737)
Net cash provided by (used for) by operating activities	<u>\$ (557,737)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Contributions from primary government	<u>\$ 3,043,923</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of assets	\$ 200
Principal payments on bonds	(155,000)
Interest expense	(1,941,475)
Economic development	(533,722)
Net cash provided by (used for) by capital and related financing activities	<u>\$ (2,629,997)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	\$ 21,540
Net cash provided by (used for) by investing activities	<u>\$ 21,540</u>
Net increase (decrease) in cash and cash equivalents	\$ (122,271)
Cash and cash equivalents - beginning (including restricted cash and cash equivalents of \$1,400,101)	1,404,020
Cash and cash equivalents - ending (including restricted cash and cash equivalents/investments of \$1,277,674)	<u><u>\$ 1,281,749</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) by operating activities:	
Operating income (loss)	\$ (1,334,829)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	\$ 660,676
Increase (decrease) in operating payables	116,416
Total adjustments	<u>\$ 777,092</u>
Net cash provided by (used for) by operating activities	<u><u>\$ (557,737)</u></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, 2023

<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	\$ 13,888,340	\$ 14,180,840	\$ 15,033,651	\$ 852,811
Real and personal public service corporation taxes	240,000	240,000	189,849	(50,151)
Personal property taxes	3,744,500	3,744,500	4,191,739	447,239
Other taxes	80,000	80,000	77,672	(2,328)
Penalties	150,000	150,000	209,196	59,196
Interest	130,000	130,000	144,587	14,587
Total general property taxes	\$ 18,232,840	\$ 18,525,340	\$ 19,846,694	\$ 1,321,354
Other local taxes:				
Local sales and use taxes	\$ 4,952,000	\$ 4,952,000	\$ 6,054,087	\$ 1,102,087
Consumers' utility taxes	155,000	155,000	182,752	27,752
Consumption taxes	67,000	67,000	72,223	5,223
Tobacco taxes	440,000	440,000	392,583	(47,417)
Business license taxes	1,292,500	1,292,500	1,748,226	455,726
Motor vehicle licenses	250,000	250,000	229,111	(20,889)
Bank stock taxes	330,000	330,000	314,223	(15,777)
Taxes on recordation and wills	150,000	150,000	248,520	98,520
Hotel and motel room taxes	1,800,000	1,800,000	2,128,672	328,672
Restaurant food taxes	6,841,000	6,841,000	7,833,252	992,252
Admissions taxes	50,000	50,000	112,690	62,690
Total other local taxes	\$ 16,327,500	\$ 16,327,500	\$ 19,316,339	\$ 2,988,839
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,450	\$ 2,450	\$ 1,860	\$ (590)
Transfer fees	500	500	699	199
Charges for stormwater management	18,900	18,900	10,367	(8,533)
Zoning fees	5,000	5,000	5,619	619
Permits and other licenses	116,000	116,000	180,188	64,188
Total permits, privilege fees, and regulatory licenses	\$ 142,850	\$ 142,850	\$ 198,733	\$ 55,883
Fines and forfeitures:				
Court fines and forfeitures	\$ 148,500	\$ 167,500	\$ 206,445	\$ 38,945
Revenue from use of money and property:				
Revenue from use of money	\$ 80,250	\$ 80,250	\$ 1,847,922	\$ 1,767,672
Revenue from use of money - solid waste	14,400	14,400	78,080	63,680
Revenue from use of property	25,620	25,620	31,005	5,385
Total revenue from use of money and property	\$ 120,270	\$ 120,270	\$ 1,957,007	\$ 1,836,737

City of Bristol, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<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:				
Charges for law enforcement and traffic control	\$ 6,000	\$ 6,000	\$ 1,864	\$ (4,136)
Charges for courthouse maintenance	15,600	15,600	10,853	(4,747)
Charges for courtroom security	72,000	72,000	77,637	5,637
Charges for miscellaneous jail and inmate fees	-	72,000	29,471	(42,529)
Charges for Commonwealth's Attorney	4,000	4,000	4,174	174
Charges for rescue services	250,000	250,000	297,689	47,689
Charges for miscellaneous court	31,000	40,835	33,046	(7,789)
Charges for parks and recreation	19,500	19,500	32,054	12,554
Charges for golf course	855,000	944,558	924,075	(20,483)
Charges for law library	6,000	6,000	4,512	(1,488)
Charges for solid waste disposal	3,385,000	3,385,000	535,092	(2,849,908)
Charges for solid waste collections	2,775,642	2,775,642	2,833,935	58,293
Other charges for services	88,000	88,000	95,498	7,498
Total charges for services	\$ 7,507,742	\$ 7,679,135	\$ 4,879,900	\$ (2,799,235)
Miscellaneous:				
Miscellaneous	\$ 168,800	\$ 239,318	\$ 857,207	\$ 617,889
Miscellaneous - solid waste	9,300	9,300	255,427	246,127
Payments in lieu of taxes - BVU	280,000	280,000	33,353	(246,647)
Payments in lieu of taxes - TVA	338,000	338,000	332,249	(5,751)
Total miscellaneous	\$ 796,100	\$ 866,618	\$ 1,478,236	\$ 611,618
Recovered costs:				
Insurance recoveries	\$ 16,000	\$ 62,814	\$ 67,040	\$ 4,226
Insurance recoveries - solid waste	-	-	3,463	3,463
CDBG recoveries	80,000	80,000	101,649	21,649
Solid waste recovered costs	-	-	488,157	488,157
Other recovered costs	269,600	306,585	306,709	124
Total recovered costs	\$ 365,600	\$ 449,399	\$ 967,018	\$ 517,619
Total revenue from local sources	\$ 43,641,402	\$ 44,278,612	\$ 48,850,372	\$ 4,571,760
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 23,000	\$ 23,000	\$ 22,314	\$ (686)
Mobile home titling tax	1,500	1,500	1,680	180
Motor vehicle rental tax	13,000	13,000	16,329	3,329
Communications tax	430,000	430,000	420,654	(9,346)

City of Bristol, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<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)				
Noncategorical aid: (Continued)				
State sales tax	\$ 925,000	\$ 925,000	\$ 1,124,850	\$ 199,850
Personal property tax relief funds	723,990	723,990	723,990	-
Other noncategorical aid	-	-	10	10
Total noncategorical aid	\$ 2,116,490	\$ 2,116,490	\$ 2,309,827	\$ 193,337
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 591,406	\$ 591,406	\$ 588,593	\$ (2,813)
Sheriff	494,848	494,848	447,379	(47,469)
Commissioner of revenue	132,045	132,045	122,982	(9,063)
Treasurer	115,458	115,458	114,916	(542)
Registrar/electoral board	66,509	66,509	66,084	(425)
Clerk of the Circuit Court	358,634	358,634	337,593	(21,041)
Other shared expenses	30,600	32,923	25,196	(7,727)
Total shared expenses	\$ 1,789,500	\$ 1,791,823	\$ 1,702,743	\$ (89,080)
Other categorical aid:				
Public assistance and welfare administration	\$ 2,819,591	\$ 2,819,591	\$ 2,276,306	\$ (543,285)
Comprehensive services act	1,830,586	1,830,586	1,978,747	148,161
Law enforcement 599 funds	1,075,456	1,075,456	1,182,422	106,966
Wireless E-911 payment state grant	80,000	80,000	97,722	17,722
Emergency services funds	106,000	115,422	57,290	(58,132)
VDOT grants	40,000	40,000	-	(40,000)
Street and highway maintenance	5,466,640	5,466,640	4,861,450	(605,190)
Fire program	72,187	72,187	69,084	(3,103)
PSAP grants	317,595	317,595	51,445	(266,150)
4-for-life funds	14,000	14,000	13,996	(4)
Litter control grant	6,500	11,000	10,999	(1)
Victim witness funds	27,625	27,625	32,237	4,612
State contract jail beds	-	-	5,532	5,532
Brownfield restoration grant	47,318	47,318	-	(47,318)
DEQ grant	-	-	2,000,402	2,000,402
Other categorical aid-Judicial	34,892	65,612	12,681	(52,931)
Other categorical aid-Community Development	67,000	67,000	65,523	(1,477)
Other categorical aid	-	-	144,389	144,389
Total other categorical aid	\$ 12,005,390	\$ 12,050,032	\$ 12,860,225	\$ 810,193
Total categorical aid	\$ 13,794,890	\$ 13,841,855	\$ 14,562,968	\$ 721,113
Total revenue from the Commonwealth	\$ 15,911,380	\$ 15,958,345	\$ 16,872,795	\$ 914,450

City of Bristol, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<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 federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 3,096,937	\$ 3,096,937	\$ 3,426,174	\$ 329,237
Coronavirus state and local fiscal recovery funds	10,029,230	10,064,230	9,426,116	(638,114)
Selective enforcement grants	50,000	50,000	53,160	3,160
SHSP funds	244,000	244,000	94,925	(149,075)
VDOT grants	5,954,754	6,075,386	716,468	(5,358,918)
V stop grant	21,771	21,771	21,771	-
Brownsfield grant	100,000	100,000	67,511	(32,489)
Victim witness funds	83,320	83,320	75,220	(8,100)
Emergency management	15,500	15,500	20,230	4,730
Justice assistance grant	4,000	4,000	17,445	13,445
QSCB interest	-	-	127,832	127,832
Equitable sharing program	-	-	46,888	46,888
Cops hiring program (COPS)	165,000	165,000	148,242	(16,758)
Total categorical aid	\$ 19,764,512	\$ 19,920,144	\$ 14,241,982	\$ (5,678,162)
Total revenue from the federal government	\$ 19,764,512	\$ 19,920,144	\$ 14,241,982	\$ (5,678,162)
Total General Fund	\$ 79,317,294	\$ 80,157,101	\$ 79,965,149	\$ (191,952)
CDBG Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Entitlement grants	\$ 458,000	\$ 458,000	\$ 310,599	\$ (147,401)
Coronavirus relief funds	100,000	100,000	31,625	(68,375)
Total categorical aid	\$ 558,000	\$ 558,000	\$ 342,224	\$ (215,776)
Total revenue from the federal government	\$ 558,000	\$ 558,000	\$ 342,224	\$ (215,776)
Total CDBG Fund	\$ 558,000	\$ 558,000	\$ 342,224	\$ (215,776)
Total Primary Government	\$ 79,875,294	\$ 80,715,101	\$ 80,307,373	\$ (407,728)

City of Bristol, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<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	\$ 65,897	\$ 65,897	\$ 59,519	\$ 6,378
General and financial administration:				
City clerk	\$ 27,981	\$ 37,996	\$ 35,198	\$ 2,798
City manager	294,807	297,307	288,415	8,892
Human resources	207,338	207,339	187,026	20,313
Independent auditor	92,975	92,975	77,500	15,475
City attorney	85,385	3,766,357	2,836,801	929,556
Commissioner of revenue	316,030	316,030	282,029	34,001
Assessor	15,000	15,000	6,663	8,337
Treasurer	543,524	543,524	417,041	126,483
Finance	547,507	547,507	502,703	44,804
Purchasing	95,576	95,576	58,185	37,391
Information technology	900,746	900,746	856,927	43,819
Retired benefits	142,000	142,000	93,370	48,630
Other	529,128	529,178	362,338	166,840
Total general and financial administration	\$ 3,797,997	\$ 7,491,535	\$ 6,004,196	\$ 1,487,339
Board of elections:				
Electoral board	\$ 235,194	\$ 235,194	\$ 219,983	\$ 15,211
Total board of elections	\$ 235,194	\$ 235,194	\$ 219,983	\$ 15,211
Total general government administration	\$ 4,099,088	\$ 7,792,626	\$ 6,283,698	\$ 1,508,928
Judicial administration:				
Courts:				
Circuit court	\$ 68,906	\$ 68,906	\$ 65,720	\$ 3,186
General district court	40,657	61,157	57,779	3,378
Juvenile and domestic relations court	2,333	2,333	2,050	283
Judicial alternative sentencing program	238,465	351,020	247,265	103,755
Magistrate's office	2,000	2,000	1,426	574
Law library	2,000	2,000	559	1,441
Victim witness program	121,348	121,348	106,334	15,014
Clerk of the circuit court	586,207	588,707	573,168	15,539
Clerk of the juvenile and domestic relations court	10,945	10,945	9,274	1,671
Total courts	\$ 1,072,861	\$ 1,208,416	\$ 1,063,575	\$ 144,841
Commonwealth's attorney:				
Commonwealth's attorney	\$ 991,912	\$ 991,912	\$ 989,006	\$ 2,906
Commonwealth's attorney asset forfeiture	94,700	135,212	16,546	118,666
Total commonwealth's attorney	\$ 1,086,612	\$ 1,127,124	\$ 1,005,552	\$ 121,572
Total judicial administration	\$ 2,159,473	\$ 2,335,540	\$ 2,069,127	\$ 266,413
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 7,859,020	\$ 8,261,696	\$ 6,817,429	\$ 1,444,267
Total law enforcement and traffic control	\$ 7,859,020	\$ 8,261,696	\$ 6,817,429	\$ 1,444,267

City of Bristol, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<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)				
Fire and rescue services:				
Fire department	\$ 4,411,650	\$ 4,467,682	\$ 4,116,606	\$ 351,076
Total fire and rescue services	\$ 4,411,650	\$ 4,467,682	\$ 4,116,606	\$ 351,076
Correction and detention:				
City Sheriff & Jail	\$ 4,879,599	\$ 5,168,845	\$ 4,932,373	\$ 236,472
Appalachian Juvenile Commission	128,756	128,756	128,756	-
City Sheriff & Jail grants	7,800	25,931	12,302	13,629
Total correction and detention	\$ 5,016,155	\$ 5,323,532	\$ 5,073,431	\$ 250,101
Inspections:				
Building inspector	\$ 189,458	\$ 189,458	\$ 181,465	\$ 7,993
Total inspections	\$ 189,458	\$ 189,458	\$ 181,465	\$ 7,993
Other protection:				
Animal control	\$ 177,545	\$ 177,545	\$ 135,019	\$ 42,526
Medical examiner	500	500	220	280
Emergency preparedness	43,366	43,366	41,810	1,556
Hazardous materials emergency - ERS	30,000	38,924	32,085	6,839
Line of duty act	136,500	136,500	93,412	43,088
Total other protection	\$ 387,911	\$ 396,835	\$ 302,546	\$ 94,289
Total public safety	\$ 17,864,194	\$ 18,639,203	\$ 16,491,477	\$ 2,147,726
Public works:				
Sanitation and waste removal:				
Solid waste disposal	\$ 7,870,000	\$ 570,000	\$ 8,595,468	\$ (8,025,468)
Disposal personnel services	1,272,254	1,272,254	771,662	500,592
Disposal operational expenses	2,511,425	28,137,723	13,278,343	14,859,380
Refuse collection	949,624	969,624	742,088	227,536
Landfill postclosure care	200,000	200,000	-	200,000
Total sanitation and waste removal	\$ 12,803,303	\$ 31,149,601	\$ 23,387,561	\$ 7,762,040
Maintenance of highways, streets, bridges and sidewalks:				
Street and engineering divisions	\$ 1,014,518	\$ 2,500,021	\$ 968,219	\$ 1,531,802
VDOT reimbursed maintenance	3,493,414	3,493,414	3,045,348	448,066
Streetlights	29,400	29,400	28,982	418
Fleet maintenance	616,282	616,282	535,897	80,385
Total maintenance of highways, streets, bridges and sidewalks	\$ 5,153,614	\$ 6,639,117	\$ 4,578,446	\$ 2,060,671
Maintenance of general buildings and grounds:				
General properties	\$ 401,676	\$ 401,676	\$ 295,509	\$ 106,167
Other city property	25,200	25,200	22,550	2,650
Municipal parking facilities	62,950	62,950	50,570	12,380
Total maintenance of general buildings and grounds	\$ 489,826	\$ 489,826	\$ 368,629	\$ 121,197
Total public works	\$ 18,446,743	\$ 38,278,544	\$ 28,334,636	\$ 9,943,908

City of Bristol, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<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)				
Health and welfare:				
Health:				
Supplement of local health department	\$ 425,421	\$ 425,421	\$ 425,421	\$ -
Behavioral Health and Developmental Services				
Mental health services	\$ 165,414	\$ 165,414	\$ 165,414	\$ -
Total behavioral health and developmental services	\$ 165,414	\$ 165,414	\$ 165,414	\$ -
Welfare:				
Welfare administration and programs	\$ 6,586,465	\$ 6,586,465	\$ 5,973,506	\$ 612,959
Comprehensive services act	2,576,680	2,576,680	2,809,336	(232,656)
Total welfare	\$ 9,163,145	\$ 9,163,145	\$ 8,782,842	\$ 380,303
Total health and welfare	\$ 9,753,980	\$ 9,753,980	\$ 9,373,677	\$ 380,303
Education:				
Educational:				
Contributions to community colleges	\$ 60,825	\$ 60,825	\$ 60,825	\$ -
Contribution to City School Board	7,540,978	7,540,978	7,401,925	139,053
Total education	\$ 7,601,803	\$ 7,601,803	\$ 7,462,750	\$ 139,053
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 713,176	\$ 713,176	\$ 545,067	\$ 168,109
Programming	687,986	702,018	688,908	13,110
Clear Creek golf course	826,673	934,531	1,143,265	(208,734)
Total parks and recreation	\$ 2,227,835	\$ 2,349,725	\$ 2,377,240	\$ (27,515)
Library:				
Library expenses	\$ 804,589	\$ 804,589	\$ 804,589	\$ -
Total parks, recreation, and cultural	\$ 3,032,424	\$ 3,154,314	\$ 3,181,829	\$ (27,515)
Community development:				
Planning and community development:				
Planning and community development	\$ 550,271	\$ 550,271	\$ 366,947	\$ 183,324
Tourism promotion program	226,000	361,000	353,500	7,500
Economic development	440,000	440,000	432,549	7,451
Mount Rogers PDC	16,722	20,912	16,761	4,151
Chamber of Commerce	4,872	4,872	4,872	-
Keep Bristol Beautiful committee	6,500	11,000	7,930	3,070
District 3 Governmental Coop	10,523	10,523	10,523	-
Economic development activities	81,613	100,113	84,016	16,097
Foreign trade zone	19,987	19,987	19,987	-
Code compliance	93,747	93,747	84,775	8,972
Contribution to Industrial Development Authority-Economic Dev.	592,600	592,600	621,630	(29,030)
Contribution to Industrial Development Authority-DRI	1,948,700	1,948,700	2,562,226	(613,526)
Total planning and community development	\$ 3,991,535	\$ 4,153,725	\$ 4,565,716	\$ (411,991)
Total community development	\$ 3,991,535	\$ 4,153,725	\$ 4,565,716	\$ (411,991)

City of Bristol, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<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)				
Nondepartmental:				
Nondepartmental	\$ 1,219,350	\$ 9,000	\$ -	\$ 9,000
Total nondepartmental	\$ 1,219,350	\$ 9,000	\$ -	\$ 9,000
Capital projects:				
Lee highway widening exit 7	\$ -	\$ 42,986	\$ 18,291	\$ 24,695
Lee highway widening phase 2	25,000	25,000	-	25,000
Van Pelt school construction	-	-	11,218,284	(11,218,284)
Other capital outlay	7,313,225	7,270,239	828,248	6,441,991
Total capital projects	\$ 7,338,225	\$ 7,338,225	\$ 12,064,823	\$ (4,726,598)
Debt service:				
Principal retirement	\$ 2,578,718	\$ 2,578,718	\$ 2,765,823	\$ (187,105)
Principal retirement-solid waste	1,675,654	1,675,654	2,171,782	(496,128)
Interest and other fiscal charges	2,637,614	2,637,614	3,866,411	(1,228,797)
Interest and other fiscal charges-solid waste	1,106,835	1,106,835	764,638	342,197
Bond issuance costs	10,000	10,000	1,477	8,523
Total debt service	\$ 8,008,821	\$ 8,008,821	\$ 9,570,131	\$ (1,561,310)
Total General Fund	\$ 83,515,636	\$ 107,065,781	\$ 99,397,864	\$ 7,667,917
Special Revenue Funds:				
CDBG Fund:				
Community development:				
Planning and community development:				
Administrative Fees	\$ 74,000	\$ 83,127	\$ 83,125	\$ 2
Demolition	55,000	50,819	39,646	11,173
Emergency Housing Rehab	70,000	106,000	104,654	1,346
Boys and Girls Club	20,000	2,054	4,632	(2,578)
Children's Advocacy Center	-	-	1,000	(1,000)
Enterprise Zone Incentives	14,000	14,000	1,500	12,500
CASA (People Inc)	5,000	3,000	-	3,000
Bristol Housing Authority	5,000	5,000	1,933	3,067
Highlands Community Services	10,000	11,000	11,000	-
Sidewalk Improvements	160,000	121,800	-	121,800
AIC	5,000	5,000	4,693	307
Crossroads Medical Mission	5,000	10,000	10,000	-
Communities in School	-	-	1,500	(1,500)
King's Mt Supportive Housing	5,000	5,000	2,625	2,375
Code Enforcement	30,000	30,000	34,632	(4,632)
CARES	100,000	100,000	34,715	65,285
United Way-HOME	-	7,200	2,569	4,631
Family Promise of Bristol	-	4,000	4,000	-
Total planning and community development	\$ 558,000	\$ 558,000	\$ 342,224	\$ 215,776
Total CDBG Fund	\$ 558,000	\$ 558,000	\$ 342,224	\$ 215,776
Total Primary Government	\$ 84,073,636	\$ 107,623,781	\$ 99,740,088	\$ 7,883,693

Statistical Section

Statistical Section

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

<u>Contents</u>	<u>Starting Page</u>
Financial Trends These tables contain trend information to help the reader understand how the the City's financial performance and well-being have changed over time.	122
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.	127
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.	132
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.	135
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.	137

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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 30,780,027	\$ 8,717,208	\$ 16,237,546	\$ 15,361,661	\$ 11,265,975	\$ 15,682,112	\$ 14,701,966	\$ 14,366,458	\$ 11,960,935	\$ 12,756,406
Restricted	1,149,693	2,376,424	990,054	461,041	394,934	263,848	326,955	510,695	306,509	852,646
Unrestricted	21,040,925	5,746,269	(14,148,599)	(12,353,658)	(12,226,017)	(5,904,380)	(3,393,318)	231,258	7,212,076	(116,074,857)
Total governmental activities net position	\$ 52,970,645	\$ 16,839,901	\$ 3,079,001	\$ 3,469,044	\$ (565,108)	\$ 10,041,580	\$ 11,635,603	\$ 15,108,411	\$ 19,479,520	\$ (102,465,805)
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ (9,882,306)	\$ (11,240,766)	\$ (14,938,806)	\$ (15,058,938)	\$ (16,545,336)	\$ (16,422,472)	\$ 251,317
Unrestricted	(36,310,290)	(38,527,008)	(17,561,883)	(7,723,498)	(9,066,693)	(10,432,176)	(10,186,439)	(9,545,979)	(9,788,459)	77,655
Total business-type activities net position	\$ (36,310,290)	\$ (38,527,008)	\$ (17,561,883)	\$ (17,605,804)	\$ (20,307,459)	\$ (25,370,982)	\$ (25,245,377)	\$ (26,091,315)	\$ (26,210,931)	\$ 328,972
Primary government										
Net investment in capital assets	\$ 30,780,027	\$ 8,717,208	\$ 16,237,546	\$ 5,479,355	\$ 25,209	\$ 743,306	\$ (356,972)	\$ (2,178,878)	\$ (4,461,537)	\$ 13,007,723
Restricted	1,149,693	2,376,424	990,054	461,041	394,934	263,848	326,955	510,695	306,509	852,646
Unrestricted	(15,269,365)	(32,780,739)	(31,710,482)	(20,077,156)	(21,292,710)	(16,336,556)	(13,579,757)	(9,314,721)	(2,576,383)	(115,997,202)
Total primary government net position	\$ 16,660,355	\$ (21,687,107)	\$ (14,482,882)	\$ (14,136,760)	\$ (20,872,567)	\$ (15,329,402)	\$ (13,609,774)	\$ (10,982,904)	\$ (6,731,411)	\$ (102,136,833)

Notes:

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

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

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

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

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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government administration	\$ 3,644,857	\$ 3,577,188	\$ 3,808,184	\$ 3,293,394	\$ 2,870,965	\$ 3,959,101	\$ 3,323,126	\$ 3,420,556	\$ 3,249,124	\$ 6,095,078
Judicial administration	1,403,143	1,416,373	1,542,808	1,489,258	1,546,585	1,521,639	1,976,627	1,950,818	1,802,928	1,995,047
Public safety	13,658,662	13,353,824	13,950,011	14,845,666	14,203,394	13,482,799	14,443,114	16,474,620	13,620,519	15,541,051
Public works	6,078,768	5,735,516	6,491,735	6,612,183	12,169,519	7,669,099	8,520,743	8,011,443	8,203,039	110,699,012
Health and welfare	6,340,817	6,985,092	7,398,856	7,493,980	7,796,803	7,679,441	8,816,862	8,497,461	8,569,105	9,190,991
Education	9,468,882	9,495,178	9,839,236	6,664,037	6,810,420	5,415,563	6,593,843	7,524,122	6,828,669	7,665,250
Parks, recreation and cultural	3,817,264	3,241,612	3,354,408	3,142,962	3,092,715	2,987,371	2,991,537	2,683,341	2,608,961	3,063,155
Community development	5,182,711	5,533,853	2,766,734	5,058,993	3,024,445	3,596,213	3,452,643	4,774,056	4,358,138	4,810,400
Transit	506,937	415,780	397,012	-	-	-	-	-	-	-
Interest on long-term debt	1,406,389	2,273,656	2,602,511	3,047,922	3,823,602	3,208,814	3,369,943	3,119,628	3,481,138	4,927,463
Total governmental activities expenses	\$ 51,508,430	\$ 52,028,072	\$ 52,151,495	\$ 51,648,395	\$ 55,338,448	\$ 49,520,040	\$ 53,488,438	\$ 56,456,045	\$ 52,721,621	\$ 163,987,447
Business-type activities:										
Solid Waste Disposal	\$ 6,201,423	\$ 5,888,523	\$ 6,147,043	\$ 6,036,630	\$ 8,083,494	\$ 9,174,163	\$ 6,609,293	\$ 6,764,742	\$ 7,826,618	\$ -
Transit	-	-	-	-	-	-	603,867	506,454	534,120	457,443
Total business-type activities expenses	6,201,423	5,888,523	6,147,043	6,036,630	8,083,494	9,174,163	7,213,160	7,271,196	8,360,738	457,443
Total primary government expenses	\$ 57,709,853	\$ 57,916,595	\$ 58,298,538	\$ 57,685,025	\$ 63,421,942	\$ 58,694,203	\$ 60,701,598	\$ 63,727,241	\$ 61,082,359	\$ 164,444,890
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 393,855	\$ 187,115	\$ 134,641	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Judicial administration	316,409	292,519	266,659	53,309	55,074	63,930	44,278	41,298	38,158	42,431
Public safety	118,852	206,871	158,929	389,093	393,977	683,358	641,423	654,070	707,381	795,154
Public works	724	6,481	21,564	71,861	76,848	78,415	12,515	25,027	35,939	3,390,247
Parks, recreation and cultural	832,374	752,324	834,989	773,444	798,102	741,079	858,594	900,655	1,001,040	1,051,627
Other activities	32,640	56,943	69,234	5,875	7,727	6,988	5,607	5,370	5,200	5,619
Operating grants and contributions	15,647,934	13,884,225	15,316,508	15,920,827	16,155,264	16,919,063	16,812,399	19,840,207	16,802,671	28,235,576
Capital grants and contributions	2,722,801	5,091,895	8,385,503	2,111,361	4,157,571	5,707,886	1,507,606	1,585,198	377,995	911,598
Total governmental activities program revenues	\$ 20,065,589	\$ 20,478,373	\$ 25,188,027	\$ 19,325,770	\$ 21,644,563	\$ 24,200,719	\$ 19,882,422	\$ 23,051,825	\$ 18,968,384	\$ 34,432,252
Business-type activities:										
Charges for services:										
Solid Waste Disposal	\$ 3,877,782	\$ 4,259,669	\$ 4,506,392	\$ 4,884,260	\$ 4,705,962	\$ 5,615,024	\$ 5,852,776	\$ 5,878,972	\$ 5,788,134	\$ -
Transit	-	-	-	-	-	-	31,757	12,694	23,665	30,257
Operating grants and contributions	-	-	-	-	-	-	312,133	351,516	414,114	532,717
Capital grants and contributions	-	-	-	-	-	-	-	-	-	1,102
Total business-type activities program revenues	\$ 3,877,782	\$ 4,259,669	\$ 4,506,392	\$ 4,884,260	\$ 4,705,962	\$ 5,615,024	\$ 6,196,666	\$ 6,243,182	\$ 6,225,913	\$ 564,076
Total primary government revenues	\$ 23,943,371	\$ 24,738,042	\$ 29,694,419	\$ 24,210,030	\$ 26,350,525	\$ 29,815,743	\$ 26,079,088	\$ 29,295,007	\$ 25,194,297	\$ 34,996,328
Net (expense) / revenue										
Governmental activities	\$ (31,442,841)	\$ (31,549,699)	\$ (26,963,468)	\$ (32,322,625)	\$ (33,693,885)	\$ (25,319,321)	\$ (33,606,016)	\$ (33,404,220)	\$ (33,753,237)	\$ (129,555,195)
Business-type activities	(2,323,641)	(1,628,854)	(1,640,651)	(1,152,370)	(3,377,532)	(3,559,139)	(1,016,494)	(1,028,014)	(2,134,825)	106,633
Total primary government net (expense)/revenue	\$ (33,766,482)	\$ (33,178,553)	\$ (28,604,119)	\$ (33,474,995)	\$ (37,071,417)	\$ (28,878,460)	\$ (34,622,510)	\$ (34,432,234)	\$ (35,888,062)	\$ (129,448,562)

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 14,380,655	\$ 15,946,537	\$ 16,993,071	\$ 18,343,545	\$ 17,385,958	\$ 17,838,482	\$ 18,032,947	\$ 18,675,283	\$ 19,194,745	\$ 20,021,642
Other taxes	12,316,335	13,264,747	13,863,419	13,637,649	14,275,193	14,921,446	13,906,812	14,844,720	17,285,025	19,316,339
Unrestricted grants and contributions	3,327,544	3,454,427	3,973,346	2,366,377	2,398,882	2,415,775	2,259,682	2,188,069	2,227,611	2,309,827
Unrestricted revenues from use of money and property	31,149	43,487	40,343	166,719	165,466	409,118	315,974	235,311	246,943	1,977,007
Miscellaneous	193,306	272,181	(513,679)	997,357	1,309,203	741,227	951,617	1,069,561	1,098,549	1,860,910
Gain (Loss) on disposal of capital assets	77,968	14,641	28,388	-	-	-	-	-	49,673	164,079
Transfers	-	(986,243)	(22,605,369)	(785,408)	(886,680)	(567,480)	(698,287)	(135,916)	(1,961,695)	(26,424,496)
Special item-conveyance of property	-	(14,869,201)	1,425,049	-	-	-	-	-	-	-
Extraordinary item-asset impairment	-	-	-	-	-	-	-	-	-	-
Total governmental activities	\$ 30,326,957	\$ 17,140,576	\$ 13,202,568	\$ 34,726,239	\$ 34,648,022	\$ 35,758,568	\$ 34,768,745	\$ 36,877,028	\$ 38,140,851	\$ 7,609,870
Business-type activities:										
Unrestricted revenues from use of money and property	\$ 99	\$ 95	\$ 407	\$ 6,977	\$ 2,867	\$ 3,449	\$ 3,722	\$ 20,907	\$ 20,983	\$ -
Miscellaneous	-	462	-	22,339	9,267	47,951	23,140	26,742	944	8,774
Gain (Loss) on disposal of capital assets	(5,102)	(11,123)	-	1,219	11,841	-	4,584	(1,489)	-	-
Transfers	-	986,243	22,605,369	785,408	886,680	567,480	698,287	135,916	1,961,695	26,424,496
Total business-type activities	\$ (5,003)	\$ 975,677	\$ 22,605,776	\$ 815,943	\$ 910,655	\$ 618,880	\$ 729,733	\$ 182,076	\$ 1,983,622	\$ 26,433,270
Total primary government	\$ 30,321,954	\$ 18,116,253	\$ 35,808,344	\$ 35,542,182	\$ 35,558,677	\$ 36,377,448	\$ 35,498,478	\$ 37,059,104	\$ 40,124,473	\$ 34,043,140
Change in Net Position										
Governmental activities	\$ (1,115,884)	\$ (14,409,123)	\$ (13,760,900)	\$ 2,403,614	\$ 954,137	\$ 10,439,247	\$ 1,162,729	\$ 3,472,808	\$ 4,387,614	\$ (121,945,325)
Business-type activities	(2,328,644)	(653,177)	20,965,125	(336,427)	(2,466,877)	(2,940,259)	(286,761)	(845,938)	(151,203)	26,539,903
Total primary government	\$ (3,444,528)	\$ (15,062,300)	\$ 7,204,225	\$ 2,067,187	\$ (1,512,740)	\$ 7,498,988	\$ 875,968	\$ 2,626,870	\$ 4,236,411	\$ (95,405,422)

Notes:

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

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Nonspendable	\$ 22,661,237	\$ 22,642,183	\$ 521,732	\$ 707,275	\$ 693,895	\$ 405,187	\$ 1,483,727	\$ 1,485,975	\$ 1,483,464	\$ 1,812,697
Restricted	1,149,693	2,376,424	990,054	3,828,772	688,350	1,132,610	326,955	510,695	24,977,681	13,583,083
Assigned	-	-	45,758	4,025	23,820	18,820	40,070	36,320	26,320	17,570
Committed	-	-	-	-	-	3,053,823	3,455,036	4,493,347	4,528,572	4,708,341
Unassigned	(277,620)	6,096,293	7,348,531	8,300,228	14,168,992	16,022,800	17,478,295	22,237,207	26,565,871	23,310,822
Total general fund	\$ 23,533,310	\$ 31,114,900	\$ 8,906,075	\$ 12,840,300	\$ 15,575,057	\$ 20,633,240	\$ 22,784,083	\$ 28,763,544	\$ 57,581,908	\$ 43,432,513
All other governmental funds										
Unassigned	\$ -	\$ -	\$ -	\$ -	\$ (18,168)	\$ (12,864)	\$ -	\$ -	\$ -	\$ -
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ (18,168)	\$ (12,864)	\$ -	\$ -	\$ -	\$ -

Notes:

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

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

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

Table 4

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$ 27,436,995	\$ 29,117,698	\$ 30,511,538	\$ 31,860,324	\$ 32,046,941	\$ 32,858,205	\$ 32,235,716	\$ 33,513,717	\$ 36,183,436	\$ 39,163,033
Permits, privilege fees and regulatory licenses	69,535	169,671	130,317	175,884	125,243	137,486	101,844	122,478	159,200	198,733
Fines and forfeitures	196,285	169,313	150,338	150,338	216,163	257,255	109,154	164,299	150,502	206,445
Revenue from use of money and property	540,803	265,960	144,190	146,719	145,466	389,118	295,974	215,311	226,943	1,957,007
Charges for services	992,034	926,872	977,093	967,360	990,322	1,179,029	1,351,419	1,339,643	1,478,016	4,879,900
Miscellaneous	1,413,866	2,913,288	2,675,056	997,357	1,309,203	741,227	951,617	1,069,561	1,098,549	1,478,236
Recovered Costs	-	-	-	438,714	482,792	890,990	354,440	512,083	368,308	967,018
Intergovernmental	18,753,918	19,537,095	25,160,120	20,398,565	22,517,165	24,757,576	20,579,687	23,613,474	19,408,277	31,457,001
Total revenues	\$ 49,403,036	\$ 53,099,897	\$ 59,754,592	\$ 55,135,261	\$ 57,803,295	\$ 61,210,686	\$ 55,979,851	\$ 60,550,566	\$ 59,073,231	\$ 80,307,373
Expenditures										
General government administration	\$ 3,127,195	\$ 3,192,661	\$ 3,127,629	\$ 3,679,300	\$ 3,268,460	\$ 3,456,779	\$ 3,740,263	\$ 3,919,062	\$ 3,618,355	\$ 6,283,698
Judicial administration	1,284,285	1,322,111	1,492,193	1,473,001	1,520,878	1,580,959	1,795,551	1,769,796	1,876,846	2,069,127
Public safety	13,378,990	13,815,140	15,591,034	14,676,295	14,139,809	15,432,576	14,659,057	16,146,382	14,547,180	16,491,477
Public works	5,191,466	4,920,842	7,218,312	4,812,644	4,696,700	5,833,148	6,867,810	5,336,052	5,853,494	28,334,636
Health and welfare	6,359,553	6,953,676	7,400,902	7,447,964	7,752,125	7,801,390	9,568,347	8,548,814	8,727,865	9,373,677
Education	9,281,682	9,346,160	9,671,236	6,505,637	6,868,446	6,624,370	6,380,093	7,314,122	6,622,419	7,462,750
Parks, recreation and cultural	3,544,177	3,170,823	3,580,190	3,126,275	2,758,116	2,894,000	2,814,939	2,300,637	2,555,846	3,181,829
Community development	2,470,287	2,115,716	2,788,366	4,410,243	2,866,600	3,465,180	3,638,553	3,880,677	3,977,723	4,907,940
Transit	474,236	390,271	374,386	-	-	-	-	-	-	-
Nondepartmental	-	-	-	610,391	414,294	505,113	-	-	259,086	-
Capital projects	19,906,730	6,820,042	7,709,278	3,718,363	6,507,261	5,488,638	806,482	544,068	292,867	12,064,823
Debt service:										
Principal retirement	15,404,710	7,138,790	50,877,500	1,205,528	37,626,285	865,417	4,540,899	2,306,182	2,332,302	4,937,605
Bond issuance costs	-	-	127,015	127,015	658,107	3,139	90,134	112,249	420,649	1,477
Interest and other fiscal charges	2,127,968	2,126,011	2,936,887	2,855,023	2,607,751	2,876,388	3,174,055	2,923,312	2,852,373	4,631,049
Total expenditures	\$ 82,551,279	\$ 61,314,803	\$ 112,267,913	\$ 54,648,279	\$ 91,684,832	\$ 56,827,097	\$ 57,966,183	\$ 55,101,353	\$ 53,937,005	\$ 99,740,088
Excess (deficiency) of revenues over (under) expenditures	\$ (33,148,243)	\$ (8,214,906)	\$ (53,013,321)	\$ 486,982	\$ (33,881,537)	\$ 4,383,589	\$ (1,986,332)	\$ 5,449,213	\$ 5,136,226	\$ (19,432,715)
Other financing sources (uses)										
Transfers in	\$ -	\$ -	\$ -	\$ 2,026,124	\$ 57,795	\$ -	\$ -	\$ -	\$ 172,000	\$ 4,660,399
Transfers out	-	(986,243)	(22,605,369)	(2,811,532)	(886,680)	(567,480)	(698,287)	(135,916)	(2,133,695)	(70,349)
Issuance of debt	28,756,450	14,750,000	49,930,000	4,466,125	59,050,600	1,162,149	6,079,280	7,357,450	25,549,889	235,283
Payment to bond escrow agent	-	-	-	-	(21,819,016)	-	(1,443,513)	(7,228,767)	-	-
Insurance recoveries	193,306	14,641	28,388	-	-	-	-	-	-	-
Capital leases	496,408	524,161	3,407,070	-	-	-	-	-	-	-
Sale of capital assets	130,139	1,493,937	44,407	33,640	87,043	(87,516)	94,571	9,800	67,412	457,987
Total other financing sources (uses)	\$ 29,576,303	\$ 15,796,496	\$ 30,804,496	\$ 3,714,357	\$ 36,489,702	\$ 507,153	\$ 4,032,051	\$ 2,567	\$ 23,655,606	\$ 5,283,320
Net change in fund balances	\$ (3,571,940)	\$ 7,581,590	\$ (22,208,825)	\$ 4,201,339	\$ 2,608,165	\$ 4,890,742	\$ 2,045,719	\$ 5,451,780	\$ 28,791,832	\$ (14,149,395)
Debt service as a percentage of noncapital expenditures (1)	27.99%	17.00%	51.22%	8.09%	8.68%	7.43%	8.96%	9.86%	9.66%	10.91%

Notes:

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

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

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

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

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

	Fiscal Year										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	% Change 2014-2023
Revenues											
General Property Taxes	\$ 15,120,260	\$ 15,852,951	\$ 16,648,119	\$ 18,202,398	\$ 17,771,748	\$ 17,936,759	\$ 18,328,904	\$ 18,668,997	\$ 18,898,411	\$ 19,846,694	31.26%
Restaurant Meal Taxes	5,226,248	5,749,073	5,624,278	5,743,673	5,642,445	6,015,143	5,538,138	5,872,031	7,060,364	7,833,252	49.88%
Local Sales & Use Taxes	3,661,560	3,651,226	4,048,832	3,861,683	4,104,440	4,430,693	4,326,594	4,753,295	5,214,209	6,054,087	65.34%
Business License Taxes	1,203,627	1,178,435	1,423,571	1,181,072	1,401,431	1,327,635	1,302,313	1,289,976	1,514,267	1,748,226	45.25%
Lodging Taxes	992,389	1,099,052	1,186,427	1,252,539	1,368,400	1,417,096	1,201,891	1,353,825	1,810,057	2,128,672	114.50%
Bank Stock Taxes	489,100	450,157	384,303	345,315	437,918	401,879	336,444	395,621	371,496	314,223	-35.75%
Motor Vehicle License Tax	247,584	278,234	237,286	246,335	276,616	273,958	251,333	257,137	245,673	229,111	-7.46%
Cigarette Taxes	149,521	346,317	426,930	530,684	465,120	512,787	469,965	462,985	421,514	392,583	162.56%
Consumer Utility Taxes	140,382	146,758	153,801	154,648	155,204	169,807	160,981	161,001	167,309	182,752	30.18%
Taxes on Recordation & Wills	124,456	185,565	175,229	156,898	235,294	180,814	150,607	201,806	359,596	248,520	99.69%
Admissions Tax (1)	-	99,969	127,527	112,905	113,621	110,635	94,828	23,267	46,746	112,690	100.00%
Electric Consumption Tax	81,467	79,959	75,235	72,174	74,704	80,999	73,718	73,776	73,794	72,223	-11.35%
Total Revenues	\$ 27,436,594	\$ 29,117,696	\$ 30,511,538	\$ 31,860,324	\$ 32,046,941	\$ 32,858,205	\$ 32,235,716	\$ 33,513,717	\$ 36,183,436	\$ 39,163,033	

(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
2023	\$ 1,325,355,588	\$ 1,325,355,588	1.00	\$ 19,349,362	\$ 19,349,362	1.00
2022	1,311,526,174	1,311,526,174	1.00	21,604,349	21,604,349	1.00
2021	1,254,351,740	1,254,351,740	1.00	22,454,999	22,454,999	1.00
2020	1,193,607,995	1,193,607,995	1.00	22,200,800	22,200,800	1.00
2019	1,173,098,670	1,173,098,670	1.00	23,711,543	23,711,543	1.00
2018	1,139,516,616	1,139,516,616	1.00	32,463,546	32,463,546	1.00
2017	1,090,010,193	1,090,010,193	1.00	19,237,431	19,237,431	1.00
2016	1,046,135,062	1,046,135,062	1.00	19,271,970	19,271,970	1.00
2015	1,033,266,400	1,033,266,400	1.00	18,941,715	18,941,715	1.00
2014	1,044,964,375	1,044,964,375	1.00	18,986,235	18,986,235	1.00

Fiscal Year Ended	Personal Property			Machinery & Tools/Business Furniture & Furnishings (2)			Machinery & Tools (2)			Assessment Ratio	
	Personal Property	Estimated Actual Value	Assessment Ratio	Furniture & Furnishings (2)	Estimated Actual Value (2)	Assessment Ratio	Tools (2)	Estimated Actual Value (2)	Assessment Ratio		
2023	\$ 127,446,080	\$ 127,446,080	1.00	\$ -	\$ -	-	\$ 30,765,540	\$ 102,551,800	0.30		
2022	107,099,063	107,099,063	1.00	-	-	-	29,552,027	98,506,757	0.30		
2021	100,066,044	100,066,044	1.00	28,081,014	234,008,450	0.12	-	-	-		
2020	101,903,441	96,799,208	1.05	26,488,817	220,740,142	0.12	-	-	-		
2019	96,799,208	96,799,208	1.00	25,355,799	211,297,992	0.12	-	-	-		
2018	96,645,353	96,645,353	1.00	23,244,042	211,309,473	0.11	-	-	-		
2017	98,420,988	98,420,988	1.00	28,808,328	261,893,891	0.11	-	-	-		
2016	92,816,997	92,816,997	1.00	28,454,655	258,678,682	0.11	-	-	-		
2015	26,968,568	89,895,227	0.30	29,368,709	266,988,264	0.11	-	-	-		
2014	27,434,272	91,447,573	0.30	26,420,298	240,184,527	0.11	-	-	-		

Fiscal Year Ended	Business Furniture & Fixtures (2)			Mobile Homes			Assessment Ratio	
	Business Furniture & Fixtures (2)	Estimated Actual Value (2)	Assessment Ratio	Mobile Homes	Estimated Actual Value	Assessment Ratio		
2023	\$ 16,268,696	\$ 135,572,467	0.12	\$ 969,765	\$ 969,765	1.00		
2022	16,755,788	139,631,567	0.12	937,797	937,797	1.00		
2021	-	-	-	898,067	898,067	1.00		
2020	-	-	-	930,453	930,453	1.00		
2019	-	-	-	1,018,400	1,018,400	1.00		
2018	-	-	-	1,038,533	1,038,533	1.00		
2017	-	-	-	1,052,119	1,052,119	1.00		
2016	-	-	-	1,550,826	1,550,826	1.00		
2015	-	-	-	1,505,142	1,505,142	1.00		
2014	-	-	-	1,495,279	1,495,279	1.00		

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

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

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

Fiscal Year Ended	Real Property		Public Service Corporation	
	Direct Tax Rate (1)	Levy	Direct Tax Rate (1)	Levy
2023	\$ 1.12/1.17**	\$ 15,056,333	\$ 1.12	\$ 223,565
2022	1.12	14,570,394	1.12	260,373
2021	1.17/1.12*	14,248,489	1.17/1.12*	253,331
2020	1.17	13,884,990	1.17	259,749
2019	1.17	13,661,145	1.17	277,425
2018	1.17	13,394,191	1.17	379,824
2017	1.19	13,137,763	1.19	228,925
2016	1.12	12,403,015	1.12	215,846
2015	1.07	11,400,248	1.07	202,676
2014	1.01	10,695,095	1.01	191,761

Fiscal Year Ended	Personal Property		Machinery & Tools/ Business Furniture & Fixtures (4)		Machinery & Tools (4)	
	Direct Tax Rate (1)	Levy (2) (3)	Direct Tax Rate (1)	Levy	Direct Tax Rate (1)	Levy
2023	\$ 2.60	\$ 3,313,597	\$ -	\$ -	\$ 2.60	\$ 799,904
2022	2.60	2,784,740	-	-	2.60	768,353
2021	2.60	2,601,718	7.00	1,965,671	-	-
2020	2.60	2,649,490	7.00	1,854,217	-	-
2019	2.60	2,516,779	7.00	1,774,903	-	-
2018	2.60	2,512,779	7.00	1,627,083	-	-
2017	2.60	2,559,083	7.00	2,016,583	-	-
2016	2.10	1,949,185	7.00	1,991,826	-	-
2015	2.10	1,887,799	7.00	2,055,810	-	-
2014	2.10	1,920,399	7.00	1,849,420	-	-

Fiscal Year Ended	Business Furniture & Fixtures (4)		Mobile Homes	
	Direct Tax Rate (1)	Levy	Direct Tax Rate (1)	Levy
2023	\$ 7.00	\$ 1,138,809	\$ 1.12	\$ 10,861
2022	7.00	1,172,905	1.12	10,503
2021	-	-	1.17/1.12*	10,507
2020	-	-	1.17	10,886
2019	-	-	1.17	11,915
2018	-	-	1.17	12,151
2017	-	-	1.19	12,520
2016	-	-	1.12	11,557
2015	-	-	1.07	10,612
2014	-	-	1.01	13,308

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

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

(3) Levy does not include the vehicle license fee

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

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

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

Source: Commissioner of the Revenue

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
2023	\$ 20,543,069	\$ 19,262,781	93.77%	\$ -	\$ 19,262,781	93.77%
2022	19,567,268	18,012,602	92.05%	1,177,479	19,190,081	98.07%
2021	19,079,716	18,065,798	94.69%	888,387	18,954,185	99.34%
2020	18,659,332	17,766,271	95.21%	833,237	18,599,508	99.68%
2019	18,242,167	16,707,854	91.59%	1,492,062	18,199,916	99.77%
2018	17,926,028	16,519,367	92.15%	1,393,843	17,913,210	99.93%
2017	17,954,874	16,448,984	91.61%	1,493,320	17,942,304	99.93%
2016	16,571,429	14,835,535	89.52%	1,728,729	16,564,264	99.96%
2015	15,557,145	14,162,206	91.03%	1,388,607	15,550,813	99.96%
2014	14,669,983	13,327,390	90.85%	1,342,510	14,669,900	100.00%

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 2023				Fiscal Year 2014			
		Taxable Assessed Valuation	Rank	% of Total Taxable Assessed Value		Taxable Assessed Valuation	Rank	% of Total Taxable Assessed Value	
Johnson Sugar Hollow LLC (Alpha)	Office Building	\$ 17,975,600	1	1.4%		\$ 17,547,000	1	1.7%	
Bristol Mall Associates	Shopping Mall	13,402,400	2	1.0%		16,871,900	2	1.6%	
US Magis International	College	10,618,200	3	0.8%		-		0.0%	
401 Gordon Ave LLC	Assisted Living	10,251,400	4	0.8%		-		0.0%	
Lowes Home Centers LLC	Retail	10,010,500	5	0.8%		-		0.0%	
CFOC Bristol VA LLC	Hotel	10,000,000	6	0.8%		-		0.0%	
D&J Virginia Real Estate LLC	Hotel	8,711,000	7	0.7%		9,078,400	3	0.9%	
Bristol Va Realty LLC	Realty	8,677,000	8	0.7%				0.0%	
Bristol Hotel Master Landlord	Hotel	8,500,000	9	0.6%		-		0.0%	
HD Development of MD, Inc.	Retail	8,181,800	10	0.6%		8,392,900	4	0.8%	
Debra Jean Limited (Tinsletown)	Movie Theater	-		0.0%		7,287,900	5	0.7%	
BLC Bristol-GC LLC (Brookdale Assisted Living)	Assisted Living	-		0.0%		6,895,900	6	0.7%	
Apple Nine SPE Bristol (Marriott)	Hotel	-		0.0%		6,502,700	7	0.6%	
Ball Metal Beverage Container Corp.	Manufacturing	-		0.0%		5,733,000	8	0.5%	
Yale Bristol VA LLC	Shopping Center	-		0.0%		5,007,100	9	0.5%	
Pacific Capital Group LLC	Shopping Center	-		0.0%		4,552,900	10	0.4%	
Totals		106,327,900		8.0%		87,869,700		8.4%	

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 Obligation Bonds (1)	Literary Loans	Lease Revenue Note	Loans Payable (3)	Lease Liabilities (3)	General Obligation Bonds (1)	Loans Payable (3)	Lease Liabilities (3)			
2023	\$ 102,224,000	\$ -	\$ 24,953,073	\$ 1,250,358	\$ 2,800,200	\$ -	\$ -	\$ -	\$ 131,227,631	16.34%	\$ 7,731
2022	71,222,580	-	25,016,838	630,298	2,721,538	34,197,769	1,048,934	812,610	135,650,567	16.89%	7,991
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	16.02%	6,554
2017	72,578,145	240,000	-	3,979,839	-	34,159,171	311,929	-	111,269,084	16.51%	6,484
2016	68,780,899	480,000	-	4,251,733	-	32,501,822	324,570	-	106,339,024	16.36%	6,018
2015	69,549,353	720,000	-	1,411,911	-	32,783,774	234,067	-	104,699,105	15.16%	5,940
2014	61,759,056	960,000	-	1,336,405	-	33,079,476	376,627	-	97,511,564	13.81%	5,512

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

(1) Includes Unamortized Bond Premiums

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

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

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

Fiscal Year	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Real Property (2)	Per Capita (3)
	General Obligation Bonds (1)	Total		
2023	\$ 102,224,000	\$ 102,224,000	7.71%	6,022
2022	105,420,349	105,420,349	8.04%	6,210
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

(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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 105,071,548	\$ 107,947,859	\$ 107,947,859	\$ 113,882,533	\$ 117,848,900	\$ 120,737,519	\$ 121,580,880	\$ 127,759,931	\$ 133,477,375	\$ 134,470,495
Total net debt applicable to limit	94,647,500	102,070,000	104,212,721	106,737,316	109,172,980	108,298,425	107,695,742	108,045,388	105,420,349	102,224,000
Legal debt margin	\$ 10,424,048	\$ 5,877,859	\$ 3,735,138	\$ 7,145,217	\$ 8,675,920	\$ 12,439,094	\$ 13,885,138	\$ 19,714,543	\$ 28,057,026	\$ 32,246,495
Total net debt applicable to the limit as a percentage of debt limit	90.08%	94.55%	96.54%	93.73%	92.64%	89.70%	88.58%	84.57%	78.98%	76.02%

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed value	\$ 1,344,704,950
Total assessed value	\$ 1,344,704,950
Debt limit (10% of total assessed value)	\$ 134,470,495
Net debt applicable to limit	102,224,000
Legal debt margin	\$ 32,246,495

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		Median Age	School Enrollment (4)	Unemployment Rate (5)
			Personal Income (3)	EST			
2023	16,975 EST	\$ 803,087,250	\$ 47,310	EST	43.4	2,093	3.6%
2022	16,975	803,087,250	47,310	EST	43.4	2,097	3.2%
2021	17,219	714,812,347	41,513		42.2	2,116	5.7%
2020	17,219	714,812,347	41,513		42.2	2,134	9.8%
2019	17,160	702,049,920	40,912		42.2	2,129	3.9%
2018	17,160	702,049,920	40,912		42.2	2,157	4.2%
2017	17,160	673,856,040	39,269		42.9	2,171	4.3%
2016	17,669	649,865,820	36,780		42.9	2,193	5.2%
2015	17,625	690,494,625	39,177		42.6	2,182	5.9%
2014	17,690	705,848,690	39,901		41.6	2,207	7.0%

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

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

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

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

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

(5) Source: Virginia Employment Commission

CITY OF BRISTOL, VIRGINIA

Principal Employers

Current Year and Nine Years Ago

Employer	Fiscal Year 2023			Fiscal Year 2014		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Electro Mechanical Corporation	639	1	18.08%	550	3	14.88%
Hard Rock	584	2	16.53%			
Bristol, Virginia Public School	467	3	13.21%			
City of Bristol Virginia	352	4	9.96%	720	1	19.48%
Commonwealth of Virginia (VDOT)	301	5	8.52%	608	2	16.45%
Amazon	300	6	8.49%			
KVAT	263	7	7.44%			
Shearer's	245	8	6.93%	310	4	8.39%
Strongwell	239	9	6.76%	300	5	8.11%
Aerus	144	10	4.07%	167	10	4.52%
Office Max				296	6	8.01%
Alpha Natural Resources				262	7	7.09%
United Parcel Service				243	8	6.57%
Ball Corporation				241	9	6.52%
Totals	3,534		100.00%	3,697		100.00%

* 2014 employees for Bristol, Virginia School System are included in the figure for City of Bristol, Virginia

Source: Economic Development

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

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	24	23	23	26	23	23	24	23	23	26
Judicial administration	15	16	17	18	18	17	21	22	22	22
Public safety	169	167	173	176	179	178	178	175	179	145
Public works	30	30	31	32	34	30	31	30	30	30
Solid waste	28	29	26	25	25	23	23	23	23	28
Health and welfare	44	43	42	43	40	40	42	37	41	43
Parks, recreation, and cultural	27	25	25	23	23	21	21	20	19	20
Library	21	23	29	22	22	21	22	24	24	26
Community development	9	10	9	8	8	6	7	7	6	5
Transit	7	6	6	7	7	7	8	8	7	8
Totals	374	372	381	380	379	366	375	369	374	352

Source: Adopted Budget Workbook

Table 16

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

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Judicial Administration										
Sheriff:										
Inmates Housed (Daily)****	153	144	140	145	151	155	148	148	139	-
Inmate Transports	537	522	519	568	917	934	705	812	2,294	319
Courts Worked	651	598	609	563	541	576	610	651	534	516
Public Safety										
Police:										
Criminal Warrants	2,666	2,276	2,419	2,273 *	1,710	2,542	2,193 ***	990 ***	1,973	2,809
Parking Violations	105	85	114	70	156	61	217 ***	15 ***	15	35
Traffic Violations	5,181	4,584	4,674	4,646 *	4,513	5,055	4,657 ***	2,733 ***	3,526	4,658
Fire-Current:										
Fire Responses	118	88	95	109	108	108	109	122	128	98
EMS Responses	1,583	1,598	990	1,389	1,836	2,833	3,074	3,221	3,122	2,904
Hazmat Responses	60	50	42	46	37	11	53	56	51	62
Other Responses	847	786	555	669	599	626	570	505	617	641
Public Works										
Refuse Collected (tons per day)	27	28	28	28	28	29	31	32	33	40
Recyclables collected (tons per day)	13	11	10	11	10	11	11	10	9	2
Library										
Volumes in collection	164,175	165,534	162,271	172,688	175,930	179,797	182,121	184,731	190,812	195,740
Total Circulated	352,080	312,565	287,868	280,164	275,015	279,200 **	264,453	231,146	271,815	281,239

*9 months of data

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

****5 months of data due to data loss

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

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

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

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety										
Law Enforcement Vehicles	66	64	67	67	60	61	55	62	63	62
Fire Stations	3	3	3	3	3	3	3	3	3	3
Public works										
Primary Streets (lane miles)	50.64	50.64	49.67	49.63	52.07	54.73	54.73	55.47	55.69	55.69
Secondary Streets (lane miles)	210.49	210.49	207.43	214.96	218.00	219.64	219.64	218.97	219.35	219.35
Parks, Recreation, and Cultural										
Community Center	1	1	1	1	1	1	1	1	1	1
Parks/Athletic Fields	18	18	18	18	18	18	18	18	18	17

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

COMPLIANCE SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bristol, Virginia, as of and for the year ended June 30, 2023, 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 28, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bristol, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Polina, Jane, Cox Associates

Blacksburg, Virginia
November 28, 2023



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Bristol, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Bristol, Virginia's major federal programs for the year ended June 30, 2023. The City of Bristol, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The City of Bristol, Virginia's basic financial statements include the operations of the City of Bristol, Virginia School Board, which expended \$11,006,060 in federal awards which is not included in the City of Bristol, Virginia's schedule of expenditure of federal awards during the year ended June 30, 2023. Our audit, described below, did not include the operations of the City of Bristol, Virginia School Board because the component unit engaged other auditors to perform an audit of compliance.

In our opinion, the City of Bristol, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Polina, Fane, Cox Associates

Blacksburg, Virginia
November 28, 2023

City of Bristol, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF AGRICULTURE:			
Pass Through Payments:			
State Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010122/0010123/0030122/ 0030123/0040122/0040123/ 0050122/0050123	\$ 579,224
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass Through Payments:			
State Department of Social Services:			
Guardianship Assistance	93.090	1110122/1110123	\$ 129
Title IV-E Prevention Program	93.472	1140122/1140123	5,140
Mary Lee Allen Promoting Safe and Stable Families	93.556	0950121/0950122/0950221	32,877
Temporary Assistance for Needy Families	93.558	0400122/0400123	391,098
Refugee and Entrant Assistance-State/Replacement Designee Administered Programs	93.566	0500122/0500123	1,568
Low-Income Home Energy Assistance	93.568	0600422/0600423	70,800
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121/0900122	575
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760122/0760123	80,095
Chafee Education and Training Vouchers Program	93.599	9160121/9162121	12,153
Foster Care - Title IV-E	93.658	1100122/1100123	514,577
Adoption Assistance	93.659	1120122/1120123	857,717
Social Services Block Grant	93.667	1000122/1000123	564,468
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121/9150122/9152121	9,213
Elder Abuse Prevention Interventions Program	93.747	8000321	7,203
Children's Health Insurance Program	93.767	0540122/0540123	2,645
Medicaid Cluster:			
Medical Assistance Program	93.778	1200122/1200123	296,244
Total Department of Health and Human Services			\$ 2,846,502
DEPARTMENT OF HOMELAND SECURITY:			
Pass Through Payments:			
State Department of Emergency Management:			
Homeland Security Grant Program	97.067	EMW-2021-55-0034	\$ 94,925
Emergency Management Performance Grants	97.042	EMP-2021-EP-0004	20,230
Total Department of Homeland Security			\$ 115,155
DEPARTMENT OF TREASURY:			
Direct Payments:			
COVID-19-Coronavirus State and Local Fiscal Recovery Fund	21.027	not applicable	\$ 9,426,116
Pass Through Payments:			
State Department of Social Services:			
COVID-19-Coronavirus State and Local Fiscal Recovery Fund	21.027	9122222	448 \$ 9,426,564
State Department of Accounts:			
COVID-19-Coronavirus Relief Fund	21.019	SLT0022	31,625
Total Department of Treasury			\$ 9,458,189
DEPARTMENT OF JUSTICE:			
Direct Payments:			
Equitable Sharing Program	16.922	not applicable	\$ 73,126
Pass Through Payments:			
State Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	20V2GX0048	75,220
		15JOVW21GG00568STOP/	
Violence Against Women Formula Grants	16.588	15JOVW22GG00455STOP	21,771
Public Safety Partnership and Community Policing Grants	16.710	not available	148,242
Edward Byrne Memorial Justice Assistance Grant Program	16.738	not available	17,445
Total Department of Justice			\$ 335,804

City of Bristol, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Direct Payments:			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants	14.218	not applicable	\$ 310,599
DEPARTMENT OF TRANSPORTATION:			
Pass Through Payments:			
State Department of Rail and Transportation:			
Federal Transit Cluster:			
Federal Transit Formula Grants	20.507	not available	\$ 341,991
Virginia Department of Transportation:			
Highway Planning and Construction	20.205	not available	716,468
Highway Safety Cluster:			
State and Community Highway Safety	20.600	FSC-2022-52405-22405/ BPT-202-53400-23400	53,160
Total Department of Transportation			\$ 1,111,619
ENVIRONMENTAL PROTECTION AGENCY:			
Pass through payments:			
Environmental Protection Agency			
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	not available	\$ 67,511
Total Expenditures of Federal Awards			\$ 14,824,603

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, 2023. The information in the Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the City of Bristol, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Bristol, Virginia.

Note B-Summary of Significant Accounting Policies

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

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

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

Note C-Loans and Loan Guarantees:

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

Note D-Subrecipients:

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

Note E-Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 14,241,982
Add: Equitable sharing program difference	26,238
Less: QSCB subsidy	(127,832)
Transit Fund	341,991
CDBG Fund	342,224
Total primary government	\$ 14,824,603
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 14,824,603

City of Bristol, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

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

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

City of Bristol, Virginia

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

Section I - Summary of Auditors' Results

2022-001	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:	During fiscal year 2023, the City discontinued operations of the landfill and all remaining balances of the solid waste fund were transferred to the general fund.