

CITY OF BRISTOL, TENNESSEE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2009



Prepared by:

City of Bristol, Tennessee Finance Department
Tara Musick, CPA, Director of Finance

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

Fred Testa - Mayor
Margaret Feierabend - Vice Mayor
James E. Messimer - Councilman
David Shumaker - Councilman
Joel Staton - Councilman

Telephone: (423) 989-5503
Facsimile: (423) 989-5506

Jeffrey J. Broughton, City Manager

December 30, 2009

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

Tennessee statute requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the *Comprehensive Annual Financial Report* of the City of Bristol, Tennessee for the fiscal year ended June 30, 2009.

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

Brown, Edwards & Company, L.L.P., certified public accountants, have issued an unqualified ("clean") opinion on the City of Bristol, Tennessee's financial statements for the fiscal year ended June 30, 2009. The independent auditors' report is presented as the first component of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The City of Bristol, Tennessee, incorporated on February 22, 1856, is located in the northeastern part of the state bordering Bristol, Virginia. The City currently occupies a land area of 32.660 square miles and serves a population of 25,573. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by City Council.

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 the 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 as vice-mayor for the coming one-year period.

The City of Bristol provides a full range of services including police and fire protection; the construction and maintenance of streets and other infrastructure; provision of water, sewer, and sanitation services; and recreational activities and cultural events. The City also is financially accountable for an electric system with broadband services that is an enterprise fund of the City, and an emergency communications district that is a discrete component unit of the City. Both entities are reported in these financial statements. Additional information on the emergency communications district can be found in the notes to the 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 departments of the City are required to submit requests for appropriation to the City Manager 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. Appropriation amendments to funds, however, require approval of the council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget was adopted.

LOCAL ECONOMY

Bristol, Tennessee and the Northeast Tennessee area are strategically located and occupy 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 and is only 17 miles north of the junction of I-81 and I-26 and is served by Exits 69 and 74 on I-81. Bristol is centrally located to serve the major Southeastern markets and is within a one-day drive of 53 percent of the U.S. population, and 65 percent of U.S. major markets lie 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. The Tri-Cities World Trade Center, a part of the Regional Alliance for Economic Development, is located in Sullivan County and serves a larger 13 county economic region. More than 50 motor freight carriers serve the area and the Norfolk Southern railroad has a major transfer yard in Bristol with a main line running through the city.

The community has seen continued manufacturing growth even during the recent economic downturn. Bristol is the home of the Bristol Regional Medical Center, Exide Corporation, King Pharmaceuticals, Glaxo-Smith Kline, Bristol Metals L.P., Royal Mouldings, Graceway Pharmaceuticals, and Touchstone Wireless. Exide Corporation and Touchstone Wireless, two of the larger manufacturers in Bristol announced the addition of 150 and 225 jobs respectively.

Networks Sullivan Partnership, the countywide economic development organization created by the Cities of Bristol, Kingsport, Bluff City, and Sullivan County, is implementing a project initiated by Bristol resulting in the acquisition and development of a new 224 acre regional industrial park within the corporate limits. Additionally, Networks announced a growth of over 320 new manufacturing jobs and an investment of over \$48.4 million in building additions and construction in Sullivan County during the past year. During the past year, Networks, in conjunction with the City and the State of Tennessee, has overseen the completion of design and engineering of the industrial road serving the Partnership Park II. Construction will be completed on phase I of the new park during the 2010 calendar year. The application for designation of the park and the adjacent Bristol Metals property as a Foreign Trade Zone was submitted this year and designation is expected in the spring of 2010.

The Bristol Economic Development Strategy emphasizes assistance to local companies through the combination of local and state incentives and training and technical assistance programs, as well as the recruitment of new industries and businesses. In recent years, the City has provided in-lieu assistance to a number of new and existing companies. Currently, the City is providing assistance through incentive agreements for deferred property taxes with the Bristol Metals Company, the Exide Corporation, Tri-Cities Extrusion, Inc., and the Seamans Corporation. These company expansions and new development accounted for more than \$19 million in capital investments during the past year. A new Exide Corporation project, to begin the production of a new battery to serve the growing hybrid automobile market, will result in an estimated \$27 million investment and the addition of 225 new jobs. Additionally, in 2009, the City of Bristol and Sullivan County approved a tax increment financing project for the development of a \$157 million waste-to-energy project that will occupy the long-vacant American Phoenix facility while adding 100 new jobs during the initial eighteen months of the project. The size and complexity of this project has afforded an opportunity for the city to receive commitments for assistance from the Tennessee Department of Transportation on the improvement of the principal road serving the facility and the Tennessee Department of Economic and Community Development on a new rail spur to the facility. Each of these companies benefited from the Economic Development Incentive Program adopted by the City Council and Bristol Industrial Development Board.

The Bristol Tennessee Housing and Redevelopment Authority's Redevelopment Plan continues to be used to stimulate the redevelopment of properties identified as blighted or Brownfield within the city. This plan was developed to guide tax-increment financed projects through the Housing and Redevelopment Authority with subsequent approval by City Council. Currently active TIF projects include the Southgate Shopping Center and the West Ridge Shopping Center, the home of Touchstone Wireless. The staff is currently studying two additional blighted areas for inclusion as Redevelopment Districts allowing additional TIF opportunities to remediate blighted properties.

Bristol continues to emphasize the redevelopment of the downtown central business district and the City as a tourist destination. In 1998, the U.S. Congress recognized Bristol's contribution to music history by passing a resolution recognizing Bristol as the "Birthplace of Country Music." A Main Street community, Bristol has facilitated the continued growth of music venues downtown with the It's Great on State concert series adding to the monthly Border Bash events and the annual Rhythm and Roots Reunion Music Festival. Public participation in these events continued to grow this year. This music festival has grown to become a major southeast music event covering a three-day collection of known music talents. The City is also partnering with the Paramount Theater to expand the entertainment opportunities to city and area residents. Additional events such as the Crooked Road and other bluegrass oriented music festivals are increasing the recognition of Bristol as a tourist destination.

To add to the emphasis on downtown redevelopment, the City continued the replacement of the existing street lights with period lighting on 5th and 6th Streets from State Street to Shelby Street and the addition of matching street signs and parking signage. This streetscape treatment will be continued in a progressive yearly improvement program. A new gateway entrance sign was completed this year and other improvements to provide pedestrian-friendly spaces are planned and will be constructed in the near future. Downtown business improvements continue. Benches and bike racks, and planters designed to compliment the new period lighting were added on State Street. The new Macado's restaurant was completed and opened in the summer and will complement the planned construction of the first phase of the Corps of Engineers Beaver Creek flood remediation project. This project was facilitated by actions of the City and the Industrial Development Board. Additionally, the City continues to work with the U.S. Army Corp of Engineers on the Beaver Creek Flood Mitigation Project, which will include the addition of a linear green space and pocket park on the Beaver Creek remainder of the Sears site, including period lighting on 8th Street and Shelby Street.

The community's medical needs are provided by Wellmont Health System's Bristol Regional Medical Center. The Medical Center is a state-of-the-art, not-for-profit, regional health care facility serving residents of Northeast Tennessee, Southwest Virginia, and parts of Kentucky, North Carolina, and West Virginia. The 700,000 square foot facility and related services offer prevention, and early detection, diagnostic and therapeutic care and has recently added a state-of-the-art emergency care facility, surgery center, and new helicopter landing area. The Regional Center also serves as a magnet for additional medical offices and professionals. To facilitate the continued growth of the health care industry and to improve access to the regional hospital and relieve safety issues, the City, Sullivan County, and the Bristol Regional Medical Center partnered in the development of a preliminary engineering report, with a recommended option, to plan the improvement and extension of the Medical Park Boulevard to Highway 126. This report was completed and the road project is being considered for addition to the Federal Highway Administration funding as a high priority project.

A major attraction to the City of Bristol during the spring and summer months is the internationally recognized NASCAR facility at Bristol Motor Speedway (BMS), "The World's Fastest Half-Mile." The facility seats over 164,000 fans for each of the two NASCAR Sprint Cup races and is a very popular venue for NASCAR Nationwide and Truck Series races as well. The BMS "Thunder Valley" drag strip hosts national drag racing events sanctioned by

NHRA and others. In 2008, Bristol Motor Speedway completed additional improvements to the infield area to improve safety as well as viewer opportunities before and after the major races. The City, in conjunction with BMS and the State of Tennessee, completed a pedestrian walkway system leading to the facility with the State of Tennessee constructing pedestrian bridges and highway improvements to ensure safe pedestrian and vehicular movement in the vicinity of the track. The spring 2009 NASCAR race weekend saw all pedestrian and median improvements completed and in use.

This fiscal year ended with 260 residential building permits issued and 101 commercial building permits issued. While a reduction from the previous year's construction levels, this development resulted in approximately \$30 million in new construction. This development added over \$69 million in improvements to properties in the city. New subdivision plats recorded during the past year created 118 new residential lots (inclusive of condominium units) and six commercial lots in the City which will provide areas for future growth.

LONG-TERM FINANCIAL PLANNING

The City plans to continue to promote industry and economic development through its joint partnership with the City of Kingsport, Bluff City, and Sullivan County. The Networks Sullivan Partnership was formed to jointly promote economic development on a countywide basis. The development of the new Partnership Park II continues with the access road scheduled to be completed in 2010. Additionally, the City and the NETWORKS staff continue to work in concert in the recruitment of a number of new prospective industrial clients.

The City, under the stewardship of the Board of Education, completed design and initiated construction of a new 600-student Fairmount Elementary School with completion scheduled in December 2009. Construction costs are estimated at \$13,465,000 which will be partially funded through a two-year phased tax rate increase instituted in 2007 and 2008. 100% of the increase will be dedicated to pay for this construction project. Other major school facility improvements are planned commencing in 2014 which will likewise be funded with property tax revenue. As current general obligation debt service requirements decrease, the available funds previously allocated for debt service will also be used to partially fund these school projects.

In the next five years, approximately \$12.2 million in utilities construction and upgrades are planned. The proposed projects include new construction of water and sewer lines that will promote growth and development. The projects also include upgrading existing utilities to provide better service to existing customers. Management is currently planning to use funds from a Sullivan County Sewer Agreement to fund the bulk of the projects until the majority of existing water and sewer bonds are extinguished in 2011. The City continued construction of the new Area IV at the demolition landfill during 2009 and this portion was available for use as of April 2009.

In September 2008, the City refinanced the outstanding \$1,925,000 Series 2003 V-B-2 loan agreement with the Public Building Authority of Sevier County with \$1,300,000 General Obligation Refunding Bonds, Series 2008. The goal of the restructuring of the variable rate debt was to minimize exposure for the City to variations in interest rates that could raise future

interest costs. For this same reason, the City also refinanced the outstanding \$2,760,000 Series VI-D-4 bonds payable in September 2009, which also paid interest based on variable rates. The original bonds were issued to fund construction of the new public library. The City's outstanding debt currently pays interest based upon fixed rates which should minimize exposure to fluctuations in interest rates in the current economic environment.

RELEVANT FINANCIAL POLICIES

Cash temporarily idle during the year was invested in a money market checking account and the State Treasurer's Local Government Investment Pool (LGIP). Funds are primarily invested in the investment pool and cash is transferred into the operating account of the City when required. Staff has reviewed various investment alternatives allowed under State statute and the LGIP is offering competitive rates with increased liquidity. The City has opted to maintain liquidity in an effort to be positioned to invest in securities and cash management plans that offer higher yields than the LGIP when available.

MAJOR INITIATIVES

Construction of the U.S. 11E pedestrian improvements project near Bristol Motor Speedway was completed in 2009. Engineering is being finalized and funding has been assured for the signalization of the Highway 11E/Highway 394 intersections and ramp system to also better accommodate race related as well as day-to-day traffic at these busy intersections. The pedestrian project was funded through utilization of federal, state, local, and a private corporate donation. The intersection improvements represent combined state and federal funding assistance. The infrastructure improvements and additions will significantly enhance traffic and pedestrian safety near the venue.

The City completed a long-range transportation plan in 2007 and has already initiated implementation of the Plan. Transportation projects were identified for a 25-year planning horizon and the City has begun consideration of the East Cedar Street Gateway project with preliminary design and engineering to commence in 2010.

AWARDS AND ACKNOWLEDGMENTS

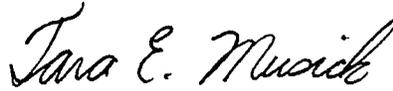
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bristol for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the sixth consecutive year 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 entire staff of the Finance Department. We would like to express our appreciation to all members of the Finance Department who assisted and contributed to the preparation of this report. We must also extend appreciation to the staff at the Bristol Board of Education and other City staff 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,

Jeffrey J. Broughton
City Manager



Tara E. Musick, CPA
Director of Finance

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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, 2008

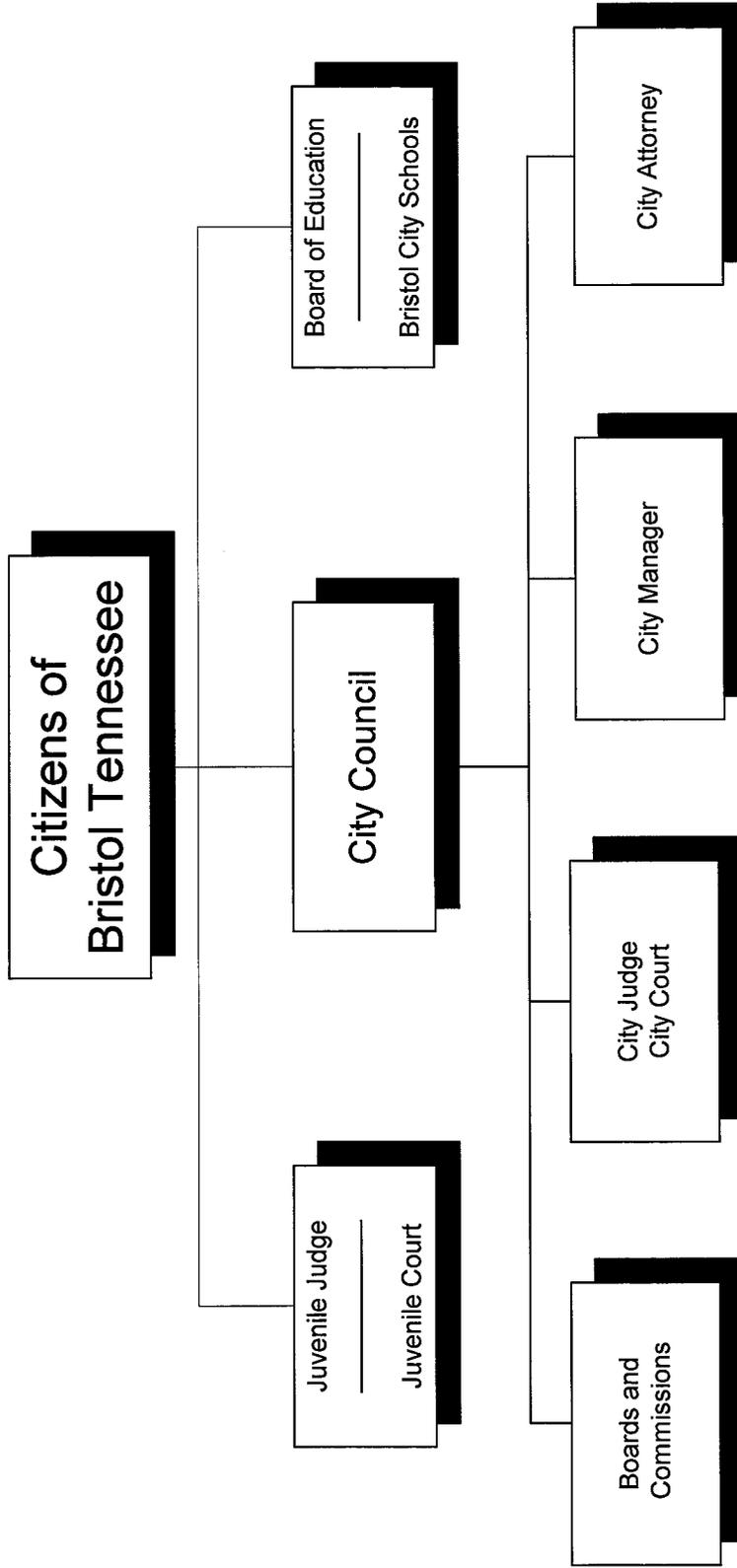
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



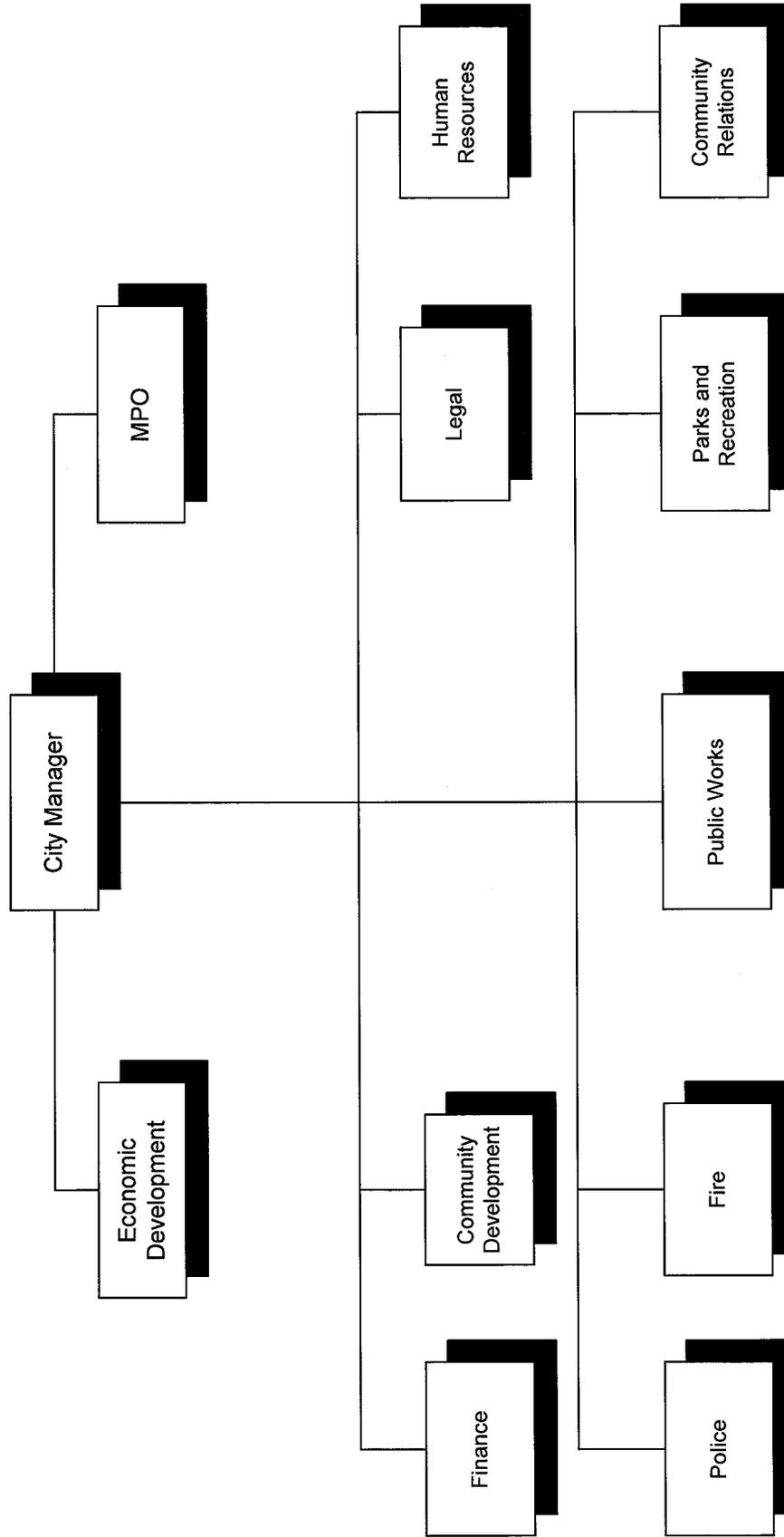
President

Executive Director

CITY OF BRISTOL TENNESSEE ORGANIZATIONAL CHART



CITY OF BRISTOL TENNESSEE ORGANIZATIONAL CHART



CITY OF BRISTOL, TENNESSEE
LIST OF PRINCIPAL OFFICIALS

City Council

Margaret Feierabend
James Messimer
David Shumaker
Joel Staton
Fred Testa

City Manager

Jeffrey Broughton

Deputy City Managers

Development	Michael Sparks
Public Works	William Sorah

Department Directors

Community Development	Shari Brown
Community Relations	Terrie Talbert
Finance	Tara Musick
Fire	Bob Barnes
Human Resource	Belva Hale
Legal	Jack Hyder
Parks and Recreation	Terry Napier
Police	Blaine Wade
Public Works	William Sorah

City Attorney

Jack Hyder

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, City Council, and City Manager
City of Bristol, Tennessee
Bristol, Tennessee 37620

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 fiscal year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bristol, Tennessee's management. 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 67%, 60%, and 92% percent, respectively, of the assets, net assets and revenues of the proprietary fund types of the City. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Electric Fund, is based on the report of the other auditors. We did not audit the financial statements of the Bristol Tennessee/Virginia Public Library, which represents 5% percent of the capital assets of the governmental activities of the City. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Library, is based on the report 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; and the requirements prescribed by the Comptroller of the Treasury, State of Tennessee. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the City as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the general fund and the general purpose school fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2009, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison on pages 14-28 and the required supplementary information on pages 112-115 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of City of Bristol, Tennessee. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Virginia
December 23, 2009

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 financial activities of the City for the fiscal year ended June 30, 2009. Management's Discussion and Analysis should be read in conjunction with the City's financial statements for fiscal year 2009, including related notes.

Financial Highlights

- The assets of the City of Bristol exceeded its liabilities at the close of the 2009 fiscal year by \$239,140,383 (*total net assets*). Of this amount, \$51,639,378 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$6,648,349 due to current year activity. For governmental activities, this \$3,229,601 increase was due to several factors including additional capital asset activity, state income tax, school related revenues, and consistent decrease in program expenditures across most of the governmental activities. The City received \$1,697,549 of capital assets as donations from various sources throughout the year. For business activities, the increase was due to capital asset contributions of \$353,026 from outside sources, such as contractors and Sullivan County, TN.
- As of the close of the current fiscal year, the City of Bristol's governmental activities reported combined unrestricted fund balances of \$22,421,022 for a \$15,032,008 increase from the previous year. This increase is due primarily to the reclassification of the liability for unspent bond proceeds from unrestricted to restricted for capital assets. General obligation bonds and capital outlay notes totaling \$747,584 were issued during the year. The unspent bond proceeds as of June 30, 2009, have been reflected as part of the reserved for capital assets balance net of the related liability. The invested in capital assets amount increased by \$867,654 throughout the course of the 2009 year.
- At the end of the current fiscal year, fund balance for the General Fund was \$12,417,339 for an increase of \$1,840,842 from the prior year. This increase in fund balance is due in part to increased state income tax from the State of Tennessee and the reduction of expenditures by staff. In response to the changes in the economy, staff held vacancies open as long as possible and planned capital outlays were deferred until the economic situation improves.
- The City of Bristol, Tennessee's total liabilities increased by \$778,733 during the current fiscal year. Accounts payable and other current liabilities increased by \$153,056. Unearned revenue also increased by \$1,295,882 during the year. Noncurrent liabilities decreased by \$3,262,980 from the prior year. The Series 2003 General Obligation Refunding Bonds were refunded by the issuance of Series 2008B General Obligation Refunding Bonds to secure a fixed interest rate of 3.21%. The Demolition Landfill Fund also had an increase in the liability for landfill closure costs of \$10,450. Contracts payable and retainages payable increased \$2,220,394 and \$449,842, respectively, due to the construction of the new Fairmount Elementary School and the initiation of several energy conservation projects. The total increase was offset by debt service principal payments and a reduction in due to others and deposits.

Overview of the Financial Statements

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

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

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *Statement of Net Assets* and *Statement of Activities* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements include entities the City is financially accountable for including the City (known as the primary government) and one legally separate entity. The separate component unit is an emergency communications district. Financial information for the emergency communications district is reported separately from the financial information presented for the primary government.

- ***Statement of Net Assets*** – presents information on all of the City's assets owned, less liabilities owed. The difference between assets and liabilities is reported as net assets. Increasing or decreasing trends in net assets serve as an indicator of the City's improving or deteriorating financial position.
- ***Statement of Activities*** – presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the revenue is earned or the expense is incurred, regardless of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flow in future fiscal years. For instance, a portion of property taxes that are billed and collected subsequent to year-end have been earned and accounted for in the current fiscal year. Another example is earned employee vacation leave not taken that has also been accounted for in the current fiscal year.

These statements group activities into two classifications: governmental activities and business-type activities. Governmental activities include general government, community relations, education, parks and recreation, public safety, and public works. The business-type activities of the City include electric, water, sewer, cable and internet, telephone, and demolition landfill operations.

Both statements segregate revenues and expenses by classifications. Revenues such as user fees and charges are designed to subsidize related costs. These revenues are separated from general revenues and intergovernmental grants.

The government-wide financial statements can be found on pages 29 - 30 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. The City, like other state and local governments, uses fund accounting to ensure compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories.

- ***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 impending inflows and outflows of spendable resources. These statements also highlight the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City’s imminent financing requirements.

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

The City maintains fourteen 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 three major funds: General Fund, General Purpose School Fund, and the School Capital Projects Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City 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 fund to demonstrate compliance with the appropriation.

The basic governmental fund financial statements and the budgetary comparison statements can be found on pages 31-40 of this report.

- ***Proprietary Funds*** – provide the same type of information as the government-wide financial statements, only in more detail. The City maintains two different types of proprietary funds.

Enterprise funds are used to report the functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, sewer, cable and internet, telephone, and demolition landfill operations.

Internal service funds accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its employee insurance costs. Payment of employee insurance costs predominantly benefits governmental functions and is included within governmental activities in the government-wide financial statements.

The proprietary fund statements provide separate information for the electric (including cable and internet and telephone), water, sewer, and landfill operations. All of these are major funds of the City. Conversely, the internal service fund is shown as a single presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 41 - 46 of this report.

- ***Fiduciary Funds*** – are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not available to support the City's own programs and are not reflected in the government-wide financial statements. Fiduciary fund accounting procedures are similar to proprietary fund procedures. The basic fiduciary fund financial statements can be found on pages 47 - 48 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to 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 49 - 111 of this report.

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds and agency funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 116 - 129 of this report.

Government-Wide Financial Analysis

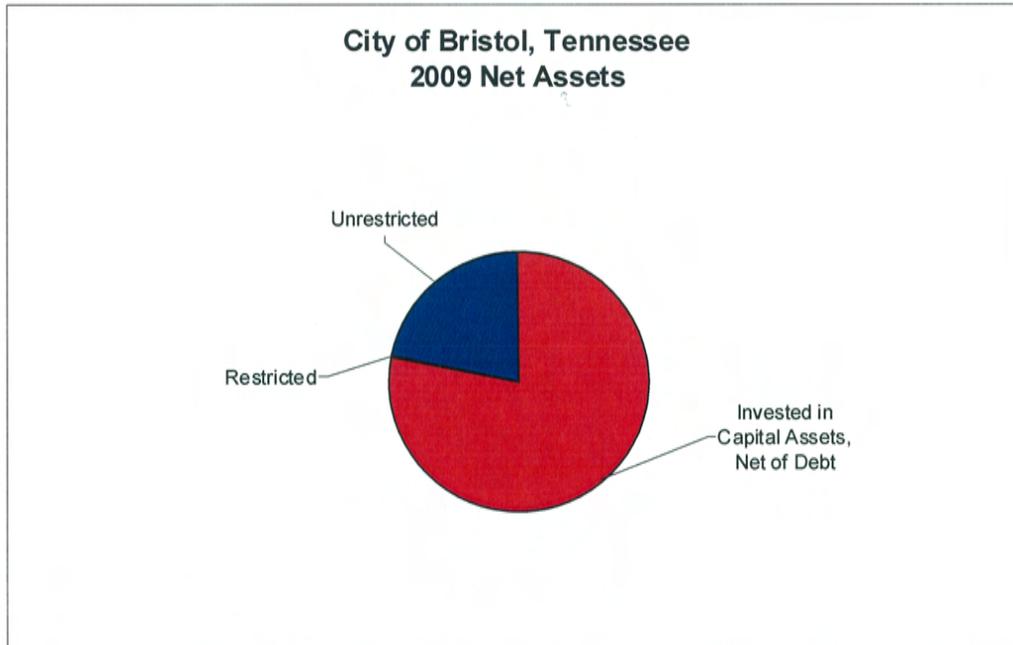
As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Bristol, total assets exceeded total liabilities by \$239,140,383 at the close of the most recent fiscal year.

By far the largest portion of the City of Bristol's net assets (78%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. 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 assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* may be used to meet the government'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 assets, both for the government 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 Assets
(Excluding Component Unit)
June 30, 2009
(Presented in Actual Dollars)

	Governmental Activities		Business Activities		Total	
	2009	2008	2009	2008	2009	2008
ASSETS:						
Current and Other Assets	\$ 56,851,765	60,129,302	42,997,099	47,095,838	99,848,864	107,225,140
Capital Assets, Net of Accumulated Depreciation	112,596,174	103,542,508	118,278,360	114,211,778	230,874,534	217,754,286
Total Assets	169,447,939	163,671,810	161,275,459	161,307,616	330,723,398	324,979,426
LIABILITIES:						
Current Liabilities	28,187,497	24,792,813	13,039,060	12,392,031	41,226,557	37,184,844
Long-term Liabilities	21,358,559	22,206,715	28,997,899	31,412,723	50,356,458	53,619,438
Total Liabilities	49,546,056	46,999,528	42,036,959	43,804,754	91,583,015	90,804,282
NET ASSETS:						
Invested in Capital Assets, Net of Debt	96,973,876	96,106,222	90,020,144	83,359,835	186,994,020	179,466,057
Restricted	506,985	13,177,046	-	107,023	506,985	13,284,069
Unrestricted	22,421,022	7,389,014	29,218,356	34,036,004	51,639,378	41,425,018
Total Net Assets	\$ 119,901,883	116,672,282	119,238,500	117,502,862	239,140,383	234,175,144



There was a decrease of \$107,023 in restricted net assets reported in connection with the City of Bristol, Tennessee's business-type activities. The restriction in the previous year was for capital assets and debt service. All bond proceeds for capital assets for the business-type activities were spent prior to June 30, 2009. The debt service restriction no longer applies because the bonds payable with which it related were refinanced during the 2009 year. Therefore, the restriction was eliminated.

The government's net assets increased by \$4,965,239 during the current fiscal year. Part of the increase was from revenue related to either contributed capital assets from outside sources or from additional state income tax revenue as previously discussed.

Governmental Activities. Governmental activities increased the City of Bristol's net assets by \$3,229,601 relating to current year activity. This increase accounts for 49 percent of the total current year change in net assets of the City of Bristol, Tennessee. Key elements of this increase are as follows:

- The City was able to record \$1,697,549 for donated capital assets in the year. The majority of these assets relate to either the annexation of a portion of Bethel Drive, the acceptance of the Andros Bomb Robot acquired through a grant obtained by Sullivan County through the Department of Homeland Security, or assets purchased by the Bristol Public Library. The City owns fifty percent of Library assets.
- Property tax revenues increased by \$659,019 in the General Fund and \$312,074 in the General Purpose School Fund which accounts for a significant portion of the increase in tax revenue. Gas franchise tax revenues increased \$142,624 and business tax revenue increased \$90,086. Total revenue from local sales tax decreased from the prior year by \$244,469. The net effect of these revenue sources account for \$959,334 of the \$1,017,318 increase in total tax revenue or approximately 94%.
- The decrease in program expenditures was consistent, except for education, parks and recreation, and public safety which had increases in total expenses. Education continued to receive a large grant from the United States Department of Education for Safe School and Healthy Students which recorded \$2,111,875 of expenditures throughout the 2009 year. The City elected to fund the annual required contribution (ARC) for other post employment benefits in an OPEB Trust Fund which was established during the 2009 year. The City transferred from the functions of the governmental funds the portion required as a contribution to fully fund both the 2008 and 2009 ARCs. Therefore, a few functions had current year expenses in excess of prior year amounts due to the addition of their portion of the OPEB Trust contribution. The public safety function also had additional grant activity in the current year.

Business-type Activities. Business-type activities increased the City of Bristol's net assets by \$3,418,748 relating to current year activity. This increase accounts for 51 percent of the total current year change in net assets of the City of Bristol, Tennessee. Key elements of this increase are as follows.

- Temperature was a main driver in increased electric sales throughout the year. The Electric Fund experienced a \$1,865,087 increase in net assets as a result of growth in electric sales. Recent rate increases and the Fuel Cost Adjustment passed by TVA have had a large affect on purchased power costs. The cost of purchased power increased \$10,267,671, or 15.9% over the last year, partially offsetting the growth of the Electric Fund's net assets.
- The service rates for the Water Fund and the Sewer Fund remained unchanged during the 2009 year. See rates schedules on pages 165 - 166 for additional information. Due to a summer season with normal rainfalls, water and sewer revenues were lower than revenues originally budgeted by management. The Water Fund experienced an unexpected electric rate increase during the year that impacted the water plant and higher chemical costs than originally projected. The Water, Sewer, and Demolition Landfill Funds also reflect costs to fully fund the 2008 and 2009 ARCs.

A prior period adjustment was made to the Electric Fund's beginning net assets in the amount of \$1,683,110. This adjustment was due to billing errors and the understatement of purchased power costs resulting in the overstatement of net assets.

City of Bristol, Tennessee Changes in Net Assets
(Excluding Component Unit)
For the Fiscal Year Ended June 30, 2009
(Presented in Actual Dollars)

	Governmental Activities		Business Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program Revenues:						
Charges for Services	\$ 4,666,301	\$ 4,791,307	103,810,779	88,508,718	108,477,080	93,300,025
Operating Grants	23,432,053	22,672,953	-	-	23,432,053	22,672,953
Capital Grants	1,815,257	3,105,457	353,026	1,435,843	2,168,283	4,541,300
General Revenues:						
Property Taxes	22,672,187	21,570,386	-	-	22,672,187	21,570,386
Payments in Lieu of Tax	71,763	68,188	-	-	71,763	68,188
Sales Taxes	8,965,002	9,209,471	-	-	8,965,002	9,209,471
Beer and Liquor Taxes	763,540	743,257	-	-	763,540	743,257
Business Tax	549,846	459,760	-	-	549,846	459,760
Cable Franchise Tax	264,588	336,777	-	-	264,588	336,777
Gas Franchise Tax	448,978	306,354	-	-	448,978	306,354
Hotel/Motel Taxes	442,883	467,276	-	-	442,883	467,276
State Revenue (Unrestricted)	2,577,203	3,003,642	-	-	2,577,203	3,003,642
Investment Earnings (Unrestricted)	337,543	844,732	850,552	-	1,188,095	844,732
Other General Revenues	455,964	700,723	3,645	587,558	459,609	1,288,281
Total Revenues	67,463,108	68,280,283	105,018,002	90,532,119	172,481,110	158,812,402
Expenses:						
Governmental Activities:						
General Government	5,886,703	5,725,884	-	-	5,886,703	5,725,884
Community Relations	990,187	1,231,929	-	-	990,187	1,231,929
Education	36,477,834	35,867,305	-	-	36,477,834	35,867,305
Parks and Recreation	3,098,924	2,777,750	-	-	3,098,924	2,777,750
Public Safety	10,936,224	10,482,040	-	-	10,936,224	10,482,040
Public Works	7,866,136	7,985,529	-	-	7,866,136	7,985,529
Interest on Long-Term Debt	688,148	663,021	-	-	688,148	663,021
Business-type Activities:						
Electric	-	-	82,867,552	72,017,098	82,867,552	72,017,098
Water	-	-	4,162,169	3,799,575	4,162,169	3,799,575
Sewer	-	-	4,087,508	3,986,849	4,087,508	3,986,849
Cable and Internet	-	-	5,986,284	3,556,780	5,986,284	3,556,780
Telephone	-	-	2,475,214	989,310	2,475,214	989,310
Demolition Landfill	-	-	309,878	521,450	309,878	521,450
Total Expenses	65,944,156	64,733,458	99,888,605	84,871,062	165,832,761	149,604,520
Increase in Net Assets Before Transfers	1,518,952	3,546,825	5,129,397	5,661,057	6,648,349	9,207,882
Transfers	1,710,649	1,485,934	(1,710,649)	(1,485,934)	0	0
Increase in Net Assets	3,229,601	5,032,759	3,418,748	4,175,123	6,648,349	9,207,882
Net Assets, Beginning	116,672,282	111,602,715	117,502,862	113,591,308	234,175,144	225,194,023
Prior Period Adjustments	-	36,808	(1,683,110)	(263,569)	(1,683,110)	(226,761)
Net Assets, Restated	116,672,282	111,639,523	115,819,752	113,327,739	232,492,034	224,967,262
Net Assets, Ending	\$ 119,901,883	\$ 116,672,282	119,238,500	117,502,862	239,140,383	234,175,144

Financial Analysis of the Government's Funds

As noted earlier, the City of Bristol 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, *unreserved 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 \$25,377,667 for the year, a decrease of \$6,403,584. The General Fund and General Purpose School Fund had increases of \$1,840,842 and \$642,190, respectively. The change in fund balance also included activity in the non-major funds. All of the non-major funds experienced either no change or an increase in fund balance, except for the Solid Waste Fund and the Debt Service Fund. These funds incurred losses for the year of \$32,085 and \$221,457 respectfully.

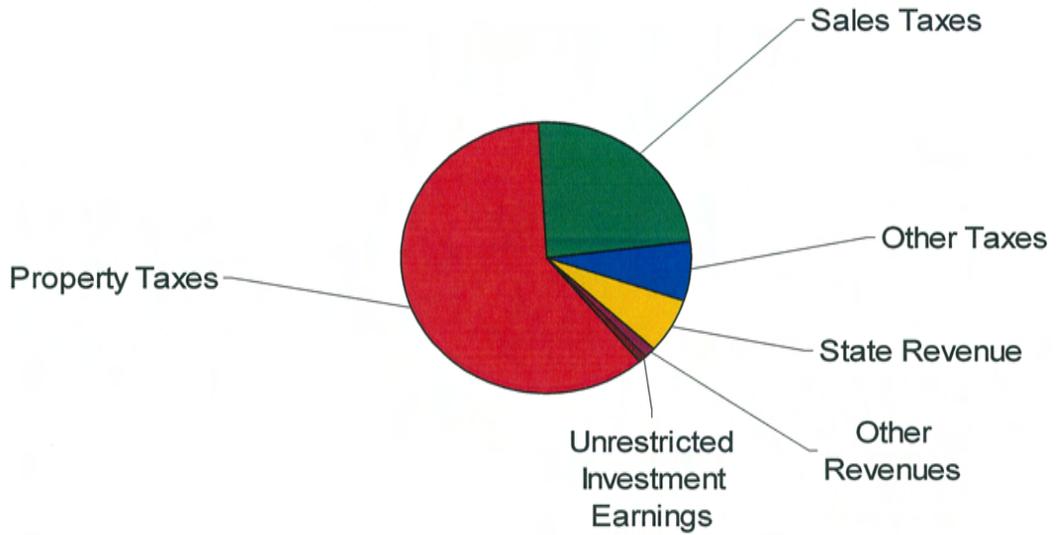
The General Fund is the chief operating fund of the City of Bristol, Tennessee. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$12,313,162 while total fund balance was reported to be \$12,417,339. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and other financing uses. Unreserved fund balance and total fund balance both represent approximately 45 percent of total general fund expenditures and other financing uses.

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 \$7,955,974. A portion of this amount is reserved to indicate that it is not available to new spending because it has already been committed to capital outlay, certain educational programs, and encumbrances for existing purchase orders. The remainder of the fund balance is unreserved. The total fund balance increased from the prior year due to several factors. A key factor included increased tax revenue due primarily to changes in property tax calculations.

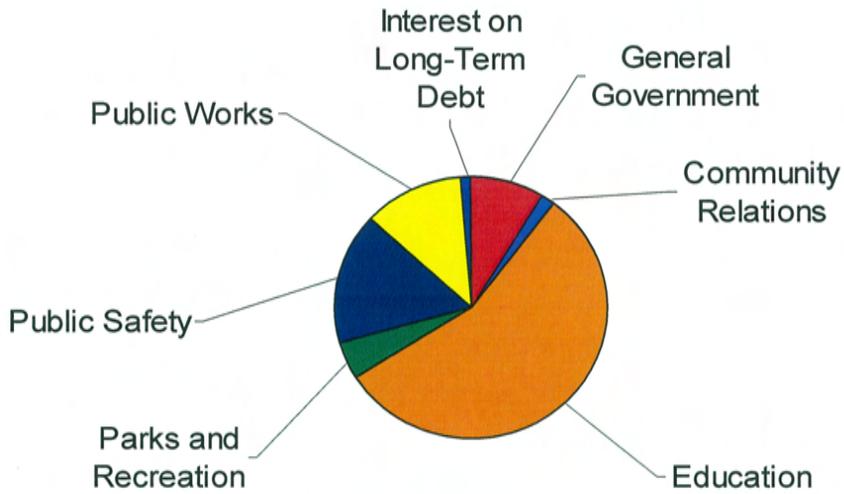
The School Capital Projects Fund had a decrease in fund balance of \$9,181,039. This decrease was due to capital outlay related to the construction of the new Fairmount Elementary School.

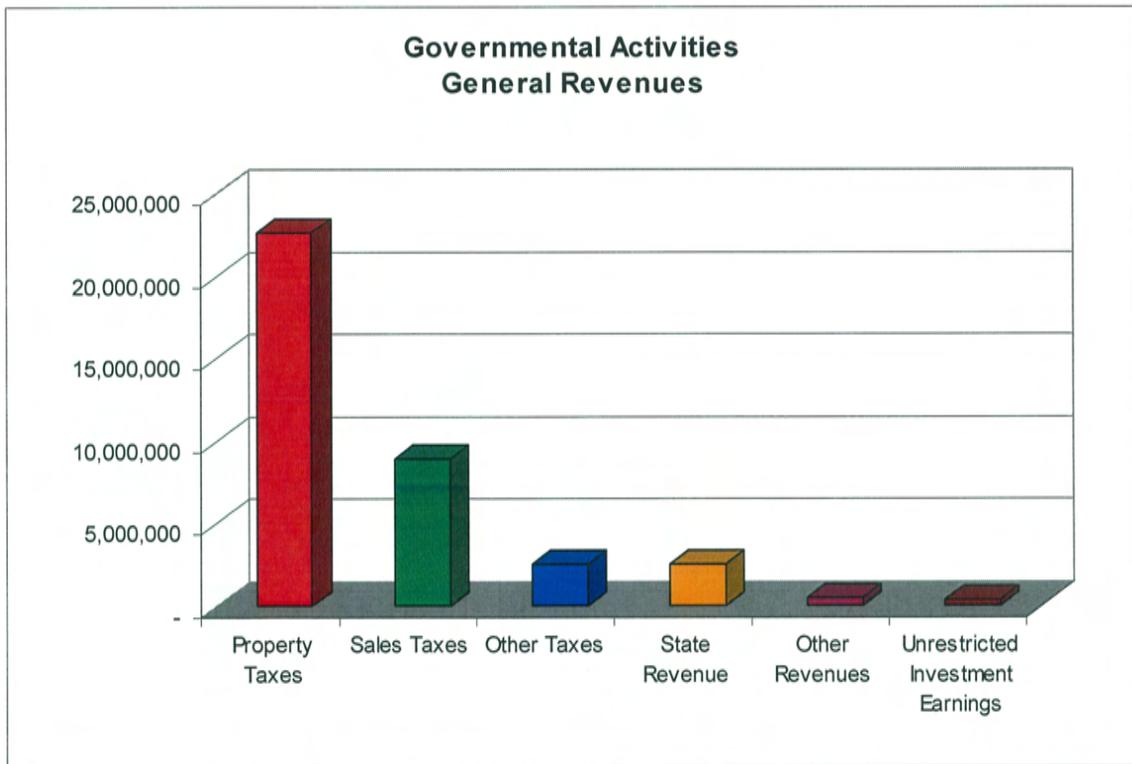
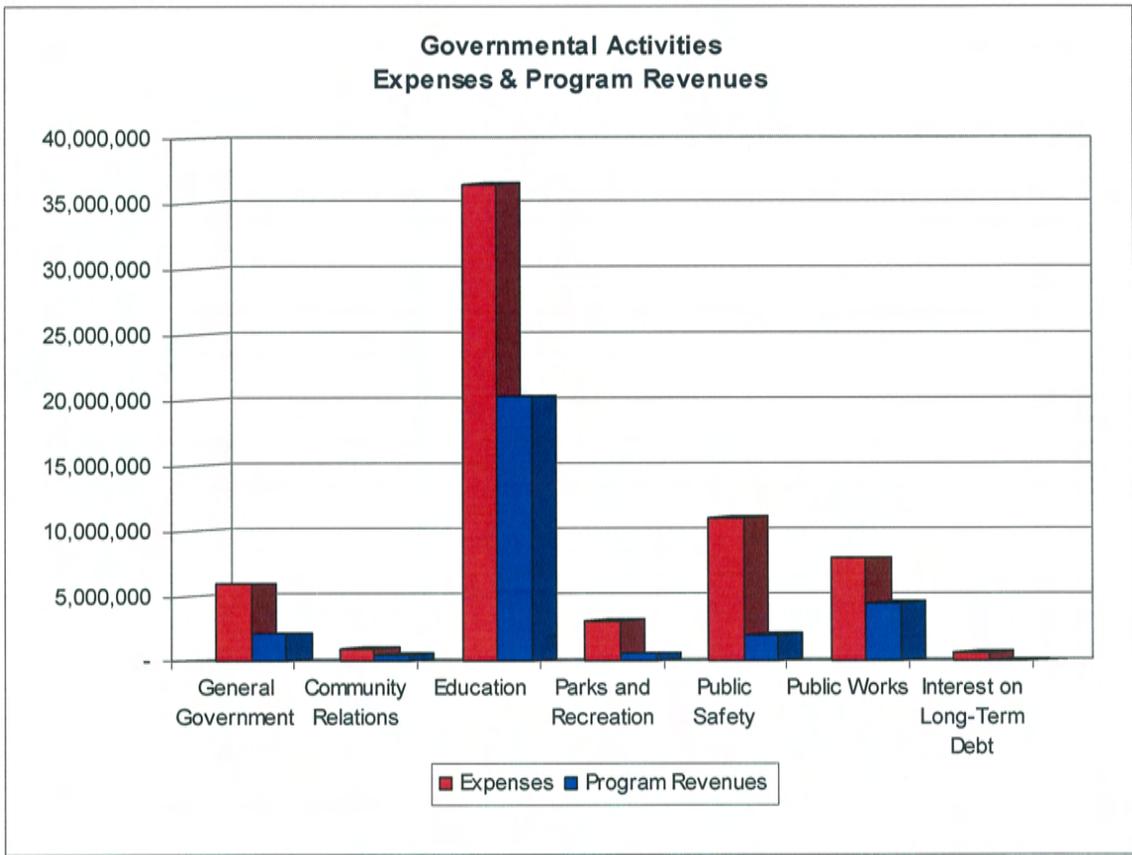
The fund balance in the Debt Service Fund decreased by \$221,457, all of which was restricted for the payment of debt service. All debt service payments are budgeted in their entirety annually. Therefore, minimal fund balance is required in the Debt Service Fund.

Governmental Activities Revenues

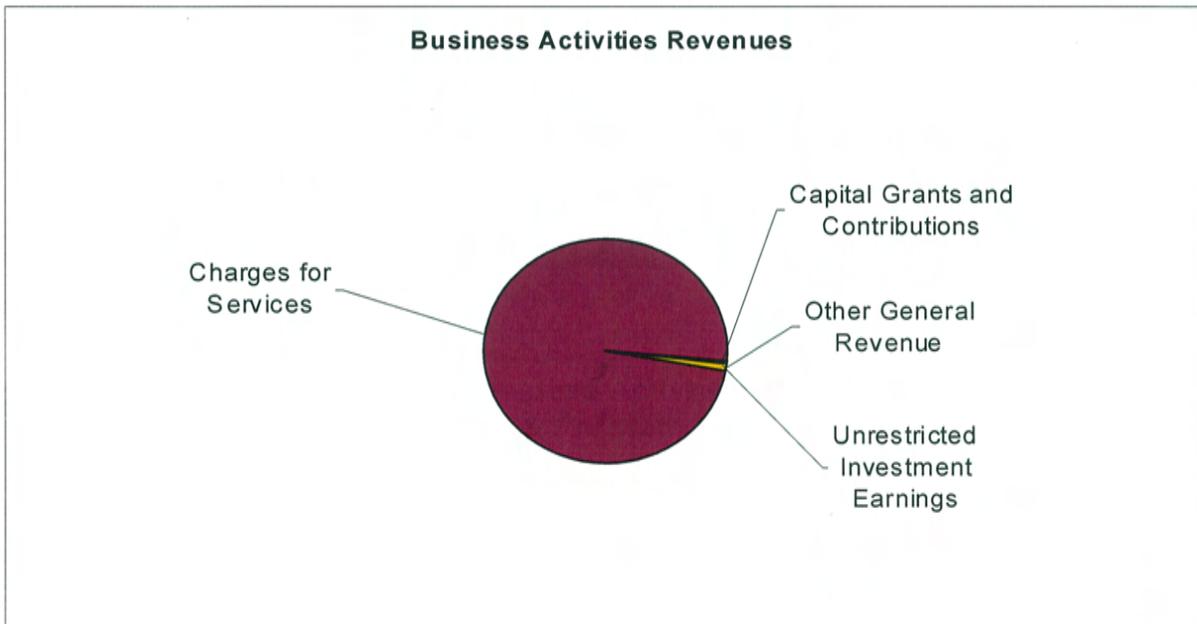
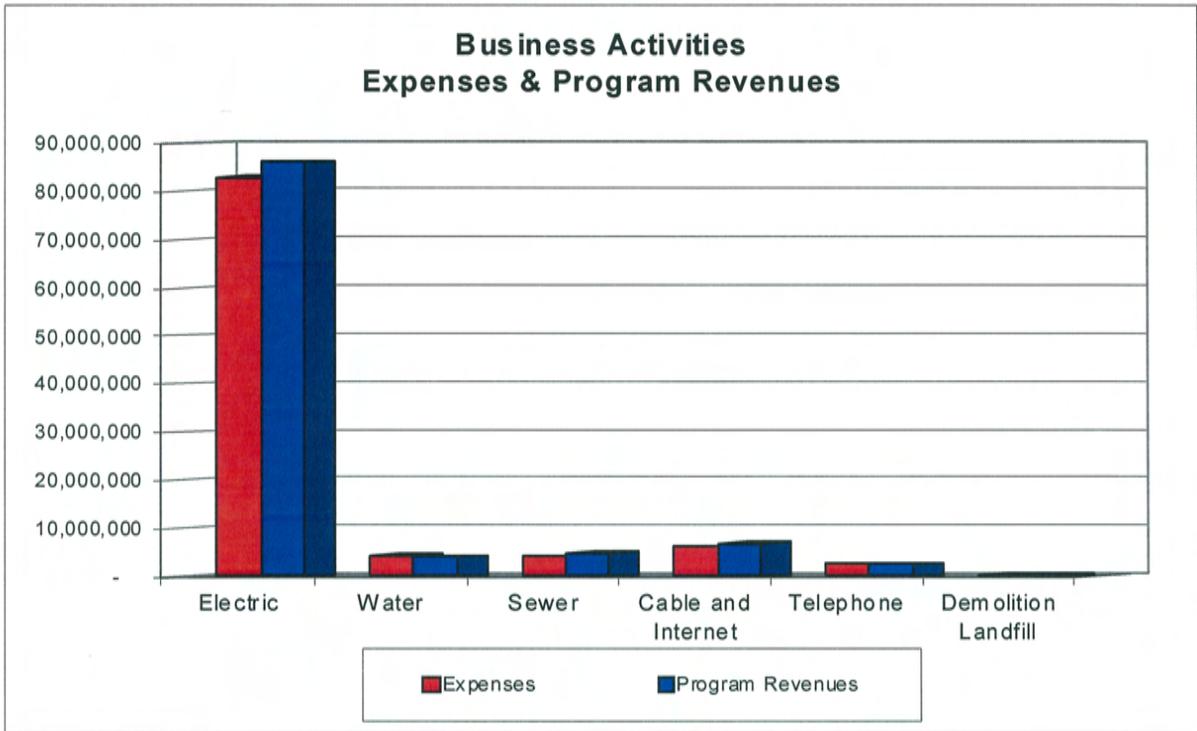


Governmental Activities Expenses





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 assets of the Electric Fund at the end of the year totaled \$19,836,261. The Water Fund, Sewer Fund, and Demolition Landfill Fund amounted to \$524,333, \$9,211,259 and \$(426,370), respectively. The total change in net assets was \$3,344,965 for the Electric Fund, \$(395,929) for the Water Fund, \$416,394 for the Sewer Fund, and \$64,600 for the Demolition Landfill Fund. 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. As the economy changed through the year, management took actions and altered spending in anticipation of lower revenues.

Local sales tax declined approximately 4% (\$194,060) from the amount received in the previous year. Receipts were \$376,023 lower than the budgeted amount for the 2009 year for local sales tax. This fund also experienced declines in state income tax, building permit revenues, and investment earnings throughout the course of the year. Two revenue sources were higher than the original budgeted amounts. These revenues were state highway maintenance reimbursements and ambulance charges, which were approximately \$75,000 and \$32,000 above budgeted amounts, respectively.

As part of management's plan to alter spending, vacant positions were held open as long as possible, tasks were evaluated to see if they could be done in a more efficient and cost effective manner, and capital outlay purchases that normally would have occurred were held. This resulted in total expenditures being below the total amount budgeted by \$835,342. In addition to this reduction though, a contribution of \$327,147 was made to fund the 2008 and 2009 annual required contributions into the OPEB Trust Fund. The net impact of these transactions resulted in total expenditures being below budget for the General Fund by \$508,195 for the year ending June 30, 2009.

Capital Asset and Debt Administration

Capital Assets. The City of Bristol's investment in capital assets for its governmental and business type activities as of June 30, 2009, amounts to \$186,994,020 (net of related debt.) This investment in capital assets includes land, land improvements, buildings and building improvements, other improvements, machinery and equipment, infrastructure, and construction in progress. The total increase in the City's investment in capital assets for the current year was 6 percent (a 8.7 percent increase for governmental activities and a 3.6 percent increase for business-type activities).

	Governmental Activities		Business Activities		Total	
	2009	2008	2009	2008	2009	2008
Net Capital Assets:						
Land	\$ 4,038,348	\$ 4,038,348	1,896,198	2,378,285	5,934,546	6,416,633
Land Improvements	1,790,383	1,846,875	875,825	39,547	2,666,208	1,886,422
Buildings and Improvements	20,238,026	20,027,818	2,796,601	3,323,897	23,034,627	23,351,715
Other Improvements	789,864	751,372	60,901,186	59,665,014	61,691,050	60,416,386
Machinery and Equipment	5,062,820	5,082,019	49,122,775	38,724,757	54,185,595	43,806,776
Infrastructure	70,523,830	66,791,958	-	-	70,523,830	66,791,958
Construction in Progress	10,152,903	5,004,118	2,685,775	10,080,278	12,838,678	15,084,396
Capital Assets	<u>\$ 112,596,174</u>	<u>103,542,508</u>	<u>118,278,360</u>	<u>114,211,778</u>	<u>230,874,534</u>	<u>217,754,286</u>

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

- Several of the capital asset projects funded through the governmental funds have been previously discussed in the letter of transmittal. The City completed an enhancement project of the portion of Highway 11E close to the Bristol Motor Speedway. Demolition of the old Fairmount Elementary School was completed and construction of the new elementary school began. In addition to these projects, the City also completed renovations of the Police Department training room. The training room is used to conduct regional domestic violence training courses, law enforcement training, the Citizen's Police Academy, the City's driving school, and reserve and auxiliary officer training. Construction of a new shelter, including restroom facilities, was completed. An architect was hired to design renovations on the Nature Center at Steele Creek Park. This project will be continued in the future as the economy stabilizes. The City also purchased two new ambulances during the year for approximately \$96,000 each, including related equipment.
- Electric system construction and equipment totaling \$8,153,847 was paid for during the 2009 year, while \$43,331 was included in accounts payable at year end. The Electric Fund is currently undergoing a large project of improvements and extensions of the transmission and distribution system.
- Water and sewer system construction totaling \$540,840 was incurred for various projects. Included in accounts payable at year end was \$13,724 for construction related costs. Completed water projects included \$459,666 of water line replacement projects in Bluff City. Other projects were also completed such as improvements to the water treatment plant, Taylor Street Fire Prevention Project, a Water Relocation Project for Hwy 11E, and the Gentry Lane Water Extension Project. Many water projects were still in construction in progress at year end, including the Fox Ridge Water Line Project, Weed and Seed Project, East End Area Fire Protection Improvements, Water Plant High Service Project, Georgia Avenue Water Upgrade, and the Energy Conservation Project at the water plant. The cost of these projects for the 2009 year was \$264,518.

Completed sewer projects included \$18,144 for the Highway 11E at River Road Extension. A few sewer projects were also still in construction in progress at year end, including the Akard School Sewer Trunk Project, Beaver Creek Sewer Project, Evans Creek Sewer Project, Highway 11E and Old Thomas Bridge Road Sewer Extension Project, Holston Avenue Sanitary Sewer Replacement Project, Apple Ridge Sanitary Sewer Project, and the HWY 394 at Interstate 81, Exit 69 Project. The Akard School Sewer Trunk Project, Beaver Creek Sewer Project, Evans Creek Sewer Project, and the HWY 394 at Interstate 81, Exit 69 Project are being reimbursed by Sullivan County, Tennessee. The cost of these projects for the 2009 year was \$119,200.

- The Demolition Landfill Expansion Project for Area IV was completed during the 2009 year. In addition to other costs, total payments related to this project during the year were \$40,238. The completed project totaled \$851,783.

Additional information on the City of Bristol, Tennessee's capital assets can be found in note IV.C on pages 70- 73 of this report.

Long-term Debt. At the end of the current fiscal year, the City of Bristol had total bonded debt outstanding of \$44,285,000. Of this amount, 48 percent comprises debt backed by the full faith and credit of the government. The remaining 52 percent of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

During 2009, the City refinanced the Series 2003 V-B-2 General Obligation Refunding Bond Series with the Series 2008B General Obligation Refunding Bond Series. The refunding occurred to avoid interest rate risk due to the variable nature of the V-B-2 bonds payable. The Series 2008B Bonds were issued in September 2008 in the amount of \$1,300,000 with a maturity date in the year 2011. The interest rate is fixed at 3.21%.

The City of Bristol maintains a Standard & Poor's AA- rating for general obligation debt. The current ratio of net bonded debt to estimated actual taxable value of property is a low 1.02 percent.

Additional information on the City of Bristol Tennessee's long-term debt can be found in note IV.E on pages 75 - 86 of this report.

**City of Bristol, Tennessee's Outstanding Debt
General Obligation and Revenue Bonds
June 30, 2009
(Presented in actual dollars)**

	Governmental Activities		Business Activities		Total	
	2009	2008	2009	2008	2009	2008
Outstanding Bond Debt.						
General Obligation	\$ 18,333,584	19,714,153	2,936,416	3,475,847	21,270,000	23,190,000
Revenue Bonds	-	-	23,015,000	24,895,000	23,015,000	24,895,000
Total Outstanding Bond Debt	<u>\$ 18,333,584</u>	<u>19,714,153</u>	<u>25,951,416</u>	<u>28,370,847</u>	<u>44,285,000</u>	<u>48,085,000</u>

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Bristol at June 30, 2009, was 11.6 percent. This is an increase from the 5.3 percent estimate listed in the prior year's audit, and unfavorable compared with the trends seen across the State of Tennessee. As of June 2009, the national unemployment rate was 9.2 percent and the unemployment rate for the State of Tennessee was 10.8%. Therefore, Bristol's rate of 11.6 percent was higher than the national average and rates of others in the surrounding area and across Tennessee. As of October 2009, the rate had decreased to 8.8 percent which was favorable when compared to the national and state averages.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Bristol's budget for the 2010 fiscal year.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$12,313,162. The City budgeted a \$460,331 decrease for the 2010 budget year for the General Fund. Major reductions in revenues are projected in local sales taxes, the state income tax, interest earning, and building permits. This budget also reflects lower operating expenditures due to cost reductions, through attrition of three positions, and lower capital outlay costs. Higher expenditures for health insurance and fuel offset a portion of the planned reductions. City staff received no wage adjustments across the funds maintained by the City for the 2010 year. This excludes the General Purpose School, Electric, School Federal Projects, and School Nutrition Funds.

The Water Fund was budgeted for FY 2010 to have an approximate \$207,000 positive change in net assets. A rate increase of 8.5 percent took effect for billings effective July 1, 2009, and again effective July 1, 2010. The rates have remained unchanged for the previous 24 month period. Operating expenses were projected to be \$107,662 lower due to staff reductions. Capital equipment and project estimates were also planned at 5 percent lower than the prior year budget estimates.

The Sewer Fund was budgeted for FY 2010 to have an approximate \$2,536,000 positive change in net assets. This balance reflects an estimated \$2,450,000 of capital contributions which is expected to be received to fund capital projects. A rate increase of 4 percent took effect for billings effective July 1, 2009, and again effective July 1, 2010. A service and infiltration/inflow fee increase of 70 cents per month was also passed effective with the 2010 year. The rates have remained unchanged for the previous 36 month period. Expenses were projected to be \$117,903 higher due to increased collection system and depreciation costs.

Requests for Information

This financial report is designed to provide a general overview of the City'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; 801 Anderson Street; Bristol, Tennessee 37620 or Post Office Box 1189; Bristol, Tennessee 37621.

Complete financial statements for the component unit may be obtained from:

Bristol Tennessee Emergency Communications District
801 Anderson Street
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 ASSETS
June 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Emergency Communications District
ASSETS:				
Cash and Cash Equivalents	\$ 20,126,258	9,159,945	29,286,203	539,849
Receivables, Net of Allowance	15,813,561	9,512,945	25,326,506	110,499
Notes Receivable	204,584	2,578,686	2,783,270	-
Other Receivables	979,851	998,886	1,978,737	-
Due from Other Governments	12,859,938	121,373	12,981,311	-
Due from Joint Venture	-	509,135	509,135	-
Internal Balances	697,042	(697,042)	0	-
Inventories	138,869	1,428,128	1,566,997	-
Prepays and Prepaid Pension Cost	-	621,192	621,192	9,039
Discounted Energy Units	-	3,317,002	3,317,002	-
Investment in Joint Venture	-	7,097,251	7,097,251	-
Restricted Cash	5,792,092	-	5,792,092	-
Long-term Certificates of Deposit	-	8,000,000	8,000,000	-
Other Assets	239,570	349,598	589,168	-
Capital Assets, Net of Accumulated Depreciation:				
Land	4,038,348	1,896,198	5,934,546	-
Land Improvements	1,790,383	875,825	2,666,208	-
Buildings and Building Improvements	20,238,026	2,796,601	23,034,627	-
Other Improvements	789,864	60,901,186	61,691,050	-
Machinery and Equipment	5,062,820	49,122,775	54,185,595	168,319
Infrastructure	70,523,830	-	70,523,830	-
Construction in Progress	10,152,903	2,685,775	12,838,678	-
Total Assets	169,447,939	161,275,459	330,723,398	827,706
LIABILITIES:				
Accounts Payable and Other Current Liabilities	1,610,351	10,569,785	12,180,136	1,087
Contracts Payable	2,308,361	-	2,308,361	-
Retainages Payable	449,842	-	449,842	-
Accrued Interest Payable	68,223	355,259	423,482	-
Due to Joint Venture	123,603	-	123,603	-
Due to Others and Deposits	66,294	1,697,751	1,764,045	-
Unearned Revenue	23,560,823	416,265	23,977,088	-
Noncurrent Liabilities:				
Due Within One Year	2,500,175	2,013,294	4,513,469	9,641
Due in More Than One Year	18,858,384	26,984,605	45,842,989	9,641
Total Liabilities	49,546,056	42,036,959	91,583,015	20,369
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	96,973,876	90,020,144	186,994,020	149,037
Restricted For:				
Capital Assets	40,767	-	40,767	-
Community and Economic Development	542	-	542	-
Education	34,415	-	34,415	-
Parks and Recreation	22,149	-	22,149	-
Police and Drug Control	95,315	-	95,315	-
State Street Aid	313,797	-	313,797	-
Unrestricted	22,421,022	29,218,356	51,639,378	658,300
Total Net Assets	\$ 119,901,883	119,238,500	239,140,383	807,337

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, 2009

Functions/Programs	NET (EXPENSE) REVENUE AND CHANGES										Component Unit	
	PROGRAM REVENUES					IN NET ASSETS						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Emergency Communications District				
Primary Government:												
Governmental Activities:												
General Government	\$ 5,886,703	113,299	1,909,840	86,092	(3,777,472)	-	(3,777,472)	-	(3,777,472)	-	-	-
Community Relations	990,187	424,190	69,448	-	(496,549)	-	(496,549)	-	(496,549)	-	-	-
Education	36,477,834	1,104,559	19,217,917	-	(16,155,358)	-	(16,155,358)	-	(16,155,358)	-	-	-
Parks and Recreation	3,098,924	419,287	119,727	-	(2,559,910)	-	(2,559,910)	-	(2,559,910)	-	-	-
Public Safety	10,936,224	1,130,864	698,050	165,130	(8,942,180)	-	(8,942,180)	-	(8,942,180)	-	-	-
Public Works	7,866,136	1,474,102	1,417,071	1,564,035	(3,410,928)	-	(3,410,928)	-	(3,410,928)	-	-	-
Interest on Long-Term Debt	688,148	-	-	-	(688,148)	-	(688,148)	-	(688,148)	-	-	-
Total Governmental Activities	65,944,156	4,666,301	23,432,053	1,815,257	(36,030,545)	0	(36,030,545)	0	(36,030,545)	0	0	0
Business-type Activities:												
Electric	82,867,552	86,116,901	-	-	-	3,249,349	3,249,349	-	3,249,349	-	-	-
Water	4,162,169	3,969,542	-	25,468	-	(167,159)	(167,159)	-	(167,159)	-	-	-
Sewer	4,087,508	4,402,386	-	327,558	-	642,436	642,436	-	642,436	-	-	-
Cable and Internet	5,986,284	6,727,008	-	-	-	740,724	740,724	-	740,724	-	-	-
Telephone	2,475,214	2,458,309	-	-	-	(16,905)	(16,905)	-	(16,905)	-	-	-
Demolition Landfill	309,878	136,633	-	-	-	(173,245)	(173,245)	-	(173,245)	-	-	-
Total Business-type Activities	99,888,605	103,810,779	0	353,026	0	4,275,200	4,275,200	0	4,275,200	0	0	0
Total Primary Government	\$ 165,832,761	108,477,080	23,432,053	2,168,283	(36,030,545)	4,275,200	(31,755,345)	0	(31,755,345)	0	0	0
Component Unit:												
Emergency Communications District	\$ 379,018	376,525	-	62,862	-	-	-	-	-	-	60,369	60,369
General Revenues:												
Property Taxes					22,672,187		22,672,187		22,672,187			
Payments in Lieu of Tax					71,763		71,763		71,763			
Sales Taxes					8,965,002		8,965,002		8,965,002			
Beer and Liquor Taxes					763,540		763,540		763,540			
Business Tax					549,846		549,846		549,846			
Cable Franchise Tax					264,588		264,588		264,588			
Gas Franchise Tax					448,978		448,978		448,978			
Hotel/Motel Taxes					442,883		442,883		442,883			
State Revenue (Unrestricted)					2,577,203		2,577,203		2,577,203			
Investment Earnings (Unrestricted)					337,543	850,552	1,188,095		1,188,095	10,797		10,797
Other General Revenue					455,964	3,645	459,609		459,609			
Transfers					1,710,649	(1,710,649)	0		0			
Total General Revenues and Transfers					39,260,146	(856,452)	38,403,694		38,403,694		10,797	10,797
Change in Net Assets					3,229,601	3,418,748	6,648,349		6,648,349		71,166	71,166
Net Assets, Beginning					116,672,282	117,502,862	234,175,144		234,175,144		736,171	736,171
Prior Period Adjustments					-	(1,683,110)	(1,683,110)		(1,683,110)		-	-
Adjusted Net Assets, Beginning					116,672,282	115,819,752	232,492,034		232,492,034		736,171	736,171
Net Assets, Ending					\$ 119,901,883	119,238,500	239,140,383		239,140,383		807,337	807,337

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

CITY OF BRISTOL, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General Fund	General Purpose School Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$10,629,557	7,165,154	-	1,300,324	19,095,035
Receivables, Net of Allowance	15,659,345	-	-	154,216	15,813,561
Notes Receivable	-	-	-	204,584	204,584
Other Receivables	829,108	135,044	-	97	964,249
Due from Other Funds	1,110,660	255,926	552	716,243	2,083,381
Due from Other Governments	2,311,833	9,855,678	-	692,427	12,859,938
Inventory	66,290	-	-	72,579	138,869
Restricted Cash	-	-	5,433,798	358,294	5,792,092
Total Assets	\$30,606,793	17,411,802	5,434,350	3,498,764	56,951,709
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 356,252	294,257	-	345,304	995,813
Contracts Payable	-	-	2,231,207	77,154	2,308,361
Retainages Payable	-	7,812	442,030	-	449,842
Accrued Payroll and Related Deductions	383,393	78,031	-	18,114	479,538
Due to Other Funds	748,326	6,272	-	595,002	1,349,600
Due to Joint Venture	123,603	-	-	-	123,603
Due to Others	66,294	-	-	-	66,294
Deferred Revenue	16,511,586	9,069,456	-	219,949	25,800,991
Total Liabilities	18,189,454	9,455,828	2,673,237	1,255,523	31,574,042
Fund Balances:					
Reserved for:					
Capital Outlay	-	40,767	-	-	40,767
Community Development	-	-	-	542	542
Education	-	34,415	-	-	34,415
Encumbrances	-	533,225	-	-	533,225
Inventory	66,290	-	-	72,579	138,869
Parks and Recreation	22,149	-	-	-	22,149
Police and Drug Control	15,738	-	-	79,577	95,315
State Street Aid	-	-	-	313,797	313,797
Unreserved, Reported in:					
General Fund	12,313,162	-	-	-	12,313,162
Special Revenue Funds	-	7,347,567	-	1,013,453	8,361,020
Capital Projects Funds	-	-	2,761,113	763,293	3,524,406
Total Fund Balances	12,417,339	7,955,974	2,761,113	2,243,241	25,377,667
Total Liabilities and Fund Balances	\$30,606,793	17,411,802	5,434,350	3,498,764	

Amounts reported for governmental activities in the statement of net assets are different because:	
Revenue for amounts not received during the period of availability and, therefore, not considered "available" has been deferred in the funds.	2,240,168
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	112,596,174
An internal service fund is used to charge costs of employee insurance to the funds. The assets and liabilities of the fund are included in governmental activities in the statement of net assets.	875,086
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(21,426,782)
Governmental funds report the effect of debt issuance costs when debt is issued. These amounts are reported as other assets and amortized over the life of the debt for the statement of net assets.	239,570
Net Assets of Governmental Activities	\$ 119,901,883

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, 2009

	General Fund	General Purpose School Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	\$20,931,391	13,129,827	-	-	34,061,218
Licenses and Permits	206,532	2,137	-	-	208,669
Intergovernmental	4,059,932	14,150,018	-	7,943,642	26,153,592
Charges for Services	1,006,627	270,433	-	2,277,527	3,554,587
Revenues from Use of Facilities	305,197	2,400	-	318,405	626,002
Fines and Forfeitures	343,751	-	-	92,717	436,468
Investment Earnings	100,337	47,213	164,752	25,241	337,543
Other	48,897	215,752	-	305,291	569,940
Total Revenues	27,002,664	27,817,780	164,752	10,962,823	65,948,019
EXPENDITURES:					
Current:					
General Government	3,552,012	-	-	1,914,943	5,466,955
Community Relations	523,992	-	-	476,999	1,000,991
Education	-	30,068,681	-	5,476,646	35,545,327
Parks and Recreation	2,838,523	-	-	87,839	2,926,362
Public Safety	10,274,720	-	-	215,556	10,490,276
Public Works	3,170,693	-	-	2,189,479	5,360,172
Capital Outlay	449,608	1,162,909	9,045,280	961,204	11,619,001
Debt Service:					
Principal Retirement	-	-	-	1,380,569	1,380,569
Interest	-	-	-	678,490	678,490
Other Costs	-	-	-	18,109	18,109
Total Expenditures	20,809,548	31,231,590	9,045,280	13,399,834	74,486,252
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,193,116	(3,413,810)	(8,880,528)	(2,437,011)	(8,538,233)
Other Financing Sources (Uses):					
Proceeds from Issuance of Refunding Bonds	-	-	-	323,584	323,584
Proceeds from Issuance of Notes Payable	-	-	-	424,000	424,000
Payment on Refunded Bonds Payable	-	-	-	(323,584)	(323,584)
Transfers In	1,949,720	4,056,000	308,004	2,309,505	8,623,229
Transfers Out	(6,301,994)	-	(608,515)	(2,071)	(6,912,580)
Total Other Financing Sources (Uses)	(4,352,274)	4,056,000	(300,511)	2,731,434	2,134,649
Net Change in Fund Balances	1,840,842	642,190	(9,181,039)	294,423	(6,403,584)
Fund Balance, July 1, 2008	10,576,497	7,313,784	11,942,152	1,917,766	31,750,199
Purchase Method Inventory Adjustment	-	-	-	31,052	31,052
Fund Balance, June 30, 2009	\$12,417,339	7,955,974	2,761,113	2,243,241	25,377,667

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, 2009

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

Net change in fund balances - total governmental funds	\$ (6,403,584)
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 \$2,422,628 and the current year amount of \$2,240,168.	(182,460)
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 \$11,619,001 exceeded depreciation of \$4,213,294 in the current period.	7,405,707
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets.	1,647,959
Inventory for the Child 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.	31,052
Certain expenditures 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 \$0 exceeded the prior year amount of \$16,404.	(16,404)
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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	956,569
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.	23,269

(Continued)

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, 2009

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

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.	(151,163)
An internal service fund is used by management to charge the costs of employee insurance to individual funds.	<u>(81,344)</u>
Change in net assets of governmental activities	<u><u>\$ 3,229,601</u></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, 2009

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<u>Revenues:</u>			
<u>Taxes:</u>			
Property Tax (Net of Discounts, etc.)	\$ 13,275,393	13,464,973	189,580
Payments in Lieu of Taxes	45,668	71,763	26,095
Local Sales Tax	5,228,846	4,852,821	(376,025)
Beer and Liquor Taxes	725,000	763,540	38,540
Business Tax	446,000	549,846	103,846
Gas Franchise Tax	375,000	415,977	40,977
Cable Television Franchise Tax	320,000	369,588	49,588
Hotel and Motel Taxes	425,000	442,883	17,883
<u>Total Taxes</u>	<u>20,840,907</u>	<u>20,931,391</u>	<u>90,484</u>
<u>Licenses and Permits</u>	<u>402,310</u>	<u>206,532</u>	<u>(195,778)</u>
<u>Intergovernmental:</u>			
State Sales Tax	1,850,000	1,666,342	(183,658)
State Income Tax	575,000	523,389	(51,611)
State Highway Maintenance	75,000	155,626	80,626
Bank Excise Tax	65,000	66,185	1,185
Gas and Motor Fuel Tax	56,000	54,671	(1,329)
Beer and Mixed Drink	130,000	125,952	(4,048)
TVA Payments in Lieu	200,000	247,475	47,475
Telecommunications Tax	4,000	2,968	(1,032)
Federal Government	679,358	538,058	(141,300)
Federal Thru State and State Grants	374,036	375,840	1,804
Other Revenue	314,408	303,426	(10,982)
<u>Total Intergovernmental</u>	<u>4,322,802</u>	<u>4,059,932</u>	<u>(262,870)</u>
<u>Charges for Services</u>	<u>939,412</u>	<u>1,006,627</u>	<u>67,215</u>
<u>Revenues from Use of Facilities</u>	<u>329,500</u>	<u>305,197</u>	<u>(24,303)</u>
<u>Fines and Forfeitures</u>	<u>435,900</u>	<u>343,751</u>	<u>(92,149)</u>
<u>Investment Earnings</u>	<u>360,000</u>	<u>100,337</u>	<u>(259,663)</u>
<u>Other</u>	<u>89,400</u>	<u>48,897</u>	<u>(40,503)</u>
<u>Total Revenues</u>	<u>27,720,231</u>	<u>27,002,664</u>	<u>(717,567)</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, 2009

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<u>Expenditures:</u>			
<u>General Government:</u>			
<u>General Administration:</u>			
City Council	131,168	111,087	20,081
City Court	50,775	49,578	1,197
Juvenile Court	242,349	253,722	(11,373)
City Manager	196,950	200,255	(3,305)
MPO	239,170	209,102	30,068
Economic Development	286,313	241,306	45,007
Legal	115,265	100,693	14,572
Finance	395,837	368,520	27,317
Information Technology	170,956	149,272	21,684
Human Resources	240,663	233,136	7,527
Capital Outlay	10,000	9,315	685
Total General Administration	<u>2,079,446</u>	<u>1,925,986</u>	<u>153,460</u>
<u>Other Administration:</u>			
Council Programs	1,098,284	1,083,704	14,580
School Insurance	73,210	63,817	9,393
Total Other Administration	<u>1,171,494</u>	<u>1,147,521</u>	<u>23,973</u>
<u>Community Development</u>			
Planning	276,747	285,961	(9,214)
Codes Enforcement	230,204	201,859	28,345
Capital Outlay	40,000	39,376	624
Total Community Development	<u>546,951</u>	<u>527,196</u>	<u>19,755</u>
Total General Government	<u>3,797,891</u>	<u>3,600,703</u>	<u>197,188</u>
<u>Community Relations</u>			
Administration	184,363	201,618	(17,255)
Public Property	311,107	301,447	9,660
Farmer's Market	21,432	20,927	505
Capital Outlay	20,000	9,998	10,002
Total Community Relations	<u>536,902</u>	<u>533,990</u>	<u>2,912</u>
<u>Parks and Recreation</u>			
Administration	157,595	164,494	(6,899)
Recreation	318,373	333,182	(14,809)
Steele Creek Golf Course	280,328	255,391	24,937
Senior Citizens Program	68,062	67,303	759
Special Programs	167,877	176,609	(8,732)
Slater Center	157,893	178,462	(20,569)

(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, 2009

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>Expenditures (Continued):</u>			
<u>Parks and Recreation (Continued)</u>			
Parks and Facilities	1,207,723	1,268,516	(60,793)
Nature Center	131,525	124,793	6,732
Municipal Building	185,745	191,090	(5,345)
Haynesfield Pool	60,610	78,683	(18,073)
Capital Outlay	253,000	20,189	232,811
Total Parks and Recreation	<u>2,988,731</u>	<u>2,858,712</u>	<u>130,019</u>
<u>Public Safety:</u>			
<u>Fire Department:</u>			
Administration	248,442	242,605	5,837
Emergency Services	3,221,902	3,277,655	(55,753)
Ambulance Services	89,617	119,934	(30,317)
Fire Stations	75,886	87,059	(11,173)
Fire Prevention	92,617	94,220	(1,603)
Capital Outlay	238,500	200,410	38,090
Total Fire Department	<u>3,966,964</u>	<u>4,021,883</u>	<u>(54,919)</u>
<u>Police Department:</u>			
Administration	536,709	547,687	(10,978)
Patrol	3,098,155	3,242,659	(144,504)
Investigations	1,047,320	971,295	76,025
Community Programs	476,522	529,787	(53,265)
Communications and Records	1,006,379	1,050,675	(44,296)
Animal Control	109,317	111,144	(1,827)
Capital Outlay	268,000	159,420	108,580
Total Police Department	<u>6,542,402</u>	<u>6,612,667</u>	<u>(70,265)</u>
Total Public Safety	<u>10,509,366</u>	<u>10,634,550</u>	<u>(125,184)</u>
<u>Public Works:</u>			
Administration	116,843	115,447	1,396
Engineering	173,239	159,317	13,922
GIS	61,045	80,468	(19,423)
Street Maintenance	1,391,430	1,305,400	86,030
Fleet Services	508,060	500,358	7,702
Transit	292,515	338,498	(45,983)
Para Transit	41,943	39,836	2,107
Job Access Transit	118,578	108,526	10,052
Street Lighting and Traffic Control	466,200	522,843	(56,643)
Capital Outlay	315,000	10,900	304,100
Total Public Works	<u>3,484,853</u>	<u>3,181,593</u>	<u>303,260</u>
Total Expenditures	<u>21,317,743</u>	<u>20,809,548</u>	<u>508,195</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, 2009

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,402,488	6,193,116	(209,372)
<u>Other Financing Sources (Uses):</u>			
Transfer from Electric Fund	1,201,000	1,444,412	243,412
Transfer from Water Fund	240,000	252,789	12,789
Transfer from Sewer Fund	240,000	250,448	10,448
Transfer from Grant Fund	-	2,071	2,071
Transfer to Demolition Landfill Fund	(190,000)	(237,000)	(47,000)
Transfer to General Purpose School Fund	(4,056,000)	(4,056,000)	-
Transfer to Grant Fund	(57,477)	(40,505)	16,972
Transfer to Solid Waste Fund	(200,000)	(20,000)	180,000
Transfer to Viking Hall Fund	(189,000)	(120,000)	69,000
Transfer to Debt Service Fund	(1,354,517)	(1,245,485)	109,032
Transfer to Capital Projects Fund	(1,030,100)	(275,000)	755,100
Transfer to School Capital Projects Fund	(1,026,831)	(308,004)	718,827
Transfer to Internal Service Fund	(108,800)	-	108,800
Total Other Financing Sources (Uses)	<u>(6,531,725)</u>	<u>(4,352,274)</u>	<u>2,179,451</u>
Net Change in Fund Balances	(129,237)	1,840,842	1,970,079
Fund Balance, July 1, 2008	<u>9,073,187</u>	<u>10,576,497</u>	<u>1,503,310</u>
Fund Balance, June 30, 2009	<u>\$ 8,943,950</u>	<u>12,417,339</u>	<u>3,473,389</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, 2009

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>Revenues:</u>			
<u>Taxes:</u>			
County Property Tax	\$ 8,625,378	9,007,115	381,737
Local Sales Tax	4,161,629	4,122,712	(38,917)
Total Taxes	<u>12,787,007</u>	<u>13,129,827</u>	<u>342,820</u>
<u>Licenses and Permits</u>	<u>2,000</u>	<u>2,137</u>	<u>137</u>
<u>Intergovernmental Revenues:</u>			
Federal Thru State and State	14,718,094	14,115,126	(602,968)
Bank Excise Tax	20,000	32,156	12,156
Telecommunications Tax	3,000	2,736	(264)
Total Intergovernmental Revenues	<u>14,741,094</u>	<u>14,150,018</u>	<u>(591,076)</u>
<u>Charges for Services</u>	<u>250,000</u>	<u>270,433</u>	<u>20,433</u>
<u>Revenues from Use of Facilities</u>	<u>2,400</u>	<u>2,400</u>	<u>-</u>
<u>Investment Earnings</u>	<u>150,000</u>	<u>47,213</u>	<u>(102,787)</u>
<u>Other</u>	<u>431,557</u>	<u>215,752</u>	<u>(215,805)</u>
Total Revenues	<u>28,364,058</u>	<u>27,817,780</u>	<u>(546,278)</u>
<u>Expenditures:</u>			
<u>Instruction:</u>			
Regular Education	16,211,267	15,284,010	927,257
Alternate School	261,843	155,133	106,710
Special Education	1,808,979	1,828,326	(19,347)
Vocational Education	888,445	941,481	(53,036)
Student Body	5,000	4,743	257
Total Instruction	<u>19,175,534</u>	<u>18,213,693</u>	<u>961,841</u>
<u>Support Services:</u>			
Attendance	164,217	168,023	(3,806)
Health Services	215,660	136,409	79,251
Other Student Support	789,992	663,085	126,907
Regular Instruction	3,139,639	2,940,420	199,219
Alternate School	2,500	552	1,948
Special Education	171,810	167,759	4,051
Vocational Education	103,662	100,115	3,547

(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, 2009

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>Expenditures (Continued):</u>			
<u>Support Services (Continued):</u>			
Board of Education	621,786	524,297	97,489
Director of Schools	324,290	386,224	(61,934)
Office of Principal	2,085,345	1,946,424	138,921
Fiscal Services	309,815	327,245	(17,430)
Operation of Plant	2,300,965	2,055,567	245,398
Maintenance of Plant	1,108,012	1,143,130	(35,118)
Student Transportation	820,884	752,123	68,761
Total Support Services	<u>12,158,577</u>	<u>11,311,373</u>	<u>847,204</u>
<u>Non-Instructional Services</u>			
School Nutrition	150,202	155,711	(5,509)
Community Service	25,000	14,557	10,443
Early Childhood	310,000	317,824	(7,824)
Total Non-Instructional Services	<u>485,202</u>	<u>488,092</u>	<u>(2,890)</u>
<u>Non-capitalized Improvements</u>	<u>86,923</u>	<u>55,523</u>	<u>31,400</u>
<u>Capital Outlay</u>	<u>1,790,179</u>	<u>1,162,909</u>	<u>627,270</u>
Total Expenditures	<u>33,696,415</u>	<u>31,231,590</u>	<u>2,464,825</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,332,357)</u>	<u>(3,413,810)</u>	<u>1,918,547</u>
<u>Other Financing Sources (Uses):</u>			
Transfer from General Fund	4,056,000	4,056,000	-
Total Other Financing Sources (Uses)	<u>4,056,000</u>	<u>4,056,000</u>	<u>0</u>
Net Change in Fund Balances	(1,276,357)	642,190	1,918,547
Fund Balance, July 1, 2008	<u>5,328,402</u>	<u>7,313,784</u>	<u>1,985,382</u>
Fund Balance, June 30, 2009	<u>\$ 4,052,045</u>	<u>7,955,974</u>	<u>3,903,929</u>

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

CITY OF BRISTOL, TENNESSEE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Demolition Landfill Fund	Total Enterprise Funds	
ASSETS:						
<u>Current Assets:</u>						
Cash and Cash Equivalents	\$ 7,913,095	333,544	913,306	-	9,159,945	1,031,223
Accounts Receivable, (Net)	8,226,386	817,289	466,272	2,998	9,512,945	-
Customer Notes Receivable (Net) - Current Portion	385,000	-	2,064	-	387,064	-
Other Receivables	992,608	6,278	-	-	998,886	15,602
Due from Other Governments	-	-	121,373	-	121,373	-
Due from Joint Venture	-	-	458,564	-	458,564	-
Due from Other Funds	15,173	-	193,969	-	209,142	36,134
Inventories	1,084,714	292,859	50,555	-	1,428,128	-
Prepays	112,455	-	-	-	112,455	-
Discounted Energy Units - Current Portion	883,650	-	-	-	883,650	-
Total Current Assets	19,613,081	1,449,970	2,206,103	2,998	23,272,152	1,082,959
<u>Noncurrent Assets:</u>						
<u>Capital Assets</u>						
Capital Assets	121,290,575	39,592,162	27,999,124	1,841,110	190,722,971	-
Construction in Progress	1,733,283	663,471	289,021	-	2,685,775	-
Total Capital Assets	123,023,858	40,255,633	28,288,145	1,841,110	193,408,746	0
Less: Accumulated Depreciation	48,122,905	19,384,364	7,057,732	565,385	75,130,386	-
Net Capital Assets	74,900,953	20,871,269	21,230,413	1,275,725	118,278,360	0
<u>Other Noncurrent Assets:</u>						
Customer Notes Receivable, Less Current Portion	2,191,622	-	-	-	2,191,622	-
Certificates of Deposit - Long-term	8,000,000	-	-	-	8,000,000	-
Investment in Joint Venture	-	-	7,097,251	-	7,097,251	-
Due from Joint Venture	-	-	50,571	-	50,571	-
Prepaid Pension Cost	508,737	-	-	-	508,737	-
Discounted Energy Units, Less Current Portion	2,433,352	-	-	-	2,433,352	-
Other	325,155	18,735	-	5,708	349,598	-
Total Other Noncurrent Assets	13,458,866	18,735	7,147,822	5,708	20,631,131	0
Total Noncurrent Assets	88,359,819	20,890,004	28,378,235	1,281,433	138,909,491	0
Total Assets	107,972,900	22,339,974	30,584,338	1,284,431	162,181,643	1,082,959

(Continued)

CITY OF BRISTOL, TENNESSEE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2009

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Demolition Landfill Fund	Total Enterprise Funds	
LIABILITIES:						
Current Liabilities:						
Accounts Payable	6,209,137	90,051	41,234	4,731	6,345,153	-
Accrued Interest	342,585	9,827	1,480	1,367	355,259	-
Accrued Liabilities	4,178,133	-	-	-	4,178,133	135,000
Accrued Payroll and Related Liabilities	-	29,707	14,408	2,384	46,499	-
Deposits	1,675,823	2,250	-	-	1,678,073	-
Due to Other Funds	213,744	689,241	-	76,072	979,057	-
Due to Others	-	19,678	-	-	19,678	-
Deferred Revenue	416,265	-	-	-	416,265	-
Compensated Absences Payable	-	61,000	22,000	4,400	87,400	-
Bonds Payable	470,000	567,200	69,785	75,000	1,181,985	-
Notes Payable	-	129,241	137,832	-	267,073	-
OPEB Obligation Payable	200,000	-	-	-	200,000	-
Landfill Closure Costs	-	-	-	276,836	276,836	-
Total Current Liabilities	<u>13,705,687</u>	<u>1,598,195</u>	<u>286,739</u>	<u>440,790</u>	<u>16,031,411</u>	<u>135,000</u>
Long-term Liabilities:						
Compensated Absences Payable	-	42,618	4,545	7,102	54,265	-
Bonds Payable, Net of Unamortized Deferred Amounts	22,938,551	1,824,815	64,616	335,000	25,162,982	-
Notes Payable	-	341,295	1,364,592	-	1,705,887	-
Landfill Closure Costs	-	-	-	61,471	61,471	-
Total Long-term Liabilities	<u>22,938,551</u>	<u>2,208,728</u>	<u>1,433,753</u>	<u>403,573</u>	<u>26,984,605</u>	<u>0</u>
Total Liabilities	<u>36,644,238</u>	<u>3,806,923</u>	<u>1,720,492</u>	<u>844,363</u>	<u>43,016,016</u>	<u>135,000</u>
NET ASSETS:						
Invested in Capital Assets, Net of Related Debt	51,492,401	18,008,718	19,652,587	866,438	90,020,144	-
Unrestricted	19,836,261	524,333	9,211,259	(426,370)	29,145,483	947,959
Net Assets	<u>\$ 71,328,662</u>	<u>18,533,051</u>	<u>28,863,846</u>	<u>440,068</u>	<u>119,165,627</u>	<u>947,959</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				<u>72,873</u>		
Net Assets of Business-type Activities					<u>\$ 119,238,500</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 FUND NET ASSETS
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Demolition Landfill Fund	Total Enterprise Funds	
<u>Operating Revenues:</u>						
Charges for Services (Net)	\$ 91,914,556	3,848,536	4,298,057	136,580	100,197,729	2,829,521
Other Revenue	3,387,662	123,448	105,532	53	3,616,695	335
Total Operating Revenues	<u>95,302,218</u>	<u>3,971,984</u>	<u>4,403,589</u>	<u>136,633</u>	<u>103,814,424</u>	<u>2,829,856</u>
<u>Operating Expenses:</u>						
Maintenance and Administrative	12,086,853	107,243	1,257,334	243,392	13,694,822	344,013
Purchased Power	74,785,352	-	-	-	74,785,352	-
Water Filtration Plant	-	1,446,713	-	-	1,446,713	-
Water Distribution	-	891,574	-	-	891,574	-
Sewer Collection	-	-	824,748	-	824,748	-
Medical Claims	-	-	-	-	0	2,598,150
Depreciation	3,387,977	839,180	665,650	64,466	4,957,273	-
Other Expenses	-	746,768	832,773	-	1,579,541	-
Total Operating Expenses	<u>90,260,182</u>	<u>4,031,478</u>	<u>3,580,505</u>	<u>307,858</u>	<u>98,180,023</u>	<u>2,942,163</u>
Operating Income (Loss)	<u>5,042,036</u>	<u>(59,494)</u>	<u>823,084</u>	<u>(171,225)</u>	<u>5,634,401</u>	<u>(112,307)</u>
<u>Nonoperating Revenues (Expenses):</u>						
Interest Revenue	816,209	14,404	19,939	-	850,552	19,685
Interest Expense	(1,013,180)	(96,162)	(84,692)	-	(1,194,034)	-
Fiscal Agent Fees	-	(7,483)	(1,343)	(14)	(8,840)	-
Amortization of Bond Costs	(11,583)	(19,873)	(4,917)	(1,161)	(37,534)	-
Capital Contribution to Joint Venture	-	-	(375,000)	-	(375,000)	-
Loss on Investment in Joint Venture	-	-	(37,787)	-	(37,787)	-
State Income Tax	(44,105)	-	-	-	(44,105)	-
Total Nonoperating Revenues (Expenses)	<u>(252,659)</u>	<u>(109,114)</u>	<u>(483,800)</u>	<u>(1,175)</u>	<u>(846,748)</u>	<u>19,685</u>
Net Income (Loss) Before Operating Transfers and Capital Contributions	<u>4,789,377</u>	<u>(168,608)</u>	<u>339,284</u>	<u>(172,400)</u>	<u>4,787,653</u>	<u>(92,622)</u>

(Continued)

CITY OF BRISTOL, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities- Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Demolition Landfill Fund		
Net Income (Loss) Before Operating Transfers and Capital Contributions (Brought Forward)	4,789,377	(168,608)	339,284	(172,400)	4,787,653	(92,622)
<u>Transfers:</u>						
Transfer from General Fund	-	-	-	237,000	237,000	-
Transfer to General Fund	(1,444,412)	(252,789)	(250,448)	-	(1,947,649)	-
Total Transfers	(1,444,412)	(252,789)	(250,448)	237,000	(1,710,649)	0
<u>Capital Contributions and Grants</u>	-	25,468	327,558	-	353,026	-
Change in Net Assets	3,344,965	(395,929)	416,394	64,600	3,430,030	(92,622)
Net Assets, July 1, 2008	69,666,807	18,928,980	28,447,452	375,468		1,040,581
Prior Period Adjustment: Purchased Power Adjustment	(1,683,110)	-	-	-		-
Adjusted Net Assets, July 1, 2008	67,983,697	18,928,980	28,447,452	375,468		1,040,581
Net Assets, June 30, 2009	\$ 71,328,662	18,533,051	28,863,846	440,068		947,959

Adjustment to reflect the consolidation of internal service fund
activities related to enterprise funds. (11,282)

Change in Net Assets of Business-type Activities \$ 3,418,748

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, 2009

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Demolition Landfill Fund	Total Enterprise Funds	
<u>Cash Flows from Operating Activities:</u>						
Receipts from Customers and Users	\$ 92,865,399	3,906,238	4,421,480	135,791	101,328,908	671,145
Receipts from Other	-	2,442	1,202	53	3,697	(556)
Receipts for Interfund Services Provided	1,886,844	174,918	-	-	2,061,762	2,158,376
Payments to Suppliers	(82,895,164)	(1,270,818)	(417,074)	(143,960)	(84,727,016)	(3,183,190)
Payments for Employees	(3,725,741)	(1,313,122)	(420,340)	(86,780)	(5,545,983)	-
Payments to Joint Venture	-	-	(1,333,113)	-	(1,333,113)	-
Payments for Interfund Services Used	-	(746,678)	(820,099)	-	(1,566,777)	-
Net Cash Provided by/(Used for) Operating Activities	8,131,338	752,980	1,432,056	(94,896)	10,221,478	(354,225)
<u>Cash Flows from Noncapital Financing Activities:</u>						
Due From/To General Fund	-	767,033	(181,396)	(12,652)	572,985	79,063
State Income Tax	(44,105)	-	-	-	(44,105)	-
Transfers From/(To) Other Funds	(1,444,412)	(252,789)	(250,448)	237,000	(1,710,649)	-
Net Cash Provided by/(Used for) Noncapital Financing Activities	(1,488,517)	514,244	(431,844)	224,348	(1,181,769)	79,063
<u>Cash Flows from Capital and Related Financing Activities:</u>						
Refunding Bonds Payable Issued	-	842,015	134,401	-	976,416	-
Notes Payable Issued	-	17,000	59,000	-	76,000	-
Purchase of Capital Assets	(8,153,847)	(495,983)	(453,608)	(59,205)	(9,162,643)	-
Principal Paid on Capital Debt	(455,000)	(1,370,350)	(785,640)	(70,000)	(2,680,990)	-
Payment on Refunded Bonds	-	(842,015)	(134,401)	-	(976,416)	-
Capital Contributions	-	-	106,330	-	106,330	-
Interest Paid on Capital Debt	(1,031,238)	(111,018)	(94,880)	(233)	(1,237,369)	-
Fiscal Agent Fees Paid	-	(7,483)	(1,343)	(14)	(8,840)	-
Net Cash Provided by/(Used for) Capital and Related Financing Activities	(9,640,085)	(1,967,834)	(1,170,141)	(129,452)	(12,907,512)	0
<u>Cash Flows from Investing Activities:</u>						
Purchase of Investments	(35,328,428)	-	-	-	(35,328,428)	-
Sale of Investments	35,328,428	-	-	-	35,328,428	-
Interest and Dividends Received	680,096	14,404	19,939	-	714,439	19,685
Due from Joint Venture	-	-	(59,000)	-	(59,000)	-
Contribution to Joint Venture	-	-	(375,000)	-	(375,000)	-
Net Cash Provided by/(Used for) Investing Activities	680,096	14,404	(414,061)	0	280,439	19,685
Net Increase (Decrease) in Cash and Cash Equivalents	(2,317,168)	(686,206)	(583,990)	-	(3,587,364)	(255,477)
Cash and Cash Equivalents, Beginning of Year	10,230,263	1,019,750	1,497,296	0	12,747,309	1,286,700
Cash and Cash Equivalents, End of Year	\$ 7,913,095	333,544	913,306	0	9,159,945	1,031,223

(Continued)

CITY OF BRISTOL, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Demolition Landfill Fund	Total Enterprise Funds	
Reconciliation of Operating Income (Loss) to Net Cash Provided by/(Used for) Operating Activities:						
Operating Income (Loss)	\$ 5,042,036	(59,494)	823,084	(171,225)	5,634,401	(112,307)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by/(Used for) Operating Activities:						
Depreciation Expense	3,387,977	839,180	665,650	64,466	4,957,273	-
Increase in Allowance for Uncollectible Accounts	143,087	80,000	-	-	223,087	-
Redemption of Discounted Energy Units	1,044,000	-	-	-	1,044,000	-
(Increase) Decrease:						
Accounts Receivable	(1,137,887)	(22,674)	19,501	(790)	(1,141,850)	-
Other Receivables	444,356	38,009	(76,563)	-	405,802	(890)
Inventories	246,260	(2,193)	(1,675)	-	242,392	-
Prepaid Items	55,458	-	-	-	55,458	-
Other Assets	108,460	-	-	-	108,460	-
Customer Notes Receivable	(206,820)	476	377	-	(205,967)	-
Increase (Decrease):						
Accounts Payable	64,579	48,533	5,551	(16,987)	101,676	-
Accrued Liabilities	(1,158,997)	(19,548)	(10,947)	27,739	(1,161,753)	(241,028)
Accrued Payroll and Related Deductions	-	5,014	7,374	370	12,758	-
Compensated Absences Payable	-	4,792	1,176	1,531	7,499	-
Deposits	97,512	(158,927)	-	-	(61,415)	-
Due to Other Funds	1,317	-	-	-	1,317	-
Due to Others	-	(188)	(1,472)	-	(1,660)	-
Net Cash Provided by/(Used for) Operating Activities	\$ 8,131,338	752,980	1,432,056	(94,896)	10,221,478	(354,225)

Schedule of Noncash Investing, Capital and Financing Activities:

Accounts payable in the Electric Fund at June 30, 2009, included \$43,331 for construction in progress.

Accounts payable were \$3,359 in the Water Fund at June 30, 2009, for capital assets. Water lines were also contributed that were valued at \$25,468.

Accounts payable were \$10,365 in the Sewer Fund at June 30, 2009, for capital assets. Sewer lines were also contributed that were valued at \$172,800.

The Sewer Fund had a loss on investment of \$37,787 which equals the City's share of depreciation and amortization in the assets of the Joint Sewerage System.

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

CITY OF BRISTOL, TENNESSEE
STATEMENT OF FIDUCIARY AND PLAN NET ASSETS
FIDUCIARY FUNDS
June 30, 2009

	<u>Other Post Employment Benefits Trust Fund</u>	<u>Agency Funds</u>
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ -	2,177,993
Pooled Cash Held by General Fund	-	796
Investments Held in Trust, At Fair Value		
Mutual Funds - Balanced Funds	398,517	-
	<u>398,517</u>	<u>-</u>
Total Assets	<u>398,517</u>	<u>2,178,789</u>
<u>LIABILITIES:</u>		
Due to Others	-	2,178,789
	<u>-</u>	<u>2,178,789</u>
Total Liabilities	<u>0</u>	<u>2,178,789</u>
<u>NET ASSETS</u>		
Net Assets Held In Trust for OPEB Benefits	<u>398,517</u>	
Total Net Assets	<u>\$ 398,517</u>	

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

CITY OF BRISTOL, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY AND PLAN NET ASSETS
FIDUCIARY FUNDS
June 30, 2009

	Other Post Employment Benefits Trust Fund
<u>ADDITIONS</u>	
Employer Contributions	\$ 399,897
Net Appreciation (Depreciation) in Value of Investments	(1,380)
Total Additions	398,517
<u>DEDUCTIONS</u>	
Benefits	-
Total Deductions	0
Change in Net Assets	398,517
Net Assets, July 1, 2008	-
Net Assets, July 1, 2009	\$ 398,517

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

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CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Bristol, Tennessee, (the City) was incorporated in 1856 and operates under a council-manager form of government that provides services as authorized by its charter. 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.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance. The Governmental Accounting and Financial Reporting Standards, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

A. Reporting Entity

Primary Government

The accompanying financial statements present the City (primary government) and its component units, entities 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 units. 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 Tennessee General Assembly's passage of Emergency Communications District Law (Acts 1984, ch. 867) declared that the establishment of a uniform emergency number to shorten the time required for a citizen to request and receive emergency aid is a matter of public concern and interest. It is the intent of communication districts to provide a simplified means of securing emergency services.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

A. Reporting Entity (Continued)

Discretely Presented Component Unit (Continued)

The voters in Bristol, Tennessee approved a referendum to form the Bristol Tennessee Emergency Communications District (the "District") in March 1994. The District began operations July 1, 1994 and is responsible for providing emergency communication services to the residents of the City. The Board is appointed by the City and the City must approve all bonded debt issues. The District is reported as an enterprise fund and is presented in a separate column as the Bristol Tennessee Emergency Communications District on the government-wide financial statements to emphasize that it is a legally separate unit. For the year ended June 30, 2009, the District reimbursed \$143,018 to the City for payment in full for costs for the year.

Complete financial statements for the District may be obtained at the entity's administrative offices.

Bristol Tennessee Emergency Communications District
801 Anderson Street
Bristol, Tennessee 37620

Related Organizations

The City Council is responsible for all board appointments of the following:

Bristol Tennessee Housing and Redevelopment Authority
Bristol Industrial Development Board

However, the City has no further accountability for any of these organizations. The City cannot impose its will on these boards since it does not have the ability to modify or approve their budgets or overrule or modify decisions of the boards. The boards are fiscally independent and there is no financial benefit or burden relationship with the City. Therefore, they 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 branch and the Avoca 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 branch. The Avoca capital assets are the property of the City of Bristol, Tennessee. The capital assets are reflected in the government-wide financial statements. There is no equity ownership to either city due to a lack of ongoing financial interest.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

A. Reporting Entity (Continued)

Joint Ventures (Continued)

The City is a participant in a joint venture with the City of Bristol, Virginia 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 of the Cities appoints three of the six-committee members which oversee the operations. In accordance with the terms of the joint venture agreement, the operation costs of the WWTP are shared by the Cities on a pro-rata basis of 55% and 45% by the City of Bristol, Tennessee and the City of Bristol, Virginia, respectively. Industrial monitoring costs are allocated 50% to each respective City. The City has an ongoing financial interest in this joint venture and has recorded this as an investment in the Sewer Fund.

The Tri-Cities Airport is jointly administered by City of Bristol, Tennessee; City of Johnson City, Tennessee; City of Kingsport, Tennessee; City of Bristol, Virginia; Washington County, Tennessee; and Sullivan County, Tennessee. While the City's portion of the joint administrative ownership in the Airport is 10%, there is no equity ownership to the administrators due to a lack of ongoing financial interest. The City is represented by one of the twelve commissioners. A separate enterprise fund is maintained by the Airport and the administrators do not record any balances for the Airport.

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, 2009, the City received \$3,238 in proceeds from vacant lot sales. Administrators retain only an ongoing financial responsibility for this venture and do not record any balances in their financial statements. Financial statements are not prepared for the Tri-County Industrial Park.

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.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

A. Reporting Entity (Continued)

Joint Ventures (Continued)

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 Bristol, TN 37620	Networks P.O. Box 1157 Blountville, TN 37617	Tri-Cities Airport Commission P. O. Box 1055 Blountville, TN 37617
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Audited information as of June 30, 2009, is presented for Bristol Public Library, Joint Sewerage System, and Tri-Cities Airport. Information presented for Networks is for the year ended June 30, 2008, since audited financial information has yet to be released for the 2009 year. Information for each joint venture is presented on the accrual basis.

	Bristol Public Library	Joint Sewerage System	Networks - Sullivan Partnership	Tri-Cities Airport
Revenues	\$ 1,856,340	3,139,413	880,644	14,466,887
Expenses	(2,196,214)	(3,214,988)	(1,185,184)	(8,682,811)
Net Income (Loss) Transferred to Net Assets	(339,874)	(75,575)	(304,540)	5,784,076
Net Assets, July 1	2,099,410	14,270,078	102,510	50,165,338
Net Assets, June 30	<u>\$ 1,759,536</u>	<u>14,194,503</u>	<u>(202,030)</u>	<u>55,949,414</u>
Total Assets	\$ 1,873,521	15,191,728	8,765,680	65,325,593
Total Liabilities	113,985	997,225	8,967,710	9,376,179
Total Net Assets	<u>\$ 1,759,536</u>	<u>14,194,503</u>	<u>(202,030)</u>	<u>55,949,414</u>

B. Government-wide and Fund Financial Statements

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

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

B. Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds. 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. Property taxes recognized as receivables have been reported as deferred revenue prior to the period of revenue recognition. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The fiduciary fund financial statements utilize the accrual basis of accounting for its receivables and payables.

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 and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB 33, certain revenues are required to be recognized as a receivable and either as revenue or deferred 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, 2009, were not recorded as receivables because they were not estimable.

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. police, fire, leisure services, public works, general government, etc.).

The *General Purpose School Fund* is 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. General operating expenditures and capital improvement costs that are not paid through other BOE funds are paid from the General Purpose School Fund.

The *School Capital Projects Fund* is used to account for significant capital asset projects related to education, such as construction of the new Fairmount Elementary School.

The City reports the following major proprietary funds:

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

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

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

The *Demolition Landfill Fund* is used to account for the administration, maintenance, and operation of the municipal demolition landfill.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Additionally, the City reports the following fund types:

The *Internal Service Fund* is used to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis. This fund is used to account for contributions from operation funds and the related payments and accruals for health and dental claims. This fund receives employee, retiree, and City contributions for the payment of claims.

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 *Youth Counselor Office Fund* accounts for the receipt and disposition of funds held on behalf of juveniles. The *Wastewater Treatment Plant External Agency Fund* and the *Bristol Industrial Development Board External Agency Fund* are used to account for cash held by the City on behalf of the other entities.

The *Other Post Employment Benefits Trust Fund* accumulates funds for the payment of post employment health and life insurance benefits for qualified employees as determined under City policy based on age and years of service at the time of retirement. During 2009, the City established a formal trust to accumulate and fund other post employment benefits.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments-in-lieu of taxes and other charges between the government's water and sewer functions 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.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and the internal service fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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 non-operating revenues and expenses.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The internal service fund of the government (which traditionally provide services primarily to other funds of the government), is presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of the internal service fund are consolidated into the governmental column when presented at the government-wide level. The costs of these services are allocated to the appropriate functional activity (public safety, public works, etc.).

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The City's and the District'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. The Electric Fund also considers those investments which are generally a part of the short-term cash management activities as cash equivalents.

Investments for the City are reported at fair value. 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.

2. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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 is recognized in the prior period when the enforceable legal claim arises. Property taxes recognized as receivable before the period of revenue recognition have been reported as deferred revenues.

Trade and property tax receivables are shown net of allowances for uncollectibles.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

D. Assets, Liabilities, and Net Assets or Equity (Continued)

2. Receivables and Payables (Continued)

The City 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 \$219,000 in 2009 related to these loans. These amounts offset operating expenses in the Statement of Revenues, Expenses and Changes in Net Assets, since management believes this is an operating activity and the income should offset the additional expenses associated with maintaining this loan program.

3. Inventories and Prepaid Items

Inventories for the proprietary funds, except Electric, and the General Fund are valued, maintained, and issued using the average cost method. Inventories for the Electric Fund are valued at the lower of cost or market, utilizing the moving average method of determining cost. The costs of inventories are recorded as expenditures when consumed. The cafeteria inventory reflected in the child nutrition fund is valued at cost using the first-in, first-out method, and is recorded as expenditures at the time of purchase. All inventory on hand at year end for the general fund and the Child Nutrition Fund is reported as an asset and is fully reserved in the equity section of the fund's balance sheet at the fund level. The government-wide financial statements reflect inventory as expenditures 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 on the fund level for the proprietary funds. The payments are being recorded as expenditures on the fund level for the governmental funds.

4. Restricted Assets

Certain cash and investment balances of the City are classified as restricted assets at the government-wide and fund level because they are maintained in separate accounts and their use is limited by certain agreements and contracts with third parties. Resources have been set aside in a restricted account with the Local Government Investment Pool for capital projects and in other accounts with financial institutions for debt service payments and unspent bond proceeds.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

D. Assets, Liabilities, and Net Assets or Equity (Continued)

5. 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 of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years for machinery and equipment. The individual costs used for buildings and improvements and for infrastructure are \$10,000 and \$50,000, respectively. The City has also collectively capitalized library books. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives of the assets are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure (Roads, etc.)	50
Water and Sewer Lines	45
Buildings	40-50
Building Improvements	20-50
Transmission Equipment, Fixtures, and Devices	30-40
Fiber Optic System Cable, Equipment, Fixtures, and Devices	40
Distribution Transformers, Fixtures, and Devices	15-50
Electronic Communication Equipment	15-20
Large Trucks	10
Vehicles	7
Computers and Office Equipment	5
Library Books	6

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

D. Assets, Liabilities, and Net Assets or Equity (Continued)

6. Discounted Energy Units

During 2003, the Electric Fund purchased \$8,000,000 in discounted energy units from TVA which are redeemable on a straight-line basis over the next ten years. The units carry a discount of 5.5% and amounted to \$3,317,002 as of June 30, 2009.

7. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Accumulated sick leave does not vest upon the employee's termination; accordingly, no liability is reported for unpaid accumulated sick leave. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. The proprietary fund financial statements reflect \$141,665 of long-term vacation benefits payable. 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, 2009, 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 \$2,061,549 for vacation benefits have been reflected in the statement of net assets as compensated absences for the governmental activities.

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

D. Assets, Liabilities, and Net Assets or Equity (Continued)

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net assets are the differences between assets and liabilities. Net assets invested in capital assets, net of related debt, are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets.

10. 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 liabilities 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.

11. New Accounting Standards Issued

The Governmental Accounting Standards Board (GASB) has issued its Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The Statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. This Statement is effective for the City for the period ending June 30, 2010.

The Governmental Accounting Standards Board (GASB) has also issued its Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement will change the reporting of fund balance in the balance sheets of governmental fund types to improve transparency and disclosure in order to benefit users of governmental financial statements. This Statement is effective for the City for the period ending June 30, 2011.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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 Assets

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statement of net assets. 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 \$(21,426,782) difference are as follows:

Bonds and notes payable	\$ (18,757,584)
Less: Deferred charge on refunding (net of amortization of \$149,642 recorded as interest expense)	110,366
Add: Bond premium (net of amortization of \$27,138 recorded as interest expense)	(5,818)
Accrued interest payable	(68,223)
Compensated absences	(2,061,549)
Other Post Employment Benefit Obligation	<u>(643,974)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ (21,426,782)</u>

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 assets 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 assets.” The details of this \$1,647,959 difference are as follows:

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	\$ 1,697,549
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>(49,590)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 1,647,959</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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 assets. Also, governmental funds report the effect of issuance costs, 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 \$956,569 difference are as follows:

Debt issued or incurred:	
Bonds issued	\$ (323,584)
Note payable	(424,000)
Principal repayments:	
General obligation debt	<u>1,704,153</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>956,569</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 \$(23,269) difference are as follows:

Compensated absences for the prior year	\$ 2,084,818
Compensated absences for the current year	<u>(2,061,549)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>(23,269)</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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 \$(151,163) difference are as follows:

Prior year accrued interest	\$	80,096
Current year accrued interest		(68,223)
Prior year other post employment benefit obligation		533,821
Current year other post employment benefit obligation		(643,974)
Amortization of deferred charge on refunding		(24,176)
Amortization of bond issuance costs		(31,357)
Amortization of bond premiums		<u>2,650</u>

Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*. \$ (151,163)

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 assets 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 \$81,344 and to the business-type activities was \$11,282. 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.

NOTE III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary Information

- 1) At the council work session in April, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Also, a five-year capital budget is presented in conjunction with the operating budget.
- 2) A public hearing is conducted to obtain taxpayer comments.
- 3) Prior to July 1, the budgets for all governmental funds are legally enacted through passage of an ordinance.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

NOTE III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED):

A. Budgetary Information (Continued)

- 4) The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by City Council. Expenditures may not exceed appropriations at the fund level.
- 5) Formal budgetary integration is employed as a management control device during the year for the General Fund, special revenue funds, and Debt Service Fund. Budgetary control is also achieved for the Debt Service Fund through general obligation bond indenture provisions.
- 6) The budgets for all governmental funds are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The budget and actual comparisons presented in the accompanying financial report include all governmental funds whose budgets were legally enacted by City Council through passage of the appropriate ordinance. Budgeted amounts reflected in the accompanying budget and actual comparison are as originally adopted or as amended by the City Council.
- 7) All appropriations which are not expended or encumbered lapse at year end.

Encumbrance accounting is employed in the General Purpose School Fund, School Federal Projects Fund, and the Child Nutrition Fund. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

NOTE III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED):

A. Budgetary Information (Continued)

The following supplements were made to the original budget.

<u>Fund</u>	<u>Original Budget</u>	<u>Total Revisions</u>	<u>Revised Budget</u>
Community Development Grant Fund	\$ 423,827	101,173	525,000
Drug Fund	59,677	10,323	70,000
Grant Fund	267,707	47,293	315,000
Debt Service Fund	2,183,851	316,149	2,500,000

NOTE IV. DETAILED NOTES ON ALL FUNDS:

A. Deposits and Investments

Deposits include demand deposits, money market accounts, and certificates of deposit.

State statutes impose various restrictions on the City's and the District's deposits and investments, including repurchase agreements. These restrictions are summarized as follows:

DEPOSITS - All deposits with financial institutions must be collateralized in an amount equal to 105% of the market value of uninsured deposits.

INVESTMENTS - State statutes authorize the City to invest in treasury bonds, notes or 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 State Loan Marketing Association; 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 Federal chartered banks and Savings and Loan Associations; obligations of the United States of America or its agencies under a repurchase agreement and money market funds whose portfolios consist of any of the foregoing investments if approved by the State Director of Local Finance and made in accordance with procedures established by the State Funding Board; the State of Tennessee Local Government Investment Pool (LGIP); obligations of the Public Housing Authority and bonds of the Tennessee Valley Authority.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

A. Deposits and Investments (Continued)

Specifically, the 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 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 LGIP is required to maintain a 90-day or less weighted-average-maturity. The fair value of shares held in the LGIP is the same as the value of the LGIP shares. The TN LGIP has not been rated by a nationally recognized statistical rating organization. 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.

The City does not have a policy for interest rate risk or for other credit risk other than pledging securities for amounts in excess of FDIC coverage that are also not covered by the Tennessee State Collateral Pool.

Deposits

At year end, the City had \$11,107 of cash on hand which has been included in cash and cash equivalents. The City's carrying amount of deposits was \$21,370,099 and the balance in financial institutions was \$23,374,066. 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 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 \$2,177,993 and the balance in financial institutions was \$2,342,311. The deposits have not been reflected in the statement of net assets. The entire amount of the deposits was covered by the State of Tennessee Collateral Pool or FDIC Insurance.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

A. Deposits and Investments (Continued)

Investments

At June 30, 2009, the City's investment balances were as follows:

	<u>Reported Amount</u>	<u>Fair Value</u>
Investments:		
State of Tennessee Local Government Investment Pool	\$ <u>21,697,089</u>	<u>21,697,089</u>

For financial statement purposes, the LGIP investments have been included in cash and cash equivalents since they are comprised of short-term investments. Investments in the LGIP are uncategorized in terms of credit risk because specific securities related to the City cannot be identified.

A reconciliation of deposits to the amounts reflected on the statement of net assets is as follows:

<i>Total Deposits:</i>		<u>Total</u>
Cash on Hand	\$ 11,107	
Carrying Amount of Deposits		21,370,099
Carrying Amount of Short-term Investments		<u>21,697,089</u>
Total Deposits		<u>\$ 43,078,295</u>
<i>Amounts per Statement of Net Assets:</i>		
Cash and Cash Equivalents	\$ 29,286,203	
Long-term Certificates of Deposit		8,000,000
Restricted Cash		<u>5,792,092</u>
Total per Statement of Net Assets		<u>\$ 43,078,295</u>

Discretely Presented Component Unit

All of the District's cash and cash equivalents were deposited with financial institutions at June 30, 2009. All deposits in excess of the Federal Deposit Insurance Corporation (FDIC) limits were fully collateralized by the Tennessee Bank Collateral Pool.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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	General Purpose School	Electric	Water	Sewer	Demolition Landfill	Nonmajor Governmental Funds	Internal Service Fund	Total
Receivables:									
Taxes	\$ 15,891,345	-	-	-	-	-	-	-	15,891,345
Accounts	-	-	8,759,516	1,397,289	466,272	2,998	154,216	-	10,780,291
Notes Receivable	-	-	2,576,622	-	2,064	-	204,584	-	2,783,270
Other Receivables	1,179,108	135,044	992,608	6,278	-	-	97	15,602	2,328,737
Due from Other Governments:									
Federal Government	122,808	-	-	-	-	-	305,486	-	428,294
State of Tennessee and Federal Through the State	2,087,154	77,613	-	-	-	-	377,243	-	2,542,010
Other Governments and Agencies	101,871	9,778,065	-	-	121,373	-	9,698	-	10,011,007
Due from Joint Ventures	-	-	-	-	509,135	-	-	-	509,135
Gross Receivables	19,382,286	9,990,722	12,328,746	1,403,567	1,098,844	2,998	1,051,324	15,602	45,274,089
Less: Allowance for Uncollectibles	(582,000)	-	(533,130)	(580,000)	-	-	-	-	(1,695,130)
Total Receivables	<u>\$ 18,800,286</u>	<u>9,990,722</u>	<u>11,795,616</u>	<u>823,567</u>	<u>1,098,844</u>	<u>2,998</u>	<u>1,051,324</u>	<u>15,602</u>	<u>43,578,959</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

B. Receivables (Continued)

At the end of the current fiscal year, the two components of *deferred revenue* were funds not available and funds not earned. *Unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Grant drawdowns and reimbursements prior to meeting all eligibility requirements:		
Community Development Grant Fund	\$ -	169,977
Grant Fund	-	12,500
HOME Consortium Fund	-	34,607
Receivables not received within period of availability:		
Property tax levied for ensuing fiscal year:		
General Fund	-	14,598,752
General Purpose School Fund	-	8,744,987
Property tax levied but not collected in period of availability	1,008,572	-
Sales taxes	324,469	-
Other taxes	279,477	-
State revenue	263,700	-
Reimbursements and appropriations	214,549	-
Ambulance service charges	146,536	-
Show revenue	2,865	-
	<u>\$ 2,240,168</u>	<u>23,560,823</u>

Deferred revenue is \$25,800,991 for the current year on the fund financial statement level for the governmental activities.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

C. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 4,038,348	-	-	-	4,038,348
Construction in Progress	5,004,118	9,925,728	-	(4,776,943)	10,152,903
Total Capital Assets, Not Being Depreciated	<u>9,042,466</u>	<u>9,925,728</u>	<u>0</u>	<u>(4,776,943)</u>	<u>14,191,251</u>
Capital Assets, Being Depreciated:					
Land Improvements	2,660,198	-	-	-	2,660,198
Buildings and Improvements	37,329,804	884,316	(71,654)	227,044	38,369,510
Other Improvements	763,545	-	-	69,420	832,965
Machinery and Equipment	14,661,043	1,059,228	(471,974)	69,533	15,317,830
Infrastructure	101,922,131	1,447,278	-	4,410,946	107,780,355
Total Capital Assets, Being Depreciated	<u>157,336,721</u>	<u>3,390,822</u>	<u>(543,628)</u>	<u>4,776,943</u>	<u>164,960,858</u>
Less Accumulated Depreciation For:					
Land Improvements	(813,323)	(56,492)	-	-	(869,815)
Buildings and Improvements	(17,301,986)	(857,235)	27,737	-	(18,131,484)
Other Improvements	(12,173)	(30,928)	-	-	(43,101)
Machinery and Equipment	(9,579,024)	(1,142,287)	466,301	-	(10,255,010)
Infrastructure	(35,130,173)	(2,126,352)	-	-	(37,256,525)
Total Accumulated Depreciation	<u>(62,836,679)</u>	<u>(4,213,294)</u>	<u>494,038</u>	<u>0</u>	<u>(66,555,935)</u>
Total Capital Assets, Being Depreciated, Net	<u>94,500,042</u>	<u>(822,472)</u>	<u>(49,590)</u>	<u>4,776,943</u>	<u>98,404,923</u>
Governmental Activities Capital Assets, Net	<u>\$ 103,542,508</u>	<u>9,103,256</u>	<u>(49,590)</u>	<u>0</u>	<u>112,596,174</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

C. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 2,378,285	40,274	(525,000)	2,639	1,896,198
Construction in Progress	8,948,633	5,987,265	-	(12,250,123)	2,685,775
Total Capital Assets, Not Being Depreciated	<u>11,326,918</u>	<u>6,027,539</u>	<u>(525,000)</u>	<u>(12,247,484)</u>	<u>4,581,973</u>
Capital Assets, Being Depreciated:					
Land Improvements	150,000	-	-	870,705	1,020,705
Building and Building Improvements	5,566,519	-	-	77,533	5,644,052
Other Improvements	123,014,781	711,500	(555,960)	3,160,147	126,330,468
Machinery and Equipment	45,158,822	2,731,604	(36,223)	8,139,099	55,993,302
Total Capital Assets, Being Depreciated	<u>173,890,122</u>	<u>3,443,104</u>	<u>(592,183)</u>	<u>12,247,484</u>	<u>188,988,527</u>
Less Accumulated Depreciation For:					
Land Improvements	(110,453)	(34,427)	-	-	(144,880)
Building and Building Improvements	(2,242,622)	(120,829)	(484,000)	-	(2,847,451)
Other Improvements	(63,349,767)	(3,136,360)	1,056,845	-	(65,429,282)
Machinery and Equipment	(5,302,419)	(1,604,837)	36,729	-	(6,870,527)
Total Accumulated Depreciation	<u>(71,005,261)</u>	<u>(4,896,453)</u>	<u>609,574</u>	<u>0</u>	<u>(75,292,140)</u>
Total Capital Assets, Being Depreciated, Net	<u>102,884,861</u>	<u>(1,453,349)</u>	<u>17,391</u>	<u>12,247,484</u>	<u>113,696,387</u>
Business-type Activities Capital Assets, Net	<u>\$ 114,211,779</u>	<u>4,574,190</u>	<u>(507,609)</u>	<u>0</u>	<u>118,278,360</u>

During 2009, the Water and Demolition Landfill Funds capitalized \$31,778 and \$18,967, respectively, in interest expense related to the Series 2007 Bonds Payable that were issued to fund capital projects.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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:	
Community Relations	\$ 6,465
General Government	420,586
Education	615,152
Parks and Recreation	154,930
Public Safety	513,221
Public Works	<u>2,502,940</u>
Total Depreciation Expense – Governmental Activities	\$ <u>4,213,294</u>
Business-type Activities:	
Electric	\$ 3,387,977
Water	839,180
Sewer	665,650
Demolition Landfill	<u>64,466</u>
Total Depreciation Expense – Business-type Activities	\$ <u>4,957,273</u>

The provision for electric depreciation does not include depreciation on transportation equipment. The transportation equipment depreciation amount for the year ended June 30, 2009 totaled \$125,153 and was charged as an operating expense.

Construction Commitments

The City has active construction projects as of June 30, 2009. The projects include construction of a new Fairmount Elementary School and a building improvements project designed to make City structures more energy efficient. The contract for the school building project was signed during the year ending June 30, 2008, and work commenced on construction during July 2009. At year end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Fairmount Elementary School	\$ 8,398,568	5,067,420
Building Improvements – Energy Efficiency Improvements	<u>75,723</u>	<u>429,097</u>
Total	\$ <u>8,474,291</u>	<u>5,496,517</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

C. Capital Assets (Continued)

Discretely Presented Component Unit

Activity for the District for the year ended June 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ <u>359,140</u>	<u>89,141</u>	<u>8,176</u>	<u>440,105</u>
Total Capital Assets, Being Depreciated	<u>359,140</u>	<u>89,141</u>	<u>8,176</u>	<u>440,105</u>
Less Accumulated Depreciation For:				
Machinery and Equipment	<u>(219,497)</u>	<u>(60,445)</u>	<u>(8,156)</u>	<u>(271,786)</u>
Total Accumulated Depreciation	<u>(219,497)</u>	<u>(60,445)</u>	<u>(8,156)</u>	<u>(271,786)</u>
Total Capital Assets, Net	\$ <u>139,643</u>	<u>28,696</u>	<u>20</u>	<u>168,319</u>

Depreciation expense for the fiscal year ended June 30, 2009, was \$60,445.

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2009, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	General Purpose School	\$ 6,272
	Water	689,241
	Demolition Landfill	76,072
	Nonmajor Governmental	595,002
General Purpose School	Nonmajor Governmental	255,926
School Capital Projects Fund	General	552
Internal Service Fund	General	36,134
Nonmajor Governmental	General	716,243
Nonmajor Governmental	Electric	213,744
Electric	General	15,173
Sewer	General	<u>193,969</u>
Total		\$ <u>2,798,328</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

D. Interfund Receivables, Payables and Transfers

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/to the General Fund that represents their portion of the operating cash account. The Electric Fund, General Purpose School Fund, School Federal Projects Fund, and Child Nutrition Fund maintain their own operating bank accounts.

At the government-wide level at June 30, 2009, the business-type activities owed the governmental activities \$72,873 for their portion of the Employee Insurance Fund.

Interfund Transfers:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Electric Fund	\$ 1,444,412
	Water Fund	252,789
	Sewer Fund	250,448
	Nonmajor Governmental	2,071
General Purpose School Fund	General Fund	4,056,000
School Capital Projects Fund	General Fund	308,004
Nonmajor Governmental	General Fund	1,700,990
Nonmajor Governmental	School Capital Projects Fund	608,515
Demolition Landfill Fund	General Fund	<u>237,000</u>
Total		\$ <u>8,860,229</u>

All transfers were either routine transfers from the General Fund or transfers from the enterprise funds to the General Fund to compensate for public services received.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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, 2009, for the governmental activities are as follows:

June 30	Principal		Interest		Governmental Activity Debt Service
	Bonds Payable	Notes Payable	Bonds Payable	Notes Payable	
2010	\$ 1,433,015	60,571	710,211	-	2,203,797
2011	1,485,569	60,571	664,368	-	2,210,508
2012	1,570,000	60,571	616,974	-	2,247,545
2013	1,600,000	60,571	565,824	-	2,226,395
2014	1,815,000	60,572	512,698	-	2,388,270
2015	980,000	60,572	441,019	-	1,481,591
2016	1,075,000	60,572	404,094	-	1,539,666
2017	1,125,000	-	361,843	-	1,486,843
2018	1,175,000	-	317,594	-	1,492,594
2019	1,225,000	-	271,094	-	1,496,094
2020	1,225,000	-	221,625	-	1,446,625
2021	1,075,000	-	171,594	-	1,246,594
2022	1,125,000	-	125,281	-	1,250,281
2023	1,175,000	-	76,906	-	1,251,906
2024	250,000	-	26,250	-	276,250
	<u>\$ 18,333,584</u>	<u>424,000</u>	<u>5,487,375</u>	<u>0</u>	<u>24,244,959</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

E. Long-Term Debt (Continued)

Governmental Activity Debt	Governmental Activity Debt			Balance 6/30/09
	Balance 7/01/08	Additions	Retirements	
Series 2001 General Obligation Refunding Bonds Issue: \$3,080,000, maturity 2009 Interest Rate: 3.00%-4.00% Partial Refunding of Series 1994 General Improvement Bonds	\$ 525,000	-	525,000	-
Series 2003 General Obligation Refunding Bonds Issue: \$1,120,097, maturity 2011 Interest Rate: Variable Partial Refunding of Tennessee Municipal League Bond Fund	479,153	-	479,153	-
Series VI-D-4 Local Government Public Improvement Bonds Issue: \$3,500,000, maturity 2025 Interest Rate: Variable Based Upon BMA Index Funded Library Renovations	2,900,000	-	125,000	2,775,000
Series 2005 General Obligation Refunding Bonds Issue: \$3,085,000, maturity 2015 Interest Rate: Fixed Rate of 5% Partial Refunding of Series 1999 General Obligation Bonds	2,910,000	-	375,000	2,535,000
Series 2007 General Obligation Bonds Issue: \$7,750,000, maturity 2023 Interest Rate: 4.00%-4.125% Funded School Projects	7,750,000	-	-	7,750,000
Series 2008 General Obligation Bonds Issue: \$5,150,000, maturity 2020 Interest Rate: 3.00% Fixed Funded School and Capital Projects	5,150,000	-	200,000	4,950,000
Series 2008B General Obligation Refunding Bonds Issue: \$323,584, maturity 2011 Interest Rate: 3.21% Fixed Refunding of Series 2003 General Obligation Refunding Bonds	-	323,584	-	323,584
Energy Efficiency Capital Outlay Note Issue: \$500,000, maturity 2016 Interest Rate: 0%, Energy Projects	-	424,000	-	424,000
	<u>\$ 19,714,153</u>	<u>747,584</u>	<u>1,704,153</u>	<u>18,757,584</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

E. Long-Term Debt (Continued)

Debt service requirements to maturity for general obligation bonds for the fiscal year ended June 30, 2009, are as follows:

Series VI-D-4 Local Government Public Improvement Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2010	\$ 125,000	152,500	277,500
2011	125,000	146,250	271,250
2012	150,000	140,000	290,000
2013	150,000	132,500	282,500
2014	150,000	125,000	275,000
2015	175,000	117,500	292,500
2016	175,000	108,750	283,750
2017	175,000	100,000	275,000
2018	200,000	91,250	291,250
2019	200,000	81,250	281,250
2020	200,000	71,250	271,250
2021	225,000	61,250	286,250
2022	225,000	50,000	275,000
2023	250,000	38,750	288,750
2024	<u>250,000</u>	<u>26,250</u>	<u>276,250</u>
Total	\$ <u>2,775,000</u>	<u>1,442,500</u>	<u>4,217,500</u>

Series 2005 General Obligation Refunding Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2010	\$ 390,000	83,480	473,480
2011	405,000	71,780	476,780
2012	420,000	59,630	479,630
2013	425,000	45,980	470,980
2014	440,000	31,105	471,105
2015	<u>455,000</u>	<u>15,925</u>	<u>470,925</u>
Total	\$ <u>2,535,000</u>	<u>307,900</u>	<u>2,842,900</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

E. Long-Term Debt (Continued)

Series 2007 General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2010	\$ -	315,344	315,344
2011	-	315,344	315,344
2012	-	315,344	315,344
2013	-	315,344	315,344
2014	1,225,000	315,343	1,540,343
2015	175,000	266,344	441,344
2016	650,000	259,344	909,344
2017	700,000	233,343	933,343
2018	725,000	205,344	930,344
2019	775,000	176,344	951,344
2020	825,000	144,375	969,375
2021	850,000	110,344	960,344
2022	900,000	75,281	975,281
2023	<u>925,000</u>	<u>38,156</u>	<u>963,156</u>
Total	\$ <u>7,750,000</u>	<u>3,085,594</u>	<u>10,835,594</u>

Series 2008 General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2010	\$ 750,000	148,500	898,500
2011	800,000	126,000	926,000
2012	1,000,000	102,000	1,102,000
2013	1,025,000	72,000	1,097,000
2014	-	41,250	41,250
2015	175,000	41,250	216,250
2016	250,000	36,000	286,000
2017	250,000	28,500	278,500
2018	250,000	21,000	271,000
2019	250,000	13,500	263,500
2020	<u>200,000</u>	<u>6,000</u>	<u>206,000</u>
Total	\$ <u>4,950,000</u>	<u>636,000</u>	<u>5,586,000</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

E. Long-Term Debt (Continued)

Series 2008B General Obligation Refunding Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2010	\$ 168,015	10,387	178,402
2011	<u>155,569</u>	<u>4,994</u>	<u>160,563</u>
Total	\$ <u>323,584</u>	<u>15,381</u>	<u>338,965</u>

Energy Efficiency State Capital Outlay Note

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2010	\$ 60,571	-	60,571
2011	60,571	-	60,571
2012	60,571	-	60,571
2013	60,571	-	60,571
2014	60,572	-	60,572
2015	60,572	-	60,572
2016	<u>60,572</u>	<u>-</u>	<u>60,572</u>
Total	\$ <u>424,000</u>	<u>0</u>	<u>424,000</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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 business-type activity debt as of June 30, 2009, (except for principal included only for the Tennessee Local Development Authority (TLDA) Note which has a variable interest rate, that is changed annually by the TLDA), 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	
2010	\$ 711,985	470,000	267,074	158,796	1,015,550	74,776	2,081,221
2011	684,431	485,000	176,447	108,973	998,838	65,761	1,964,518
2012	220,000	505,000	191,218	61,832	981,513	62,023	1,959,754
2013	230,000	520,000	196,618	53,031	964,225	53,992	1,964,835
2014	240,000	540,000	202,268	43,831	947,000	45,709	1,974,977
2015	155,000	555,000	208,160	34,231	928,859	37,175	1,884,194
2016	165,000	575,000	214,328	28,031	909,431	28,388	1,892,147
2017	170,000	600,000	209,916	21,431	888,494	19,313	1,887,723
2018	175,000	625,000	216,648	14,631	861,994	9,951	1,888,593
2019	185,000	655,000	90,283	7,631	829,994	1,044	1,761,321
2020	-	690,000	-	-	796,369	-	1,486,369
2021	-	725,000	-	-	760,994	-	1,485,994
2022	-	760,000	-	-	724,819	-	1,484,819
2023	-	800,000	-	-	687,769	-	1,487,769
2024	-	835,000	-	-	648,938	-	1,483,938
2025	-	880,000	-	-	608,206	-	1,488,206
2026	-	920,000	-	-	567,756	-	1,487,756
2027	-	960,000	-	-	527,806	-	1,487,806
2028	-	1,000,000	-	-	486,156	-	1,486,156
2029	-	1,050,000	-	-	438,656	-	1,488,656
2030	-	1,100,000	-	-	384,906	-	1,484,906
2031	-	1,155,000	-	-	332,141	-	1,487,141
2032	-	1,205,000	-	-	280,516	-	1,485,516
2033	-	1,260,000	-	-	226,594	-	1,486,594
2034	-	1,315,000	-	-	170,266	-	1,485,266
2035	-	1,380,000	-	-	107,000	-	1,487,000
2036	-	1,450,000	-	-	36,247	-	1,486,247
	<u>\$ 2,936,416</u>	<u>23,015,000</u>	<u>1,972,960</u>	<u>532,418</u>	<u>17,111,037</u>	<u>398,132</u>	<u>44,529,422</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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, 2009	Electric Fund	Water Fund	Sewer Fund	Demolition Landfill Fund
Bonds Payable:									
General Obligation Bonds:									
2007 General Obligation Bonds	2007	2,100,000	2014 -2019	4.00% - 4.125%	\$ 1,960,000	-	1,550,000	-	410,000
2008B General Obligation Refunding Bonds	2008	976,416	2011	3.21%	976,416	-	842,015	134,401	-
Total General Obligation Bonds					<u>2,936,416</u>	<u>0</u>	<u>2,392,015</u>	<u>134,401</u>	<u>410,000</u>
Revenue Bonds:									
2005 Electric System Revenue Bonds	2006	23,910,000	2036	3.25% - 5.00%	23,015,000	23,015,000	-	-	-
Total Revenue Bonds					<u>23,015,000</u>	<u>23,015,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Bonds					<u>25,951,416</u>	<u>23,015,000</u>	<u>2,392,015</u>	<u>134,401</u>	<u>410,000</u>
Notes Payable:									
Tennessee State Revolving Fund			2019	4.40%	1,270,988	-	-	1,270,988	-
Tennessee Local Development Authority			2010	Variable	85,972	-	85,972	-	-
2006 Capital Outlay Note			2018	3.90 - 4.38%	540,000	-	367,564	172,436	-
Energy Efficiency State Capital Outlay Note			2016	0%	76,000	-	17,000	59,000	-
Total Notes Payable					<u>1,972,960</u>	<u>0</u>	<u>470,536</u>	<u>1,502,424</u>	<u>0</u>
Total Business-type Activity Bonds and Notes Payable					<u>\$27,924,376</u>	<u>23,015,000</u>	<u>2,862,551</u>	<u>1,636,825</u>	<u>410,000</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

E. Long-Term Debt (Continued)

Debt service requirements to maturity for the business-type activity bonds and notes payable (except for presentation of only the principal for the Tennessee Local Development Authority Note which has a variable interest rate) are as follows:

2005 Electric System Revenue Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2010	\$ 470,000	1,015,550	1,485,550
2011	485,000	998,838	1,483,838
2012	505,000	981,513	1,486,513
2013	520,000	964,225	1,484,225
2014	540,000	947,000	1,487,000
2015	555,000	928,859	1,483,859
2016	575,000	909,431	1,484,431
2017	600,000	888,494	1,488,494
2018	625,000	861,994	1,486,994
2019	655,000	829,994	1,484,994
2020	690,000	796,369	1,486,369
2021	725,000	760,994	1,485,994
2022	760,000	724,819	1,484,819
2023	800,000	687,769	1,487,769
2024	835,000	648,938	1,483,938
2025	880,000	608,206	1,488,206
2026	920,000	567,756	1,487,756
2027	960,000	527,806	1,487,806
2028	1,000,000	486,156	1,486,156
2029	1,050,000	438,656	1,488,656
2030	1,100,000	384,906	1,484,906
2031	1,155,000	332,141	1,487,141
2032	1,205,000	280,516	1,485,516
2033	1,260,000	226,594	1,486,594
2034	1,315,000	170,266	1,485,266
2035	1,380,000	107,000	1,487,000
2036	<u>1,450,000</u>	<u>36,247</u>	<u>1,486,247</u>
Total	\$ <u>23,015,000</u>	<u>17,111,037</u>	<u>40,126,037</u>

The 2005 Series Electric System Revenue Bonds were issued in 2006 at a premium of \$451,855. The unamortized amount of the premium as of June 30, 2009, was \$393,551. The City has obtained a surety bond in lieu of funding a debt service reserve as required by the bond agreement.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

E. Long-Term Debt (Continued)

Series 2007 General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2010	\$ 205,000	78,632	283,632
2011	215,000	70,432	285,432
2012	220,000	61,832	281,832
2013	230,000	53,031	283,031
2014	240,000	43,831	283,831
2015	155,000	34,231	189,231
2016	165,000	28,031	193,031
2017	170,000	21,431	191,431
2018	175,000	14,631	189,631
2019	<u>185,000</u>	<u>7,631</u>	<u>192,631</u>
Total	\$ <u>1,960,000</u>	<u>413,713</u>	<u>2,373,713</u>

Tennessee State Revolving Fund Note Payable

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2010	\$ 110,244	53,724	163,968
2011	105,589	44,715	150,304
2012	120,360	43,608	163,968
2013	125,760	38,208	163,968
2014	131,412	32,556	163,968
2015	137,304	26,652	163,956
2016	143,472	20,496	163,968
2017	149,916	14,052	163,968
2018	156,648	7,320	163,968
2019	<u>90,283</u>	<u>1,044</u>	<u>91,327</u>
Total	\$ <u>1,270,988</u>	<u>282,375</u>	<u>1,553,363</u>

Tennessee Local Development Authority Note Payable

<u>Fiscal Year</u>	<u>Principal</u>
2010	\$ <u>85,972</u>
Total	\$ <u>85,972</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

E. Long-Term Debt (Continued)

2006 Capital Outlay Note

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2010	\$ 60,000	21,052	81,052
2011	60,000	21,046	81,046
2012	60,000	18,415	78,415
2013	60,000	15,784	75,784
2014	60,000	13,153	73,153
2015	60,000	10,523	70,523
2016	60,000	7,892	67,892
2017	60,000	5,261	65,261
2018	<u>60,000</u>	<u>2,631</u>	<u>62,631</u>
Total	\$ <u>540,000</u>	<u>115,757</u>	<u>655,757</u>

Series 2008B General Obligation Refunding Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2010	\$ 506,985	31,343	538,328
2011	<u>469,431</u>	<u>15,069</u>	<u>484,500</u>
Total	\$ <u>976,416</u>	<u>46,412</u>	<u>1,022,828</u>

Energy Efficiency State Capital Outlay Note

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2010	\$ 10,858	-	10,828
2011	10,858	-	10,828
2012	10,858	-	10,828
2013	10,828	-	10,828
2014	10,856	-	10,856
2015	10,856	-	10,856
2016	<u>10,856</u>	<u>-</u>	<u>10,856</u>
Total	\$ <u>76,000</u>	<u>0</u>	<u>76,000</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

E. Long-Term Debt (Continued)

Refunding of Debt

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, 2009, the following bonds outstanding are 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 refunded \$2,775,000 as a partial refunding of its outstanding Series 1999 General Obligation Bonds that carry a variable interest rate with new Series 2005 General Obligation Bonds of \$3,085,000 that were issued at a fixed rate of 5%. The new bonds mature April 1, 2015. 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 \$10,345 and as of June 30, 2009, the unamortized amount of the premium reported as an addition in the face amount of the bonds payable in the financial statements is \$5,818. The new bonds were more than the debt defeased and related costs by \$196,207 which is being deferred over the life of the new bonds. The unamortized deferred amount for these bonds of \$110,366 is reported as a deduction in the face amount of the bonds payable in the financial statements.

During 2003, the City refunded its outstanding Tennessee Municipal League Bond Fund – General Obligation of \$1,086,754, Tennessee Municipal League Bond Fund – Water and Sewer of \$806,645, and the Tennessee Local Development Authority Note for Water and Sewer of \$2,500,955, which carried variable interest rates with new Series 2003 General Obligation Bonds of \$1,120,097 and Series 2003 Water and Sewer System General Obligation Bonds of \$3,379,903, issued at a variable rate. The primary purpose of the refundings was to restructure the outstanding debt in order to reduce debt service requirements by taking advantage of lower interest rates.

On September 15, 2008, the City issued \$1,300,000 in General Obligation Refunding Bonds, Series 2008B, for the purpose of refinancing the remaining balance of the City's 2003 General Obligation Bonds Payable. This decision to refinance was based upon changes in the economic environment that caused concern of interest rate risk related to the variable nature of the existing debt. The new bonds were issued with a two year maturity and are payable in payments of \$625,000 and \$675,000. Interest is payable semi-annually on December 1 and June 1, beginning December 1, 2008, at a fixed rate of 3.21%. The bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the City. The indebtedness used for refinancing the debt related to the water and sewer systems shall be additionally payable from revenues derived from operation of the water and sewer systems, respectively.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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, 2009:

	Balance Beginning of Year	Additions	Retirements/ Reductions	Balance End of Year	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 19,714,153	323,584	1,704,153	18,333,584	1,433,015
Less Deferred Amounts:					
On Refunding	(134,545)	-	(24,179)	(110,366)	-
For Issuance Premium	8,468	-	2,650	5,818	-
Total General Obligation Bonds	19,588,076	323,584	1,682,624	18,229,036	1,433,015
Notes Payable	0	424,000	-	424,000	60,571
Compensated Absences	2,084,818	1,103,877	1,127,146	2,061,549	1,006,589
Other Post Employment Benefit Obligation	533,821	460,178	350,025	643,974	-
Governmental Activity Long-term Liabilities	<u>22,206,715</u>	<u>2,311,639</u>	<u>3,159,795</u>	<u>21,358,559</u>	<u>2,500,175</u>
Business-type Activities:					
General Obligation Bonds	3,475,847	976,416	1,515,847	2,936,416	711,985
Revenue Bonds	24,895,000	-	1,880,000	23,015,000	470,000
Less Deferred Amounts:					
For Issuance Premium	408,129	-	14,578	393,551	-
Total Revenue Bonds Payable	25,303,129	0	1,894,578	23,408,551	470,000
Notes Payable	2,158,518	76,000	261,558	1,972,960	267,073
Compensated Absences	134,166	94,899	87,400	141,665	87,400
Landfill Closure Costs	308,770	29,537	-	338,307	276,836
Other Post Employment Benefit Obligation	32,293	297,303	129,596	200,000	200,000
Business-type Activity Long-term Liabilities	<u>31,412,723</u>	<u>1,474,155</u>	<u>3,888,979</u>	<u>28,997,899</u>	<u>2,013,294</u>
Total Changes in Long-Term Debt	<u>\$ 53,619,438</u>	<u>3,785,794</u>	<u>7,048,774</u>	<u>50,356,458</u>	<u>4,513,469</u>

Other long-term liabilities have typically been liquidated through the use of the General Fund, Water Fund, Sewer Fund, Demolition Landfill Fund, Solid Waste Fund, and Viking Hall Fund. All of these funds have employees who receive wages and the payment of compensated absences is made from available resources in these funds. The Demolition Landfill Fund also liquidates landfill closure costs when necessary.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

F. Other Post Employment Benefits Than Pensions (OPEB)

The Governmental Accounting Standards Board (“GASB”) has issued its Statement No. 45, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The Statement establishes standards for the measurement, recognition and display of OPEB expense and related liabilities in the financial statements. The cost of postemployment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future years when it will be paid. The City, Electric Fund, and School Funds prospectively adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2008. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2008 liability.

City of Bristol, Tennessee OPEB

Plan Description

The City provides post-employment health, dental, and life insurance benefits for certain retirees and their dependents through a single-employer defined benefit plan. The City may change, add or delete health and dental insurance benefits as the City deems appropriate with City Council approval. The plan does not grant retirees vested health or dental coverage benefits. The City also provides life insurance to all City retirees with 25 years of service.

Benefits Provided

All health care and dental benefits 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.

Retirees and their spouses are eligible to continue medical 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 spouses’ 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. During the period covered by the actuarial study, retired employees paid 100% of the health and dental care premiums. In March 2009, the City implemented a Medicare Advantage Program for Medicare eligible employees. The City contributes 35% of the premiums as part of the program for these retired employees.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

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

Retired employees not Medicare eligible continue to pay 100% of the calculated premiums. This change will be considered in future actuarial studies.

All eligible future retirees receive \$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.

Membership

The number of participants at June 30, 2009, was as follows:

Retirees Currently Receiving Benefits	27	
Active Employees	307	
Total	334	

Funding Policy

The City funds postemployment health care and life insurance benefits on a pay-as-you-go basis. The City established an other employment benefits trust fund in 2009 and contributed the 2009 annual required contribution to the trust fund. The trust was established to accumulate and invest assets necessary to pay for the accumulated liability and related claims. As of June 30, 2009, the Plan did not issue a stand alone financial report.

Annual Other Postemployment Benefit Cost and Net OPEB Obligation

The information for the year ending June 30, 2009, is based upon ARC funding beginning in the 2009 year and the establishment of the OPEB Trust in 2009.

<u>Annual OPEB Cost and Net OPEB Obligation</u>	<u>2009</u>	<u>2008</u>
Annual Required Contribution	\$ 193,927	243,885
Interest on Net OPEB Obligation	19,235	-
Adjustment to Annual Required Contribution	<u>(12,662)</u>	<u>-</u>
Annual OPEB Cost	200,500	243,885
Actual Contributions	<u>(456,968)</u>	<u>12,583</u>
Increase in Net OPEB Obligation	(256,468)	256,468
Net OPEB Obligation – Beginning of Year	<u>256,468</u>	<u>0</u>
Net OPEB Obligation – End of Year	\$ <u><u>0</u></u>	<u><u>256,468</u></u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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 years ended June 30, 2009 and 2008, are as follows. Since 2008 was the City's first year for implementing GASB 45, the City cannot report the same information for both of the preceding two years.

Fiscal Year Ending	Annual OPEB Cost	Employer Contribution (1)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 200,500	\$ 456,968	227.9%	\$ 0
June 30, 2008	\$ 243,885	\$ (12,583)	(5.2)%	\$ 256,468

(1) The contribution for the fiscal year ending June 30, 2008, is based upon actual claims incurred and contributions paid by retirees. Since the contributions paid were greater than the claims incurred, there were negative benefits paid to the retirees.

Funding Status and Funding Progress

The funded status of the plan as of June 30, 2009 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
7/01/08	\$ 0	\$2,600,380	\$2,600,380	0%	\$10,283,000	25.3%
7/01/07	\$ 0	\$3,751,063	\$3,751,063	0%	\$9,793,720	38.3%

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 liabilities 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 FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

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

In the July 1, 2007 actuarial valuation, the entry age normal percent of pay cost method was used to determine liabilities. Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The actuarial assumptions used a 4.75% discount rate for fiscal year ending June 30, 2008, and a 7.50% discount rate for fiscal year ending June 30, 2009. Assumptions also included an annual healthcare cost trend of 10% initially, reduced by decrements to an ultimate rate of 4.5% after twelve years. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over 30 years. The remaining amortization period at June 30, 2009, is 28 years.

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.K., the Electric Fund is self-insured for employee group health benefits, with the medical plan administered by FiServ Health and the prescription drug program administered by MEDCO. 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.

Benefits Provided

Employees with thirty years of service or age sixty with twenty 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 thirty years of service or age sixty with a minimum of twenty 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 21 retirees eligible to receive benefits under the healthcare portion of the plan as of June 30, 2009. As of year end, there were also 17 retirees eligible to receive life insurance benefits.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

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

Funding Policy

Bristol Tennessee Essential Services Board established the Bristol Tennessee Essential Post Employment Benefits Trust for the purpose of funding other post employment benefits accrued by its employees, to be paid as they come due in accordance with BTES post employment benefit plan. As of June 30, 2009, financial transactions had not occurred for the trust. The Plan did not issue a stand alone financial report.

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. The costs of administering the plan are paid by the Trust.

<u>Annual OPEB Cost and Net OPEB Obligation</u>	<u>2009</u>	<u>2008</u>
Annual Required Contribution	\$ 247,432	241,607
Interest on Net OPEB Obligation	-	-
Adjustment to Annual Required Contribution	-	-
Annual OPEB Cost	<u>247,432</u>	<u>241,607</u>
Actual Contributions	<u>47,432</u>	<u>241,607</u>
Increase in Net OPEB Obligation	200,000	-
Net OPEB Obligation – Beginning of Year	<u>0</u>	<u>0</u>
Net OPEB Obligation – End of Year	\$ <u>200,000</u>	<u>0</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 years ended June 30, 2009 and 2008, are as follows. Since 2008 was the Electric Fund's first year for implementing GASB 45, the City cannot report the same information for both of the preceding two years.

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 247,432	19%	\$ 200,000
June 30, 2008	\$ 241,607	100%	\$ 0

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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 plan as of June 30, 2009 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
7/01/07	\$ 0	\$2,850,537	\$2,850,537	0%	N/A	N/A

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 liabilities 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, 2007 actuarial valuation for the 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 7% investment rate of return (net of administrative expenses) and an annual healthcare cost trend of 10-11% initially, reduced by decrements to an ultimate rate of 5-6% after six years. The unfunded actuarial accrued liability is being amortized over a thirty year period. The remaining amortization period at June 30, 2009, is 28 years.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

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

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 contribution 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. 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/fiannce/act/cafr.html>.

Benefits Provided

A participant must meet certain criteria to be eligible for the \$1,800 annual 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.

For the Teacher Group Insurance Plan, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits prior to reaching the age of sixty-five. Subsequent to age sixty-five, members who are also in the state's retirement system may participate in a state-administered Medicare supplement plan that does not include pharmacy.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

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

Membership

For the fiscal year ended June 30, 2009, 181 retired employees were receiving benefits through either the Teacher Group Insurance Plan or the Medicare Supplemental Plan.

Funding Policy

The Schools currently fund postemployment health care benefits for both plans on a pay-as-you-go basis at a cost of \$161,153 for the 2009 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.

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, 2009, the following information is presented.

	<u>Teacher Group Plan</u>	<u>Medicare Supplemental Plan</u>	<u>Total</u>
Annual Required Contribution	\$ 552,000	84,944	636,944
Interest on Net OPEB Obligation	12,794	1,204	13,998
Adjustment to Annual Required Contribution	<u>(12,452)</u>	<u>(1,110)</u>	<u>(13,562)</u>
Annual OPEB Cost	552,342	85,038	637,380
Actual Contributions	<u>(241,129)</u>	<u>(61,923)</u>	<u>(303,052)</u>
Increase in Net OPEB Obligation	311,213	23,115	334,328
Net OPEB Obligation – Beginning of Year	<u>284,302</u>	<u>25,344</u>	<u>309,646</u>
Net OPEB Obligation – End of Year	\$ <u>595,515</u>	<u>48,459</u>	<u>643,974</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

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

For the fiscal year ended June 30, 2008, the following information is presented.

	<u>Teacher Group Plan</u>	<u>Medicare Supplemental Plan</u>	<u>Total</u>
Annual Required Contribution	\$ 547,000	84,944	631,944
Interest on Net OPEB Obligation	-	-	-
Adjustment to Annual Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>
Annual OPEB Cost	547,000	84,944	631,944
Actual Contributions	<u>(262,698)</u>	<u>(59,600)</u>	<u>(322,298)</u>
Increase in Net OPEB Obligation	284,302	25,344	309,646
Net OPEB Obligation – Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB Obligation – End of Year	\$ <u>284,302</u>	<u>25,344</u>	<u>309,646</u>

The School's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2009 and 2008 are as follows. Since this is the School's second year for implementing GASB 45, the Schools cannot report the same information for both of the preceding two years.

Fiscal Year Ending	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	Teacher Group Ins.	\$ 552,342	43.7%	\$ 595,515
June 30, 2009	Medicare Supplemental Plan	<u>85,038</u>	<u>72.8%</u>	<u>48,459</u>
	Total	<u>\$ 637,380</u>	<u>47.4%</u>	<u>\$ 643,974</u>
June 30, 2008	Teacher Group Ins.	\$ 547,000	48.0%	\$ 284,302
June 30, 2008	Medicare Supplemental Plan	<u>84,944</u>	<u>70.2%</u>	<u>25,344</u>
	Total	<u>\$ 631,944</u>	<u>51.0%</u>	<u>\$ 309,646</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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 June 30, 2009 was as follows:

Valuation Date of 7/1/07	Teacher Group Insurance <u>Plan</u>	Medicare Supplemental <u>Plan</u>	<u>Total</u>
Actuarial Accrued Liability (AAL)	\$ 4,130,000	1,416,126	5,546,126
Actuarial Value of Plan Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	4,130,000	1,416,126	5,546,126
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%	0%
Covered Payroll (Active Plan Members)	20,262,973	20,262,973	20,262,973
UAAL as a Percentage of Covered Payroll	20.4%	7.0%	27.4%

The funded status of the plans as of June 30, 2008 was as follows:

Valuation Date of 7/1/07	Teacher Group Insurance <u>Plan</u>	Medicare Supplemental <u>Plan</u>	<u>Total</u>
Actuarial Accrued Liability (AAL)	\$ 4,130,000	1,416,126	5,546,126
Actuarial Value of Plan Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	4,130,000	1,416,126	5,546,126
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%	0%
Covered Payroll (Active Plan Members)	20,055,704	20,055,704	20,055,704
UAAL as a Percentage of Covered Payroll	20.6%	7.1%	27.7%

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 liabilities for benefits.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

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

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, 2007 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 4.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend of 11% initially, reduced by decrements to an ultimate rate of 6% after ten years. Both rates include a 3% 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, 2009, is 28 years.

In the July 1, 2007 actuarial valuation for the Medicare Supplemental Plan, the entry age normal percent of pay cost method was used to determine liabilities. Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The actuarial assumptions used a 4.75% investment rate of return (net of administrative expenses). 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, 2009, is 28 years.

G. 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 Demolition Landfill Fund of \$338,307 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 \$601,270. 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.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

G. Closure and Postclosure Care Costs

Areas 1 and 4 are currently filled to 24% and 4% of capacity, respectively. Area 2 is filled to capacity and has been closed. Area 3 has been filled to capacity and is scheduled for closure in the 2010 fiscal year. Areas 1 and 4 have estimated remaining lives at June 30, 2009, of 67 and 6.45 years, respectively.

NOTE V. OTHER INFORMATION:

A. Commitments

Beginning in 2005, Sullivan County Economic Development Commission d/b/a Networks Sullivan Partnership issued \$2,250,000 Revenue Bonds, Series 2005, of which the City is contingently liable for 17% or \$382,500. During May 2007, Networks issued an additional \$6,500,000 Revenue Bonds, of which the City is 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 a new industrial park. 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. 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 is responsible for making the bond payments. However, in the event of default, the City would have to payoff the bonds if they wanted to retain the project. As of June 30, 2009, \$8,600,000 was outstanding of these bonds.

The Electric System 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 voice services service 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 with the System 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 \$11,047 in 2009. Cable, internet, and telephone customers are billed in advance of their service. Deferred revenue in the amount of \$416,265 is recorded, of which \$337,726 relates to cable and internet services and \$78,539 relates to telephone services. 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 not been significant to the Electric Fund's operations.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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. No material pending or threatened claims, litigation or assessments, asserted or unasserted against the City exist at this time.

D. Employee Retirement Systems and Pension Plans:

City of Bristol, Tennessee Plan Description

Employees of the City of Bristol are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of sixty with five years of service or at any age with thirty years of service. A reduced retirement benefit is available to vested members at the age of fifty-five. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty.

Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the *Tennessee Code Annotated* (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Bristol participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS>.

Funding Policy

The City of Bristol has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 percent of annual covered payroll.

The City of Bristol is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2009 was 17.23% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

NOTE V. OTHER INFORMATION (CONTINUED):

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Cost

For the year ending June 30, 2009, the City's annual pension cost of \$2,646,398 to TCRS was equal to the City's required and actual contributions.

The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 8 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ending	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$ 2,646,398	100.00%	\$ 0.00
June 30, 2008	2,385,774	100.00%	0.00
June 30, 2007	2,284,212	100.00%	0.00

Funding Status and Funding Process

As of July 1, 2007, the most recent actuarial valuation date, the plan was 81.05% percent funded. The actuarial accrued liability for benefits was \$57.67 million, and actuarial value of assets was \$46.75 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$10.92 million. The covered payroll (annual payroll of active employees covered by the plan) was \$14 million, and the ratio of the UAAL to the covered payroll was 76.07% percent.

The Schedule of Funding Progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

NOTE V. OTHER INFORMATION (CONTINUED):

D. Employee Retirement Systems and Pension Plans (Continued)

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 01, 2007	\$46,750	\$57,678	\$10,928	81.05%	\$14,366	76.07%

Electric Fund Plan Description

Employees of Bristol Tennessee Essential Services (Electric Fund) are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of sixty with five years of service or at any age with thirty years of service. A reduced retirement benefit is available to vested members at the age of fifty-five. Disability benefits are available to active members with five years of service who became disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty.

Members joining the System after July 1, 1979, become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the *Tennessee Code Annotated* (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the System participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs>.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

NOTE V. OTHER INFORMATION (CONTINUED):

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Policy

Bristol Tennessee Essential Services requires employees to contribute 5% of earnable compensation. Bristol Tennessee Essential Services is required to contribute at an actuarially determined rate using the frozen entry age actuarial cost method; the rate for the fiscal year ending June 30, 2009 was 13.27% of annual covered payroll. The contribution requirement of the plan members is set by state statute. The contribution requirement for Bristol Tennessee Essential Services is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2009, the Electric Fund's annual pension cost of \$471,232 to TCRS was equal to the required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 (graded) percent annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Bristol Tennessee Essential Service's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 8 years. An actuarial valuation was performed July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost(APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2009	\$ 471,232	100%	\$ 0
June 30, 2008	491,517	100%	0
June 30, 2007	478,187	100%	0

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2009

NOTE V. OTHER INFORMATION (CONTINUED):

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 83.75% funded. The actuarial accrued liability for benefits was \$16.4 million, and the actuarial value of assets was \$13.7 million, resulting in an unfunded actuarial accrued liability of \$2.7 million. The covered payroll (annual payroll of active employees covered by the plan) was \$3.0 million, and the ratio of the UAAL to the covered payroll was 82.53%.

The Schedule of Funding Progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of pan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

Prepaid Pension Cost

GASB Statement No. 50, *Pension Disclosures – An Amendment of GASB Statements No. 25 and No. 27*, requires employers to record contributions to a pension plan in excess of the annual pension cost as an asset. The Electric Fund has previously contributed amounts in excess of the annual pension costs to the PSPP and recorded these amounts as a prepaid pension cost. Activity in the prepaid pension cost is as follows for the year ended June 30:

Balance at beginning of year		\$ 564,195
Annual pension cost:		
Annual required contribution	(471,232)	
Interest on prepaid pension costs	39,532	
Adjustment to required annual contribution	<u>(94,990)</u>	
Total annual pension cost		(526,690)
Contributions made		<u>471,232</u>
Balance at end of year		\$ <u>508,737</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

NOTE V. OTHER INFORMATION (CONTINUED):

D. Employee Retirement Systems and Pension Plans (Continued)

School Funds Plan Description

The Bristol Schools contribute to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of sixty with five years of service or at any age with thirty years of service. A reduced retirement benefit is available to vested members who are at least fifty-five years of age or have twenty-five years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979 are vested after five years of service. Members joining prior to July 1, 1979 are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the *Tennessee Code Annotated* (TCA). State statutes are amended by the Tennessee General Assembly.

Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs>.

Funding Policy

Most teachers are required by state statute to contribute 5.0% of salary to the plan. The employer contribution rate for Bristol Schools is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2009 was 6.42% of annual covered payroll. The employer contribution requirement for Bristol Schools is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2009, 2008, and 2007 were \$1,132,434, \$1,083,859, and \$999,011, respectively, equal to the required contributions for each year. Other employees of the Board are noncontributory whereby the Board is responsible for the entire contribution.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

NOTE V. OTHER INFORMATION (CONTINUED):

D. Employee Retirement Systems and Pension Plans (Continued)

401(k) Retirement Plan

Bristol Tennessee Essential Services (Electric Fund) administers a defined contribution plan in the form of a 401(k) plan (Bristol Tennessee Electric System 401(k) Retirement Plan) available to all employees who have completed six months of employment. The plan is managed by the Board of Directors for BTES who has the authority for establishing and amending the plan's provisions. During 2009, the amount of payroll covered by the plan was \$3,191,620 of total payroll of \$3,712,706. Under the plan terms, the System will match participant contributions up to 6% of the participant's salary. 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 2009, the System contributed \$169,329 to the plan, which represents 5.3% of the covered payroll and 100% of the required contribution for each year. The participants contributed \$243,422 which represents 7.6% of the covered payroll.

Deferred Compensation Plan

The City offers a deferred compensation plan to the employees of the primary government which excludes Bristol Schools 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.

E. Leases

Capital Leases

The District entered into a license agreement on February 17, 2009 that is classified as a capital lease agreement. The cost of the license is included in the balance sheet as property, plant, and equipment totaling \$29,108 at June 30, 2009. Accumulated amortization of the license at June 30, 2009, was approximately \$1,455. Amortization expense of the license under the agreement is included in depreciation expense.

Future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2010	\$9,641
June 30, 2011	9,641

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

NOTE V. OTHER INFORMATION (CONTINUED):

E. Leases (Continued)

Operating Leases

In June 2005, the School Board entered into an operating contract for the operations of school buses. The term is four years ending June 30, 2009, 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 monthly installments. Total payments under the contract, including a fuel adjustment of \$25,000, in the current year were \$642,832 with additional payments of \$2,288 for a total of \$645,120.

The School Board leases building space for The Alternative Learning Center on a cancelable lease. Rent in the amount of \$2,805 is due at the first of each month. The lease contains an option to renew for two additional three-year periods. The initial term expired May 31, 2009, and was not renewed. Total payments under the lease in the current year were \$30,855.

Discretely Presented Component Unit

The District leases certain telecommunications equipment under a 60 month operating lease, which began October 1, 2005 (but was revised May 2, 2007), with Embarq that expires on May 1, 2012. The lease payments are \$5,865 per month for 60 months. Future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2010	70,380
June 30, 2011	70,380
June 30, 2012	58,650

Lease and rental expenses were \$98,969 for the fiscal year ended June 30, 2009

F. Multiple Function Enterprise Fund Information

The Electric System operates three different business units or functions within the Electric Fund. The System accounts for the electric utility operations in the Electric Business Unit (EBU), the cable and internet operations in the Cable and Internet Business Unit (CBU), and telephone operations in the Telephone Business Unit (TBU).

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

NOTE V. OTHER INFORMATION (CONTINUED):

F. 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 CBU 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 CBU 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.

Summary financial information for each of the business units is as follows (does not include inter-unit eliminations):

Condensed Statement of Net Assets by Business Unit:

	Electric Business Unit	Cable and Internet Business Unit	Telephone Business Unit
Assets			
Current Assets	\$ 18,583,906	501,277	527,898
Due from Other Business Units	2,865,158	-	-
Net Capital Assets	69,224,982	4,787,323	888,648
Other Noncurrent Assets	13,458,866	-	-
Total Assets	\$ 104,132,912	5,288,600	1,416,546
<u>Liabilities and Net Assets</u>			
Liabilities:			
Current Liabilities	\$ 13,110,758	411,954	182,975
Due to Other Business Units	-	2,865,158	-
Bonds Payable	22,938,552	-	-
Total Liabilities	36,049,310	3,277,112	182,975
Net Assets:			
Invested in Capital Assets, Net of Related Debt	48,681,588	1,922,165	888,648
Unrestricted	19,402,014	89,323	344,923
Total Net Assets	68,083,602	2,011,488	1,233,571
Total Liabilities and Net Assets	\$ 104,132,912	5,288,600	1,416,546

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information (Continued)

Condensed Statement of Revenues, Expenses, and Changes in Net Assets by Business Unit:

	Electric Business Unit	Cable and Internet Business Unit	Telephone Business Unit
Operating Revenues	\$ 85,761,510	6,822,957	2,717,751
Cost of Sales	<u>(74,785,352)</u>	<u>(2,778,302)</u>	<u>(442,856)</u>
Gross Profit	10,976,158	4,044,655	2,274,895
Operating Expenses	<u>(7,593,599)</u>	<u>(3,119,705)</u>	<u>(1,540,368)</u>
Operating Income/(Loss)	3,382,559	924,950	734,527
Nonoperating Revenue/Expenses	<u>(115,249)</u>	<u>(88,277)</u>	<u>(49,134)</u>
Income Before Transfers	3,267,310	836,673	685,393
Transfers Out	<u>(1,388,699)</u>	<u>(22,143)</u>	<u>(33,570)</u>
Change in Net Assets	<u>1,878,611</u>	<u>814,530</u>	<u>651,823</u>
Net Assets at Beginning of Year	66,749,726	725,643	508,329
Prior Period Adjustment	-	-	-
Adjusted Net Assets and Beginning of Year	<u>66,749,726</u>	<u>725,643</u>	<u>508,329</u>
Net Assets at End of Year	<u>\$ 68,628,337</u>	<u>1,540,173</u>	<u>1,160,152</u>

Condensed Statement of Cash Flows by Business Unit:

	Electric Business Unit	Cable and Internet Business Unit	Telephone Business Unit
Net Cash Provided By/(Used For):			
Operating Activities	\$ 7,677,231	-	454,107
Noncapital Financing Activities	(1,401,096)	-	(87,421)
Capital and Related Financing Activities	(9,591,309)	-	(48,776)
Investing Activities	<u>680,096</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,635,078)	0	317,910
Cash and Cash Equivalents, Beginning	<u>10,230,263</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents, Ending	<u>\$ 7,595,185</u>	<u>0</u>	<u>317,910</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

NOTE V. OTHER INFORMATION (CONTINUED):

G. Revenues and Expenditures – Benefits Funded by the State of Tennessee

For fiscal year 2009, the State of Tennessee contributed payments on behalf of City employees of \$37,800 to Police Department staff and \$34,800 to Fire Department staff. The State also contributed \$160,663 to the General Purpose School Fund on behalf of employees of the Bristol Tennessee School System.

H. Pledged Revenue

During 2002, the City issued \$6,360,000 in 2001A Water and Sewer Revenue and Tax Refunding Bonds. The Bonds were issued for the purposes of refunding debt related to the 1994 Water and Sewer Revenue Bonds. The original debt proceeds were used to construct improvements to the water and sewer systems. The Bonds were secured by the net revenues of the Water and Sewer Funds. The bonds payable matured and were paid in full during the 2009 year. Annual principal and interest payments in 2009 of \$1,482,000 were 64% of the net revenue available for debt service of \$2,302,763.

During 2006, the City issued \$23,910,000 in 2005 Electric System Revenue Bonds (the “Bonds”) on behalf of Bristol Tennessee Essential Services. The Bonds were issued for the purposes of providing funds to construct improvements and extensions of the Electric Fund’s transmission and distribution system and to pre-purchase electric power from TVA. The Bonds are secured by the net power revenues of the Electric Fund. Annual principal and interest payments in 2009 of \$1,486,737 were 34% of the net revenue available for debt service of \$4,388,000.

Maturities of the bonds payable are detailed in Note IV.E.

I. Prior Period Adjustment

An adjustment was recorded in the financial records at both the government-wide and the fund level for the Electric Fund. Due to billing errors, purchased power costs have been understated and net assets have been overstated. This error resulted in a \$1,216,161 reduction of June 30, 2007, net assets and an additional expense of \$466,949 for 2008. Accordingly, the financial statements reflect the net adjustment to net assets of \$1,683,110. The additional costs resulted in a \$1,683,110 current liability recorded at June 30, 2009. The liability is to be repaid during fiscal year 2010.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

NOTE V. OTHER INFORMATION (CONTINUED):

J. Risk Management

The City and the District 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, and the neither the City nor the District have had any settlements in the last three years which were not covered by insurance.

K. 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. The City accounts for these benefits in the internal service fund. The Electric Fund's risk is \$50,000 per covered employee up to an annual maximum of \$488,108. An insurance company has insured all claims exceeding \$488,108.

Activity in the estimated liability for claims incurred but not paid is as follows for the years ended June 30, 2009 and 2008:

	2009	2008
Balance at beginning of year	\$ 539,782	386,373
Claims Incurred	3,203,920	2,383,235
Claims Paid	<u>(3,431,286)</u>	<u>(2,229,826)</u>
Balance at end of year	<u>\$ 312,416</u>	<u>539,782</u>

L. Subsequent Events

On September 1, 2009, the City issued \$2,760,000 in General Obligation Refunding Bonds, Series 2009, for the purpose of refinancing the City's VI-D-4 Bonds Payable Series that paid interest based upon a variable rate formula. The decision to refinance was based upon changes in the economic environment that caused concern of interest rate risk related to the variable nature of the existing debt. The bonds were issued with a fifteen year maturity with annual principal payments. Interest is payable semi-annually on December 1 and June 1, beginning December 1, 2009, at a fixed rate of 3 to 4%. The bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the City.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

NOTE V. OTHER INFORMATION (CONTINUED):

M. Surcharge Revenue

The District recognizes surcharge revenue as earned. The service supplier, United Telephone Company of the Southeast, is scheduled to remit collected service charges to the District on a monthly basis. Such funds are being remitted to the District within thirty days subsequent to the last business day of the preceding month. The service supplier is entitled to retain as an administrative fee, three percent of its collections of service charges. The District also receives revenue from the State of Tennessee for wireless revenue. This revenue is equivalent to 25% of the revenue generated by wireless communications and is based on a proportion of the population of each District. These funds are remitted to the District on a bi-monthly basis. The District, and all properties at any time owned by it and the income therefrom, and all bonds issued by it and the income therefrom, is exempt from all taxation in the State of Tennessee (Acts 1984, ch. 867).

CITY OF BRISTOL, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS – DEFINED BENEFIT PENSION PLANS
For the Fiscal Year Ended June 30, 2009

City of Bristol, Tennessee Schedule of Funding Progress – Defined Benefit Pension Plan

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 01, 2007	\$46,750	\$57,678	\$10,928	81.05%	\$14,366	76.07%

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

Bristol Tennessee Essential Services Schedule of Funding Progress – Defined Benefit Pension Plan

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 01, 2007	\$13,703	\$16,363	\$2,659	83.75%	\$3,222	82.53%
July 01, 2005	12,335	13,290	955	92.81%	2,890	33.06%
July 01, 2003	11,831	12,907	1,076	91.66%	2,584	41.64%

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS – OPEB PLANS
For the Fiscal Year Ended June 30, 2009

City of Bristol, Tennessee Schedule of Funding Progress – OPEB Plan

The funded status of the plan as of June 30, 2009 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
7/01/08	\$ 0	\$2,600,380	\$2,600,380	0%	\$10,283,000	25.3%
7/01/07	\$ 0	\$3,751,063	\$3,751,063	0%	\$9,793,720	38.3%

City of Bristol, Tennessee Schedule of Employer Contributions – OPEB Plan

Fiscal Year	Annual Required Contribution	Contribution Made	Percentage Contributed
2009	\$ 193,927	\$ 456,968	236%
2008	243,885	12,583	5%

Bristol Tennessee Essential Services Schedule of Funding Progress – OPEB Plan

The funded status of the plan as of June 30, 2009 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
7/01/07	\$ 0	\$2,850,537	\$2,850,537	0%	N/A	N/A

Bristol Tennessee Essential Services Schedule of Contributions – OPEB Plan

Fiscal Year	Annual Required Contribution	Contribution Made	Percentage Contributed
2009	\$ 247,432	\$ 47,432	19%
2008	241,607	241,607	100%

(Continued)

CITY OF BRISTOL, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS – OPEB PLANS
For the Fiscal Year Ended June 30, 2009

Bristol Tennessee City School System Schedule of Funding Progress – OPEB Plans

The funded status of the plans as of June 30, 2009 was as follows:

	Teacher Group Insurance <u>Plan</u>	Medicare Supplemental <u>Plan</u>	<u>Total</u>
Valuation Date of 7/1/07			
Actuarial Accrued Liability (AAL)	\$ 4,130,000	1,416,126	5,546,126
Actuarial Value of Plan Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	4,130,000	1,416,126	5,546,126
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%	0%
Covered Payroll (Active Plan Members)	20,262,973	20,262,973	20,262,973
UAAL as a Percentage of Covered Payroll	20.4%	7.0%	27.4%

The funded status of the plans as of June 30, 2008 was as follows:

	Teacher Group Insurance <u>Plan</u>	Medicare Supplemental <u>Plan</u>	<u>Total</u>
Valuation Date of 7/1/07			
Actuarial Accrued Liability (AAL)	\$ 4,130,000	1,416,126	5,546,126
Actuarial Value of Plan Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	4,130,000	1,416,126	5,546,126
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%	0%
Covered Payroll (Active Plan Members)	20,055,704	20,055,704	20,055,704
UAAL as a Percentage of Covered Payroll	20.6%	7.1%	27.7%

Bristol Tennessee City School System Schedule of Contributions – OPEB Plan

Teacher Group Plan

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Contribution Made</u>	<u>Percentage Contributed</u>
2009	\$ 552,000	\$ 241,129	44%
2008	547,000	262,698	48%

Medicare Supplemental Plan

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Contribution Made</u>	<u>Percentage Contributed</u>
2009	\$ 84,944	\$ 61,923	73%
2008	84,944	59,600	70%

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF UNACCOUNTED FOR WATER
For the Fiscal Year Ended June 30, 2009
(All Amounts in Gallons)

<u>Water Treated and Purchased:</u>		
Water Pumped (Potable)	2,082,073,000	
Water Purchased	-	
Total Water Treated and Purchased	-	2,082,073,000
<u>Accounted for Water:</u>		
Water Sold	1,507,738,800	
Metered for Consumption (In House Usage)	-	
Fire Department(s) Usage	258,250	
Flushing	8,466,889	
Tank Cleaning/Filling	2,725,000	
Street Cleaning	60,000	
Bulk Sales	-	
Water Bill Adjustments	-	
Total Accounted for Water	-	1,519,248,939
Unaccounted for Water		562,824,061
Percentage of Unaccounted for Water		27.03%
Other Known Consumption Not Included in		
<u>Unaccounted for Water (Explained Below):</u>		279,479,047
<u>Other Known Consumption:</u>		
Leaks and Repairs	271,028,000	
Engineering	385,700	
Fire Systems	1,296,000	
Theft	3,769,347	
	3,769,347	
	276,479,047	

Note: All amounts included in this schedule are supported by documentation on file at the water system. If no support is on file for a line item, or if the item is not applicable, a "0" is shown.

The other known consumption section are those items that could not be included in the unaccounted for water calculations because they are estimated instead of metered. When these items are taken into consideration, unaccounted for water is reduced to 286,345,014 gallons.

See Independent Auditors' Report.

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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.

Grant Fund – This fund is a special revenue fund established 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 accounts 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 accounts for the financial activities relative to the Bristol, Tennessee Board of Education school breakfast and lunch programs.

Solid Waste Fund – This fund was established to account for the financial activities related to the collection and transportation of solid waste.

State Street Aid Fund – This fund accounts 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.

Viking Hall Fund – This fund accounts for the financial activities relating to the operations of Viking Hall, a combination sports arena and concert hall operated by the City.

Debt Service Fund

The Debt Service Fund is used 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 Projects Fund – This fund accounts for capital asset activity of the municipality, excluding education related capital projects.

CITY OF BRISTOL, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2009

	Special Revenue Funds											Total Nonmajor Governmental Funds	
	Community Development Grant Fund	Drug Fund	Grant Fund	HOME Consortium Fund	School Projects Fund	School Federal Fund	School Nutrition Fund	Solid Waste Fund	State Street Aid Fund	Viking Hall Fund	Total Special Revenue Funds		Debt Service Fund
ASSETS:													
Cash and Cash Equivalents	\$ -	1,414	-	-	53,242	999,156	-	216,999	29,513	1,300,324	-	-	1,300,324
Accounts Receivable	-	-	-	-	-	-	147,609	-	6,607	154,216	-	-	154,216
Notes Receivable	169,977	-	-	34,607	-	-	-	-	-	204,584	-	-	204,584
Other Receivables	-	-	-	-	-	97	-	-	-	97	-	-	97
Due from Other Funds	-	76,146	-	-	-	-	-	109,112	-	185,258	-	530,985	716,243
Due from Other Governments	102,549	2,433	45,807	190,444	229,177	-	-	122,017	-	692,427	-	-	692,427
Inventory	-	-	-	-	-	72,579	-	-	-	72,579	-	-	72,579
Restricted Cash	-	-	-	-	-	-	-	-	-	0	3,150	355,144	358,294
Total Assets	\$ 272,526	79,993	45,807	225,051	282,419	1,071,832	147,609	448,128	36,120	2,609,485	3,150	886,129	3,498,764

LIABILITIES AND FUND BALANCES:

LIABILITIES:													
Accounts Payable	\$ 5,433	416	13,983	60,736	26,493	-	40,145	134,331	5,085	286,622	-	58,682	345,304
Contracts Payable	6,000	-	-	7,000	-	-	-	-	-	13,000	-	64,154	77,154
Accrued Payroll and Deductions	15	-	23	-	-	1,956	16,068	-	52	18,114	-	-	18,114
Due to Other Funds	91,101	-	19,301	122,166	255,926	-	88,011	-	15,347	591,852	3,150	-	595,002
Deferred Revenue	169,977	-	12,500	34,607	-	-	-	-	2,865	219,949	-	-	219,949
Total Liabilities	272,526	416	45,807	224,509	282,419	1,956	144,224	134,331	23,349	1,129,537	3,150	122,836	1,255,523

Fund Balances:

Reserved for Bristol, TN Programs	-	-	-	542	-	-	-	-	-	542	-	-	542
Reserved for Drug Control	-	59,253	-	-	-	-	-	-	-	59,253	-	-	59,253
Reserved for Drug Education	-	4,647	-	-	-	-	-	-	-	4,647	-	-	4,647
Reserved for Federal Forfeitures	-	11,191	-	-	-	-	-	-	-	11,191	-	-	11,191
Reserved for Inventory	-	-	-	-	-	72,579	-	-	-	72,579	-	-	72,579
Reserved for State Street Aid	-	-	-	-	-	-	-	313,797	-	313,797	-	-	313,797
Reserved for Virginia Forfeitures	-	4,486	-	-	-	-	-	-	-	4,486	-	-	4,486
Unreserved:													
Undesignated	-	-	-	-	-	997,297	3,385	-	12,771	1,013,453	-	763,293	1,776,746
Total Fund Balances	0	79,577	0	542	0	1,069,876	3,385	313,797	12,771	1,479,948	0	763,293	2,243,241
Total Liabilities and Fund Balances	\$ 272,526	79,993	45,807	225,051	282,419	1,071,832	147,609	448,128	36,120	2,609,485	3,150	886,129	3,498,764

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, 2009

	Special Revenue Funds											Total		
	Community Development Grant Fund	Drug Fund	Grant Fund	HOME Consortium Fund	School Projects Fund	School Federal Projects Fund	School Nutrition Fund	Solid Waste Fund	State Street Aid Fund	Viking Hall Fund	Total Special Revenue Funds		Debt Service Fund	Capital Projects Fund
REVENUES:														
Intergovernmental Charges for Services	\$ 445,945	6,467	214,136	1,455,335	3,950,872	1,151,919	-	670,892	-	7,895,566	-	48,076	7,943,642	
Revenue from Use of Facilities	-	-	-	-	-	831,726	1,425,858	-	19,943	2,277,527	-	-	2,277,527	
Fines and Forfeitures	-	69,471	-	-	-	-	23,246	-	318,405	318,405	-	-	318,405	
Investment Earnings	-	162	-	-	-	7,554	58	4,354	573	12,701	1,711	10,829	92,717	
Other	30,238	1,500	-	37,905	-	3,270	2,324	-	1,024	76,261	-	229,030	305,291	
Total Revenues	476,183	77,600	214,136	1,493,240	3,950,872	1,994,469	1,451,486	675,246	339,945	10,673,177	1,711	287,935	10,962,823	
EXPENDITURES:														
Current:														
General Government	376,183	-	12,924	1,492,698	-	-	-	-	-	1,881,805	-	33,138	1,914,943	
Community Relations	-	-	20,448	-	-	-	-	-	456,551	476,999	-	-	476,999	
Education	-	-	-	-	3,670,887	1,805,759	-	-	-	5,476,646	-	-	5,476,646	
Parks and Recreation	-	-	54,272	-	-	-	-	-	-	54,272	-	33,567	87,839	
Public Safety	-	49,329	164,926	-	-	-	-	-	-	214,255	-	1,301	215,556	
Public Works	-	-	-	-	-	-	1,503,571	618,994	-	2,122,565	-	66,914	2,189,479	
Capital Outlay	100,000	-	-	-	279,985	38,037	-	-	-	418,022	-	543,182	961,204	
Debt Service:														
Principal Retirement	-	-	-	-	-	-	-	-	-	0	1,380,569	-	1,380,569	
Interest	-	-	-	-	-	-	-	-	-	0	678,490	-	678,490	
Other Costs	-	-	-	-	-	-	-	-	-	0	18,109	-	18,109	
Total Expenditures	476,183	49,329	252,570	1,492,698	3,950,872	1,843,796	1,503,571	618,994	456,551	10,644,564	2,077,168	678,102	13,399,834	
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	28,271	(38,434)	542	0	150,673	(52,085)	56,252	(116,606)	28,613	(2,075,457)	(390,167)	(2,437,011)	
Other Financing Sources (Uses):														
Proceeds from Issuance of Refunding Bonds	-	-	-	-	-	-	-	-	-	0	323,584	-	323,584	
Proceeds from Issuance of Note Payable	-	-	-	-	-	-	-	-	-	0	-	424,000	424,000	
Payment on Refunded Bonds Payable	-	-	-	-	-	-	-	-	-	0	(323,584)	-	(323,584)	
Transfer from General Fund	-	-	40,505	-	-	-	20,000	-	120,000	180,505	1,245,485	275,000	1,700,990	
Transfer from School Capital Projects Fund	-	-	-	-	-	-	-	-	-	0	608,515	-	608,515	
Transfer to General Fund	-	-	(2,071)	-	-	-	-	-	-	(2,071)	-	-	(2,071)	
Total Other Financing Sources (Uses)	0	0	38,434	0	0	0	20,000	0	120,000	178,434	1,854,000	699,000	2,731,434	
Net Change in Fund Balances	0	28,271	0	542	0	150,673	(32,085)	56,252	3,394	207,047	(221,457)	308,833	294,423	
Fund Balance, July 1, 2008	-	51,306	-	-	-	888,151	35,470	257,545	9,377	1,241,849	221,457	454,460	1,917,766	
Purchase Method Inventory Adj.	-	-	-	-	-	31,052	-	-	-	31,052	-	-	31,052	
Fund Balance, June 30, 2009	\$ 0	79,577	0	542	0	1,069,876	3,385	313,797	12,771	1,479,948	0	763,293	2,243,241	

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$ 407,634	508,807	445,945	(62,862)
Other	16,193	16,193	30,238	14,045
Total Revenues	<u>423,827</u>	<u>525,000</u>	<u>476,183</u>	<u>(48,817)</u>
<u>Expenditures:</u>				
Operating Expenditures	323,827	425,000	376,183	48,817
Capital Outlay	100,000	100,000	100,000	-
Total Expenditures	<u>423,827</u>	<u>525,000</u>	<u>476,183</u>	<u>48,817</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30, 2009	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Intergovernmental	\$ -	-	6,467	6,467
Fines and Forfeitures	35,000	45,323	69,471	24,148
Investment Earnings	2,000	2,000	162	(1,838)
Other	2,000	2,000	1,500	(500)
Total Revenues	<u>39,000</u>	<u>49,323</u>	<u>77,600</u>	<u>28,277</u>
<u>Expenditures:</u>				
Public Safety	<u>59,677</u>	<u>70,000</u>	<u>49,329</u>	<u>20,671</u>
Total Expenditures	<u>59,677</u>	<u>70,000</u>	<u>49,329</u>	<u>20,671</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,677)	(20,677)	28,271	48,948
Fund Balance, July 1, 2008	<u>52,697</u>	<u>52,697</u>	<u>51,306</u>	<u>(1,391)</u>
Fund Balance, June 30, 2009	<u>\$ 32,020</u>	<u>32,020</u>	<u>79,577</u>	<u>47,557</u>

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Intergovernmental	\$ 210,230	257,523	214,136	(43,387)
Total Revenues	<u>210,230</u>	<u>257,523</u>	<u>214,136</u>	<u>(43,387)</u>
<u>Expenditures:</u>				
Community Development Grants	-	11,000	10,493	507
Community Relations Grants	-	21,000	20,448	552
Finance Grants	3,000	3,000	2,431	569
Fire Grants	22,500	22,500	-	22,500
Parks and Recreation Grants	69,600	69,600	54,272	15,328
Police Grants	172,607	187,900	164,926	22,974
Total Expenditures	<u>267,707</u>	<u>315,000</u>	<u>252,570</u>	<u>62,430</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(57,477)</u>	<u>(57,477)</u>	<u>(38,434)</u>	<u>19,043</u>
<u>Other Financing Sources (Uses):</u>				
Transfer from General Fund	57,477	57,477	40,505	(16,972)
Transfer to General Fund	-	-	(2,071)	(2,071)
Total Other Financing Sources (Uses)	<u>57,477</u>	<u>57,477</u>	<u>38,434</u>	<u>(19,043)</u>
Net Change in Fund Balances	0	0	0	0
Fund Balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30, 2009	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</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, 2009

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>Revenues:</u>			
Intergovernmental:			
City of Bluff City, Tennessee	\$ 96,200	615	(95,585)
City of Bristol, Tennessee	213,682	168,389	(45,293)
City of Bristol, Virginia	177,932	160,642	(17,290)
City of Johnson City, Tennessee	412,726	318,512	(94,214)
City of Kingsport, Tennessee	209,494	240,508	31,014
Sullivan County, Tennessee	216,706	155,491	(61,215)
Washington County, Virginia	221,176	95,785	(125,391)
CHDO	290,148	199,153	(90,995)
American Dream Downpayment Administration	11,257 154,230	10,967 105,273	(290) (48,957)
Other	-	37,905	37,905
Total Revenues	<u>2,003,551</u>	<u>1,493,240</u>	<u>(510,311)</u>
<u>Expenditures:</u>			
Program Expenditures:			
City of Bluff City, Tennessee	96,200	15,600	80,600
City of Bristol, Tennessee	213,682	174,522	39,160
City of Bristol, Virginia	177,932	160,642	17,290
City of Johnson City, Tennessee	412,726	329,757	82,969
City of Kingsport, Tennessee	209,494	240,508	(31,014)
Sullivan County, Tennessee	437,882	256,276	181,606
Washington County, Virginia	-	-	-
CHDO	290,148	199,153	90,995
American Dream Downpayment Administrative Expenditures	11,257 154,230	10,967 105,273	290 48,957
Total Expenditures	<u>2,003,551</u>	<u>1,492,698</u>	<u>510,853</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	542	542
Fund Balance, July 1, 2008	-	-	-
Fund Balance, June 30, 2009	<u>\$ 0</u>	<u>542</u>	<u>542</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, 2009

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<u>Revenues:</u>			
Intergovernmental	\$ 4,522,175	3,950,872	(571,303)
Total Revenues	<u>4,522,175</u>	<u>3,950,872</u>	<u>(571,303)</u>
<u>Expenditures:</u>			
<u>Instruction:</u>			
Regular Education	812,922	787,214	25,708
Alternate School	380,259	339,969	40,290
Special Education	796,682	738,390	58,292
Vocational Education	19,305	24,905	(5,600)
Total Instruction	<u>2,009,168</u>	<u>1,890,478</u>	<u>118,690</u>
<u>Support Services:</u>			
Health Services	24,021	24,719	(698)
Other Student Support	622,755	466,082	156,673
Regular Instruction	500,620	333,097	167,523
Alternative School	4,800	63,908	(59,108)
Special Education	11,500	14,043	(2,543)
Vocational Education	5,500	10,908	(5,408)
Office of Principal	95,000	70,747	24,253
Fiscal Services	43,048	42,375	673
Operation of Plant	20,000	8,735	11,265
Student Transportation	19,959	53,205	(33,246)
Total Support Services	<u>1,347,203</u>	<u>1,087,819</u>	<u>259,384</u>
<u>Non-Instructional Services:</u>			
Community Services	321,880	213,674	108,206
Early Childhood	583,153	478,916	104,237
Total Non-Instructional Services	<u>905,033</u>	<u>692,590</u>	<u>212,443</u>
<u>Capital Outlay</u>	<u>260,771</u>	<u>279,985</u>	<u>(19,214)</u>
Total Expenditures	<u>4,522,175</u>	<u>3,950,872</u>	<u>571,303</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance, July 1, 2008	-	-	-
Fund Balance, June 30, 2009	<u>\$ 0</u>	<u>0</u>	<u>0</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, 2009

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<u>Revenues:</u>			
Intergovernmental	\$ 1,035,000	1,151,919	116,919
Charges for Services	893,000	831,726	(61,274)
Investment Earnings	16,000	7,554	(8,446)
Other	-	3,270	3,270
Total Revenues	<u>1,944,000</u>	<u>1,994,469</u>	<u>50,469</u>
<u>Expenditures:</u>			
Food Services	1,901,500	1,805,759	95,741
Capital Outlay	42,500	38,037	4,463
Total Expenditures	<u>1,944,000</u>	<u>1,843,796</u>	<u>100,204</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>150,673</u>	<u>150,673</u>
Fund Balance, July 1, 2008	850,160	888,151	37,991
Purchase Method Inventory Adjustment	-	31,052	31,052
Fund Balance, June 30, 2009	<u>\$ 850,160</u>	<u>1,069,876</u>	<u>219,716</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, 2009

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<u>Revenues:</u>			
Charges for Services	\$ 1,402,500	1,425,858	23,358
Fines and Forfeitures	20,000	23,246	3,246
Investment Earnings	-	58	58
Other	-	2,324	2,324
Total Revenues	<u>1,422,500</u>	<u>1,451,486</u>	<u>28,986</u>
<u>Expenditures:</u>			
<u>Refuse Collection:</u>			
Personnel	237,943	241,584	(3,641)
Operating Expenditures	523,250	476,578	46,672
Other Expenditures	8,521	6,347	2,174
Capital Outlay	95,000	-	95,000
Total Refuse Collection	<u>864,714</u>	<u>724,509</u>	<u>140,205</u>
<u>Brush and Bulk Collection:</u>			
Personnel	564,716	566,467	(1,751)
Operating Expenditures	172,600	204,875	(32,275)
Other Expenditures	17,473	7,720	9,753
Total Brush and Bulk Collection	<u>754,789</u>	<u>779,062</u>	<u>(24,273)</u>
Total Expenditures	<u>1,619,503</u>	<u>1,503,571</u>	<u>115,932</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(197,003)</u>	<u>(52,085)</u>	<u>144,918</u>
<u>Other Financing Sources (Uses):</u>			
Transfer from General Fund	200,000	20,000	(180,000)
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>20,000</u>	<u>(180,000)</u>
Net Change in Fund Balances	2,997	(32,085)	(35,082)
Fund Balance, July 1, 2008	<u>1,978</u>	<u>35,470</u>	<u>33,492</u>
Fund Balance, June 30, 2009	<u>\$ 4,975</u>	<u>3,385</u>	<u>(1,590)</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, 2009

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 739,000	670,892	(68,108)
Investment Earnings	12,000	4,354	(7,646)
Total Revenues	<u>751,000</u>	<u>675,246</u>	<u>(75,754)</u>
<u>Expenditures:</u>			
Resurfacing	450,000	260,621	189,379
Sidewalk Maintenance	70,000	64,181	5,819
Pavement Markings	25,000	13,063	11,937
Guardrails	45,000	6,129	38,871
Other	280,000	275,000	5,000
Total Expenditures	<u>870,000</u>	<u>618,994</u>	<u>251,006</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(119,000)	56,252	175,252
Fund Balance, July 1, 2008	<u>179,472</u>	<u>257,545</u>	<u>78,073</u>
Fund Balance, June 30, 2009	<u>\$ 60,472</u>	<u>313,797</u>	<u>253,325</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
VIKING HALL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<u>Revenues:</u>			
Charges for Services	\$ 18,000	19,943	1,943
Revenue from Use of Facilities	425,500	318,405	(107,095)
Investment Earnings	2,000	573	(1,427)
Other	6,000	1,024	(4,976)
Total Revenues	<u>451,500</u>	<u>339,945</u>	<u>(111,555)</u>
<u>Expenditures:</u>			
Personnel	196,071	133,987	62,084
Operating Expenditures	76,100	45,529	30,571
Show Expenditures	358,000	267,966	90,034
Other Expenditures	8,298	9,069	(771)
Total Expenditures	<u>638,469</u>	<u>456,551</u>	<u>181,918</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(186,969)</u>	<u>(116,606)</u>	<u>70,363</u>
<u>Other Financing Sources (Uses):</u>			
Transfer from General Fund	189,000	120,000	(69,000)
Total Other Financing Sources (Uses)	<u>189,000</u>	<u>120,000</u>	<u>(69,000)</u>
Net Change in Fund Balances	2,031	3,394	1,363
Fund Balance, July 1, 2008	<u>5,348</u>	<u>9,377</u>	<u>4,029</u>
Fund Balance, June 30, 2009	<u>\$ 7,379</u>	<u>12,771</u>	<u>5,392</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Investment Earnings	\$ -	-	1,711	1,711
Total Revenues	<u>0</u>	<u>0</u>	<u>1,711</u>	<u>1,711</u>
<u>Expenditures:</u>				
Principal Retirement	1,380,569	1,380,569	1,380,569	-
Interest	768,282	768,282	678,490	89,792
Other Costs	35,000	35,000	18,109	16,891
Total Expenditures	<u>2,183,851</u>	<u>2,183,851</u>	<u>2,077,168</u>	<u>106,683</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,183,851)</u>	<u>(2,183,851)</u>	<u>(2,075,457)</u>	<u>108,394</u>
<u>Other Financing Sources (Uses):</u>				
Refunding Bonds Issued	-	316,149	323,584	7,435
Payment on Refunded Bonds Payable	-	(316,149)	(323,584)	(7,435)
Transfer from General Fund	1,354,517	1,354,517	1,245,485	(109,032)
Transfer from School Capital Projects Fund	607,877	607,877	608,515	638
Total Other Financing Sources (Uses)	<u>1,962,394</u>	<u>1,962,394</u>	<u>1,854,000</u>	<u>(108,394)</u>
Net Change in Fund Balances	(221,457)	(221,457)	(221,457)	-
Fund Balance, July 1, 2008	<u>221,457</u>	<u>221,457</u>	<u>221,457</u>	<u>-</u>
Fund Balance, June 30, 2009	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 3,199,500	48,076	(3,151,424)
Investment Earnings	10,000	10,829	829
Other	109,000	229,030	120,030
Total Revenues	<u>3,318,500</u>	<u>287,935</u>	<u>(3,030,565)</u>
<u>Expenditures:</u>			
Capital Outlay	6,490,600	543,182	5,947,418
Other	298,000	134,920	163,080
Total Expenditures	<u>6,788,600</u>	<u>678,102</u>	<u>6,110,498</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,470,100)</u>	<u>(390,167)</u>	<u>3,079,933</u>
<u>Other Financing Sources (Uses):</u>			
Bonds Issued	2,250,000	-	(2,250,000)
Note Payable	-	424,000	424,000
Transfer from General Fund	1,030,100	275,000	(755,100)
Total Other Financing Sources (Uses)	<u>3,280,100</u>	<u>699,000</u>	<u>(2,581,100)</u>
Net Change in Fund Balances	(190,000)	308,833	498,833
Fund Balance, July 1, 2008	<u>640,304</u>	<u>454,460</u>	<u>(185,844)</u>
Fund Balance, June 30, 2009	<u>\$ 450,304</u>	<u>763,293</u>	<u>312,989</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
SCHOOL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<u>Revenues:</u>			
Investment Earnings	\$ 370,000	164,752	(205,248)
Total Revenues	<u>370,000</u>	<u>164,752</u>	<u>(205,248)</u>
<u>Expenditures:</u>			
Capital Outlay	9,380,000	9,045,280	334,720
Total Expenditures	<u>9,380,000</u>	<u>9,045,280</u>	<u>334,720</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,010,000)</u>	<u>(8,880,528)</u>	<u>129,472</u>
<u>Other Financing Sources (Uses):</u>			
Transfer from General Fund	1,026,831	308,004	(718,827)
Transfer to Debt Service Fund	<u>(607,877)</u>	<u>(608,515)</u>	<u>(638)</u>
Total Other Financing Sources (Uses)	<u>418,954</u>	<u>(300,511)</u>	<u>(719,465)</u>
Net Change in Fund Balances	(8,591,046)	(9,181,039)	(589,993)
Fund Balance, July 1, 2008	<u>11,750,715</u>	<u>11,942,152</u>	<u>191,437</u>
Fund Balance, June 30, 2009	<u>\$ 3,159,669</u>	<u>2,761,113</u>	<u>(398,556)</u>

See Independent Auditors' Report.

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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.

CITY OF BRISTOL, TENNESSEE
COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
June 30, 2009

	<u>Youth Counselor Office</u>	<u>WWTP External Agency</u>	<u>BIDB External Agency</u>	<u>Total Agency Funds</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ -	2,177,993	-	2,177,993
Pooled Cash Held by General Fund	796	-	-	796
Total Assets	<u>\$ 796</u>	<u>2,177,993</u>	<u>0</u>	<u>2,178,789</u>
<u>LIABILITIES:</u>				
Due to Others	\$ 796	2,177,993	-	2,178,789
Total Liabilities	<u>\$ 796</u>	<u>2,177,993</u>	<u>0</u>	<u>2,178,789</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, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
<u>YOUTH COUNSELOR OFFICE FUND</u>				
ASSETS				
Pooled Cash Held by General Fund	\$ 177	6,014	5,395	796
TOTAL ASSETS	<u>\$ 177</u>	<u>6,014</u>	<u>5,395</u>	<u>796</u>
LIABILITIES				
Due to Others	<u>\$ 177</u>	<u>6,014</u>	<u>5,395</u>	<u>796</u>
<u>WWTP EXTERNAL AGENCY FUND</u>				
ASSETS				
Cash and Cash Equivalents	<u>\$ 1,648,725</u>	<u>3,926,642</u>	<u>3,397,374</u>	<u>2,177,993</u>
LIABILITIES				
Due to Others	<u>\$ 1,648,725</u>	<u>3,926,642</u>	<u>3,397,374</u>	<u>2,177,993</u>
<u>BIDB EXTERNAL AGENCY FUND</u>				
ASSETS				
Pooled Cash Held by General Fund	\$ 1,016	3	1,019	0
TOTAL ASSETS	<u>\$ 1,016</u>	<u>3</u>	<u>1,019</u>	<u>0</u>
LIABILITIES				
Due to Others	<u>\$ 1,016</u>	<u>3</u>	<u>1,019</u>	<u>0</u>
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Pooled Cash Held by General Fund	\$ 1,193	6,017	6,414	796
Cash and Cash Equivalents	1,648,725	3,926,642	3,397,374	2,177,993
TOTAL ASSETS	<u>\$ 1,649,918</u>	<u>3,932,659</u>	<u>3,403,788</u>	<u>2,178,789</u>
LIABILITIES				
Due to Others	<u>\$ 1,649,918</u>	<u>3,932,659</u>	<u>3,403,788</u>	<u>2,178,789</u>

See Independent Auditors' Report.

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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, 2009

	2009
Governmental Funds Capital Assets:	
Land	\$ 4,038,348
Land Improvements	2,660,198
Buildings	29,789,709
Building Improvements	8,579,801
Other Improvements	832,965
Machinery and Equipment	15,317,830
Infrastructure	107,780,355
Construction in Progress	10,152,903
Total Governmental Funds Capital Assets	\$ 179,152,109
Investments in Governmental Funds Capital Assets by Source:	
Bond Issue	\$ 68,539,438
Capital Outlay Notes	1,138,700
Capital Leases	537,438
Donated	79,886,073
Grant Funds	6,003,216
School Activity Funds	98,369
General Fund	13,417,746
Special Revenue/Capital Projects Funds	9,531,129
Total Governmental Funds Capital Assets	\$ 179,152,109

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY

June 30, 2009

Function and Activity	Land	Land Improvements	Buildings	Building Improvements	Other Improvements	Machinery & Equipment	Infrastructure	Construction in Progress	Total
General Government:									
General Administration	\$ 113,469	-	1,753,647	-	316,989	382,521	90,974	2,164	2,659,764
Community Development	65,975	497,417	476,993	66,957	-	166,898	-	103,321	1,377,561
Other Administrative	286,157	-	5,805,150	158,722	-	1,196,925	-	-	7,446,954
Total General Government	465,601	497,417	8,035,790	225,679	316,989	1,746,344	90,974	105,485	11,484,279
Education:									
General Operations	2,711,741	-	14,788,268	7,258,122	-	1,746,556	-	9,833,524	36,338,211
Child Nutrition	-	-	-	-	-	537,890	-	-	537,890
Total Education	2,711,741	0	14,788,268	7,258,122	0	2,284,446	0	9,833,524	36,876,101
Parks and Recreation	632,788	2,162,781	1,479,361	196,148	9,803	1,306,218	0	107,418	5,894,517
Public Safety:									
Police	6,925	-	3,103,929	725,480	-	2,257,337	-	-	6,093,671
Fire	82,624	-	583,270	-	-	2,790,146	-	69,246	3,525,286
Total Public Safety	89,549	0	3,687,199	725,480	0	5,047,483	0	69,246	9,618,957
Community Relations									
Viking Hall	-	-	33,901	-	-	106,315	-	-	140,216
Total Community Relations	0	0	33,901	0	0	106,315	0	0	140,216
Public Works:									
Streets	138,669	-	1,765,190	174,372	506,173	2,766,892	107,689,381	37,230	113,077,907
Solid Waste	-	-	-	-	-	2,060,132	-	-	2,060,132
Total Public Works	138,669	0	1,765,190	174,372	506,173	4,827,024	107,689,381	37,230	115,138,039
Total Governmental Funds Capital Assets	\$ 4,038,348	2,660,198	29,789,709	8,579,801	832,965	15,317,830	107,780,355	10,152,903	179,152,109

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, 2009

Function and Activity	Governmental Funds Capital Assets June 30, 2008	Additions	Deductions	Transfers	Adjustments	Governmental Funds Capital Assets June 30, 2009
General Government:						
General Administration	\$ 2,584,034	71,097	-	4,633	-	2,659,764
Community Development	1,280,822	174,547	33,458	(44,350)	-	1,377,561
Other Administrative	7,429,584	86,091	68,721	-	-	7,446,954
Total General Government	11,294,440	331,735	102,179	(39,717)	0	11,484,279
Education:						
General Operations	25,970,969	10,488,174	120,932	-	-	36,338,211
Child Nutrition	526,783	38,037	26,930	-	-	537,890
Total Education	26,497,752	10,526,211	147,862	0	0	36,876,101
Parks and Recreation	5,653,556	199,048	16,704	58,617	0	5,894,517
Public Safety:						
Police	5,857,855	300,643	5,000	(59,827)	-	6,093,671
Fire	3,261,400	284,786	-	(20,900)	-	3,525,286
Total Public Safety	9,119,255	585,429	5,000	(80,727)	0	9,618,957
Community Relations:						
Viking Hall	151,512	9,998	42,194	20,900	-	140,216
Total Public Venue	151,512	9,998	42,194	20,900	0	140,216
Public Works:						
Streets	111,463,014	1,664,129	90,163	40,927	-	113,077,907
Solid Waste	2,199,658	-	139,526	-	-	2,060,132
Total Public Works	113,662,672	1,664,129	229,689	40,927	0	115,138,039
Total Governmental Funds Capital Assets	\$ 166,379,187	13,316,550	543,628	0	0	179,152,109

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended June 30, 2009

CFDA Number	Program Name/Grant Number	Grantor Agency	Balance July 1, 2008	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2009
20.205	Pass Through State of Virginia Section 112: Transportation Planning FY 09 Authorization	U.S. Department of Transportation	0	20,757	29,798	-	(9,041) *
20.205	Section 112: Transportation Planning FY 08 Authorization	U.S. Department of Transportation	(4,512)	4,512	-	-	0
20.205	Section 5303: Transit Planning 41008-01	U.S. Department of Transportation	0	13,099	23,742	-	(10,643) *
20.205	Section 5303: Transit Planning 41007-01	U.S. Department of Transportation	(22,212)	22,212	-	-	0
93.043	Pass Through Other Entities: Title III D Grant for Health Promotion and Medication Management	U.S. Department of Health and Human Services (Subrecipient from First Tennessee Development District)	0	3,500	3,500	-	0
93.044	Title III B Grants for Supportive Services and Senior Centers Grant	U.S. Department of Health and Human Services (Subrecipient from First Tennessee Development District)	(2,431)	21,345	19,966	-	(1,052) *
93.052	Title III E National Family Caregiver	U.S. Department of Health and Human Services (Subrecipient from First Tennessee Development District)	(544)	3,233	2,925	-	(236) *
Total General Fund			(204,789)	794,760	762,716	(1,203)	(173,948)

* Receivable ** Unused Revenue

(Continued)

CITY OF BRISTOL, TENNESSEE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended June 30, 2009

CFDA Number	Program Name/Grant Number	Grantor Agency	Balance July 1, 2008	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2009
<u>Community Development Block Grant Fund:</u>							
14.218	Community Development Block Grant	U.S. Department of Housing and Urban Development	(44,721)	348,205	406,013	-	(102,529) *
<u>Pass Through State of Tennessee:</u>							
14.231	Emergency Shelter Grant ESG-08-20	U.S. Department of Housing and Urban Development	0	39,912	39,912	-	0
14.231	Emergency Shelter Grant Z-08-022622-00	U.S. Department of Housing and Urban Development	(9,803)	9,803	-	-	0
<u>Total Community Development Block Grant Fund</u>			<u>(54,524)</u>	<u>397,920</u>	<u>445,925</u>	<u>0</u>	<u>(102,529)</u>
<u>Grant Fund:</u>							
10.769	Rural Business Enterprise Grant	U.S. Department of Agriculture	0	-	1,016	-	(1,016) *
16.607	Bulletproof Vest Partnership Grant	U.S. Department of Justice	0	-	4,540	-	(4,540) *
16.738	Edward Byrne Memorial Justice Assistance Grant 2005-DJ-BX-0916	U.S. Department of Justice	0	1,109	1,109	-	0
<u>Pass Through State of Tennessee:</u>							
10.664	Cooperative Forestry Assistance Z-08-21278-00	U.S. Department of Agriculture	0	3,360	3,360	-	0
10.664	Cooperative Forestry Assistance Z-09-213674-00	U.S. Department of Agriculture	0	-	1,236	-	(1,236) *
15.904	Historic Preservation Funds Grant	U.S. Department of Interior	0	-	5,880	-	(5,880) *
16.588	STOP Grant Z-07-033062-00	U.S. Department of Justice	0	18,608	20,640	-	(2,032) *
<u>Pass Through Other Entities:</u>							
16.609	Project SAFE Neighborhood	U.S. Department of Justice (Subrecipient from City of Knoxville, TN)	0	-	5,694	-	(5,694) *
<u>Total Grant Fund</u>			<u>0</u>	<u>23,077</u>	<u>43,475</u>	<u>0</u>	<u>(20,398)</u>

* Receivable ** Unused Revenue

(Continued)

CITY OF BRISTOL, TENNESSEE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended June 30, 2009

CFDA Number	Program Name/Grant Number	Grantor Agency	Balance July 1, 2008	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2009
<u>HOME Consortium Fund</u>							
14.239	HOME Investment Partnership Program	U.S. Department of Housing and Urban Development	(128,968)	1,393,858	1,455,334	0	(190,444) *
<u>School Federal Projects Fund:</u>							
84.148L	Safe Schools/Healthy Students	U.S. Departments of Education, Health and Human Services, and Justice	(52,971)	2,157,910	2,111,875	-	(6,936) *
<u>Pass Through State of Tennessee:</u>							
84.010	Title I, Project 2009.01	U.S. Department of Education	(28)	632,989	716,422	-	(83,461) *
84.027	IDEA, Project 2009.01	U.S. Department of Education	(15,387)	657,494	670,833	-	(28,726) *
84.027	IDEA, Project 2008.21	U.S. Department of Education	0	72,692	72,692	-	0
	Total IDEA		(15,387)	730,186	743,525	0	(28,726)
84.173	Preschool Incentive, Project 2009.01	U.S. Department of Education	0	23,035	23,035	-	0
84.048	Carl Perkins (Vocational Program Improvements)	U.S. Department of Education	0	47,510	134,876	-	(87,366) *
84.367	Title II, Part A Project 2009.01	U.S. Department of Education	0	170,291	170,291	-	0
84.367	Title II, Part D Project 2009.01	U.S. Department of Education	0	6,900	6,900	-	0
	Total Title II		0	177,191	177,191	0	0
84.186	Drug Free Schools, Project 2009.01	U.S. Department of Education	(720)	21,980	21,260	-	0
84.027A	Special Education Grant - Inclusion	U.S. Department of Education	0	-	22,688	-	(22,688) *
Total School Federal Projects Fund			(69,106)	3,790,801	3,950,872	0	(229,177)

* Receivable ** Unused Revenue

(Continued)

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended June 30, 2009

CFDA Number	Program Name/Grant Number	Grantor Agency	Balance July 1, 2008	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2009
<u>School Nutrition Fund:</u>							
Pass Through State of Tennessee:							
10.553	National School Breakfast Program	U.S. Department of Agriculture	(15,471)	224,352	208,881	-	0
10.555	National School Lunch Program	U.S. Department of Agriculture	(45,656)	723,009	677,353	-	0
Pass Through Northeast Tennessee Cooperative:							
10.555	USDA: Commodity Supplemental Feeding - Commodities Distributed	U.S. Department of Agriculture	0	246,717	246,717	-	0
Total School Nutrition Fund			(61,127)	1,194,078	1,132,951	0	0
<u>Capital Projects Fund</u>							
Pass Through State of Tennessee:							
20.205	Transportation Enhancement Grant STP-EN-NHE-34(46) PIN# 030564.01	U.S. Department of Transportation	(186,400)	234,476	48,076	-	0
Total Capital Projects Fund			(186,400)	234,476	48,076	0	0
TOTAL FEDERAL GRANTS			\$ (704,914)	7,828,970	7,839,349	(1,203)	(716,496)

* Receivable ** Unused Revenue

(Continued)

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2009

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Bristol, Tennessee 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. The beginning amount represents inventory on hand at the beginning of the year.

NOTE C: PAYMENTS TO SUB-RECIPIENTS

Payments were made from the Community Development Block Grant to the YWCA, Believe in Bristol Inc., and the Patricia Freedman Literacy Academy in the amounts of \$25,000, \$22,500, and \$9,730, respectively.

Payments were made from proceeds of the Emergency Shelter Grant to Abuse Alternatives and Salvation Army in the amounts of \$19,005 and \$19,006, respectively.

Payments were made from the HOME Investment Partnership Program to the Southwest Virginia Housing Corporation in the amount of \$194,135.

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2009

CFDA Number	Program Name/Grant Number	Grantor Agency	Balance July 1, 2008	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2009
<u>General Fund:</u>							
N/A	State Senior Center Operations Grant	Tennessee Department of Health and Human Services (Subrecipient from First Tennessee Development District)	\$ 0	17,200	17,200	-	0
N/A	Service Coordination Funds	Tennessee Department of Health and Human Services (Subrecipient from First Tennessee Development District)	(653)	3,880	3,510	-	(283) *
N/A	State Transit Capital Assistance Grant GG-09-27631-00	Tennessee Department of Transportation	0	-	2,019	-	(2,019) *
N/A	State Transit Operating Assistance Grant GG-06-10-09	Tennessee Department of Transportation	0	-	149,158	-	(149,158) *
N/A	State Transit Operating Assistance Grant Z-08-21334-00	Tennessee Department of Transportation	(83,307)	83,307	-	-	0
N/A	Section 5303: Transit Planning GG-07-20729-00	Tennessee Department of Transportation	(813)	1,972	1,752	-	(593) *
N/A	Section 112: Transportation Planning FY 09 Authorization	Virginia Department of Transportation	0	2,595	3,725	-	(1,130) *
N/A	Section 112: Transportation Planning FY 08 Authorization	Virginia Department of Transportation	(564)	564	-	-	0
N/A	Section 5303: Transit Planning 41008-01	Virginia Department of Transportation	0	1,637	2,967	-	(1,330) *
N/A	Section 5303: Transit Planning 41007-01	Virginia Department of Transportation	(2,777)	2,777	-	-	0
N/A	Tennessee Agricultural Enhancement Program Grants	Tennessee Department of Agriculture	0	19,432	19,432	-	0
Total General Fund			(88,114)	133,364	199,763	0	(154,513)

* Receivable ** Unused Revenue

(Continued)

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2009

CFDA Number	Program Name/Grant Number	Grantor Agency	Balance July 1, 2008	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2009
<u>General Purpose School Fund</u>							
N/A	Career Ladder Supplement	Tennessee Department of Education	12,019	208,173	210,950	-	9,242 **
N/A	Driver's Education	Tennessee Department of Education	-	10,797	18,959	-	(8,162) *
N/A	Early Childhood Grant - Pilot	Tennessee Department of Education	(48,792)	240,536	235,831	-	(44,087) *
N/A	Early Childhood Grant - Lottery	Tennessee Department of Education	(7,937)	65,607	78,610	-	(20,940) *
N/A	Extended Contract	Tennessee Department of Education	28,839	145,800	149,466	-	25,173 **
N/A	Safe Schools Act	Tennessee Department of Education	0	17,400	17,400	-	0
Total General Purpose School Fund			(15,871)	688,313	711,216	0	(38,774)
<u>School Nutrition Fund:</u>							
N/A	State Matching Funds	Tennessee Department of Agriculture	0	18,968	18,968	-	0
Total School Nutrition Fund			0	18,968	18,968	0	0
<u>Grant Fund:</u>							
N/A	Tree Grant	Tennessee Urban Forestry Council	0	3,360	3,360	-	0
N/A	Z-08-21278-00	Tennessee Department of Agriculture	0	-	1,338	0	(1,338) *
N/A	Tennessee Agricultural Enhancement Program 2008-2009	Tennessee Commission on Children and Youth (Subrecipient of Sullivan County)	0	2,431	2,431	-	0
N/A	Juvenile Court		0	5,791	7,129	0	(1,338)
Total Grant Fund			0	9,451	12,226	0	0
TOTAL STATE GRANTS			\$ (103,985)	846,436	937,076	0	(194,625)

* Receivable ** Unused Revenue

See Independent Auditors' Report.

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.

Contents	Page
Financial Trends: <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>	143
Revenue Capacity: <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	150
Debt Capacity: <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>	154
Demographic and Economic Information: <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>	159
Operating Information: <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>	161

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

CITY OF BRISOL, TENNESSEE
NET ASSETS BY COMPONENT (UNAUDITED)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2000*	2001*	2002	2003	2004	2005	2006	2007	2008	2009
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ -	-	66,453,969	71,883,689	79,103,024	81,067,139	83,981,613	93,104,918	96,106,222	96,973,876
Restricted for:										
Capital Assets	-	-	2,513,580	1,020,535	422,494	302,716	371,487	111,896	114,854	40,767
Community and Economic Development	-	-	933,761	944,011	811,039	832,684	300	210,000	212,427	542
Debt Service	-	-	-	8,122	8,673	5,755	8,367	7,670	10,556	-
Education	-	-	227,210	74,227	76,424	72,567	56,278	66,841	254,772	34,415
Parks and Recreation	-	-	16,829	9,299	8,645	9,085	9,481	12,926	20,616	22,149
Police and Drug Control	-	-	56,136	40,377	26,727	29,328	15,173	75,793	66,519	95,315
State Street Aid	-	-	298,972	288,046	333,208	387,413	155,100	274,952	257,545	313,797
Unrestricted	-	-	13,502,697	12,264,260	13,185,677	14,898,035	15,743,113	17,737,719	19,628,771	22,421,022
Total Governmental Activities Net Assets	0	0	84,003,154	86,532,566	93,975,911	97,604,722	100,340,912	111,602,715	116,672,282	119,901,883
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	-	-	50,357,971	55,473,399	58,999,654	63,038,755	65,850,200	70,802,179	83,359,835	90,020,144
Restricted for:										
Capital Assets	-	-	-	-	-	-	-	-	85,552	-
Debt Service	-	-	-	24,507	26,170	17,367	22,201	19,728	21,471	-
Unrestricted	-	-	42,328,341	39,095,248	40,276,516	40,659,583	42,213,567	42,769,401	34,036,004	29,218,356
Total Business-type Activities Net Assets	0	0	92,686,312	94,593,154	99,302,340	103,715,705	108,085,968	113,591,308	117,502,862	119,238,500
Primary Government										
Invested in Capital Assets, Net of Related Debt	-	-	116,811,940	127,357,088	138,102,678	144,105,894	149,831,813	163,907,097	179,466,057	186,994,020
Restricted for:										
Capital Assets	-	-	2,513,580	1,020,535	422,494	302,716	371,487	111,896	200,406	40,767
Community Development	-	-	933,761	944,011	811,039	832,684	300	210,000	212,427	542
Debt Service	-	-	-	32,629	34,843	23,122	30,568	27,398	32,027	-
Education	-	-	227,210	74,227	76,424	72,567	56,278	66,841	254,772	34,415
Parks and Recreation	-	-	16,829	9,299	8,645	9,085	9,481	12,926	20,616	22,149
Police and Drug Control	-	-	56,136	40,377	26,727	29,328	15,173	75,793	66,519	95,315
State Street Aid	-	-	298,972	288,046	333,208	387,413	155,100	274,952	257,545	313,797
Unrestricted	-	-	55,831,038	51,359,508	53,462,193	55,557,618	57,956,680	60,507,120	53,664,775	51,639,378
Total Primary Government Net Assets	0	0	176,689,466	181,125,720	193,278,251	201,320,427	208,426,880	225,194,023	234,175,144	239,140,383

* Comparable information was not available for prior years. The City implemented Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, during the 2002 fiscal year.

CITY OF BRISTOL, TENNESSEE
CHANGES IN NET ASSETS (UNAUDITED)
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	2000*	2001*	2002	2003	2004	2005	2006	2007	2008	2009
PROGRAM REVENUES:										
Governmental Activities:										
Charges for Services:										
Community Relations	-	-	1,212,845	789,493	813,240	431,653	713,071	436,089	727,869	424,190
Education	-	-	1,007,388	886,533	873,535	959,619	1,017,952	1,034,228	1,062,804	1,104,559
Public Safety	-	-	405,281	317,710	696,580	968,232	940,308	1,024,723	1,096,054	1,130,864
Public Works	-	-	759,158	753,107	917,361	1,041,003	1,050,484	1,299,926	1,367,015	1,474,102
Other Activities	-	-	214,185	199,687	205,474	216,159	351,087	494,202	537,565	532,586
Operating Grants and Contributions	-	-	13,520,352	14,547,715	15,207,426	17,190,201	18,116,491	20,496,547	22,672,953	23,432,053
Capital Grants and Contributions	-	-	2,050,271	3,980,480	7,816,413	3,721,803	1,676,462	10,859,682	3,105,457	1,815,257
Total Governmental Activities Program Revenues	0	0	19,169,480	21,474,725	26,530,029	24,528,670	23,865,855	35,645,397	30,569,717	29,913,611
Business-type Activities:										
Charges for Services:										
Electric	-	-	49,995,435	53,346,617	57,758,354	57,323,729	66,375,813	69,850,039	74,105,047	86,116,901
Water	-	-	3,584,724	3,858,608	3,757,324	3,665,432	3,809,582	4,022,347	4,165,607	3,969,542
Sewer	-	-	3,995,541	4,100,590	4,210,408	4,261,403	4,316,970	4,494,021	4,543,321	4,402,386
Cable and Internet	-	-	-	-	-	-	353,441	2,322,091	4,137,724	6,727,008
Telephone	-	-	-	-	-	-	-	387,950	1,412,239	2,458,309
Demolition Landfill	-	-	129,234	167,132	142,483	183,976	128,252	126,749	144,780	136,633
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	-	-	1,359,540	962,120	1,010,191	824,657	1,356,555	443,301	1,435,843	353,026
Total Business-type Activities Program Revenues	0	0	59,064,474	62,435,067	66,878,760	66,259,197	76,340,613	81,646,498	89,944,561	104,163,805
Total Primary Government Program Revenues	0	0	78,233,954	83,909,792	93,408,789	90,787,867	100,206,468	117,291,895	120,514,278	134,077,416
EXPENSES:										
Governmental Activities:										
General Government	-	-	2,489,895	3,056,001	3,467,305	4,757,598	5,139,301	4,844,996	5,725,884	5,886,703
Community Relations	-	-	1,627,953	1,281,469	1,329,476	777,834	1,011,156	878,437	1,231,929	990,187
Education	-	-	26,871,014	26,698,577	26,789,598	28,655,626	30,762,189	33,899,981	35,867,305	36,477,834
Parks and Recreation	-	-	1,923,751	1,933,967	1,965,461	2,083,955	2,380,400	2,719,955	2,777,750	3,098,924
Public Safety	-	-	7,514,877	8,280,905	8,702,306	9,127,336	9,801,256	10,666,085	10,482,040	10,936,224
Public Works	-	-	5,700,459	5,985,646	6,243,406	6,624,843	7,181,502	7,487,226	7,985,529	7,866,136
Interest on Long-Term Debt	-	-	437,294	386,922	337,407	288,457	362,144	354,645	663,021	688,148
Total Governmental Activities Expenses	0	0	46,565,243	47,623,487	48,834,959	52,315,649	56,637,948	60,851,325	64,733,458	65,944,156
Business-type Activities:										
Electric	-	-	49,345,554	53,523,123	56,028,377	54,779,542	64,250,450	67,115,121	72,017,098	82,867,552
Water	-	-	3,643,130	3,822,469	3,482,281	3,351,293	3,445,194	3,780,756	3,799,575	4,162,169
Sewer	-	-	3,663,039	3,777,955	3,861,979	3,997,785	4,069,436	4,247,002	3,986,849	4,087,508
Cable and Internet	-	-	-	-	-	-	287,785	2,006,040	3,556,780	5,986,284
Telephone	-	-	-	-	-	-	-	267,905	989,310	2,475,214
Demolition Landfill	-	-	168,401	154,109	172,974	205,875	235,954	297,023	521,450	309,878
Total Business-type Activities Expenses	0	0	56,820,124	61,277,656	63,545,611	62,334,495	72,288,819	77,713,847	84,871,062	99,888,605
Total Primary Government Expenses	0	0	103,385,367	108,901,143	112,380,570	114,650,144	128,926,767	138,565,172	149,604,520	165,832,761

(Continued)

CITY OF BRISTOL, TENNESSEE
CHANGES IN NET ASSETS (UNAUDITED)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2000*	2001*	2002	2003	2004	2005	2006	2007	2008	2009
NET (EXPENSE)/REVENUE:										
Governmental Activities	-	-	(27,395,763)	(26,148,762)	(22,304,930)	(27,786,979)	(32,772,093)	(25,205,928)	(34,163,741)	(36,030,545)
Business-type Activities	-	-	2,244,350	1,157,411	3,333,149	3,924,702	4,051,794	3,932,651	5,073,499	4,275,200
Total Primary Government Net Expense	0	0	(25,151,413)	(24,991,351)	(18,971,781)	(23,862,277)	(28,720,299)	(21,273,277)	(29,090,242)	(31,755,345)
GENERAL REVENUES AND OTHER CHANGES										
IN NET ASSETS:										
Governmental Activities:										
Taxes:										
Property Tax	-	-	16,136,399	16,584,591	17,267,372	18,444,597	19,707,656	20,368,771	21,570,386	22,672,187
Sales Tax	-	-	7,369,526	7,188,764	7,520,906	7,875,796	8,496,412	9,128,039	9,209,471	8,965,002
Other Tax	-	-	2,729,399	2,645,992	-	-	-	-	-	-
Payments in Lieu of Tax	-	-	-	-	135,760	44,747	169,114	49,633	68,188	71,763
Beer and Liquor Tax	-	-	-	-	579,679	599,166	633,125	684,167	743,257	763,540
Business Tax	-	-	-	-	408,936	444,651	408,536	434,742	459,760	549,846
Cable Franchise Tax	-	-	-	-	257,760	252,742	270,531	309,638	336,777	264,588
Gas Franchise Tax	-	-	-	-	492,642	383,611	465,381	449,630	306,354	448,978
Hotel/Motel Tax	-	-	-	-	198,179	173,756	381,292	412,529	467,276	442,883
State Revenue (Unrestricted)	-	-	2,231,724	2,078,617	2,002,575	2,000,732	3,210,502	2,945,885	3,003,642	2,577,203
Investment Earnings (Unrestricted)	-	-	456,157	174,647	98,253	259,373	471,877	620,085	844,732	337,543
Other General Revenue	-	-	257,132	211,602	254,067	417,167	460,039	446,679	700,723	455,964
Proceeds from Sale of Equipment	-	-	21,454	496	951	-	-	-	-	-
Transfers	-	-	(30,000)	-	815,020	476,146	833,818	843,142	1,485,934	1,710,649
Total Governmental Activities	0	0	29,171,791	28,884,709	30,032,100	31,372,484	35,508,283	36,692,940	39,196,500	39,260,146
Business-type Activities:										
Investment Earnings (Unrestricted)	-	-	893,783	749,431	673,381	976,405	1,152,287	1,862,795	587,558	850,552
Other General Revenue	-	-	-	-	(815,020)	(476,146)	(833,818)	(843,142)	(1,485,934)	3,645
Transfers	-	-	30,000	-	(141,639)	500,259	318,469	1,019,653	(898,376)	(856,452)
Total Business-type Activities	0	0	923,783	749,431	(141,639)	500,259	318,469	1,019,653	(898,376)	(856,452)
Total Primary Government	0	0	30,095,574	29,634,140	29,890,461	31,872,743	35,826,752	37,712,593	38,298,124	38,403,694
CHANGE IN NET ASSETS:										
Governmental Activities	-	-	1,776,028	2,735,947	7,727,170	3,585,505	2,736,190	11,487,012	5,032,759	3,229,601
Business-type Activities	-	-	3,168,133	1,906,842	3,191,510	4,424,961	4,370,263	4,952,304	4,175,123	3,418,748
Total Primary Government	\$ 0	\$ 0	4,944,161	4,642,789	10,918,680	8,010,466	7,106,453	16,439,316	9,207,882	6,648,349

* Comparable information was not available for prior years. The City implemented Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, during the 2002 fiscal year.

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	Other Tax	Total
2000*	\$ -	-	-	-	-	-	-	-	-	-
2001*	-	-	-	-	-	-	-	-	-	-
2002	16,136,399	7,369,526	-	-	-	-	-	-	2,729,399	26,235,324
2003	16,584,591	7,188,764	-	-	-	-	-	-	2,645,992	26,419,347
2004	17,267,372	7,520,906	135,760	579,679	408,936	257,760	492,642	198,179	-	26,861,234
2005	18,444,597	7,875,796	44,747	599,166	444,651	252,742	383,611	173,756	-	28,219,066
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

*Comparable information was not available for prior years.

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED)
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund:										
Reserved for:										
Capital Outlay	-	1,000,000	1,000,000	730,362	283,461	-	-	-	-	-
Community Development	-	-	933,761	944,011	811,039	824,042	-	-	-	-
Debt Service	1,002,588	1,002,588	-	-	-	-	-	-	-	-
Inventory	-	-	42,575	34,709	40,961	41,314	37,206	36,818	78,355	66,290
Parks and Recreation	-	-	16,829	9,299	8,645	9,085	9,481	12,926	20,616	22,149
Police and Drug Control	-	-	15,411	361	-	4,357	1,745	11,989	15,213	15,738
Unreserved	6,163,685	5,729,198	6,611,938	6,537,851	6,830,739	6,861,988	8,911,943	9,127,258	10,462,313	12,313,162
Total General Fund	\$ 7,166,273	7,731,786	8,620,514	8,236,593	7,974,845	7,740,786	8,960,375	9,188,991	10,576,497	12,417,339

All Other Governmental Funds:

Reserved for:										
Capital Outlay	\$ -	-	993,351	120,798	95,936	282,100	326,030	111,896	108,167	40,767
Community Development	-	11,819	-	-	-	8,642	300	210,000	212,427	542
Debt Service	-	-	273,313	-	-	-	-	-	-	-
Education	3,795,456	3,231,212	227,210	74,227	76,424	72,567	56,278	66,841	254,772	34,415
Encumbrances	533,000	-	599,234	241,799	91,190	109,858	109,509	90,755	333,747	533,225
Inventory	-	-	64,859	63,851	92,611	110,053	83,244	52,654	41,527	72,579
Police and Drug Control	-	-	40,725	40,016	26,727	24,971	13,428	63,804	51,306	79,577
State Street Aid	229,300	266,951	298,972	288,046	333,208	387,413	155,100	274,952	257,545	313,797
Unreserved, Reported in:										
Special Revenue Funds	3,771,866	3,652,878	3,888,121	3,799,056	4,079,911	4,441,713	5,170,306	6,282,763	7,508,569	8,361,020
Debt Service Fund	223,501	212,724	273,313	142,023	189,971	178,984	220,891	221,457	221,457	-
Capital Project Funds	3,767,505	3,466,940	1,230,179	703,745	1,421,759	1,317,022	326,283	322,149	12,184,185	3,524,406
Total All Other Governmental Funds	\$ 12,340,628	10,842,524	7,889,277	5,473,561	6,407,737	6,933,323	6,461,369	7,697,271	21,173,702	12,960,328

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED)

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
REVENUES:										
Taxes	\$ 24,219,114	25,190,948	26,199,256	26,321,671	26,768,949	27,908,857	30,588,527	31,690,741	33,139,066	34,061,218
Licenses and Permits	106,225	138,393	147,648	154,566	150,097	152,054	180,044	233,850	266,443	208,669
Intergovernmental	15,378,769	15,774,508	15,917,410	16,525,184	17,898,825	19,731,646	21,141,889	24,971,548	27,103,389	26,153,592
Charges for Services	2,617,877	2,100,618	1,942,475	1,944,232	2,181,013	2,758,197	2,912,522	3,260,413	3,554,961	3,554,387
Revenues from Use of Facilities	-	-	1,237,506	839,660	779,290	364,210	618,497	353,474	651,151	626,002
Fines and Forfeitures	299,918	253,525	327,680	309,323	338,483	453,706	417,834	532,898	456,877	436,468
Investment Earnings	731,070	881,638	456,157	174,646	98,254	259,373	471,877	620,086	844,732	337,543
Other	5,132,062	115,834	375,412	445,451	304,691	420,321	663,705	378,462	1,206,892	569,940
Total Revenues	48,485,035	44,455,464	46,603,544	46,714,733	48,519,602	52,048,364	56,994,895	62,041,472	67,223,511	65,948,019
EXPENDITURES:										
General Government	3,747,386	3,540,604	2,388,030	2,843,801	3,272,598	4,456,212	4,731,009	4,502,006	5,308,254	5,466,955
Community Relations	1,312,311	594,001	1,612,413	1,099,437	1,098,890	774,916	1,001,575	868,050	1,228,660	1,000,991
Education	23,401,292	24,743,388	24,735,794	26,383,469	26,484,146	28,140,633	30,224,340	33,280,755	34,862,919	35,545,327
Parks and Recreation	1,607,579	1,736,753	1,693,506	1,816,447	1,852,794	1,978,440	2,192,522	2,571,850	2,638,797	2,926,362
Public Safety	6,178,611	7,044,655	6,917,638	7,704,931	8,195,469	8,746,803	9,320,840	10,123,040	10,202,548	10,490,276
Public Works	2,563,197	2,832,974	3,745,754	4,050,090	4,195,117	4,549,484	4,975,117	5,007,853	5,461,576	5,360,172
Capital Outlay	3,156,857	2,971,993	6,741,774	4,237,172	2,914,911	5,921,420	3,268,205	3,453,600	5,506,964	11,619,001
Debt Service:										
Principal	2,310,233	1,510,169	1,336,375	1,046,549	889,192	1,122,650	1,320,253	1,373,901	1,139,346	1,380,569
Interest	457,033	538,641	451,641	399,692	342,376	295,137	347,683	333,886	616,284	678,490
Other Costs	-	-	-	-	-	123,155	22,124	21,503	18,453	18,109
Total Expenditures	44,734,499	45,513,178	49,622,925	49,581,588	49,245,693	56,108,850	57,403,668	61,536,444	66,983,801	74,486,252
Excess (Deficiency) of Revenues Over/(Under) Expenditures	3,750,536	(1,057,714)	(3,019,381)	(2,866,855)	(726,091)	(4,060,486)	(408,773)	505,028	239,710	(8,538,233)

(Continued)

CITY OF BRISTOL, TENNESSEE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED)
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Other Financing Sources (Uses):										
Bonds Issued	-	-	3,080,000	1,120,097	-	6,585,000	-	-	12,900,000	323,584
Note Proceeds	-	-	-	-	578,000	-	-	-	-	424,000
Premium on Bonds Issued	-	-	-	-	-	-	-	-	-	-
Issuance Costs for Bonds	-	-	-	-	-	10,345	-	-	727	-
Payments to Refunded Bond Escrow Agent	-	-	(3,000,000)	(1,086,754)	-	(3,033,276)	-	-	-	(323,584)
Proceeds from Capital Leases	-	-	316,436	-	-	-	-	-	-	-
Proceeds from County Bonds	-	-	(3,941)	-	-	253,050	-	-	-	-
Refund to the State of Tennessee	-	-	21,454	496	951	-	-	-	-	-
Sale of Capital Assets	7,685,570	6,959,848	7,063,014	6,626,725	7,708,398	6,684,907	8,025,416	8,142,449	9,413,843	8,623,229
Transfers In	(8,278,331)	(7,039,848)	(7,093,014)	(6,626,725)	(6,893,378)	(6,208,761)	(6,842,198)	(7,170,000)	(7,927,909)	(6,912,580)
Transfers Out										
Total Other Financing Sources (Uses)		(80,000)	383,949	33,839	1,393,971	4,291,265	1,183,218	972,449	14,188,856	2,134,649
Net Change in Fund Balances	\$ 3,157,775	(1,137,714)	(2,635,432)	(2,833,016)	667,880	230,779	774,445	1,477,477	14,428,566	(6,403,584)
Debt Service as a Percentage of Noncapital Expenditures	6.66%	4.82%	4.17%	3.19%	2.66%	3.07%	3.12%	2.98%	2.89%	3.30%

CITY OF BRISTOL, TENNESSEE
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE (UNAUDITED)
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Fiscal Year	Payments in Lieu of Taxes	Local Sales Tax	Beer and Liquor Taxes	Business Tax	Gas Franchise Tax	Cable Television Franchise Tax	Hotel and Motel Taxes	Total
2000*	-	-	-	-	-	-	-	-
2001*	-	-	-	-	-	-	-	-
2002	874,296	7,368,989	509,119	404,542	464,252	242,659	194,421	10,058,278
2003	880,189	7,187,612	522,380	431,073	307,961	243,604	205,559	9,778,378
2004	12,022	7,521,533	579,679	409,451	431,142	252,760	198,179	9,404,766
2005	6,873	7,561,966	599,166	444,651	399,111	252,742	173,756	9,438,265
2006	74,659	8,790,242	633,125	408,536	442,881	267,031	381,292	10,997,766
2007	45,633	9,118,039	684,167	434,742	447,130	321,138	412,529	11,463,378
2008	56,677	9,204,471	743,256	459,759	350,277	356,355	467,276	11,638,071
2009	71,763	8,975,533	763,540	549,846	415,977	369,588	442,883	11,589,130

*Comparable information was not available for prior years.

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						
2000	140,035	127,514	4,119	31,023	18,601	321,292	2.60	1,041,850	30.84%
2001	144,236	132,245	4,213	43,720	19,263	343,677	2.60	1,117,198	30.76%
2002	171,855	157,389	5,572	46,037	21,538	402,391	2.35	1,295,703	31.06%
2003	174,990	159,018	5,985	51,285	19,247	410,525	2.35	1,327,302	30.93%
2004	182,127	168,864	6,165	59,085	17,953	434,194	2.35	1,404,844	30.91%
2005	185,490	175,882	6,712	71,035	18,060	457,179	2.35	1,477,999	30.93%
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%

Source: Sullivan County, Tennessee Tax Assessor's Office.

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
PROPERTY TAX RATES (UNAUDITED)
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total City of Bristol, Tennessee Millage</u>	<u>Overlapping Rates Sullivan County, Tennessee Millage</u>	<u>Total Direct & Overlapping Rates</u>
2000	2.60	2.58	5.18
2001	2.60	2.58	5.18
2002	2.35	2.35	4.70
2003	2.35	2.35	4.70
2004	2.35	2.67	5.02
2005	2.35	2.56	4.91
2006	2.30	2.53	4.83
2007	2.30	2.53	4.83
2008	2.42	2.53	4.95
2009	2.50	2.53	5.03

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.

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)
June 30, 2009

<u>Taxpayer</u>	<u>2009</u>			<u>2000</u>		
	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Bristol Motor Speedway, Inc.	\$ 43,486,151	1	8.0%	25,355,683	1	7.4%
King Pharmaceutical, Inc.	20,288,056	2	3.7%	3,681,355	6	1.1%
Beecham Lab, Inc.	16,826,857	3	3.1%	10,237,815	3	3.0%
Royal Mouldings Ltd.	10,481,690	4	1.9%	-	-	-
United Telephone Southeast	9,012,063	5	1.7%	14,508,127	2	4.2%
Godsey Leasing	8,505,640	6	1.6%	2,319,550	10	0.7%
Exide Corporation	7,351,409	7	1.3%	5,877,408	4	1.7%
Wellmont Health Systems	6,738,816	8	1.2%	5,805,855	5	1.7%
Gatton	5,620,465	9	1.0%	-	-	-
Bristol Metals, LP	5,208,470	10	1.0%	2,791,759	8	0.8%
Comprehensive Care	-	-	-	2,441,960	9	0.7%
Robinette Company	-	-	-	3,106,387	7	0.9%
	<u>\$133,519,617</u>		<u>24.5%</u>	<u>76,125,899</u>		<u>22.2%</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)
Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Subsequent Tax Levy Adjustments	Adjusted Tax Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes at June 30, 2009
				Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy	
2000	\$ 8,353,622	(49,659)	8,303,963	8,014,527	96.5%	277,740	8,292,267	99.9%	11,696
2001	8,949,345	43,642	8,992,987	8,539,761	95.0%	439,825	8,979,586	99.9%	13,401
2002	9,456,180	(40,907)	9,415,273	9,055,623	96.2%	332,730	9,388,353	99.7%	26,920
2003	9,650,913	(117,009)	9,533,904	9,189,163	96.4%	287,666	9,476,829	99.4%	57,075
2004	10,230,605	(91,149)	10,139,456	9,917,752	97.8%	180,551	10,098,303	99.6%	41,153
2005	10,764,095	(68,976)	10,695,119	10,362,411	96.9%	276,143	10,638,554	99.5%	56,565
2006	11,518,027	(40,834)	11,477,193	11,068,858	96.4%	348,590	11,417,448	99.5%	59,745
2007	11,955,217	24,156	11,979,373	11,516,911	96.1%	312,434	11,829,345	98.7%	150,028
2008	12,980,029	1,130	12,981,159	12,507,378	96.4%	260,633	12,768,011	98.4%	213,148
2009	13,628,721	62,538	13,691,259	13,065,284	95.4%	-	13,065,284	95.4%	625,975

Note: As of June 30, 2009, tax years prior to 2008 had been turned over to Sullivan County, Tennessee Clerk and Master for collections.

See Independent Auditors' Report.

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 Household Income	Per Capita
	General Obligation Bonds	Notes Payable	Capital Leases	Electric System Revenue Bonds	Demolition Landfill General Obligation Bonds	Sewer Revenue Bonds	Water and Sewer Payable	Water and Sewer Notes Payable	Capital Leases				
2000	\$11,118,334	470,000	382,194	-	-	10,905,000	7,506,790	-	30,382,318	7.18%	1,241		
2001	9,838,165	240,000	160,898	-	-	9,835,000	7,116,556	-	27,190,619	6.08%	1,095		
2002	8,962,715	-	323,103	-	-	9,690,284	5,812,965	134,857	24,923,924	5.40%	1,004		
2003	8,085,097	-	187,514	-	3,379,903	7,575,000	2,448,703	87,904	21,764,121	4.77%	862		
2004	7,303,087	578,000	80,332	-	3,041,913	6,555,000	2,312,041	38,597	19,908,970	4.78%	788		
2005	10,249,855	385,000	12,798	-	2,685,145	5,350,000	2,135,693	-	20,818,491	4.95%	824		
2006	9,135,400	192,000	-	23,910,000	2,309,600	4,095,000	2,669,459	-	42,311,459	9.82%	1,664		
2007	7,953,499	-	-	23,910,000	1,896,501	2,795,000	2,416,468	-	38,971,468	8.56%	1,532		
2008	19,714,153	-	-	23,470,000	3,475,847	1,425,000	2,158,518	-	50,243,518	10.66%	1,975		
2009	18,333,584	424,000	-	23,015,000	2,936,416	-	1,972,960	-	46,681,960	10.66%	1,835		

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

See the Schedule of Demographic and Economic Statistics on page 159 for household 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	Per Capita
	¹			²	³
2000	\$ 11,118,334	223,501	10,894,833	1.05%	445
2001	9,838,165	212,724	9,625,441	0.86%	388
2002	8,962,715	273,313	8,689,402	0.67%	350
2003	8,085,097	142,023	7,943,074	0.60%	314
2004	7,303,087	189,971	7,113,116	0.51%	282
2005	10,249,855	178,984	10,070,871	0.68%	399
2006	9,135,400	220,891	8,914,509	0.55%	350
2007	7,953,499	221,457	7,732,042	0.46%	304
2008	19,714,153	221,457	19,492,696	1.10%	766
2009	18,333,584	-	18,333,584	1.02%	717

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

¹ Excludes water and sewer bonds.

² See the Schedule of Assessed Value and Estimated Value of Taxable Property on page 150 for property value data.

³ See the Schedule of Demographic and Economic Statistics on page 159 for population data.

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)
As of June 30, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Share of Overlapping Debt</u>
Debt Repaid with Property Taxes: Sullivan County, Tennessee	\$ 30,655,000	18%	<u>\$ 5,517,900</u>
Subtotal, Overlapping Debt			5,517,900
City of Bristol, Tennessee Direct Debt			18,757,584
Total Direct and Overlapping Debt			<u><u>\$ 24,275,484</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.

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.

See Independent Auditors' Report.

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		Charges and Other		Less: Operating Expenses		Net Available Revenue		Debt Service	
	Other		Expenses		Revenue		Other		Expenses		Revenue	Principal	Interest	Coverage
2000	\$ -	-	-	-	-	-	8,145,520	4,263,230	3,882,290	1,567,996	1,112,604	1.45		
2001	-	-	-	-	-	-	8,300,826	4,941,987	3,358,839	1,478,187	880,946	1.42		
2002	-	-	-	-	-	-	7,881,868	4,706,829	3,175,039	1,619,270	754,749	1.34		
2003	-	-	-	-	-	-	8,119,359	5,140,320	2,979,039	2,143,958	655,081	1.06		
2004	-	-	-	-	-	-	8,011,049	4,947,084	3,063,965	1,156,662	379,665	1.99		
2005	-	-	-	-	-	-	8,006,620	5,180,928	2,825,692	1,205,000	258,481	1.93		
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	85,761,510	81,373,139	4,388,371	455,000	1,031,738	2.95	8,409,916	6,107,153	2,302,763	1,425,000	33,250	1.58		

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.

CITY OF BRISTOL, TENNESSEE
DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Household Income</u>	<u>Median Household Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2000	24,487	423,180,000	\$ 30,073	37.7	3,608	4.1%
2001	24,821	447,475,000	30,662	39.9	3,590	3.5%
2002	24,821	461,900,000	31,271	39.9	3,493	5.0%
2003	25,259	455,902,000	28,888	39.9	3,580	6.1%
2004	25,259	416,123,000	29,067	39.9	3,616	5.9%
2005	25,259	420,915,000	28,859	39.9	3,675	4.9%
2006	25,435	431,080,000	29,678	39.9	3,675	5.6%
2007	25,435	455,206,700	32,131	39.7	3,864	4.1%
2008	25,435	471,437,725	33,854	39.9	3,898	5.3%
2009	25,573	473,995,555	30,039	39.9	3,908	11.6%

Source: Bristol TN/VA Chamber of Commerce, Community Development staff, First Tennessee Development District, and Tennessee Department of Labor and Workforce Development.

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
PRINCIPAL EMPLOYERS (UNAUDITED)
Current Year and Nine Years Ago

<u>EMPLOYER</u>	<u>2009</u>			<u>2000</u>		
	<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	1,480	1	11.91%	1,491	1	
Touchstone Wireless	656	2	5.28%			
King Pharmaceuticals	510	3	4.10%	300	8	
Bristol, Tennessee School System	423	4	3.40%	395	4	
City of Bristol, Tennessee	337	5	2.71%	306	7	
Robinette Company	300	6	2.41%	130	10	
Bristol Metals LP	300	7	2.41%	330	6	
Exide Corporation	240	8	1.93%	794	2	
Embarq	231	9	1.86%	700	3	
GlaxoSmithKline Laboratories	140	10	1.13%	350	5	
Cortrim Hardware Parts				230	9	
	4,617		37.14%	5,026		

Source: Tennessee Department of Economic & Community Development and Community Development staff.

Note: Total employment for 2000 was unavailable.

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS

<u>FUNCTION</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government	34	34	38	39	37	30	31	31	37	41
Community Relations	10	10	10	6	7	6	5.5	5.5	5.5	7
Education	396.5	395.5	399.5	401.5	399.5	400	413	422	427	423
Parks and Recreation	28	30	32	32	32	32	33	33	34	34
Public Safety										
Police	85	85	86	88	88	91	91	92	92	89
Fire	46	46	46	47	47	47	50.5	50.5	51.5	58
Public Works										
Engineering & GIS	-	-	-	-	-	7	8	8	8	8
Fleet Maintenance	10	10	10	10	10	10	10	10	10	10
Street Maintenance	23	23	24	24	24	24.5	24.5	24.5	25	25
Solid Waste	19	19	18	16	16	16	16	16	16	16
Other	6	9	9	9	9	8.5	8.5	8.5	7.7	7.7
Electric	60	60	60	60	60	60	60	60	60	60
Water	25.5	25.5	25.5	25.5	26.5	26.5	26.5	26.5	25	26.5
Sewer	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	14	12.5
Demolition Landfill	2	2	2	2	2	2	2	2	2.3	2.3
Total	757.5	761.5	772.5	772.5	770.5	773	792	802	815	820

Note: Prior to 2005, engineering employees were included in the general government function.

Source: Summarized from internal records.

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
OPERATING INDICATORS BY FUNCTION (UNAUDITED)
 Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<u>Education</u>										
Average Daily Membership	3,608	3,590	3,493	3,580	3,616	3,675	3,675	3,864	3,898	3,908
<u>Public Safety</u>										
<u>Police:</u>										
Average Emergency Response Time	4.5 min.	4.5 min.	4.5 min.	4.5 min.	4.5 min.	4.5 min.	6 min.	6.24 min.	6.32 min.	6.35 min.
Number of Calls for Service	22,022	22,232	23,544	32,683	42,914	55,729	53,591	47,097	47,156	47,292
Number of Arrests	2,036	1,848	1,359	1,807	1,911	1,454	2,088	2,313	2,507	2,758
<u>Fire:</u>										
Average Response Time	4.2 min.	4.5 min.	4.5 min.	4.5 min.	6.41 min.	4.59 min.	5.02 min.	4.46 min.	5.05 min.	3.27 min.
Number of Alarms Answered	2,121	2,152	2,851	2,617	2,554	3,914	4,085	4,192	4,569	4,988
Number of Code Inspections	4,187	5,119	6,360	4,913	5,941	6,813	6,288	7,381	1,210	892
<u>Public Works</u>										
Refuse Collected (Cubic Yards or Tons)	31,787 CY	10,368 T	10,132 T	10,521 T	45,234 CY	11,272 T	10,821 T	10,656 T	10,569 T	10,306 T
Brush Collection (Cubic Yards)	44,167	45,045	47,416	49,512	37,239	41,928	42,280	40,943	41,311	39,902
Junk Collection (Cubic Yards)	26,584	26,766	35,273	39,212	27,333	29,052	27,899	24,196	25,205	24,266
Leaf Collection (Cubic Yards or Tons)	7,101 CY	1,200 T	1,547 T	1,207 T	5,973 CY	5,782 CY	5,249 CY	1,031 T	5,101 CY	1,092 T
Number of Customers	9,066	9,253	9,313	9,328	9,559	9,741	9,873	10,041	10,074	9,661
<u>Water</u>										
Daily Average Treatment (Million Gallons)	5.5	5.9	6	6	6.52	5.7	5.7	5.5	6.1	5.7
Number of Customers	11,194	11,446	11,591	11,994	11,789	11,820	11,938	12,256	12,298	12,368
<u>Sewer</u>										
Daily Average Treatment (Bristol, VA/TN) (Million Gallons)	9.5	9.5	9.5	9.5	9.5	11.75	9.5	9.5	8.3	9.3
Number of Customers	9,822	10,078	9,858	10,165	9,771	10,335	10,425	10,584	10,865	11,021
<u>Demolition Landfill</u>										
Waste Received (Cubic Yards)	40,000	36,494	30,000	35,000	51,527	49,102	52,935	51,479	63,423	22,000

*Comparable information was not available for prior years.

Note: Beginning in 2008, inspections other than fire were conducted within Community Development Department.

Water Loss calculated per AWWA adopted standard for calculating unaccounted for water loss.

Source: Summarized from internal records.

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
CAPITAL ASSET STATISTICS BY FUNCTION (UNAUDITED)
Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<u>Education</u>										
Number of Elementary Schools	6	6	6	6	6	6	6	6	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
<u>Parks and Recreation</u>										
Community Centers	1	1	1	1	1	1	1	1	1	1
Parks	24	24	24	24	24	24	24	24	24	27
Parks Acreage	2,300	2,377	2,377	2,377	2,388	2,388	2,388	2,388	2,388	2,388
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
Basketball Court Facilities	6	6	6	6	6	6	6	6	6	6
Disc Golf Courses	-	-	-	-	-	-	-	-	-	1
<u>Public Safety</u>										
<u>Police:</u>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	43	44	44	44	44	43	43	43	43	43
<u>Fire:</u>										
Fire Stations	4	4	4	4	4	4	4	4	4	4
<u>Public Works</u>										
Streets (miles)	336	337	338	341	341	346	347	351	352	353
<u>Electric</u>										
Miles of Service Lines	*	*	*	*	1,226	1,226	1,239	1,251	1,272	1,276
Miles of Cable Lines	*	*	*	*	*	69.8	69.8	69.8	937.0	878.0
<u>Water</u>										
Water Mains (Miles)	*	*	*	*	250	250	250	259	261	393
Fire Hydrants	879	879	900	1,050	1,050	1,050	1,050	1,067	1,212	1,214
Maximum Daily Capacity (Millions of Gallons)	10	10	10	10	10	10	10	10	10	10
Number of Booster Stations	8	5	5	5	5	5	5	5	5	6
Number of Water Reservoirs	13	8	8	8	8	8	8	8	8	9
<u>Sewer</u>										
Sanitary Sewers (Miles)	*	*	*	*	210	210	210	228	229	241
Maximum Daily Treatment Capacity (Million of Gallons)	15	15	15	15	15	15	15	15	15	15
Number of Wastewater Lift Stations	26	28	28	28	28	28	28	28	29	32

* Comparable information was not available for prior years.

Note: Construction began on a new Fairmount Elementary School during the summer of 2008. The older school facility was demolished in order for the new building to be rebuilt on the same site.

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, 2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Water Rates										
<u>Residential</u>										
Inside the City (Per 1,000 Gallon):										
First 1,000 Gallons (Minimum)	5.00	5.00	5.00	5.00	5.00	5.00	-	-	-	-
From 1,001 to 50,000	2.10	2.10	2.10	2.10	2.10	2.10	-	-	-	-
From 50,001 to 100,000	2.00	2.00	2.00	2.00	2.00	2.00	-	-	-	-
Over 100,000	1.80	1.80	1.80	1.80	1.80	1.80	-	-	-	-
Rural/Outside the City (Per 1,000 Gallon):										
First 1,000 Gallons (Minimum)	7.50	10.00	10.00	10.00	10.00	10.00	-	-	-	-
From 1,001 to 50,000	4.20	4.20	4.20	4.20	4.20	4.20	-	-	-	-
From 50,001 to 100,000	4.00	4.00	4.00	4.00	4.00	4.00	-	-	-	-
Over 100,000	4.00	4.00	4.00	4.00	4.00	4.00	-	-	-	-
<u>Commercial</u>										
Inside the City:										
First 100,000 Gallons	200.00	200.00	200.00	240.00	240.00	240.00	-	-	-	-
Over 100,000 Gallons (Per 1,000 Gallon)	1.00	1.00	1.00	1.10	1.20	1.20	-	-	-	-
Rural/Outside the City:										
First 100,000 Gallons	400.00	400.00	400.00	400.00	400.00	400.00	-	-	-	-
Over 100,000 Gallons (Per 1,000 Gallon)	2.00	2.00	2.00	2.60	2.60	2.60	-	-	-	-
<u>All Customers</u>										
Inside the City (Per 1,000 Gallon):										
First 1,000 Gallons (Minimum)	-	-	-	-	-	-	5.30	5.62	5.93	5.93
From 1,001 to 50,000	-	-	-	-	-	-	2.23	2.36	2.49	2.49
From 50,001 to 100,000	-	-	-	-	-	-	2.12	2.25	2.38	2.38
From 100,001 to 250,000	-	-	-	-	-	-	1.91	2.02	2.13	2.13
Over 250,001	-	-	-	-	-	-	1.35	1.43	1.51	1.51

(Continued)

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF WATER AND SEWER RATES (UNAUDITED)
For the Fiscal Year Ended June 30, 2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Rural/Outside the City (Per 1,000 Gallon):										
First 1,000 Gallons (Minimum)	-	-	-	-	-	-	10.60	11.24	11.87	11.87
From 1,001 to 50,000	-	-	-	-	-	-	4.46	4.72	4.98	4.98
From 50,001 to 100,000	-	-	-	-	-	-	4.24	4.50	4.75	4.75
From 100,001 to 250,000	-	-	-	-	-	-	3.82	4.04	4.27	4.27
Over 250,001	-	-	-	-	-	-	2.70	2.86	3.03	3.03
Utility Districts (Per 1,000 Gallon)	N/A	N/A	N/A	2.60	2.60	2.60	2.60	2.60	2.60	2.60
Sewer Rates										
Monthly Charge for Cost of Supplying Service	3.00	3.00	3.00	3.00	3.00	3.00	3.09	3.18	3.18	3.18
Monthly Charge for I/I Rehabilitation	2.00	2.00	2.00	2.00	2.00	2.00	2.06	2.12	2.12	2.12
Inside Rates										
Monthly Customer Charge (Per 1,000 Gallon)										
Minimum Bill of 2,000 Gallons	3.30	3.30	3.30	3.30	3.30	3.30	3.40	3.50	3.50	3.50
and Up to 2,500,000 Gallons	2.20	2.20	2.20	2.20	2.20	2.20	2.31	2.38	2.38	2.38
Over 2,500,000 Gallons										
Outside Rates (Per 1,000 Gallon)										
Monthly Residential Customer Charge	4.95	4.95	4.95	4.95	4.95	4.95	5.10	5.25	5.25	5.25
Minimum Bill of 3,000 Gallons										
Monthly Non-residential Customer Charge	5.50	5.50	5.50	5.50	5.50	5.50	5.67	5.84	5.84	5.84
Minimum Bill of 3,000 Gallons										

Note: In 2006, water rates were changed to combine residential and commercial accounts into the same rate structure.

Source: Summarized from internal records.

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
 SCHEDULE OF ELECTRIC RATES (UNAUDITED)
 Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Residential										
Monthly Customer Charge	5.52	5.52	5.52	5.52	6.29	6.29	6.29	6.29	6.42	6.42
Energy Charge:										
First 1,000 kWh Per Month	0.05018	0.05018	0.05018	0.05018	0.05374	0.05374	0.06352	0.06157	0.07212	0.07407
Additional kWh Per Month	0.05615	0.05615	0.05615	0.05615	0.05918	0.05918	0.06896	0.06701	0.07767	0.07962
Commercial, Industrial, Governmental and Institutional										
Plan A-1 (Demand up to 50 kW and usage up to 15,000 kWh):										
Monthly Customer Charge	10.00	10.00	10.00	10.00	14.00	14.00	14.00	14.00	14.29	14.29
Energy Charge	0.05820	0.05820	0.05820	0.05820	0.06240	0.06240	0.06240	0.07112	0.08236	0.08461
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	10.00	10.00	10.00	10.00	25.00	25.00	25.00	25.00	25.51	25.51
Demand Charge:										
First 50 kW	-	-	-	-	-	-	-	-	-	-
Excess of 50kW	7.86	7.86	7.86	7.86	8.56	8.56	10.06	9.63	10.49	10.83
Energy Charge:										
First 15,000 kWh Per Month	0.05774	0.05774	0.05774	0.05774	0.06194	0.06194	0.07300	0.07066	0.08189	0.08414
Additional kWh Per Month	0.03184	0.03184	0.03184	0.03184	0.03420	0.03420	0.04042	0.03947	0.04785	0.04900
Plan A-3 (Demand of 1,001 kW to 5,000 kW):										
Monthly Customer Charge	10.00	10.00	10.00	10.00	25.00	25.00	25.00	25.00	25.51	25.51
Demand Charge:										
First 1,000 kW	7.89	7.89	7.89	7.89	8.56	8.56	10.14	9.67	10.58	10.94
Excess of 1,000 kW	9.09	9.09	9.09	9.09	10.06	10.06	11.94	11.39	12.45	12.88
Energy Charge	0.03184	0.03184	0.03184	0.03184	0.03420	0.03420	0.04042	0.03947	0.04785	0.04900
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	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
Demand Charge	10.23	10.23	10.23	10.23	10.96	10.96	12.89	12.33	13.16	13.59
Energy Charge:										
First 620 kWh Per Month	0.02825	0.02825	0.02825	0.02825	0.03050	0.03050	0.03588	0.03514	0.04234	0.04333
Additional kWh Per Month	0.02306	0.02306	0.02306	0.02306	0.02477	0.02477	0.02928	0.02883	0.03559	0.03636

(Continued)

CITY OF BRISTOL, TENNESSEE
 SCHEDULE OF ELECTRIC RATES (UNAUDITED)
 Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
Demand Charge	10.34	10.34	10.34	10.34	11.07	11.07	13.00	12.44	13.27	13.70
Energy Charge:										
First 620 kWh Per Month	0.02825	0.02825	0.02825	0.02825	0.03050	0.03050	0.03588	0.03514	0.04234	0.04333
Additional kWh Per Month	0.02306	0.02306	0.02306	0.02306	0.02477	0.02477	0.02928	0.02883	0.03559	0.03636
Plan D (Demand in excess of 25,000 kW):										
Monthly Customer Charge	1,500.00	1,500.00	1,500.00	1,500.00	-	-	-	-	-	-
Demand Charge	12.60	12.60	12.60	12.60	-	-	-	-	-	-
Energy Charge	0.02265	0.02265	0.02265	0.02265	-	-	-	-	-	-

Source: Summarized from internal records.

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF TELEPHONE, CABLE AND INTERNET RATES (UNAUDITED)
Past Three Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Telephone</u>			
Basic Telephone Service	\$ 22.90	22.90	22.90
Enhanced Telephone Service	28.90	28.90	28.90
100 Minutes Long Distance	6.95	6.95	6.95
200 Minutes Long Distance	12.95	12.95	12.95
500 Minutes Long Distance	24.95	24.95	24.95
Unlimited Minutes Long Distance	29.95	29.95	29.95
<u>Cable Television</u>			
Expanded Basic	39.95	39.95	39.95
Digital:			
Basic	49.95	50.95	50.95
Bronze	59.95	59.95	59.95
Silver	67.95	67.95	67.95
Gold	72.95	72.95	72.95
Spanish Tier	4.95	4.95	4.95
High Definition Tier	9.95	9.95	9.95
Sports Tier	4.00	4.00	4.00
Pay-Per-View Movies:			
New Release	3.95	3.95	3.95
Premium Packages:			
Cinemax	9.95	9.95	9.95
HBO	11.95	11.95	11.95
Showtime	11.95	11.95	11.95
Starz	9.95	9.95	9.95
<u>Internet</u>			
Fiber Optic:			
64K Tier	16.95	16.95	16.95
1Mbps Tier	29.95	29.95	29.95
2Mbps Tier	39.95	39.95	39.95
4Mbps Tier	49.95	49.95	49.95
12Mbps Tier	-	-	59.95

Note: Telephone services commenced in 2007.

Source: Summarized from internal records.

See Independent Auditors' Report.

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**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**

Honorable Mayor, City Council, and City Manager
City of Bristol, Tennessee
Bristol, Tennessee 37620

We have audited 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, as of and for the year ended June 30, 2009, which collectively comprise the City of Bristol, Tennessee's basic financial statements and have issued our report thereon dated December 23, 2009. Our report was modified to include reference to the other auditors. We did not audit the financial statements of the Electric Fund, which represents 67%, 60% and 92% percent, respectively, of the assets, net assets, and revenues of the business-type activities of the City. Those financial statements were audited by other auditors whose report thereon was furnished to us, and our opinion, insofar as it relates to the amounts included for the Electric Fund, was based on the report of the other auditors. We did not audit the financial statements of the Bristol Tennessee/Virginia Public Library, which represents 5% percent of the capital assets of the governmental activities of the City. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Library, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements prescribed by the Comptroller of the Treasury, State of Tennessee. 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Bristol, Tennessee's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than remote likelihood that a misstatement of the City of Bristol, Tennessee's financial statements that is more than inconsequential will not be prevented or detected by the City of Bristol, Tennessee's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 08-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Bristol, Tennessee's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bristol, Tennessee's financial statements are free of 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*.

We noted certain matters that we reported to management of the City of Bristol, Tennessee in a separate letter dated December 23, 2009.

City of Bristol, Tennessee's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Bristol, Tennessee's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, and state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Virginia
December 23, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor, City Council, and City Manager
City of Bristol, Tennessee
Bristol, Tennessee 37620

Compliance

We have audited the compliance of the City of Bristol, Tennessee, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Bristol, Tennessee's management. Our responsibility is to express an opinion on the City of Bristol, Tennessee's compliance based on our audit.

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. Our audit does not provide a legal determination of the City of Bristol, Tennessee's compliance with those requirements.

In our opinion, the City of Bristol, Tennessee, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control over Compliance

The management of the City of Bristol, Tennessee is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Bristol, Tennessee's internal control over compliance with the requirements

that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Virginia
December 23, 2009

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Section I - Summary of Auditors' Results

1. The auditor's report expresses an **unqualified opinion** on the basic financial statements.
2. **One significant deficiency** related to the audit of the financial statements was reported in the 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*. **The significant deficiency is not considered to be a material weakness.**
3. **No instances of noncompliance** material to the basic financial statements were disclosed.
4. **No significant deficiencies** related to the audit of the major federal award programs were reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs expresses an **unqualified opinion**.
6. The audit disclosed **no audit findings** relative to major programs.
7. The programs tested as major programs include:

<u>Name of Program</u>	<u>CFDA Number</u>
Safe Schools/Healthy Students	84.184L
Community Development Block Grant	14.218
HOME Investment Partnership	14.239
Operating Assistance	20.507

8. The **threshold** for distinguishing Type A and B programs was **\$300,000**.
9. The City of Bristol, Tennessee was **not** determined to be a **low risk auditee**.

Section II – Findings - Financial Statement Audit

08-1: Capital Asset Records (Significant Deficiency)

Condition: The capital asset records did not contain an accurate listing of capital assets. The listing contained an asset that had been recorded twice and an asset incorrectly valued due to improper recording of capitalized interest.

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Cause: The listing of donated assets provided to the Finance Director to record was inaccurate and incorrect assumptions regarding the policies to record capitalized interest were made.

Effect: Capital assets were misstated.

Recommendation: We recommend the City implement procedures to ensure the capital asset listing is complete and accurate.

Management's Response: Finance staff will continue to work with other departmental staff in order to ensure that information provided regarding donated capital assets is accurate and can be used for capitalization purposes. Interest capitalization requirements normally do not apply to the City's transactions. This year was unusual and capitalized interest was not properly reflected due to a misunderstanding of the requirements. The principles have been reviewed by staff and procedures have been implemented to eliminate this finding.

Section III - Findings and Questioned Costs – Major Federal Award Programs Audit

None

Section IV. – Findings and Questioned Costs – State of Tennessee

None