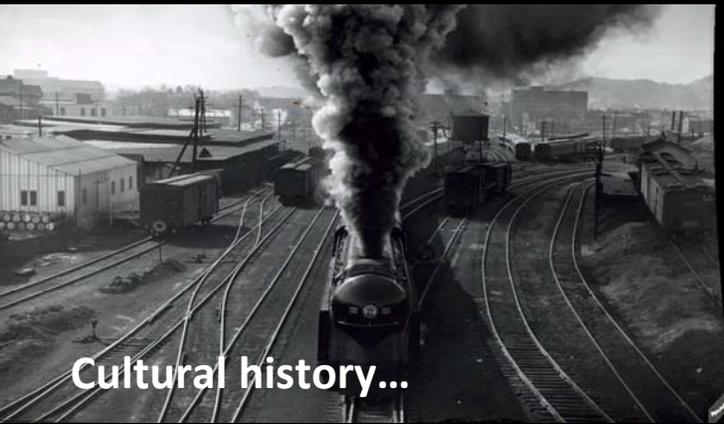




12,447 feet of runway...



30 miles of runway...



Cultural history...



Economic future...



CITY OF  
**BRISTOL**  
T E N N E S S E E

COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT

For the Fiscal Year ended  
June 30, 2015

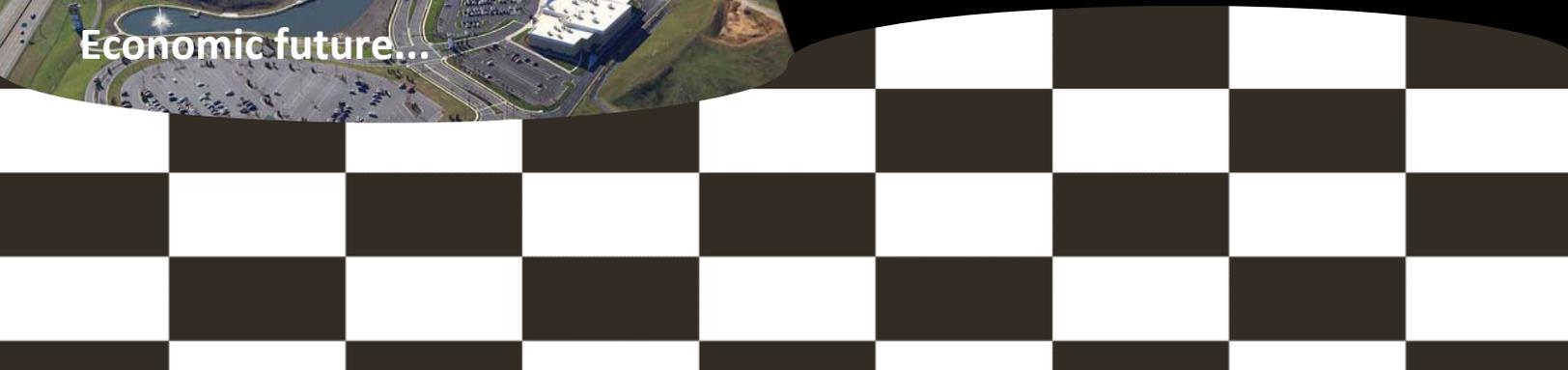


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City of Bristol/Dept. of Community Relations  
Johnson and Associates  
Cover Design: Jaima Helbert-Community Relations

# **CITY OF BRISTOL, TENNESSEE**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**



PREPARED BY:

Tara Musick, CPA, MAcc,  
Director of Finance



**CITY OF BRISTOL, TENNESSEE**  
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**INTRODUCTORY  
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THE CITY OF BRISTOL, TENNESSEE  
801 Anderson Street  
P. O. Box 1189  
Bristol, Tennessee 37621-1189

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Telephone: (423) 989-5500  
Facsimile: (423) 989-5506  
Email: [bsorah@bristoltn.org](mailto:bsorah@bristoltn.org)

Office of the City Manager

June 30, 2016

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

Tennessee statute requires that every general purpose local government publish, at the close of each fiscal year, a complete set of audited financial statements within a stipulated time period. This report is published to fulfill that requirement for the fiscal year ended June 30, 2015.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Mauldin & Jenkins, LLC, Certified Public Accountants, has issued an unmodified (“clean”) opinion on the City of Bristol, Tennessee’s financial statements for the year ended June 30, 2015. The independent auditor’s report is located at the front of the financial section of this report.

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

#### **PROFILE OF THE GOVERNMENT**

The City of Bristol, Tennessee, incorporated on February 22, 1856, is located in the northeastern part of the state bordering the City of Bristol, Virginia. It occupies a land area of 32.6 square miles and serves a population of 26,702. The City of Bristol, Tennessee is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered to extend its corporate limits by annexation under the limited circumstances provided by Tennessee law.

The City of Bristol operates under the council-manager form of government. Policy making and legislative authority are vested in a five member City Council. The City Council is responsible for enacting ordinances, adopting a budget, appointing members to boards and commissions, and hiring a City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of Council, overseeing the day-to-day operation of the government, and appointing the heads of the various departments and all City employees. The City Council is elected on a non-partisan basis for four year, staggered terms. In July of each year, the City Council selects one of its members to serve as mayor and another as vice-mayor for the coming one year period.

The City of Bristol provides a full range of services including fire and police protection; the construction and maintenance of streets and other infrastructure; provision of water, sewer, stormwater, and sanitation services; and recreational or cultural activities and events. The City also is financially accountable for an electric system with broadband services that is an enterprise fund and an industrial development board that is a blended component unit. The two entities are reported in these financial statements. The City also participates in several joint ventures that are also disclosed in Note I.

The annual budget serves as the foundation for the City of Bristol's financial planning and control. All City departments submit funding requests to the City Manager and budget team by the end of January each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents the proposed budget to the Council for review. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget not later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund. Departments may make transfers of appropriations within a department. The City Manager can transfer appropriations between departments. However, appropriation amendments to funds require Council approval. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget was adopted.

## **LOCAL ECONOMY**

Bristol is located in northeast Tennessee and is strategically located as an integral link in the national transportation highway system. The City, a part of the Kingsport-Bristol Metropolitan Statistical Area, is located on Interstate 81 (served by Exits 69 and 74), and is 17 miles north of the junction of I-81 and I-26. Bristol is centrally located to serve major southeastern markets and is within a one-day drive of 53 percent of the U.S. population, with 65 percent of U.S. major markets located within a 600-mile radius. The Tri-Cities Regional Airport provides air travel and freight opportunities and is the location of a U.S. Customs port of entry and U.S. Foreign Trade Zone No. 204. More than 50 motor freight carriers serve the area and the Norfolk Southern Railway has a main line running through the City.

The community is the home of the Bristol Metals L.P., Bristol Regional Medical Center, Century Link, DLH Industries, Dr. Reddy's Laboratories, Robinette Company, Royal Mouldings, Seaman Corporation, Sprint Telecenters, Teleperformance and UPM Pharmaceuticals. Wellmont Health Systems is the largest employer in the City with more than 270 board certified or board eligible physicians and over 1,700 nurses, technicians, and support staff members at Bristol Regional Medical Center.

The NETWORKS Sullivan Partnership, with assistance of the Economic Development staff of the City, has qualified Partnership Park II and the Bristol Business Park as Select Tennessee Certified Sites which is an important business recruitment designation and will assist the community in industrial recruitment. As part of our marketing effort for these two sites, the Partnership has conducted "Red Carpet Tours" hosting site location consultants from a variety of industrial and business sectors to show case the region's assets and quality of life.

An 807 acre portion of the City at Exit 74 on Interstate 81 was designated as a Border Region Retail Tourism Development District by the State of Tennessee. The State Act authorizes Tennessee border cities to incentivize the local development of an "extraordinary retail or tourism facility" in a designated district. Under this legislation, the State provides a special allocation and distribution of State sales tax to pay for the cost of the project. Bristol is one of only three cities to be certified under this program in the State of Tennessee. The Pinnacle Project is currently taking advantage of this special designation. The project has

made significant progress during the past year with the successful opening of the 130,278 square foot Belk retail store and the “life-style” center shops. The Pinnacle community has over 450,000 square feet of retail space open with additional space under construction. The remainder of the regional retail center opened in the subsequent months with full build out anticipated during 2016 and 2017. Additionally, the development of the new retail center has spurred ancillary growth in the vicinity. A new hotel opened adjacent to the interstate exit and additional retail and service growth is anticipated.

The City has also invested in support of the development of the BCM Birthplace of Country Music Museum to stimulate tourism in our Downtown. The museum opened to the public in fall of 2014. The City committed a total of \$500,000, to the construction and operation of the museum. The funding was contributed in annual installments of \$100,000, with the third installment having been made during Fiscal 2015.

A number of community development activities were undertaken to ensure the orderly growth and development of the community. Several key projects include facilitating the implementation of opportunities identified from the land use plan around Bristol Motor Speedway to encourage tourism-related development; facilitating the implementation of opportunities identified from the land use plan around Bristol Regional Medical Center; completion of a parks and facilities plan, and feasibility study for a community events center. In addition, two large multi-family housing projects are underway to meet growing housing demand in the community.

### **LONG-TERM FINANCIAL PLANNING**

All outstanding debt of the City has been refinanced in recent years in order to obtain savings from lower interest rates. All outstanding debt is also currently fixed and there are no variable rate debt obligations.

The City Council would like to renovate and expand Vance Middle School. Management has a multi-year model and has been analyzing the feasibility and timing of the project in conjunction with forecasted revenues, other planned capital outlays, and anticipated operational costs.

In addition, several utility projects are anticipated in the next five years to open new areas for sanitary sewer service to promote growth and development and to upgrade service to existing customers.

### **RELEVANT FINANCIAL POLICIES**

Temporarily idle cash is invested in a money market checking account and the State of Tennessee Treasurer’s Local Government Investment Pool (LGIP) for most of the operating cash reserves of the City and Board of Education (BOE). Funds are primarily invested in the investment pool and cash is transferred into the operating account of the City and BOE when required. Staff has reviewed various investment alternatives allowed under State statute and the LGIP is offering competitive rates with increased liquidity. Certificates of deposits are also being utilized by Bristol Tennessee Essential Services (BTES), Bristol Tennessee City Schools, and the Industrial Development Board of Bristol, Tennessee as investment instruments.

### **MAJOR INITIATIVES**

Each year the City adopts a Goals and Objectives Program that identifies specific objectives to be completed during the year to move the community forward in a planned and unified manner. This work plan serves as a formalized statement of direction for the City during the year as well as an instrument to evaluate progress

and achievement in accomplishing the same. Eight key tasks grouped into program areas vital to fulfilling various purposes, supported by 184 specific objectives/performance standards, were included in the plan.

The budget for the 2015 fiscal year focused on projects and initiatives directly related to the provision of basic municipal services, community development, and enhancements to the quality of life while being mindful of a soft, but improving economy for the year. The City continued efforts to further a major local road improvement project which will be the East Cedar Street Project from 5<sup>th</sup> Street to King College Road. Routine road resurfacing, guardrail replacements, and additional downtown lighting continued during the year.

The City commenced the third phase of the implementation of an automated meter reading system for the Waterworks Fund during the year. Meter reading has typically been labor intensive with manual input of data into a handheld system that uploaded data into the billing software module. The new system involves converting the meter registers to be compatible with the new system and the addition of radio equipment to allow the readings to be transmitted electronically. Staff will now be able to obtain the readings by driving by the meters and will allow for increased efficiency, more accurate reading, and a reduction of costs. This year was the third year of a three year planned implementation process.

The City has continued its aggressive replacement of aging utility infrastructure. Substantial quantities of aged galvanized water main and storm sewer were replaced as part of the City's on-going street resurfacing program.

#### AWARDS AND ACKNOWLEDGMENTS

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 of Bristol for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the twelfth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual 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 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the accounting staff of the Finance Department. We would like to express our appreciation to all members of City staff who assisted and contributed to the preparation of this report. We must also extend appreciation to the staff at Bristol Tennessee City Schools for assistance with preparing and gathering data for the report. Credit must also be given to the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Bristol, Tennessee's finances.

Respectfully submitted,



William L. Sorah  
City Manager



Tara E. Musick, CPA  
Director of Finance



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

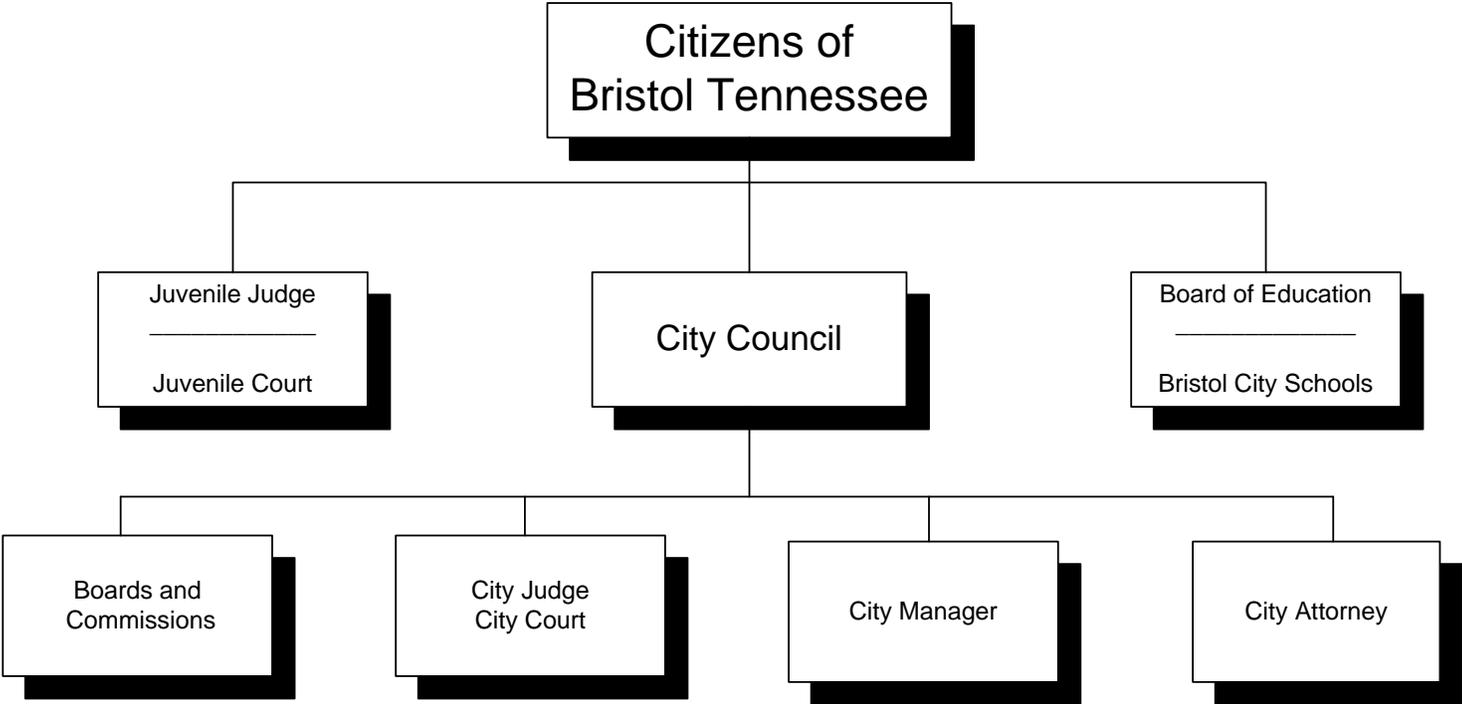
**City of Bristol  
Tennessee**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

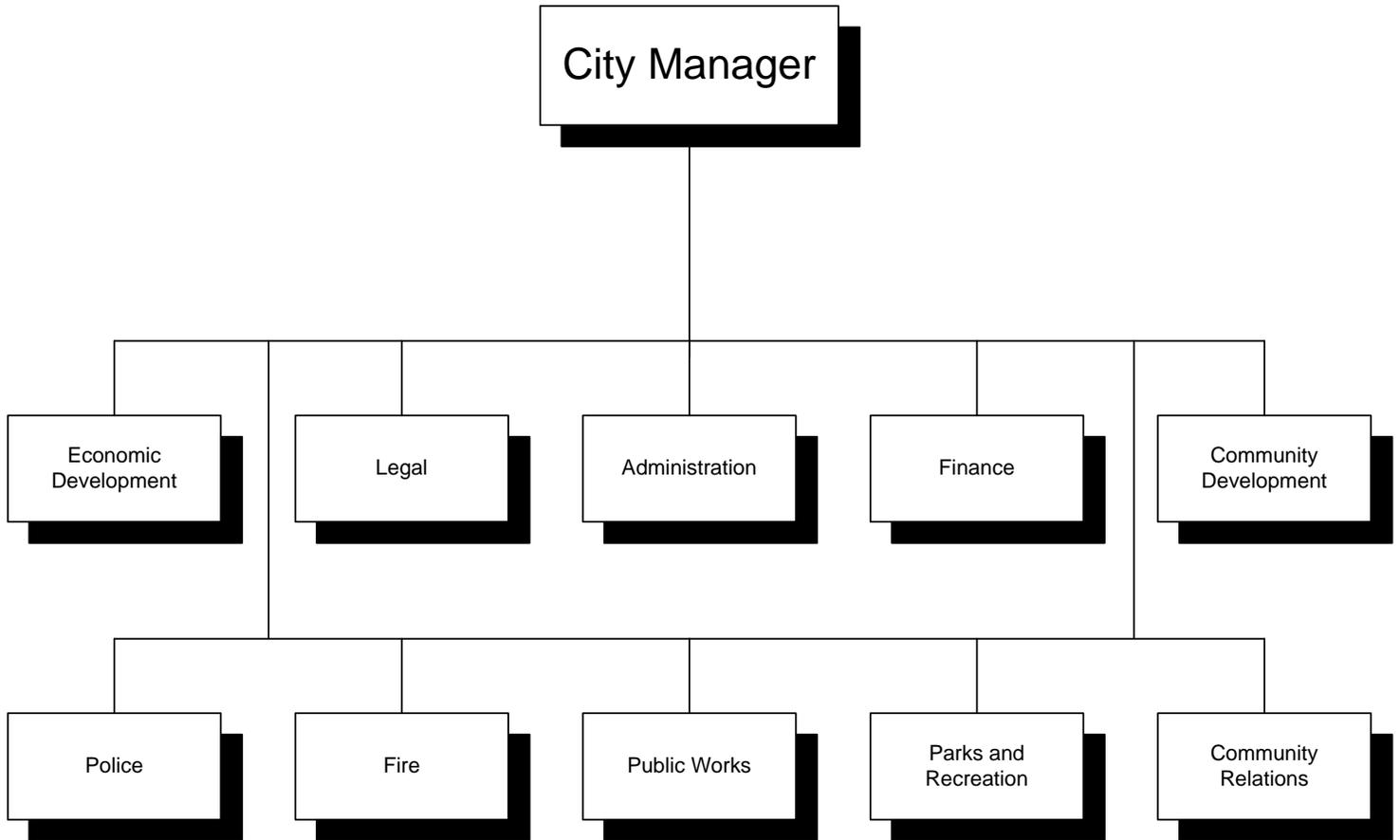
**June 30, 2014**

Executive Director/CEO

# CITY OF BRISTOL TENNESSEE ORGANIZATIONAL CHART



# CITY OF BRISTOL TENNESSEE ORGANIZATIONAL CHART



**CITY OF BRISTOL, TENNESSEE**  
**LIST OF PRINCIPAL OFFICERS**

**City Council**

Lea Powers  
Chad Keen  
Michelle Denise  
Margaret Feierabend  
Jack Young

**City Manager**

William L. Sorah

**Department Directors**

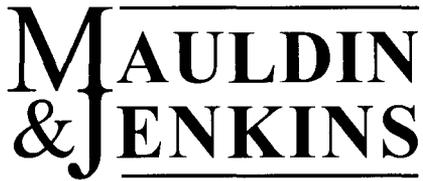
Administration	Mary Lee Williams
Community Development	Brian Rose
Community Relations	Terrie Talbert
Economic Development	Tom Anderson
Finance/City Recorder	Tara Musick
Fire	Bob Barnes
Legal	Danielle Kiser
Parks and Recreation	Terry Napier
Police	Blaine Wade
Public Works	Tim Beavers

**City Attorney**

Danielle Kiser

**FINANCIAL  
SECTION**





## INDEPENDENT AUDITOR'S REPORT

---

**The Honorable Mayor and Members  
of the City Council of the  
City of Bristol, Tennessee**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Bristol, Tennessee** (the "City"), as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Electric Fund, which represents 100% of the assets, net position, and revenues of the Electric major enterprise fund and 70%, 65%, and 91% of the assets, net position, and revenues, respectively, of the business-type activities; or the BTES Other Post Employment Benefits Trust Fund, which represents 9%, 17%, and 2% of the assets, fund equity, and revenues, respectively, of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Electric Fund and BTES Other Post Employment Benefits Trust Fund are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

---

***Auditor's Responsibility (Continued)***

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

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

***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bristol, Tennessee as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Chapter 420 Fund, and General Purpose School Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Notes I and IV, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27, as well as Statement No. 71, Pension Transition for Contributions Subsequent to the Measurement Date—an amendment of GASB Statement No. 68, as of July 1, 2014. These standards significantly change the accounting for the City's net pension liability and the related disclosures. Our opinions are not modified with respect to this matter.

---

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 13 through 29) and schedules of required supplementary information (on pages 156-164) as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bristol, Tennessee's basic financial statements. The combining and individual fund financial statements and schedules (which includes the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations as well as the schedule of unaccounted for water) and introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules (including the schedule of expenditures of federal awards and the schedule of unaccounted for water), (collectively the "supplementary information") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

---

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2016, on our consideration of the City of Bristol, Tennessee'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 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 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's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Chattanooga, TN  
June 29, 2016

## CITY OF BRISTOL, TENNESSEE MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Bristol, Tennessee (the City), we offer readers of the City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2015. Management's Discussion and Analysis should be read in conjunction with the City's financial statements for the fiscal year ending June 30, 2015, including related notes.

### Financial Highlights

- The assets and deferred outflows of the City of Bristol, Tennessee exceeded its liabilities and deferred inflows of resources at the close of the 2015 fiscal year by \$282,448,019 (*total net position*). Of this amount, \$76,248,406 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$29,699,345 due to current year activity. For governmental activities, the \$18,897,944 increase resulted from the increase in the fund balances of the General Fund and the General Purpose School Fund which were \$1,554,319 and \$264,037, respectively, capital contributions relating to the Pinnacle Development and Bristol Public Library of \$15,664,514, and implementation of the new pension standard which impacted current year activity by \$3,513,566. For business-type activities, the \$10,801,401 increase resulted from positive changes in net position for all three of the proprietary funds.
- As of the close of the current fiscal year, the City's governmental activities reported an unrestricted net position of \$13,308,820 for a \$1,435,987 change from the previous year. The net investment in capital assets amount for governmental activities decreased by \$12,907,695 throughout the course of the fiscal year. In the prior year, a significant portion of the construction in progress of governmental activities related to The Pinnacle, which is an Industrial Development Board project. This project was completed during the year and capital assets were donated to business-type activities upon completion of \$2,521,547. Capital assets related to the Stormwater Fund of \$333,800 were also transferred from governmental activities to this fund upon inception.
- At the end of the current fiscal year, fund balance for the General Fund was \$13,943,508 which is an increase of \$1,554,319 from the prior year. Management uses a multi-year model as part of the budget process each year to determine where fluctuations in the years will occur. The 2015 fiscal year was planned as part of the original budget to have a zero change in fund balance. Actual results are higher than planned results due to higher revenues from sales tax and income tax than originally projected. Expenditures and transfers were also less than original projections due to capital projects not progressing as timely as planned and reduced staffing costs due to salary slippage.
- The City's total liabilities increased by \$4,455,548 during the fiscal year. Accounts payable and other current liabilities decreased by \$3,034,372. Noncurrent liabilities increased by \$7,489,920 from the prior year due to \$4,200,000 of additional debt issued as Series 2015 General Obligation Bonds and implementation of the new GASB standard related to pensions which increased total liabilities by \$6,022,190.

## Overview of the Financial Statements

This discussion and analysis provided here is intended to serve as an introduction to the City of Bristol, Tennessee's basic financial statements. The City's basic financial statements are comprised of three components:

- 1) Government-wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the financial statements.

This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Bristol, Tennessee'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 of Bristol, Tennessee is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Bristol, Tennessee 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, community development, culture and recreation, economic development, education, public safety, and public works. The business-type activities of the City include the provision of electric, waterworks, stormwater, cable and internet, and telephone services.

The government-wide financial statements include entities the City is financially accountable for including the City of Bristol, Tennessee itself (known as the *primary government*), and one legally separate entity. The separate component unit is an industrial development board. Financial information for the Board is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 30 - 32 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 of Bristol, Tennessee, 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 a government'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 the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Bristol, Tennessee maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Chapter 420 Fund, and General Purpose School Fund which are considered to be major funds. Data from the other thirteen governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City of Bristol, Tennessee adopts an annual budget appropriating the General Fund and special revenue funds. The City's charter necessitates re-appropriations of the budget only when the entire fund expenditures are expected to exceed budgeted amounts. A budgetary comparison statement has been provided for the General Fund and special revenue funds to demonstrate compliance with the appropriation.

The basic governmental fund financial statements can be found on pages 34 - 44 of this report.

**Proprietary Funds.** The City of Bristol, Tennessee maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprises funds to account for its electric, waterworks, stormwater, cable and internet, and telephone services. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Bristol, Tennessee uses an internal service fund to account for its employee medical and dental insurance costs. Because payment of employee insurance related costs predominantly benefits governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Electric, Waterworks, and Stormwater operations. Conversely, the internal service fund is presented as a single presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 46 - 51 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 of Bristol, Tennessee's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains two different types of fiduciary funds. The Other Post Employment Benefits Trust Funds are used to report resources held in trust for retirees and beneficiaries covered by the City's medical and dental plan. The Agency Funds report resources held by the City of Bristol, Tennessee in a custodial capacity for individuals, private organizations, and other governments. The fiduciary fund financial statements can be found on pages 52 - 53 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 54 - 155 of this report.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City of Bristol, Tennessee's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 156 - 164 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 166 - 187 of this report.

## **Government-wide Overall Financial Analysis**

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Bristol, Tennessee, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$282,448,019 at the close of the most recent fiscal year. By far the largest portion of the City of Bristol's net position (70%) reflects its net investment in capital assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the City's ongoing obligations to citizens and creditors.

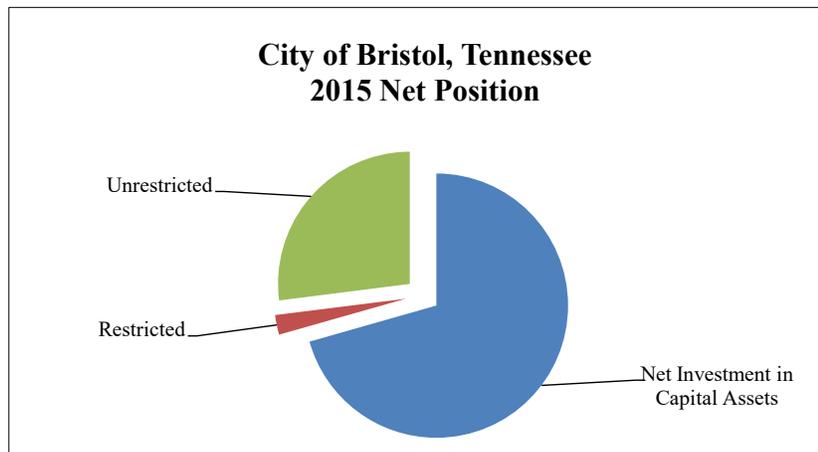
At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**City of Bristol, Tennessee Net Position**

**June 30, 2015**

**(Presented in Actual Dollars)**

	Governmental Activities		Business Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>ASSETS</b>						
Current and Other Assets	\$ 62,535,645	62,062,233	76,675,783	76,901,908	139,211,428	138,964,141
Capital Assets, Net of Accumulated Depreciation	<u>145,945,528</u>	<u>153,216,150</u>	<u>132,140,243</u>	<u>121,078,564</u>	<u>278,085,771</u>	<u>274,294,714</u>
Total Assets	<u>208,481,173</u>	<u>215,278,383</u>	<u>208,816,026</u>	<u>197,980,472</u>	<u>417,297,199</u>	<u>413,258,855</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Charge on Refunding	395,062	-	1,193,470	-	1,588,532	-
Deferred Outflows Related to Pensions	<u>4,312,089</u>	<u>-</u>	<u>1,265,672</u>	<u>-</u>	<u>5,577,761</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>4,707,151</u>	<u>-</u>	<u>2,459,142</u>	<u>-</u>	<u>7,166,293</u>	<u>-</u>
<b>LIABILITIES</b>						
Current Liabilities	4,167,961	7,671,424	7,302,996	6,833,905	11,470,957	14,505,329
Noncurrent Liabilities	<u>54,608,329</u>	<u>51,364,619</u>	<u>37,914,902</u>	<u>33,668,692</u>	<u>92,523,231</u>	<u>85,033,311</u>
Total Liabilities	<u>58,776,290</u>	<u>59,036,043</u>	<u>45,217,898</u>	<u>40,502,597</u>	<u>103,994,188</u>	<u>99,538,640</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unearned Revenue - Prop. Tax	25,516,879	24,140,028	-	-	25,516,879	24,140,028
Deferred Inflows Related to Pensions	<u>10,795,215</u>	<u>-</u>	<u>1,617,191</u>	<u>-</u>	<u>12,412,406</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>36,312,094</u>	<u>24,140,028</u>	<u>1,617,191</u>	<u>-</u>	<u>37,929,285</u>	<u>24,140,028</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	97,913,073	110,820,768	101,500,493	90,186,604	199,413,566	201,007,372
Restricted	6,786,047	6,981,182	-	-	6,786,047	6,981,182
Unrestricted	<u>13,308,820</u>	<u>14,744,807</u>	<u>62,939,586</u>	<u>68,543,340</u>	<u>76,248,406</u>	<u>83,288,147</u>
Total Net Position	<u>\$ 118,007,940</u>	<u>132,546,757</u>	<u>164,440,079</u>	<u>158,729,944</u>	<u>282,448,019</u>	<u>291,276,701</u>



The City's net position increased by \$29,699,345 during the fiscal year. The majority of this increase resulted from the business-type activities and the donation of capital assets related to The Pinnacle to the City from the Industrial Development Board of the City of Bristol, Tennessee.

**Governmental Activities.** Governmental activities increased the City's net position by \$18,897,944 relating to current year activity. This increase accounts for 64% of the total current year change in net position.

Key elements of this increase are as follows:

- The City received donated assets during the year which are being included in the Statement of Activities. The City is a joint owner of the Bristol Public Library. All capital assets of the library are owned by the City of Bristol, Tennessee and Bristol, Virginia. City of Bristol, Tennessee owns all assets utilized at the Avoca Library which is in the city limits. The capital assets of the Main Library are owned 50% by each entity. During the year, the Library received \$126,363 of various library books at the two locations.
- The City received higher total governmental activities program revenues in 2015 versus the amount received in the prior year. The total amount received in FY 2015 was \$44,445,725. However, \$15,664,514 of this amount was for the capital contributions previously discussed. Total governmental activities program revenues are \$27,583,697 exclusive of the capital contributions. The current revenue exclusive of the donations is less than the average per year amount for the preceding five years. One of the biggest declines from the prior year was revenues from operating grants and contributions. Grant funding has declined in several areas and less funds were spent during FY 2015 on Community Development related projects.
- While the City has experienced a decline in program revenues, expenses of the governmental activities also decreased due to lower costs of grant related programs and the impact of staff vacancies or salary slippage. A new chart of accounts is being implemented in FY 2016. The functions were reviewed and items were categorized as a result. The majority of parks and recreation was categorized to now be culture and recreation. Previously, the parks and recreation function also included the costs to maintain facilities. These costs are now being reflected in the function where the facility provides services. Community relations was incorporated into general government. Costs to provide entertainment, such as concerts downtown or events at Viking Hall Civic Center, are now being reflected as part of culture and recreation. Codes enforcement was also moved from the general government function to the public safety function for FY 2015.
- General revenues of the governmental activities increased in total by \$3,386,974 from the prior year. The increase is attributable to property tax revenue that experienced a growth of approximately \$475,000 from last year. Also, the City experienced an increase in sales tax revenue of \$1,196,345 and state revenues of \$2,153,813. The combined decrease is contributable to the other general revenue sources.
- For seven consecutive years, the City has elected to fund the annual required contribution (ARC) for other post employment benefits (OPEB) in an OPEB Trust Fund. The fund was established during the 2009 fiscal year. The City transferred the portion required as a contribution to fully fund the 2015 ARC from each function of the governmental funds. Therefore, the functions' current year expenditures reflect their portion of the OPEB trust contribution. The functions were also largely impacted by the new pension standard which was implemented in the current year.

**Business-type Activities.** Business-type activities increased the City's net position by \$10,801,401 relating to current year activity. This increase accounts for 36% of the total current year change in net position.

Key elements of this increase are as follows.

- Operating revenues in the Electric Fund are principally derived from retail sales of electricity. Temperature has historically been a main driver in electric sales. Weather experienced during the winter months of fiscal year 2015 was typical with 4,376 heating degree days compared to 4,374 heating degree day normal for that period. In fiscal year 2014, 4,410 heating degree days were experienced. Revenues from cable, Internet, and telephone collectively increased 7% in fiscal year 2015 as the subscriber base continues to grow. Operation expenses continues to increase as a result of additional services being provided to an increased number of customers. Maintenance expense increased as a result of a switchgear replacement project, preparations for a pole inspection project, and upgrades to the service center.
- The service rates for the Waterworks Fund remained the same during the 2015 year. See schedules of rates on pages 233 - 234 for additional information. The Waterworks Fund recorded \$1,892,708 in capital grants and contributions during the fiscal year.
- The Stormwater Fund is a new proprietary fund that began operation in FY 2015 to account for the maintenance and operations of the stormwater system. This activity had previously been accounted for in the General Fund. The stormwater rate was set at \$2.00 per equivalent residential unit (ERU). Capital assets related to stormwater were transferred from the governmental activities to this fund since they are being used for stormwater purposes. During the fiscal year, Series 2015 General Obligation Bonds were also issued for \$892,000 to fund capital projects related to the downtown flood study improvements and improved drainage on Cypress Street.

**City of Bristol, Tennessee Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2015**  
**(Presented in Actual Dollars)**

	Governmental Activities		Business Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 5,812,831	5,025,047	116,663,842	115,430,872	122,476,673	120,455,919
Operating Grants	21,770,866	22,327,308	-	-	21,770,866	22,327,308
Capital Grants	16,862,028	5,439,471	3,823,239	2,286,745	20,685,267	7,726,216
<b>General Revenues:</b>						
Property Taxes	25,327,257	24,852,090	-	-	25,327,257	24,852,090
Payments in Lieu of Tax	53,134	66,781	-	-	53,134	66,781
Sales Taxes	10,359,606	9,163,261	-	-	10,359,606	9,163,261
Beer and Liquor Taxes	721,250	724,043	-	-	721,250	724,043
Business Tax	548,480	537,107	-	-	548,480	537,107
Cable Franchise Tax	347,315	348,852	-	-	347,315	348,852
Gas Franchise Tax	309,589	286,920	-	-	309,589	286,920
Hotel/Motel Taxes	357,052	341,129	-	-	357,052	341,129
State Revenue (Unrestricted)	4,970,850	2,817,037	-	-	4,970,850	2,817,037
Investment Income (Unrestricted)	27,049	22,665	341,334	327,963	368,383	350,628
Other General Revenues	781,548	1,256,271	-	-	781,548	1,256,271
<b>Total Revenues</b>	<b>88,248,855</b>	<b>73,207,982</b>	<b>120,828,415</b>	<b>118,045,580</b>	<b>209,077,270</b>	<b>191,253,562</b>
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
General Government	5,207,412	6,945,580	-	-	5,207,412	6,945,580
Community Development	1,031,931	-	-	-	1,031,931	-
Community Relations	-	702,163	-	-	-	702,163
Culture and Recreation	3,627,795	-	-	-	3,627,795	-
Economic Development	3,325,737	-	-	-	3,325,737	-
Education	36,747,290	38,809,898	-	-	36,747,290	38,809,898
Parks and Recreation	-	3,847,114	-	-	-	3,847,114
Public Safety	11,013,053	11,568,506	-	-	11,013,053	11,568,506
Public Works	9,066,286	8,360,941	-	-	9,066,286	8,360,941
Interest on Long-Term Debt	1,460,539	1,617,402	-	-	1,460,539	1,617,402
<b>Business-type Activities:</b>						
Electric	-	-	86,381,665	92,454,981	86,381,665	92,454,981
Waterworks	-	-	7,417,824	7,422,890	7,417,824	7,422,890
Stormwater	-	-	500,159	-	500,159	-
Cable and Internet	-	-	12,801,982	6,738,347	12,801,982	6,738,347
Telephone	-	-	796,252	579,991	796,252	579,991
<b>Total Expenses</b>	<b>71,480,043</b>	<b>71,851,604</b>	<b>107,897,882</b>	<b>107,196,209</b>	<b>179,377,925</b>	<b>179,047,813</b>
<b>Increase in Net Position Before Transfers</b>	<b>16,768,812</b>	<b>1,356,378</b>	<b>12,930,533</b>	<b>10,849,371</b>	<b>29,699,345</b>	<b>12,205,749</b>
<b>Transfers</b>	<b>2,129,132</b>	<b>2,422,141</b>	<b>(2,129,132)</b>	<b>(2,422,141)</b>	<b>-</b>	<b>-</b>
<b>Increase in Net Position</b>	<b>18,897,944</b>	<b>3,778,519</b>	<b>10,801,401</b>	<b>8,427,230</b>	<b>29,699,345</b>	<b>12,205,749</b>
<b>Net Position - Beginning</b>	<b>132,546,757</b>	<b>128,768,238</b>	<b>158,729,944</b>	<b>150,302,714</b>	<b>291,276,701</b>	<b>279,070,952</b>
<b>Prior Period Adjustments</b>	<b>(33,436,761)</b>	<b>-</b>	<b>(5,091,266)</b>	<b>-</b>	<b>(38,528,027)</b>	<b>-</b>
<b>Net Position - Ending</b>	<b>\$ 118,007,940</b>	<b>132,546,757</b>	<b>164,440,079</b>	<b>158,729,944</b>	<b>282,448,019</b>	<b>291,276,701</b>

Note: The functional categories of expenses were changed in FY 2015 to more accurately reflect the nature of the costs. FY 2014 amounts were not restated to the new presentation.

## Financial Analysis of the Government's Funds

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

**Governmental Funds.** The focus of the City of Bristol's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

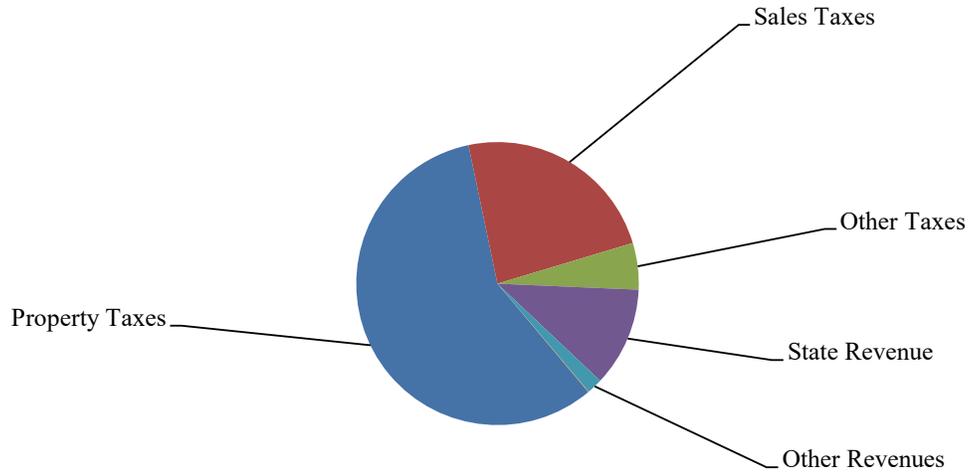
The City's governmental funds reported combined ending fund balances of \$28,585,689 for the year, an increase of \$208,400. The General Fund, Chapter 420 Fund, and General Purpose School Fund had current year changes in fund balance of \$1,554,319, (\$4,210,232), and \$264,037, respectively. The change in fund balance also included activity in the non-major funds. Three of the non-major funds, Community Development Fund, School Nutrition Fund, and State Street Aid Fund experienced a decrease in fund balance; while four of them, Drug Fund, Electronic Citation Fee Fund, Capital Equipment Fund, and Capital Facilities Fund experienced a decrease in fund balance. The remaining non-major funds experienced no change.

The General Fund is the chief operating fund of the City of Bristol, Tennessee. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$13,452,896 while total fund balance was reported to be \$13,943,508. Total Fund Balance increased \$1,554,319 over the prior fiscal year due to current year activity. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and other financing uses. Unassigned fund balance and total fund balance represent approximately 45% and 47%, respectively, of total general fund expenditures and other financing uses.

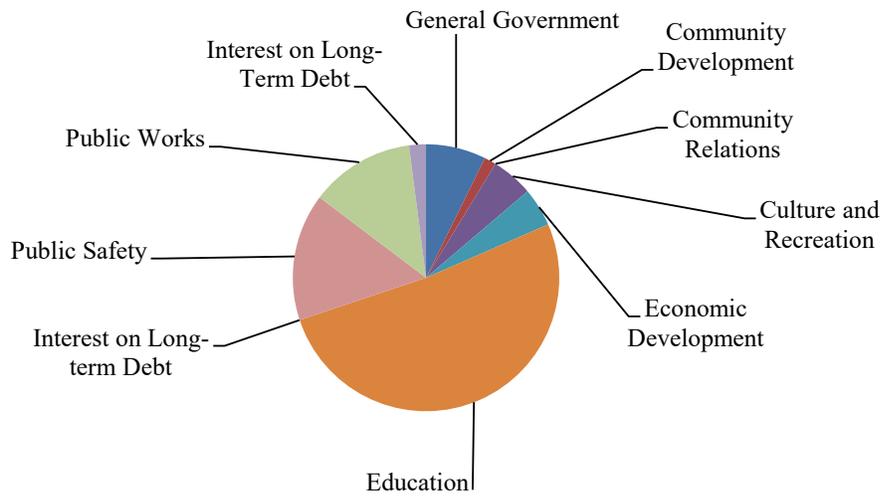
The Chapter 420 Fund is a special revenue fund used to account for all restricted revenues related to the Border Region Retail Development District. The State of Tennessee passed legislation which allowed certain areas in the State to be designated as border region retail development districts if next to a major interstate and part of a City that shared a border with another State. The area of Bristol off Exit 74 received this designation. As a result, retail development in this area is eligible for a portion of the state sales tax to assist with financing the development related costs. This fund will be used to account for all such revenue from the State, additional funding for this project, and related costs to provide accountability and enhanced reporting. During the 2015 year, the majority of the activity was transfers of bond funds to the Industrial Development Board Fund and Debt Service Fund to pay for capital activity and capital related interest.

The General Purpose School Fund is the chief operating fund of the Board of Education. At the end of the current fiscal year, total fund balance was \$9,071,482, an increase of \$264,037 over the prior fiscal year. The amount assigned for education purposes was \$9,037,034. Less than one percent of total fund balance is restricted for specific purposes. This fund was originally budgeted to have a loss for the year of \$2,285,654. This fund receives a portion of Sullivan County, Tennessee property tax based upon the percentage of students in the County served by this school system. Approximately \$769,000 was received in additional revenue from the County during the year. Local sales tax revenue also exceeded expectations by approximately \$441,000. Total expenditures were less than the original amount budgeted by approximately \$1,130,000.

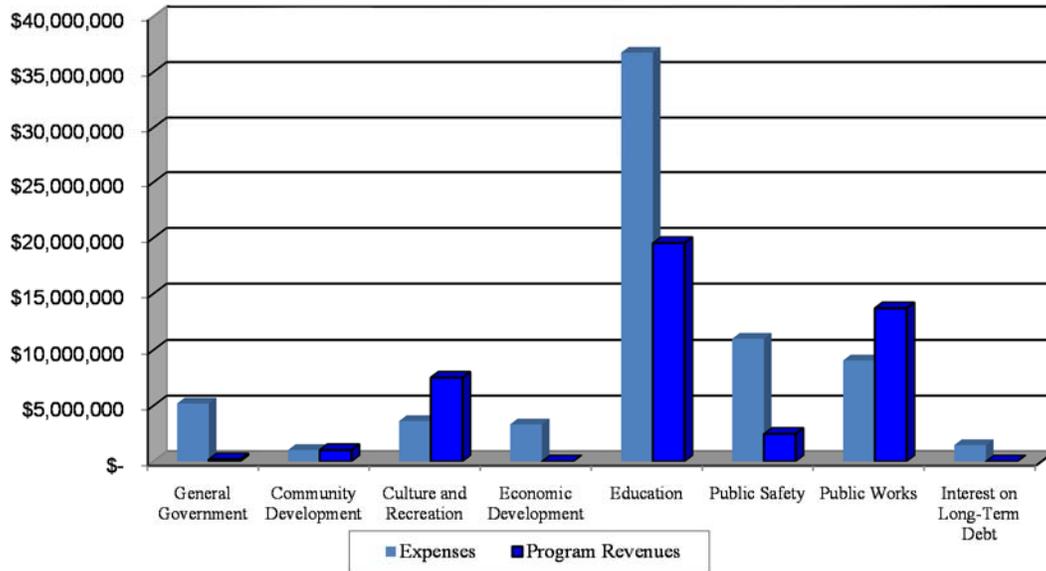
### Governmental Activities General Revenues



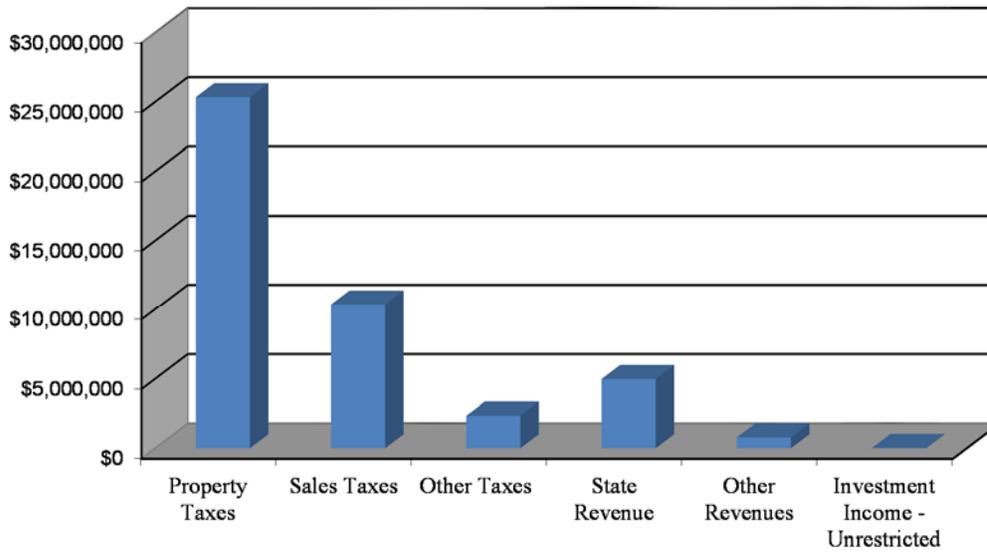
### Governmental Activities Expenses



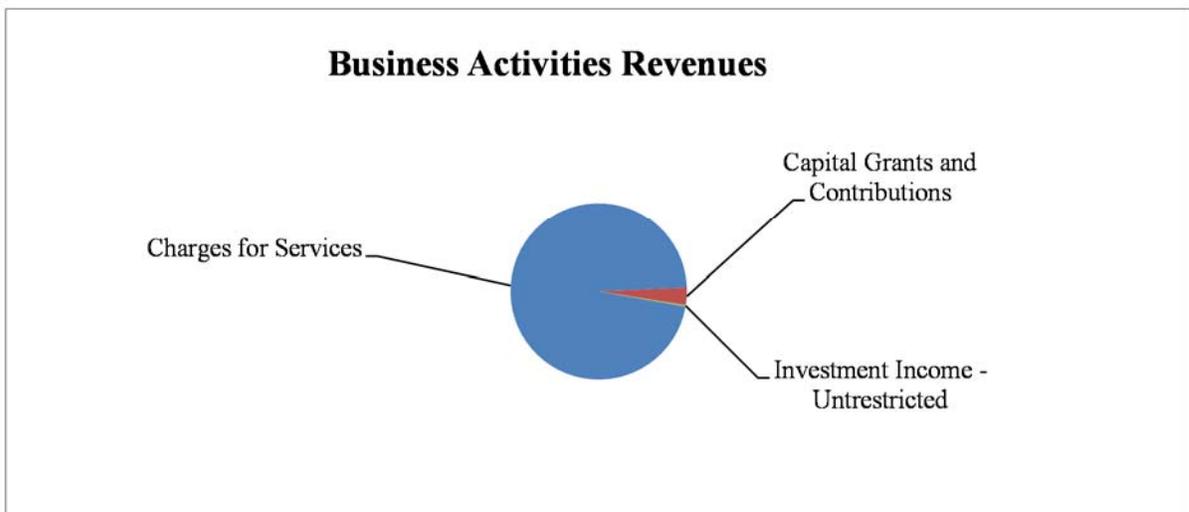
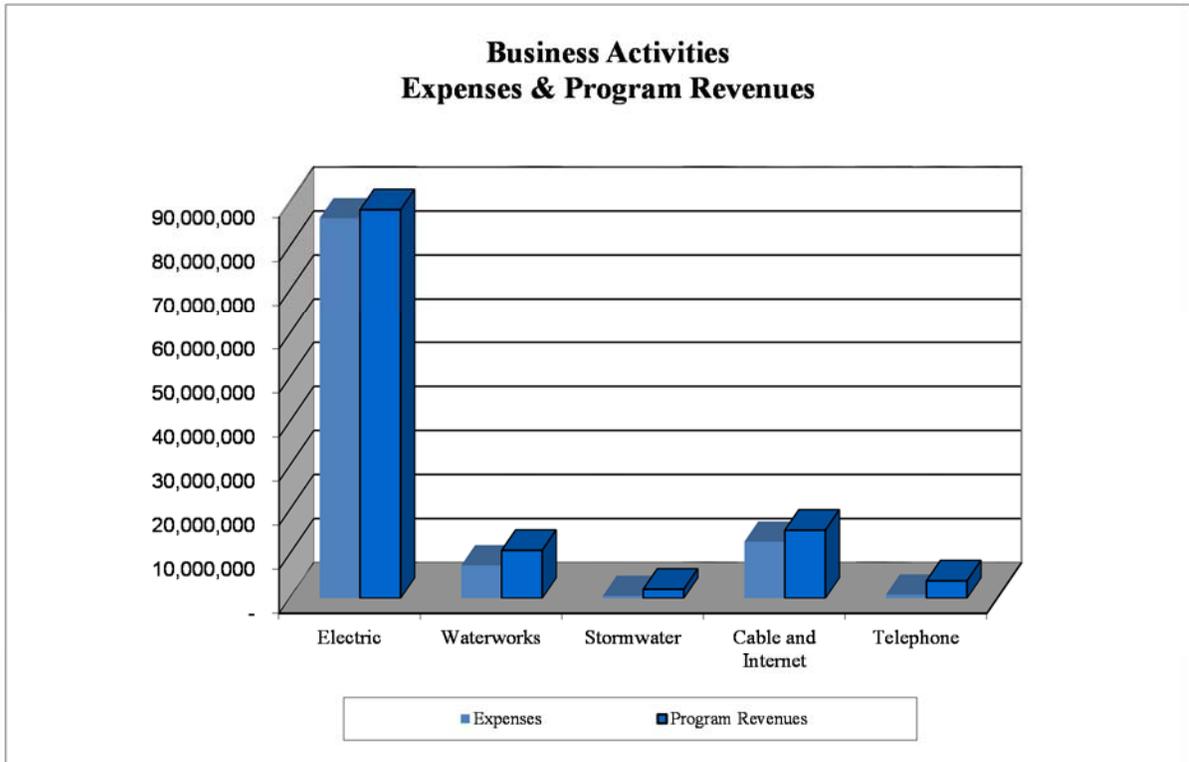
### Governmental Activities Expenses & Program Revenues



### Governmental Activities General Revenues



**Proprietary Funds.** The City of Bristol’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Electric Fund at the end of the year totaled \$50,226,985. The Waterworks Fund’s and Stormwater Fund’s unrestricted net position amounts were \$12,804,289 and \$25,567, respectively, at year end. The total change in net position was \$6,068,056, \$2,886,634, and \$1,836,822 for the Electric, Waterworks, and Stormwater Funds, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City’s business-type activities.



## **General Fund and Budgetary Highlights**

The General Fund budget was not amended during the fiscal year. During the current fiscal year, unassigned fund balance in the General Fund increased to \$13,452,896. City Council budgeted a balanced fund for FY 2015 with no increase or decrease in fund balance. Revenues were expected to decrease by 1.8%. The major areas of decline was property taxes which was expect to be lower by approximately \$746,000. The FY 2014 budget was passed based upon an expected tax increase of 12 cents per \$100 of assessed valuation. A county-wide reappraisal process occurs every four years and is historically when the City has altered the property tax rate. FY 2014 was the year when the reappraised values were reflected on the tax roll and the value of property declined overall in the City due to lower reinvestment in tangible personal property and decreasing home values in light of economic trends. As a result, the certified tax rate that needed to be implemented to sustain property tax revenue at the same level as the prior year was 6 cents, which would raise the City property tax rate from the pre-reappraisal rate of \$2.19 to \$2.25 per \$100 of assessed valuation. The certified rate did not reflect the 12 cents increase planned by Council in the approved budget document and related appropriation Ordinance. During the tax rate approval process, Council passed the certified rate only. Management revised the spending plan to eliminate approximately \$750,000 of capital outlay and street resurfacing to offset the planned tax revenue during the prior year. The FY 2015 Budget was changed to reflect the actual tax rate established by the City Council.

Other revenues with significant variances included local sales tax. Local sales tax for the year was \$5,313,796 or \$335,884 above the amount budgeted for the year. The City is experiencing increases in sales tax revenue as a result of The Pinnacle development. Staff has tried to predict the growth in sales tax due to the development. However, it has been difficult to budget in advance the actual amount of revenue that will be generated due to changing store opening dates and stores opening after the budget was established. The budget was conservatively developed and actual revenues are exceeding expectations.

State income tax also exceeded the budget by approximately \$248,000. This revenue varies per year and is based upon the economy and gains on investments. The budgeted amount was also conservatively developed and actual results exceeded expectations and was greater than the amount that was received in the prior fiscal year.

Expenditures have either been held constant or reduced by staff to the greatest extent possible over the past few years. Vacant positions have remained vacant as long as possible and operating practices were reviewed and altered, if possible, to save costs. The original budget for total expenditures was \$23,266,983. Total actual expenditures for the year were \$22,696,531 or \$570,452 below the original budget appropriation. The functions with significant savings versus budget were general government and public safety. One of the largest savings was tax increment disbursements that were budgeted but not made. A projection of the amount required was made prior to actual tax data was known. Therefore, the calculated amount required to be disbursed was less than the original projected amount.

## **Capital Asset and Debt Administration**

**Capital Assets.** The City of Bristol's net capital assets for its governmental and business type activities as of June 30, 2015, amounts to \$278,085,771. This investment in capital assets includes land, land improvements, buildings and improvements, infrastructure, machinery and equipment, other improvements, and construction in progress. The total increase in the City's investment in capital assets for the current year was 1.38% (a 4.75% decrease for governmental activities and a 9.14% increase for business-type activities).

**City of Bristol, Tennessee Capital Assets**  
**(Net of Depreciation)**  
**June 30, 2015**  
**(Presented in actual dollars)**

	Governmental Activities		Business Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Net Capital Assets:</b>						
Land	\$ 5,136,029	9,763,040	1,646,314	1,484,201	6,782,343	11,247,241
Land Improvements	9,724,049	3,266,653	-	-	9,724,049	3,266,653
Buildings and Improvements	44,828,018	45,586,206	4,547,346	3,929,917	49,375,364	49,516,123
Infrastructure	75,341,526	66,883,746	113,353,244	110,474,701	188,694,770	177,358,447
Machinery and Equipment	8,205,258	7,405,046	3,008,800	2,221,439	11,214,058	9,626,485
Other Improvements	1,052,060	1,109,857	-	-	1,052,060	1,109,857
Construction in Progress	1,658,588	19,201,602	9,584,539	2,968,306	11,243,127	22,169,908
<b>Total Net Capital Assets</b>	<b>\$ 145,945,528</b>	<b>153,216,150</b>	<b>132,140,243</b>	<b>121,078,564</b>	<b>278,085,771</b>	<b>274,294,714</b>

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

- Several infrastructure projects were also initiated or furthered during the past year, including the East Cedar Road project and construction of the Pinnacle Parkway. Facility improvements were also made at several parks. One of the most significant park improvements was the commencement of construction on the new tennis court facility. This project is a joint effort of the City, school system, and private partners to bring a tennis center to the community to provide an additional recreation opportunity.
- The General Purpose School Fund invested approximately \$487,000 in laptop computers to be used for programmatic purposes throughout the school system.
- During the year, gross capital assets of the Electric Fund increased by \$11,382,003 or 8%, compared to \$3,692,480 or 3% in 2014. The Electric Fund installed 3,000 kVA of 3-phase transformers at The Pinnacle serving Belk, Michaels, Kirkland's, Marshalls, Ulta Beauty, Bed Bath & Beyond, Shoe Carnival, Versona Accessories, Pier 1 Imports, and Dick's Sporting Goods. Additionally, 1,250 kVA of 3-phase transformers were installed to serve several other shops and restaurants. Also, 3,650 kVA of 3-phase transformers were installed to serve HSN, Fairfield Motel, Cootie Browns and Send the Light Distribution on Industrial Drive.
- The Waterworks Fund added \$3,623,295 of capital asset additions during the year. The largest projects involved the addition of water and sewer lines in The Pinnacle and continuing implementation of an automated meter reading system for utility billing purposes.
- The Stormwater Fund added \$1,627,731 of capital additions during the year. The largest projects involved the flood study improvements related to Beaver Creek and construction of the Glenwood Road Bridge.

Additional information on the City of Bristol, Tennessee's capital assets can be found in note IV. C. on pages 80 - 82 of this report.

**Long-term Debt.** At the end of the current fiscal year, the City of Bristol had total bonded debt outstanding of \$75,640,000. Of this amount, 63% comprises debt backed by the full faith and credit of the government. The remaining 37% of the City’s debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City had one bond issuance during the year. The Series 2015 General Obligation Bonds were issued for \$4,200,000 to provide funding for the East Cedar Road Project, addition to the Nature Center at Steele Creek Park, Stormwater Fund Projects, the new radio system for public safety, and to design the new fire station which will be located near The Pinnacle. The bonds are payable over thirty years with fixed interest rates ranging from 2% to 3.5%. For FY 2015, the trust interest cost was 3.24%. The bonds are secured by the taxing authority of the government.

The City of Bristol, Tennessee maintains a Moody’s Aa2 rating for general obligation debt. The current ratio of net bonded debt to estimated actual taxable value of property is 2.27%. Bristol Tennessee Essential Services maintains a Standard & Poor’s AA rating for revenue secured debt.

Additional information on the City of Bristol, Tennessee’s long-term debt can be found in note IV. E. on pages 85 - 103 of this report.

**City of Bristol, Tennessee's Outstanding Debt**  
**General Obligation and Revenue Bonds**  
**June 30, 2015**  
**(Presented in actual dollars)**

	Governmental Activities		Business Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Outstanding Bond Debt:</b>						
General Obligation	\$ 43,480,000	41,770,000	4,330,000	3,855,000	47,810,000	45,625,000
Revenue Bonds	-	-	27,830,000	28,505,000	27,830,000	28,505,000
Total Outstanding Bond Debt	<u>\$ 43,480,000</u>	<u>41,770,000</u>	<u>32,160,000</u>	<u>32,360,000</u>	<u>75,640,000</u>	<u>74,130,000</u>

**Economic Factors and Next Year’s Budgets and Rates**

- The unemployment rate for the City of Bristol at June 30, 2015, was 6.8%. This is a decrease from the 7.4% estimate listed in the prior year’s audit, and the estimate is higher than the unemployment rate for the State of Tennessee of 5.7%. As of June 2015, the national unemployment rate was 5.3%. Therefore, Bristol’s rate of 6.8% was higher than both the national and the State of Tennessee averages.
- Inflationary trends in the region are comparable to national indices.

All of these factors were considered in preparing the City of Bristol, Tennessee’s budget for the 2016 fiscal year.

During the 2015 fiscal year, unassigned fund balance in the General Fund increased to \$13,452,896. City Council approved a balanced budget with no change in fund balance for the 2016 budget year for the General Fund.

Revenues are expected to increase by 5.4%. Major areas of revenue changes over budgeted 2015 levels include increases in real and personal property taxes of \$302,445 and local sales tax of \$1,104,112. Revenue projections for FY 2016 were altered to reflect actual collections in FY 2015 adjusted for observable trends and known changes. Revenue was increased significantly in local sales tax and state sales tax based upon projections of activity related to the Pinnacle Project and other expected development opportunities. No property tax increase was planned as part of the FY 2016 Budget.

General Fund operating expenditures are higher by \$954,126 or 4.1% over budgeted 2015 levels. The major factors of increased costs are a modest general wage adjustment and benefit changes of \$403,084, additional \$63,000 in communications equipment maintenance costs related to the new 800 MHz radio system, additional \$283,329 in the costs of software maintenance contracts due to implementation of the new city-wide ERP system, and additional projected tax increment disbursements of \$133,363.

During the 2015 fiscal year, fund balance in the General Purpose School Fund increased to \$9,071,482, or by \$264,037. City Council and the School Board approved a budgeted loss of \$265,000 for the 2016 budget year for the General Purpose School Fund. Revenues are expected to increase by 6.6%. The major areas of change from the 2015 budgeted amounts include an increase in both property tax and intergovernmental revenue. Operating expenditures are 0.1% higher than 2015 budgeted levels. Costs are expected to increase due to wage adjustments for employees.

Waterworks Fund revenues are budgeted at \$8,884,344, an increase of 0.5% from last year. A general reduction in purchases by large water users is the primary reason for lower sales. The water rate was planned to increase by 3.5% for both FY 2016 and FY 2017. The sewer rate was planned to remain unchanged. Both rates have remained unchanged since July 2010. Expenses are budgeted at \$8,381,420, a decrease of \$29,012 from fiscal 2015. This is a 0.3% decrease from last year. Operating expenses are lower by \$79,814 or 1.1%, and includes \$2,467,671 for water treatment and distribution, \$1,179,979 for sewer collection, \$1,521,563 for administration, \$1,499,927 for allocated costs of other activities, and \$825,000 of depreciation.

The rates for service in the Stormwater Fund were planned to remain the same. Revenues from charges for services are budgeted at \$572,850 in accordance with the \$2.00 per month residential fee and related ERU levels for nonresidential impervious areas. The Stormwater Fund is projected to end the year with a both a positive change in net assets and net position.

The Solid Waste Fund operating revenues are projected at \$1,981,000, an increase of \$48,521 from the prior budget year. Fees remain unchanged at a \$14.50 per household monthly fee (\$7.25 for each additional container per month). As in the past, a reduced rate for Property Tax Relief Program homeowners will be offered. The tax relief rate is \$9.00 per months with each additional container being billed at the same rate charged to other customers. The last program rate increase took place in July 2015. Total expenditures is budgeted at \$1,749,224, a decrease of \$38,723 or 2.2%, from the prior budget year. Refuse collection, brush and bulk, and landfill operations account for 48.3%, 44.5%, and 7.2% of total spending, respectively.

## **Requests for Information**

This financial report is designed to provide a general overview of the City of Bristol, Tennessee's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance; City of Bristol, Tennessee; 801 Anderson Street, Room 203; Bristol, Tennessee 37620.

Separately issued financial statements for the Electric Fund may be obtained from:

Bristol Tennessee Essential Services  
Post Office Box 549  
2470 Volunteer Parkway  
Bristol, Tennessee 37621-0549

**CITY OF BRISTOL, TENNESSEE**  
**STATEMENT OF NET POSITION**  
June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Industrial Development Board
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 18,541,358	15,104,667	33,646,025	158,142
Investments	6,428,955	29,223,677	35,652,632	100,000
Receivables, Net of Allowance	16,537,726	10,881,160	27,418,886	-
Notes Receivable	80,690	2,633,252	2,713,942	-
Other Receivables	1,436,015	678,394	2,114,409	-
Due from Joint Venture	-	184,427	184,427	-
Due from Other Governments	18,054,550	297,771	18,352,321	-
Internal Balances	(2,149,253)	2,149,253	-	-
Inventories	294,865	2,525,330	2,820,195	-
Prepays and Prepaid Pension Cost	119,473	4,778,078	4,897,551	-
Investment in Joint Venture	-	6,993,474	6,993,474	-
Restricted Cash	3	184,364	184,367	-
Restricted Investments	2,660,979	781,089	3,442,068	-
Property Held for Resale	362,883	260,847	623,730	-
Net Pension Asset	75,401	-	75,401	-
Capital Assets, Net of Accumulated Depreciation:				
Land	5,136,029	1,646,314	6,782,343	6,351,331
Land Improvements	9,724,049	-	9,724,049	-
Buildings and Building Improvements	44,828,018	4,547,346	49,375,364	-
Infrastructure	75,341,526	113,353,244	188,694,770	-
Machinery and Equipment	8,205,258	3,008,800	11,214,058	-
Other Improvements	1,052,060	-	1,052,060	-
Construction in Progress	1,658,588	9,584,539	11,243,127	-
Total Assets	<u>208,389,173</u>	<u>208,816,026</u>	<u>417,205,199</u>	<u>6,609,473</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Charge on Refunding	395,062	1,193,470	1,588,532	-
Deferred Outflows Related to Pensions	4,312,089	1,265,672	5,577,761	-
Total Deferred Outflows of Resources	<u>4,707,151</u>	<u>2,459,142</u>	<u>7,166,293</u>	<u>-</u>

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**STATEMENT OF NET POSITION**  
June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Industrial Development Board
<b>LIABILITIES</b>				
Accounts Payable and Other Current Liabilities	3,743,591	3,248,577	6,992,168	8,000
Contracts Payable	13,872	220,745	234,617	-
Retainages Payable	35,939	7,945	43,884	-
Accrued Interest Payable	120,350	383,048	503,398	-
Due to Agency Fund	1,500	-	1,500	-
Due to Others and Deposits	133,116	2,015,406	2,148,522	-
Unearned Revenue	119,593	1,427,275	1,546,868	-
Noncurrent Liabilities:				
Due Within One Year	3,115,182	1,249,858	4,365,040	-
Due in More Than One Year	51,493,147	36,665,044	88,158,191	-
Total Liabilities	<u>58,776,290</u>	<u>45,217,898</u>	<u>103,994,188</u>	<u>8,000</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned Revenue - Property Taxes	25,516,879	-	25,516,879	-
Deferred Inflows Related to Pensions	10,795,215	1,617,191	12,412,406	-
Total Deferred Inflows of Resources	<u>36,312,094</u>	<u>1,617,191</u>	<u>37,929,285</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	97,913,073	101,500,493	199,413,566	6,351,331
Restricted:				
Capital	2,829,741	-	2,829,741	-
Community Development	115,880	-	115,880	-
Debt Service	438,004	-	438,004	-
Economic Development	1,745,400	-	1,745,400	250,142
Education	34,448	-	34,448	-
Municipal and Juvenile Court	3,084	-	3,084	-
Parks and Recreation	502	-	502	-
Police and Drug Control	133,572	-	133,572	-
School Nutrition	875,326	-	875,326	-
Solid Waste	610,090	-	610,090	-
Unrestricted	13,308,820	62,939,586	76,248,406	-
Total Net Position	<u>\$ 118,007,940</u>	<u>164,440,079</u>	<u>282,448,019</u>	<u>6,601,473</u>

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

**CITY OF BRISTOL, TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			Component Unit Industrial Development Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary Government:</b>								
Governmental Activities:								
General Government	5,207,412	65,115	3,002	126,363	(5,012,932)	-	(5,012,932)	-
Community Development	1,031,931	76,262	944,557	-	(11,112)	-	(11,112)	-
Culture and Recreation	3,627,795	821,318	81,637	6,618,555	3,893,715	-	3,893,715	-
Economic Development	3,325,737	-	-	-	(3,325,737)	-	(3,325,737)	-
Education	36,747,290	912,349	18,520,425	111,020	(17,203,496)	-	(17,203,496)	-
Public Safety	11,013,053	1,952,102	525,131	-	(8,535,820)	-	(8,535,820)	-
Public Works	9,066,286	1,985,685	1,696,114	10,006,090	4,621,603	-	4,621,603	-
Interest and Related Charges for Long-term Debt	1,460,539	-	-	-	(1,460,539)	-	(1,460,539)	-
Total Governmental Activities	71,480,043	5,812,831	21,770,866	16,862,028	(27,034,318)	-	(27,034,318)	-
Business-type Activities:								
Electric	86,381,665	87,829,118	-	492,941	-	1,940,394	1,940,394	-
Waterworks	7,417,824	8,947,643	-	1,892,708	-	3,422,527	3,422,527	-
Stormwater	500,159	568,642	-	1,437,590	-	1,506,073	1,506,073	-
Cable and Internet	12,801,982	15,407,778	-	-	-	2,605,796	2,605,796	-
Telephone	796,252	3,910,661	-	-	-	3,114,409	3,114,409	-
Total Business-type Activities	107,897,882	116,663,842	-	3,823,239	-	12,589,199	12,589,199	-
Total Primary Government	\$ 179,377,925	122,476,673	21,770,866	20,685,267	(27,034,318)	12,589,199	(14,445,119)	-
<b>Component Unit:</b>								
Industrial Development Board	\$ 18,110,124	-	50,000	2,869,789	-	-	-	(15,190,335)
General Revenues:								
Property Taxes					25,327,257	-	25,327,257	-
Payments in Lieu of Tax					53,134	-	53,134	-
Sales Taxes					10,359,606	-	10,359,606	-
Beer and Liquor Taxes					721,250	-	721,250	-
Business Tax					548,480	-	548,480	-
Cable Franchise Tax					347,315	-	347,315	-
Gas Franchise Tax					309,589	-	309,589	-
Hotel/Motel Taxes					357,052	-	357,052	-
State Revenue (Unrestricted)					4,970,850	-	4,970,850	-
Investment Income (Unrestricted)					27,049	341,334	368,383	412
Other General Revenue					781,548	-	781,548	-
Transfers					2,129,132	(2,129,132)	-	-
Total General Revenues and Transfers					45,932,262	(1,787,798)	44,144,464	412
Change in Net Position					18,897,944	10,801,401	29,699,345	(15,189,923)
Net Position, Beginning					132,546,757	158,729,944	291,276,701	21,791,396
Prior Period Adjustments					(33,436,761)	(5,091,266)	(38,528,027)	-
Net Position, Ending					\$ 118,007,940	164,440,079	282,448,019	6,601,473

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

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**CITY OF BRISTOL, TENNESSEE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2015

	General	Chapter 420	General Purpose School	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 9,690,215	-	7,998,105	853,038	18,541,358
Investments	5,290,857	585,386	-	74,137	5,950,380
Receivables, Net of Allowance	16,239,809	-	-	297,917	16,537,726
Notes Receivable	-	-	-	80,690	80,690
Other Receivables	1,135,784	-	217,880	9,445	1,363,109
Due from Other Funds	427,759	-	345,498	1,162,182	1,935,439
Due from Other Governments	2,428,424	1,598,017	12,777,169	1,250,940	18,054,550
Inventory	254,260	-	-	40,605	294,865
Restricted Cash	-	1	-	2	3
Restricted Investments	-	-	-	2,660,979	2,660,979
Property Held for Resale	362,883	-	-	-	362,883
<b>Total Assets</b>	<b>\$ 35,829,991</b>	<b>2,183,404</b>	<b>21,338,652</b>	<b>6,429,935</b>	<b>65,781,982</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 283,238	-	386,012	534,695	1,203,945
Contracts Payable	-	-	-	13,872	13,872
Retainages Payable	-	-	35,939	-	35,939
Accrued Payroll	635,688	-	573,632	54,270	1,263,590
Due to Other Funds	3,647,102	-	-	685,537	4,332,639
Due to Others	81,532	-	-	51,584	133,116
Unearned Revenue	14,928	-	-	104,665	119,593
<b>Total Liabilities</b>	<b>4,662,488</b>	<b>-</b>	<b>995,583</b>	<b>1,444,623</b>	<b>7,102,694</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unearned Revenue - Property Taxes	14,707,329	-	10,809,550	-	25,516,879
Unavailable Revenue - Property Taxes & Other	2,516,666	1,598,017	462,037	-	4,576,720
<b>Total Deferred Inflows of Resources</b>	<b>17,223,995</b>	<b>1,598,017</b>	<b>11,271,587</b>	<b>-</b>	<b>30,093,599</b>
<b>FUND BALANCES (DEFICITS)</b>					
<b>Nonspendable:</b>					
Inventory	254,260	-	-	40,605	294,865
<b>Restricted:</b>					
Capital Outlay	-	-	-	2,829,741	2,829,741
Community Development	-	-	-	115,880	115,880
Culture and Recreation	502	-	-	-	502
Debt Service	-	438,004	-	-	438,004
Economic Development	-	147,383	-	-	147,383
Education	-	-	34,448	-	34,448
Municipal and Juvenile Court	2,782	-	-	302	3,084
Police and Drug Control	33,068	-	-	100,504	133,572
School Nutrition	-	-	-	875,326	875,326
Solid Waste	-	-	-	610,090	610,090
<b>Assigned:</b>					
Birthplace of Country Music	200,000	-	-	-	200,000
Capital Outlay	-	-	-	25,000	25,000
Debt Service	-	-	-	36,593	36,593
Education	-	-	9,037,034	-	9,037,034
State Street Aid	-	-	-	351,271	351,271
<b>Unassigned</b>	<b>13,452,896</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,452,896</b>
<b>Total Fund Balances (Deficits)</b>	<b>13,943,508</b>	<b>585,387</b>	<b>9,071,482</b>	<b>4,985,312</b>	<b>28,585,689</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b>\$ 35,829,991</b>	<b>2,183,404</b>	<b>21,338,652</b>	<b>6,429,935</b>	<b>65,781,982</b>

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

**CITY OF BRISTOL, TENNESSEE**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
June 30, 2015

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

Total Fund Balances - Governmental Funds (Page 34)	\$ 28,585,689
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	145,945,528
Prepays are expensed when disbursed in the governmental funds and are not recognized based upon economic benefit or recorded as assets in the funds.	119,473
Deferred outflows of resources relates to future periods and, therefore, are not reported in the funds.	4,707,151
Deferred inflows of resources relates to future periods and, therefore, are not reported in the funds.	(10,795,215)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported unavailable in the funds.	4,576,720
An internal service fund is used by management to charge the costs of employee medical and dental premiums to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.	(478,128)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(54,653,278)</u>
Net Position of Governmental Activities	<u><u>\$ 118,007,940</u></u>

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

**CITY OF BRISTOL, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2015

	General	Chapter 420	General Purpose School	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 22,390,395	-	15,623,926	-	38,014,321
Licenses and Permits	256,463	-	1,907	-	258,370
Intergovernmental	3,843,090	-	15,140,613	6,971,407	25,955,110
Charges for Services	1,272,289	-	337,113	2,503,549	4,112,951
Revenues from Use of Facilities	508,188	-	12,581	-	520,769
Fines and Forfeitures	522,266	-	-	42,245	564,511
Investment Income	15,699	1,970	5,545	3,835	27,049
Other	86,914	-	437,881	281,288	806,083
<b>Total Revenues</b>	<u>28,895,304</u>	<u>1,970</u>	<u>31,559,566</u>	<u>9,802,324</u>	<u>70,259,164</u>
<b>EXPENDITURES</b>					
Current:					
General Government	4,907,832	-	-	260,387	5,168,219
Community Development	-	-	-	1,036,225	1,036,225
Culture and Recreation	3,354,165	-	-	56,758	3,410,923
Economic Development	473,723	2,869,789	-	-	3,343,512
Education	-	-	32,803,080	3,892,908	36,695,988
Public Safety	11,148,217	-	-	169,856	11,318,073
Public Works	2,862,593	-	-	3,087,102	5,949,695
Capital Outlay	-	-	2,306,952	3,113,875	5,420,827
Debt Service:					
Principal Retirement	-	-	-	2,033,607	2,033,607
Interest	-	-	-	1,484,471	1,484,471
Bond Issuance Costs	-	-	-	91,444	91,444
Other Costs	-	-	-	3,745	3,745
<b>Total Expenditures</b>	<u>22,746,530</u>	<u>2,869,789</u>	<u>35,110,032</u>	<u>15,230,378</u>	<u>75,956,729</u>
Excess (Deficiency) of Revenues over Expenditures	<u>6,148,774</u>	<u>(2,867,819)</u>	<u>(3,550,466)</u>	<u>(5,428,054)</u>	<u>(5,697,565)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bonds Issued	-	-	-	3,275,000	3,275,000
Premium on Bonds Issued	-	-	-	34,211	34,211
Insurance Recoveries	4,508	-	111,020	-	115,528
Sale of Capital Assets	12,338	-	5,958	-	18,296
Transfers In	2,551,188	-	4,475,647	4,807,376	11,834,211
Transfers Out	(7,162,489)	(1,342,413)	(778,122)	(88,257)	(9,371,281)
<b>Total Other Financing Sources (Uses)</b>	<u>(4,594,455)</u>	<u>(1,342,413)</u>	<u>3,814,503</u>	<u>8,028,330</u>	<u>5,905,965</u>
Net Change in Fund Balances	1,554,319	(4,210,232)	264,037	2,600,276	208,400
Fund Balance - Beginning	12,296,307	4,795,619	8,807,445	2,380,401	28,279,772
Purchase Method Inventory Adjustment	92,882	-	-	4,635	97,517
<b>Fund Balance, Ending</b>	<u>\$ 13,943,508</u>	<u>585,387</u>	<u>9,071,482</u>	<u>4,985,312</u>	<u>28,585,689</u>

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

**CITY OF BRISTOL, TENNESSEE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2015**

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

Net Change in Fund Balance - Total Governmental Funds	\$	208,400
Revenue which was not collected in the City's period of availability has not been reflected as revenue in the governmental funds since it was not "available". This revenue has been included in the statement of activities. The difference is the change between the prior year amount of \$2,385,368 and the current year amount of \$4,576,720.		2,191,352
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital additions in outlay of \$5,420,827 exceeded depreciation of \$5,583,151 in the current period.		(162,324)
The net effect of various miscellaneous transactions involving capital assets (e.g., sales and donations) is to increase net position.		14,432,530
Inventory for in the General Fund (salt only) and School Nutrition Fund is accounted for by the purchase method on the fund level. The government wide financial statements reflect inventory accounted for on the consumption method. This is the amount by which expenses were adjusted to comply with the consumption method.		97,518
Certain expenses have been reflected in the statement of activities for amounts that have economic benefits in future periods. The prepaid items have not been reflected in the governmental funds. This is the amount by which current year prepaid items of \$119,473 were exceeded by the prior year amount of \$68,661.		50,812
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.		(1,275,604)
Compensated absences are measured by the amounts earned during the year in the statement of activities. However, expenditures for these items are measured by the amount of financial resources used in the governmental funds. Compensated absences decreased by this amount during the year.		(61,660)
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.		3,343,473
An internal service fund is used by management to charge the costs of employee insurance to individual funds.		73,447
Change in Net Position of Governmental Activities	<u>\$</u>	<u>18,897,944</u>

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

**CITY OF BRISTOL, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Taxes:			
Property Tax	\$ 14,255,078	14,421,870	166,792
Property Tax - Penalty and Interest	250,000	276,351	26,351
Payments in Lieu of Taxes	205,791	55,134	(150,657)
Local Sales Tax	4,977,912	5,313,796	335,884
Beer and Liquor Taxes	760,000	721,250	(38,750)
Business Tax	665,100	548,480	(116,620)
Gas Franchise Tax	280,000	297,589	17,589
Cable Television Franchise Tax	350,000	347,315	(2,685)
Hotel and Motel Taxes	405,000	357,052	(47,948)
State Litigation Tax	45,000	51,558	6,558
Total Taxes	<u>22,193,881</u>	<u>22,390,395</u>	<u>196,514</u>
Licenses and Permits	<u>581,165</u>	<u>256,463</u>	<u>(324,702)</u>
Intergovernmental:			
State Sales Tax	1,860,000	2,022,321	162,321
State Income Tax	400,000	647,600	247,600
State Highway Maintenance	127,383	122,071	(5,312)
Bank Excise Tax	35,000	64,833	29,833
Gas and Motor Fuel Tax	54,800	54,472	(328)
Beer and Mixed Drink	130,000	200,208	70,208
TVA Payments in Lieu	300,000	313,042	13,042
Telecommunications Tax	2,500	2,614	114
Federal Thru State and State Grants	76,800	86,977	10,177
Other Revenue	335,952	328,952	(7,000)
Total Intergovernmental	<u>3,322,435</u>	<u>3,843,090</u>	<u>520,655</u>
Charges for Services	<u>1,184,511</u>	<u>1,272,289</u>	<u>87,778</u>
Revenues from Use of Facilities	<u>537,410</u>	<u>508,188</u>	<u>(29,222)</u>
Fines and Forfeitures	<u>417,310</u>	<u>522,266</u>	<u>104,956</u>
Investment Income	<u>10,000</u>	<u>15,699</u>	<u>5,699</u>
Other	<u>58,837</u>	<u>86,914</u>	<u>28,077</u>
Total Revenues	<u>28,305,549</u>	<u>28,895,304</u>	<u>589,755</u>

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>EXPENDITURES</b>			
General Government:			
General Administration:			
City Council	185,428	113,261	72,167
City Manager	185,313	189,660	(4,347)
Municipal Court	57,620	68,937	(11,317)
Juvenile Court	304,828	301,473	3,355
Legal	125,002	104,904	20,098
Finance	458,435	449,038	9,397
Administration	332,478	341,236	(8,758)
Information Technology	333,751	276,425	57,326
Community Relations	466,830	454,819	12,011
Planning	280,611	277,328	3,283
City Hall and Annex Maintenance	192,375	222,812	(30,437)
Total General Administration	<u>2,922,671</u>	<u>2,799,893</u>	<u>122,778</u>
Other Administration:			
Council Programs	1,433,395	1,328,655	104,740
Tax Increment Payments	414,211	264,211	150,000
School Property Insurance	105,620	112,619	(6,999)
Special Events	367,017	402,454	(35,437)
Total Other Administration	<u>2,320,243</u>	<u>2,107,939</u>	<u>212,304</u>
Total General Government	<u>5,242,914</u>	<u>4,907,832</u>	<u>335,082</u>
Culture and Recreation			
Park Administration	196,774	196,694	80
Recreation	534,466	521,226	13,240
Steele Creek Golf Course	236,080	199,517	36,563
Farmers' Market	25,475	16,534	8,941
Senior Citizens Programs	257,965	241,258	16,707
Slater Community Center	158,706	167,844	(9,138)
Parks and Facilities	1,592,898	1,610,888	(17,990)
Nature Center	118,308	108,800	9,508
Haynesfield Pool	95,466	83,279	12,187
Artistical Performances	113,414	208,125	(94,711)
Total Culture and Recreation	<u>3,329,552</u>	<u>3,354,165</u>	<u>(24,613)</u>
Economic Development			
Economic Development	405,444	263,398	142,046
Chapter 420 Administration	3,000	210,325	(207,325)
Total Economic Development	<u>408,444</u>	<u>473,723</u>	<u>(65,279)</u>

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

<b>EXPENDITURES (CONTINUED)</b>	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Public Safety:			
Community Development:			
Codes Enforcement	243,153	221,978	21,175
Total Community Development Department	<u>243,153</u>	<u>221,978</u>	<u>21,175</u>
Fire Department:			
Administration	277,582	270,160	7,422
Fire Suppression	3,567,465	3,535,959	31,506
Emergency Medical Services	159,998	159,357	641
Fire Stations	78,057	77,311	746
Fire Prevention	102,225	95,274	6,951
Total Fire Department	<u>4,185,327</u>	<u>4,138,061</u>	<u>47,266</u>
Police Department:			
Administration	525,822	504,197	21,625
Patrol	3,443,793	3,469,097	(25,304)
Investigations	1,034,520	956,501	78,019
Community Programs	700,129	610,688	89,441
Communications and Records	1,233,005	1,102,797	130,208
Animal Control	144,314	144,898	(584)
Total Police Department	<u>7,081,583</u>	<u>6,788,178</u>	<u>293,405</u>
Total Public Safety	<u>11,510,063</u>	<u>11,148,217</u>	<u>361,846</u>
Public Works:			
Administration	97,161	91,854	5,307
Engineering	111,625	92,210	19,415
Traffic Engineering	41,905	42,310	(405)
Geographical Information Systems	115,876	102,102	13,774
Street Maintenance	1,416,948	1,531,898	(114,950)
Fleet Maintenance	547,795	521,893	25,902
Street Lighting and Traffic Control	494,700	480,326	14,374
Total Public Works	<u>2,826,010</u>	<u>2,862,593</u>	<u>(36,583)</u>
Total Expenditures	<u>23,316,983</u>	<u>22,746,530</u>	<u>570,453</u>

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Excess (Deficiency) of Revenues over Expenditures	4,988,566	6,148,774	1,160,208
<b>OTHER FINANCING SOURCES (USES)</b>			
Insurance Recoveries	-	4,508	4,508
Sale of Capital Assets	20,000	12,338	(7,662)
Transfer from Electric	1,920,000	1,926,837	6,837
Transfer from Waterworks	545,000	533,376	(11,624)
Transfer from Stormwater	9,300	2,718	(6,582)
Transfer from Transportation Grant	82,737	88,257	5,520
Transfer to General Purpose School	(4,475,648)	(4,475,648)	-
Transfer to Drug	(6,000)	(11,657)	(5,657)
Transfer to Grant	(23,066)	(27,217)	(4,151)
Transfer to State Street Aid	(123,000)	(128,156)	(5,156)
Transfer to Transportation Grant	(180,533)	(120,591)	59,942
Transfer to Debt Service	(2,042,762)	(1,840,745)	202,017
Transfer to Capital Equipment	(531,594)	(530,550)	1,044
Transfer to Capital Facilities	(183,000)	(27,925)	155,075
Total Other Financing Sources (Uses)	(4,988,566)	(4,594,455)	394,111
Net Change in Fund Balances	-	1,554,319	1,554,319
Fund Balance - Beginning	11,647,980	12,296,307	648,327
Purchase Method Inventory Adjustment	-	92,882	92,882
Fund Balance - Ending	\$ 11,647,980	13,943,508	2,295,528

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

**CITY OF BRISTOL, TENNESSEE**  
**CHAPTER 420 FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Investment Income	\$ 5,000	1,970	(3,030)
Total Revenues	<u>5,000</u>	<u>1,970</u>	<u>(3,030)</u>
<b>EXPENDITURES</b>			
Economic Development	4,823,948	2,869,789	1,954,159
Total Expenditures	<u>4,823,948</u>	<u>2,869,789</u>	<u>1,954,159</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,818,948)</u>	<u>(2,867,819)</u>	<u>1,951,129</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer to Debt Service	(958,763)	(902,956)	55,807
Transfer to Capital Facilities	(176,052)	(439,457)	(263,405)
Total Other Financing Sources (Uses)	<u>(1,134,815)</u>	<u>(1,342,413)</u>	<u>(207,598)</u>
Net Change in Fund Balances	(5,953,763)	(4,210,232)	1,743,531
Fund Balance - Beginning	<u>6,316,963</u>	<u>4,795,619</u>	<u>(1,521,344)</u>
Fund Balance - Ending	<u>\$ 363,200</u>	<u>585,387</u>	<u>222,187</u>

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

**CITY OF BRISTOL, TENNESSEE**  
**GENERAL PURPOSE SCHOOL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Taxes:			
County Property Tax	\$ 9,867,278	10,636,151	768,873
Local Sales Tax	4,546,750	4,987,775	441,025
Total Taxes	<u>14,414,028</u>	<u>15,623,926</u>	<u>1,209,898</u>
Licenses and Permits	<u>2,000</u>	<u>1,907</u>	<u>(93)</u>
Intergovernmental:			
Federal Thru State and State Bank Excise Tax	15,083,351	15,125,899	42,548
Telecommunications Tax	10,000	12,396	2,396
Total Intergovernmental Revenues	<u>2,000</u>	<u>2,318</u>	<u>318</u>
Charges for Services	<u>337,500</u>	<u>337,113</u>	<u>(387)</u>
Revenues from Use of Facilities	<u>2,400</u>	<u>12,581</u>	<u>10,181</u>
Investment Income	<u>10,000</u>	<u>5,545</u>	<u>(4,455)</u>
Other	<u>510,640</u>	<u>437,881</u>	<u>(72,759)</u>
Total Revenues	<u>30,371,919</u>	<u>31,559,566</u>	<u>1,187,647</u>
<b>EXPENDITURES</b>			
Instruction:			
Regular Education	16,457,111	15,908,229	548,882
Alternate School	221,556	218,839	2,717
Special Education	2,133,986	2,074,420	59,566
Vocational Education	1,037,781	1,030,238	7,543
Student Body	5,000	9,205	(4,205)
Total Instruction	<u>19,855,434</u>	<u>19,240,931</u>	<u>614,503</u>
Support Services:			
Attendance	205,177	203,683	1,494
Health Services	322,787	300,232	22,555
Other Student Support	953,064	935,419	17,645
Regular Instruction	2,626,544	2,523,394	103,150
Special Education	170,401	172,053	(1,652)
Vocational Education	7,597	6,088	1,509

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**GENERAL PURPOSE SCHOOL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>EXPENDITURES (CONTINUED)</b>			
Support Services (Continued):			
Board of Education	591,665	533,729	57,936
Director of Schools	327,807	316,421	11,386
Office of Principal	2,976,865	3,007,490	(30,625)
Fiscal Services	415,096	389,561	25,535
Human Resources	163,123	161,973	1,150
Operation of Plant	2,002,756	1,951,886	50,870
Maintenance of Plant	1,233,912	1,298,016	(64,104)
Student Transportation	950,778	865,546	85,232
Total Support Services	<u>12,947,572</u>	<u>12,665,491</u>	<u>282,081</u>
Non-Instructional Services			
School Nutrition	52,855	53,048	(193)
Community Service	284,000	259,342	24,658
Early Childhood	439,889	446,789	(6,900)
Total Non-Instructional Services	<u>776,744</u>	<u>759,179</u>	<u>17,565</u>
Noncapitalized Improvements			
	<u>50,000</u>	<u>137,479</u>	<u>(87,479)</u>
Capital Outlay			
	<u>2,610,350</u>	<u>2,306,952</u>	<u>303,398</u>
Total Expenditures	<u>36,240,100</u>	<u>35,110,032</u>	<u>1,130,068</u>
Excess (Deficiency) of Revenues over Expenditures			
	<u>(5,868,181)</u>	<u>(3,550,466)</u>	<u>2,317,715</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Insurance Recoveries	-	111,020	111,020
Sale of Capital Assets	10,000	5,958	(4,042)
Transfer from General	4,475,648	4,475,647	(1)
Transfer to Debt Service	(903,121)	(778,122)	124,999
Total Other Financing Sources (Uses)	<u>3,582,527</u>	<u>3,814,503</u>	<u>231,976</u>
Net Change in Fund Balances	(2,285,654)	264,037	2,549,691
Fund Balance - Beginning	<u>8,299,842</u>	<u>8,807,445</u>	<u>507,603</u>
Fund Balance - Ending	<u>\$ 6,014,188</u>	<u>9,071,482</u>	<u>3,057,294</u>

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

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**CITY OF BRISTOL, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2015

	Enterprise Funds				Governmental Activities- Internal Service Fund
	Electric	Waterworks	Other Enterprise Fund	Total	
			Stormwater		
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 15,104,667	-	-	15,104,667	-
Investments	26,400,000	2,823,677	-	29,223,677	478,575
Accounts Receivable, (Net)	9,693,145	1,163,546	24,469	10,881,160	-
Customer Notes Receivable (Net) - Current Portion	400,000	9,629	-	409,629	-
Other Receivables	671,119	7,275	-	678,394	72,906
Due from Joint Venture	-	184,427	-	184,427	-
Due from Other Funds	62,262	2,291,255	-	2,353,517	129,192
Due from Other Governments	-	4,492	293,279	297,771	-
Inventories	2,155,606	369,724	-	2,525,330	-
Prepays	4,778,078	-	-	4,778,078	-
Total Current Assets	<u>59,264,877</u>	<u>6,854,025</u>	<u>317,748</u>	<u>66,436,650</u>	<u>680,673</u>
Noncurrent Assets:					
Capital Assets:					
Capital Assets	152,469,556	75,070,038	1,549,111	229,088,705	-
Construction in Progress	7,066,594	1,988,677	529,268	9,584,539	-
Total Capital Assets	<u>159,536,150</u>	<u>77,058,715</u>	<u>2,078,379</u>	<u>238,673,244</u>	<u>-</u>
Less: Accumulated Depreciation	74,943,874	31,455,877	133,250	106,533,001	-
Net Capital Assets	<u>84,592,276</u>	<u>45,602,838</u>	<u>1,945,129</u>	<u>132,140,243</u>	<u>-</u>
Other Noncurrent Assets:					
Customer Notes Receivable, Less Current Portion	2,223,623	-	-	2,223,623	-
Investment in Joint Venture	-	6,993,474	-	6,993,474	-
Restricted Cash	-	184,364	-	184,364	-
Restricted Investments	-	-	781,089	781,089	-
Property Held for Resale	260,847	-	-	260,847	-
Total Other Noncurrent Assets	<u>2,484,470</u>	<u>7,177,838</u>	<u>781,089</u>	<u>10,443,397</u>	<u>-</u>
Total Noncurrent Assets	<u>87,076,746</u>	<u>52,780,676</u>	<u>2,726,218</u>	<u>142,583,640</u>	<u>-</u>
Total Assets	<u>146,341,623</u>	<u>59,634,701</u>	<u>3,043,966</u>	<u>209,020,290</u>	<u>680,673</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Charge on Refunding	1,165,870	27,600	-	1,193,470	-
Pension - Actuarial Experience Differences	404,789	-	-	404,789	-
Pension - Post Measurement Date Contributions	637,666	210,389	12,828	860,883	-
Total Deferred Outflows of Resources	<u>2,208,325</u>	<u>237,989</u>	<u>12,828</u>	<u>2,459,142</u>	<u>-</u>

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2015

	Enterprise Funds			Total	Governmental Activities- Internal Service Fund
	Electric	Waterworks	Other Enterprise Fund		
			Stormwater		
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	1,712,926	138,280	12,737	1,863,943	-
Contracts Payable	-	69,790	150,955	220,745	-
Retainage Payable	-	-	7,945	7,945	-
Accrued Interest	373,774	6,932	2,342	383,048	-
Accrued Liabilities	1,307,239	-	-	1,307,239	1,276,056
Accrued Payroll	-	73,757	3,638	77,395	-
Deposits	1,983,839	5,725	-	1,989,564	-
Due to Others	-	25,842	-	25,842	-
Due to Other Funds	50,734	-	36,275	87,009	-
Unearned Revenue	1,427,275	-	-	1,427,275	-
Compensated Absences Payable	-	74,000	-	74,000	-
Bonds Payable	700,000	465,000	-	1,165,000	-
Notes Payable	-	10,858	-	10,858	-
Total Current Liabilities	<u>7,555,787</u>	<u>870,184</u>	<u>213,892</u>	<u>8,639,863</u>	<u>1,276,056</u>
Long-term Liabilities:					
Compensated Absences Payable	-	95,958	-	95,958	-
Bonds Payable, Net of Unamortized Premium	27,798,762	3,077,581	935,038	31,811,381	-
Net Pension Liability	4,116,089	162,608	19,421	4,298,118	-
OPEB Obligation Payable	459,587	-	-	459,587	-
Total Long-term Liabilities	<u>32,374,438</u>	<u>3,336,147</u>	<u>954,459</u>	<u>36,665,044</u>	<u>-</u>
<b>Total Liabilities</b>	<u>39,930,225</u>	<u>4,206,331</u>	<u>1,168,351</u>	<u>45,304,907</u>	<u>1,276,056</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension - Actuarial Experience Differences	-	375,603	44,860	420,463	-
Pension - Actuarial Investment Differences	1,133,354	56,613	6,761	1,196,728	-
<b>Total Deferred Inflows of Resources</b>	<u>1,133,354</u>	<u>432,216</u>	<u>51,621</u>	<u>1,617,191</u>	<u>-</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	57,259,384	42,429,854	1,811,255	101,500,493	-
Unrestricted	50,226,985	12,804,289	25,567	63,056,841	(595,383)
<b>Total Net Position</b>	<u>\$ 107,486,369</u>	<u>55,234,143</u>	<u>1,836,822</u>	<u>164,557,334</u>	<u>(595,383)</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the Internal Service Fund and enterprise funds over time				(117,255)	
Net Position of Business-type Activities				<u>\$ 164,440,079</u>	

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

**CITY OF BRISTOL, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2015

	Enterprise Funds				Governmental Activities- Internal Service Fund
	Electric	Waterworks	Other Enterprise Fund Stormwater	Total	
<b>OPERATING REVENUES</b>					
Charges for Services (Net)	\$ 102,775,022	8,687,607	568,642	112,031,271	3,750,236
Other	4,372,535	260,036	-	4,632,571	82,412
Total Operating Revenues	<u>107,147,557</u>	<u>8,947,643</u>	<u>568,642</u>	<u>116,663,842</u>	<u>3,832,648</u>
<b>OPERATING EXPENSES</b>					
Maintenance and Administrative	7,378,278	1,541,582	-	8,919,860	524,725
Purchased Power	70,933,144	-	-	70,933,144	-
Electric Operations	14,401,183	-	-	14,401,183	-
Water Filtration Plant	-	1,406,165	-	1,406,165	-
Water Distribution	-	1,066,966	-	1,066,966	-
Sewer Collection	-	1,017,164	-	1,017,164	-
Stormwater	-	-	360,886	360,886	-
Medical Claims	-	-	-	-	3,225,302
Depreciation	5,550,319	736,731	16,403	6,303,453	-
Loss on Investment in Joint Venture	-	209,810	-	209,810	-
Other	-	1,384,375	96,993	1,481,368	-
Total Operating Expenses	<u>98,262,924</u>	<u>7,362,793</u>	<u>474,282</u>	<u>106,099,999</u>	<u>3,750,027</u>
Operating Income (Loss)	8,884,633	1,584,850	94,360	10,563,843	82,621
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment Income	334,295	6,806	233	341,334	715
Interest Expense	(1,148,076)	(62,644)	(614)	(1,211,334)	-
Fiscal Agent Fees	-	(1,710)	-	(1,710)	-
Other	(568,900)	-	(25,828)	(594,728)	-
Total Nonoperating Revenues (Expenses)	<u>(1,382,681)</u>	<u>(57,548)</u>	<u>(26,209)</u>	<u>(1,466,438)</u>	<u>715</u>
Income (Loss) Before Capital Contributions and Transfers	<u>7,501,952</u>	<u>1,527,302</u>	<u>68,151</u>	<u>9,097,405</u>	<u>83,336</u>
<b>TRANSFERS</b>					
Transfer to General	(1,926,837)	(533,376)	(2,718)	(2,462,931)	-
Total Transfers	<u>(1,926,837)</u>	<u>(533,376)</u>	<u>(2,718)</u>	<u>(2,462,931)</u>	<u>-</u>
<b>CAPITAL CONTRIBUTIONS AND GRANTS</b>	<u>492,941</u>	<u>1,892,708</u>	<u>1,771,389</u>	<u>4,157,038</u>	<u>-</u>
Change in Net Position	6,068,056	2,886,634	1,836,822	10,791,512	83,336
Net Position - Beginning	105,964,808	52,892,280	-	-	(678,719)
Change in Method of Accounting for Pensions	(4,546,495)	(544,771)	-	-	-
Net Position - Beginning (Restated)	<u>101,418,313</u>	<u>52,347,509</u>	<u>-</u>	<u>-</u>	<u>(678,719)</u>
Net Position - Ending	<u>\$ 107,486,369</u>	<u>55,234,143</u>	<u>1,836,822</u>	<u>-</u>	<u>(595,383)</u>
Adjustment for the net effect of the current year activity between the Internal Service Fund and the enterprise funds.				<u>9,889</u>	
Change in Net Position of Business-type Activities				<u>\$ 10,801,401</u>	

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

**CITY OF BRISTOL, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2015

	Enterprise Funds				Governmental Activities- Internal Service Fund
	Electric	Waterworks	Other Enterprise Fund Stormwater	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers and Users	\$ 105,443,553	9,033,867	544,173	115,021,593	597,325
Receipts from Joint Venture	-	36,099	-	36,099	-
Receipts from Other	-	1,338	-	1,338	82,412
Receipts for Interfund Services Provided	2,793,935	109,347	-	2,903,282	3,121,873
Payments to Suppliers	(88,649,135)	(1,924,984)	(45,412)	(90,619,531)	(3,655,971)
Payments for Employees	(5,061,543)	(1,868,596)	(126,209)	(7,056,348)	-
Payments to Joint Venture	-	(1,741,910)	-	(1,741,910)	-
Payments for Interfund Services Used	-	(1,366,653)	(211,668)	(1,578,321)	-
Net Cash Provided by/(Used for) Operating Activities	<u>14,526,810</u>	<u>2,278,508</u>	<u>160,884</u>	<u>16,966,202</u>	<u>145,639</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Due From/To General Fund	-	(353,529)	36,275	(317,254)	(145,934)
State Income Tax	(75,959)	-	-	(75,959)	-
Transfers To Other Funds	(1,926,837)	(533,376)	(2,718)	(2,462,931)	-
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>(2,002,796)</u>	<u>(886,905)</u>	<u>33,557</u>	<u>(2,856,144)</u>	<u>(145,934)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Bonds Payable Issued	-	-	925,000	925,000	-
Premium on Bonds Payable	-	-	10,068	10,068	-
Bond Issuance Costs	-	-	(25,828)	(25,828)	-
Capital Contributions	492,941	172,944	-	665,885	-
Purchase of Capital Assets	(12,287,323)	(1,922,577)	(322,825)	(14,532,725)	-
Principal Paid on Capital Debt	(675,000)	(460,857)	-	(1,135,857)	-
Interest Paid on Capital Debt	(1,114,476)	(95,300)	-	(1,209,776)	-
Fiscal Agent Fees Paid	-	(1,710)	-	(1,710)	-
Net Cash Provided by/(Used for) Capital and Related Financing Activities	<u>(13,583,858)</u>	<u>(2,307,500)</u>	<u>586,415</u>	<u>(15,304,943)</u>	<u>-</u>

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2015

	Enterprise Funds			Governmental Activities- Internal Service Fund	
	Electric	Waterworks	Other Enterprise Fund Stormwater		Total
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Sale of Investments	26,400,000	999,988	-	27,399,988	-
Purchase of Investments	(26,400,000)	(2,481)	(781,089)	(27,183,570)	(420)
Interest and Dividends Received	334,294	6,806	233	341,333	715
Net Cash Provided by/(Used for) Investing Activities	<u>334,294</u>	<u>1,004,313</u>	<u>(780,856)</u>	<u>557,751</u>	<u>295</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(725,550)	88,416	-	(637,134)	-
Cash and Cash Equivalents - Beginning	<u>24,230,217</u>	<u>95,948</u>	<u>-</u>	<u>24,326,165</u>	<u>-</u>
Cash and Cash Equivalents - Ending	<u>\$ 23,504,667</u>	<u>184,364</u>	<u>-</u>	<u>23,689,031</u>	<u>-</u>

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2015

	Enterprise Funds				Governmental Activities- Internal Service Fund
	Electric	Waterworks	Other Enterprise Fund Stormwater	Total	
<b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>					
<b>TO NET CASH PROVIDED BY/(USED FOR)</b>					
<b>OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ 8,884,633	1,584,850	94,360	10,563,843	82,621
Adjustments to Reconcile Operating Income (Loss)					
to Net Cash Provided by/(Used for) Operating Activities:					
Capital Contribution to Joint Venture	-	(250,000)	-	(250,000)	-
Depreciation Expense	5,550,319	736,731	16,403	6,303,453	-
Loss on Investment in Joint Venture	-	209,810	-	209,810	-
Provision for Losses on Accounts Receivable	122,915	102,529	6,000	231,444	-
(Increase) Decrease:					
Accounts Receivable	1,562,251	(9,937)	(30,469)	1,521,845	-
Other Receivables	-	(1,952)	-	(1,952)	(31,038)
Due from Joint Venture	-	36,099	-	36,099	-
Inventories	1,524,772	15,048	-	1,539,820	-
Prepays and Other	(3,038,231)	-	-	(3,038,231)	-
Customer Notes Receivable	(143,638)	(9,124)	-	(152,762)	-
Deferred Outflows	-	(210,389)	(12,828)	(223,217)	-
Increase (Decrease):					
Accounts Payable	(55,286)	2,371	12,738	(40,177)	-
Accrued Liabilities	239,060	-	3,638	242,698	94,056
Accrued Payroll	-	9,913	-	9,913	-
Deposits	219,522	725	-	220,247	-
Due to Others	-	2,031	-	2,031	-
Net Pension Liability	(339,507)	(382,162)	19,421	(702,248)	-
Compensated Absences Payable	-	9,749	-	9,749	-
Deferred Inflows	-	432,216	51,621	483,837	-
Net Cash Provided by/(Used for) Operating Activities	\$ 14,526,810	2,278,508	160,884	16,966,202	145,639

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

**CITY OF BRISTOL, TENNESSEE**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2015

	Other Post Employment Benefits Trust Fund	Agency Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,188	1,676,728
Due from Other Funds	-	1,500
Investments	-	3,026,592
Investments Held in Trust, At Fair Value		
Mutual Funds	3,363,715	-
Total Assets	3,364,903	4,704,820
 <b>LIABILITIES</b>		
Accrued Liabilities	1,800	-
Due to Others	-	4,704,820
Total Liabilities	1,800	4,704,820
 <b>NET POSITION</b>		
Net Position Held In Trust for OPEB Benefits	3,363,103	
Total Net Position	\$ 3,363,103	

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

**CITY OF BRISTOL, TENNESSEE**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
For the Fiscal Year Ended June 30, 2015

	Other Post Employment Benefits Trust Funds
<b>ADDITIONS</b>	
Employer Contributions	\$ 544,664
Investment Earnings	(32,860)
Net Appreciation (Depreciation) in Value of Investments	122,567
Other Revenue	8,952
Total Additions	643,323
<b>DEDUCTIONS</b>	
Retiree Benefits	321,622
Administrative Expenses	4,260
Total Deductions	325,882
Change in Net Position	317,441
Net Position - Beginning	3,045,662
Net Position - Ending	\$ 3,363,103

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

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. Description of Government-wide 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. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

**B. Reporting Entity**

The City of Bristol, Tennessee, (the City) is a municipal corporation that was incorporated in 1856 and operates under a Council-Manager form of government that provides services as authorized by the City's Private Act Charter. Council is comprised of five governing members of whom two member are elected to serve each year as Mayor and Vice-Mayor. Along with two other comparably-sized cities within a twenty mile radius, the City is part of a twelve county area in northeast Tennessee and southwest Virginia known as the Tri-Cities Tennessee/Virginia region.

**Primary Government.** The accompanying financial statements present the City (primary government) and its component unit, entity for which the City is considered to be financially accountable. The City is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on the organization or (2) there is a potential for the entity to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other entities for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component unit. Discretely presented component units are reported in separate columns in the government-wide financial statements (see note below for description) to emphasize that those entities are legally separate from the City.

**Discretely Presented Component Unit.** The Industrial Development Board of the City of Bristol, Tennessee was formed to promote industrial development, provide additional job opportunities in the City and surrounding areas, and to exercise the authority of and pursue the objectives of industrial development corporations as provided for in the Tennessee Code Annotated. The Board is comprised of seven members appointed by Council for six-year terms. All members are required to be City residents at the time of appointment and maintain residency during the entire term of office. The Board has separate corporate powers that would distinguish it as being legally separate from the City, such as the authority to issue industrial development bonds under state and federal statute. The entity cannot be included as part of another entity. The City can impose its will through removal of Board members. The Board is presented in a separate column as the Industrial Develop Board on the government-wide financial statements to emphasize that it is a legally separate unit. Financial statements for the IDB may be obtained from the Finance Department of the City.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**B. Reporting Entity (Continued)**

**Related Organizations.** Council is responsible for all board appointments of the Bristol Housing Authority Board (“Board”) and the Bristol Tennessee Emergency Communications District (“District”). However, the City has no further accountability for the organizations. Council cannot impose its will on the Board or District since it does not have the ability to modify or approve the budget or overrule or modify decisions of either entity. The organizations are fiscally independent and there is no financial benefit or burden relationship with the City. Therefore, financial statements of the Board and District are not included in the City’s financial statements.

**Joint Ventures.** The Bristol Public Library, which provides services to most of Washington County, Virginia and Sullivan County, Tennessee, was established in 1930. The Library is jointly owned and operated by the City of Bristol, Tennessee and the City of Bristol, Virginia. The Board of Trustees of the Library is the level of responsibility that has oversight and control of the Library. The Board is comprised of eleven members with the Councils of both cities each appointing five members and the eleventh member being appointed by the Board of Trustees. The Library has two separate library branches, the Main Library Branch and the Avoca Library Branch. Additionally, the Library operates a literacy program. The capital assets used by the Library are owned equally by the two cities, except for the capital assets at the Avoca Library Branch that are property of the City of Bristol, Tennessee. The City’s capital assets are included in the government-wide financial statements. There is no equity ownership to either city due to a lack of ongoing financial interest.

The City is a participant in a joint venture with BVU Authority for the operation of the Joint Sewerage System. The Joint Sewerage System was established to build and maintain a waste water treatment plant (WWTP). Each city appoints three of the six members that serve on the committee to oversee operations. In accordance with the terms of the joint venture agreement, the owners on a pro-rata basis of 55% and 45% by the City of Bristol, Tennessee and BVU Authority respectively share the operation costs of the WWTP. Industrial monitoring costs are allocated 50% to each respective owner. The City has an ongoing financial interest in this joint venture and has recorded this as an investment in the Waterworks Fund.

The Tri-County Industrial Park is a joint venture between City of Bristol, Tennessee; City of Johnson City, Tennessee; and Sullivan County, Tennessee. The purpose is to promote regional economic development. The joint venture owns vacant parcels of land used for industrial and economic development. The City holds a 12.5% interest in the proceeds from all sales of vacant lots. During the year ended June 30, 2015, the City received no proceeds from vacant lot sales. Administrators retain only an ongoing financial responsibility for this venture and do not record any financial balances related to this organization in their financial statements. Financial statements are not prepared for the Tri-County Industrial Park.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**B. Reporting Entity (Continued)**

In June 2004, Sullivan County, Tennessee; City of Bluff City, Tennessee; City of Bristol, Tennessee; and the City of Kingsport, Tennessee entered into an intergovernmental cooperation agreement to create the Sullivan County Economic Development Commission d/b/a Networks - Sullivan Partnership. The purpose of the joint venture is to develop and implement an overall economic development strategic plan whose overall goals are to create value added jobs, expand and diversify the economic base, and generate increased local tax revenues for the local governments. The Board of Directors is comprised of twenty-four voting members, including the four mayors and a member appointed by each mayor. The other members are either representatives of the two principal power system providers or collectively appointed by the mayors. In accordance with terms of the agreement, funding shall be 51% from Sullivan County, 31% from City of Kingsport, 17% from City of Bristol, Tennessee, and 1% from Bluff City. The County's portion will remain fixed for the lifetime of the agreement and the shares of the cities shall be adjusted according to the Federal Census every ten years.

Complete financial statements for each of the individual joint ventures may be obtained at the administrative offices of:

Bristol Public Library  
701 Goode Street  
Bristol, VA 24201

Joint Sewerage System  
City of Bristol, Tennessee  
801 Anderson Street  
Room 203  
Bristol, TN 37620

Networks-Sullivan Partnership  
P.O. Box 747  
Blountville, TN 37617

Audited information as of June 30, 2015, is presented for the Bristol Public Library, Joint Sewerage System, and Networks – Sullivan Partnership. Information for each joint venture is presented on the accrual basis.

	Bristol Public Library	Joint Sewerage System	Networks - Sullivan Partnership
Revenues	\$ 2,090,617	3,229,645	1,246,043
Expenses	<u>(1,960,669)</u>	<u>(3,149,264)</u>	<u>(1,451,333)</u>
Net Income (Loss) Transferred to Net Position	129,948	80,381	(205,290)
Net Position - Beginning (Restated)	<u>112,208</u>	<u>13,906,567</u>	<u>1,981,038</u>
Net Position - Ending	<u>\$ 242,156</u>	<u>13,986,948</u>	<u>1,775,748</u>
Assets and Deferred Outflows of Resources	\$ 415,420	14,548,273	8,579,538
Liabilities and Deferred Inflows of Resources	<u>173,264</u>	<u>561,325</u>	<u>6,803,790</u>
Net Position	<u>\$ 242,156</u>	<u>13,986,948</u>	<u>1,775,748</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**C. Basis of Presentation – Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's electric, waterworks, cable and internet, telephone, and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund (i.e., general government, community development, culture and recreation, economic development, public safety, public works, etc.).

The *Chapter 420 Fund* is a special revenue fund used to account for restricted funding and related activity related to the City's economic development project known as The Pinnacle, such as bonds payable and investment income. This project was established under new legislation of the State of Tennessee which allows a portion of the State's sales tax to be remitted back to the City to fund an economic development project located off of a major interstate and on the state line. Bonds payable issued to fund construction of the City's infrastructure development at The Pinnacle and related construction period interest costs are accounted for in this fund.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**D. Basis of Presentation – Fund Financial Statements (Continued)**

The *General Purpose School Fund* is a special revenue fund used as the operating fund of the City of Bristol, Tennessee Board of Education (BOE) and accounts for all general revenues and other receipts that are not allocated by law or contractual agreement to another BOE fund, such as property tax revenue from Sullivan County, Tennessee, Basic Education Program (BEP) funds, sales tax, etc. General operating expenditures and capital improvement costs that are not paid through other BOE funds are paid from the General Purpose School Fund.

The City reports the following major enterprise funds:

The *Electric Fund* is used to account for the provision of electric, cable and internet, and telephone services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, and billing and collection.

The *Waterworks Fund* is used to account for the provision of water and sewer services. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, and financing.

Additionally, the City reports the following fund types:

The *Internal Service Fund* is used to account for contributions from operational funds and others to fund health and dental claims. In addition to contributions from the City, this fund receives employee, retiree dental, COBRA, and Bristol Housing Authority Board premiums to fund the payment of related claims.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**D. Basis of Presentation – Fund Financial Statements (Continued)**

Agency funds generally are used to account for assets that the City holds on behalf of others as their agent. The City currently has three agency funds. The *Joint Sewerage System Fund* is used to account for cash held by the City on behalf of the other entity. The *School Activities Fund* is used to account for cash held by the Board of Education on behalf of the school activity funds for all of the individual schools in the City. The *Youth Counselor Office Fund* accounts for the receipt and disposition of funds held on behalf of juveniles and Court related child support matters.

Pension (and other employment benefit) trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of other postemployment benefit plans. The *Other Post Employment Benefits Trust Fund* and *Bristol Tennessee Essential Services (BTES) Other Post Employment Benefits Trust Fund* accumulate funds for the payment of post employment health and life insurance benefits for qualified employees as determined under City and BTES policies based on age and years of service at the time of retirement.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service fund) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**E. Measurement Focus and Basis of Accounting**

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 transactions or events for recognition in the financial statements.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**E. Measurement Focus and Basis of Accounting (Continued)**

The government-wide 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, even though the receivable is recognized in the prior period when the enforceable legal claim arises. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as 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 sixty days of the end of the current fiscal period. Grant revenue has a period of availability of one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, and other long-term obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental revenue, 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 sixty 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 one year of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City. Certain revenues are required to be recognized as a receivable and either as revenue or unearned revenue, depending upon the revenue recognition policies of the entity. The amounts due for penalties, fines and forfeitures, and clerk's fees for business tax were determined to be immaterial; therefore, receivables were not recorded. Gross receipts tax, minimum business tax, and corporate (bank) excise taxes that were earned but not received by June 30, 2015, were not recorded as receivables because they were not estimable.

The proprietary and other postemployment benefit trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting their assets and liabilities.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**F. Budgetary Information**

**Budgetary Basis of Accounting.** Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, special revenue funds, Debt Service Fund, and capital project funds. The appropriated budget ordinance is prepared by fund level. The budget document does provide detail by fund, function, and department. The City's department heads may authorize appropriations within a department's total budget for each fund. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. This type of accounting is only used by the General Purpose School Fund, School Federal Projects Fund, and the School Nutrition Fund. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are reappropriated and become part of the subsequent year's budget pursuant to state regulations.

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

The City'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.

**2. Investments**

Investments for the City are reported at fair value (generally based upon quoted market prices) except for the position in the Local Government Investment Pool (LGIP). The Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. The Pool is subject to regulatory oversight by the State Treasurer, although it is not registered with the Securities and Exchange Commission (SEC). Investments in the Electric Fund, consisting entirely of certificates of deposits, are stated at cost which approximates fair value.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**3. Inventories and Prepaid Items**

Inventories for the proprietary funds, except the Electric Fund, and the gas inventory in the General Fund are valued, maintained, and issued using the weighted average cost method. The garage parts inventory in the General Fund is valued using the first-in, first-out method. Inventories in the Electric Fund are valued at the lower of cost or market, utilizing the moving average method of determining cost. The cost of such inventories is recorded as expenditures/expenses when consumed.

The food and supplies inventory reflected in the School Nutrition Fund is valued at cost using the first-in, first-out method. The salt inventory reflected in the General Fund is valued using the weighted average cost method. The government-wide financial statements reflect this inventory as an expense when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements and fund financial statements for the proprietary funds. The cost of prepaid items is recorded as an expense when consumed rather than when purchased. The payments are being recorded as expenditures on the fund level for the governmental funds.

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost in excess of established thresholds and an estimated useful life in excess of two years. The bulk items threshold used for capitalization purposes is \$50,000. The individual cost thresholds utilized for capitalization purposes are as follows:

Land	All Capitalized
Land Improvements	\$ 10,000
Buildings and Building Improvements	\$ 10,000
Infrastructure	\$ 50,000
Machinery and Equipment	\$ 5,000
Other Improvements	\$ 10,000
Construction in Progress	Dependent upon Asset Type (\$10,000 or \$50,000)

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**5. Capital Assets (Continued)**

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of the amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The City has also collectively capitalized library books which are also recorded at historical cost or estimated historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation. Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances.

Land and Construction in Progress are not depreciated. The capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements (Ground Work Related)	30
Land Improvements (Structure Related)	20
Buildings	30 - 60
Building Improvements	30 - 60
Infrastructure (Distribution Transformers, Etc.)	15 - 50
Infrastructure (Fiber Optic System, Etc.)	30 - 40
Infrastructure (Roads, Bridges, Etc.)	50
Infrastructure (Transmission Equipment, Etc.)	30 - 40
Infrastructure (Water & Sewer Lines, Etc.)	45 - 100
Machinery and Equipment	5 - 40
Other Improvements	20 - 60

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**6. 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 participation in the Public Employee Retirement Plan and the Teacher Legacy Pension Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan and the Teacher Legacy Pension Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

**7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense or expenditure) until then. The City has two items that qualify for reporting in this category; deferred outflows related to refunding and deferred outflows related to pensions. Both are reported in the government-wide statement of net position and the statement of net position for proprietary funds. These items result from the differences in the carrying value of refunded debt and its reacquisition price and from the requirements recognized under GASB 68 for pensions. The deferred outflows related to refunding amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions reflects payments made by the City not currently recognized by the pension plans and are disclosed more in Note IV.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of fund balance or net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of deferred inflows. One of these items arises only under a modified accrual basis of accounting. The item, unavailable revenue, is reported only in the Governmental Funds Balance Sheet. The governmental funds report unavailable revenue from property taxes in both the General Fund and General Purpose School Fund, as well as other receivables not collected within 60 days of year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item relates to unearned property taxes recorded in advance of the year in which they are intended to fund operations. This item is a deferred inflow in both the governmental fund balance sheet and the entity wide statement of net position. The third item relates to the recognition of employee pensions as required under GASB 68. This item is a deferred inflow in both the enterprise fund and the entity wide statement of net position and are discussed more in Note IV.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**8. Net Position Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund 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.

**9. Fund Balance Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund 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 investment earnings and then restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first and then followed by assigned fund balance. Unassigned fund balance is applied last.

**10. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City’s highest level of decision-making authority. The Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council has by resolution authorized the City Manager and Finance Director for City-managed funds and the Director of Schools and Business Services Supervisor for BOE-managed funds to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. 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.

**Minimum Fund Balance Policy.** The City will maintain an adequate, unassigned fund balance to accommodate unexpected expenditures, expenditures of a non-recurring nature, unanticipated revenue declines, or revenues for special opportunities. For the General Fund, the City will maintain, at a minimum, an unassigned fund balance equal to three months of total appropriated expenditures and transfers. The targeted unassigned fund balance is four months.

**H. Revenues and Expenditures/Expenses**

**1. Program Revenues**

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. Property Taxes**

Property taxes receivable are recognized as of the date when an enforceable legal claim to the taxable property arises. This is January 1 in Tennessee and is referred to as the "lien date." Revenues from property taxes are recognized in the period for which the taxes are levied. The City's levy date is October 1, even though the receivable and deferred inflow of resources are recognized in the prior period when the enforceable legal claim arises. Tax notices are typically mailed in October following the levy date and the majority of collections are received during the remainder of the calendar year. The tax due date is January 5<sup>th</sup> of the following calendar year or the following business day if the 5<sup>th</sup> is on a weekend. Penalty and interest are applied to all accounts with an outstanding balance after the due date.

**CITY OF BRISTOL, TENNESSEE**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2015

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**H. Revenues and Expenditures/Expenses (Continued)**

**3. Compensated Absences**

*Vacation*

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. The proprietary fund financial statements reflect \$169,958 of long-term vacation benefits payable. The Electric Fund recognizes the cost of vacation pay as earned. In the event of termination or retirement, an employee is reimbursed for accumulated vacation days. In general, accumulated vacation days are limited to thirty days.

A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Expenditures are recorded in the governmental funds when payments are made to employees upon their termination of employment for their accrued vacation time. At June 30, 2015, there are no amounts expected to be paid with current financial resources, thus no liability has been reported in the fund financial statements. Expected future demands of \$2,124,383 for vacation benefits have been reflected in the Statement of Net Position as compensated absences for the governmental activities.

*Sick*

Accumulated sick leave lapses when employees leave the employ of the City and, upon separation from service, no monetary obligation exists.

**4. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

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 Electric Fund, Waterworks Fund, Stormwater Fund, and Internal Service Fund are charges to customers for sales and services. Operating expenses for enterprise funds and the Internal Service Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**I. Other**

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Prior Period Adjustments**

As discussed in Note IV, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, as of July 1, 2014. Adjustments related to the Stormwater Fund were adjusted in the current year since 2015 was the fund’s inception. The Industrial Development Board of the City of Bristol, Tennessee was also reflected in the prior year financial statements as a blended component unit. A reevaluation of this entity during the current year resulted in the presentation of this entity as a discretely presented component unit.

**Governmental Activities:**

City's net position, June 30, 2014, as previously reported	\$ 132,546,757
Beginning balance of net pension liability - City Legacy Plan	(8,173,430)
Beginning balance of deferred outflows for pension items - City Legacy Plan	2,397,424
Beginning balance of net pension liability - Teacher Legacy Plan	(7,486,655)
Beginning balance of deferred outflows for pension items - Teacher Legacy Plan	1,617,296
Adjustment to reflect Industrial Development Board as discrete component unit	<u>(21,791,396)</u>
City's beginning net position, June 30, 2014, as restated	<u>\$ 99,109,996</u>

**Business-Type Activities:**

City's net position, June 30, 2014, as previously reported	\$ 158,729,944
Beginning balance of net pension liability - City Legacy Plan	(770,887)
Beginning balance of deferred outflows for pension items - City Legacy Plan	226,116
Beginning balance of net pension liability - BTES Plan	(5,158,042)
Beginning balance of deferred outflows for pension items - BTES Plan	611,547
City's beginning net position, June 30, 2014, as restated	<u>\$ 153,638,678</u>

**Subsequent Pronouncements**

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, which is intended to provide guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value instruments.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**I. Other (Continued)**

**Subsequent Pronouncements (Continued)**

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement requires a single framework for the presentation of information about pensions which did not have a trust fund to improve financial reporting and enhance comparability. Statements No. 72 and portions of No. 73 are effective for fiscal years beginning after June 15, 2015. In June 2015, the GASB issued two related statements that affect accounting and financial reporting by state and local government for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, addresses reporting by OPEB plans that administer benefits on behalf of governments. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees. Statement No. 74 is effective for fiscal year beginning after June 15, 2016, and Statement No. 75 is effective for fiscal years beginning after June 15, 2017. The City has not elected early implementation of these standards and has not completed the process of evaluating the impact of these statements on its financial statements.

**NOTE II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

The Governmental Fund Balance Sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds”. The details of this \$(54,653,278) decrease are as follows:

Bonds and notes payable	\$ (47,463,486)
Add: Bond premium (net of amortization of \$182,895 recorded as interest expense)	(898,660)
Accrued interest payable	(120,350)
Compensated absences	(2,124,383)
Landfill closure costs	(358,165)
Net pension liability	(1,648,671)
Other post employment benefit obligation	<u>(2,039,563)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (54,653,278)</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED):**

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities**

The Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “the net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position”. The details of this \$14,432,530 increase are as follows:

Donations of capital assets increase net position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.	\$ 15,664,514
Capital assets transferred to the business-type activities are not reflected on the fund level, but a transfer from the governmental activities to the business-type activities is reflected in the Statement of Activities.	(333,800)
The Statement of Activities reports adjustment to expenses arising from the disposal of capital assets. Conversely, governmental funds do not report any gain or loss on disposals of capital assets.	<u>(898,184)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u>14,432,530</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED):**

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)**

Another element of that reconciliation states that “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. The details of this \$(1,275,604) decrease are as follows:

Debt issued or incurred:	
Bonds payable	\$ (3,275,000)
Premium on bonds payable	(34,211)
Principal repayments:	
General obligation bonds and notes	<u>2,033,607</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (1,275,604)</u>

Another element of that reconciliation states that “compensated absences are measured by the amounts earned during the year in the Statement of Activities. However, expenditures for these items are measured by the amount of financial resources used in the governmental funds.” The details of this \$(61,660) decrease are as follows:

Compensated absences for the prior year	\$ 2,062,723
Compensated absences for the current year	<u>(2,124,383)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (61,660)</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED):**

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)**

Another element of that reconciliation states that “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”. The details of this \$3,343,473 increase are as follows:

Prior year accrued interest	\$ 182,013
Current year accrued interest	(120,350)
Landfill closure costs change in estimate	(118,186)
Prior year other post employment benefit obligation	1,868,536
Current year other post employment benefit obligation	(2,039,563)
Change in net pension asset/liability and related deferred outflows and deferred inflows of resources	3,513,566
Amortization of deferred charge on refunding	(49,383)
Amortization of bond premiums	<u>106,840</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> .	\$ <u>3,343,473</u>

The assets and liabilities of the Internal Service Fund were recorded at the government-wide level as part of the governmental activities. The Internal Service Fund’s current year change in net position was proportionately allocated to the governmental and business-type activities based upon an allocation of fund usage. The loss allocated to the governmental activities was \$73,447 and to the business-type activities was \$9,889. The allocation to the business-type activities was recorded at the government-wide level as an interfund receivable and payable between governmental activities and business-type activities.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

**A. Budgetary Information**

The following supplements were made to the original budget:

<u>Fund</u>	<u>Original Budget</u>	<u>Total Revisions</u>	<u>Revised Budget</u>
Electronic Citation Fee	\$ -	20,000	20,000
Grant	286,152	53,848	340,000
School Nutrition	2,147,500	165,000	2,312,500

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS:**

**A. Deposits and Investments**

*Deposits*

Deposits include demand deposits, money market accounts, and certificates of deposit managed by an agent of the City in the City's name.

*Custodial Credit Risk*

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes impose various restrictions on the City's and the Board's deposits and investments, including repurchase agreements. These restrictions are summarized for deposits as follows: all deposits with financial institutions must be collateralized in an amount equal to 105% of the market value of uninsured deposits.

At year end, the City had \$19,158 of cash on hand which has been included in cash and cash equivalents. The City's carrying amount of deposits was \$26,904,517 and the balance in financial institutions was \$27,976,590. Carrying amounts differ from financial institution balances primarily due to outstanding checks and deposits in transit. State statutes require collateral pledged by each financial institution to equal a certain percentage of the uninsured public deposits it holds. Members of the State of Tennessee Collateral Pool can be assessed if the collateral is inadequate to cover a loss. This is similar to depository insurance. The entire City's bank balance was covered by the State of Tennessee Collateral Pool, which is a multiple financial institution collateral pool, or by amounts insured by the Federal Deposit Insurance Corporation (FDIC), or with securities held by the pledging financial institution's trust department.

The City also manages cash for the agency funds maintained by the City. The City's carrying amount of deposits for the agency funds was \$1,722,112 and the balance in financial institutions was \$1,764,926. The deposits have not been reflected in the government-wide Statement of Net Position. The entire amount of the deposits was covered by the State of Tennessee Collateral Pool or FDIC Insurance.

The Industrial Development Board of the City of Bristol, Tennessee's carrying amount of deposits was \$158,142 and the balance in financial institutions was \$158,162. The entire amount of the deposits was covered by the State of Tennessee Collateral Pool or FDIC Insurance.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**A. Deposits and Investments (Continued)**

*Investments*

At June 30, 2015, the City's investment balances were as follows:

	Reported Amount	Fair Value
Investments:		
State of Tennessee Local Government Investment Pool	\$ 19,601,417	19,601,417
Certificates of Deposit	26,400,000	26,400,000
Total Investments	\$ 46,001,417	46,001,417

Investments in the State of TN LGIP are uncategorized in terms of credit risk because specific securities related to the City cannot be identified.

The City also manages investments for the agency funds maintained in the State of Tennessee Local Government Investment Pool and certificates of deposit. The City's reported amount of investments for the agency funds was \$2,981,455 and the fair value was \$2,981,455. The investments have not been reflected in the government-wide Statement of Net Position.

The Industrial Development Board of the City of Bristol, Tennessee had a certificate of deposit in the amount of \$100,000 and the fair value was \$100,000.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The City does not have a formal policy for interest rate risk other than pledging securities for amounts in excess of FDIC coverage that are also not covered by the State of Tennessee Collateral Pool.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is the measure by the assignment of a rating by a nationally recognized statistical rating organization. The City does not have a formal policy for credit risk other than pledging securities for amounts in excess of FDIC coverage that are also not covered by the State of Tennessee State Collateral Pool.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**A. Deposits and Investments (Continued)**

State statutes authorize the City to invest in bonds, notes, or treasury bills of the United States of America; nonconvertible debt securities of the Federal Home Loan Bank, The Federal National Mortgage Association, The Federal Farm Credit Bank, and the Federal Home Loan Mortgage Corporation; other obligations not listed above which are guaranteed as to principal and interest by the United States of America or any of its agencies; certificates of deposit and other evidences of deposit at state and federally chartered banks and savings and loan associations; obligations of the United States of America or its agencies under a repurchase agreement for a shorter time than the maturity date of the security itself if the market value of the security itself is more than the amount of funds invested, provided, that municipalities may invest in reverse purchase agreements only if the comptroller of the treasury or the comptroller's designee approves repurchase agreements as an authorized investment, and if such investments are made in accordance with procedures established by the state funding board; the State of Tennessee Local Government Investment Pool (TN LGIP); and obligations of the Public Housing Authority and bonds of the Tennessee Valley Authority.

Specifically, the TN LGIP was established under Tennessee Code Annotated Title 9, Chapter 4, Part 7. This investment pool is established for the use of idle funds of local governments located within the State of Tennessee. These funds are placed by the participating entity into accounts that are held and invested by the State Treasurer. The TN LGIP invests in time deposits, such as certificates of deposit, commercial paper, United States of America agency securities, repurchase agreements, and United States of America treasuries. By law, the TN LGIP is required to maintain a 90-day or less weighted-average-maturity. The fair value of shares held in the TN LGIP is the same as the value of the TN LGIP shares. The TN LGIP has not been rated by a nationally recognized statistical rating organization. At June 30, 2015, the LGIP had a weighted average maturity of 110 days. The LGIP is audited as part of the Comprehensive Annual Financial Report for the State of Tennessee. That report may be obtained by writing Tennessee Department of Finance and Administration, 312 Rosa L. Parks Avenue, 21st Floor Tennessee Tower, Nashville, TN 37243 or can be accessed at [www.state.tn.us/finance/act/cafr.html](http://www.state.tn.us/finance/act/cafr.html).

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**A. Deposits and Investments (Continued)**

*Reconciliation to Statement of Net Position*

A reconciliation of deposits and investments to the amounts reflected on the Statement of Net Position is as follows:

	Total
<i>Total Deposits and Investments:</i>	
Cash on Hand	\$ 19,158
Carrying Amount of Deposits	26,904,517
Carrying Amount of Investments	<u>46,001,417</u>
Total Deposits and Investments	\$ <u>72,925,092</u>
 <i>Amounts per Statement of Net Position:</i>	
Cash and Cash Equivalents	\$ 33,646,025
Investments	35,652,632
Restricted Cash	184,367
Restricted Investments	<u>3,442,068</u>
Total per Statement of Net Position	\$ <u>72,925,092</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**B. Receivables**

Receivables as of year end for the City's individual major funds, nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Chapter 420	General Purpose School	Electric	Waterworks	Stormwater	Nonmajor Governmental	Internal Service	Total
Receivables:									
Taxes	\$ 16,794,808	-	-	-	-	-	-	-	16,794,808
Accounts	-	-	-	10,662,450	1,725,546	30,469	405,917	-	12,824,382
Notes Receivable	-	-	-	2,623,623	9,629	-	80,690	-	2,713,942
Other Receivables	1,247,785	-	217,880	671,119	7,275	-	9,445	72,906	2,226,410
Due from Joint Ventures	-	-	-	-	184,427	-	-	-	184,427
Due from Other Governments:									
Federal Government	54,707	-	-	-	919	-	284,534	-	340,160
State of Tennessee and Federal Through the State	1,376,791	1,598,017	555,231	-	188	155,722	921,674	-	4,607,623
Other Governments and Agencies	996,926	-	12,221,938	-	3,385	137,557	44,732	-	13,404,538
Gross Receivables	20,471,017	1,598,017	12,995,049	13,957,192	1,931,369	323,748	1,746,992	72,906	53,096,290
Less: Provision for Uncollectibles	(667,000)	-	-	(969,305)	(562,000)	(6,000)	(108,000)	-	(2,312,305)
Total Receivables	<u>\$ 19,804,017</u>	<u>1,598,017</u>	<u>12,995,049</u>	<u>12,987,887</u>	<u>1,369,369</u>	<u>317,748</u>	<u>1,638,992</u>	<u>72,906</u>	<u>50,783,985</u>

Governmental funds report deferred inflow 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 report unearned revenue in connection with resources that have been received but not yet earned and reflect these funds as unearned revenue in the financial statements.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**B. Receivables (Continued)**

At the end of the current fiscal year, *unearned revenue* and *unavailable revenue* reported in the governmental funds were as follows:

	Unearned	Unavailable
Payments received prior to meeting revenue recognition requirements:		
Community Development Grant Fund	\$ 58,141	\$ -
General Fund	14,928	-
HOME Consortium Fund	22,549	-
School Nutrition Fund	23,975	-
Property tax levied for ensuing fiscal year:		
General Fund	14,707,329	-
General Purpose School Fund	10,809,550	-
Receivables not received within period of availability:		
Property tax levied but not collected in period of availability	-	1,304,871
State sales tax reimbursement	-	1,598,017
Sales tax	-	462,037
Other taxes	-	55,000
State revenue	-	303,700
Ambulance service charges	-	691,710
Gas franchise fee	-	148,000
Reimbursements and appropriations	-	13,385
	\$ 25,636,472	4,576,720

The Electric and Waterworks Funds record unbilled revenue based upon the proportionate number of days related to fiscal year 2015 in the billing cycle of subsequent customer billings. The City also provides loans to customers for heat pump and insulation costs under the Electric Fund's Residential Energy Efficiency Program. The majority of these loans bear interest at rates ranging from 8% to 10.25% and have maturities of up to 10 years. Satisfactory credit reports are required prior to loan approval. Additionally, these loans are secured by a deed of trust on the property. The City recorded interest income of approximately \$190,453 in 2015 related to these loans. These amounts offset operating expenses in the Statement of Revenues, Expenses, and Changes in Net Position, since management believes this is an operating activity and the income should offset the additional expenses associated with maintaining this loan program.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2015, was as follows:

**Governmental Activities**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 5,173,769	76,461	-	(114,201)	5,136,029
Construction in Progress	2,250,045	3,072,534	-	(3,663,991)	1,658,588
Total Capital Assets, Not Being Depreciated	<u>7,423,814</u>	<u>3,148,995</u>	<u>-</u>	<u>(3,778,192)</u>	<u>6,794,617</u>
Capital Assets, Being Depreciated:					
Land Improvements	5,448,242	6,467,652	-	28,462	11,944,356
Building and Building Improvements	64,989,348	-	(13,589)	1,010,786	65,986,545
Infrastructure	115,083,623	9,070,499	(1,259,054)	2,578,897	125,473,965
Machinery and Equipment	21,341,507	2,398,195	(485,359)	(290,599)	22,963,744
Other Improvements	1,375,695	-	-	-	1,375,695
Total Capital Assets, Being Depreciated	<u>208,238,415</u>	<u>17,936,346</u>	<u>(1,758,002)</u>	<u>3,327,546</u>	<u>227,744,305</u>
Less Accumulated Depreciation For:					
Land Improvements	(2,181,589)	(38,718)	-	-	(2,220,307)
Building and Building Improvements	(19,403,142)	(1,764,185)	8,800	-	(21,158,527)
Infrastructure	(48,199,877)	(2,335,460)	402,898	-	(50,132,439)
Machinery and Equipment	(13,936,461)	(1,386,991)	448,120	116,846	(14,758,486)
Other Improvements	(265,838)	(57,797)	-	-	(323,635)
Total Accumulated Depreciation	<u>(83,986,907)</u>	<u>(5,583,151)</u>	<u>859,818</u>	<u>116,846</u>	<u>(88,593,394)</u>
Total Capital Assets, Being Depreciated, Net	<u>124,251,508</u>	<u>12,353,195</u>	<u>(898,184)</u>	<u>3,444,392</u>	<u>139,150,911</u>
Governmental Activities Capital Assets, Net	<u>\$ 131,675,322</u>	<u>15,502,190</u>	<u>(898,184)</u>	<u>(333,800)</u>	<u>145,945,528</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**C. Capital Assets (Continued)**

**Business-type Activities**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 1,484,201	47,911	-	114,202	1,646,314
Construction in Progress	2,968,306	9,952,723	-	(3,336,490)	9,584,539
Total Capital Assets, Not Being Depreciated	<u>4,452,507</u>	<u>10,000,634</u>	<u>-</u>	<u>(3,222,288)</u>	<u>11,230,853</u>
Capital Assets, Being Depreciated:					
Building and Building Improvements	7,556,481	712,207	-	-	8,268,688
Infrastructure	203,078,256	5,732,441	(639,951)	3,250,281	211,421,027
Machinery and Equipment	6,755,532	810,767	(236,277)	422,654	7,752,676
Total Capital Assets, Being Depreciated	<u>217,390,269</u>	<u>7,255,415</u>	<u>(876,228)</u>	<u>3,672,935</u>	<u>227,442,391</u>
Less Accumulated Depreciation For:					
Building and Building Improvements	(3,626,564)	(94,778)	-	-	(3,721,342)
Infrastructure	(92,603,555)	(6,041,735)	577,507	-	(98,067,783)
Machinery and Equipment	(4,534,093)	(378,047)	285,111	(116,847)	(4,743,876)
Total Accumulated Depreciation	<u>(100,764,212)</u>	<u>(6,514,560)</u>	<u>862,618</u>	<u>(116,847)</u>	<u>(106,533,001)</u>
Total Capital Assets, Being Depreciated, Net	<u>116,626,057</u>	<u>740,855</u>	<u>(13,610)</u>	<u>3,556,088</u>	<u>120,909,390</u>
Business-type Activities Capital Assets, Net	<u>\$ 121,078,564</u>	<u>10,741,489</u>	<u>(13,610)</u>	<u>333,800</u>	<u>132,140,243</u>

During 2015, the Waterworks Fund capitalized \$15,447 in interest expense related to capital projects.

When retiring assets, the Electric Fund charges average cost, together with historical cost less salvage value to accumulated depreciation. This method may result in accumulated depreciation exceeding historical cost when disposing of assets that are fully depreciated. When property is retired or otherwise disposed of in the Electric Fund, the average cost combined with the cost of removal less salvage is charged to accumulated depreciation; no gain or loss is recognized. This treatment may result in accumulated depreciation exceeding the original cost of the asset when a fully depreciated asset is removed. This is in accordance with the Federal Energy Regulatory Commission (FERC) regulations issued by the Department of Energy in Section 4.10.(2). The net effect of this treatment was \$13,610 in 2015.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**C. Capital Assets (Continued)**

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

Governmental Activities:	
General Government	\$ 285,529
Community Development	9,004
Culture and Recreation	352,682
Economic Development	7,746
Education	1,850,969
Public Safety	575,812
Public Works	<u>2,501,409</u>
Total Depreciation Expense – Governmental Activities	\$ <u>5,583,151</u>
Business-type Activities:	
Electric	\$ 5,550,319
Waterworks	736,731
Stormwater	<u>16,403</u>
Total Depreciation Expense – Business-type Activities	\$ <u>6,303,453</u>

The provision for Electric Fund depreciation does not include depreciation on transportation equipment. The transportation equipment depreciation amount for the year ended June 30, 2015, totaled \$252,152 and is reflected as an expense for operations.

**Industrial Development Board of the City of Bristol, Tennessee**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 4,589,271	1,762,060	-	-	6,351,331
Construction in Progress	16,951,557	1,108,141	-	(18,059,698)	-
Total Capital Assets, Not Being Depreciated	21,540,828	2,870,201	-	(18,059,698)	6,351,331
Capital Assets, Being Depreciated:					
Land Improvements	-	-	(6,467,652)	6,467,652	-
Infrastructure	-	-	(11,592,046)	11,592,046	-
Total Capital Assets, Being Depreciated	-	-	(18,059,698)	18,059,698	-
Governmental Activities Capital Assets, Net	\$ 21,540,828	2,870,201	(18,059,698)	-	6,351,331

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**D. Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of June 30, 2015, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Electric	\$ 50,734
	Stormwater	36,275
	Nonmajor Governmental	340,749
General Purpose School	General	710
	Nonmajor Governmental	344,788
Nonmajor Governmental	General	1,162,182
Electric	General	62,262
Waterworks	General	2,291,255
Internal Service Fund	General	129,192
Agency Fund	General	<u>1,500</u>
Total		<u>\$ 4,419,647</u>

The bank accounts that are used as the operating accounts for the City are recorded in the General Fund. The other funds have either a due from/due to the General Fund that represents their portion of the operating cash account. In addition, the Drug Fund has an additional bank account to be used for either depository or petty cash purposes. The Electric Fund, General Purpose School Fund, School Federal Projects Fund, and School Nutrition Fund maintain their own operating bank accounts.

At the government-wide level at June 30, 2015, the business-type activities owed the governmental activities \$117,255 for their portion of the Employee Insurance Fund.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**D. Interfund Receivables, Payables and Transfers**

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 88,257
	Electric	1,926,837
	Waterworks	533,376
	Stormwater	2,718
General Purpose School	General	4,475,648
Nonmajor Governmental	General	2,686,841
	Chapter 420	1,342,413
	General Purpose School	<u>778,122</u>
Total		\$ <u>11,834,212</u>

Most transfers were either routine transfers between the governmental funds or transfers from the enterprise funds to the General Fund to compensate for public services received. Transfers were also made from the General Fund, Chapter 420 Fund, and General Purpose School Fund to the Debt Service Fund to provide funding for debt service payments.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**E. Long-term Debt**

**Annual Debt Service Requirements – Governmental Activity Debt**

The annual requirements to amortize all debt outstanding as of June 30, 2015, for the governmental activities are as follows:

<u>June 30</u>	<u>Principal</u>		<u>Interest</u>		<u>Governmental Activity Debt Service</u>
	<u>Bonds Payable</u>	<u>Notes Payable</u>	<u>Bonds Payable</u>	<u>Notes Payable</u>	
2016	\$ 1,710,000	471,681	1,457,170	28,008	3,666,859
2017	1,840,000	414,204	1,392,248	24,912	3,671,364
2018	1,945,000	417,312	1,325,898	21,804	3,710,014
2019	1,995,000	420,456	1,256,142	18,660	3,690,258
2020	2,075,000	423,624	1,185,579	15,492	3,699,695
2021	2,040,000	426,804	1,118,229	12,312	3,597,345
2022	2,100,000	430,020	1,048,679	9,096	3,587,795
2023	2,230,000	433,260	981,305	5,856	3,650,421
2024	1,635,000	436,524	909,655	2,592	2,983,771
2025	1,440,000	109,601	850,355	144	2,400,100
2026	1,480,000	-	807,606	-	2,287,606
2027	1,520,000	-	763,681	-	2,283,681
2028	1,555,000	-	718,556	-	2,273,556
2029	1,615,000	-	671,381	-	2,286,381
2030	1,665,000	-	622,381	-	2,287,381
2031	1,705,000	-	570,621	-	2,275,621
2032	1,750,000	-	515,183	-	2,265,183
2033	1,840,000	-	457,488	-	2,297,488
2034	1,890,000	-	396,000	-	2,286,000
2035	1,970,000	-	332,356	-	2,302,356
2036	2,050,000	-	263,706	-	2,313,706
2037	2,130,000	-	191,957	-	2,321,957
2038	2,210,000	-	117,406	-	2,327,406
2039	140,000	-	37,800	-	177,800
2040	145,000	-	33,250	-	178,250
2041	150,000	-	28,175	-	178,175
2042	155,000	-	22,925	-	177,925
2043	165,000	-	17,500	-	182,500
2044	165,000	-	11,725	-	176,725
2045	170,000	-	5,950	-	175,950
	<u>\$ 43,480,000</u>	<u>3,983,486</u>	<u>18,110,907</u>	<u>138,876</u>	<u>65,713,269</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**E. Long-term Debt (Continued)**

**Governmental Activity Debt**

	Governmental Activity Debt			Balance 6/30/15
	Balance 7/01/14	Additions	Retirements	
Series 2007 General Obligation Bonds Issue: \$7,750,000, Maturity 2023 Interest Rate: 4.00% - 4.125% Fixed, Funded School Projects	\$ 825,000	-	175,000	650,000
Energy Efficiency Capital Outlay Note Issue: \$500,000, Maturity 2016 Interest Rate: 0%, Energy Projects	121,144	-	60,571	60,573
Series 2009 General Obligation Refunding Bonds \$2,760,000, Maturity 2024 Interest Rate: 3.00% - 4.00% Fixed, Refunding of Series VI-D-4 Local Government Public Improvement Bonds	2,000,000	-	180,000	1,820,000
Series 2011 General Obligation Bonds \$4,450,000, Maturity 2023 Interest Rate: 3.00% - 4.00% Fixed, Funded School and Capital Projects	3,520,000	-	335,000	3,185,000
Energy Efficient Schools Initiative Loan \$5,000,000, Plus \$37,689 of Accrued Construction Interest, Interest Rate: 0.75%, Energy Projects	4,330,949	-	408,036	3,922,913
Series 2012 General Obligation Bonds \$420,000, Maturity 2018 Interest Rate: 2.00% Fixed, Funded Capital Projects	345,000	-	75,000	270,000
Series 2013A General Obligation Bonds \$9,800,000, Maturity 2038 Interest Rate: 2.00% - 4.00% Fixed, Funded Chapter 420 Project	9,800,000	-	25,000	9,775,000

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**E. Long-term Debt (Continued)**

**Governmental Activity Debt**

	Governmental Activity Debt			Balance 6/30/15
	Balance 7/01/14	Additions	Retirements	
Series 2013B General Obligation Bonds \$8,065,000, Maturity 2023 Interest Rate: 2.25% - 4.00% Fixed, Partial Refunding of Series 2007 General Obligation Bonds, Refunding of 2005 and 2008 Series General Obligation Bonds	7,930,000	-	675,000	7,255,000
Series 2014 General Obligation Bonds \$17,350,000, Maturity 2038 Interest Rate: 2.375% - 5.00% Fixed, Funded Chapter 420 Project	17,350,000	-	100,000	17,250,000
Series 2015 General Obligation Bonds \$3,275,000, Maturity 2045 Interest Rate: 2.00% - 3.50% Fixed, Funded Capital Projects	-	3,275,000	-	3,275,000
	<u>\$ 46,222,093</u>	<u>3,275,000</u>	<u>2,033,607</u>	<u>47,463,486</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**E. Long-term Debt (Continued)**

Debt service requirements to maturity for governmental activity debt for the fiscal year ended June 30, 2015, are as follows:

**Series 2007 General Obligation Bonds**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ <u>650,000</u>	<u>26,000</u>	<u>676,000</u>
Total	\$ <u>650,000</u>	<u>26,000</u>	<u>676,000</u>

**Energy Efficiency State Capital Outlay Note**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ <u>60,573</u>	-	<u>60,573</u>
Total	\$ <u>60,573</u>	-	<u>60,573</u>

**Series 2009 General Obligation Refunding Bonds**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ 180,000	67,544	247,544
2017	175,000	62,144	237,144
2018	195,000	56,894	251,894
2019	195,000	50,800	245,800
2020	190,000	43,000	233,000
2021	215,000	35,400	250,400
2022	210,000	26,800	236,800
2023	230,000	18,400	248,400
2024	<u>230,000</u>	<u>9,200</u>	<u>239,200</u>
Total	\$ <u>1,820,000</u>	<u>370,182</u>	<u>1,449,818</u>

The Series 2009 General Obligation Refunding Bonds were issued at a premium of \$65,911. The remaining unamortized amount of the premium as of June 30, 2015, was \$39,842.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**E. Long-term Debt (Continued)**

**Series 2011 General Obligation Bonds**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ 355,000	107,100	462,100
2017	365,000	92,900	457,900
2018	380,000	78,300	458,300
2019	395,000	63,100	458,100
2020	405,000	51,250	456,250
2021	420,000	39,100	459,100
2022	425,000	26,500	451,500
2023	<u>440,000</u>	<u>13,750</u>	<u>453,750</u>
Total	\$ <u>3,185,000</u>	<u>472,000</u>	<u>3,657,000</u>

The Series 2011 General Obligation Bonds were issued at a premium of \$215,254. The remaining unamortized amount of the premium as of June 30, 2015, was \$138,270.

**Energy Efficient Schools Initiative Loan**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ 411,108	28,008	439,116
2017	414,204	24,912	439,116
2018	417,312	21,804	439,116
2019	420,456	18,660	439,116
2020	423,624	15,492	439,116
2021	426,804	12,312	439,116
2022	430,020	9,096	439,116
2023	433,260	5,856	439,116
2024	436,524	2,592	439,116
2025	<u>109,601</u>	<u>144</u>	<u>109,745</u>
Total	\$ <u>3,922,913</u>	<u>138,876</u>	<u>4,061,789</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**E. Long-term Debt (Continued)**

**Series 2012 General Obligation Bonds**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ 100,000	5,400	105,400
2017	100,000	3,400	103,400
2018	<u>70,000</u>	<u>1,400</u>	<u>71,400</u>
Total	\$ <u>270,000</u>	<u>10,200</u>	<u>280,200</u>

The Series 2012 General Obligation Bonds were issued at a premium of \$104,705. The remaining unamortized amount of the premium as of June 30, 2015, was \$64,435.

**2013A General Obligation Bonds**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ 25,000	319,380	344,380
2017	25,000	318,880	343,880
2018	50,000	318,380	368,380
2019	75,000	317,380	392,380
2020	125,000	315,880	440,880
2021	150,000	312,130	462,130
2022	175,000	306,130	481,130
2023	250,000	299,130	549,130
2024	475,000	291,630	766,630
2025	485,000	277,380	762,380
2026	500,000	262,830	762,830
2027	515,000	247,830	762,830
2028	525,000	232,380	757,380
2029	550,000	216,105	766,105
2030	560,000	199,055	759,055
2031	575,000	181,695	756,695
2032	590,000	162,720	752,720
2033	625,000	143,250	768,250
2034	650,000	122,625	772,625
2035	675,000	100,687	775,687
2036	700,000	77,063	777,063
2037	725,000	52,563	777,563
2038	<u>750,000</u>	<u>27,187</u>	<u>777,187</u>
Total	\$ <u>9,775,000</u>	<u>5,102,290</u>	<u>14,877,290</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**E. Long-term Debt (Continued)**

**2013B General Obligation Bonds**

<u>Fiscal Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$	300,000	251,650	551,650
2017		1,000,000	239,650	1,239,650
2018		1,025,000	199,650	1,224,650
2019		1,075,000	158,650	1,233,650
2020		1,075,000	115,650	1,190,650
2021		900,000	83,400	983,400
2022		930,000	56,400	986,400
2023		<u>950,000</u>	<u>28,500</u>	<u>978,500</u>
Total		<u>\$ 7,255,000</u>	<u>1,133,550</u>	<u>8,388,550</u>

The Series 2013B General Obligation Bonds were issued at a premium of \$499,580. The remaining unamortized amount of the premium as of June 30, 2015, was \$406,425.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**E. Long-term Debt (Continued)**

**2014 General Obligation Bonds**

<u>Fiscal Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$	100,000	580,612	680,612
2017		100,000	576,612	676,612
2018		150,000	574,112	724,112
2019		175,000	570,550	745,550
2020		200,000	565,737	765,737
2021		275,000	555,737	830,737
2022		275,000	541,987	816,987
2023		275,000	532,363	807,363
2024		840,000	521,363	1,361,363
2025		865,000	487,763	1,352,763
2026		885,000	461,813	1,346,813
2027		910,000	435,263	1,345,263
2028		935,000	407,963	1,342,963
2029		965,000	379,913	1,344,913
2030		1,000,000	350,963	1,350,963
2031		1,025,000	319,713	1,344,713
2032		1,050,000	286,400	1,336,400
2033		1,100,000	251,750	1,351,750
2034		1,125,000	214,625	1,339,625
2035		1,175,000	176,656	1,351,656
2036		1,225,000	135,531	1,360,531
2037		1,275,000	92,656	1,367,656
2038		<u>1,325,000</u>	<u>48,031</u>	<u>1,373,031</u>
Total	\$	<u>17,250,000</u>	<u>9,068,113</u>	<u>26,318,113</u>

The Series 2014 General Obligation Bonds were issued at a premium of \$226,508. The remaining unamortized amount of the premium as of June 30, 2015, was \$215,572.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**E. Long-term Debt (Continued)**

**2015 General Obligation Bonds**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ -	99,484	99,484
2017	75,000	98,662	173,662
2018	75,000	97,162	172,162
2019	80,000	95,662	175,662
2020	80,000	94,062	174,062
2021	80,000	92,462	172,462
2022	85,000	90,862	175,862
2023	85,000	89,162	174,162
2024	90,000	87,462	177,462
2025	90,000	85,212	175,212
2026	95,000	82,963	177,963
2027	95,000	80,588	175,588
2028	95,000	78,213	173,213
2029	100,000	75,363	175,363
2030	105,000	72,363	177,363
2031	105,000	69,213	174,213
2032	110,000	66,063	176,063
2033	115,000	62,488	177,488
2034	115,000	58,750	173,750
2035	120,000	55,013	175,013
2036	125,000	51,112	176,112
2037	130,000	46,738	176,738
2038	135,000	42,188	177,188
2039	140,000	37,800	177,800
2040	145,000	33,250	178,250
2041	150,000	28,175	178,175
2042	155,000	22,925	177,925
2043	165,000	17,500	182,500
2044	165,000	11,725	176,725
2045	<u>170,000</u>	<u>5,950</u>	<u>175,950</u>
<b>Total</b>	<b>\$ <u>3,275,000</u></b>	<b><u>1,928,572</u></b>	<b><u>5,203,572</u></b>

The Series 2015 General Obligation Bonds were issued at a premium of \$34,211. The remaining unamortized amount of the premium as of June 30, 2015, was \$34,116.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**E. Long-term Debt (Continued)**

**Annual Debt Service Requirements – Business-type Activity Debt**

The annual requirements to amortize all debt outstanding as of June 30, 2015, for the business-type activities are as follows:

June 30	Principal			Interest			Business-type Activity Debt Service
	General Obligation Bonds Payable	Revenue Bonds Payable	Notes Payable	General Obligation Bonds Payable	Revenue Bonds Payable	Notes Payable	
2016	\$ 465,000	700,000	10,858	111,056	1,107,925	-	1,990,383
2017	490,000	720,000	-	98,126	1,086,625	-	1,806,625
2018	490,000	740,000	-	84,926	1,064,725	-	1,804,725
2019	310,000	765,000	-	71,725	1,042,150	-	1,807,150
2020	225,000	785,000	-	62,326	1,018,900	-	1,803,900
2021	225,000	810,000	-	57,826	994,975	-	1,804,975
2022	225,000	835,000	-	53,326	970,300	-	1,805,300
2023	250,000	865,000	-	48,826	944,800	-	1,809,800
2024	250,000	890,000	-	43,826	918,475	-	1,808,475
2025	250,000	915,000	-	38,418	891,400	-	1,806,400
2026	250,000	945,000	-	33,013	862,319	-	1,807,319
2027	250,000	990,000	-	27,325	822,213	-	1,812,213
2028	30,000	1,040,000	-	21,637	771,463	-	1,811,463
2029	30,000	1,085,000	-	20,737	725,118	-	1,810,118
2030	30,000	1,130,000	-	19,837	680,762	-	1,810,762
2031	30,000	1,180,000	-	18,937	631,675	-	1,811,675
2032	30,000	1,230,000	-	18,037	580,463	-	1,810,463
2033	30,000	1,275,000	-	17,062	528,825	-	1,803,825
2034	35,000	1,325,000	-	16,087	476,825	-	1,801,825
2035	35,000	1,380,000	-	14,950	422,725	-	1,802,725
2036	35,000	1,440,000	-	13,812	364,525	-	1,804,525
2037	35,000	710,000	-	12,588	318,838	-	1,028,838
2038	35,000	745,000	-	11,363	285,125	-	1,030,125
2039	40,000	780,000	-	10,225	247,000	-	1,027,000
2040	40,000	820,000	-	8,925	207,000	-	1,027,000
2041	40,000	865,000	-	7,525	164,875	-	1,029,875
2042	40,000	910,000	-	6,125	120,500	-	1,030,500
2043	40,000	955,000	-	4,725	73,875	-	1,028,875
2044	45,000	1,000,000	-	3,325	25,000	-	1,025,000
2045	50,000	-	-	1,750	-	-	-
	<u>\$ 4,330,000</u>	<u>27,830,000</u>	<u>10,858</u>	<u>958,366</u>	<u>18,349,401</u>	<u>-</u>	<u>46,361,859</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**E. Long-term Debt (Continued)**

**Business-type Activity Bonds and Notes Payable**

	Date Issued	Amount Authorized and Issued	Maturity Dates	Interest Rates	Outstanding June 30, 2015	Electric Fund	Waterworks Fund	Stormwater Fund
<b>Bonds Payable</b>								
General Obligation Bonds:								
Series 2007 General Obligation Bonds	2007	1,550,000	2010 - 2019	4% - 4.125%	\$ 165,000	-	165,000	-
Series 2012 General Obligation Bonds	2012	3,580,000	2013 - 2027	0.4% - 2.25%	2,735,000	-	2,735,000	-
Series 2013B General Obligation Bonds	2013	520,000	2014 - 2019	2.5% - 4%	505,000	-	505,000	-
Series 2015 General Obligation Bonds	2015	925,000	2017-2045	2% - 3.5%	925,000	-	-	925,000
Total General Obligation Bonds					<u>4,330,000</u>	<u>-</u>	<u>3,405,000</u>	<u>925,000</u>
Revenue Bonds:								
Series 2013 Electric System Revenue Bonds	2013	28,505,000	2015-2044	3% - 5%	27,830,000	27,830,000	-	-
Total Revenue Bonds					<u>27,830,000</u>	<u>27,830,000</u>	<u>-</u>	<u>-</u>
Total Bonds					<u>32,160,000</u>	<u>27,830,000</u>	<u>3,405,000</u>	<u>925,000</u>
<b>Notes Payable</b>								
Energy Efficiency State Capital Outlay Note			2016	0%	10,858	-	10,858	-
Total Notes Payable					<u>10,858</u>	<u>-</u>	<u>10,858</u>	<u>-</u>
Total Business-type Activity Bonds and Notes Payable					<u>\$ 32,170,858</u>	<u>27,830,000</u>	<u>3,415,858</u>	<u>925,000</u>

Debt service requirements to maturity for business-type activity debt for the fiscal year ended June 30, 2015, are as follows:

**Series 2007 General Obligation Bonds**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ <u>165,000</u>	<u>6,600</u>	<u>171,600</u>
Total	\$ <u>165,000</u>	<u>6,600</u>	<u>171,600</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**E. Long-term Debt (Continued)**

**Series 2012 General Obligation Bonds**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ 295,000	56,388	351,388
2017	295,000	50,488	345,488
2018	295,000	44,588	339,588
2019	125,000	38,688	163,688
2020	200,000	36,188	236,188
2021	200,000	32,188	232,188
2022	200,000	28,188	228,188
2023	225,000	24,188	249,188
2024	225,000	19,688	244,688
2025	225,000	14,906	239,906
2026	225,000	10,125	235,125
2027	<u>225,000</u>	<u>5,063</u>	<u>230,063</u>
Total	\$ <u>2,735,000</u>	<u>360,686</u>	<u>3,095,686</u>

The Series 2012 General Obligation Bonds were issued at a premium of \$131,781. The remaining unamortized amount of the premium as of June 30, 2015, was \$98,305.

**Energy Efficiency State Capital Outlay Note**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ <u>10,858</u>	<u>-</u>	<u>10,858</u>
Total	\$ <u>10,858</u>	<u>-</u>	<u>10,858</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**E. Long-term Debt (Continued)**

**Series 2013 Electric System Revenue Refunding and Improvement Bonds**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ 700,000	1,107,925	1,807,925
2017	720,000	1,086,625	1,806,625
2018	740,000	1,064,725	1,804,725
2019	765,000	1,042,150	1,807,150
2020	785,000	1,018,900	1,803,900
2021	810,000	994,975	1,804,975
2022	835,000	970,300	1,805,300
2023	865,000	944,800	1,809,800
2024	890,000	918,475	1,808,475
2025	915,000	891,400	1,806,400
2026	945,000	862,319	1,807,319
2027	990,000	822,213	1,812,213
2028	1,040,000	771,463	1,811,463
2029	1,085,000	725,118	1,810,118
2030	1,130,000	680,762	1,810,762
2031	1,180,000	631,675	1,811,675
2032	1,230,000	580,463	1,810,463
2033	1,275,000	528,825	1,803,825
2034	1,325,000	476,825	1,801,825
2035	1,380,000	422,725	1,802,725
2036	1,440,000	364,525	1,804,525
2037	710,000	318,838	1,028,838
2038	745,000	285,125	1,030,125
2039	780,000	247,000	1,027,000
2040	820,000	207,000	1,027,000
2041	865,000	164,875	1,029,875
2042	910,000	120,500	1,030,500
2043	955,000	73,875	1,028,875
2044	<u>1,000,000</u>	<u>25,000</u>	<u>1,025,000</u>
Total	<u>\$ 27,830,000</u>	<u>18,349,401</u>	<u>46,179,401</u>

The Series 2013 Electric System Revenue Refunding and Improvement Bonds were issued in 2013 at a premium of \$708,101. The remaining unamortized amount of the premium as of June 30, 2015, was \$668,762.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**E. Long-term Debt (Continued)**

**Series 2013B General Obligation Bonds**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ 5,000	20,200	25,200
2017	170,000	20,000	190,000
2018	170,000	13,200	183,200
2019	<u>160,000</u>	<u>6,400</u>	<u>166,400</u>
Total	\$ <u>505,000</u>	<u>59,800</u>	<u>564,800</u>

The Series 2013B General Obligation Bonds were issued at a premium of \$57,652. The remaining unamortized amount of the premium as of June 30, 2015, was \$39,276.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**E. Long-term Debt (Continued)**

**2015 General Obligation Bonds**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ -	27,868	27,868
2017	25,000	27,638	52,638
2018	25,000	27,138	52,138
2019	25,000	26,637	51,637
2020	25,000	26,138	51,138
2021	25,000	25,638	50,638
2022	25,000	25,138	50,138
2023	25,000	24,638	49,638
2024	25,000	24,138	49,138
2025	25,000	23,512	48,512
2026	25,000	22,888	47,888
2027	25,000	22,262	47,262
2028	30,000	21,637	51,637
2029	30,000	20,737	50,737
2030	30,000	19,837	49,837
2031	30,000	18,937	48,937
2032	30,000	18,037	48,037
2033	30,000	17,062	47,062
2034	35,000	16,087	51,087
2035	35,000	14,950	49,950
2036	35,000	13,812	48,812
2037	35,000	12,588	47,588
2038	35,000	11,363	46,363
2039	40,000	10,225	50,225
2040	40,000	8,925	48,925
2041	40,000	7,525	47,525
2042	40,000	6,125	46,125
2043	40,000	4,725	44,725
2044	45,000	3,325	48,325
2045	<u>50,000</u>	<u>1,750</u>	<u>51,750</u>
Total	\$ <u>925,000</u>	<u>531,280</u>	<u>1,455,280</u>

The Series 2015 General Obligation Bonds were issued at a premium of \$10,068. The remaining unamortized amount of the premium as of June 30, 2015, was \$10,038.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**E. Long-term Debt (Continued)**

**Advance Debt Refunding**

During 2009, the City refunded \$2,775,000 of its outstanding Series VI-D-4 Local Government Public Improvement Bonds that carried a variable interest rate with new Series 2009 General Obligation Refunding Bonds of \$2,760,000 that were issued at fixed rates ranging from 3% to 4%. The Series 2009 bonds payable mature June 1, 2024. The primary purpose of the refunding was to restructure the outstanding debt in order to reduce debt service requirements by taking advantage of lower interest rates and to reduce variable interest rate risk. The bonds were issued at a premium of \$65,911. As of June 30, 2015, the unamortized amount of the premium reported as an addition in the face amount of the bonds payable in the financial statements was \$39,842. The difference in debt service between the refunding debt and the refunded debt was \$362,155. The net present value benefit of the transaction was \$290,005. The outstanding amount of the Series 2009 General Obligation Refunding Bonds at June 30, 2015, was \$1,820,000.

During 2005, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an escrow account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2015, the following bonds outstanding were considered to be defeased:

<u>Date of Refunding</u>	<u>Amount</u>	<u>Issues Refunded</u>
2/17/05	General Obligation	\$2,775,000
		Partial Refunding of 1999 Issue

The City closed the Series 2013 Electric Revenue Refunding and Improvement Bonds for \$28,505,000 to refund the Series 2005 Electric System Revenue Bonds of \$22,230,043 and to provide additional funding of \$7,000,649 for capital improvements in October 2013. The new debt obligation was issued at a premium of \$708,101. The refunding resulted in a defeasance of which the difference between the reacquisition price and the net carrying value resulted in a loss of approximately \$1,200,000 that is being reported as a deferred outflow of resources. The debt refunding resulted in a net present value benefit to the City of \$134,532. The Series 2013 Electric Revenue Refunding and Improvement Bonds are payable over thirty years with fixed interest rates ranging from 3% to 5%. For 2015, the effective annual interest rate was 3.995%. The bonds are secured by the net power revenues of the Electric Fund. The refunding resulted in the recognition of an accounting loss of approximately \$1,217,434 that is reported as a deferred outflow of resources. The amount is being amortized over the life of the old debt and recognized as a component of interest expense. The Electric Fund in effect reduced its aggregate debt service payments by approximately \$2,800,000 over a 21 year period and obtained an economic gain of approximately \$2,500,000.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**E. Long-term Debt (Continued)**

The City issued Series 2013B General Obligation Refunding Bonds of \$8,585,000 to refund, in whole or in part, its outstanding Series 2005 General Obligation Bonds, Series 2007 General Obligation Bonds, and Series 2008 General Obligation Bonds with fixed rate bonds that have lower interest rates ranging from 2.25% to 4%. The new bonds mature June 1, 2023. The primary purpose of the refunding was to restructure the outstanding debt in order to reduce debt service requirements by taking advantage of lower interest rates. The bonds were issued at a premium of \$557,232. As of June 30, 2015, the unamortized amount of the premium reported as an addition in the face amount of the bonds payable in the financial statements was \$445,701. The difference in debt service between the refunding debt and the refunded debt was \$526,126. The net present value benefit of the transaction was \$254,988. The outstanding amount of the Series 2013 General Obligation Refunding Bonds at June 30, 2015, was \$7,760,000.

**Current Debt Refunding**

The City refunded \$1,100,000 of notes payable in the Waterworks Fund with a portion of the Series 2012 General Obligation bond proceeds. The new bonds were issued at a fixed rate of 2% and mature June 1, 2018. The primary purpose of the refunding was to restructure the outstanding debt in order to reduce debt service requirements by taking advantage of lower interest rates. The net present value benefit of the transaction was \$117,263.

**Conduit Debt**

The Industrial Development Board of Bristol, Tennessee entered into two debt related transactions related to the Chapter 420 Project, The Pinnacle, during the prior fiscal year. In September 2013, the Industrial Development Board of Bristol, Tennessee issued a Tennessee Tax Increment Revenue Note Payable in an amount not to exceed \$20,500,000. The note is to be paid from the increase in tax revenue in the plan area. The developer shall pay on behalf of the Board, directly to the lender, an amount equal to the difference, if any, between the amount of debt service due with respect to the debt and the tax increment revenues available. However, the aggregate amount payable by the Developer shall not exceed \$20,500,000. The proceeds were used by Pinnacle Partners Tennessee, LLC to construct improvements related to the North Pad Area. As of June 30, 2015, the amount outstanding related to this note payable was \$19,399,400.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**E. Long-term Debt (Continued)**

In August 2013, Revenue Bonds (Johnson Pinnacle Project) Series 2013 were issued by the Industrial Development Board for \$1,700,000. The proceeds were used by Johnson Pinnacle, LLC to finance the cost of constructing a commercial facility in the City as part of the Chapter 420 Project. The bonds are secured by the lease revenue from the constructed facility. As of June 30, 2015, principal payments had not been made and the amount outstanding related to these bonds payable were \$1,691,548.

In June 2015, the Industrial Development Board of Bristol, Tennessee issued a Tennessee Tax Increment Revenue Note Payable in an amount not to exceed \$8,350,000. The note is to be paid from the increase in tax revenue in the plan area. The developer shall pay on behalf of the Board, directly to the lender, an amount equal to the difference, if any, between the amount of debt service due with respect to the debt and the tax increment revenues available. However, the aggregate amount payable by the Developer shall not exceed \$8,350,000. The proceeds were used by Pinnacle Partners Tennessee, LLC to construct improvements related to the South Pad Area. As of June 30, 2015, the amount outstanding related to this note payable was \$1,545,744.

Each of the debt obligations noted above is special debt of the Industrial Development Board of Bristol, Tennessee which is payable solely from the revenues, receipts, and security pledged for such indebtedness. The parties mentioned above that utilized the debt proceeds for their purposes are responsible for all payments related to each respective debt obligation as previously discussed. The Industrial Development Board of Bristol, Tennessee has no obligation to repay either of the debt obligations. As a result, the bonds payable and note payables are considered conduit debt of the Industrial Development Board of Bristol, Tennessee and are not reported as liabilities of the Board.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**E. Long-term Debt (Continued)**

**Changes in Long-term Liabilities**

The following is a summary of debt transactions of the City for the year ended June 30, 2015:

	Balance Beginning of Year	Additions	Retirements/ Reductions	Balance End of Year	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Bonds:	\$ 41,770,000	3,275,000	1,565,000	43,480,000	1,710,000
Less Deferred Amounts:					
For Issuance Premium	971,289	34,211	106,840	898,660	-
Total General Obligation Bonds	42,741,289	3,309,211	1,671,840	44,378,660	1,710,000
Notes Payable	4,452,093	-	468,607	3,983,486	471,681
Compensated Absences	2,062,723	1,097,200	1,035,540	2,124,383	933,501
Landfill Closure Costs	239,979	118,186	-	358,165	-
Net Pension Liability	11,645,365	-	9,921,293	1,724,072	-
Other Post Employment Benefit Obligation	1,868,536	873,369	702,342	2,039,563	-
<b>Governmental Activity   Long-term Liabilities</b>	<b>63,009,985</b>	<b>5,397,966</b>	<b>13,799,622</b>	<b>54,608,329</b>	<b>3,115,182</b>
<b>Business-type Activities</b>					
General Obligation Bonds:	3,855,000	925,000	450,000	4,330,000	465,000
Less Deferred Amounts:					
For Issuance Premium	160,816	10,068	23,265	147,619	-
Total General Obligation Bonds Payable	4,015,816	935,068	473,265	4,477,619	465,000
Revenue Bonds:	28,505,000	-	675,000	27,830,000	700,000
Less Deferred Amounts:					
For Issuance Premium	692,365	-	23,603	668,762	-
Total Revenue Bonds Payable	29,197,365	-	698,603	28,498,762	700,000
Notes Payable	21,715	-	10,857	10,858	10,858
Compensated Absences	160,209	82,600	72,851	169,958	74,000
Net Pension Liability	5,702,812	-	1,404,694	4,298,118	-
Other Post Employment Benefit Obligation	273,587	521,313	335,313	459,587	-
<b>Business-type Activity   Long-term Liabilities</b>	<b>39,371,504</b>	<b>1,538,981</b>	<b>2,995,583</b>	<b>37,914,902</b>	<b>1,249,858</b>
<b>Total Changes in Long-term Debt</b>	<b>\$ 102,381,489</b>	<b>6,936,947</b>	<b>16,795,205</b>	<b>92,523,231</b>	<b>4,365,040</b>

Other long-term liabilities have been liquidated through the use of the General, Waterworks, Stormwater, Solid Waste, and Transportation Grant Funds. All of these funds have employees who receive wages and the payment of compensated absences is made from available resources in these funds.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**F. Other Post Employment Benefits Than Pensions (OPEB)**

**City of Bristol, Tennessee OPEB**

*Plan Description*

The City of Bristol, Tennessee provides post-employment health, dental, and life insurance benefits for certain retirees and their dependents through a single-employer defined benefit plan (the OPEB Plan). As discussed in Note V.J., the City is self-insured for employee group health benefits including the medical plan, prescription drug program, and dental plan. These benefits are offered to certain retired employees, although not required by any statutory, contractual or other authority. The City may change, add or delete health and dental insurance benefits as the City deems appropriate with Council approval. The Plan does not grant retirees vested health or dental coverage benefits.

Retirees and their dependents not eligible for the post-employment health, dental, and life insurance benefits through a single-employer defined benefit plan, may be eligible for the Pre-age 65 Retiree Only Health Reimbursement Arrangement (HRA) Plan established July 1, 2014. This plan is intended to permit an eligible retiree to obtain reimbursement of medical care expenses on a nontaxable basis from his or her HRA account. An individual is an eligible retiree and may participate in this plan if the individual (1) was covered under the health plan at date of retirement; (b) for employees hired after January 1, 2008, if the individual has acquired 20 years of service with the employer and five consecutive years coverage under the health plan as of the date of retirement; and (c) has elected to participate in this plan. In March 2009, the City also implemented a Post-65 Medicare Advantage Program for Medicare eligible retirees where a portion of the premiums is paid by the employer.

The City established the Other Post Employment Benefits Trust for the exclusive benefit of retired employees and their dependents (who meet the eligibility requirements) to fund the post employment benefits provided through the OPEB Plan. Amounts contributed to the Trust are held in trust and are irrevocable. The contributions are for the sole and exclusive purpose of funding benefits established by the Plan and the cost of operating and administering the Trust.

As of June 30, 2015, the Plan did not issue a stand-alone financial report because the Other Post Employment Benefits Trust Fund is included in the financial statements for the City of Bristol, Tennessee.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**F. Other Post Employment Benefits Than Pensions (OPEB) (Continued)**

*Benefits Provided*

All health care and dental benefits for the OPEB Plan are provided through the City's self-insured health plan. Employees of the City who were covered under the City's group health insurance plan at the time of retirement and who are receiving retirement benefits from the Tennessee Consolidated Retirement System (TCRS) may continue to participate in the City's group health insurance plan after retirement. Full retirement eligibility for members of TCRS is age sixty with five years of TCRS service, or thirty years of TCRS service. Early retirement eligibility for members of TCRS is age fifty-five with five years of TCRS service, or 25 years of TCRS service. Participants hired after January 1, 2008, are required to have 20 years of City service to be eligible to continue in the City's group health insurance plan after retirement.

Under the Pre-age 65 Retiree Only Health Reimbursement Arrangement (HRA) Plan, the maximum dollar amount that may be credited to an HRA Account for an eligible retiree is \$150 per month with a maximum of \$1,800 for an entire 12 month period of coverage. Unused amounts may not be carried over to the next period of coverage.

Under the Post-65 Medicare Advantage Program, the City contributes 50% of the premiums as part of the program for these retired employees. As of June 30, 2015, there were 27 retirees participating in this plan.

Retirees with 25 years of service are also eligible for \$10,000 of life insurance coverage upon retirement. Current retirees have varying amounts of life insurance coverage ranging from \$5,000 to \$30,000 based upon previous provisions in effect at the time of their retirement.

Retirees and their spouses are eligible to continue medical and dental coverage for life provided the eligibility requirements are met and applicable premiums are paid. A surviving spouse of a retired employee whose date of death is prior to January 1, 2007 is eligible until the surviving spouse's death provided that the eligibility requirements are met and applicable premiums are paid. A surviving spouse of a retired employee whose date of death is on or after January 1, 2007, will lose coverage upon the retired employee's death and will be eligible for COBRA continuation coverage for 36 months after the retiree's death. As of June 30, 2015, there were 27 retirees on the dental plan.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**F. Other Post Employment Benefits Than Pensions (OPEB) (Continued)**

*Membership*

The number of participants at June 30, 2015, was as follows:

Retiree Participants	74	
Active Participants	335	_____
Total	409	_____

*Funding Policy*

The City's annual contribution is based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

*Annual OPEB Cost and Net OPEB Obligation*

	2015	2014
Annual Required Contribution	\$ 238,027	351,619
Interest on Net OPEB Obligation	-	-
Adjustment to Annual Required Contribution	-	-
Annual OPEB Cost	238,027	351,619
Actual Contributions	(238,027)	(351,619)
Increase in Net OPEB Obligation	-	-
Net OPEB Obligation – Beginning of Fiscal Year	-	-
Net OPEB Obligation – End of Fiscal Year	\$ -	-

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**F. Other Post Employment Benefits Than Pensions (OPEB) (Continued)**

The City's annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2015, and the preceding two years are as follows:

Fiscal Year Ending	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 238,027	238,027	100%	-
June 30, 2014	351,619	351,619	100%	-
June 30, 2013	278,850	278,850	100%	-

**Funding Status and Funding Progress**

The funded status of the plan as of the most recent actuarial valuation was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/01/13	\$ 1,437,220	\$3,168,976	\$1,731,756	45.4%	\$13,662,672	12.7%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**F. Other Post Employment Benefits Than Pensions (OPEB) (Continued)**

In the July 1, 2013, actuarial valuation for the plan, the actuarial asset valuation method was market value. The projected unit credit actuarial cost method was used to determine liabilities. Under this method, future benefits are projected and their present value is determined. The present value is then allocated over the period from date of hire to the full eligibility date. Actuarial assumptions included a discount rate of 7.5%, an investment rate of return (net of administrative expenses) of 7.5%, an annual healthcare cost trend of 3.0%, an annual payroll growth rate of 5.0%, and projected salary increase rates from the TCRS PSPP plan. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a thirty year period. The remaining amortization period at June 30, 2015, is 22 years.

*Financial Statements*

STATEMENT OF FIDUCIARY NET POSITION  
CITY OPEB TRUST FUND  
JUNE 30, 2015

Assets

Investments Held in Trust, At Fair Value	
Mutual Funds	\$ 1,697,549

Total Assets	1,697,549
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Liabilities

Accrued Liabilities	1,800
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Total Liabilities	1,800
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Net Position

Net Position Held In Trust for OPEB Benefits	\$ 1,695,749
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**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**F. Other Post Employment Benefits Than Pensions (OPEB) (Continued)**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CITY OPEB TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>ADDITIONS</u>	
Employer Contributions	\$ 238,027
Net Appreciation (Depreciation) in Value of Investments	26,535
Other Revenue	<u>8,952</u>
Total Additions	<u>273,514</u>
 <u>DEDUCTIONS</u>	
Retiree Benefits	<u>14,985</u>
Total Deductions	<u>14,985</u>
Change in Net Position	258,529
Net Position - Beginning	<u>1,437,220</u>
Net Position - Ending	<u><u>\$ 1,695,749</u></u>

**Electric Fund OPEB**

Plan Description

Bristol Tennessee Essential Services (the Electric Fund) administers the Bristol Tennessee Essential Services Retiree Benefit Plan as a single-employer defined benefit Other Post Employment Benefit Plan (OPEB). As discussed in Note V.J., the Electric Fund is self-insured for employee group health benefits, with the medical plan administered by MCA Administrators and the prescription drug program administered by Caremark. The Electric Fund also provides these benefits to certain retired employees, although not required by any statutory, contractual or other authority. Additionally, the Electric Fund is self-insured for certain life insurance benefits for retirees.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**F. Other Post Employment Benefits Than Pensions (OPEB) (Continued)**

Bristol Tennessee Essential Services Board established the Bristol Tennessee Essential Services Post Employment Benefits Trust for the exclusive benefit of retired employees and their dependents (who meet the eligibility requirements) to fund the post employment benefits provided through the plan. Amounts contributed to the Trust are held in trust and are irrevocable. The contributions are for the sole and exclusive purpose of funding benefits established by the Plan and the cost of operating and administering the Trust.

As of June 30, 2015, the Plan did not issue a stand-alone financial report because the BTES Other Post Employment Benefits Trust Fund is included in the financial statements for the City of Bristol, Tennessee.

**Benefits Provided**

Employees with 30 years of service or age 60 with 20 years of service are eligible for health and prescription drug benefits under the plan. The Electric Fund pays full coverage for all retirees who meet these eligibility requirements.

Employees who retire with 30 years of service or age 60 with a minimum of 20 years of service receive \$5,000 in life insurance for annual salaries less than \$10,000 plus \$1,000 in life insurance for each additional \$5,000 of annual salary or fraction thereof.

**Membership**

There were 28 retirees eligible to receive benefits under the healthcare portion of the plan as of June 30, 2015. As of year-end, there were also 23 retirees eligible to receive life insurance benefits. There were 67 active employees eligible to participate in the plan as of year-end.

**Funding Policy**

The Electric Fund's annual contribution is based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**F. Other Post Employment Benefits Than Pensions (OPEB) (Continued)**

*Annual OPEB Cost and Net OPEB Obligation*

	2015	2014
Annual Required Contribution	\$ 493,052	480,953
Interest on Net OPEB Obligation	40,511	40,511
Adjustment to Annual Required Contribution	<u>(40,926)</u>	<u>(39,966)</u>
Annual OPEB Cost	492,637	481,498
Actual Contributions	(306,637)	(388,116)
Retroactive Change in Estimate of OPEB	<u>-</u>	<u>(398,517)</u>
Increase / (Decrease) in Net OPEB Obligation	186,000	(305,135)
Net OPEB Obligation – Beginning of Fiscal Year	<u>273,587</u>	<u>578,722</u>
Net OPEB Obligation – End of Fiscal Year	<u>\$ 459,587</u>	<u>273,587</u>

The Electric Fund's annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2015, and the preceding two years are as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 492,637	62%	459,587
June 30, 2014	481,498	81%	273,587
June 30, 2013	501,798	64%	578,722

*Funding Status and Funding Progress*

The funded status of the plan as of the most recent actuarial valuation was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/01/13	\$1,317,158	\$6,422,374	\$5,105,216	20.5%	\$3,971,482	128.5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**F. Other Post Employment Benefits Than Pensions (OPEB) (Continued)**

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

*Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013, actuarial valuation for the plan, the actuarial asset valuation method was market value. The projected unit credit actuarial cost method was used to determine liabilities. Under this method, future benefits are projected and their present value is determined. The present value is then allocated over the period from date of hire to the full eligibility date. The actuarial assumptions used an investment rate of return (net of administrative expenses) of 7%, an annual healthcare cost trend of 7%, an annual payroll growth rate of 2.5%, projected salary increases of 4%, and an inflation rate of 2.5%. The unfunded actuarial accrued liability is being amortized on a closed basis over a thirty year period. The remaining amortization period at June 30, 2015, is 21.54 years.

*Financial Statements*

STATEMENT OF FIDUCIARY NET POSITION  
BTES OPEB TRUST FUND  
JUNE 30, 2015

<u>Assets</u>	
Cash and Cash Equivalents	\$ 1,188
Investments Held in Trust, At Fair Value	
Mutual Funds	<u>1,666,166</u>
Total Assets	<u>1,667,354</u>
 <u>Net Position</u>	
Net Position Held In Trust for OPEB Benefits	<u><u>\$ 1,667,354</u></u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**F. Other Post Employment Benefits Than Pensions (OPEB) (Continued)**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
BTES OPEB TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>ADDITIONS</u>	
Employer Contributions	\$ 306,637
Investment Income	96,032
Net Appreciation (Depreciation) in Value of Investments	<u>(32,860)</u>
Total Additions	<u>369,809</u>
<u>DEDUCTIONS</u>	
Retiree Benefits	(306,637)
Administrative Expenses	<u>(4,260)</u>
Total Deductions	<u>(310,897)</u>
Change in Net Position	58,912
Net Position - Beginning	<u>1,608,442</u>
Net Position - Ending	<u><u>\$ 1,667,354</u></u>

**School Funds OPEB**

Plan Description

The Bristol Tennessee City School System (School Funds) will pay to all eligible retirees an annual contribution to be used toward health insurance premiums for the State Insurance Plan (SIP) or toward the purchase of a private medical insurance plan if ineligible to remain on SIP, not sponsored by the Schools.

Payments are made to retirees over sixty-five years of age as part of a Medicare Supplemental Plan. This plan is a single-employer defined benefit plan. The School Funds also participate in the state-administered Teacher Group Insurance Plan for healthcare benefits and makes payments to retirees under the age of sixty-five. For accounting purposes, this plan is an agent multiple-employer defined benefit OPEB plan.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**F. Other Post Employment Benefits Than Pensions (OPEB) (Continued)**

Benefits are established and amended by an insurance committee created by Tennessee Code Annotated (TCA) 8-27-302. The plan is reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

*Benefits Provided*

A participant must meet certain criteria to be eligible for the \$1,800 annual Medicare Supplemental contribution upon retirement. Employees must have either 30 years of Tennessee Consolidated Retirement System (TCRS) service or attainment of age sixty and five years of TCRS service. Employees who retire on or after June 1, 1999, must also have at least eight years of continuous full-time employment with Bristol Tennessee City Schools. Retirees who retired before June 1, 1999, are eligible if they also had ten years of employment with the School System. The School System will pay the \$1,800 until the retiree becomes eligible for Medicare or for a maximum of fifteen years. The System will pay a maximum of \$500 per year toward the purchase of a Medicare supplement upon reaching Medicare age for individuals who were eligible for the \$1,800 prior to Medicare age.

Benefits are established and amended by an insurance committee created by Tennessee Code Annotated (TCA) 8-27-201 for the Teacher Group Insurance Plan and TCA 8-27-701 for the Medicare Supplement Plan. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in the Medicare Supplement Plan that plan does not include pharmacy.

*Membership*

For the fiscal year ended June 30, 2015, 222 retired employees were receiving benefits through either the Teacher Group Insurance Plan or the Medicare Supplemental Plan. There were 418 active employees eligible to participate in the plan as of year-end.

*Funding Policy*

The Schools currently fund postemployment health care benefits for both plans on a pay-as-you-go basis. Actual contributions were \$391,499 for the 2015 year. The Schools do not intend to establish a trust to pre-fund this liability. For the Teacher Group Insurance Plan, the premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**F. Other Post Employment Benefits Than Pensions (OPEB) (Continued)**

Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue.

*Annual Other Postemployment Benefit Cost and Net OPEB Obligation*

For the fiscal year ended June 30, 2015, the following information is presented:

	<u>Teacher Group Plan</u>	<u>Medicare Supplemental Plan</u>	<u>Total</u>
Annual Required Contribution	\$ 443,000	117,600	560,600
Interest on Net OPEB Obligation	66,014	8,728	74,742
Adjustment to Annual Required Contribution	<u>(64,313)</u>	<u>(8,503)</u>	<u>(72,816)</u>
Annual OPEB Cost	444,701	117,825	562,526
Actual Contributions	<u>(309,373)</u>	<u>(82,126)</u>	<u>(391,499)</u>
Increase in Net OPEB Obligation	135,328	35,699	171,027
Net OPEB Obligation – Beginning of Fiscal Year	<u>1,650,341</u>	<u>218,195</u>	<u>1,868,536</u>
Net OPEB Obligation – End of Fiscal Year	\$ <u>1,785,669</u>	<u>253,894</u>	<u>2,039,563</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**F. Other Post Employment Benefits Than Pensions (OPEB) (Continued)**

For the fiscal year ended June 30, 2014, the following information is presented:

	<u>Teacher Group Plan</u>	<u>Medicare Supplemental Plan</u>	<u>Total</u>
Annual Required Contribution	\$ 428,000	112,809	540,808
Interest on Net OPEB Obligation	62,435	7,387	69,822
Adjustment to Annual Required Contribution	<u>(60,827)</u>	<u>(7,842)</u>	<u>(68,669)</u>
Annual OPEB Cost	429,608	112,354	541,961
Actual Contributions	<u>(340,150)</u>	<u>(78,846)</u>	<u>(418,996)</u>
Increase in Net OPEB Obligation	89,458	33,508	122,965
Net OPEB Obligation – Beginning of Fiscal Year	<u>1,560,883</u>	<u>184,687</u>	<u>1,745,570</u>
Net OPEB Obligation – End of Fiscal Year	\$ <u>1,650,341</u>	<u>218,195</u>	<u>1,868,535</u>

The School's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2015, and the preceding two years are as follows:

Fiscal Year Ending	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	Teacher Group Ins.	\$ 444,701	69.6%	1,785,669
June 30, 2015	Medicare Supplemental Plan	<u>117,825</u>	<u>69.7%</u>	<u>253,894</u>
	Total	<u>\$ 562,526</u>	<u>52.5%</u>	<u>2,039,563</u>
June 30, 2014	Teacher Group Ins.	\$ 429,608	79.2%	1,650,341
June 30, 2014	Medicare Supplemental Plan	<u>112,354</u>	<u>70.2%</u>	<u>218,195</u>
	Total	<u>\$ 541,962</u>	<u>56.2%</u>	<u>1,868,536</u>
June 30, 2013	Teacher Group Ins.	\$ 642,866	55.5%	1,560,883
June 30, 2013	Medicare Supplemental Plan	<u>111,340</u>	<u>63.2%</u>	<u>184,687</u>
	Total	<u>\$ 754,206</u>	<u>57.2%</u>	<u>1,745,570</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**F. Other Post Employment Benefits Than Pensions (OPEB) (Continued)**

*Funding Status and Funding Progress*

The funded status of the plans as of the most recent actuarial valuation was as follows:

Valuation Date of 7/1/13	Teacher Group Insurance <u>Plan</u>	Medicare Supplemental <u>Plan</u>	<u>Total</u>
Actuarial Accrued Liability (AAL)	\$ 4,135,000	1,666,508	5,801,508
Actuarial Value of Plan Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	4,135,000	1,666,508	5,801,508
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%	0%
Covered Payroll (Active Plan Members)	20,864,946	20,864,946	20,864,946
UAAL as a Percentage of Covered Payroll	19.8%	8.0%	27.8%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**F. Other Post Employment Benefits Than Pensions (OPEB) (Continued)**

*Actuarial Methods and Assumptions*

In the July 1, 2013, actuarial valuation for the Teacher Group Insurance Plan, the projected unit credit actuarial cost method was used to determine liabilities. Under this method, future benefits are projected and their present value is determined. The present value is then allocated over the period from date of hire to the full eligibility date. The actuarial assumptions used a 4.0% investment rate of return (net of administrative expenses), a 3.0% payroll growth rate, and an annual healthcare cost trend of 7.5% initially to an ultimate rate of 4.7% after thirty years. Both rates include a 2.5% inflation adjustment. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a thirty year period. The remaining amortization period at June 30, 2015, is 22 years.

In the July 1, 2013, actuarial valuation for the Medicare Supplemental Plan, the projected unit credit actuarial cost method was used to determine liabilities. Under this method, future benefits are projected and their present value is determined. The present value is then allocated over the period from date of hire to the full eligibility date. The actuarial assumptions used a 4.0% investment rate of return (net of administrative expenses), and a 3.0% payroll growth rate. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a thirty year period. The remaining amortization period at June 30, 2015, is 22 years.

**G. Demolition Landfill Closure and Postclosure Care Costs**

State and Federal laws and regulations require the City to place a final cover on its demolition landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The City commissioned the preparation of closure and post-closure cost estimates based on the use of an outside contractor; however, the City intends to utilize City resources to the maximum extent possible. The City reported a liability for closure and post-closure care in the government-wide financial statements for governmental activities of \$358,165 that was estimated assuming that outside resources will be utilized in the closure process. The estimated total costs of closure and post closure care remaining to be recognized is \$370,426. These costs will be recognized over the future life of the landfill as capacity is used. Actual costs may be higher upon completion of the cost estimates, or due to inflation, change in technology, changes in regulations, or if the work is performed internally by City staff. Areas 1 and 4 are currently filled to 29.76% and 46.98% of capacity, respectively. Area 2 and Area 3 have been filled to capacity and have been closed. Areas 1 and 4 have estimated remaining lives at June 30, 2015, of 59 and 7.9 years, respectively.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**H. Employee Retirement Systems and Pension Plans**

**City of Bristol, Tennessee Legacy Retirement Plan**

*Plan Description*

Employees of the City are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the Tennessee Consolidated Retirement System (“TCRS”). The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided*

Tennessee Code Annotated Title 8, Chapters 34-37 established the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

*Employees Covered by Benefit Terms*

At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Receiving Benefits	273
Inactive Employees Entitled but not yet Receiving Benefits	195
Active Employees	<u>413</u>
	<u>881</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**H. Employee Retirement Systems and Pension Plans (Continued)**

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary if hired after October 1, 2011. Employees hired prior to October 1, 2011, are noncontributory. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions were \$2,647,575 based on a rate of 16.82% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**H. Employee Retirement Systems and Pension Plans (Continued)**

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy assets allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target assets allocation percentage and by adding inflation of 3 percent.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	6.46%	33%
Developed Market International Equity	6.26%	17%
Emerging Market International Equity	6.40%	5%
Private Equity and Strategic Lending	4.61%	8%
U.S. Fixed Income	0.98%	29%
Real Estate	4.73%	7%
Short-term Securities	0.00%	<u>1%</u>
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as net position was projected to be available to make projected future benefit payments of current and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**H. Employee Retirement Systems and Pension Plans (Continued)**

*Changes in the Net Pension Liability (Asset)*

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at June 30, 2014	\$ 69,847,733	60,811,347	9,036,386
Changes for the year:			
Service Cost	1,222,371	-	1,222,371
Interest	5,202,780	-	5,202,780
Differences between Expected and Actual Experience	(796,347)	-	(796,347)
Contributions - Employer	-	2,650,546	(2,650,546)
Contributions - Employee	-	87,721	(87,721)
Net Investment Income	-	10,038,932	(10,038,932)
Benefits Payments, Including Refunds of Employee Contributions	(3,399,422)	(3,399,422)	-
Administrative Expense	-	(18,110)	18,110
Net Changes	<u>2,229,382</u>	<u>9,359,667</u>	<u>(7,130,285)</u>
Balance at June 30, 2015	<u>\$ 72,077,115</u>	<u>70,171,014</u>	<u>1,906,101</u>

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate*

The following presents the net pension liability (asset) of the City calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Decrease (8.5%)</u>
Net Pension Liability (Asset)	\$11,136,104	1,906,101	(5,805,800)

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**H. Employee Retirement Systems and Pension Plans (Continued)**

*Pension Expense*

For the year ended June 30, 2015, the City recognized pension expense is \$586,725.

*Deferred Outflows of Resources and Deferred Inflows of Resources*

At June 30, 2015, deferred outflows of resources and deferred inflows of resources related to pensions are from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City's Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 2,647,575	-
Differences between Expected and Actual Experience	-	663,622
Net Difference between Projected and Actual Earnings of Pension Plan Investments	<u>-</u>	<u>4,402,842</u>
Total	\$ <u>2,647,575</u>	<u>5,066,464</u>

City contributions subsequent to the measurement date of \$2,647,575 are reported as deferred outflows of resources and will be recognized as a reduction of net pension liability in the year ended June 30, 2016.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u>	
2016	\$ (1,233,431)
2017	(1,233,436)
2018	(1,233,436)
2019	(1,233,436)
2020	(132,725)
Thereafter	-

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**H. Employee Retirement Systems and Pension Plans (Continued)**

*Payable to the Pension Plan*

At June 30, 2015, the City reported a payable of \$206,596 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

**City of Bristol, Tennessee Hybrid Retirement Plan**

*Plan Description*

Employees of the City are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided*

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 65 with 5 years of service or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are permitted at age 60 and vested or pursuant to the rule of 80 in which the member's age and service credit total 80. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility.

The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**H. Employee Retirement Systems and Pension Plans (Continued)**

3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

*Employees Covered by Benefit Terms*

At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Receiving Benefits	-
Inactive Employees Entitled but not yet Receiving Benefits	-
Active Employees	<u>-</u>
	<u>-</u>

*Contributions*

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Bristol were \$804 based on a rate of 1.1% percent of payroll. By law, employer contributions are required to be paid. The TCRS may intercept Bristol's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

*Pension Liabilities*

Since the measurement date is June 30, 2014, which is prior to the City's January 1, 2015 participation in the Public Employee Retirement Plan, there is not a net pension liability to report at June 30, 2015.

*Pension Expense*

Since the measurement date is June 30, 2014, the City did not recognize a pension expense at June 30, 2015.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**H. Employee Retirement Systems and Pension Plans (Continued)**

*Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended June 30, 2015, 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>
City's Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 804	-

The City's employer contributions of \$804 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction in net pension liability in the year ended June 30, 2016.

*Payable to the Pension Plan*

At June 30, 2015, the City reported a payable of \$255 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

**Teacher Legacy Pension Plan**

*Plan Description*

Teachers with membership in the Tennessee Consolidated Retirement System ("TCRS") before July 1, 2014, of Bristol Tennessee City Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**H. Employee Retirement Systems and Pension Plans (Continued)**

*Benefits Provided*

Tennessee Code Annotated Title 8, Chapters 34-37 established the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

*Contributions*

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring government of the LEA if required employer contributions are not remitted. Employer contributions by Bristol Tennessee City Schools for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$1,548,204 which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

*Pension Asset*

At June 30, 2014, the Bristol Tennessee City Schools reported an asset of \$75,401 for its proportionate share of net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**H. Employee Retirement Systems and Pension Plans (Continued)**

Bristol Tennessee City School's proportion of the net pension liability was based on Bristol Tennessee City Schools' employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, Bristol Tennessee City School's proportion was 0.464021 percent. The proportion measured as of June 30, 2013, was .0454940 percent.

*Pension Income*

For the year ended June 30, 2015, Bristol Tennessee City Schools recognized a pension income of \$43,318.

*Deferred Outflows of Resources and Deferred Inflows of Resources*

At June 30, 2015, deferred outflows of resources and deferred inflows of resources related to pensions are from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
School's Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 1,548,204	-
Changes in the Proportion of Net Pension Liability (Asset)	128,091	-
Differences between Expected and Actual Experience	183,056	-
Net Difference between Projected and Actual Earnings of Pension Plan Investments	<u>-</u>	<u>6,212,588</u>
Total	<u>\$ 1,859,351</u>	<u>6,212,588</u>

Bristol Tennessee City School's employer contributions of \$1,548,204 reported a pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2016.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**H. Employee Retirement Systems and Pension Plans (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u>	
2016	\$ (1,501,289)
2017	(1,501,289)
2018	(1,501,289)
2019	(1,501,289)
2020	51,858
Thereafter	51,857

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Actuarial Assumptions

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**H. Employee Retirement Systems and Pension Plans (Continued)**

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy assets allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target assets allocation percentage and by adding inflation of 3 percent.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	6.46%	33%
Developed Market International Equity	6.26%	17%
Emerging Market International Equity	6.40%	5%
Private Equity and Strategic Lending	4.61%	8%
U.S. Fixed Income	0.98%	29%
Real Estate	4.73%	7%
Short-term Securities	0.00%	<u>1%</u>
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the School System will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as net position was projected to be available to make projected future benefit payments of current and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**H. Employee Retirement Systems and Pension Plans (Continued)**

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate*

The following presents the proportionate share of the Bristol Tennessee City School's net pension liability (asset) using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Decrease (8.5%)</u>
Net Pension Liability (Asset)	\$12,717,283	(75,401)	(10,666,357)

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS report.

*Payable to the Pension Plan*

At June 30, 2015, Bristol Tennessee City Schools reported a payable of \$240,786 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

**Teacher Retirement Plan**

*Plan Description*

Teachers with membership in the Tennessee Consolidated Retirement System ("TCRS") before July 1, 2014, of Bristol Tennessee City Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**H. Employee Retirement Systems and Pension Plans (Continued)**

*Benefits Provided*

Tennessee Code Annotated Title 8, Chapters 34-37 established the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions*

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions, governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring government of the LEA if required employer contributions are not remitted. Employer contributions by Bristol Tennessee City Schools for the year ended June 30, 2015, to the Teacher Retirement Plan were \$27,576 which is 4 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**H. Employee Retirement Systems and Pension Plans (Continued)**

*Pension Liabilities*

Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception date of the Teacher Retirement Plan, there is not a net pension liability to report at June 30, 2015.

*Pension Expense*

Since the measurement date is June 30, 2014, Bristol Tennessee City Schools did not recognize a pension expense at June 30, 2015.

*Deferred Outflows of Resources and Deferred Inflows of Resources*

At June 30, 2015, deferred outflows of resources and deferred inflows of resources related to pensions are from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
School's Contributions Subsequent to the Measurement Date of June 30, 2014	\$ <u>27,576</u>	_____ -
Total	\$ <u><u>27,576</u></u>	_____ -

Bristol Tennessee City School's employer contributions of \$27,576 reported a pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction in net pension liability in the year ended June 30, 2016.

*Payable to the Pension Plan*

At June 30, 2015, Bristol Tennessee City Schools reported a payable of \$4,412 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**H. Employee Retirement Systems and Pension Plans (Continued)**

**Electric Fund Retirement Plan**

*Plan Description*

Employees of the Electric Fund are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the Tennessee Consolidated Retirement System (“TCRS”). The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided*

Tennessee Code Annotated Title 8, Chapters 34-37 established the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**H. Employee Retirement Systems and Pension Plans (Continued)**

*Employees Covered by Benefit Terms*

At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Receiving Benefits	45
Inactive Employees Entitled but not yet Receiving Benefits	45
Active Employees	<u>64</u>
	<u>154</u>

*Contributions*

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The Electric Fund makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions were \$637,666 based on a rate of 13.01% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Electric Fund's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

*Net Pension Liability (Asset)*

At June 30, 2015, the Electric Fund reported a liability of \$4,116,089 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2015, the Electric Fund recognized pension expense is \$298,159.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**H. Employee Retirement Systems and Pension Plans (Continued)**

At June 30, 2015, deferred outflows of resources and deferred inflows of resources related to pensions are from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Electric Fund's Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 637,666	-
Differences between Expected and Actual Experience	404,789	-
Net Difference between Projected and Actual Earnings of Pension Plan Investments	<u>-</u>	<u>1,133,354</u>
Total	<u>\$ 1,042,455</u>	<u>1,133,354</u>

Electric Fund contributions subsequent to the measurement date of \$637,666 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u>	<u>Outflows</u>	<u>Inflows</u>	<u>Amount Reported</u>
2016	\$ 80,958	(283,338)	(202,380)
2017	80,958	(283,338)	(202,380)
2018	80,958	(283,339)	(202,381)
2019	80,958	(283,339)	(202,381)
2020	80,957	-	80,957
Thereafter	-	-	-

**Actuarial Assumptions**

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**H. Employee Retirement Systems and Pension Plans (Continued)**

Investment Rate of Return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy assets allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target assets allocation percentage and by adding inflation of 3 percent.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	6.46%	33%
Developed Market International Equity	6.26%	17%
Emerging Market International Equity	6.40%	5%
Private Equity and Strategic Lending	4.61%	8%
U.S. Fixed Income	0.98%	29%
Real Estate	4.73%	7%
Short-term Securities	0.00%	<u>1%</u>
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**H. Employee Retirement Systems and Pension Plans (Continued)**

*Discount Rate*

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Electric Fund will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as net position was projected to be available to make projected future benefit payments of current and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in the Net Pension Liability (Asset)*

	Total Pension <u>Liability (a)</u>	Increase (Decrease) Plan Fiduciary Net <u>Position (b)</u>	Net Pension Liability (Asset) <u>(a)-(b)</u>
Balance at June 30, 2014	\$ 20,870,457	15,712,415	5,158,042
Changes for the year:			
Service Cost	359,810	-	359,810
Interest	1,549,051	-	1,549,051
Differences between Expected and Actual Experience	485,747	-	485,747
Contributions - Employer	-	611,547	(611,547)
Contributions - Employee	-	244,429	(244,429)
Net Investment Income	-	2,583,879	(2,583,879)
Benefits Payments, Including Refunds of Employee Contributions	(1,152,522)	(1,152,522)	-
Administrative Expense	-	(3,294)	3,294
Net Changes	<u>1,242,086</u>	<u>2,284,039</u>	<u>(1,041,953)</u>
Balance at June 30, 2015	<u>\$ 22,112,543</u>	<u>17,996,454</u>	<u>4,116,089</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**H. Employee Retirement Systems and Pension Plans (Continued)**

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate*

The following presents the net pension liability (asset) of the Electric Fund calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Decrease (8.5%)</u>
Net Pension Liability (Asset)	\$ 7,126,301	4,116,089	1,652,801

**Defined Contribution Plans**

The City administers a defined contribution plan in the form of a 401(k) plan as part of State of Tennessee Hybrid Pension Plan available to all full-time employees. This plan began on January 1, 2015. The City contributes a percentage of payroll for all employees hired after January 1, 2015. During 2015, the amount of payroll covered by the plan was \$55,086. The covered payroll represents wages related to hybrid employees only since employer contributions are not made for legacy employees. Under the plan terms, the City contributes 5% for all eligible employees. Employees may make voluntary contributions to the plan up to the Internal Revenue Service code annual maximum. Participants are 100% vested in the employee contributions when they are made and vested in the employer contributions based upon a five year schedule. During 2015, the City contributed \$2,754 to the plan which represents 5% of the covered payroll and 100% of the required contribution for the year. During 2015, the participants (legacy and hybrid employees combined) contributed \$5,288 to the plan.

The Electric Fund also administers a defined contribution plan in the form of a 401(k) plan (Bristol Tennessee Essential Services 401(k) Retirement Plan) available to all employees who have completed six months of employment. During 2015, the amount of payroll covered by the plan was \$4,370,576 of total payroll of \$5,020,129. Under the plan terms, the Electric Fund will match participant contributions up to 3% of the participant's salary. The Electric Fund has the authority to amend these contribution rates at any time. Participants are not required but may contribute up to a total of 15% of their pre-tax earnings, subject to IRS limitations. Additionally, participants may contribute up to 10% of their after-tax earnings. Participants are 100% vested in the employer contributions when they are made. During 2015, the Electric Fund contributed \$125,533 to the plan which represents 3% of the covered payroll and 100% of the required contribution for the year. During 2015, the participants contributed \$441,175 which represents 10% of the covered payroll.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE IV. DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**H. Employee Retirement Systems and Pension Plans (Continued)**

**Defined Contribution Plans (Continued)**

Teachers hired on or after July 1, 2014, are required to participate in a separately managed defined contribution plan referred to as the State of Tennessee 401(k) Deferred Compensation Program in addition to the multiple-employer defined benefit pension plan administered by TCRS. This plan is administered by Great West Life and Annuity Insurance Company. Investment decisions on contributions to the plan are controlled by the teacher participant. Teachers are immediately 100% vested in the plan. An employer contribution equal to 5% of the teacher's compensation is made by Bristol Tennessee City Schools. Teachers are automatically enrolled in the plan when hired with an employee contribution rate of 2%. Teachers have the ability to opt out of employee contribution portion within 30 days of hire date. Teachers may make voluntary contributions to the plan up to the Internal Revenue Service code annual maximum. Total contributions for the year ended June 30, 2015, totaled \$39,720 consisting of \$34,470 made by Bristol Tennessee City Schools and \$5,250 made by participants.

**Deferred Compensation Plan**

The City offers a deferred compensation plan to the employees of the primary government which excludes the Board of Education and the Electric Fund. The plan is in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan assets are in custodial accounts and are not subject to the claims of the City's general creditors and are not reflected in the funds of the City.

**NOTE V. OTHER INFORMATION:**

**A. Commitments**

Beginning in 2005, Sullivan County Economic Development Commission d/b/a Networks Sullivan Partnership issued \$2,500,000 General Obligation Industrial Park Bonds, Series 2005, of which the City was contingently liable for 17% or \$425,000. During May 2007, Networks issued an additional \$6,500,000 General Obligation Industrial Park Bonds, Series 2007, of which the City was contingently liable for \$1,105,000. The 2005 Series was issued to finance the acquisition of considerable acreage near the Tri-Cities Regional Airport for the purpose of establishing Partnership Park One. The 2007 Series was issued to finance the development of a 225 acre industrial park off State Route 394 in Bristol, referred to as Partnership Park II, and another park referred to as Partnership Park III. Both bonds are secured by the assignment of the revenue from the industrial parks. The related liability is on the books of Sullivan County. Networks Sullivan Partnership is responsible for making the bond payments. In the event of default, the City would have to payoff the bonds if they wanted to retain the project.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED):**

**A. Commitments (Continued)**

On March 30, 2015, Sullivan County advance refunded \$5,600,000 of the General Obligation Industrial Park Bonds, Series 2007) with a separate general obligation bond issue. Sullivan County issued \$6,265,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result of the advance refunding, Networks' principal balance due to Sullivan County is increased by \$665,000, but total debt service payments over the next 13 years will be reduced by approximately \$843,000. A deferred charge on refunding resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount is being deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

As of June 30, 2015, \$7,040,000 was outstanding in total for these bonds. The City's portion of the total outstanding debt at year end is \$1,196,800.

In October 2013, Council entered into an amended and restated agreement that commits the City to pay \$500,000 for the Cultural Heritage Center. As approved, the City will pay \$100,000 per year over five years to help cover pre-opening expenses and build an operating reserve. The first payment was disbursed during FY 2013 and the last payment will be disbursed during FY 2017.

The Electric Fund has a power contract with the Tennessee Valley Authority (TVA) whereby the System purchases all its electric power from TVA and is subject to certain restrictions and conditions as provided in the contract. Either party may terminate this contract at any time upon not less than five years prior written notice.

**B. Concentration of Credit Risk**

The Electric Fund provides electric, cable, internet, and telephone services primarily to customers in northeastern Tennessee. Customers include residential, commercial, and industrial service. Residential and commercial customers are required to have satisfactory credit reports or place deposits that approximate two month's highest expected bill. Industrial customers are generally required to either place deposits that approximate two month's highest expected bill or obtain a letter of credit or surety bond as security. Interest accrues on any deposits at the passbook interest rate of the bank where the funds are deposited and totaled \$14,109 in 2015. Unearned revenue in the amount of \$1,427,275 is recorded, of which \$794,707 relates to cable, Internet, and telephone services in the ABS and \$632,568 relates to electronic services for customers participating in level monthly billing in the EBU. Service loans are also made to customers for heat pump and insulation costs. A subordinate deed of trust is obtained on the related property for these loans. Loss experience on accounts and notes receivable has historically not been significant to the Electric Fund's operations.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED):**

**C. Contingent Liabilities**

The City generally follows the practice of recording liabilities from claims and legal actions only when it is probable that both (1) an asset has been impaired or a liability has been incurred, and (2) the amount of loss can be reasonably estimated. The City is involved in outstanding legal matters at year end. It is the position of legal counsel that material financial transactions will not result from any of these matters, other than the following:

Sullivan County and the Sullivan County Board of Education filed litigation against the City in Chancery Court on May 30, 2014 regarding the distribution of liquor-by the drink taxes. The lawsuit seeks to recover certain liquor-by-the drink taxes that were distributed to the City by the Tennessee Department of Revenue annually since 1980. The plaintiffs claim that a portion of these revenues should have been redistributed by the City to Sullivan County for its public school system. Although the complaint does not specify the amount sought, documentation submitted by the plaintiffs suggests they contend the City owes \$834,041 to the Sullivan County Board of Education and that Sullivan County might owe the City \$75,802. The complaint also seeks prejudgment interest. There are multiple lawsuits of this nature pending throughout the State of Tennessee. The Tennessee Municipal League Risk Management Pool has assumed the defense of these cases, but the respective municipalities would be responsible for any adverse judgment that might be rendered. Summary Judgement was granted in favor of the City in February 2016. The County's Motion to Alter or Amend Final Order (granting the City Summary Judgement) is currently pending. The outcome of this litigation is not known at this time.

**D. Leases**

**Operating Leases**

In July 2013, the School Board approved a contract renewal for the operations of school buses. The term is four years ending June 30, 2017, with an unstated number of renewal options of four-year periods. The base contract price is adjusted annually based upon the Consumer's Price Index as of the commencement of each school year. The annual contract price is paid in ten monthly installments over the school year. Total payments under the contract in the current year were \$736,449 with additional payments of \$1,349 for a total of \$737,798.

**E. Multiple Function Enterprise Fund Information**

The Electric Fund operates three different business units or functions. The Fund accounts for the electric utility operations in the Electric Business Unit (EBU), the cable, Internet, and retail telephone operations in the Advanced Broadband Services Business Unit (ABS), and telephone switch operations in the Telephone Business Unit (TBU).

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE V. OTHER INFORMATION (CONTINUED):**

**E. Multiple Function Enterprise Fund Information (Continued)**

As required by Section 7-52-603 of the Tennessee Code Annotated (“TCA”), the EBU may not subsidize the other two units with revenue from the power operations. In addition, the ABS and TBU must maintain their own accounting records and any funds that are lent from the EBU must have a rate of interest, not less than the highest rate earned by the EBU on investment funds. The City received approval in 2006 from the Tennessee Regulatory Authority for authorization to provide telecommunication services pursuant to Section 7-52-401 of the TCA. The industries that the ABS and TBU are entering into are regulated by the Federal Communications Commission.

Direct costs are allocated to the specific business unit. Common costs (costs that cannot be directly assigned to a business unit) are allocated based upon a direct analysis of the origin of the costs, an indirect, cost-causative linkage to another category for which direct assignment or allocation is available, or based upon a general allocator. For inter-unit loans, the business unit charges the highest rate of interest earned on the invested funds. Depreciation, pole attachment fees, interest expense, and taxes are allocated based on a per service usage model. Financial information for each of the business units for the fiscal year is as follows (does not include inter-unit eliminations):

**STATEMENT OF NET POSITION BY BUSINESS UNIT**

	Electric Business Unit	Advanced Broadband Services Business Unit	Telephone Business Unit	Total Electric Fund
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 6,899,515	5,538,485	2,666,667	15,104,667
Investments	8,400,000	-	-	8,400,000
Accounts Receivable, (Net)	8,075,005	1,618,140	-	9,693,145
Customer Notes Receivable (Net) - Current	400,000	-	-	400,000
Other Receivables	671,119	-	-	671,119
Due from Other Funds	62,262	-	-	62,262
Inventories	1,848,459	307,147	-	2,155,606
Prepays	4,680,529	87,774	9,775	4,778,078
<b>Total Current Assets</b>	<b>31,036,889</b>	<b>7,551,546</b>	<b>2,676,442</b>	<b>41,264,877</b>
Noncurrent Assets:				
Capital Assets:				
Capital Assets	136,301,051	14,933,624	1,234,881	152,469,556
Construction in Progress	7,066,594	-	-	7,066,594
<b>Total Capital Assets</b>	<b>143,367,645</b>	<b>14,933,624</b>	<b>1,234,881</b>	<b>159,536,150</b>
Less: Accumulated Depreciation	66,322,064	7,641,884	979,926	74,943,874
<b>Net Capital Assets</b>	<b>77,045,581</b>	<b>7,291,740</b>	<b>254,955</b>	<b>84,592,276</b>
Other Noncurrent Assets:				
Long Term Investments	18,000,000	-	-	18,000,000
Customer Notes Receivable - Less Current	2,223,623	-	-	2,223,623
Property Held For Resale	260,847	-	-	260,847
<b>Total Other Noncurrent Assets</b>	<b>20,484,470</b>	<b>-</b>	<b>-</b>	<b>20,484,470</b>
<b>Total Noncurrent Assets</b>	<b>97,530,051</b>	<b>7,291,740</b>	<b>254,955</b>	<b>105,076,746</b>
<b>Total Assets</b>	<b>128,566,940</b>	<b>14,843,286</b>	<b>2,931,397</b>	<b>146,341,623</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Charge on Refunding	1,165,870	-	-	1,165,870
Pension - Actuarial Experience Differences	404,789	-	-	404,789
Pension - Post Measurement Date Contributions	637,666	-	-	637,666
<b>Total Deferred Outflows of Resources</b>	<b>2,208,325</b>	<b>-</b>	<b>-</b>	<b>2,208,325</b>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED):**

**E. Multiple Function Enterprise Fund Information (Continued)**

**STATEMENT OF NET POSITION BY BUSINESS UNIT (CONTINUED)**

	Electric Business Unit	Advanced Broadband Services Business Unit	Telephone Business Unit	Total Electric Fund
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	884,229	811,462	17,235	1,712,926
Accrued Interest	373,774	-	-	373,774
Accrued Liabilities	1,015,468	291,771	-	1,307,239
Deposits	1,983,839	-	-	1,983,839
Due to Other Funds	-	50,734	-	50,734
Unearned Revenue	632,568	794,707	-	1,427,275
Bonds Payable	700,000	-	-	700,000
Total Current Liabilities	<u>5,589,878</u>	<u>1,948,674</u>	<u>17,235</u>	<u>7,555,787</u>
Long-term Liabilities:				
Bonds Payable	27,798,762	-	-	27,798,762
Net Pension Liability	4,116,089	-	-	4,116,089
OPEB Obligation Payable	459,587	-	-	459,587
Total Long-term Liabilities	<u>32,374,438</u>	<u>-</u>	<u>-</u>	<u>32,374,438</u>
Total Liabilities	<u>37,964,316</u>	<u>1,948,674</u>	<u>17,235</u>	<u>39,930,225</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension - Actuarial Investment Differences	1,133,354	-	-	1,133,354
Total Deferred Inflows of Resources	<u>1,133,354</u>	<u>-</u>	<u>-</u>	<u>1,133,354</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	49,712,689	7,291,740	254,955	57,259,384
Unrestricted	41,964,906	5,602,872	2,659,207	50,226,985
Total Net Position	<u>\$ 91,677,595</u>	<u>12,894,612</u>	<u>2,914,162</u>	<u>107,486,369</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED):**

**E. Multiple Function Enterprise Fund Information (Continued)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY BUSINESS UNIT**

	Electric Business Unit	Advanced Broadband Services Business Unit	Telephone Business Unit	Total Electric Fund
<b>OPERATING REVENUES</b>				
Charges for Services (Net)	\$ 83,456,583	19,318,439	-	102,775,022
Interunit Revenue	4,366,094	-	979,349	5,345,443
Other Revenue	3,586,690	785,845	-	4,372,535
Total Operating Revenues	<u>91,409,367</u>	<u>20,104,284</u>	<u>979,349</u>	<u>112,493,000</u>
<b>OPERATING EXPENSES</b>				
Purchased Power	70,933,144	-	-	70,933,144
Operations	3,834,651	9,982,816	583,716	14,401,183
Maintenance and Administrative	5,910,011	1,378,026	90,241	7,378,278
Interunit Cost of Sales	-	5,345,443	-	5,345,443
Depreciation	4,062,842	1,365,182	122,295	5,550,319
Total Operating Expenses	<u>84,740,648</u>	<u>18,071,467</u>	<u>796,252</u>	<u>103,608,367</u>
Operating Income (Loss)	<u>6,668,719</u>	<u>2,032,817</u>	<u>183,097</u>	<u>8,884,633</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income	334,295	-	-	334,295
Interest Expense	(1,148,076)	-	-	(1,148,076)
Other	(492,941)	(75,959)	-	(568,900)
Total Nonoperating Revenues (Expenses)	<u>(1,306,722)</u>	<u>(75,959)</u>	<u>-</u>	<u>(1,382,681)</u>
Income Before Capital Contributions and Transfers	<u>5,361,997</u>	<u>1,956,858</u>	<u>183,097</u>	<u>7,501,952</u>
<b>TRANSFERS</b>				
Transfer to General	(1,850,166)	(59,047)	(17,624)	(1,926,837)
Total Transfers	<u>(1,850,166)</u>	<u>(59,047)</u>	<u>(17,624)</u>	<u>(1,926,837)</u>
<b>Capital Contributions and Grants</b>	<u>492,941</u>	<u>-</u>	<u>-</u>	<u>492,941</u>
Change in Net Position	4,004,772	1,897,811	165,473	6,068,056
Net Position - Beginning	92,219,318	10,996,801	2,748,689	105,964,808
Change in Method of Accounting for Pensions	(4,546,495)	-	-	(4,546,495)
Net Position - Beginning (Restated)	<u>87,672,823</u>	<u>10,996,801</u>	<u>2,748,689</u>	<u>101,418,313</u>
Net Position - Ending	<u>\$ 91,677,595</u>	<u>12,894,612</u>	<u>2,914,162</u>	<u>107,486,369</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED):**

**E. Multiple Function Enterprise Fund Information (Continued)**

**STATEMENT OF CASH FLOWS BY BUSINESS UNIT**

	Electric Business Unit	Advanced Broadband Services Business Unit	Telephone Business Unit	Total Electric Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Users	\$ 84,619,357	19,848,173	976,023	105,443,553
Receipts for Interfund Services Provided	2,729,012	64,923	-	2,793,935
Payments to Suppliers	(71,145,748)	(16,776,376)	(727,011)	(88,649,135)
Payments for Employees	(5,061,543)	-	-	(5,061,543)
Net Cash Provided by/(Used for) Operating Activities	<u>11,141,078</u>	<u>3,136,720</u>	<u>249,012</u>	<u>14,526,810</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
State Income Tax	-	(75,959)	-	(75,959)
Transfers from/(to) Other Funds	(1,850,166)	(59,047)	(17,624)	(1,926,837)
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>(1,850,166)</u>	<u>(135,006)</u>	<u>(17,624)</u>	<u>(2,002,796)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital Contributions	492,941	-	-	492,941
Purchase of Capital Assets	(12,158,297)	(129,026)	-	(12,287,323)
Principal Paid on Capital Debt	(675,000)	-	-	(675,000)
Interest Paid on Capital Debt	(1,114,476)	-	-	(1,114,476)
Net Cash Provided by/(Used for) Capital and Related Financing Activities	<u>(13,454,832)</u>	<u>(129,026)</u>	<u>-</u>	<u>(13,583,858)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sale of Investments	26,400,000	-	-	26,400,000
Purchases of Investments	(26,400,000)	-	-	(26,400,000)
Interest and Dividends Received	334,294	-	-	334,294
Net Cash Provided by/(Used for) Investing Activities	<u>334,294</u>	<u>-</u>	<u>-</u>	<u>334,294</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,829,626)	2,872,688	231,388	(725,550)
Cash and Cash Equivalents - Beginning	<u>19,129,141</u>	<u>2,665,797</u>	<u>2,435,279</u>	<u>24,230,217</u>
Cash and Cash Equivalents - Ending	<u>\$ 15,299,515</u>	<u>5,538,485</u>	<u>2,666,667</u>	<u>23,504,667</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED):**

**E. Multiple Function Enterprise Fund Information (Continued)**

**STATEMENT OF CASH FLOWS BY BUSINESS UNIT (CONTINUED)**

	Electric Business Unit	Advanced Broadband Services Business Unit	Telephone Business Unit	Total Electric Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 6,668,719	2,032,817	183,097	8,884,633
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Depreciation Expense	4,062,842	1,365,182	122,295	5,550,319
Provision for Losses on Accounts Receivable	86,915	36,000	-	122,915
(Increase) Decrease:				
Accounts Receivable	1,830,352	(268,101)	-	1,562,251
Inventories	1,790,916	(266,144)	-	1,524,772
Prepays and Other	(3,075,818)	40,913	(3,326)	(3,038,231)
Customer Notes Receivable	(143,638)	-	-	(143,638)
Increase (Decrease):				
Accounts Payable	(103,948)	101,716	(53,054)	(55,286)
Net Pension Liability	(339,507)	-	-	(339,507)
Accrued Liabilities	144,723	94,337	-	239,060
Deposits	219,522	-	-	219,522
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 11,141,078</u>	<u>\$ 3,136,720</u>	<u>249,012</u>	<u>14,526,810</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED):**

**E. Multiple Function Enterprise Fund Information (Continued)**

If a municipality provides several utility services (e.g., water/sewer combined) and accounts for all of those activities in a single fund, detailed schedules that provide information consistent with what would have been presented in fund financial statements should be included in the notes to the financial statements or in supplemental information for each division/department (i.e., assets, liabilities and net position; revenues, expenses, and changes in net position; and cash flows). The following information for the Waterworks Fund is necessary to demonstrate compliance with state laws regarding utility operations. The Fund is comprised of a Water Business Unit and Sewer Business Unit.

**STATEMENT OF NET POSITION BY BUSINESS UNIT**

	Water Business Unit	Sewer Business Unit	Total Waterworks Fund
<b>ASSETS</b>			
Current Assets:			
Investments	\$ 123,021	2,700,656	2,823,677
Accounts Receivable, (Net)	588,400	575,146	1,163,546
Customer Notes Receivable (Net) - Current	1,200	8,429	9,629
Other Receivables	126	7,149	7,275
Due from Joint Venture	-	184,427	184,427
Due from Other Funds	607,066	1,684,189	2,291,255
Due from Other Governments	918	3,574	4,492
Inventories	307,843	61,881	369,724
Total Current Assets	<u>1,628,574</u>	<u>5,225,451</u>	<u>6,854,025</u>
Noncurrent Assets:			
Capital Assets:			
Capital Assets	43,209,463	31,860,575	75,070,038
Construction in Progress	1,292,074	696,603	1,988,677
Total Capital Assets	<u>44,501,537</u>	<u>32,557,178</u>	<u>77,058,715</u>
Less: Accumulated Depreciation	21,925,436	9,530,441	31,455,877
Net Capital Assets	<u>22,576,101</u>	<u>23,026,737</u>	<u>45,602,838</u>
Other Noncurrent Assets:			
Investment in Joint Venture	-	6,993,474	6,993,474
Restricted Cash	184,364	-	184,364
Total Other Noncurrent Assets	<u>184,364</u>	<u>6,993,474</u>	<u>7,177,838</u>
Total Noncurrent Assets	<u>22,760,465</u>	<u>30,020,211</u>	<u>52,780,676</u>
Total Assets	<u>24,389,039</u>	<u>35,245,662</u>	<u>59,634,701</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charge on Refunding	27,600	-	27,600
Pension - Post Measurement Date Contributions	155,942	54,447	210,389
Total Deferred Outflow of Resources	<u>183,542</u>	<u>54,447</u>	<u>237,989</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED):**

**E. Multiple Function Enterprise Fund Information (Continued)**

**STATEMENT OF NET POSITION BY BUSINESS UNIT (CONTINUED)**

	Water Business Unit	Sewer Business Unit	Total Waterworks Fund
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	106,816	31,464	138,280
Contracts Payable	69,790	-	69,790
Accrued Interest	5,558	1,374	6,932
Accrued Payroll	55,968	17,789	73,757
Deposits	2,425	3,300	5,725
Due to Others	25,842	-	25,842
Compensated Absences Payable	53,000	21,000	74,000
Bonds Payable	297,394	167,606	465,000
Notes Payable	2,429	8,429	10,858
Total Current Liabilities	<u>619,222</u>	<u>250,962</u>	<u>870,184</u>
Long-term Liabilities:			
Compensated Absences Payable	72,442	23,516	95,958
Bonds Payable, Net of Unamortized			
Deferred Amounts	2,406,023	671,558	3,077,581
Net Pension Liability	107,276	55,332	162,608
Total Long-term Liabilities	<u>2,585,741</u>	<u>750,406</u>	<u>3,336,147</u>
Total Liabilities	<u>3,204,963</u>	<u>1,001,368</u>	<u>4,206,331</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension - Actuarial Experience Differences	247,793	127,810	375,603
Pension - Actuarial Investment Differences	37,349	19,264	56,613
Total Deferred Inflows of Resources	<u>285,142</u>	<u>147,074</u>	<u>432,216</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	20,250,710	22,179,144	42,429,854
Unrestricted	831,766	11,972,523	12,804,289
Total Net Position	<u>\$ 21,082,476</u>	<u>34,151,667</u>	<u>55,234,143</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED):**

**E. Multiple Function Enterprise Fund Information (Continued)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY BUSINESS UNIT**

	Water Business Unit	Sewer Business Unit	Total Waterworks Fund
<b>OPERATING REVENUES</b>			
Charges for Services (Net)	\$ 4,110,911	4,576,696	8,687,607
Other Revenue	213,060	46,976	260,036
Total Operating Revenues	<u>4,323,971</u>	<u>4,623,672</u>	<u>8,947,643</u>
<b>OPERATING EXPENSES</b>			
Maintenance and Administrative	49,672	1,491,910	1,541,582
Water Filtration Plant	1,406,165	-	1,406,165
Water Distribution	1,066,966	-	1,066,966
Sewer Collection	-	1,017,164	1,017,164
Depreciation	406,897	329,834	736,731
Loss on Investment in Joint Venture	-	209,810	209,810
Other	668,583	715,792	1,384,375
Total Operating Expenses	<u>3,598,283</u>	<u>3,764,510</u>	<u>7,362,793</u>
Operating Income (Loss)	<u>725,688</u>	<u>859,162</u>	<u>1,584,850</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Income	1,011	5,795	6,806
Interest Expense	(54,647)	(7,997)	(62,644)
Fiscal Agent Fees	(1,445)	(265)	(1,710)
Total Nonoperating Revenues (Expenses)	<u>(55,081)</u>	<u>(2,467)</u>	<u>(57,548)</u>
Income Before Capital Contributions and Transfers	<u>670,607</u>	<u>856,695</u>	<u>1,527,302</u>
<b>TRANSFERS</b>			
Transfer to General	(257,106)	(276,270)	(533,376)
Total Transfers	<u>(257,106)</u>	<u>(276,270)</u>	<u>(533,376)</u>
<b>Capital Contributions and Grants</b>	<u>1,395,831</u>	<u>496,877</u>	<u>1,892,708</u>
Change in Net Position	1,809,332	1,077,302	2,886,634
Net Position - Beginning	19,632,541	33,259,739	52,892,280
Change in Method of Accounting for Pensions	(359,397)	(185,374)	(544,771)
Net Position - Beginning (Restated)	<u>19,273,144</u>	<u>33,074,365</u>	<u>52,347,509</u>
Net Position - Ending	<u>\$ 21,082,476</u>	<u>34,151,667</u>	<u>55,234,143</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED):**

**E. Multiple Function Enterprise Fund Information (Continued)**

**STATEMENT OF CASH FLOWS BY BUSINESS UNIT**

	Water Business Unit	Sewer Business Unit	Total Waterworks Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers and Users	\$ 4,341,223	4,692,644	9,033,867
Receipts from Joint Venture	-	36,099	36,099
Receipts from Others	15	1,323	1,338
Receipts for Interfund Services Provided	109,347	-	109,347
Payments to Suppliers	(1,394,508)	(530,476)	(1,924,984)
Payments for Employees	(1,319,139)	(549,457)	(1,868,596)
Payments to Joint Venture	-	(1,741,910)	(1,741,910)
Payments for Interfund Services Used	(668,583)	(698,070)	(1,366,653)
Net Cash Provided by/(Used for) Operating Activities	<u>1,068,355</u>	<u>1,210,153</u>	<u>2,278,508</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Due From/To General Fund	(129,077)	(224,452)	(353,529)
Transfers from/(to) Other Funds	(257,106)	(276,270)	(533,376)
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>(386,183)</u>	<u>(500,722)</u>	<u>(886,905)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital Contributions	109,500	63,444	172,944
Purchase of Capital Assets	(1,216,570)	(706,007)	(1,922,577)
Principal Paid on Capital Debt	(285,661)	(175,196)	(460,857)
Interest Paid on Capital Debt	(75,471)	(19,829)	(95,300)
Fiscal Agent Fees Paid	(1,445)	(265)	(1,710)
Net Cash Provided by/(Used for) Capital and Related Financing Activities	<u>(1,469,647)</u>	<u>(837,853)</u>	<u>(2,307,500)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sale of Investments	874,988	125,000	999,988
Purchase of Investments	(108)	(2,373)	(2,481)
Interest and Dividends Received	1,011	5,795	6,806
Net Cash Provided by/(Used for) Investing Activities	<u>875,891</u>	<u>128,422</u>	<u>1,004,313</u>
Net Increase (Decrease) in Cash and Cash Equivalents	88,416	-	88,416
Cash and Cash Equivalents - Beginning	95,948	-	95,948
Cash and Cash Equivalents - Ending	<u>\$ 184,364</u>	<u>-</u>	<u>184,364</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED):**

**E. Multiple Function Enterprise Fund Information (Continued)**

**STATEMENT OF CASH FLOWS BY BUSINESS UNIT (CONTINUED)**

	Water Business Unit	Sewer Business Unit	Total Waterworks Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ 725,688	859,162	1,584,850
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Capital Contribution to Joint Venture	-	(250,000)	(250,000)
Depreciation Expense	406,897	329,834	736,731
Loss on Investment in Joint Venture	-	209,810	209,810
Provision for Losses on Accounts Receivable	49,600	52,929	102,529
(Increase) Decrease:			
Accounts Receivable	(33,054)	23,117	(9,937)
Other Receivables	111	(2,063)	(1,952)
Due from Joint Venture	-	36,099	36,099
Inventories	18,498	(3,450)	15,048
Customer Notes Receivable	(1,200)	(7,924)	(9,124)
Deferred Outflows	(155,942)	(54,447)	(210,389)
Increase (Decrease):			
Accounts Payable	8,852	(6,481)	2,371
Accrued Payroll	6,700	3,213	9,913
Deposits	(125)	850	725
Due to Others	2,031	-	2,031
Net Pension Liability	(252,120)	(130,042)	(382,162)
Compensated Absences Payable	7,277	2,472	9,749
Deferred Inflows	285,142	147,074	432,216
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 1,068,355</u>	<u>1,210,153</u>	<u>2,278,508</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED):**

**F. Revenues and Expenditures – Benefits Funded by the State of Tennessee**

For fiscal year 2015, the State of Tennessee contributed payments on behalf of City employees of \$38,400 to Police Department staff and \$34,200 to Fire Department staff. The State also contributed \$242,902 to the General Purpose School Fund on behalf of employees of the Bristol Tennessee School System.

**G. Pledged Revenue**

The City has pledged a portion of future tax revenues in tax increment financing agreements for the Southgate and West Ridge Redevelopment Projects. In 2004, Council approved the Southgate Redevelopment Project for approximately \$4,779,451 of tax increment financing. This amount was 25% of the total project cost of \$18,730,000. During the approved fifteen-year tax increment financing period, the City agreed to forego taxes on the improvements projected at an average of \$242,289 annually. During the 2015 year, the City paid \$206,201 to the Bristol Housing Authority to pay debt service on the outstanding debt related to this project.

Also in 2004, Council approved the West Ridge Redevelopment Project for approximately \$1,148,672 of tax increment financing. This amount was 19% of the total project cost of \$6,000,000. During the approved fifteen-year tax increment financing period, the City agreed to forego taxes on the improvements projected at an average of \$52,205 annually. During the 2015 year, the City paid \$58,010 to the Bristol Housing Authority to pay debt service on the outstanding debt related to this project.

During 2013, the City issued \$28,505,000 in 2013 Electric System Revenue Bonds (the “Bonds”) on behalf of Bristol Tennessee Essential Services. The Bonds were issued for the purposes of refunding 2005 Electric System Revenue Bonds and providing funds to construct capital improvements. The Bonds are secured by the net power revenues of the Electric Fund. Annual principal and interest payments in 2015 of \$1,804,000 were 17% of the net revenue available for debt service of \$10,578,000.

Maturities of the bonds payable are detailed in Note IV.E.

**H. Risk Management**

The City and the Industrial Development Board (IDB) of Bristol, Tennessee are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries of employees for which commercial insurance is purchased from independent third parties. The City purchases conventional insurance coverage through TML for certain policies. Even though the TML policies contain an assessment clause, no assessment has been levied during the years the City has participated in this program. There has been no significant reduction in insurance coverage from the prior year. Neither the City nor the IDB had settlements in the current fiscal year that were not covered by insurance. There was one settlement of the City in Fiscal Year 2014 that was not covered by insurance.

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED):**

**H. Risk Management (Continued)**

During the prior fiscal year, litigation was filed against the City questioning the time keeping practices for compensation time owed to employees in the Communication Division of the Police Department. Since the litigation dealt with the Fair Standards Labor Act, the matter was outside the scope of liability insurance coverage and the City incurred the costs of all attorney fees. Two lawsuits were filed, one of which was a class action suit. Ultimately, a decision was made to settle the matters rather than incur the excessive cost of continued litigation. The individual lawsuit was settled with the plaintiff receiving \$3,798 and the plaintiff's attorney receiving \$33,682 for a total of \$37,480. The U.S. District Court issued the judgment on December 11, 2013, settling this matter. The class action suit was settled on May 1, 2014, in the U. S. District Court issuing a judgment with the claimants receiving \$23,006 and the plaintiffs' attorney receiving \$24,500 for a total of \$47,506. The total litigation costs incurred by the City for both lawsuits including attorney fees totaled \$152,830.

**I. Self-Insurance Plans**

The City is self-insured for employee group health and dental benefits, other than the school funds. A liability has been established for those claims incurred but not paid prior to year-end, both reported and unreported, based on prior experience and claims reported subsequent to year-end. Changes in estimates for claims incurred but not reported are recorded in the year that the estimates are revised. The City has purchased specific stop-loss insurance with an independent third party for the City in the amount of \$105,000 per person covered. Policy includes a \$78,000 aggregating specific. The City accounts for these benefits in the Internal Service Fund. The Electric Fund's risk is \$75,000 per covered employee up to an annual maximum of \$1,342,795. An insurance company has insured all claims exceeding the annual maximum.

Activity in the estimated liability for claims incurred but not paid were as follows for the years ended June 30, 2015, and 2014:

	<u>2015</u>	<u>2014</u>
Balance at Beginning of Year	\$ 424,697	459,649
Claims Incurred	3,764,024	3,494,469
Claims Paid	<u>(3,703,796)</u>	<u>(3,529,421)</u>
Balance at End of Year	\$ <u>484,925</u>	<u>424,697</u>

**CITY OF BRISTOL, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED):**

**J. Uncertainties**

During 2015, the Electric Fund received communication that it was the subject of an investigation by the Tennessee Comptroller of the Treasury related to the financial transactions between the fund and a private vendor associated with the development and productions of its Water Heater Information Solution for Energy (WISE) switch. As of June 30, 2015, the accompanying financial statements include approximately \$3,557,000 of construction in progress under this program which also includes \$2,200,000 which was prepaid to the vendor in 2011 and applied in 2015. The accompanying financial statements do not include the adjustments, if any, that may result from the outcome of these uncertainties.

**K. Subsequent Events**

Subsequent to year end, the Electric Fund and TVA entered into an agreement to cancel the exiting Load Control Contract for a \$6,000,000 cancellation fee. The fee was provided as a credit to offset purchased power. The benefits of the credit will be used to update the existing load control infrastructure.

**CITY OF BRISTOL, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND**  
**RELATED RATIOS BASED ON PARTICIPATION IN THE**  
**PUBLIC EMPLOYEE PENSION PLAN OF THE TCRS**  
Last Fiscal Year Ending June 30

**City of Bristol, Tennessee Legacy Pension Plan**

	<u>2015</u>
<b>Total Pension Liability</b>	
Service Cost	\$ 1,222,371
Interest	5,202,780
Change in Benefit Terms	-
Differences Between Actual & Expected Experience	(796,347)
Change in Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(3,399,422)</u>
<b>Net Change in Total Pension Liability</b>	<u>2,229,382</u>
<b>Total Pension Liability – Beginning</b>	<u>69,847,733</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 72,077,115</u>
 <b>Plan Fiduciary Net Position</b>	
Contributions- Employer	\$ 2,650,546
Contributions – Employee	87,721
Net Investment Income	10,038,932
Benefit Payments, Including Refunds of Employee Contributions	(3,399,422)
Administrative Expense	<u>(18,110)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	<u>9,359,667</u>
<b>Plan Fiduciary Net Position – Beginning</b>	<u>60,811,347</u>
<b>Plan Fiduciary Net Position – Ending (b)</b>	<u>\$ 70,171,014</u>
 <b>Net Pension Liability (Asset) – Ending (a) – (b)</b>	 <u>\$ 1,906,101</u>
 <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	  97.36%
 <b>Covered – Employee Payroll</b>	  \$15,347,685
 <b>Net Pension Liability (Asset) as a Percentage of Covered – Employee Payroll</b>	   12.42%

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND**  
**RELATED RATIOS BASED ON PARTICIPATION IN THE**  
**PUBLIC EMPLOYEE PENSION PLAN OF THE TCRS**  
Last Fiscal Year Ending June 30

**Bristol Tennessee Essential Services Pension Plan**

	2015
<b>Total Pension Liability</b>	
Service Cost	\$ 359,810
Interest	1,549,051
Change in Benefit Terms	-
Differences Between Actual & Expected Experience	485,747
Change in Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,152,522)</u>
<b>Net Change in Total Pension Liability</b>	1,242,086
<b>Total Pension Liability – Beginning</b>	<u>20,870,457</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 22,112,543</u>
 <b>Plan Fiduciary Net Position</b>	
Contributions- Employer	\$ 611,547
Contributions – Employee	244,429
Net Investment Income	2,583,879
Benefit Payments, Including Refunds of Employee Contributions	(1,152,522)
Administrative Expense	<u>(3,294)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	2,284,039
<b>Plan Fiduciary Net Position – Beginning</b>	<u>15,712,415</u>
<b>Plan Fiduciary Net Position – Ending (b)</b>	<u>\$ 17,996,454</u>
 <b>Net Pension Liability (Asset) – Ending (a) – (b)</b>	<u>\$ 4,116,089</u>
 <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	81.39%
 <b>Covered – Employee Payroll</b>	\$ 4,700,593
 <b>Net Pension Liability (Asset) as a Percentage of Covered – Employee Payroll</b>	87.57%

This is a ten year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF BRISTOL TENNESSEE CITY SCHOOL'S PROPORTIONATE SHARE OF**  
**THE NET PENSION ASSET TEACHER LEGACY PENSION PLAN OF TCRS**  
**Last Fiscal Year Ending June 30**

	<u>2015</u>
Bristol Tennessee City School's Proportion of the Net Pension Asset	0.464021%
Bristol Tennessee City School's Proportionate Share of the Net Pension Asset	\$ 75,401
Bristol Tennessee City School's Covered-Employee Payroll	\$ 18,212,787
Bristol Tennessee City School's Proportionate Share of the Net Pension Asset as a Percentage of its Covered-Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

The amounts presented were determined as of June 30 of the prior fiscal year.

This is a ten year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS – PENSION PLANS**  
Last Fiscal Year Ending June 30

**City of Bristol, Tennessee Legacy Pension Plan**

	2014	2015
Actuarially Determined Contribution	\$ 2,650,546	2,647,575
Contributions in Relation to the		
Actuarially Determined Contribution	<u>2,650,546</u>	<u>2,647,575</u>
Contribution Deficiency (Excess)	\$ <u>          -</u>	<u>          -</u>
Covered-Employee Payroll	\$ 15,347,685	15,740,636
Contributions as a Percentage		
Covered-Employee Payroll	17.27%	16.82%

**City of Bristol, Tennessee Hybrid Pension Plan**

		2015
Actuarially Determined Contribution		\$ 804
Contributions in Relation to the		
Actuarially Determined Contribution		<u>804</u>
Contribution Deficiency (Excess)		\$ <u>          -</u>
Covered-Employee Payroll		\$ 73,091
Contributions as a Percentage		
Covered-Employee Payroll		1.1%

**Bristol Tennessee City Schools Legacy Pension Plan**

	2014	2015
Actuarially Determined Contribution	\$ 1,617,296	1,548,204
Contributions in Relation to the		
Actuarially Determined Contribution	<u>1,617,296</u>	<u>1,548,204</u>
Contribution Deficiency (Excess)	\$ <u>          -</u>	<u>          -</u>
Covered-Employee Payroll	\$ 18,212,787	17,126,164
Contributions as a Percentage		
Covered-Employee Payroll	8.88%	9.04%

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS – PENSION PLANS**  
Last Fiscal Year Ending June 30

**Bristol Tennessee City Schools Teacher Retirement Plan of TCRS**

	<u>2015</u>
Actuarially Determined Contribution	\$ 27,576
Contributions in Relation to the Actuarially Determined Contribution	<u>27,576</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 689,403
Contributions as a Percentage Covered-Employee Payroll	4.0%

**Bristol Tennessee Essential Services Pension Plan**

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 611,547	637,666
Contributions in Relation to the Actuarially Determined Contribution	<u>611,547</u>	<u>637,666</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>
Covered-Employee Payroll	\$ 4,700,593	4,370,576
Contributions as a Percentage Covered-Employee Payroll	13.01%	14.59%

This is a ten year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS – PENSION PLANS  
Last Fiscal Year Ending June 30

**Notes to Schedule for All Pension Plans**

*Valuation Date:* Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

*Methods and Assumptions Used to Determine Contribution Rates:*

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	6 years
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based upon age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.5 percent

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS – OPEB PLANS**  
For the Fiscal Year Ended June 30, 2015

**City of Bristol, Tennessee Schedule of Funding Progress – OPEB Plan**

The funded status of the plan as of June 30, 2015, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/01/13	\$1,437,220	\$3,168,976	\$1,731,756	45.4%	\$13,662,672	12.7%
7/01/12	\$1,064,724	\$3,552,848	\$2,488,124	30.0%	\$13,062,788	19.0%
7/01/11	\$ 851,057	\$3,291,136	\$2,440,079	25.9%	\$12,440,751	19.6%

**Bristol Tennessee Essential Services Schedule of Funding Progress – OPEB Plan**

The funded status of the plan as of June 30, 2015, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/01/13	\$ 1,317,158	\$6,422,374	\$5,105,216	20.50%	\$3,971,482	128.50%
7/01/11	\$ 829,431	\$5,239,148	\$4,409,717	15.38%	\$3,624,818	121.65%
7/01/09	\$ -	\$3,841,608	\$3,841,608	0.00%	\$3,231,177	118.89%

**Bristol Tennessee City School System Schedule of Funding Progress – OPEB Plans**

The funded status of the plans as of June 30, 2015, was as follows:

Valuation Date of 7/1/13	Teacher Group Insurance Plan	Medicare Supplemental Plan	Total
Actuarial Accrued Liability (AAL)	\$ 4,135,000	1,666,508	5,801,508
Actuarial Value of Plan Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	4,135,000	1,666,508	5,801,508
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%	0%
Covered Payroll (Active Plan Members)	20,864,946	20,864,946	20,864,946
UAAL as a Percentage of Covered Payroll	19.8%	8.0%	27.8%

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS – OPEB PLANS**  
For the Fiscal Year Ended June 30, 2015

**Bristol Tennessee City School System Schedule of Funding Progress – OPEB Plans**  
**(Continued)**

Valuation Date of 7/1/11	Teacher Group Insurance <u>Plan</u>	Medicare Supplemental <u>Plan</u>	<u>Total</u>
Actuarial Accrued Liability (AAL)	\$ 5,238,000	1,591,643	6,829,643
Actuarial Value of Plan Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	5,238,000	1,591,643	6,829,643
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%	0%
Covered Payroll (Active Plan Members)	19,529,905	19,529,905	19,529,905
UAAL as a Percentage of Covered Payroll	26.8%	8.1%	35.0%

Valuation Date of 7/1/09	Teacher Group Insurance <u>Plan</u>	Medicare Supplemental <u>Plan</u>	<u>Total</u>
Actuarial Accrued Liability (AAL)	\$ 4,852,000	1,498,637	6,350,637
Actuarial Value of Plan Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	4,852,000	1,498,637	6,350,637
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%	0%
Covered Payroll (Active Plan Members)	19,657,553	19,657,553	19,657,553
UAAL as a Percentage of Covered Payroll	24.7%	7.6%	32.3%

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB PLANS**  
For the Fiscal Year Ended June 30, 2015

**City of Bristol, Tennessee Schedule of Employer Contributions – OPEB Plan**

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Contribution Made</u>	<u>Percentage Contributed</u>
2015	\$ 238,027	238,027	100%
2014	351,619	351,619	100%
2013	278,850	278,850	100%

**Bristol Tennessee Essential Services Schedule of Employer Contributions – OPEB Plan**

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Contribution Made</u>	<u>Percentage Contributed</u>
2015	\$ 493,052	306,637	62%
2014	480,953	388,116	81%
2013	499,200	319,005	64%

**Bristol Tennessee City School System Schedule of Employer Contributions – OPEB Plan**

**Teacher Group Plan**

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Contribution Made</u>	<u>Percentage Contributed</u>
2015	\$ 443,000	309,373	70%
2014	428,000	340,150	79%
2013	646,000	356,598	55%

**Medicare Supplemental Plan**

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Contribution Made</u>	<u>Percentage Contributed</u>
2015	\$ 117,600	82,126	70%
2014	112,809	78,846	70%
2013	112,012	70,353	63%

See Note IV.F. for actuarial assumptions.

See Independent Auditors' Report.

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Community Development Grant Fund – This fund is used to account for programs and expenditures funded by grants from the United States Department of Housing and Urban Development and the emergency shelter grant from the State of Tennessee.

Drug Fund – This fund is used to account for investigation of violations and controlled substance laws and is funded primarily from the receipt of fines and costs related to drug enforcement cases, as dictated by state statute.

Electronic Citation Fee Fund – This fund is used to account for collections of the electronic citation fee charged per electronic traffic ticket. Funds are allowed to be utilized for charges related to the electronic ticketing process of Municipal Court and the Police Department.

Grant Fund – This fund is used to account for all the non-community development, housing type, transit, and MPO expenditures that are supported by grants. This fund aids in the management of grant supported activities and staff.

HOME Consortium Fund – This fund is used to account for the HOME Consortium formed by City of Bluff City, TN, City of Bristol, TN, City of Bristol, VA, City of Johnson City, TN, City of Kingsport, TN, Sullivan County, TN, Washington County, TN, and CHDO. The City acts as the lead entity for the grant from the United States Department of Housing and Urban Development.

School Federal Projects Fund – This fund is used to account for programs and expenditures of the Bristol, Tennessee Board of Education which are funded by grants from various Federal agencies.

School Nutrition Fund – This fund is used to account for the financial activities relative to the Bristol, Tennessee Board of Education school breakfast and lunch programs.

Solid Waste Fund – This fund is used to account for the financial activities related to the collection and transportation of solid waste restricted for use by Council.

State Street Aid Fund – This fund is used to account for maintenance of all non-state streets in the City. Revenues are provided from a portion of the State of Tennessee gasoline and motor fuels tax restricted by the State for certain expenditures.

Transportation Grant Fund – This fund is used to account for all Metropolitan Planning Organization (MPO) and transit-related operating, capital, and planning grants.

### **Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term debt.

### **Capital Project Funds**

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Capital Equipment Fund – This fund is used to account for machinery and equipment capital asset activity of the municipality, excluding education related capital.

Capital Facilities Fund – This fund is used to account for land and improvements, buildings and building improvements, other improvements, infrastructure, and construction in progress capital asset activity of the municipality, excluding education related capital projects.

**CITY OF BRISTOL, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2015

	Special Revenue Funds							
	Community Development Grant	Drug	Electronic Citation Fee	Grant	HOME Consortium	School Federal Projects	School Nutrition	Solid Waste
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ -	6,581	-	-	-	59,393	787,064	-
Investments	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	297,917
Notes Receivable	58,141	-	-	-	22,549	-	-	-
Other Receivables	5,625	1,852	-	-	-	-	321	1,380
Due from Other Funds	-	97,747	302	-	-	-	-	347,197
Due from Other Governments & Agencies	135,558	-	-	20,836	83,090	291,729	112,913	30,208
Inventory	-	-	-	-	-	-	40,605	-
Restricted Cash	-	-	-	-	-	-	-	-
Restricted Investment	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 199,324</u>	<u>106,180</u>	<u>302</u>	<u>20,836</u>	<u>105,639</u>	<u>351,122</u>	<u>940,903</u>	<u>676,702</u>
<b>LIABILITIES</b>								
Accounts Payable	\$ 9,430	5,676	-	971	16,610	6,972	359	40,302
Contracts Payable	4,000	-	-	-	5,000	-	-	-
Accrued Payroll and Deductions	1,887	-	-	3,495	809	-	-	26,310
Due to Other Funds	439	-	-	15,998	60,671	344,150	638	-
Due to Others	9,547	-	-	372	-	-	-	-
Unearned Revenue	58,141	-	-	-	22,549	-	23,975	-
<b>Total Liabilities</b>	<u>83,444</u>	<u>5,676</u>	<u>-</u>	<u>20,836</u>	<u>105,639</u>	<u>351,122</u>	<u>24,972</u>	<u>66,612</u>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable:								
Inventory	-	-	-	-	-	-	40,605	-
Restricted:								
Capital Outlay	-	-	-	-	-	-	-	-
Community Development	115,880	-	-	-	-	-	-	-
Drug Control	-	55,945	-	-	-	-	-	-
Federal Forfeitures	-	40,073	-	-	-	-	-	-
Municipal Court	-	-	302	-	-	-	-	-
School Nutrition	-	-	-	-	-	-	875,326	-
Solid Waste	-	-	-	-	-	-	-	610,090
Virginia Forfeitures	-	4,486	-	-	-	-	-	-
Assigned:								
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
State Street Aid	-	-	-	-	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<u>115,880</u>	<u>100,504</u>	<u>302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>915,931</u>	<u>610,090</u>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<u>\$ 199,324</u>	<u>106,180</u>	<u>302</u>	<u>20,836</u>	<u>105,639</u>	<u>351,122</u>	<u>940,903</u>	<u>676,702</u>

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2015

	Special Revenue Funds (Continued)				Capital Projects Funds			Total Nonmajor Governmental Funds
	State Street Aid	Transportation Grant	Total Special Revenue Funds	Debt Service	Capital Equipment	Capital Facilities	Total Capital Projects	
<b>ASSETS</b>								
Cash and Cash Equivalents	-	-	853,038	-	-	-	-	853,038
Investments	74,137	-	74,137	-	-	-	-	74,137
Accounts Receivable	-	-	297,917	-	-	-	-	297,917
Notes Receivable	-	-	80,690	-	-	-	-	80,690
Other Receivables	-	267	9,445	-	-	-	-	9,445
Due from Other Funds	557,718	-	1,002,964	36,593	40,226	82,399	122,625	1,162,182
Due from Other Governments & Agencies	129,187	330,866	1,134,387	-	-	116,553	116,553	1,250,940
Inventory	-	-	40,605	-	-	-	-	40,605
Restricted Cash	-	-	-	-	2	-	2	2
Restricted Investment	-	-	-	-	334,560	2,326,419	2,660,979	2,660,979
<b>Total Assets</b>	<b>761,042</b>	<b>331,133</b>	<b>3,493,183</b>	<b>36,593</b>	<b>374,788</b>	<b>2,525,371</b>	<b>2,900,159</b>	<b>6,429,935</b>
<b>LIABILITIES</b>								
Accounts Payable	409,771	4,058	494,149	-	40,546	-	40,546	534,695
Contracts Payable	-	-	9,000	-	-	4,872	4,872	13,872
Accrued Payroll and Deductions	-	21,769	54,270	-	-	-	-	54,270
Due to Other Funds	-	263,641	685,537	-	-	-	-	685,537
Due to Others	-	41,665	51,584	-	-	-	-	51,584
Unearned Revenue	-	-	104,665	-	-	-	-	104,665
<b>Total Liabilities</b>	<b>409,771</b>	<b>331,133</b>	<b>1,399,205</b>	<b>-</b>	<b>40,546</b>	<b>4,872</b>	<b>45,418</b>	<b>1,444,623</b>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable:								
Inventory	-	-	40,605	-	-	-	-	40,605
Restricted:								
Capital Outlay	-	-	-	-	334,242	2,495,499	2,829,741	2,829,741
Community Development	-	-	115,880	-	-	-	-	115,880
Drug Control	-	-	55,945	-	-	-	-	55,945
Federal Forfeitures	-	-	40,073	-	-	-	-	40,073
Municipal Court	-	-	302	-	-	-	-	302
School Nutrition	-	-	875,326	-	-	-	-	875,326
Solid Waste	-	-	610,090	-	-	-	-	610,090
Virginia Forfeitures	-	-	4,486	-	-	-	-	4,486
Assigned:								
Capital Outlay	-	-	-	-	-	25,000	25,000	25,000
Debt Service	-	-	-	36,593	-	-	-	36,593
State Street Aid	351,271	-	351,271	-	-	-	-	351,271
<b>Total Fund Balances (Deficits)</b>	<b>351,271</b>	<b>-</b>	<b>2,093,978</b>	<b>36,593</b>	<b>334,242</b>	<b>2,520,499</b>	<b>2,854,741</b>	<b>4,985,312</b>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b>761,042</b>	<b>331,133</b>	<b>3,493,183</b>	<b>36,593</b>	<b>374,788</b>	<b>2,525,371</b>	<b>2,900,159</b>	<b>6,429,935</b>

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

	Special Revenue Funds							
	Community Development Grant	Drug	Electronic Citation Fee	Grant	HOME Consortium	School Federal Projects	School Nutrition	Solid Waste
<b>REVENUES</b>								
Intergovernmental	\$ 316,000	32,933	-	228,829	628,558	2,141,026	1,253,500	-
Charges for Services	-	-	-	-	-	-	562,364	1,913,109
Revenue from Use of Facilities	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	36,750	5,495	-	-	-	-	-
Investment Income	-	180	3	-	-	-	2,309	400
Other	8,309	-	-	-	67,953	-	291	38,359
<b>Total Revenues</b>	<b>324,309</b>	<b>69,863</b>	<b>5,498</b>	<b>228,829</b>	<b>696,511</b>	<b>2,141,026</b>	<b>1,818,464</b>	<b>1,951,868</b>
<b>EXPENDITURES</b>								
Current:								
General Government	-	-	800	3,000	-	-	-	-
Community Development	339,714	-	-	-	696,511	-	-	-
Culture and Recreation	-	-	-	56,758	-	-	-	-
Education	-	-	-	-	-	2,135,736	1,757,172	-
Public Safety	-	53,417	4,396	112,043	-	-	-	-
Public Works	-	-	-	84,245	-	-	-	1,604,980
Capital Outlay	-	8,705	-	-	-	5,290	265,223	-
Debt Service:								
Principal Retirement	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-
Other Costs	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>339,714</b>	<b>62,122</b>	<b>5,196</b>	<b>256,046</b>	<b>696,511</b>	<b>2,141,026</b>	<b>2,022,395</b>	<b>1,604,980</b>
Excess (Deficiency) of Revenues over Expenditures	(15,405)	7,741	302	(27,217)	-	-	(203,931)	346,888
<b>OTHER FINANCING SOURCES (USES)</b>								
Bonds Issued	-	-	-	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-	-	-	-
Transfer from General	-	11,657	-	27,217	-	-	-	-
Transfer from Chapter 420	-	-	-	-	-	-	-	-
Transfer from General Purpose School	-	-	-	-	-	-	-	-
Transfer to General	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>11,657</b>	<b>-</b>	<b>27,217</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(15,405)	19,398	302	-	-	-	(203,931)	346,888
Fund Balance - Beginning	131,285	81,106	-	-	-	-	1,115,227	263,202
Purchase Method Inventory Adjustment	-	-	-	-	-	-	4,635	-
<b>Fund Balance - Ending</b>	<b>\$ 115,880</b>	<b>100,504</b>	<b>302</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>915,931</b>	<b>610,090</b>

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds (Continued)				Capital Projects Funds			Total Nonmajor Governmental Funds
	State Street Aid	Transportation Grant	Total Special Revenue Funds	Debt Service	Capital Equipment	Capital Facilities	Total Capital Projects	
<b>REVENUES</b>								
Intergovernmental	704,981	729,475	6,035,302	-	-	936,105	936,105	6,971,407
Charges for Services	-	28,076	2,503,549	-	-	-	-	2,503,549
Revenue from Use of Facilities	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	42,245	-	-	-	-	42,245
Investment Income	841	-	3,733	-	102	-	102	3,835
Other	1,569	-	116,481	-	-	164,807	164,807	281,288
<b>Total Revenues</b>	<b>707,391</b>	<b>757,551</b>	<b>8,701,310</b>	<b>-</b>	<b>102</b>	<b>1,100,912</b>	<b>1,101,014</b>	<b>9,802,324</b>
<b>EXPENDITURES</b>								
Current:								
General Government	-	256,587	260,387	-	-	-	-	260,387
Community Development	-	-	1,036,225	-	-	-	-	1,036,225
Culture and Recreation	-	-	56,758	-	-	-	-	56,758
Education	-	-	3,892,908	-	-	-	-	3,892,908
Public Safety	-	-	169,856	-	-	-	-	169,856
Public Works	864,579	533,298	3,087,102	-	-	-	-	3,087,102
Capital Outlay	-	-	279,218	-	1,366,863	1,467,794	2,834,657	3,113,875
Debt Service:								
Principal Retirement	-	-	-	2,033,607	-	-	-	2,033,607
Interest	-	-	-	1,484,471	-	-	-	1,484,471
Bond Issuance Costs	-	-	-	-	24,234	67,210	91,444	91,444
Other Costs	-	-	-	3,745	-	-	-	3,745
<b>Total Expenditures</b>	<b>864,579</b>	<b>789,885</b>	<b>8,782,454</b>	<b>3,521,823</b>	<b>1,391,097</b>	<b>1,535,004</b>	<b>2,926,101</b>	<b>15,230,378</b>
Excess (Deficiency) of Revenues over Expenditures	(157,188)	(32,334)	(81,144)	(3,521,823)	(1,390,995)	(434,092)	(1,825,087)	(5,428,054)
<b>OTHER FINANCING SOURCES (USES)</b>								
Bonds Issued	-	-	-	-	867,935	2,407,065	3,275,000	3,275,000
Premium on Bonds Issued	-	-	-	-	9,067	25,144	34,211	34,211
Transfer from General	128,156	120,591	287,621	1,840,745	530,550	27,925	558,475	2,686,841
Transfer from Chapter 420	-	-	-	902,956	-	439,457	439,457	1,342,413
Transfer from General Purpose School	-	-	-	778,122	-	-	-	778,122
Transfer to General	-	(88,257)	(88,257)	-	-	-	-	(88,257)
<b>Total Other Financing Sources (Uses)</b>	<b>128,156</b>	<b>32,334</b>	<b>199,364</b>	<b>3,521,823</b>	<b>1,407,552</b>	<b>2,899,591</b>	<b>4,307,143</b>	<b>8,028,330</b>
Net Change in Fund Balances	(29,032)	-	118,220	-	16,557	2,465,499	2,482,056	2,600,276
Fund Balance - Beginning	380,303	-	1,971,123	36,593	317,685	55,000	372,685	2,380,401
Purchase Method Inventory Adjustment	-	-	4,635	-	-	-	-	4,635
<b>Fund Balance - Ending</b>	<b>351,271</b>	<b>-</b>	<b>2,093,978</b>	<b>36,593</b>	<b>334,242</b>	<b>2,520,499</b>	<b>2,854,741</b>	<b>4,985,312</b>

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**COMMUNITY DEVELOPMENT GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Intergovernmental	\$ 1,366,647	316,000	(1,050,647)
Other	12,000	8,309	(3,691)
Total Revenues	<u>1,378,647</u>	<u>324,309</u>	<u>(1,054,338)</u>
<b>EXPENDITURES</b>			
Community Development	<u>1,509,932</u>	<u>339,714</u>	<u>1,170,218</u>
Total Expenditures	<u>1,509,932</u>	<u>339,714</u>	<u>1,170,218</u>
Excess (Deficiency) of Revenues over Expenditures	(131,285)	(15,405)	115,880
Fund Balance - Beginning	<u>131,285</u>	<u>131,285</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>115,880</u>	<u>115,880</u>

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**DRUG FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Intergovernmental	\$ -	32,933	32,933
Fines and Forfeitures	21,000	36,750	15,750
Investment Income	20	180	160
Total Revenues	<u>21,020</u>	<u>69,863</u>	<u>48,843</u>
<b>EXPENDITURES</b>			
Public Safety	79,228	53,417	25,811
Capital Outlay	10,000	8,705	1,295
Total Expenditures	<u>89,228</u>	<u>62,122</u>	<u>27,106</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(68,208)</u>	<u>7,741</u>	<u>75,949</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from General	6,000	11,657	5,657
Total Other Financing Sources (Uses)	<u>6,000</u>	<u>11,657</u>	<u>5,657</u>
Net Change in Fund Balances	(62,208)	19,398	81,606
Fund Balance, Beginning	<u>62,208</u>	<u>81,106</u>	<u>18,898</u>
Fund Balance, Ending	<u>\$ -</u>	<u>100,504</u>	<u>100,504</u>

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**ELECTRONIC CITATION FEE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Fines and Forfeitures	\$ -	20,000	5,495	(14,505)
Investment Income	-	-	3	3
Total Revenues	-	20,000	5,498	(14,502)
<b>EXPENDITURES</b>				
General Government	-	4,000	800	3,200
Public Safety	-	16,000	4,396	11,604
Total Expenditures	-	20,000	5,196	14,804
Net Change in Fund Balances	-	-	302	302
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	\$ -	-	302	302

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 263,086	316,934	228,829	(88,105)
Total Revenues	<u>263,086</u>	<u>316,934</u>	<u>228,829</u>	<u>(88,105)</u>
<b>EXPENDITURES</b>				
General Government	-	-	3,000	(3,000)
Culture and Recreation	56,300	56,300	56,758	(458)
Public Safety	224,852	278,700	112,043	166,657
Public Works	5,000	5,000	84,245	(79,245)
Total Expenditures	<u>286,152</u>	<u>340,000</u>	<u>256,046</u>	<u>83,954</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(23,066)</u>	<u>(23,066)</u>	<u>(27,217)</u>	<u>(4,151)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from General	23,066	23,066	27,217	4,151
Total Other Financing Sources (Uses)	<u>23,066</u>	<u>23,066</u>	<u>27,217</u>	<u>4,151</u>
Net Change in Fund Balances	-	-	-	-
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**HOME CONSORTIUM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Intergovernmental:			
City of Bluff City, Tennessee	\$ 90,344	4,175	(86,169)
City of Bristol, Tennessee	65,491	27,859	(37,632)
City of Bristol, Virginia	203,762	39,166	(164,596)
City of Johnson City, Tennessee	202,846	59,399	(143,447)
City of Kingsport, Tennessee	309,882	101,902	(207,980)
Sullivan County, Tennessee	111,021	59,420	(51,601)
Washington County, Virginia	135,662	54,766	(80,896)
CHDO	132,613	208,964	76,351
Administration	143,408	72,907	(70,501)
Other	40,000	67,953	27,953
Total Revenues	<u>1,435,029</u>	<u>696,511</u>	<u>(738,518)</u>
<b>EXPENDITURES</b>			
Community Development:			
City of Bluff City, Tennessee	90,344	4,175	86,169
City of Bristol, Tennessee	75,491	41,805	33,686
City of Bristol, Virginia	203,762	39,166	164,596
City of Johnson City, Tennessee	222,846	80,681	142,165
City of Kingsport, Tennessee	319,882	116,902	202,980
Sullivan County, Tennessee	111,021	69,645	41,376
Washington County, Virginia	135,662	62,266	73,396
CHDO	132,613	208,964	(76,351)
Administration	143,408	72,907	70,501
Total Expenditures	<u>1,435,029</u>	<u>696,511</u>	<u>738,518</u>
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>-</u>	<u>-</u>

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**SCHOOL FEDERAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Intergovernmental	\$ 2,410,400	2,141,026	(269,374)
Total Revenues	<u>2,410,400</u>	<u>2,141,026</u>	<u>(269,374)</u>
<b>EXPENDITURES</b>			
Education:			
Instruction:			
Regular Education	742,739	725,222	17,517
Special Education	954,085	799,253	154,832
Vocational Education	<u>80,247</u>	<u>34,728</u>	<u>45,519</u>
Total Instruction	<u>1,777,071</u>	<u>1,559,203</u>	<u>217,868</u>
Support Services:			
Health Services	51,500	50,340	1,160
Other Student Support	99,948	89,896	10,052
Regular Instruction	330,074	296,916	33,158
Special Education	88,262	87,226	1,036
Vocational Education	2,900	2,010	890
Student Transportation	<u>645</u>	<u>145</u>	<u>500</u>
Total Support Services	<u>573,329</u>	<u>526,533</u>	<u>46,796</u>
Total Education	<u>2,350,400</u>	<u>2,085,736</u>	<u>264,664</u>
Non-Instructional Services:			
Community Services	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total Non-Instructional Services	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Capital Outlay	<u>10,000</u>	<u>5,290</u>	<u>4,710</u>
Total Expenditures	<u>2,410,400</u>	<u>2,141,026</u>	<u>269,374</u>
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>-</u>	<u>-</u>

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**SCHOOL NUTRITION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,298,000	1,298,000	1,253,500	(44,500)
Charges for Services	670,500	670,500	562,364	(108,136)
Investment Income	3,000	3,000	2,309	(691)
Other	-	-	291	291
Total Revenues	<u>1,971,500</u>	<u>1,971,500</u>	<u>1,818,464</u>	<u>(153,036)</u>
<b>EXPENDITURES</b>				
Education	2,047,400	2,047,400	1,757,172	290,228
Capital Outlay	<u>100,100</u>	<u>265,100</u>	<u>265,223</u>	<u>(123)</u>
Total Expenditures	<u>2,147,500</u>	<u>2,312,500</u>	<u>2,022,395</u>	<u>290,105</u>
Net Change in Fund Balances	(176,000)	(341,000)	(203,931)	137,069
Fund Balance - Beginning	975,385	1,115,227	1,115,227	-
Purchase Method Inventory Adjustment	<u>-</u>	<u>-</u>	<u>4,635</u>	<u>4,635</u>
Fund Balance - Ending	<u>\$ 799,385</u>	<u>774,227</u>	<u>915,931</u>	<u>141,704</u>

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**SOLID WASTE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Charges for Services	\$ 1,902,479	1,913,109	10,630
Investment Income	-	400	400
Other	30,000	38,359	8,359
Total Revenues	<u>1,932,479</u>	<u>1,951,868</u>	<u>19,389</u>
<b>EXPENDITURES</b>			
Public Works:			
Refuse Collection:			
Personnel	298,621	280,206	18,415
Operating Expenditures	586,212	476,701	109,511
Other Expenditures	7,410	6,356	1,054
Total Refuse Collection	<u>892,243</u>	<u>763,263</u>	<u>128,980</u>
Brush and Bulk Collection:			
Personnel	546,288	519,972	26,316
Operating Expenditures	226,628	164,989	61,639
Other Expenditures	14,611	13,974	637
Total Brush and Bulk Collection	<u>787,527</u>	<u>698,935</u>	<u>88,592</u>
Landfill:			
Personnel	54,812	53,350	1,462
Operating Expenditures	50,031	86,431	(36,400)
Other Expenditures	3,334	3,001	333
Total Landfill	<u>108,177</u>	<u>142,782</u>	<u>(34,605)</u>
Total Expenditures	<u>1,787,947</u>	<u>1,604,980</u>	<u>182,967</u>
Net Change in Fund Balances	144,532	346,888	202,356
Fund Balance, Beginning	<u>134,990</u>	<u>263,202</u>	<u>128,212</u>
Fund Balance, Ending	<u>\$ 279,522</u>	<u>610,090</u>	<u>330,568</u>

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**STATE STREET AID FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Intergovernmental	\$ 681,000	704,981	23,981
Investment Income	150	841	691
Other	-	1,569	1,569
Total Revenues	<u>681,150</u>	<u>707,391</u>	<u>26,241</u>
<b>EXPENDITURES</b>			
Guardrails	25,000	32,037	(7,037)
Pavement Markings	15,000	8,698	6,302
Resurfacing	600,000	608,936	(8,936)
Sidewalk Maintenance	28,000	14,908	13,092
Signage	-	-	-
Street Maintenance	200,000	200,000	-
Total Expenditures	<u>868,000</u>	<u>864,579</u>	<u>3,421</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(186,850)</u>	<u>(157,188)</u>	<u>29,662</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from General	123,000	128,156	5,156
Total Other Financing Sources (Uses)	<u>123,000</u>	<u>128,156</u>	<u>5,156</u>
Net Change in Fund Balances	(63,850)	(29,032)	34,818
Fund Balance, Beginning	<u>235,016</u>	<u>380,303</u>	<u>145,287</u>
Fund Balance, Ending	<u>\$ 171,166</u>	<u>351,271</u>	<u>180,105</u>

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**TRANSPORTATION GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Intergovernmental	\$ 742,016	729,475	(12,541)
Charges for Services	33,000	28,076	(4,924)
Total Revenues	<u>775,016</u>	<u>757,551</u>	<u>(17,465)</u>
<b>EXPENDITURES</b>			
ADA Transit	51,517	53,174	(1,657)
Job Access	83,994	60,867	23,127
MPO	259,778	256,587	3,191
Senior Citizen Transportation	74,754	65,376	9,378
Transit	357,769	353,881	3,888
Capital Outlay	45,000	-	45,000
Total Expenditures	<u>872,812</u>	<u>789,885</u>	<u>82,927</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(97,796)</u>	<u>(32,334)</u>	<u>65,462</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from General	180,533	120,591	(59,942)
Transfer to General	(82,737)	(88,257)	(5,520)
Total Other Financing Sources (Uses)	<u>97,796</u>	<u>32,334</u>	<u>(65,462)</u>
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>-</u>	<u>-</u>

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Investment Income	\$ -	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Principal Retirement	2,033,608	2,033,607	1
Interest	1,731,038	1,484,471	246,567
Bond Issuance Costs	-	-	-
Other Costs	15,000	3,745	11,255
Total Expenditures	<u>3,779,646</u>	<u>3,521,823</u>	<u>257,823</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(3,779,646)</u>	<u>(3,521,823)</u>	<u>257,823</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from General	2,042,762	1,840,745	(202,017)
Transfer from Chapter 420	958,763	902,956	(55,807)
Transfer from General Purpose School	778,121	778,122	1
Total Other Financing Sources (Uses)	<u>3,779,646</u>	<u>3,521,823</u>	<u>(257,823)</u>
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning	<u>-</u>	<u>36,593</u>	<u>36,593</u>
Fund Balance, Ending	<u>\$ -</u>	<u>36,593</u>	<u>36,593</u>

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**CAPITAL EQUIPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2015**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Investment Income	\$ 100	102	2
Total Revenues	<u>100</u>	<u>102</u>	<u>2</u>
<b>EXPENDITURES</b>			
Capital Outlay	3,071,000	1,366,863	1,704,137
Bond Issuance Costs	50,000	24,234	25,766
Total Expenditures	<u>3,121,000</u>	<u>1,391,097</u>	<u>1,729,903</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(3,120,900)</u>	<u>(1,390,995)</u>	<u>1,729,905</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bonds Issued	2,250,000	867,935	(1,382,065)
Premium on Bonds Issued	-	9,067	9,067
Transfer from General	531,594	530,550	(1,044)
Total Other Financing Sources (Uses)	<u>2,781,594</u>	<u>1,407,552</u>	<u>(1,374,042)</u>
Net Change in Fund Balances	(339,306)	16,557	355,863
Fund Balance, Beginning	<u>339,306</u>	<u>317,685</u>	<u>(21,621)</u>
Fund Balance, Ending	<u>\$ -</u>	<u>334,242</u>	<u>334,242</u>

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**CAPITAL FACILITIES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Intergovernmental	\$ 5,102,000	936,105	(4,165,895)
Other	125,000	164,807	39,807
Total Revenues	<u>5,227,000</u>	<u>1,100,912</u>	<u>(4,126,088)</u>
<b>EXPENDITURES</b>			
Capital Outlay	6,866,052	1,467,794	5,398,258
Bond Issuance Costs	-	67,210	67,210
Total Expenditures	<u>6,866,052</u>	<u>1,535,004</u>	<u>5,331,048</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,639,052)</u>	<u>(434,092)</u>	<u>1,204,960</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bonds Issued	1,100,000	2,407,065	1,307,065
Premium on Bonds Issued	-	25,144	25,144
Transfer from General	183,000	27,925	(155,075)
Transfer from Chapter 420	176,052	439,457	263,405
Transfer from General Purpose School	125,000	-	(125,000)
Total Other Financing Sources (Uses)	<u>1,584,052</u>	<u>2,899,591</u>	<u>1,315,539</u>
Net Change in Fund Balances	(55,000)	2,465,499	2,520,499
Fund Balance, Beginning	<u>55,000</u>	<u>55,000</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>2,520,499</u>	<u>2,520,499</u>

See Independent Auditors' Report.

## **Fiduciary Funds**

### **Agency Funds**

Agency Funds are used to account for assets held by the City as an agent for private organizations, other governments, and/or other funds.

### **Trust Funds**

Other Post Employee Benefits Trust Funds are used to account for deposits and disbursements held in trust for the future payment of health benefits for retirees.

**CITY OF BRISTOL, TENNESSEE**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**ALL TRUST FUNDS**  
**June 30, 2015**

	Other Post Employment Benefits Trust Fund	BTES Other Post Employment Benefits Trust Fund	Total Other Post Employment Benefits Trust Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	1,188	1,188
Investments Held in Trust, At Fair Value Mutual Funds	<u>1,697,549</u>	<u>1,666,166</u>	<u>3,363,715</u>
Total Assets	<u>1,697,549</u>	<u>1,667,354</u>	<u>3,364,903</u>
<b>LIABILITIES</b>			
Accrued Liabilities	<u>1,800</u>	-	<u>1,800</u>
Total Liabilities	<u>1,800</u>	-	<u>1,800</u>
<b>NET POSITION</b>			
Net Position Held In Trust for OPEB Benefits	<u>1,695,749</u>	<u>1,667,354</u>	<u>3,363,103</u>
Total Net Position	<u>\$ 1,695,749</u>	<u>1,667,354</u>	<u>3,363,103</u>

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**ALL TRUST FUNDS**  
For the Fiscal Year Ended June 30, 2015

	Other Post Employment Benefits Trust Fund	BTES Other Post Employment Benefits Trust Fund	Total Other Post Employment Benefits Trust Funds
<b>ADDITIONS</b>			
Employer Contributions	\$ 238,027	306,637	544,664
Investment Income	-	(32,860)	(32,860)
Net Appreciation (Depreciation) in Value of Investments	26,535	96,032	122,567
Other Revenue	8,952	-	8,952
Total Additions	<u>273,514</u>	<u>369,809</u>	<u>643,323</u>
<b>DEDUCTIONS</b>			
Retiree Benefits	14,985	306,637	321,622
Administrative Expenses	-	4,260	4,260
Total Deductions	<u>14,985</u>	<u>310,897</u>	<u>325,882</u>
Change in Net Position	258,529	58,912	317,441
Net Position - Beginning	<u>1,437,220</u>	<u>1,608,442</u>	<u>3,045,662</u>
Net Position - Ending	<u>\$ 1,695,749</u>	<u>1,667,354</u>	<u>3,363,103</u>

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**June 30, 2015**

	Internal Schools Fund	Joint Sewer System Fund	Youth Counselor Office Fund	Total Agency Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 852,598	824,130	-	1,676,728
Investments	45,382	2,981,210	-	3,026,592
Total Assets	<u>\$ 897,980</u>	<u>3,805,340</u>	<u>-</u>	<u>4,703,320</u>
<b>LIABILITIES</b>				
Due to Others	\$ 897,980	3,805,340	-	4,703,320
Total Liabilities	<u>\$ 897,980</u>	<u>3,805,340</u>	<u>-</u>	<u>4,703,320</u>

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>INTERNAL SCHOOLS FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 784,283	1,684,675	1,616,360	852,598
Investments	45,257	125	-	45,382
<b>TOTAL ASSETS</b>	<u>\$ 829,540</u>	<u>1,684,800</u>	<u>1,616,360</u>	<u>897,980</u>
<b>LIABILITIES</b>				
Due to Others	<u>\$ 829,540</u>	<u>1,684,800</u>	<u>1,616,360</u>	<u>897,980</u>
<b>JOINT SEWER SYSTEM FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 723,630	3,331,134	3,230,635	824,130
Investments	2,978,878	2,332	-	2,981,210
<b>TOTAL ASSETS</b>	<u>\$ 3,702,508</u>	<u>3,333,466</u>	<u>3,230,635</u>	<u>3,805,340</u>
<b>LIABILITIES</b>				
Due to Others	<u>\$ 3,702,508</u>	<u>3,333,466</u>	<u>3,230,635</u>	<u>3,805,340</u>
<b>YOUTH COUNSELOR OFFICE FUND</b>				
<b>ASSETS</b>				
Due from Other Funds	\$ -	5,513	5,513	-
<b>LIABILITIES</b>				
Due to Others	<u>\$ -</u>	<u>5,513</u>	<u>5,513</u>	<u>-</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,507,913	5,015,809	4,846,995	1,676,728
Due from Other Funds	-	5,513	5,513	-
Investments	2,978,878	2,332	-	2,981,210
<b>TOTAL ASSETS</b>	<u>\$ 4,486,791</u>	<u>5,023,654</u>	<u>4,852,508</u>	<u>4,657,938</u>
<b>LIABILITIES</b>				
Due to Others	<u>\$ 4,532,048</u>	<u>5,023,779</u>	<u>4,852,508</u>	<u>4,703,320</u>

See Independent Auditors' Report.

**CAPITAL ASSETS  
USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

**CITY OF BRISTOL, TENNESSEE**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY SOURCE**  
June 30, 2015

	2015
Governmental Funds Capital Assets:	
Land	\$ 5,136,029
Land Improvements	11,944,356
Buildings and Building Improvements	65,986,545
Infrastructure	125,473,965
Machinery and Equipment	22,963,744
Other Improvements	1,375,695
Construction in Progress	1,658,588
Total Governmental Funds Capital Assets	\$ 234,538,922
Investments in Governmental Funds Capital Assets by Source:	
Bond Issue	\$ 75,414,634
Capital Outlay Notes	6,192,464
Capital Leases	467,557
Donated	103,584,423
Grant Funds	13,040,583
School Activity Funds	168,910
General Fund	17,389,630
Special Revenue/Capital Projects Funds	18,280,721
Total Governmental Funds Capital Assets	\$ 234,538,922

**CITY OF BRISTOL, TENNESSEE**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
June 30, 2015

<b>Function and Activity</b>	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings and Improvements</u>	<u>Infrastructure</u>	<u>Machinery &amp; Equipment</u>	<u>Other Improvements</u>	<u>Construction in Progress</u>	<u>Total</u>
<b>General Government:</b>								
General Administration	\$ 235,747	150,047	2,274,741	90,974	694,732	387,973	-	3,834,214
Other Administrative	286,157	-	5,988,840	-	1,119,533	-	-	7,394,530
<b>Total General Government</b>	<u>521,904</u>	<u>150,047</u>	<u>8,263,581</u>	<u>90,974</u>	<u>1,814,265</u>	<u>387,973</u>	<u>-</u>	<u>11,228,744</u>
Community Development	<u>2,290</u>	<u>-</u>	<u>9,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,211</u>
Culture and Recreation	<u>886,042</u>	<u>9,324,154</u>	<u>2,904,336</u>	<u>-</u>	<u>1,784,033</u>	<u>-</u>	<u>11,679</u>	<u>14,910,244</u>
Economic Development	<u>-</u>	<u>173,955</u>	<u>-</u>	<u>-</u>	<u>19,176</u>	<u>-</u>	<u>-</u>	<u>193,131</u>
<b>Education:</b>								
General Operations	3,218,863	241,964	48,175,599	-	4,531,752	-	1,036,478	57,204,656
Child Nutrition	-	-	-	-	728,450	-	-	728,450
<b>Total Education</b>	<u>3,218,863</u>	<u>241,964</u>	<u>48,175,599</u>	<u>-</u>	<u>5,260,202</u>	<u>-</u>	<u>1,036,478</u>	<u>57,933,106</u>
<b>Public Safety:</b>								
Codes Enforcement	-	-	-	-	100,287	-	-	100,287
Fire	82,624	-	731,365	-	3,782,938	-	-	4,596,927
Police	6,925	-	3,842,271	-	4,205,088	-	-	8,054,284
<b>Total Public Safety</b>	<u>89,549</u>	<u>-</u>	<u>4,573,636</u>	<u>-</u>	<u>8,088,313</u>	<u>-</u>	<u>-</u>	<u>12,751,498</u>
<b>Public Works:</b>								
Public Services	417,382	2,054,236	2,059,472	125,382,991	3,090,295	987,722	610,431	134,602,529
Solid Waste	-	-	-	-	2,907,459	-	-	2,907,459
<b>Total Public Works</b>	<u>417,382</u>	<u>2,054,236</u>	<u>2,059,472</u>	<u>125,382,991</u>	<u>5,997,754</u>	<u>987,722</u>	<u>610,431</u>	<u>137,509,988</u>
<b>Total Governmental Funds</b>								
Capital Assets	<u>\$ 5,136,030</u>	<u>11,944,356</u>	<u>65,986,545</u>	<u>125,473,965</u>	<u>22,963,743</u>	<u>1,375,695</u>	<u>1,658,588</u>	<u>234,538,922</u>

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
For the Fiscal Year Ended June 30, 2015

<b>Function and Activity</b>	Governmental Funds Capital Assets	Additions	Deductions	Transfers	Governmental Funds Capital Assets
	July 1, 2014				June 30, 2015
General Government:					
General Administration	\$ 3,785,473	48,741	-	-	3,834,214
Other Administrative	7,451,559	126,363	183,392	-	7,394,530
Total General Government	<u>11,237,032</u>	<u>175,104</u>	<u>183,392</u>	<u>-</u>	<u>11,228,744</u>
Community Development	<u>12,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,211</u>
Culture and Recreation	<u>8,424,463</u>	<u>163,397</u>	<u>145,269</u>	<u>6,467,653</u>	<u>14,910,244</u>
Economic Development	<u>193,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>193,131</u>
Education:					
General Operations	54,910,147	2,312,242	17,733	-	57,204,656
Child Nutrition	545,797	265,222	82,569	-	728,450
Total Education	<u>55,455,944</u>	<u>2,577,464</u>	<u>100,302</u>	<u>-</u>	<u>57,933,106</u>
Public Safety:					
Codes Enforcement	100,287	-	-	-	100,287
Fire	4,556,057	40,870	-	-	4,596,927
Police	7,024,217	1,063,997	33,930	-	8,054,284
Total Public Safety	<u>11,680,561</u>	<u>1,104,867</u>	<u>33,930</u>	<u>-</u>	<u>12,751,498</u>
Public Works:					
Public Services	125,751,428	1,526,357	1,295,109	8,619,853	134,602,529
Solid Waste	2,907,459	-	-	-	2,907,459
Total Public Works	<u>128,658,887</u>	<u>1,526,357</u>	<u>1,295,109</u>	<u>8,619,853</u>	<u>137,509,988</u>
Total Governmental Funds Capital Assets	<u>\$ 215,662,229</u>	<u>5,547,189</u>	<u>1,758,002</u>	<u>15,087,506</u>	<u>234,538,922</u>

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2015

CFDA Number	Program Name/Grant Number	Contract/Grant Number	Balance July 1, 2014	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2015
<b>DEPARTMENT OF AGRICULTURE</b>							
<i>Child Nutrition Cluster</i>							
Pass Through State of Tennessee:							
10.553	National School Breakfast Program	ED0000HD15AAX15	\$ -	285,915	318,873	-	(32,958) *
10.555	USDA: Commodity Supplemental Feeding- Commodities Distributed		-	88,225	88,225	-	-
10.555	National School Lunch Program	ED0000HC15AAX15	-	740,618	819,863	-	(79,245) *
10.555	After School Snack Program	ED0000HC15AAX15	-	5,679	6,389	-	(710) *
<i>Total Child Nutrition Cluster</i>			-	1,120,437	1,233,350	-	(112,913)
<i>Total Department of Agriculture</i>			-	1,120,437	1,233,350	-	(112,913)
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>							
<i>CDBG Entitlement Grants Cluster</i>							
14.218	Community Development Block Grant	U.S. Department of HUD	(113,297)	264,333	185,953	-	(34,917) *
14.218	Community Development Block Grant	U.S. Department of HUD	9,585	9,547	9,585	-	9,547 <sup>1</sup>
<i>Total CDBG Entitlement Grants Cluster</i>			(103,712)	273,880	195,538	-	(25,370)
14.239	HOME Investment Partnership Program	U.S. Department of HUD	(135,860)	749,280	696,510	-	(83,090) *
Pass Through State of Tennessee:							
14.231	Emergency Shelter Grant		-	19,821	31,133	-	(11,312) *
<i>Total Department of Housing and Urban Development</i>			(239,572)	1,042,981	923,181	-	(119,772)
<b>DEPARTMENT OF JUSTICE</b>							
16.588	STOP Grant	22134	(9,460)	21,660	19,693	-	(7,493) *
16.607	Bulletproof Vest Partnership Grant		(1,872)	2,675	2,675	-	(1,872) *
16.738	JAG - Law Enforcement Equipment Grant	22871	(8,931)	8,931	-	-	-
<i>Total Department of Justice</i>			(20,263)	33,266	22,368	-	(9,365)

<sup>1</sup> Amount drawdown twice in error. Reflected in the financial statements as Due to Other Governments.

\* Receivable      \*\* Unused Revenue

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2015

CFDA Number	Program Name/Grant Number	Contract/Grant Number	Balance July 1, 2014	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2015
<b>DEPARTMENT OF TRANSPORTATION</b>							
<i>Highway Planning and Construction Cluster</i>							
Pass Through State of Tennessee:							
20.205	Section 112: Transportation Planning	Z14MPO 001	(20,895)	151,817	160,287	-	(29,365) *
20.205	Section 113: Surface Transportation Program	STP-EN-8200(25)	-	66,925	66,115	(810)	-
20.205	Section 113: Surface Transportation Program	STP-M/HPP-9102(6)	(32,055)	-	66,915	-	(98,970) *
20.205	Section 113: Surface Transportation Program	STP-M-9102(10)	-	10,800	10,800	-	-
20.205	Section 1404: Safe Routes to School	SRTS-9102(8)	(140,355)	141,479	728	(396)	- *
Pass Through State of Virginia:							
20.205	Section 112: Transportation	Planning FY 14 Authorization	(6,043)	6,043	-	-	-
20.205	Section 112: Transportation	Planning FY 15 Authorization	-	16,601	36,670	-	(20,069) *
<i>Total Highway Planning and Construction Cluster</i>			(199,348)	393,665	341,515	(1,206)	(148,404)
<i>Metropolitan Transportation Planning Cluster</i>							
Pass Through State of Tennessee:							
20.505	Section 5303: Transit Planning	GG-14-42034	(12,024)	14,365	2,341	-	-
Pass Through State of Virginia:							
20.505	Section 5303: Transit Planning	46014-01	(3,810)	18,726	-	(14,916)	-
20.505	Section 5303: Transit Planning	46015-01	-	17,343	37,036	-	(19,693) *
<i>Total Metropolitan Transportation Planning Cluster</i>			(15,834)	50,434	39,377	(14,916)	(19,693)
<i>Federal Transit Cluster</i>							
20.507	Section 5307: Operating Assistance	TN-90-X371	(78,766)	149,704	70,938	-	-
20.507	Section 5307: Operating Assistance	TN-90-X380	-	84,069	226,718	-	(142,649) *
<i>Total Federal Transit Cluster</i>			(78,766)	233,773	297,656	-	(142,649)

\* Receivable

\*\* Unused Revenue

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2015

CFDA Number	Program Name/Grant Number	Contract/Grant Number	Balance July 1, 2014	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2015
<b>DEPARTMENT OF TRANSPORTATION (CONTINUED)</b>							
<i>High Risk Crash and Alcohol Saturation Cluster</i>							
Pass Through State of Tennessee							
20.607	High Risk Crash and Alcohol Saturation	Z14GHS040	(33,025)	41,232	8,207	-	-
20.607	High Risk Crash and Alcohol Saturation	Z15GHS040	-	22,594	29,064	-	(6,470) *
<i>Total High Risk Crash and Alcohol Saturation Cluster</i>			<u>(33,025)</u>	<u>63,826</u>	<u>37,271</u>	<u>-</u>	<u>(6,470)</u>
<i>Total Department of Transportation</i>			<u>(326,973)</u>	<u>741,698</u>	<u>715,819</u>	<u>(16,122)</u>	<u>(317,216)</u>
<b>DEPARTMENT OF EDUCATION</b>							
<i>Title I Cluster</i>							
Pass Through State of Tennessee:							
84.010	Title I	ED0000CB14ABX14	(131,142)	131,142	-	-	-
84.010	Title I	ED0000CB15ABX15	-	766,421	892,250	-	(125,829) *
84.010	Title I, Part A (1003)a 2012		<u>(169,186)</u>	<u>200,000</u>	<u>30,814</u>	<u>-</u>	<u>-</u>
<i>Total Title I Cluster</i>			<u>(300,328)</u>	<u>1,097,563</u>	<u>923,064</u>	<u>-</u>	<u>(125,829)</u>
<i>Special Education Cluster (IDEA)</i>							
Pass Through State of Tennessee:							
84.027	IDEA	ED0000LL14ABX14	(55,285)	55,285	-	-	-
84.027	IDEA	ED0000LL15ABX15	-	610,180	738,866	-	(128,686) *
84.027A	Special Education - Discretionary	ED0000LL14ACX14	(3,090)	3,090	-	-	-
84.027A	Special Education - Discretionary	ED0000LL15ACX15	-	153,749	176,606	-	(22,857) *
84.173	Preschool Incentive	ED0000LL15ABX15	-	23,723	24,109	-	(386) *
<i>Total Special Education Cluster (IDEA)</i>			<u>(58,375)</u>	<u>846,027</u>	<u>939,581</u>	<u>-</u>	<u>(151,929)</u>
<i>Carl Perkins Cluster</i>							
Pass Through State of Tennessee:							
84.048	Carl Perkins (Vocational Program Improvements)	ED0000RA14BAX14	(293)	293	-	-	-
84.048	Carl Perkins (Vocational Program Improvements)	ED0000RA15BAX15	-	51,718	59,341	-	(7,623) *
<i>Total Carl Perkins Cluster</i>			<u>(293)</u>	<u>52,011</u>	<u>59,341</u>	<u>-</u>	<u>(7,623)</u>

\* Receivable

\*\* Unused Revenue

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2015

CFDA Number	Program Name/Grant Number	Contract/Grant Number	Balance July 1, 2014	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2015
<b>DEPARTMENT OF EDUCATION (CONTINUED)</b>							
<i>Title II Cluster</i>							
Pass Through State of Tennessee:							
84.367	Title II, Part A Project	ED0000CD15ABX15	-	127,291	127,291	-	-
84.367	Title II, Part A Project	ED0000CD15ABX15	-	36,800	36,800	-	-
<i>Total Title II Cluster</i>			-	164,091	164,091	-	-
<i>Title IV Cluster</i>							
84.287C	Title IV, Part B, Twenty-First Century Community Learning Centers		(43,606)	87,257	50,000	-	(6,349) *
<i>Total Title IV Cluster</i>			(43,606)	87,257	50,000	-	(6,349)
<i>Title X Cluster</i>							
84.196A	Title X - McKinney Vento	S196A120044	(19,000)	19,000	-	-	-
<i>Total Title X Cluster</i>			(19,000)	19,000	-	-	-
<i>First to the Top Cluster</i>							
Pass Through State of Tennessee:							
84.395	First to the Top	EDRTTTLEAFUND13	(106,421)	110,280	3,859	-	-
84.395	First to the Top	EDRTTTLEAFUND14	(27,092)	28,182	1,090	-	-
<i>Total First to the Top Cluster</i>			(133,513)	138,462	4,949	-	-
<i>Total Department of Education</i>			(555,115)	2,404,411	2,141,026	-	(291,730)
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
Pass Through Other Entities:							
93.044	Title III B Grants for Supportive Services and Senior Centers	(Subrecipient from First Tennessee Development District)	(1,208)	27,749	26,541	-	-
93.052	Title III E National Family Caregiver	(Subrecipient from First Tennessee Development District)	(119)	1,661	1,542	-	-
<i>Total Department of Health and Human Services</i>			(1,327)	29,410	28,083	-	-

\* Receivable

\*\* Unused Revenue

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2015

CFDA Number	Program Name/Grant Number	Contract/Grant Number	Balance July 1, 2014	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2015
<b>DEPARTMENT OF HOMELAND SECURITY</b>							
Pass Through State of Tennessee:							
97.036	Federal Emergency Management Agency	34101-0000009706	(64,417)	-	-	-	(64,417) *
<i>Total Department of Homeland Security</i>			<u>(64,417)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(64,417)</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ (1,207,667)</u>	<u>5,372,203</u>	<u>5,063,827</u>	<u>(16,122)</u>	<u>(915,413)</u>

\* Receivable                      \*\* Unused Revenue

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2015

**NOTE A: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Bristol, Tennessee Board of Education and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B: FOOD DISTRIBUTION**

Non-monetary assistance is reported in the schedule of expenditures of federal awards at the fair market value of commodities received and used.

**NOTE C: PAYMENTS TO SUB-RECIPIENTS**

Payments were made from the Community Development Block Grant to the YWCA and Believe in Bristol, Inc. in the amounts of \$21,287 and \$22,500, respectively.

Payments were made from proceeds of the Emergency Shelter Grant to Abuse Alternatives and Salvation Army in the amounts of \$17,985 and \$13,124, respectively.

Payments were made from the HOME Investment Partnership Program to Horizon Community Development Corporation in the amount of \$208,964.

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
For the Fiscal Year Ended June 30, 2015

Program Name/Grant Number	Contract/Grant Number	Balance July 1, 2014	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2015
<b>TENNESSEE COMMISSION ON CHILDREN AND YOUTH</b>						
Juvenile Court Grant (Subrecipient of Sullivan County)		\$ -	3,000	3,000	-	-
<b>TENNESSEE DEPARTMENT OF AGRICULTURE</b>						
School Nutrition Fund - State Matching Funds		-	18,011	18,011	-	-
TAEP Farmers Market		-	-	5,000	-	(5,000) *
<i>Total Tennessee Department of Agriculture</i>		-	18,011	23,011	-	(5,000)
<b>TENNESSEE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT</b>						
Dynamic Recycling Project		(45,657)	45,657	-	-	-
<b>TENNESSEE DEPARTMENT OF EDUCATION</b>						
Career Ladder Supplement		(1,155)	80,504	79,227	-	122 **
Coordinated School Health		(15,909)	15,909	95,000	-	(95,000) *
Driver's Education		(18,375)	47,985	29,610	-	-
Early Childhood Grant		(48,818)	300,958	327,548	-	(75,408) *
Extended Contract		11,214	51,970	45,509	-	17,675 **
Family Resource Grant		-	-	29,612	-	(29,612) *
Internet Connectivity		-	11,311	11,311	-	-
LEAPS		(15,349)	214,583	233,045	-	(33,811) *
Safe Schools Act		(16,900)	33,230	16,330	-	-
<i>Total Tennessee Department of Education</i>		(105,292)	756,450	867,192	-	(216,034)
<b>TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION</b>						
Residential Energy Efficiency Assistance Program		-	-	89,329	-	(89,329) *

\* Receivable      \*\* Unused Revenue

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
For the Fiscal Year Ended June 30, 2015

Program Name/Grant Number	Contract/Grant Number	Balance July 1, 2014	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2015
<b>TENNESSEE DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
Child and Adult Care Food Program Service Coordination Funds	(Subrecipient from First Tennessee Development District)	-	2,138	2,138		-
State Senior Center Operations Grant	(Subrecipient from First Tennessee Development District)	(374)	5,221	4,847	-	-
		-	19,200	19,200	-	-
<i>Total Tennessee Department of Health and Human Services</i>		<u>(374)</u>	<u>26,559</u>	<u>26,185</u>	<u>-</u>	<u>-</u>
<b>TENNESSEE DEPARTMENT OF TRANSPORTATION</b>						
Glenwood Road Bridge Project	82455-3509-04	(17,319)	-	155,722	-	(173,041) *
Local Interstate Connector - Pinnacle Parkway	82LPLM-S3-043	(1,137,820)	2,000,000	862,180	-	-
Roadway Median Landscaping	82LPLM-F3-008	(810)	-	-	810	-
State Transit Operating Assistance Grant	GG-14-40477	(39,383)	74,852	35,469	-	-
State Transit Operating Assistance Grant	DG-15-40943	-	67,256	181,376	-	(114,120) *
State Transit Operating Assistance Grant	GG-14-42034	(1,503)	1,796	293	-	-
<i>Total Tennessee Department of Transportation</i>		<u>(1,196,835)</u>	<u>2,143,904</u>	<u>1,235,040</u>	<u>810</u>	<u>(287,161)</u>
<b>TENNESSEE EMERGENCY MANAGEMENT AGENCY</b>						
Public Assistance Grant	34101-000009706	(11,897)	-	-	-	(11,897) *
<b>VIRGINIA DEPARTMENT OF TRANSPORTATION</b>						
Section 112: Transportation	Planning FY 14 Authorization	(755)	755	-	-	-
Section 112: Transportation	Planning FY 15 Authorization	-	2,075	4,584	-	(2,509) *
Section 5303: Transit Planning	46014-01	(476)	2,341	-	(1,865)	-
Section 5303: Transit Planning	46015-01	-	2,168	4,629	-	(2,461) *
<i>Total Virginia Department of Transportation</i>		<u>(1,231)</u>	<u>7,339</u>	<u>9,213</u>	<u>(1,865)</u>	<u>(4,970)</u>
<b>TOTAL STATE AWARDS</b>		<u>\$ (1,361,286)</u>	<u>3,000,920</u>	<u>2,252,970</u>	<u>(1,055)</u>	<u>(614,391)</u>

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF UNACCOUNTED FOR WATER**  
For the Fiscal Year Ended June 30, 2015  
(All Amounts in Gallons)

AWWA Free Water Audit Software: Reporting Worksheet				WAS v5.0 American Water Works Association Copyright © 2014. All Rights Reserved.
<input type="button" value="Click to access definition"/> <input type="button" value="Click to add a comment"/>		Water Audit Report for: <b>City Of Bristol Tennessee (0000073)</b> Reporting Year: <b>2015</b> / 7/2014 - 6/2015		
Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades <p style="text-align: center; color: red;"><b>All volumes to be entered as: MILLION GALLONS (US) PER YEAR</b></p>				
<p style="text-align: center;">To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.</p>				
<b>WATER SUPPLIED</b>		Master Meter and Supply Error Adjustments		
		----- Enter grading in column 'E' and 'J' ----->		
Volume from own sources:	<input type="button" value="+ ?"/> 10	2,153.449	MG/Yr	
Water imported:	<input type="button" value="+ ?"/> n/a	0.000	MG/Yr	
Water exported:	<input type="button" value="+ ?"/> 9	57.809	MG/Yr	
<b>WATER SUPPLIED:</b>		<b>2,064.670</b>	MG/Yr	
		Pnt: <input type="button" value="+ ?"/> 9 1.50% <input checked="" type="radio"/> <input type="radio"/> Value: <input type="text"/> MG/Yr <input type="button" value="+ ?"/> 9 1.50% <input checked="" type="radio"/> <input type="radio"/> Value: <input type="text"/> MG/Yr Enter negative % or value for under-registration Enter positive % or value for over-registration		
<b>AUTHORIZED CONSUMPTION</b>				
Billed metered:	<input type="button" value="+ ?"/> 9	1,342.664	MG/Yr	
Billed unmetered:	<input type="button" value="+ ?"/> n/a	0.000	MG/Yr	
Unbilled metered:	<input type="button" value="+ ?"/> 9	0.750	MG/Yr	
Unbilled unmetered:	<input type="button" value="+ ?"/> 10	53.602	MG/Yr	
<b>AUTHORIZED CONSUMPTION:</b>		<b>1,397.016</b>	MG/Yr	
		Pnt: <input type="text"/> Value: <input type="text"/> MG/Yr Use buttons to select percentage of water supplied OR value Pnt: <input type="button" value="0.25%"/> <input checked="" type="radio"/> <input type="radio"/> Value: <input type="text"/> MG/Yr <input type="button" value="1.00%"/> <input checked="" type="radio"/> <input type="radio"/> Value: <input type="text"/> MG/Yr <input type="button" value="0.25%"/> <input checked="" type="radio"/> <input type="radio"/> Value: <input type="text"/> MG/Yr		
<b>WATER LOSSES (Water Supplied - Authorized Consumption)</b>		<b>667.654</b>	MG/Yr	
<b>Apparent Losses</b>				
Unauthorized consumption:	<input type="button" value="+ ?"/> 5	5.162	MG/Yr	
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed				
Customer metering inaccuracies:	<input type="button" value="+ ?"/> 8	13.570	MG/Yr	
Systematic data handling errors:	<input type="button" value="+ ?"/> 5	3.357	MG/Yr	
Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed				
<b>Apparent Losses:</b>		<b>22.088</b>	MG/Yr	
<b>Real Losses (Current Annual Real Losses or CARL)</b>				
Real Losses = Water Losses - Apparent Losses:	<input type="button" value="+ ?"/> 10	645.566	MG/Yr	
<b>WATER LOSSES:</b>		<b>667.654</b>	MG/Yr	
<b>NON-REVENUE WATER</b>				
<b>NON-REVENUE WATER:</b>		<b>722.006</b>	MG/Yr	
= Water Losses + Unbilled Metered + Unbilled Unmetered				
<b>SYSTEM DATA</b>				
Length of mains:	<input type="button" value="+ ?"/> 10	263.0	miles	
Number of active AND inactive service connections:	<input type="button" value="+ ?"/> 10	14,363		
Service connection density:	<input type="button" value="+ ?"/> 5	55	conn./mile main	
Are customer meters typically located at the curbstops or property line? <input type="text"/> Yes (length of service line, beyond the property boundary, that is the responsibility of the utility)				
Average length of customer service line has been set to zero and a data grading score of 10 has been applied				
Average operating pressure:	<input type="button" value="+ ?"/> 9	90.0	psi	
<b>COST DATA</b>				
Total annual cost of operating water system:	<input type="button" value="+ ?"/> 10	\$3,598,283	\$/Year	
Customer retail unit cost (applied to Apparent Losses):	<input type="button" value="+ ?"/> 8	\$5.22	\$/1000 gallons (US)	
Variable production cost (applied to Real Losses):	<input type="button" value="+ ?"/> 10	\$500.00	\$/Million gallons	<input type="checkbox"/> Use Customer Retail Unit Cost to value real losses
<b>WATER AUDIT DATA VALIDITY SCORE:</b>				
<b>*** YOUR SCORE IS: 90 out of 100 ***</b>				
A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score				
<b>PRIORITY AREAS FOR ATTENTION:</b>				
Based on the information provided, audit accuracy can be improved by addressing the following components:				
1: Unauthorized consumption				
2: Systematic data handling errors				
3: Customer metering inaccuracies				

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF UNACCOUNTED FOR WATER**  
For the Fiscal Year Ended June 30, 2015  
(All Amounts in Gallons)

AWWA Free Water Audit Software: System Attributes and Performance Indicators		WAS v5.0 American Water Works Association. Copyright © 2014. All Rights Reserved.	
<div style="display: flex; justify-content: space-between;"> <span>Water Audit Report for: <b>City Of Bristol Tennessee (0000073)</b></span> <span>Reporting Year: <b>2015</b>   <b>7/2014 - 6/2015</b></span> </div>			
*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 90 out of 100 ***			
<b>System Attributes:</b>			
	Apparent Losses:	22.088 MG/Yr	
	+ Real Losses:	645.566 MG/Yr	
	= <b>Water Losses:</b>	<b>667.654 MG/Yr</b>	
	? Unavoidable Annual Real Losses (UARL):	117.51 MG/Yr	
	Annual cost of Apparent Losses:	\$115,300	
	Annual cost of Real Losses:	\$322,783	
		Valued at <b>Variable Production Cost</b> Return to Reporting Worksheet to change this assumption	
<b>Performance Indicators:</b>			
Financial:	{	Non-revenue water as percent by volume of Water Supplied:	35.0%
		Non-revenue water as percent by cost of operating system:	12.9%
			Real Losses valued at Variable Production Cost
Operational Efficiency:	{	Apparent Losses per service connection per day:	4.21 gallons/connection/day
		Real Losses per service connection per day:	123.14 gallons/connection/day
		Real Losses per length of main per day*:	N/A
		Real Losses per service connection per day per psi pressure:	1.37 gallons/connection/day/psi
		From Above, Real Losses = Current Annual Real Losses (CARL):	645.57 million gallons/year
		? Infrastructure Leakage Index (ILI) [CARL/UARL]:	5.49
* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline			

See Independent Auditors' Report.

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**STATISTICAL  
SECTION**



## STATISTICAL SECTION

This part of the City of Bristol, Tennessee’s comprehensive 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.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends:</b> <i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	205
<b>Revenue Capacity:</b> <i>These schedules contain information to help the reader assess the government’s most significant local revenue source, property tax.</i>	213
<b>Debt Capacity:</b> <i>These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i>	217
<b>Demographic and Economic Information:</b> <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	222
<b>Operating Information:</b> <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities that it performs.</i>	225

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

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**CITY OF BRISTOL, TENNESSEE**  
**NET POSITION BY COMPONENT (UNAUDITED)**  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 83,981,613	93,104,918	96,106,222	96,973,876	98,061,071	97,767,105	103,837,189	103,861,764	110,820,768	97,913,073
Restricted for:										
Capital Assets	371,487	111,896	114,854	40,767	-	1,513,636	123,962	-	317,685	2,829,741
Community Development	-	-	-	-	-	-	-	-	-	115,880
Community and Economic Development	300	210,000	212,427	542	-	-	-	131,285	3,838,482	-
Debt Service	8,367	7,670	10,556	-	-	-	-	-	1,338,990	438,004
Economic Development	-	-	-	-	-	-	-	-	-	1,745,400
Education	56,278	66,841	254,772	34,415	109,885	21,375	44,061	26,870	28,876	34,448
Juvenile Court	-	-	-	-	-	4,020	3,835	3,745	3,745	3,084
Parks and Recreation	9,481	12,926	20,616	22,149	21,929	9,806	586	449	558	502
Police and Drug Control	15,173	75,793	66,519	95,315	103,414	123,302	111,609	113,273	110,386	133,572
School Nutrition	-	-	-	-	-	1,183,865	1,150,887	1,084,752	1,079,258	875,326
Solid Waste	-	-	-	-	-	285	7,379	35,214	263,202	610,090
State Street Aid	155,100	274,952	257,545	313,797	394,512	137,852	-	-	-	-
Unrestricted	15,743,113	17,737,719	19,628,771	22,421,022	24,679,361	24,200,216	23,851,919	23,510,886	14,744,807	13,308,820
Total Governmental Activities Net Position	<u>100,340,912</u>	<u>111,602,715</u>	<u>116,672,282</u>	<u>119,901,883</u>	<u>123,370,172</u>	<u>124,961,462</u>	<u>129,131,427</u>	<u>128,768,238</u>	<u>132,546,757</u>	<u>118,007,940</u>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	65,850,200	70,802,179	83,359,835	90,020,144	94,732,789	97,370,921	99,577,539	97,612,978	90,186,604	101,500,493
Restricted for:										
Capital Assets	-	-	85,552	-	-	-	-	-	-	-
Debt Service	22,201	19,728	21,471	-	-	-	-	-	-	-
Unrestricted	42,213,567	42,769,401	34,036,004	29,218,356	32,865,088	39,587,510	44,997,649	52,689,736	68,543,340	62,939,586
Total Business-type Activities Net Position	<u>108,085,968</u>	<u>113,591,308</u>	<u>117,502,862</u>	<u>119,238,500</u>	<u>127,597,877</u>	<u>136,958,431</u>	<u>144,575,188</u>	<u>150,302,714</u>	<u>158,729,944</u>	<u>164,440,079</u>
<b>Primary Government</b>										
Net Investment in Capital Assets	149,831,813	163,907,097	179,466,057	186,994,020	192,793,860	195,138,026	203,414,728	201,474,742	201,007,372	199,413,566
Restricted for:										
Capital Assets	371,487	111,896	200,406	40,767	-	1,513,636	123,962	-	317,685	2,829,741
Community Development	-	-	-	-	-	-	-	-	-	115,880
Community and Economic Development	300	210,000	212,427	542	-	-	-	131,285	3,838,482	-
Debt Service	30,568	27,398	32,027	-	-	-	-	-	1,338,990	438,004
Economic Development	-	-	-	-	-	-	-	-	-	1,745,400
Education	56,278	66,841	254,772	34,415	109,885	21,375	44,061	26,870	28,876	34,448
Juvenile Court	-	-	-	-	-	4,020	3,835	3,745	3,745	3,084
Parks and Recreation	9,481	12,926	20,616	22,149	21,929	9,806	586	449	558	502
Police and Drug Control	15,173	75,793	66,519	95,315	103,414	123,302	111,609	113,273	110,386	133,572
School Nutrition	-	-	-	-	-	1,183,865	1,150,887	1,084,752	1,079,258	875,326
Solid Waste	-	-	-	-	-	285	7,379	35,214	263,202	610,090
State Street Aid	155,100	274,952	257,545	313,797	394,512	137,852	-	-	-	-
Unrestricted	57,956,680	60,507,120	53,664,775	51,639,378	57,544,449	63,787,726	68,849,568	76,200,622	83,288,147	76,248,406
Total Primary Government Net Position	<u>208,426,880</u>	<u>225,194,023</u>	<u>234,175,144</u>	<u>239,140,383</u>	<u>250,968,049</u>	<u>261,919,893</u>	<u>273,706,615</u>	<u>279,070,952</u>	<u>291,276,701</u>	<u>282,448,019</u>

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**CHANGES IN NET POSITION (UNAUDITED)**  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>PROGRAM REVENUES</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
Community Relations	\$ 713,071	436,089	727,869	424,190	655,858	336,205	230,007	190,369	111,841	-
Education	1,017,952	1,034,228	1,062,804	1,104,559	993,765	981,072	974,526	912,354	913,974	912,349
Public Safety	940,308	1,024,723	1,096,054	1,130,864	1,280,204	1,195,597	1,219,182	1,237,115	1,279,337	1,952,102
Public Works	1,050,484	1,299,926	1,367,015	1,474,102	1,477,648	1,503,086	1,566,755	1,587,268	1,873,241	1,985,685
Other Activities	351,087	494,202	537,565	532,586	581,115	750,179	700,182	880,264	846,654	962,695
Operating Grants and Contributions	18,116,491	20,496,547	22,672,953	23,432,053	23,167,349	22,546,392	22,627,282	23,094,181	22,327,308	21,770,866
Capital Grants and Contributions	1,676,462	10,859,682	3,105,457	1,815,257	1,800,530	2,687,416	1,971,092	181,946	5,439,471	16,862,028
<b>Total Governmental Activities Program Revenues</b>	<b>23,865,855</b>	<b>35,645,397</b>	<b>30,569,717</b>	<b>29,913,611</b>	<b>29,956,469</b>	<b>29,999,947</b>	<b>29,289,026</b>	<b>28,083,497</b>	<b>32,791,826</b>	<b>44,445,725</b>
<b>Business-type Activities:</b>										
Charges for Services:										
Electric	66,375,813	69,850,039	74,105,047	86,116,901	76,634,117	90,400,573	87,475,104	87,906,086	88,366,198	87,829,118
Waterworks	-	-	-	-	-	-	9,140,319	8,817,975	8,899,753	8,947,643
Water	3,809,582	4,022,347	4,165,607	3,969,542	4,333,217	4,551,885	-	-	-	-
Sewer	4,316,970	4,494,021	4,543,321	4,402,386	4,611,349	4,863,871	-	-	-	-
Stormwater	-	-	-	-	-	-	-	-	-	568,642
Cable and Internet	353,441	2,322,091	4,137,724	6,727,008	9,501,469	11,040,654	12,314,751	14,139,479	14,353,361	15,407,778
Telephone	-	387,950	1,412,239	2,458,309	3,154,712	3,335,118	3,584,367	3,706,665	3,811,560	3,910,661
Demolition Landfill	128,252	126,749	144,780	136,633	324,476	140,480	299,348	96,851	-	-
Operating Grants and Contributions	-	-	-	-	-	-	1,393	-	-	-
Capital Grants and Contributions	1,356,555	443,301	1,435,843	353,026	2,844,275	1,837,330	977,103	990,443	2,286,745	3,823,239
<b>Total Business-type Activities Program Revenues</b>	<b>76,340,613</b>	<b>81,646,498</b>	<b>89,944,561</b>	<b>104,163,805</b>	<b>101,403,615</b>	<b>116,169,911</b>	<b>113,792,385</b>	<b>115,657,499</b>	<b>117,717,617</b>	<b>120,487,081</b>
<b>Total Primary Government Program Revenues</b>	<b>100,206,468</b>	<b>117,291,895</b>	<b>120,514,278</b>	<b>134,077,416</b>	<b>131,360,084</b>	<b>146,169,858</b>	<b>143,081,411</b>	<b>143,740,996</b>	<b>150,509,443</b>	<b>164,932,806</b>
<b>EXPENSES</b>										
<b>Governmental Activities:</b>										
General Government	5,139,301	4,844,996	5,725,884	5,886,703	5,742,353	6,119,207	6,767,956	7,400,014	6,945,580	5,207,412
Community Development	-	-	-	-	-	-	-	-	-	1,031,931
Community Relations	1,011,156	878,437	1,231,929	990,187	1,021,044	806,526	785,992	744,539	702,163	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	3,627,795
Economic Development	-	-	-	-	-	-	-	-	-	3,325,737
Education	30,762,189	33,899,981	35,867,305	36,477,834	36,319,527	36,497,096	34,345,109	38,388,160	38,809,898	36,747,290
Parks and Recreation	2,380,400	2,719,955	2,777,750	3,098,924	3,379,825	3,751,378	3,459,276	3,931,765	3,847,114	-
Public Safety	9,801,256	10,666,085	10,482,040	10,936,224	10,896,643	11,154,395	11,199,071	10,973,581	11,568,506	11,013,053
Public Works	7,181,502	7,487,226	7,985,529	7,866,136	8,607,962	8,771,220	8,494,725	8,409,029	8,360,941	9,066,286
Interest on Long-Term Debt	362,144	354,645	663,021	688,148	709,656	686,811	787,533	969,560	1,617,402	1,460,539
<b>Total Governmental Activities Expenses</b>	<b>56,637,948</b>	<b>60,851,325</b>	<b>64,733,458</b>	<b>65,944,156</b>	<b>66,677,010</b>	<b>67,786,633</b>	<b>65,839,662</b>	<b>70,816,648</b>	<b>71,851,604</b>	<b>71,480,043</b>

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**CHANGES IN NET POSITION (UNAUDITED)**  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Business-type Activities:</b>										
Electric	64,250,450	67,115,121	72,017,098	82,867,552	76,642,189	88,320,850	89,191,957	86,196,336	92,454,981	86,381,665
Waterworks	-	-	-	-	-	-	8,625,518	7,702,123	7,422,890	7,417,824
Water	3,445,194	3,780,756	3,799,575	4,162,169	3,922,749	4,227,801	-	-	-	-
Sewer	4,069,436	4,247,002	3,986,849	4,087,508	4,212,119	4,447,561	-	-	-	-
Stormwater	-	-	-	-	-	-	-	-	-	500,159
Cable and Internet	287,785	2,006,040	3,556,780	5,986,284	5,319,340	6,784,251	5,651,531	11,281,780	6,738,347	12,801,982
Telephone	-	267,905	989,310	2,475,214	1,449,062	1,471,246	586,463	746,718	579,991	796,252
Demolition Landfill	235,954	297,023	521,450	309,878	573,344	448,652	528,697	463,975	-	-
Total Business-type Activities Expenses	72,288,819	77,713,847	84,871,062	99,888,605	92,118,803	105,700,361	104,584,166	106,390,932	107,196,209	107,897,882
Total Primary Government Expenses	128,926,767	138,565,172	149,604,520	165,832,761	158,795,813	173,486,994	170,423,828	177,207,580	179,047,813	179,377,925
<b>NET (EXPENSE)/REVENUE:</b>										
Governmental Activities	(32,772,093)	(25,205,928)	(34,163,741)	(36,030,545)	(36,720,541)	(37,786,686)	(36,550,636)	(42,733,151)	(39,059,778)	(27,034,318)
Business-type Activities	4,051,794	3,932,651	5,073,499	4,275,200	9,284,812	10,469,550	9,208,219	9,266,567	10,521,408	12,589,199
Total Primary Government Net Expense	(28,720,299)	(21,273,277)	(29,090,242)	(31,755,345)	(27,435,729)	(27,317,136)	(27,342,417)	(33,466,584)	(28,538,370)	(14,445,119)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
<b>Governmental Activities:</b>										
Taxes:										
Property Tax	19,707,656	20,368,771	21,570,386	22,672,187	23,786,875	23,445,917	23,898,070	24,098,806	24,852,090	25,327,257
Sales Tax	8,496,412	9,128,039	9,209,471	8,965,002	8,457,598	8,615,701	8,856,652	9,837,143	9,163,261	10,359,606
Payments in Lieu of Tax	169,114	49,633	68,188	71,763	57,601	31,169	118,970	80,429	66,781	53,134
Beer and Liquor Tax	633,125	684,167	743,257	763,540	761,487	772,930	795,954	768,538	724,043	721,250
Business Tax	408,536	434,742	459,760	549,846	455,662	514,496	586,303	566,913	537,107	548,480
Cable Franchise Tax	270,531	309,638	336,777	264,588	324,127	373,356	407,664	245,840	348,852	347,315
Gas Franchise Tax	465,381	449,630	306,354	448,978	286,077	281,099	268,235	225,205	286,920	309,589
Hotel/Motel Tax	381,292	412,529	467,276	442,883	417,098	394,732	361,031	366,890	341,129	357,052
State Revenue (Unrestricted)	3,210,502	2,945,885	3,003,642	2,577,203	2,620,546	2,488,186	2,683,525	2,819,519	2,817,037	4,970,850
Insurance Recoveries	-	-	-	-	-	242,639	-	-	-	-
Investment Earnings (Unrestricted)	471,877	620,085	844,732	337,543	97,925	18,854	28,121	28,726	22,665	27,049
Other General Revenue	460,039	446,679	700,723	455,964	621,309	543,133	744,116	685,434	1,256,271	781,548
Transfers	833,818	843,142	1,485,934	1,710,649	1,464,747	1,655,764	1,971,960	2,651,672	2,422,141	2,129,132
Total Governmental Activities	35,508,283	36,692,940	39,196,500	39,260,146	39,351,052	39,377,976	40,720,601	42,375,115	42,838,297	45,932,262

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**CHANGES IN NET POSITION (UNAUDITED)**  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Business-type Activities:</b>										
Investment Earnings (Unrestricted)	1,152,287	1,862,795	587,558	850,552	594,065	505,356	379,216	352,740	327,963	341,334
Insurance Recoveries	-	-	-	-	-	65,883	-	-	-	-
Other General Revenue	-	-	-	3,645	-	-	1,282	-	-	-
Transfers	(833,818)	(843,142)	(1,485,934)	(1,710,649)	(1,464,747)	(1,680,235)	(1,971,960)	(2,651,672)	(2,422,141)	(2,129,132)
<b>Total Business-type Activities</b>	<b>318,469</b>	<b>1,019,653</b>	<b>(898,376)</b>	<b>(856,452)</b>	<b>(870,682)</b>	<b>(1,108,996)</b>	<b>(1,591,462)</b>	<b>(2,298,932)</b>	<b>(2,094,178)</b>	<b>(1,787,798)</b>
<b>Total Primary Government</b>	<b>35,826,752</b>	<b>37,712,593</b>	<b>38,298,124</b>	<b>38,403,694</b>	<b>38,480,370</b>	<b>38,268,980</b>	<b>39,129,139</b>	<b>40,076,183</b>	<b>40,744,119</b>	<b>44,144,464</b>
<b>CHANGE IN NET POSITION</b>										
Governmental Activities	2,736,190	11,487,012	5,032,759	3,229,601	2,630,511	1,591,290	4,169,965	(358,036)	3,778,519	18,897,944
Business-type Activities	4,370,263	4,952,304	4,175,123	3,418,748	8,414,130	9,360,554	7,616,757	6,967,635	8,427,230	10,801,401
<b>Total Primary Government</b>	<b>7,106,453</b>	<b>16,439,316</b>	<b>9,207,882</b>	<b>6,648,349</b>	<b>11,044,641</b>	<b>10,951,844</b>	<b>11,786,722</b>	<b>6,609,599</b>	<b>12,205,749</b>	<b>29,699,345</b>

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE (UNAUDITED)**  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

Fiscal Year	Property Tax	Sales Tax	Payments in Lieu of Tax	Beer and Liquor Tax	Business Tax	Cable Franchise Tax	Gas Franchise Tax	Hotel/Motel Tax	Total
2006	19,707,656	8,496,412	169,114	633,125	408,536	270,531	465,381	381,292	30,532,047
2007	20,368,771	9,128,039	49,633	684,167	434,742	309,638	449,630	412,529	31,837,149
2008	21,570,386	9,209,471	68,188	743,257	459,760	336,777	306,354	467,276	33,161,469
2009	22,672,187	8,965,002	71,763	763,540	549,846	264,588	448,978	442,883	34,178,787
2010	23,786,875	8,457,598	57,601	761,487	455,662	324,127	286,077	417,098	34,546,525
2011	23,445,917	8,615,701	31,169	772,930	514,496	373,356	281,099	394,732	34,429,400
2012	23,898,070	8,856,652	118,970	795,954	586,303	407,664	268,235	361,031	35,292,879
2013	24,098,806	9,837,143	80,429	768,538	566,913	245,840	225,205	366,890	36,189,764
2014	24,852,090	9,163,261	66,781	724,043	537,107	348,852	286,920	341,129	36,320,183
2015	25,327,257	10,359,606	53,134	721,250	548,480	347,315	309,589	357,052	38,023,683

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED)**  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund</b>										
Nonspendable for:										
Inventory	-	-	-	-	-	344,681	241,658	232,439	160,743	254,260
Restricted for:										
Juvenile Court	-	-	-	-	-	4,020	3,835	3,745	3,745	2,782
Parks and Recreation	-	-	-	-	-	9,806	586	449	558	502
Police and Drug Control	-	-	-	-	-	18,143	23,717	25,659	29,280	33,068
Assigned for:										
Birthplace of Country Music	-	-	-	-	-	-	-	200,000	300,000	200,000
Next Year's Budget	-	-	-	-	-	694,881	914,460	878,273	-	-
Unassigned	-	-	-	-	-	12,890,134	13,097,695	11,855,234	11,801,981	13,452,896
<b>Total General Fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,961,665</b>	<b>14,281,951</b>	<b>13,195,799</b>	<b>12,296,307</b>	<b>13,943,508</b>
<b>All Other Governmental Funds</b>										
Nonspendable for:										
Inventory	-	-	-	-	-	68,682	44,498	42,590	35,969	40,605
Restricted for:										
Capital Outlay	-	-	-	-	-	1,513,636	123,962	316,976	317,685	2,829,741
Community Development	-	-	-	-	-	-	-	-	-	115,880
Community and Economic Development	-	-	-	-	-	-	-	2,002,940	3,838,482	-
Debt Service	-	-	-	-	-	-	-	-	1,338,990	438,004
Economic Development	-	-	-	-	-	-	-	-	-	147,383
Education	-	-	-	-	-	21,375	44,061	26,870	28,876	34,448
Municipal Court	-	-	-	-	-	-	-	-	-	302
Police and Drug Control	-	-	-	-	-	105,159	87,892	87,614	81,106	100,504
School Nutrition	-	-	-	-	-	1,183,865	1,150,887	1,084,752	1,079,258	875,326
Solid Waste	-	-	-	-	-	285	7,379	35,214	263,202	610,090
State Street Aid	-	-	-	-	-	137,852	-	-	-	-
Committed for:										
Viking Hall Fund	-	-	-	-	-	13,274	16,908	4,085	-	-
Assigned for:										
Capital Outlay	-	-	-	-	-	945,251	358,671	125,000	55,000	25,000
Community Development	-	-	-	-	-	-	-	246,823	-	-
Debt Service	-	-	-	-	-	-	-	36,593	36,593	36,593
Education	-	-	-	-	-	9,225,036	10,480,301	9,915,771	8,778,569	9,037,034
State Street Aid	-	-	-	-	-	207,552	307,056	299,866	380,303	351,271
Unassigned	-	-	-	-	-	-	(484,317)	-	-	-
<b>Total All Other Governmental Funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,421,967</b>	<b>12,137,298</b>	<b>14,225,094</b>	<b>16,234,033</b>	<b>14,642,181</b>

\* Comparable information was not available for years prior to 2011.

**CITY OF BRISTOL, TENNESSEE**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED)**  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>REVENUES</b>										
Taxes	\$ 30,588,527	31,690,741	33,139,066	34,061,218	34,589,335	34,589,362	35,615,164	35,801,642	36,133,445	38,014,321
Licenses and Permits	180,044	233,850	266,443	208,669	138,008	152,642	323,148	170,279	293,851	258,370
Intergovernmental	21,141,889	24,971,548	27,103,389	26,153,592	25,775,163	25,510,683	26,341,830	25,919,005	26,684,980	25,955,110
Charges for Services	2,912,522	3,260,413	3,554,961	3,554,587	3,556,771	3,537,824	3,648,245	3,607,574	3,886,908	4,112,951
Revenues from Use of Facilities	618,497	353,474	651,151	626,002	835,243	744,223	564,516	501,309	504,354	520,769
Fines and Forfeitures	417,834	532,898	456,877	436,468	443,434	471,269	461,731	436,135	499,834	564,511
Investment Income	471,877	620,086	844,732	337,543	70,725	46,055	28,121	28,726	22,665	27,049
Other	663,705	378,462	1,206,892	569,940	835,415	1,333,614	515,641	821,851	984,744	806,083
<b>Total Revenues</b>	<b>56,994,895</b>	<b>62,041,472</b>	<b>67,223,511</b>	<b>65,948,019</b>	<b>66,244,094</b>	<b>66,385,672</b>	<b>67,498,396</b>	<b>67,286,521</b>	<b>69,010,781</b>	<b>70,259,164</b>
<b>EXPENDITURES</b>										
General Government	4,731,009	4,502,006	5,308,254	5,466,955	5,263,518	5,178,458	6,855,466	7,237,691	6,626,876	5,168,219
Community Development	-	-	-	-	-	-	-	-	-	1,036,225
Community Relations	1,001,575	868,050	1,228,660	1,000,991	1,011,166	788,484	766,782	727,676	698,262	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	3,410,923
Economic Development	-	-	-	-	-	-	-	-	-	3,343,512
Education	30,224,340	33,280,755	34,862,919	35,545,327	35,296,739	35,168,736	35,262,345	36,590,353	36,958,966	36,695,988
Parks and Recreation	2,192,522	2,571,850	2,638,797	2,926,362	3,219,908	3,440,821	3,457,346	3,610,672	3,567,195	-
Public Safety	9,320,840	10,123,040	10,202,548	10,490,276	10,195,665	10,436,462	10,655,798	10,583,638	10,975,234	11,318,073
Public Works	4,975,117	5,007,853	5,461,576	5,360,172	6,046,216	6,153,484	5,951,943	5,933,886	5,742,718	5,949,695
Capital Outlay	3,268,205	3,453,600	5,506,964	11,619,001	6,841,729	6,682,487	8,623,641	11,982,914	19,443,997	5,420,827
Debt Service:										
Principal	1,320,253	1,373,901	1,139,346	1,380,569	1,335,571	1,729,155	1,940,571	2,282,323	2,475,559	2,033,607
Interest	347,683	333,886	616,284	678,490	646,982	645,363	750,606	702,406	912,166	1,484,471
Bond Issuance Costs	-	-	197,805	-	50,911	65,107	-	265,690	613,783	91,444
Other Costs	22,124	21,503	18,453	18,109	4,593	1,906	2,547	2,589	2,750	3,745
<b>Total Expenditures</b>	<b>57,403,668</b>	<b>61,536,444</b>	<b>67,181,606</b>	<b>74,486,252</b>	<b>69,912,998</b>	<b>70,290,463</b>	<b>74,267,045</b>	<b>79,919,838</b>	<b>88,017,506</b>	<b>75,956,729</b>
Excess (Deficiency) of Revenues over Expenditures	(408,773)	505,028	41,905	(8,538,233)	(3,668,904)	(3,904,791)	(6,768,649)	(12,633,317)	(19,006,725)	(5,697,565)

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED)**  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>OTHER FINANCING SOURCES</b>										
<b>(USES)</b>										
Bonds Issued	-	-	12,900,000	323,584	2,760,000	4,450,000	-	10,220,000	25,415,000	3,275,000
Premium on Bonds Issued	-	-	727	-	65,911	215,254	-	104,705	726,088	34,211
Notes Payable	-	-	-	424,000	-	1,378,410	3,148,342	510,937	-	-
Insurance Recoveries	-	-	-	-	-	242,640	658,398	276,254	66,223	115,528
Sale of Capital Assets	-	-	-	-	-	25,830	49,750	16,588	16,884	18,296
Payments to Refund Bonds & Escrow	-	-	-	(323,584)	(2,775,000)	-	-	-	(8,455,612)	-
Transfers In	8,025,416	8,142,449	9,413,843	8,623,229	11,209,910	10,138,655	11,551,300	19,722,023	25,505,208	11,834,211
Transfers Out	(6,842,198)	(7,170,000)	(7,927,909)	(6,912,580)	(9,645,163)	(8,482,891)	(9,579,340)	(17,446,198)	(23,083,067)	(9,371,281)
Total Other Financing Sources (Uses)	1,183,218	972,449	14,386,661	2,134,649	1,615,658	7,967,898	5,828,450	13,404,309	20,190,724	5,905,965
Net Change in Fund Balances	774,445	1,477,477	14,428,566	(6,403,584)	(2,053,246)	4,063,107	(940,199)	770,992	1,183,999	208,400
Debt Service as a Percentage of Noncapital Expenditures	3.08%	2.94%	2.85%	3.28%	3.14%	3.73%	4.10%	4.39%	4.94%	4.99%

**CITY OF BRISTOL, TENNESSEE**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE (UNAUDITED)**  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	Payment in Lieu of Tax	Local Sales Tax	Beer and Liquor Taxes	Business Tax	Gas Franchise Tax	Cable Television Franchise Tax	Hotel and Motel Taxes	City Litigation Tax	Total
2006	11,389,121	74,659	8,790,242	633,125	408,536	442,881	267,031	381,292	-	22,386,887
2007	11,749,320	44,633	9,118,039	684,167	434,742	447,130	321,138	412,529	-	23,211,698
2008	12,805,954	56,677	9,204,471	743,256	459,759	350,277	356,355	467,276	-	24,444,025
2009	13,464,973	71,763	8,975,533	763,540	549,846	415,977	369,588	442,883	-	25,054,103
2010	14,463,056	297,068	8,439,767	761,487	455,662	329,077	324,127	417,098	-	25,487,342
2011	14,440,726	71,179	8,598,770	772,930	514,496	294,485	330,346	394,732	-	25,417,664
2012	14,793,210	72,970	9,215,883	795,954	586,303	279,849	341,948	361,031	-	26,447,148
2013	14,122,750	80,429	9,449,073	764,215	566,913	243,205	354,566	366,890	-	25,948,041
2014	14,434,762	55,781	9,147,329	728,366	537,107	272,920	348,852	341,129	38,665	25,904,911
2015	14,698,221	55,134	10,301,571	721,250	548,480	297,589	347,315	357,052	51,558	27,378,170

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (UNAUDITED)**  
 Last Ten Fiscal Years  
 (In Thousands of Dollars)

Fiscal Year Ended June 30	Real Property			Personal Property	Public Utility Property	Total Taxable Assessed Value	Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
	Residential Property	Commercial and Industrial Property	Other Real Property						
2006	212,465	203,952	7,958	56,935	19,473	500,783	2.30	1,616,706	30.98%
2007	220,370	214,699	8,570	58,252	17,635	519,526	2.30	1,678,705	30.95%
2008	226,299	221,936	8,416	63,807	15,110	535,568	2.42	1,769,471	30.27%
2009	234,354	226,234	8,756	61,164	14,550	545,058	2.50	1,801,620	30.25%
2010	281,179	285,413	9,241	72,970	16,467	665,269	2.19	2,148,387	30.97%
2011	280,548	286,832	9,401	66,929	16,673	660,383	2.19	2,130,288	31.00%
2012	282,750	289,345	9,160	66,328	15,086	662,669	2.19	2,147,718	30.85%
2013	284,251	284,456	8,733	55,655	14,747	647,842	2.19	2,106,102	30.76%
2014	282,435	274,681	9,488	52,370	15,133	634,107	2.25	2,056,476	30.83%
2015	284,774	282,853	10,320	51,435	14,937	644,319	2.25	2,086,117	30.89%

Source: Sullivan County, Tennessee Tax Assessor's Office.

Notes: Property in Sullivan County, Tennessee is reassessed once every four years. The most recent reassessment occurred in Fiscal Year 2014 prior to the levy of property taxes for the 2013 Tax Year. Commercial and industrial properties are assessed at 40 percent of actual taxable value. Residential and other real properties are assessed at 25 percent of actual value. Personal property is assessed at 30 percent of actual value. Public Utility (ad valorem) property is assessed at 55 percent of actual value. Actual taxable value is computed by dividing assessed values by these percentages.

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**PROPERTY TAX RATES (UNAUDITED)**  
**DIRECT AND OVERLAPPING GOVERNMENTS**  
**Last Ten Fiscal Years**

Fiscal Year	Total City of Bristol, Tennessee Millage	<u>Overlapping Rates</u> Sullivan County, Tennessee Millage	Direct & Overlapping Rates
2006	2.3000	2.5300	4.8300
2007	2.3000	2.5300	4.8300
2008	2.4200	2.5300	4.9500
2009	2.5000	2.5300	5.0300
2010	2.1900	2.1300	4.3200
2011	2.1900	2.1300	4.3200
2012	2.1900	2.3307	4.5207
2013	2.1900	2.3300	4.5200
2014	2.2500	2.3054	4.5554
2015	2.2500	2.3500	4.6000

Overlapping rates are those of local and county governments that apply to property owners within the City of Bristol, Tennessee.

Source: Sullivan County, Tennessee Tax Assessor's Office.

**CITY OF BRISTOL, TENNESSEE**  
**PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)**  
June 30, 2015

<b>Taxpayer:</b>	2015			2006		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Bristol Motor Speedway, Inc.	44,727,160	1	6.94%	41,794,939	1	8.30%
Godsey Leasing	12,570,695	2	1.95%	4,981,460	7	1.00%
Royal Mouldings Ltd.	9,993,565	3	1.55%	11,501,942	4	2.30%
Pinnacle Partners TN LLC	9,774,035	4	1.52%	-	-	-
UPM Pharmaceuticals, Inc	9,246,155	5	1.44%	7,225,948	5	1.40%
Exide Technologies	8,226,442	6	1.28%	6,396,570	6	1.30%
Bristol Metals, LP	8,168,348	7	1.27%	13,368,520	3	2.70%
United Telephone Southeast	8,148,171	8	1.26%	4,177,873	8	0.80%
Dr. Reddy's Laboratories	7,997,970	9	1.24%	-	-	-
Highlands Wellmont Health Network	7,856,687	10	1.22%	4,083,520	9	0.80%
Beecham Lab, Inc.	-	-	-	18,963,072	2	3.80%
Comprehensive Care	-	-	-	3,385,400	10	0.70%
	<u>\$ 126,709,228</u>		<u>19.67%</u>	<u>115,879,244</u>		<u>23.10%</u>

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)**  
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year		Collected Within the Fiscal Year of the Levy			Total Collections to Date			Outstanding Delinquent Taxes at June 30, 2015
	(Original Levy)	Adjustments	Total Adjusted Levy	Amount	Percentage of Original Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy	
2006	11,518,027	(40,862)	11,477,165	11,068,858	96.1%	372,732	11,441,590	99.7%	35,575
2007	11,955,217	24,128	11,979,345	11,516,911	96.3%	410,337	11,927,248	99.6%	52,097
2008	12,980,029	793	12,980,822	12,507,378	96.4%	426,838	12,934,216	99.6%	46,606
2009	13,628,721	54,843	13,683,564	13,065,284	95.9%	532,219	13,597,503	99.4%	86,061
2010	14,569,729	(28,535)	14,541,194	13,795,578	94.7%	611,001	14,406,579	99.1%	134,615
2011	14,464,758	(41,006)	14,423,752	13,684,810	94.6%	594,223	14,279,033	99.0%	144,719
2012	14,512,491	(21,549)	14,490,942	13,796,991	95.1%	470,249	14,267,240	98.5%	223,702
2013	14,187,921	(60,881)	14,127,040	13,432,991	94.7%	412,352	13,845,343	98.0%	281,697
2014	14,309,646	(15,763)	14,293,883	13,532,181	94.6%	397,354	13,929,535	97.5%	364,348
2015	14,549,265	(18,266)	14,530,999	13,678,253	94.0%	-	13,678,253	94.1%	852,746
<b>Total</b>	<u>136,675,804</u>	<u>(147,098)</u>	<u>136,528,706</u>	<u>130,079,235</u>	<u>95.3%</u>	<u>4,227,305</u>	<u>134,306,539</u>	<u>98.4%</u>	<u>1,369,421</u>

Notes: As of June 30, 2015, tax years prior to 2014 had been turned over to Sullivan County, Tennessee Clerk and Master for collections.

**CITY OF BRISTOL, TENNESSEE**  
**RATIOS OF OUTSTANDING DEBT BY TYPE (UNAUDITED)**  
 Last Ten Fiscal Years

Fiscal Year	Government Activities			Business Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes Payable	Capital Leases	Electric System Revenue Bonds	Water, Sewer, Stormwater, and Demolition Landfill General Obligation Bonds	Water and Sewer Revenue Bonds	Water and Sewer Notes Payable	Capital Leases			
2006	8,960,383	192,000	-	24,347,279	2,309,600	4,085,737	2,669,459	-	42,564,458	9.87%	1,673
2007	7,802,952	-	-	24,332,703	1,896,501	2,795,000	2,416,468	-	39,243,624	8.62%	1,543
2008	19,588,076	-	-	23,878,129	3,475,847	1,425,000	2,158,518	-	50,525,570	10.72%	1,986
2009	18,229,036	424,000	-	23,408,551	2,936,416	-	1,972,960	-	46,970,963	9.91%	1,837
2010	17,019,808	363,429	-	22,923,976	2,731,416	-	1,705,887	-	44,744,516	9.44%	1,750
2011	20,025,365	1,681,267	-	22,425,614	1,540,000	-	1,519,842	-	47,192,088	8.34%	1,767
2012	18,157,988	4,769,038	-	21,906,038	1,320,000	-	1,328,625	-	47,481,689	8.39%	1,778
2013	26,656,256	4,917,652	-	21,371,463	4,445,174	-	32,572	-	57,423,117	9.72%	2,153
2014	42,741,289	4,452,093	-	29,197,365	4,015,816	-	21,715	-	80,428,278	13.93%	3,014
2015	44,378,660	3,983,486	-	28,498,762	4,477,619	-	10,858	-	81,349,385	14.09%	3,049

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

1 See the Schedule of Demographic and Economic Statistics on page 222 for personal income and population data.

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING (UNAUDITED)**  
**Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property <sup>1</sup>	Per Capita <sup>2</sup>
2006	\$ 13,046,120	220,891	12,825,229	0.60%	504
2007	9,699,453	221,457	9,477,996	0.48%	373
2008	23,063,923	221,457	22,842,466	1.16%	898
2009	21,165,452	-	21,165,452	1.04%	828
2010	19,751,224	-	19,751,224	0.95%	772
2011	21,565,365	-	21,565,365	0.92%	808
2012	19,477,988	-	19,477,988	0.84%	729
2013	31,101,430	-	31,101,430	1.45%	1,166
2014	46,757,105	-	46,757,105	2.19%	1,752
2015	48,856,279	-	48,856,279	2.27%	1,831

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

<sup>1</sup> See the Schedule of Assessed Value and Estimated Value of Taxable Property on page 213 for property value data.

<sup>2</sup> See the Schedule of Demographic and Economic Statistics on page 222 for population data.

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)**  
 June 30, 2015

<b>Governmental Unit</b>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u> <sup>1</sup>	<u>Share of Overlapping Debt</u>
Debt Repaid with Property Taxes: Sullivan County, Tennessee	\$ 39,540,918	17%	<u>\$ 6,832,671</u>
Subtotal, Overlapping Debt			<u>6,832,671</u>
City of Bristol, Tennessee Direct Debt			48,856,279
Total Direct and Overlapping Debt			<u><u>\$ 55,688,950</u></u>

Sources: Debt outstanding data provided by Sullivan County, Tennessee staff.

Note:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Bristol, Tennessee. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residences and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

<sup>1</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values.

**CITY OF BRISTOL, TENNESSEE**  
LEGAL DEBT MARGIN INFORMATION (UNAUDITED)  
Last Ten Fiscal Years

Neither the City Charter nor the State of Tennessee has placed any restrictions on the amount of debt that may be issued by the City of Bristol, Tennessee.

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**PLEDGED-REVENUE COVERAGE (UNAUDITED)**  
Last Ten Fiscal Years

Fiscal Year	Electric System Bonds						Water and Sewer Bonds					
	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2006	66,375,813	62,283,217	4,092,596	-	627,198	6.53	8,270,249	5,316,514	2,953,735	1,255,000	210,534	2.02
2007	69,850,039	64,934,000	4,916,039	-	1,055,100	4.66	8,707,786	5,772,486	2,935,300	1,300,000	164,003	2.00
2008	74,007,325	70,699,290	3,308,035	440,000	1,046,738	2.23	8,855,477	5,838,172	3,017,305	1,370,000	88,967	2.07
2009	88,046,906	81,373,139	6,673,767	455,000	1,031,738	4.49	8,409,916	6,107,153	2,302,763	1,425,000	33,250	1.58
2010	80,464,925	72,465,366	7,999,559	470,000	1,016,000	5.38	-	-	-	-	-	-
2011	94,277,806	82,819,693	11,458,113	485,000	998,837	7.72	-	-	-	-	-	-
2012	90,332,236	80,213,447	11,668,434	505,000	982,807	7.84	-	-	-	-	-	-
2013	91,249,092	80,916,037	10,333,055	520,000	949,649	7.03	-	-	-	-	-	-
2014	91,499,255	80,592,135	10,907,120	540,000	947,000	7.33	-	-	-	-	-	-
2015	91,409,367	80,831,314	10,578,053	675,000	1,128,550	5.87	-	-	-	-	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
Charges and other includes charges for services, other revenue, and investment earnings.  
Investment earnings is excluded from the calculation in the electric fund. Operating expenses do not include interest, amortization, depreciation, or capital contribution to and loss from joint venture.

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)**  
 Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Income	Median Age	School Enrollment	Unemployment Rate
2006	25,435	431,080,000	*	39.9	3,675	5.6%
2007	25,435	455,206,700	*	39.7	3,864	4.1%
2008	25,435	471,437,725	18,535	39.9	3,898	5.3%
2009	25,573	473,995,555	18,535	39.9	3,908	11.6%
2010	25,573	473,995,555	18,535	39.9	3,843	9.0%
2011	26,702	565,868,784	21,192	42.3	3,859	8.3%
2012	26,702	565,868,784	21,192	42.3	3,819	7.8%
2013	26,675	590,611,175	22,141	41.9	3,896	8.3%
2014	26,681	577,430,202	21,642	42.3	3,869	7.4%
2015	26,681	577,430,202	21,642	42.3	3,978	6.8%

\*Comparable information was not available for prior years.

Source: Per 2010 US Census Report at Census.gov and Tennessee Department of Labor and Workforce Development

**CITY OF BRISTOL, TENNESSEE**  
**PRINCIPAL EMPLOYERS (UNAUDITED)**  
 Current Year and Nine Years Ago

<b>EMPLOYER:</b>	2015			2006		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Wellmont Health System at Bristol Regional Medical Center	1,885	1	16.91%	1,411	1	12.50%
Century Link	650	2	5.83%			
U.S. Solutions Groups	590	3	5.29%			
Bristol, Tennessee School System	529	4	4.74%	419	5	3.71%
Sprint Telecenters	500	5	4.48%	775	3	6.86%
Robinette Company	340	6	3.05%	250	8	2.21%
City of Bristol, Tennessee	332	7	2.98%	320	6	2.83%
Walmart	260	8	2.33%			
Bristol Metals LP	250	9	2.24%	316	7	2.80%
Lowe's Home Improvement	122	10	1.09%			
Exide Corporation				900	2	7.97%
King Pharmaceuticals				501	4	4.44%
GlaxoSmithKline Laboratories				247	9	2.19%
Seaman Corporation				130	10	1.15%
	<u>5,458</u>		<u>48.95%</u>	<u>5,269</u>		<u>46.67%</u>

Source: Department of Economic & Community Development Board and Comprehensive Annual Financial Reports of the City of Bristol, Tennessee.

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

<b>FUNCTION</b>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government	27	27	32	36	36	37	38	38	38	38
Community Relations	5.5	5.5	5.5	7	5	6	6	6	6	6
Education	531	540	544.67	536.3	542.4	539.8	529.6	523	524	529
Parks and Recreation	33	33	34	34	36	36	37	38	38	36
Public Safety										
Codes Enforcement	4	4	4	5	5	5	5	5	5	5
Police	91	92	92	89	91	90	90	90	91	91
Fire	50.5	50.5	51.5	58	58	58	58	58	58	58
Public Works										
Engineering & GIS	8	8	8	8	8	7	7	7	7	8
Fleet Maintenance	10	10	10	10	10	10	9	9	9	9
Street Maintenance	24.5	24.5	25	25	23	24	24	24	24	22
Solid Waste	16	16	16	16	15	15	17	15	15	14
Other	8.5	8.5	7.7	7.7	7.7	7.7	10	10	10	9
Electric	60	60	60	60	58	59	62.5	65	64	67
Water	26.5	26.5	25	26.5	24.5	24.5	23	23	24	24
Sewer	12.5	12.5	14	12.5	11.5	11.5	12	12	11	11
Demolition Landfill	2	2	2.3	2.3	2.3	2.3	2.3	1	1	1
<b>Total</b>	<u>910</u>	<u>920</u>	<u>931.67</u>	<u>933.3</u>	<u>933.4</u>	<u>932.8</u>	<u>930.4</u>	<u>924</u>	<u>925</u>	<u>928</u>

Source: Summarized from internal records.

**CITY OF BRISTOL, TENNESSEE**  
**OPERATING INDICATORS BY FUNCTION (UNAUDITED)**  
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Education</b>										
Average Daily Membership	3,675	3,864	3,898	3,908	3,843	3,859	3,819	3,896	3,896	3,978
<b>Public Safety</b>										
Police:										
Average Emergency Response Time	6 min.	6.24 min.	6.32 min.	6.35 min.	6.05 min.	6.33 min.	6.21 min.	6.22 min.	6.42 min.	7.27 min.
Number of Calls for Service	53,591	47,097	47,156	47,292	67,225	80,375	68,005	74,426	64,501	58,142
Number of Arrests	2,088	2,313	2,507	2,758	2,035	2,106	2,171	1,991	2,296	2,213
Fire:										
Average Response Time	5.02 min.	4.46 min.	5.05 min.	3.27 min.	4.18 min.	4.57 min.	4.5 min.	4.01 min.	3.54 min.	5.23 min.
Number of Alarms Answered	4,085	4,192	4,569	4,988	5,011	5,281	5,389	4,938	5,366	4,699
Number of Code Inspections	6,288	7,381	1,210	892	1,024	216	1,439	1,364	1,391	750
<b>Public Works</b>										
Refuse Collected (Cubic Yards or Tons)	10,821 T	10,656 T	10,569 T	10,306 T	10,162 T	9,900 T	10140 T	9839 T	9952 T	9938 T
Brush Collection (Cubic Yards)	42,280	40,943	41,311	39,902	39,902	44,734	50,751	38,302	35,360	25,060
Junk Collection (Cubic Yards)	27,899	24,196	25,205	24,266	21,958	19,072	17,500	15,900	18,952	23,342
Leaf Collection (Cubic Yards or Tons)	5,249 CY	1,031 T	5,101 CY	1,092 T	944 T	976 T	589.16 T	940 T	852 T	793 T
Number of Customers	9,873	10,041	10,074	9,661	9,682	9,768	9,769	9,756	9,771	9,763
<b>Water</b>										
Daily Average Treatment (Million Gallons)	5.7	5.5	6.1	5.7	5.9	5.7	5.6	5.6	5.6	5.90
Number of Customers	11,938	12,256	12,298	12,368	12,451	12,405	12,384	12,415	12,411	12,462
<b>Sewer</b>										
Daily Average Treatment (Bristol, VA/TN) (Million Gallons)	9.5	9.5	8.3	9.3	10.7	10.8	10.6	11.5	10.3	9.8
Number of Customers	10,425	10,584	10,865	11,021	11,402	11,417	11,455	11,175	11,500	11,546
<b>Demolition Landfill</b>										
Waste Received (Cubic Yards)	52,935	51,479	63,423	22,000	26,000	20,000	18,000	19,000	18,952	24,342

Note: Beginning in 2008, inspections other than fire were conducted within Community Development Department.  
Source: Summarized from internal records.

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**CAPITAL ASSET STATISTICS BY FUNCTION (UNAUDITED)**  
 Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Education</b>										
Number of Elementary Schools	6	6	5	5	6	5	5	5	5	5
Number of Junior High Schools	1	1	1	1	1	1	1	1	1	1
Number of High Schools	1	1	1	1	1	1	1	1	1	1
<b>Parks and Recreation</b>										
Community Centers	1	1	1	1	1	1	1	1	1	1
Parks	24	24	24	27	27	27	27	28	28	28
Parks Acreage	2,388	2,388	2,388	2,388	2,388	2,388	2,388	2,388	2,388	2388
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Tennis Court Facilities	4	4	4	4	4	4	4	4	4	4
Golf Courses	1	1	1	1	1	1	1	1	1	1
Basketball Court Facilities	6	6	6	6	7	7	7	7	7	7
Disc Golf Courses	-	-	-	1	1	1	1	1	1	1
<b>Public Safety</b>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	43	43	43	43	43	43	43	43	46	46
Fire:										
Fire Stations	4	4	4	4	4	4	4	4	4	
<b>Public Works</b>										
Streets (miles)	347	351	352	353	353	356	356	360	360	360
<b>Electric</b>										
Miles of Service Lines	1,239	1,251	1,272	1,276	1,276	1,280	1,280	1,280	1,284	1284
Miles of Cable Lines	69.8	69.8	937.0	878.0	944.2	946.5	946.8	946.8	971.0	971.3
<b>Water</b>										
Water Mains (Miles)	250	259	261	393	265	272	272	263	263	263
Fire Hydrants	1,050	1,067	1,212	1,214	1,191	1,242	1,194	1,241	1,241	1275
Maximum Daily Capacity (Millions of Gallons)	10	10	10	10	10	10	10	10	10	10
Number of Booster Stations	5	5	5	6	7	5	5	5	5	5
Number of Water Reservoirs	8	8	8	9	9	9	9	9	9	10
<b>Sewer</b>										
Sanitary Sewers (Miles)	210	228	229	241	241	249	249	260	260	260
Maximum Daily Treatment Capacity (Million of Gallons)	15	15	15	15	15	15	15	15	15	15
Number of Wastewater Lift Stations	28	28	29	32	32	32	32	32	32	32

\*Comparable information was not available for prior years.  
 Source: Summarized from internal records.

**CITY OF BRISTOL, TENNESSEE**  
**SCHEDULE OF ELECTRIC RATES (UNAUDITED)**  
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Residential</b>										
Monthly Customer Charge	6.29	6.29	6.42	6.42	6.42	8.42	8.42	8.42	8.42	8.42
Energy Charge:										
Summer	-	-	-	-	-	0.08712	0.08897	0.08885	0.09318	0.08963
Winter	-	-	-	-	-	0.08438	0.08615	0.08603	0.09028	0.08665
Transition	-	-	-	-	-	0.08267	0.08438	0.08426	0.08847	0.08479
First 1,000 kWh Per Month	0.06352	0.06157	0.07212	0.07407	0.07661	-	-	-	-	-
Additional kWh Per Month	0.06896	0.06701	0.07767	0.07962	0.08216	-	-	-	-	-
<b>Commercial, Industrial, Governmental and Institutional</b>										
Plan A-1 (Demand up to 50 kW and usage up to 15,000 kWh):										
Monthly Customer Charge	14.00	14.00	14.29	14.29	14.29	-	-	-	-	-
Customer Charge Per Month:										
Single Phase Self Contained	-	-	-	-	-	13.86	13.86	13.86	13.86	13.86
Single Phase CT	-	-	-	-	-	13.86	13.86	13.86	13.86	13.86
Three Phase Self Contained	-	-	-	-	-	40.90	40.90	40.90	40.90	40.90
Three Phase CT	-	-	-	-	-	40.90	40.90	40.90	40.90	40.90
Energy Charge	0.07346	0.07112	0.08236	0.08461	0.08799	-	-	-	-	-
Summer	-	-	-	-	-	0.09821	0.10020	0.10008	0.10448	0.10113
Winter	-	-	-	-	-	0.09547	0.09737	0.09725	0.10158	0.09815
Transition	-	-	-	-	-	0.09376	0.09561	0.09549	0.09977	0.09629
Plan A-2 (Demand of 50 kW to 1,000 kW or demand less than 50kW but usage in excess of 15,000 kWh):										
Monthly Customer Charge	25.00	25.00	25.51	25.51	25.51	-	-	-	-	-
Customer Charge Per Month:										
Single Phase Self Contained	-	-	-	-	-	48.43	48.43	48.43	48.43	48.43
Single Phase CT	-	-	-	-	-	48.43	48.43	48.43	48.43	48.43
Three Phase Self Contained	-	-	-	-	-	71.99	71.99	71.99	71.99	71.99
Three Phase CT	-	-	-	-	-	71.99	71.99	71.99	71.99	71.99
Demand Charge:										
Excess of 50kW	10.06	9.63	10.49	10.83	11.76	-	-	-	-	-
Summer	-	-	-	-	-	10.15	10.45	10.45	10.45	10.98
Winter	-	-	-	-	-	9.33	9.60	9.60	9.84	10.08
Transition	-	-	-	-	-	9.33	9.60	9.60	9.84	10.08

\* In April of 2011 BTES went to seasonal billing  
The seasonal rates above include the June 2014 Fuel Cost Adjustment

**CITY OF BRISTOL, TENNESSEE**  
**SCHEDULE OF ELECTRIC RATES (UNAUDITED)**  
 Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Energy Charge:										
First 15,000 kWh Per Month	0.07300	0.07066	0.08189	0.08414	0.08752	-	-	-	-	-
Summer	-	-	-	-	-	0.09491	0.09682	0.09670	0.10104	0.09762
Winter	-	-	-	-	-	0.09217	0.09400	0.09388	0.09814	0.09464
Transition	-	-	-	-	-	0.09046	0.09223	0.09211	0.09633	0.09279
Additional kWh Per Month	0.04042	0.03947	0.04785	0.04900	0.04945	-	-	-	-	-
Summer	-	-	-	-	-	0.06377	0.06484	0.06473	0.06828	0.06419
Winter	-	-	-	-	-	0.06106	0.06204	0.06193	0.06540	0.06124
Transition	-	-	-	-	-	0.05990	0.06085	0.06074	0.06418	0.05999
Plan A-3 (Demand of 1,001 kW to 5,000 kW):										
Monthly Customer Charge	25.00	25.00	25.51	25.51	25.51	100.00	100.00	100.00	100.00	100.00
Demand Charge:										
First 1,000 kW	10.14	9.67	10.58	10.94	11.92	-	-	-	-	-
Excess of 1,000 kW	11.94	11.39	12.45	12.88	14.04	-	-	-	-	-
Summer	-	-	-	-	-	10.50	10.82	10.82	11.11	11.39
Winter	-	-	-	-	-	9.68	9.98	9.98	10.24	10.51
Transition	-	-	-	-	-	9.68	9.98	9.98	10.24	10.51
Energy Charge	0.04042	0.03947	0.04785	0.04900	0.04945	-	-	-	-	-
Summer	-	-	-	-	-	0.06377	0.06479	0.06468	0.06819	0.06406
Winter	-	-	-	-	-	0.06106	0.06200	0.06189	0.06532	0.06112
Transition	-	-	-	-	-	0.05990	0.06080	0.06069	0.06409	0.05986
Plan B (Demand of 5,001 kW to 15,000 kW):										
Monthly Customer Charge	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	-	-	-	-	-
Demand Charge	12.89	12.33	13.16	13.59	14.78	-	-	-	-	-
Energy Charge:										
First 620 kWh Per Month	0.03588	0.03514	0.04234	0.04333	0.04336	-	-	-	-	-
Additional kWh Per Month	0.02928	0.02883	0.03559	0.03636	0.03576	-	-	-	-	-
Plan C (Demand of 15,001 kW to 25,000 kW):										
Monthly Customer Charge	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	-	-	-	-	-
Demand Charge	13.00	12.44	13.27	13.70	14.89	-	-	-	-	-
Energy Charge:										
First 620 kWh Per Month	0.03588	0.03514	0.04234	0.04333	0.04336	-	-	-	-	-
Additional kWh Per Month	0.02928	0.02883	0.03559	0.03636	0.03576	-	-	-	-	-

\* In April of 2011 BTES went to seasonal billing  
 The seasonal rates above include the June 2014 Fuel Cost Adjustment

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**SCHEDULE OF ELECTRIC RATES (UNAUDITED)**  
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>TOU GSB</b>										
Monthly Customer Charge	-	-	-	-	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
Admin Charge	-	-	-	-	-	350.00	350.00	350.00	350.00	350.00
Demand Charge:										
Summer										
OnPeak KW	-	-	-	-	15.45	15.38	15.83	15.83	16.22	16.62
OffPeak KW Excess Onpeak	-	-	-	-	3.36	3.30	3.38	3.38	3.45	3.52
KW Excess Contract KW	-	-	-	-	15.45	15.38	15.83	15.83	16.22	16.62
Winter										
OnPeak KW	-	-	-	-	8.54	8.49	8.73	8.73	8.94	9.15
OffPeak KW Excess Onpeak	-	-	-	-	3.36	3.30	3.38	3.38	3.45	3.52
KW Excess Contract KW	-	-	-	-	8.54	8.49	8.73	8.73	8.94	9.15
Transition										
OffPeak KW Excess Onpeak	-	-	-	-	3.36	3.30	3.38	3.38	3.38	3.52
KW Excess Contract KW	-	-	-	-	3.36	3.30	3.38	3.38	8.94	9.15
Energy Charge										
Summer OnPeak	-	-	-	-	0.09158	0.09483	0.09694	0.09683	0.10127	0.08150
Summer OffPeak-First 425 HUD	-	-	-	-	0.05793	0.06119	0.06226	0.06215	0.06568	0.06163
Summer OffPeak-Next 195 HUD	-	-	-	-	0.03982	0.04308	0.04360	0.04349	0.04653	0.04198
Summer OffPeak-Over 620 HUD	-	-	-	-	0.02445	0.02771	0.02775	0.02764	0.03026	0.02529
Winter OnPeak	-	-	-	-	0.06183	0.06509	0.06628	0.06617	0.06981	0.06587
Winter OffPeak- First 425 HUD	-	-	-	-	0.05793	0.06119	0.06226	0.06215	0.06568	0.06163
Winter OffPeak- Next 195 HUD	-	-	-	-	0.03982	0.04308	0.04360	0.04349	0.04653	0.04198
Winter OffPeak- Over 620 HUD	-	-	-	-	0.02445	0.02771	0.02775	0.02764	0.03026	0.02529
Transition OffPeak- First 425 HUD	-	-	-	-	0.05793	0.06119	0.06226	0.06215	0.06568	0.06163
Transition OffPeak- Next 195 HUD	-	-	-	-	0.03982	0.04308	0.04360	0.04349	0.04653	0.04198
Transition OffPeak- Over 620 HUD	-	-	-	-	0.02445	0.02771	0.02775	0.02764	0.03026	0.02529
<b>TOU MSB</b>										
Monthly Customer Charge	-	-	-	-	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
Admin Charge	-	-	-	-	-	350.00	350.00	350.00	350.00	350.00
Demand Charge:										
Summer										
OnPeak KW	-	-	-	-	15.46	15.38	15.83	15.83	16.22	16.62
OffPeak KW Excess Onpeak	-	-	-	-	3.37	3.30	3.38	3.38	3.45	3.52
KW Excess Contract KW	-	-	-	-	15.46	15.38	15.83	15.83	16.22	16.62

\* In April of 2011 BTES went to seasonal billing  
The seasonal rates above include the June 2014 Fuel Cost Adjustment

**CITY OF BRISTOL, TENNESSEE**  
**SCHEDULE OF ELECTRIC RATES (UNAUDITED)**  
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Winter</b>										
OnPeak KW	-	-	-	-	8.55	8.49	8.73	8.73	8.94	9.15
OffPeak KW Excess Onpeak	-	-	-	-	3.37	3.30	3.38	3.38	3.45	3.52
KW Excess Contract KW	-	-	-	-	8.55	8.49	8.73	8.73	8.94	9.15
<b>Transition</b>										
OffPeak KW Excess Onpeak	-	-	-	-	3.37	3.30	3.38	3.38	3.45	3.52
KW Excess Contract KW	-	-	-	-	3.37	3.30	3.38	3.38	8.94	9.15
<b>Energy Charge</b>										
Summer OnPeak	-	-	-	-	0.07685	0.08011	0.08177	0.08166	0.08571	0.08218
Summer OffPeak-First 425 HUD	-	-	-	-	0.04357	0.04685	0.04748	0.04737	0.05051	0.04606
Summer OffPeak-Next 195 HUD	-	-	-	-	0.02546	0.02874	0.02882	0.02871	0.03136	0.02641
Summer OffPeak-Over 620 HUD	-	-	-	-	0.01009	0.01337	0.01297	0.01286	0.01510	0.00973
Winter OnPeak	-	-	-	-	0.04771	0.05097	0.05173	0.05162	0.05488	0.05055
Winter OffPeak- First 425 HUD	-	-	-	-	0.04357	0.04685	0.04748	0.04737	0.05051	0.04606
Winter OffPeak- Next 195 HUD	-	-	-	-	0.02546	0.02874	0.02882	0.02871	0.03136	0.02641
Winter OffPeak- Over 620 HUD	-	-	-	-	0.01009	0.01337	0.01297	0.01286	0.01510	0.00973
Transition OffPeak- First 425 HUD	-	-	-	-	0.04357	0.04685	0.04748	0.04737	0.05051	0.04606
Transition OffPeak- Next 195 HUD	-	-	-	-	0.02546	0.02874	0.02882	0.02871	0.03136	0.02641
Transition OffPeak- Over 620 HUD	-	-	-	-	0.01009	0.01337	0.01297	0.01286	0.01510	0.00973
<b>SDE SMSB</b>										
Monthly Customer Charge	-	-	-	-	-	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
Admin Charge	-	-	-	-	-	350.00	350.00	350.00	350.00	350.00
<b>Demand Charge:</b>										
Summer	-	-	-	-	-	17.60	18.12	18.12	18.57	19.03
Winter	-	-	-	-	-	11.46	11.79	11.79	12.08	12.37
Transition	-	-	-	-	-	6.85	7.03	7.03	7.19	7.36
<b>Energy Charge</b>										
Summer	-	-	-	-	-	0.04170	0.04217	0.04206	0.04506	0.04
Winter	-	-	-	-	-	0.03719	0.03753	0.03742	0.04030	0.04
Transition	-	-	-	-	-	0.03614	0.03644	0.03633	0.03918	0.03
<b>SDE SMSC</b>										
Monthly Customer Charge	-	-	-	-	-	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
Admin Charge	-	-	-	-	-	350.00	350.00	350.00	350.00	350.00

\* In April of 2011 BTES went to seasonal billing  
The seasonal rates above include the June 2014 Fuel Cost Adjustment

**CITY OF BRISTOL, TENNESSEE**  
**SCHEDULE OF ELECTRIC RATES (UNAUDITED)**  
 Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Demand Charge:										
Summer	-	-	-	-	-	17.71	18.23	18.23	18.68	19.14
Winter	-	-	-	-	-	11.57	11.90	11.90	12.19	12.48
Transition	-	-	-	-	-	6.96	7.14	7.14	7.30	7.47
Energy Charge										
Summer	-	-	-	-	-	0.04140	0.04186	0.04175	0.04475	0.04015
Winter	-	-	-	-	-	0.03718	0.03751	0.03740	0.04028	0.03557
Transition	-	-	-	-	-	0.03617	0.03647	0.03647	0.03921	0.03447

\* In April of 2011 BTES went to seasonal billing  
 The seasonal rates above include the June 2014 Fuel Cost Adjustment

Source: Summarized from internal records.

**CITY OF BRISTOL, TENNESSEE**  
**SCHEDULE OF TELEPHONE, CABLE AND INTERNET RATES (UNAUDITED)**  
**Past Nine Fiscal Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Telephone</b>									
Basic Telephone Service	\$ 22.90	22.90	22.90	22.90	22.90	22.90	22.90	22.90	22.90
Enhanced Telephone Service	28.90	28.90	28.90	28.90	28.90	28.90	28.90	30.90	30.90
100 Minutes Long Distance	6.95	6.95	6.95	6.95	6.95	6.95	6.95	6.95	6.95
200 Minutes Long Distance	12.95	12.95	12.95	12.95	12.95	12.95	12.95	12.95	12.95
500 Minutes Long Distance	24.95	24.95	24.95	24.95	24.95	24.95	24.95	24.95	24.95
Unlimited Minutes Long Distance	29.95	29.95	29.95	29.95	29.95	29.95	29.95	29.95	29.95
<b>Cable Television</b>									
Expanded Basic	39.95	39.95	39.95	39.95	39.95	42.95	42.95	49.95	49.95
Expanded Basic (IPTV)	-	-	-	-	-	49.95	49.95	49.95	49.95
Digital:									
Basic	49.95	50.95	50.95	51.95	51.95	55.95	55.95	55.95	55.95
IPTV	-	-	-	-	-	74.95	74.95	75.15	75.15
Bronze (premium bundle price no longer offered)	59.95	59.95	59.95	62.95	62.95	62.95	62.95	89.10	N/A
Silver (premium bundle price no longer offered)	67.95	67.95	67.95	70.95	70.95	70.95	70.95	105.05	N/A
Gold (premium bundle price no longer offered)	72.95	72.95	72.95	78.95	78.95	78.95	78.95	138.95	N/A
Spanish Tier	4.95	4.95	4.95	4.95	4.95	4.95	4.95	4.95	4.95
High Definition Tier	9.95	9.95	9.95	9.95	9.95	9.95	9.95	9.95	9.95
Sports Tier	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Pay-Per-View Movies:									
New Release	3.95	3.95	3.95	3.99	3.99	3.99	3.99	3.99	3.99
Premium Packages:									
Cinemax	9.95	9.95	9.95	12.95	12.95	15.95	15.95	15.95	15.95
HBO	11.95	11.95	11.95	14.95	14.95	17.95	17.95	17.95	17.95
Showtime	11.95	11.95	11.95	12.95	12.95	15.95	15.95	15.95	15.95
Starz	9.95	9.95	9.95	10.95	10.95	13.95	13.95	13.95	13.95
<b>Internet</b>									
Fiber Optic:									
512K Tier (512K prior to June 2014, 64K prior to 2012)	16.95	16.95	16.95	16.95	16.95	16.95	16.95	16.95	16.95
2 Mbps Tier (1.5 Mbps in 2007)	29.95	29.95	29.95	29.95	29.95	29.95	29.95	-	-
10 Mbps Tier (8 Mbps prior to June 2014, 4 Mbps prior to 2012, 3 Mbps in 2007)	39.95	39.95	39.95	39.95	39.95	39.95	39.95	39.95	39.95
30 Mbps Tier (16 Mbps prior to June 2014, 6 Mbps prior to 2012, 5 Mbps in 2007)	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95
60 Mbps Tier (30 Mbps prior to June 2014, 12 Mbps prior to 2012)	-	-	59.95	59.95	59.95	59.95	59.95	59.95	59.95
80 Mbps Tier (50 Mbps prior to June 2014)	-	-	-	-	-	69.95	69.95	69.95	69.95
1 G Tier	-	-	-	-	-	-	-	299.95	299.95

Note: Telephone services commenced in 2007.  
Cable and Internet services commenced in 2006.

Source: Summarized from internal records.

See Independent Auditors' Report.

**CITY OF BRISTOL, TENNESSEE**  
**SCHEDULE OF WATER AND SEWER RATES (UNAUDITED)**  
For the Fiscal Year Ended June 30, 2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>WATER RATES</b>										
<b>All Customers:</b>										
Inside the City (Per 1,000 Gallon):										
First 1,000 Gallons (Minimum)	5.30	5.62	5.93	5.93	6.43	6.98	6.98	6.98	6.98	6.98
From 1,001 to 50,000	2.23	2.36	2.49	2.49	2.70	2.93	2.93	2.93	2.93	2.93
From 50,001 to 100,000	2.12	2.25	2.38	2.38	2.58	2.80	2.80	2.80	2.80	2.80
From 100,001 to 250,000	1.91	2.02	2.13	2.13	2.31	2.51	2.51	2.51	2.51	2.51
Over 250,001	1.35	1.43	1.51	1.51	1.64	1.78	1.78	1.78	1.78	1.78
Rural/Outside the City (Per 1,000 Gallon):										
First 1,000 Gallons (Minimum)	10.60	11.24	11.87	11.87	12.86	13.96	13.96	13.96	13.96	13.96
From 1,001 to 50,000	4.46	4.72	4.98	4.98	5.40	5.86	5.86	5.86	5.86	5.86
From 50,001 to 100,000	4.24	4.50	4.75	4.75	5.16	5.60	5.60	5.60	5.60	5.60
From 100,001 to 250,000	3.82	4.04	4.27	4.27	4.62	5.02	5.02	5.02	5.02	5.02
Over 250,001	2.70	2.86	3.03	3.03	3.28	3.56	3.56	3.56	3.56	3.56
Blountville Utility District (Per 1,000 Gallon)	2.60	2.60	1.50	1.50	1.50	1.50	1.55	1.55	1.55	1.55
Intermont Utility District (Per 1,000 Gallon)	2.60	2.60	1.50	1.50	2.20	2.20	2.20	2.20	2.25	2.25
Other Utility Districts (Per 1,000 Gallon)	2.60	2.60	2.60	2.60	2.95	2.95	2.95	2.95	2.95	2.95
<b>SEWER RATES</b>										
Monthly Charge for Cost of Supplying Service	3.09	3.18	3.18	3.18	3.50	3.50	3.50	3.50	3.50	3.50
Monthly Charge for I/I Rehabilitation	2.06	2.12	2.12	2.12	2.50	2.50	2.50	2.50	2.50	2.50
<b>Inside Rates:</b>										
Monthly Customer Charge (Per 1,000 Gallon)										
Minimum Bill of 2,000 Gallons and Up to 2,500,000 Gallons	3.40	3.50	3.50	3.50	3.64	3.79	3.79	3.79	3.79	3.79
Over 2,500,000 Gallons	2.31	2.38	2.38	2.38	2.48	2.58	2.58	2.58	2.58	2.58

(Continued)

**CITY OF BRISTOL, TENNESSEE**  
**SCHEDULE OF WATER AND SEWER RATES (UNAUDITED)**  
For the Fiscal Year Ended June 30, 2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>SEWER RATES (Continued)</b>										
<b>Outside Rates (Per 1,000 Gallon):</b>										
Monthly Residential Customer Charge										
Minimum Bill of 3,000 Gallons	5.10	5.25	5.25	5.25	5.46	5.68	5.68	5.68	5.68	5.68
Monthly Non-residential Customer Charge										
Minimum Bill of 3,000 Gallons	5.67	5.84	5.84	5.84	6.07	6.31	6.31	6.31	6.31	6.31
City of Johnson City, Tennessee (Per 1,000 Gallon)	1.70	1.80	1.83	1.90	2.01	1.97	2.05	2.14	2.18	2.21
Town of Bluff City, Tennessee (Per 1,000 Gallon)	1.70	1.80	1.83	1.90	2.01	1.97	2.05	2.14	2.18	2.21

Note: In 2006, water rates were changed to combine residential and commercial accounts into the same rate structure.

Source: Summarized from internal records.

**COMPLIANCE  
SECTION**





**INDEPENDENT AUDITOR'S 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**

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**The Honorable Mayor and Members  
of the City Council of the  
City of Bristol, Tennessee**

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bristol, Tennessee (the "City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 29, 2016. Our report includes a reference to other auditors who audited the financial statements of the Electric Fund and the BTES Other Post Employment Benefits Trust Fund, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report also includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") to determine the 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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 determination of financial statement amounts. 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.

Mauldin & Jenkins, LLC

Chattanooga, Tennessee  
June 29, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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**The Honorable Mayor and Members  
of the City Council of the  
City of Bristol, Tennessee**

**Report on Compliance for Each Major Federal Program**

We have audited the City of Bristol, Tennessee's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Bristol, Tennessee's major federal programs for the year ended June 30, 2015. The City of Bristol, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Bristol, Tennessee's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Bristol, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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### **Opinion on Each Major Federal Program**

In our opinion, the City of Bristol, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit are described in the schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the City of Bristol, Tennessee is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Bristol, Tennessee's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Bristol, Tennessee's internal control over compliance.

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

---

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

The City of Bristol, Tennessee's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Bristol, Tennessee's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Chattanooga, Tennessee  
June 29, 2016

CITY OF BRISTOL, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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SECTION I  
SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_ yes  X  no

Significant deficiency(ies) identified?

\_\_\_ yes  X  none reported

Noncompliance material to financial statements noted?

\_\_\_ yes  X  no

**Federal Awards**

Internal Control over major programs:

Material weakness(es) identified?

\_\_\_ yes  X  no

Significant deficiency(ies) identified?

X  yes \_\_\_ none reported

Type of auditor's report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular?

X  yes \_\_\_ no

Identification of major programs:

CFDA Number  
10.553, 10.555  
14.239  
84.010

Name of Federal Program or Cluster  
Child Nutrition Cluster  
HOME Investment Partnership Program  
Title I Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

\_\_\_ yes  X  no

**CITY OF BRISTOL, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**SECTION II  
FINANCIAL STATEMENT FINDINGS**

**None reported**

CITY OF BRISTOL, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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SECTION III  
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2015 – 001. Drawdown Requests

**Program:** CFDA 14.239

**Program Title:** Home Investment Partnership Program

**Criteria:** Internal controls should be in place to ensure compliance with the City's policies and procedures when submitting requests for the reimbursement of federal funds and to ensure amounts are for allowable costs under OMB Circular A-87.

**Condition:** Internal controls were not sufficient to ensure compliance with requirements related to reimbursement requests for the HOME Investment Partnership Program. Supporting documentation for cash draws and disbursements should be properly retained and approved.

**Context/Cause:** During our Single Audit testing of the HOME Investment Partnership Program, we noted one out of seven drawdown requests were not properly reviewed and signed off on by Finance and Program Management prior to submission. We also noted that supporting documentation was not maintained for the expenditures related to the one draw which was not properly approved.

**Questioned Costs:** \$5,110

**Effects:** The City potentially could have received federal money for expenditures it did not qualify to receive.

**Recommendation:** We recommend the City implement an approval process of drawdown requests prior to submission and that all proper supporting documentation be kept and maintained on file.

**Auditee's Response:** Management acknowledges and agrees with the finding that there were certain instances where approval signatures were not obtained (or at least documentation of such approvals did not appear on the attachments that were forwarded to the auditors). We also acknowledge and agree with the finding that in some instances there were pieces of supporting documentation also missing from the paperwork.

Measures have been implemented to correct these issues subsequent to year end. The most recent drawdown requests have gotten approval signatures and have been supported by necessary documentation. Planning and Community Development management is thoroughly checking each of the drawdown requests and signing off prior to submission and does not anticipate running into this issue again with this grant.

SECTION IV  
STATUS OF PRIOR AUDIT FINDINGS

None reported