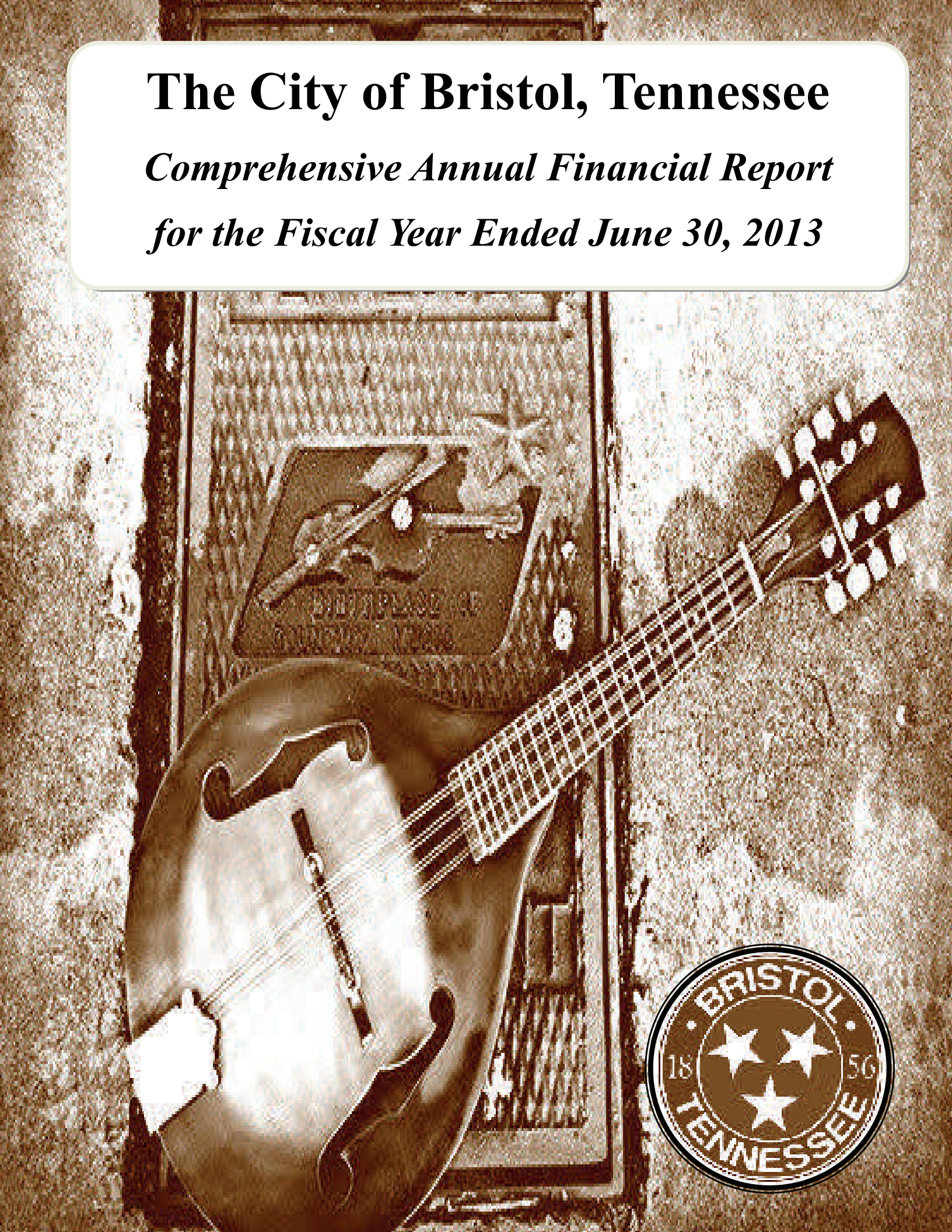
The City of Bristol, Tennessee

Comprehensive Annual Financial Report

for the Fiscal Year Ended June 30, 2013



CITY OF BRISTOL, TENNESSEE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

PREPARED BY:

Tara Musick, CPA, MAcc,
Director of Finance

CITY OF BRISTOL, TENNESSEE

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Office of the City Manager

January 11, 2014

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

Tennessee statute requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2013.

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

Mauldin & Jenkins, LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Bristol, Tennessee's financial statements for the year ended June 30, 2013. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The City of Bristol, Tennessee, incorporated on February 22, 1856, is located in the northeastern part of the state bordering the City of Bristol, Virginia. It occupies a land area of 32.6 square miles and serves a population of 26,675. The City of Bristol, Tennessee is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered 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 Council, overseeing the day-to-day operation of the government, and appointing the heads of the various departments and all City employees. The City Council is elected on a non-partisan basis for four year, staggered terms. In July of each year, the City Council selects one of its members to serve as mayor and another as vice-mayor for the coming one year period.

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

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

LOCAL ECONOMY

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

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

The City successfully recruited Sprint Telecenters and U.S. Solutions Group to the community each of whom currently operate a call center. Sprint employs 575 persons and U.S. Solutions Group employs 640 persons. Other positive announcements include the decision of UPM Pharmaceuticals to purchase the Pfizer facility in downtown Bristol. UPM currently employs more than 50 individuals with plans to move another facility to the Bristol location and expand the workforce within the next year. The DLH facility continues to expand both in employment, over 130 employed at this time, and in product manufacturing. The City continues to work with a number of companies on their expansion and relocation needs.

On a less positive note, Exide Technologies announced that it will close the Bristol manufacturing facility, but the company has continued to utilize the facility for battery formation. Exide is currently reviewing available options during the process of reformation after Chapter 11 bankruptcy procedures.

The NETWORKS Sullivan Partnership, with assistance of the Economic Development staff of the City, qualified the new Partnership Park II as a Select Tennessee Certified Site which will be an important business recruitment designation and will assist the community in industrial recruitment.

An 807 acre portion of the City at Exit 74 on Interstate 81 was designated as a Border Region Retail Tourism Development District by the State of Tennessee. The State Act authorizes Tennessee border cities to incentivize the local development of an "extraordinary retail or tourism facility" in a designated district. Under this legislation, the State will provide a special allocation and distribution of State sales tax to pay for the cost of the project. Bristol is one of only three cities to be certified under this program in the State of Tennessee. The Pinnacle Project, planned to contain 1.2 million square feet of retail, restaurant, hotel, and office space is currently being planned to take advantage of this special designation.

The project has made significant progress during the past year with the successful recruitment of Bass Pro and Belk to anchor the regional retail center. Grading for the entire site is approximately 75 percent completed. Also, road and infrastructure construction has begun with a completion date of all infrastructure construction prior to the opening of the Bass Pro facility in June 2014. The remainder of the regional retail facility will open in the subsequent nine months with full build out anticipated during 2015 and 2016. The City has been able to gain assistance from the Tennessee Department of Transportation in the construction of intersection improvements and signalization at the development's entrance on US 11W, as well as a $2,000,000 grant to assist with the construction of the internal connecting boulevard of the development. Additionally, the development of the new retail center has spurred ancillary growth in the vicinity. A new hotel has begun construction adjacent to the interstate exit and additional retail and service growth is anticipated. During the 2013 fiscal year, the City borrowed $9.8 million to fund the first phase of the development in regards to grading, water and sewer utilities, drainage, and park facilities construction.

The City has also helped to support the construction of the BCM Birthplace of Country Music Museum. Construction of this project is underway and the museum is scheduled to open in the summer of 2014. Council had committed up to $600,000 to this project as needed based upon compliance with some terms of the agreement. Subsequent to year end, Council altered the funding to be a total of $500,000 payable over five years with no compliance requirements. The first payment of $100,000 was disbursed in fiscal 2013.

As of October 2013, the unemployment rate of Bristol stood at 7.3%, representing 11,830 persons employed out of a workforce of 12,750. This rate is comparable to the unemployment rate for Sullivan County, Tennessee of 7.3% and lower than the unemployment rate for the State of Tennessee of 8.4% for the same time period.

LONG-TERM FINANCIAL PLANNING

In the 2013 fiscal year, a borrowing was conducted to refinance a portion of the outstanding Waterworks debt and to finance various City and Waterworks improvement projects. The Series 2012 General Obligation Bonds refunded the Water Segment portion of the 2006 Water and Sewer Capital Outlay Notes and the 1994 State Revolving Fund Loan in the Sewer Segment. The Sewer Segment portion of the 2006 Water and Sewer Capital Outlay Notes was paid off from available funds.

In August 2013, the City closed the Series 2013B General Obligation Refunding Bonds for $8,585,000 to refund the Series 2005 General Obligation Refunding Bonds, Series 2007 General Obligation Bonds for the General Fund and Water Segment portions, and the Series 2008 General Obligation Bonds. Management elected not to refund the portion of the Series 2007 General Obligation Bonds that was used to fund the demolition landfill expansion since the last principal payment will be made in fiscal year 2014 for this portion. The debt refunding resulted in a net present value benefit to the City of $254,988.

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

The City has an upcoming bond issue planned to fund phase II of the Pinnacle Project for approximately $17.2 million. This will complete the City's portion of the project and the total debt issued in reference to this project should total $27 million (including the $9.8 million issued in April 2013).

In the next few years, the 800 MHz public safety radio system will be upgraded to comply with new FCC Project 25 technology at an expected cost of $3 million. Additional funding will also be necessary for the City's portion of the reconstruction of East Cedar Street for $1.2 million. Management currently expects that a bond issue will be required to fund the total cost of $4.2 million for these two projects.

Council would like to renovate and expand Vance Middle School. Management has a multi-year model and analyzing the feasibility and timing of the project in conjunction with forecasted revenues, other planned capital outlays, and anticipated operational costs. The project is anticipated to cost $34.1 million based upon the current estimates from the architect.

In addition, several utility projects are anticipated in the next five years to open new areas for sanitary sewer service to promote growth and development and to upgrade service to existing customers. Much of the cost of the new sanitary sewer projects will be borne by Sullivan County under the City-County Sewer Agreement.

RELEVANT FINANCIAL POLICIES

Temporarily idle cash is invested in a money market checking account and the State of Tennessee Treasurer's Local Government Investment Pool (LGIP) for most of the operating cash reserves of the City and Board of Education (BOE). Funds are primarily invested in the investment pool and cash is transferred into the operating account of the City and BOE when required. Staff has reviewed

various investment alternatives allowed under State statute and the LGIP is offering competitive rates with increased liquidity. Certificates of deposits are also being utilized by Bristol Tennessee Essential Services (BTES) and the Bristol Industrial Development Board as investment instruments. Unspent bond proceeds from the Series 2012 General Obligation Bonds are being invested in various bonds and securities as allowed by State statute in order to earn a higher yield based upon anticipated drawdowns of the funds.

MAJOR INITIATIVES

Each year the City adopts a Goals and Objectives Program that identifies specific objectives to be completed during the year to move the community forward in a planned and unified manner. This work plan serves as a formalized statement of direction for the City during the year as well as an instrument to evaluate progress and achievement in accomplishing the same. Eight key tasks grouped into program areas vital to fulfilling various purposes, supported by 168 specific objectives/performance standards, were included in the plan.

The budget for the 2013 fiscal year focused on projects and initiatives directly related to the provision of basic municipal services, community development, and enhancements to the quality of life while being mindful of a soft, but improving economy for the year. The City continued efforts to further a major local road improvement project which will be the East Cedar Street Project from 5th Street to King College Road. Routine road resurfacing, guardrail replacements, additional downtown lighting, and the eighth year of upgrades to traffic signal systems continued to include backlights and LED lights during the year.

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

The Police Department also utilized technological advancements through the implementation of a Personal Digital Assistant (PDA) Program. This program will allow officers to issue tickets electronically and to be able to access records from dispatch and related databases while in the field. The Police Department also began a multi-year process to install and upgrade emergency warning sirens throughout the City. This year involved the installation of a new siren at Holston View. The project was in construction in progress at year end and should be completed in FY 2014.

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, 2012. This was the tenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

William L. Sorah
Interim City Manager

Tara E. Musick, CPA
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bristol

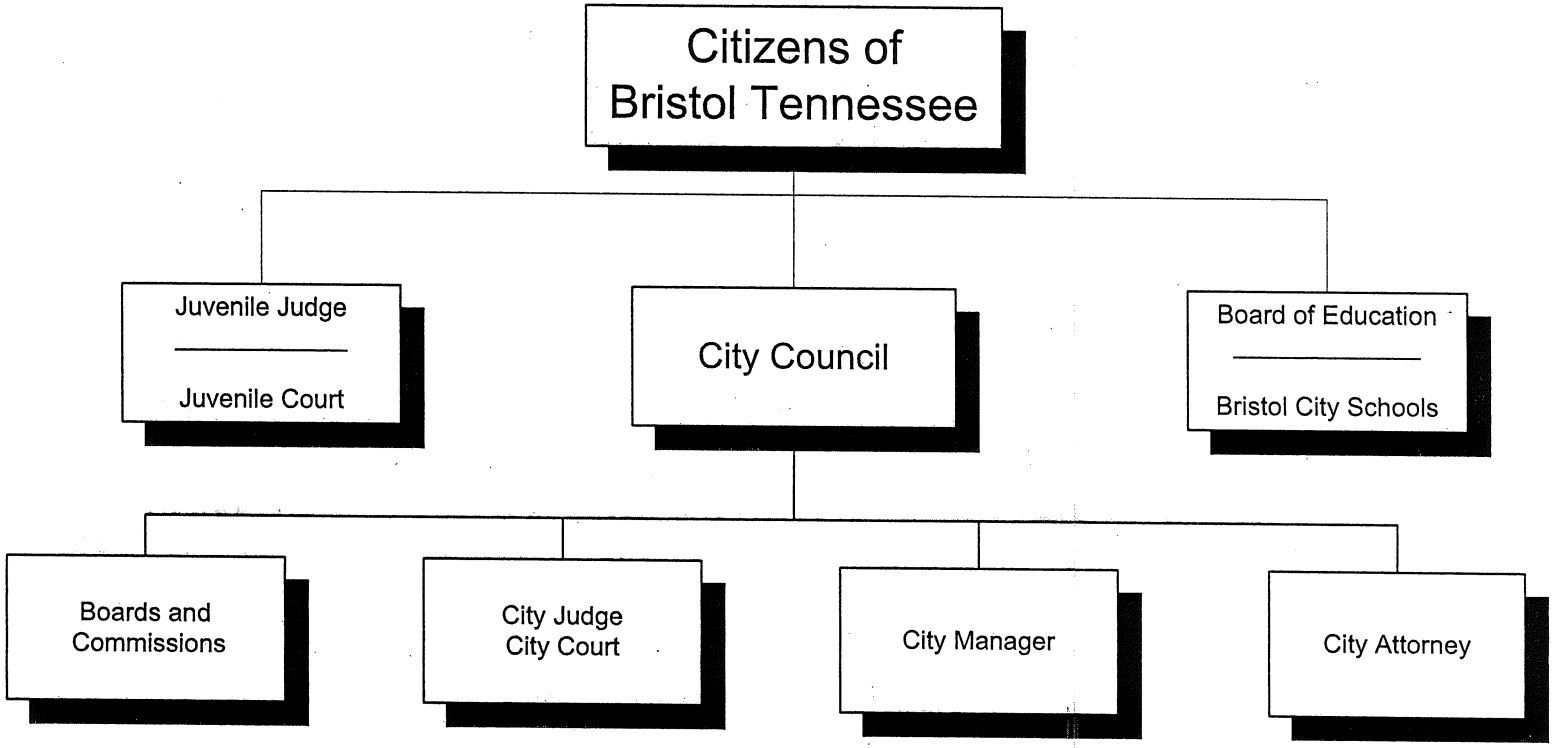
Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

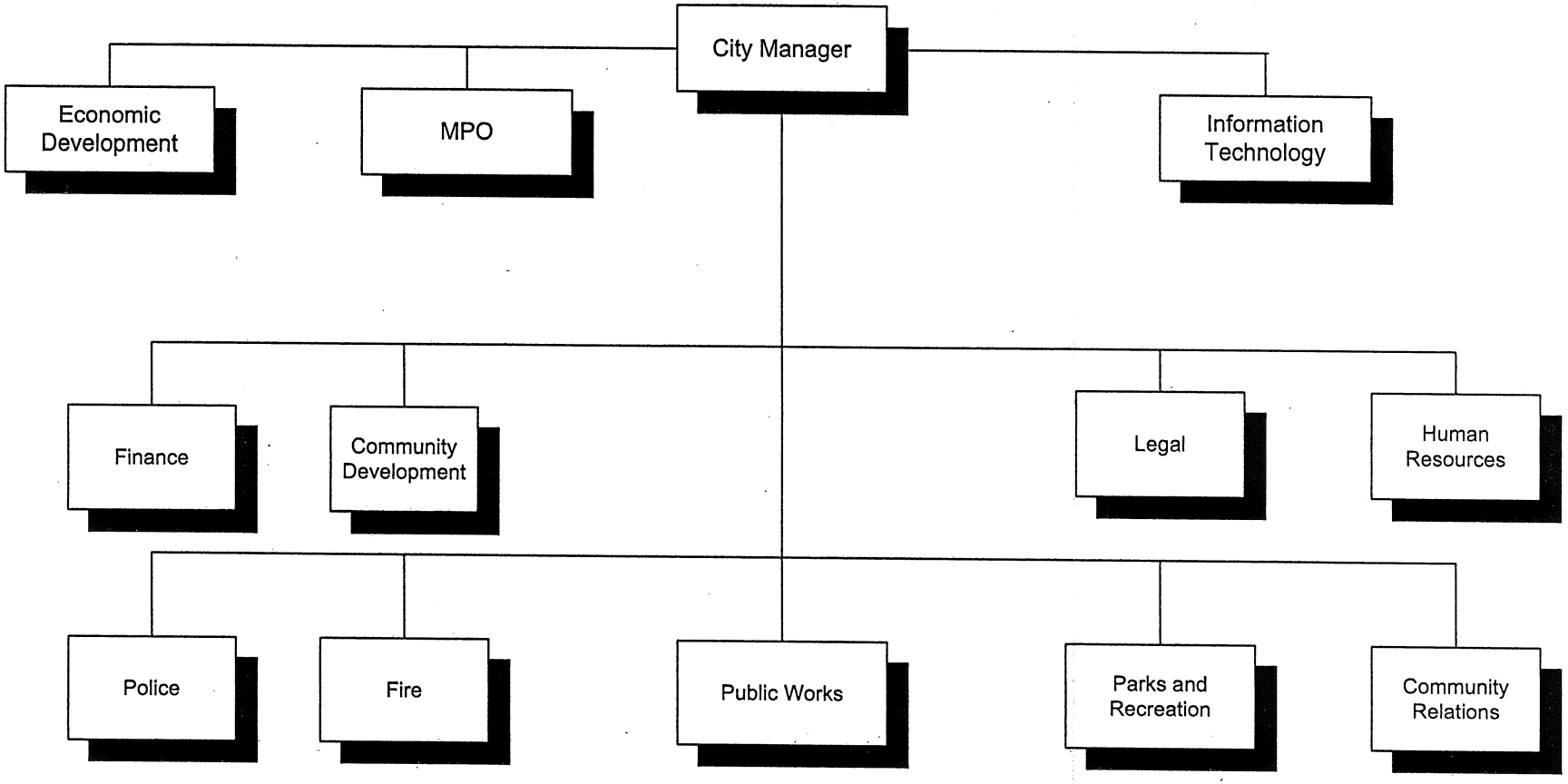
June 30, 2012

Executive Director/CEO

CITY OF BRISTOL TENNESSEE
ORGANIZATIONAL CHART



CITY OF BRISTOL TENNESSEE
ORGANIZATIONAL CHART



CITY OF BRISTOL, TENNESSEE
LIST OF PRINCIPAL OFFICERS

City Council

Michelle Dolan
Lea Powers
Margaret Feierabend
Chad Keen
Vince Young

Interim City Manager

William L. Sorah

Deputy City Managers

Public Works	William L. Sorah

Department Directors

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

City Attorney

Jack W. Hyder, Jr.

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Bristol, Tennessee** (the "City"), as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Electric Fund, which represents 100% of the assets, net position, and revenues of the Electric major enterprise fund and 70%, 66%, and 92% of the assets, net position, and revenues, respectively, of the business-type activities; or the BTES Other Post Employment Benefits Trust Fund, which represents 11%, 32%, and 4% of the assets, fund equity, and revenues, respectively, of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Electric Fund and BTES Other Post Employment Benefits Trust Fund are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Auditor's Responsibility (Continued)

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bristol, Tennessee as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Bristol Industrial Development Board Fund, Chapter 420 Fund, and General Purpose School Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note V.L and V.M., the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, as well as Statement No. 65, *Items Previously Reported as Assets and Liabilities*, as of July 1, 2012. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 15 through 30) and schedules of funding progress and employer contributions (on pages 136-139) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Information (Continued)

as described above, and the reports of other auditors, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2014, on our consideration of the City of Bristol, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 10, 2014

CITY OF BRISTOL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Bristol, Tennessee (the City), we offer readers of the City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2013. Management's Discussion and Analysis should be read in conjunction with the City's financial statements for the fiscal year ending June 30, 2013, including related notes.

Financial Highlights

- The assets and deferred outflows of the City of Bristol, Tennessee exceeded its liabilities and deferred inflows of resources at the close of the 2013 fiscal year by $279,070,952 (*total net position)*. Of this amount, $76,235,836 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased by $6,609,599 due to current year activity. For governmental activities, a $358,036 decrease resulted from increased costs of operations in general government, education, and parks and recreation which were not offset by increases in revenue sources. For business activities, a $6,967,635 current year increase in net position resulted from increased charges for services for cable and internet of approximately $1.8 million which offset the total increase in expense costs for all functions of approximately $1.8 million. The current year increase was from the remaining revenues which were not offset by expense costs during the year.

- As of the close of the current fiscal year, the City's governmental activities reported an unrestricted net position of $23,546,100 for a $313,198 decrease from the previous year. The net investment in capital assets amount for governmental activities increased by $24,575 throughout the course of the fiscal year. Capital spending has been restricted in the past few years due to declined revenues. Spending has increased in the past year as a result of additional funding from bond proceeds. However, the related debt has been netted against the total net assets to arrive at the net investment in capital assets.

- At the end of the current fiscal year, fund balance for the General Fund was $13,195,799 which was a decrease of $1,086,152 from the prior year. Management uses a multi-year model as part of the budget process each year to determine where fluctuations in the years will occur. The 2013 fiscal year was projected as part of the original budget to have a loss of $914,460. Debt service requirements had increased and a draw from fund balance was planned. The loss was greater than originally planned due to less property tax and sales tax revenue than projected.

- The City's total liabilities increased by $17,375,036 during the fiscal year. Accounts payable and other current liabilities increased by $5,721,815. Noncurrent liabilities increased by $9,256,327 from the prior year due to additional debt obtained during the year related to the Series 2012 and Series 2013A General Obligation Bonds. Contracts payable and retainages payable also increased by $1,522,928 due primarily to development of the Pinnacle Project in the Bristol Industrial Development Board Fund.

Overview of the Financial Statements

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

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

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

Government-wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Bristol, Tennessee that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities).* The governmental activities of the City include general government, community relations, education, parks and recreation, public safety, and public works. The business-type activities of the City include the provision of electric, waterworks, cable and internet, telephone, and demolition landfill services.

The government-wide financial statements include not only the City of Bristol, Tennessee itself (known as the *primary government*), but also a legally separate entity. The Industrial Development Board of the City of Bristol, Tennessee, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 32 - 33 of this report.

Fund Financial Statements

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 34 - 46 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Electric, Waterworks, and Demolition Landfill operations, all of which are considered to be major funds of the City of Bristol, Tennessee. Conversely, the internal service fund is presented as a single presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 47 - 53 of this report.

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

The City maintains two different types of fiduciary funds. The Other Post Employment Benefits Trust Funds are used to report resources held in trust for retirees and beneficiaries covered by the City's medical and dental plan. The Agency Funds report resources held by the City of Bristol, Tennessee in a custodial capacity for individuals, private organizations, and other governments

The fiduciary fund financial statements can be found on pages 54 - 55 of this report.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 56 - 135 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City of Bristol, Tennessee's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 136 - 139 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 141 - 163 of this report.

Government-wide Overall Financial Analysis

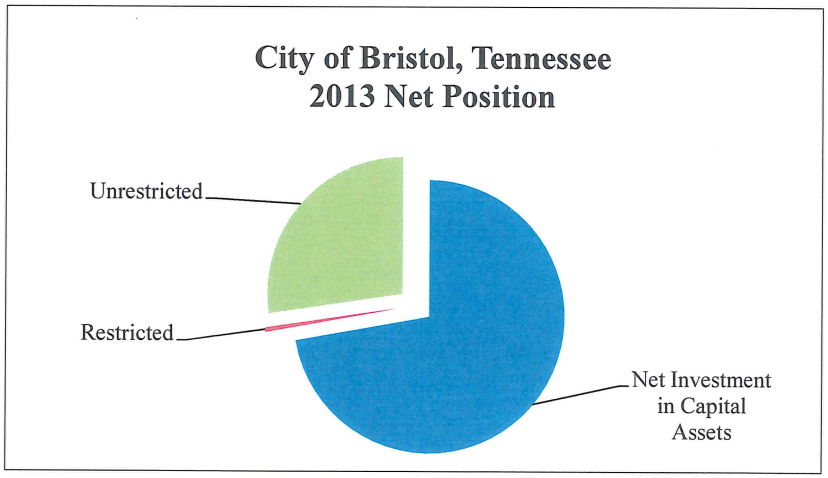
As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Bristol, Tennessee, Tennessee, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $279,070,952 at the close of the most recent fiscal year. By far the largest portion of the City of Bristol's net position (72%) reflects its net investment in capital assets (e.g., land, buildings, machinery, etc. 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 position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the City's ongoing obligations to citizens and creditors.

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

City of Bristol, Tennessee Net Position
June 30, 2013
(Presented in Actual Dollars)

	Governmental Activities		Business Activities		Total	
	2013	2012	2013	2012	2012	2012
ASSETS						
Current and Other Assets	$ 58,846,274	55,678,145	66,198,012	52,093,209	125,044,286	107,771,354
Capital Assets, Net of Accumulated Depreciation	135,384,173	127,562,325	121,562,177	124,098,486	256,946,350	251,660,811
Total Assets	194,230,447	183,240,470	187,760,189	176,191,695	381,990,636	359,432,165
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Charge on Refunding	31,882	51,503	-	-	31,882	51,503
LIABILITIES						
Current Liabilities	6,173,528	3,895,787	10,874,668	6,230,100	17,048,196	10,125,887
Noncurent Liabilities	35,763,237	26,506,910	26,582,807	25,386,407	62,346,044	51,893,317
Total Liabilities	41,936,765	30,402,697	37,457,475	31,616,507	79,394,240	62,019,204
DEFERRED INFLOWS OF RESOURCES						
Unearned Revenue - Prop. Tax	23,557,326	23,757,849	-	-	23,557,326	23,757,849
NET POSITION						
Net Investment in Capital Assets	103,861,764	103,837,189	97,612,978	99,577,539	201,474,742	203,414,728
Restricted	1,360,374	1,434,940	-	-	1,360,374	1,434,940
Unrestricted	23,546,100	23,859,298	52,689,736	44,997,649	76,235,836	68,856,947
Total Net Position	$ 128,768,238	129,131,427	150,302,714	144,575,188	279,070,952	273,706,615



The City's net position increased by $6,609,599 during the fiscal year. The majority of this increase resulted from the business-type activities and the operating income from charges for services less related expenses.

Governmental Activities. Governmental activities decreased the City's net position by $358,036 relating to current year activity. This increase accounts for 5% of the total current year change in net position.

Key elements of this decrease are as follows:

- The City received the lowest total governmental activities program revenues in 2013 versus the amounts received in the past six years. The total amount received in FY 2013 was $28,083,497. Fiscal years 2007 to 2012 averaged total program revenues of $32,562,361. The City has had a reduction in funding from several grant sources, such as from the Departments of Housing and Urban Development and Homeland Security. Contributions for capital have similarly declined. This accounts for the majority of the decrease in revenue from the prior year. However, management has also noted that charges for services and fees and permits have also had revenue reductions. The economy has impacted the area and discretionary spending for entertainment and recreation purposes has been impacted as a result. Permit fees related to construction have also declined as a result of less activity.

- While the City has experienced a decline in program revenues, expenses of the governmental activities have increased due to additional costs of personnel, such as wages, retirement, and health care. Goods have also experienced inflation in high dollar areas, such as paving materials and salt products for clearing roadways. One of the biggest increases is in the education function. This function increased $4,043,051 from the prior year due to new program offerings, increased school maintenance, and new technology being added across the school system. One other important function to note is that interest on long-term debt has increased steadily over the years. This increase is related mainly to the debt service related to construction of the new Fairmount Elementary School several years ago. The debt service schedule was based upon reducing the Fairmount related debt down to a lower level before the expansion and renovation of Vance Middle School commenced.

- General revenues of the governmental activities have increased in total by $1,654,514 from the prior year. The majority of this increase is attributable to sales tax which experienced a growth of approximately $980,000 from last year. However, the City had experienced a decline in this revenue source as a result of the economy over the past four years. The current year revenue is more consistent with revenue received in fiscal years 2007 and 2008.

- For five consecutive years, the City has elected to fund the annual required contribution (ARC) for other post employment benefits (OPEB) in an OPEB Trust Fund. The fund was established during the 2009 fiscal year. The City transferred the portion required as a contribution to fully fund the 2013 ARC from each function of the governmental funds. Therefore, the functions' current year expenditures reflect their portion of the OPEB trust contribution.

Business-type Activities. Business-type activities increased the City's net position by $6,967,635 relating to current year activity. This increase accounts for 95% of the total current year change in net position.

Key elements of this increase are as follows.

- Operating revenues in the Electric Fund are principally derived from retail sales of electricity. Temperature has historically been a main driver in electric sales. Weather experienced during fiscal year 2013 was mild and resulted in a 1% increase in power revenues and 2% increase in purchased power expense. Revenues from cable, Internet, and telephone collectively increased 8% from the prior fiscal year also. The fund experienced a $6,839,848 increase in net position because of growth. Capital grants and contributions of $730,093 were also recorded.

- The service rates for the Waterworks Fund remained the same during the 2013 year. See schedules of rates on pages 204 - 205 for additional information. The Waterworks Fund also recorded $260,350 in capital grants and contributions during the fiscal year.

City of Bristol, Tennessee Changes in Net Position
For the Fiscal Year Ended June 30, 2013
(Presented in Actual Dollars)

	Governmental Activities		Business Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues:						
Charges for Services	$ 4,807,370	4,690,652	114,667,056	112,813,889	119,474,426	117,504,541
Operating Grants	23,094,181	22,627,282	-	1,393	23,094,181	22,628,675
Capital Grants	181,946	1,971,092	990,443	977,103	1,172,389	2,948,195
General Revenues:						
Property Taxes	24,098,806	23,898,070	-	-	24,098,806	23,898,070
Payments in Lieu of Tax	80,429	118,970	-	-	80,429	118,970
Sales Taxes	9,837,143	8,856,652	-	-	9,837,143	8,856,652
Beer and Liquor Taxes	768,538	795,954	-	-	768,538	795,954
Business Tax	566,913	586,303	-	-	566,913	586,303
Cable Franchise Tax	245,840	407,664	-	-	245,840	407,664
Gas Franchise Tax	225,205	268,235	-	-	225,205	268,235
Hotel/Motel Taxes	366,890	361,031	-	-	366,890	361,031
State Revenue (Unrestricted)	2,819,519	2,683,525	-	-	2,819,519	2,683,525
Investment Earnings (Unrestricted)	28,726	28,121	352,740	379,216	381,466	407,337
Other General Revenues	685,434	744,116	-	1,282	685,434	745,398
Total Revenues	67,806,940	68,037,667	116,010,239	114,172,883	183,817,179	182,210,550
Expenses:						
Governmental Activities:						
General Government	7,400,014	6,767,956	-	-	7,400,014	6,767,956
Community Relations	744,539	785,992	-	-	744,539	785,992
Education	38,388,160	34,345,109	-	-	38,388,160	34,345,109
Parks and Recreation	3,931,765	3,459,276	-	-	3,931,765	3,459,276
Public Safety	10,973,581	11,199,071	-	-	10,973,581	11,199,071
Public Works	8,409,029	8,494,725	-	-	8,409,029	8,494,725
Interest on Long-Term Debt	969,560	787,533	-	-	969,560	787,533
Business-type Activities:						
Electric	-	-	86,196,336	89,191,957	86,196,336	89,191,957
Waterworks	-	-	7,702,123	8,625,518	7,702,123	8,625,518
Cable and Internet	-	-	11,281,780	5,651,531	11,281,780	5,651,531
Telephone	-	-	746,718	586,463	746,718	586,463
Demolition Landfill	-	-	463,975	528,697	463,975	528,697
Total Expenses	70,816,648	65,839,662	106,390,932	104,584,166	177,207,580	170,423,828
Increase in Net Position Before Transfers	(3,009,708)	2,198,005	9,619,307	9,588,717	6,609,599	11,786,722
Transfers	2,651,672	1,971,960	(2,651,672)	(1,971,960)	-	-
Increase in Net Position	(358,036)	4,169,965	6,967,635	7,616,757	6,609,599	11,786,722
Net Position - Beginning (Restated)	129,126,274	124,961,462	143,335,079	136,958,431	272,461,353	261,919,893
Net Position - Ending	$ 128,768,238	129,131,427	150,302,714	144,575,188	279,070,952	273,706,615

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City of Bristol's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The City's governmental funds reported combined ending fund balances of $27,420,893 for the year, an increase of $758,751. The General Fund, Bristol Industrial Development Board Fund, Chapter 420 Fund, General Purpose School Fund, and School Capital Projects Fund had current year changes in fund balance of ($1,086,152), $3,930, $1,871,655, ($581,721), and $484,317, respectively. The change in fund balance also included activity in the non-major funds. Four of the non-major funds, Community Development Grant Fund, Solid Waste Fund, Debt Service Fund, and Capital Equipment Fund experienced an increase in fund balance; while five of them, Drug Fund, School Nutrition Fund, State Street Aid Fund, Viking Hall Fund, and Capital Facilities Fund experienced a decrease in fund balance. The remaining non-major funds experienced no change.

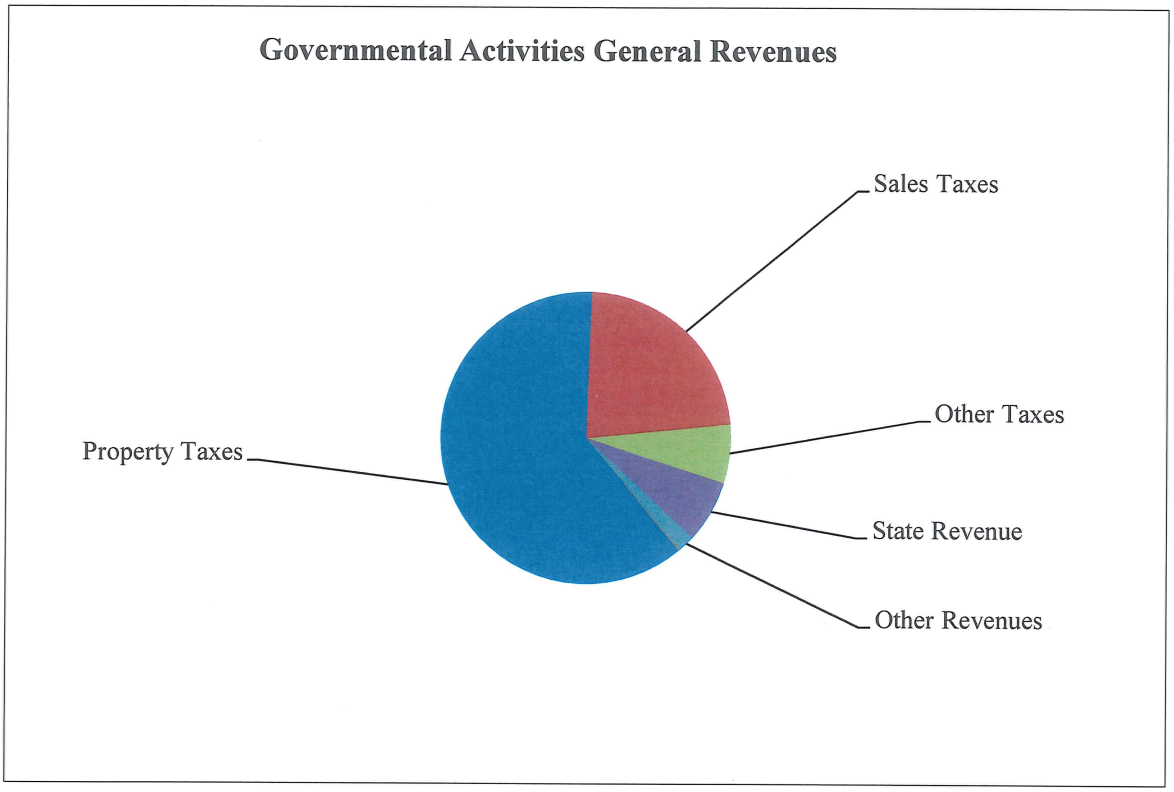
The General Fund is the chief operating fund of the City of Bristol, Tennessee. At the end of the current fiscal year, unassigned fund balance of the General Fund was $11,855,234 while total fund balance was reported to be $13,195,799. Total Fund Balance decreased $1,086,152 over the prior fiscal year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and other financing uses. Unassigned fund balance and total fund balance represent approximately 38% and 43%, respectively, of total general fund expenditures and other financing uses.

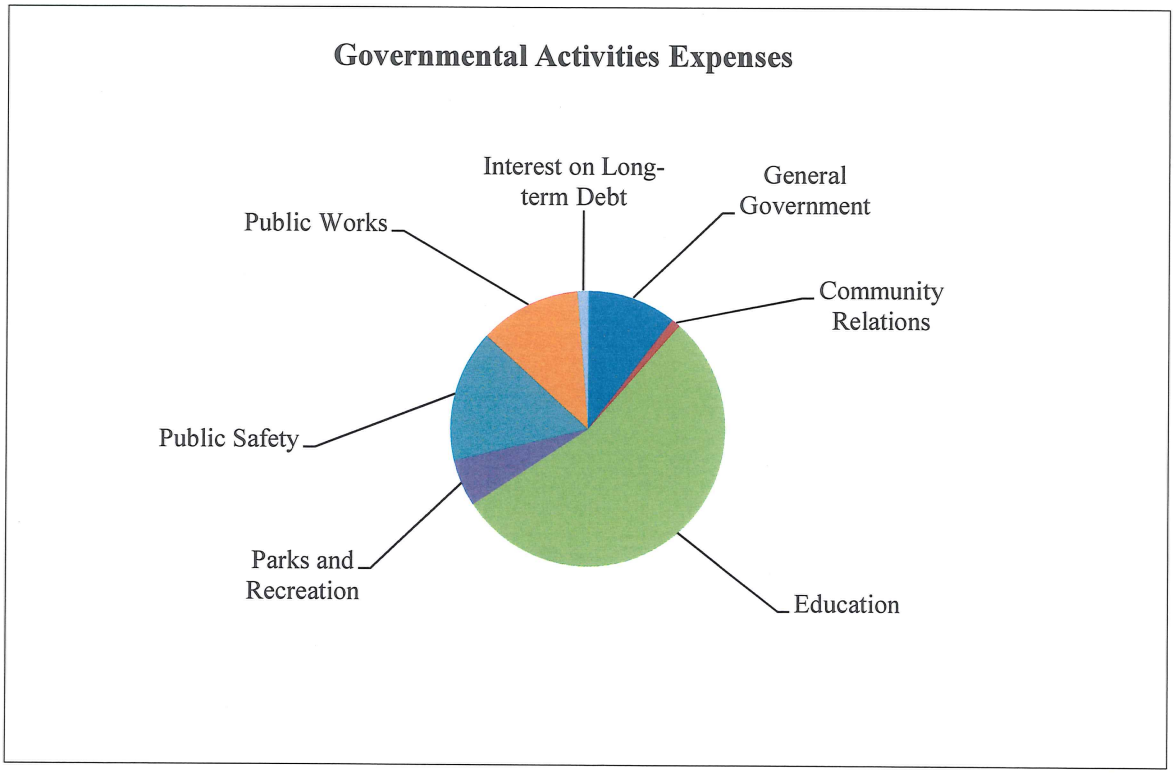
The Bristol Industrial Development Board Fund is a blended component unit that is reflected in the City's financial statements as a major special revenue fund to account for economic development related activities of the Board. At the end of the current fiscal year, total fund balance was $246,823, an increase of $3,930 over the prior fiscal year. The entire fund balance amount is reflected in the financial statements as assigned for community and economic development. This fund is used to reflect capital outlay incurred related to the construction of the City's portions of the Pinnacle Project, such as grading, water and sewer lines, park facilities, etc. This project is being funded by transfers from the Chapter 420 Fund. This fund also accounts for economic development incentives for projects, such as DHL Industries and 620 State. State Fast Track grant proceeds of $1,000,000 were also received to fund a project related to U.S. Solutions.

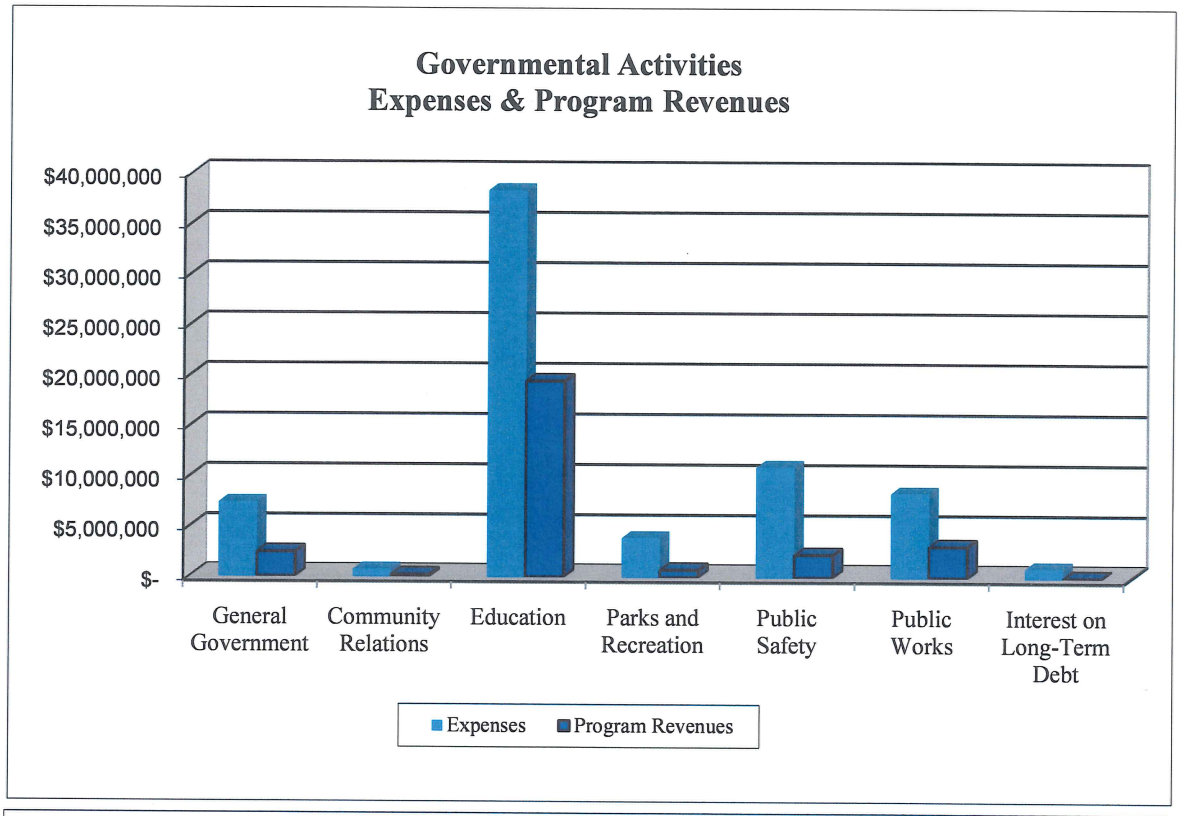
The Chapter 420 Fund is a special revenue fund used to account for all restricted revenues related to the Border Region Retail Development District. The State of Tennessee passed legislation which allowed certain areas in the State to be designated as border region retail development districts if next to a major interstate and part of a City that shared a border with another State. The area of Bristol off Exit 74 received this designation. As a result, retail development in this area is eligible for a portion of the state sales tax to assist with financing the development related costs. This fund will be used to account for all such revenue from the State, additional funding for this project, and related costs to provide accountability and enhanced reporting. During the 2013 year, the Series 2013A General Obligation Bonds were accounted for in this fund since the debt was issued by the City to fund the Pinnacle Project. This fund then transferred to the Bristol Industrial Development Board Fund the amount required to fund construction costs for the project. The total fund balance and increase for the year since first year of operations was $1,871,655. This amount is classified as restricted for bond related purposes.

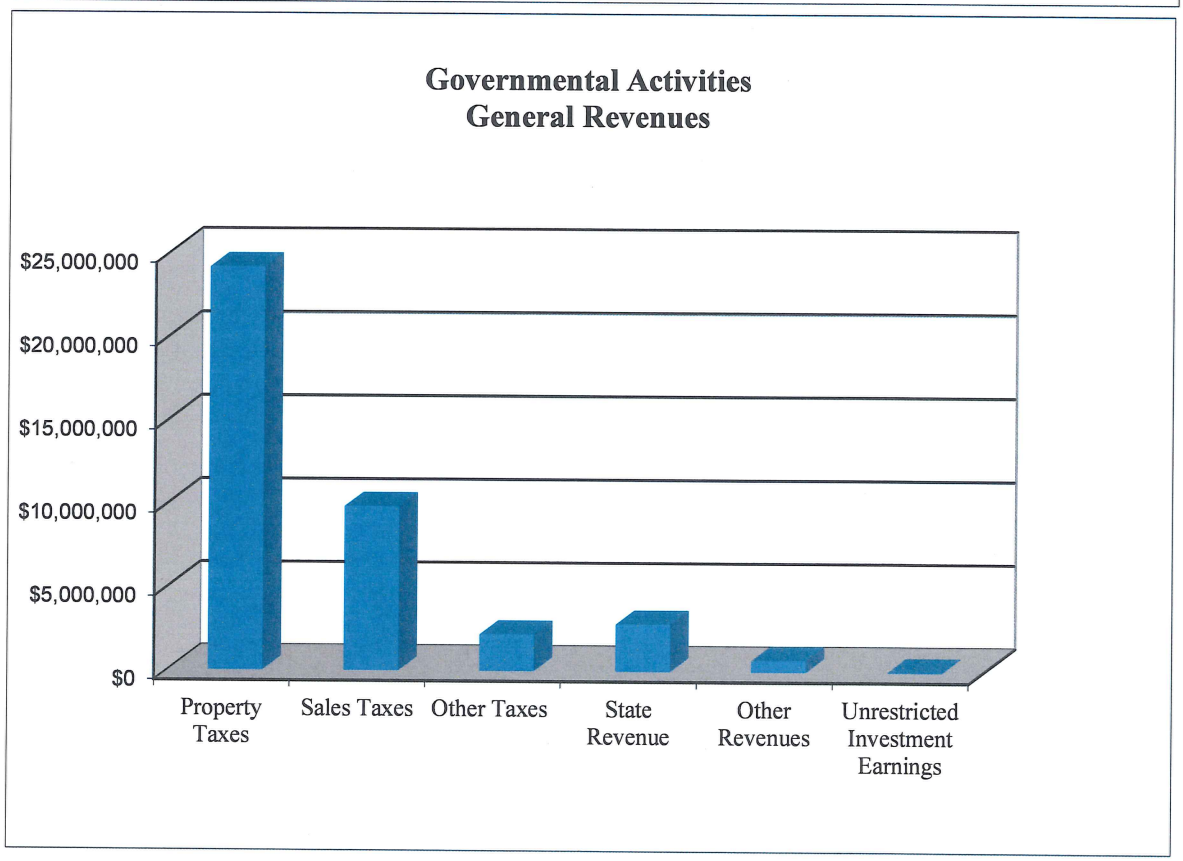
The General Purpose School Fund is the chief operating fund of the Board of Education. At the end of the current fiscal year, total fund balance was $9,942,641, a decrease of $581,721 over the prior fiscal year. The majority of this amount is assigned for education purposes. Less than one percent of total fund balance is restricted for specific purposes. This fund was originally budgeted to have a loss for the year of $684,696. This fund receives a portion of Sullivan County, Tennessee property tax based upon the percentage of students in the County served by this school system. Approximately $292,000 was received in additional revenue from this source during the year. This change resulted from an increase in the Sullivan County property tax rate that was approved after the original budget was approved. This positive change in revenues offset reduced revenues from intergovernmental sources and other. Total expenditures exceeded the original amount budgeted by approximately $146,000. Capital outlay costs increased $529,000 due to additional building improvements projects such as bathroom remodeling, reroofing and soffit / fascia replacement. These increased costs were offset by salaries and equipment costs being less than originally budgeted. The school system is planning on installing a turf field at Tennessee High School when an adequate funding level has been reached. This did not occur during FY 2013 and the project is planned to occur in FY 2014.

The School Capital Projects Fund had an increase in fund balance of $484,317. This fund has been used in recent years to account for the system wide energy conservation measures (ECM) and development of the fields at the old Central location. The ECM project was funded by a bond issue, Energy Efficient Schools Initiative (EESI) loan proceeds from the State of Tennessee, grant funding, and a portion of regular operational funds. The note payable from the State of Tennessee was based upon the City receiving funding from drawdown requests to offset costs as the project occurred. The fund had a negative fund balance in the prior year because costs had been incurred for the ECM and reimbursement from the State of Tennessee had not been received. In the current year, $510,937 was received from the State of Tennessee to reimburse for the remainder of the project. The fund also incurred current year capital outlay costs of $126,851 related to the completion of the two projects previously discussed. The completion of the projects resulted in the fund having no balance sheet activity to reflect at June 30, 2013.

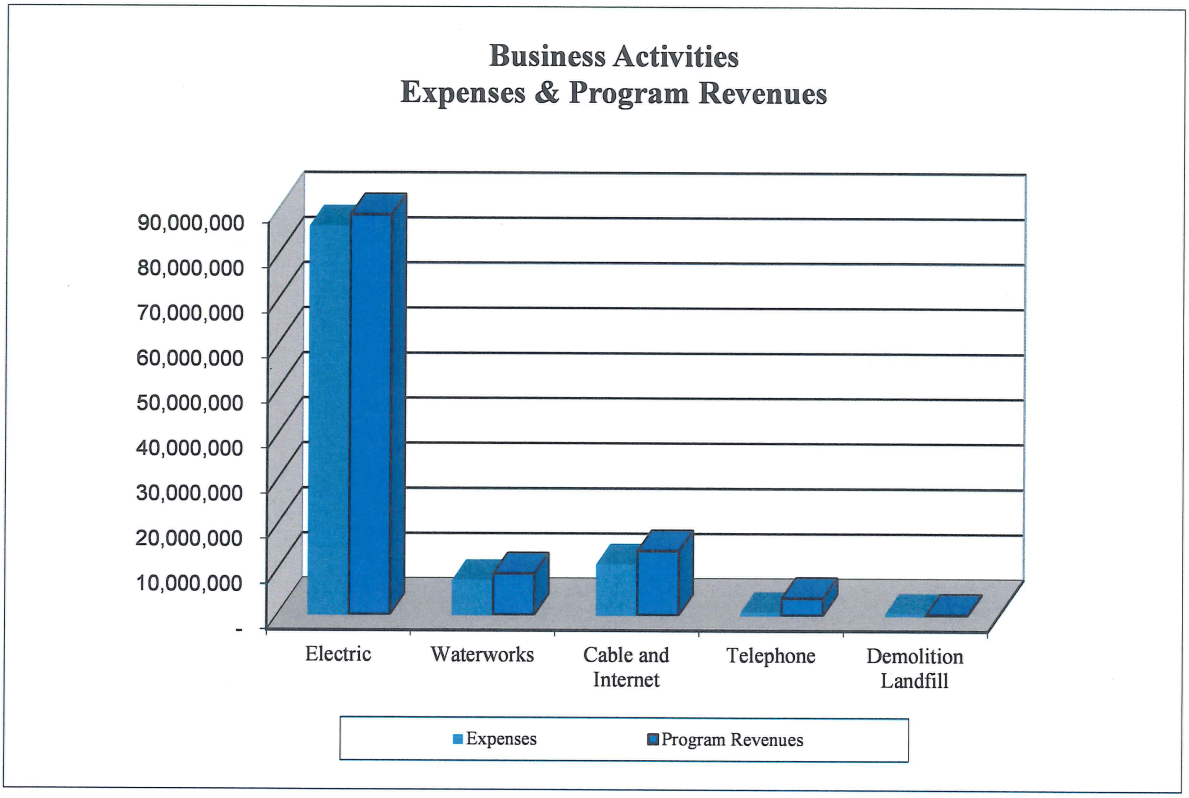

Governmental Activities General Revenues
Sales Taxes
Other Taxes
State Revenue
Other Revenues
Property Taxes

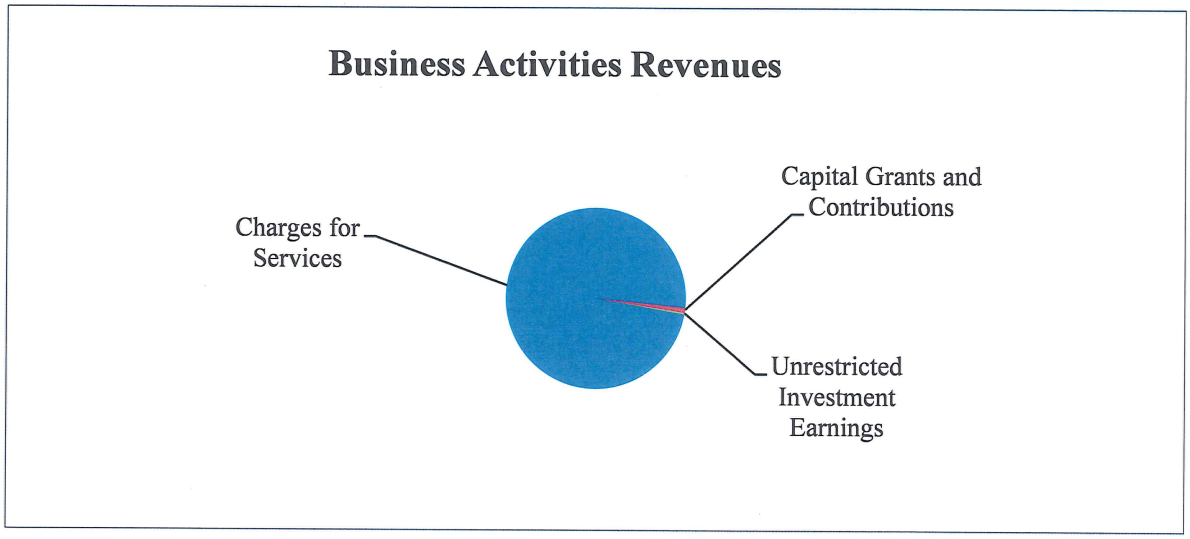

Governmental Activities Expenses
Interest on Long-term Debt
General Government
Public Works
Community Relations
Public Safety
Parks and Recreation
Education


Governmental Activities
Expenses & Program Revenues
$40,000,000
$35,000,000
$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$-
General Government
Community Relations
Education
Parks and Recreation
Public Safety
Public Works
Interest on Long-Term Debt
Expenses
Program Revenues


Governmental Activities
General Revenues
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$0
Property Taxes
Sales Taxes
Other Taxes
State Revenue
Other Revenues
Unrestricted Investment Earnings

Proprietary Funds. The City of Bristol's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Electric Fund at the end of the year totaled $40,626,786. The Waterworks and Demolition Landfill Funds unrestricted net position amounts were $12,170,626 and $0, respectively. The total change in net position was $6,839,848, $833,588, and ($735,052) for the Electric, Waterworks, and Demolition Landfill Funds, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.





General Fund and Budgetary Highlights

The General Fund budget was amended during the fiscal year to increase the appropriation by $333,287 to address additional revenues and expenditure changes. Management had originally budgeted the disbursements related to the City's two tax increment financing projects as a reduction in property tax revenue. During the year, adjustments were made to reflect the payments properly as a cost of the economic development activity. Of the total appropriation amendment, $242,000 was allocated to economic development to properly reflect the payment of these costs. The council programs activity was also increased by $91,287 to account for additional appropriations and to increase the contingency amount, if needed. The funding source for the total increase was higher property tax revenue than originally budgeted with an anticipated increase in collections and to accurately reflect property tax revenue without the netting impact of the TIF related disbursements.

In light of the economic trends on the national, state, and local levels, management designed the 2013 budget with a conservative approach with available knowledge during the process. Actual revenues for the General Fund were below the original budget and amended budget amounts by $477,714 and $811,001, respectively. Property tax revenue exceeded the original budget amount by $33,231. However, the actual balance for the year was below the amended budget amount by $300,056. The increased projections expected by management did not occur and legal efforts will be intensified during FY 2014 to increase property tax collections. Another area that did not meet expectations by approximately $318,000 was in relation to sales tax at both the local and State levels. Local sales tax and State sales tax were below anticipated results by $173,720 and $144,305, respectively.

Management budgeted an increase in total expenditures from the FY 2012 fiscal year of $1,396,470 based upon anticipated increases in funding sources and increases in avoidable costs. Projected personnel costs increased by $1,178,416 for staffing changes, a general wage adjustment, and increases in health insurance. First year funding for the BCM Cultural Heritage Center of $100,000 was also planned. Actual expenditures for the General Fund exceeded the original budget by $233,176, which almost equates to the TIF disbursement reclassification previously discussed. Actual total expenditures were below the amended appropriation by $100,111 due to the additional contingency amount not being utilized.

Capital Asset and Debt Administration

Capital Assets. The City of Bristol's net capital assets for its governmental and business type activities as of June 30, 2013, amounts to $256,946,350. This investment in capital assets includes land, land improvements, buildings and improvements, infrastructure, machinery and equipment, other improvements, and construction in progress. The total increase in the City's investment in capital assets for the current year was 2.1% (a 6.1% increase for governmental activities and a 2.0% decrease for business-type activities).

City of Bristol, Tennessee Capital Assets
(Net of Depreciation)
June 30, 2013
(Presented in actual dollars)

	Governmental Activities		Business Activities		Total	
	2013	2012	2013	2012	2013	2012
Net Capital Assets:						
Land	$ 8,260,568	$ 4,103,892	1,484,201	2,010,635	9,744,769	6,114,527
Land Improvements	3,235,389	2,092,722	-	717,002	3,235,389	2,809,724
Buildings and Improvements	44,920,121	45,230,967	3,531,423	2,353,774	48,451,544	47,584,741
Infrastructure	65,303,291	67,699,289	111,210,998	114,766,904	176,514,289	182,466,193
Machinery and Equipment	6,537,652	5,691,997	2,206,480	2,041,561	8,744,132	7,733,558
Other Improvements	1,060,124	1,220,696	-	-	1,060,124	1,220,696
Construction in Progress	6,067,028	1,522,762	3,129,075	2,208,610	9,196,103	3,731,372
Total Net Capital Assets	$ 135,384,173	127,562,325	121,562,177	124,098,486	256,946,350	251,660,811

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 or mentioned in the letter of transmittal. The City also completed an additional phase of the downtown lighting improvements as part of the overall downtown redevelopment project. Several infrastructure projects were also initiated or furthered during the past year including the East Cedar Road project, Safe Routes to Schools sidewalk construction, Volunteer Parkway improvements, traffic enhancements on Volunteer Parkway, and the Glenwood Road Bridge replacement. Facility improvements were also made for fencing at Whitetop Creek Park, Fairview Ballfield, and Central Athletic Park and soccer field improvements were initiated for Whitetop Creek Park. Several building roof repairs were completed during the fiscal year to facilities damaged during the April and May 2011 hail and windstorms. These repairs were funded by insurance recovery proceeds received in the prior fiscal year and grant funds.

- Electric system construction and equipment totaling $5,539,952 was paid for during the 2013 year. During the 2012 year, the Electric Fund began using Internet Protocol Television (IPTV) technology, which rendered non-IPTV cable boxes obsolete. As a result, approximately $512,000 in impairment losses occurred during 2013. These losses are being reported within depreciation expense of the fund in the financial statements.

- The waterworks system added $1,251,321 of capital asset additions during the year. The largest projects involved improvements to water or sewer lines and the initiation of phase 1 of the implementation of an automated meter reading system for utility billing purposes. Assets additions related to these projects were $569,465 and $385,078, respectively. The water plant also incurred $104,375 of costs to replace a 600 HP motor and $23,736 of costs to significantly repair a 500 HP motor at the water plant. Also, $159,638 of machinery and equipment was either significantly upgraded or replaced throughout the year.

Additional information on the City of Bristol, Tennessee's capital assets can be found in note IV. C. on pages 82 - 85 of this report.

Long-term Debt. At the end of the current fiscal year, the City of Bristol had total bonded debt outstanding of $51,690,000. Of this amount, 59% comprises debt backed by the full faith and credit of the government. The remaining 41% of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City had two bond issuances during the year. Series 2012 General Obligation Bonds were issued on December 18, 2012, for $4,000,000. Of the total amount issued, $2.9 million was obtained to finance new projects in the Capital Equipment Fund and Waterworks Fund and $1.1 million was used to refund the outstanding portion of the 2006 Capital Outlay Note in the Water Segment and the State Revolving Fund Loan 94-071 in the Sewer Segment. The bonds are payable over fourteen years and have fixed rates ranging from .4% to 2.25%. The issuance involved a premium of $148,162.

The second bond issue was issued to obtain funding for the Pinnacle Project, and the transaction is reflected in the Chapter 420 Fund. Series 2013A General Obligation Bonds were issued on April 10, 2013, for $9,800,000. The bonds are payable over twenty-five years and have fixed rates ranging from 2% to 4%. The issuance also involved a premium of $88,324.

The City of Bristol maintains a Moody's Aa2 rating for general obligation debt. The current ratio of net bonded debt to estimated actual taxable value of property is 1.23%. Bristol Tennessee Essential Services maintains a Standard & Poor's AA- rating for revenue secured debt.

Additional information on the City of Bristol, Tennessee's long-term debt can be found in note IV. E. on pages 87 - 99 of this report.

City of Bristol, Tennessee's Outstanding Debt
General Obligation and Revenue Bonds
June 30, 2013
(Presented in actual dollars)

	Governmental Activities		Business Activities		Total	
	2013	2012	2013	2012	2013	2012
Outstanding Bond Debt:						
General Obligation	$ 26,335,000	17,945,000	4,320,000	1,320,000	30,655,000	19,265,000
Revenue Bonds	-	-	21,035,000	21,555,000	21,035,000	21,555,000
Total Outstanding Bond Debt	$ 26,335,000	17,945,000	25,355,000	22,875,000	51,690,000	40,820,000

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Bristol at June 30, 2013, was 8.3%. This is an increase from the 7.8% estimate listed in the prior year's audit, and the estimate is in the middle of unemployment trends seen across the State of Tennessee. As of June 2013, the national unemployment rate was 7.6% and the unemployment rate for the State of Tennessee was 8.5%. Therefore, Bristol's rate of 8.3% was higher than the national average, but lower than the rate for the State of Tennessee.

- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Bristol, Tennessee's budget for the 2014 fiscal year.

During the current fiscal year, unassigned fund balance in the General Fund decreased to $11,855,234. The City budgeted an $878,273 decrease for the 2013 budget year for the General Fund. Revenues were expected to increase 4.2%. The major areas of growth from the 2013 budgeted amounts included property tax (due to a rate increase), local sales tax, and the implementation of a Slater guest fee for nonresidential usage. Operating expenditures are 4.7% higher than 2013 budgeted levels due to increased personnel costs, police equipment replacement program, and to reflect the change in accounting for TIF related disbursements as previously discussed.

The budget was passed based upon an expected tax increase of 12 cents per $100 of assessed valuation. A county-wide reappraisal process occurs every four years and is historically when the City has altered the property tax rate. FY 2014 is the year when the reappraised values are reflected on the tax roll and the value of property declined overall in the City due to lower reinvestment in tangible personal property and decreasing home values in light of economic trends. As a result, the certified tax rate that would need to be implemented to sustain property tax revenue at the same level of the current year increased 6 cents, which would raise the City property tax rate from the pre-reappraisal rate of $2.19 to $2.25 per $100 of assessed valuation. The certified rate does not reflect the 12 cents increase planned by Council in the approved budget document and related appropriation Ordinance. During the tax rate approval process, Council passed the certified rate only. Management has since revised the spending plan to eliminate approximately $750,000 of capital outlay and street resurfacing that approximates the revenue that would have been generated from the additional tax revenue.

During the current fiscal year, assigned fund balance in the General Purpose School Fund decreased to $9,866,075, or by $578,069. The City originally budgeted a $1,142,759 decrease for the 2014 budget year for the General Purpose School Fund. Revenues are expected to increase 4.5%. The major areas of growth from the 2013 budgeted amounts include property tax from Sullivan County, Tennessee and additional intergovernmental revenue. Operating expenditures are 5.8% higher than 2013 budgeted levels. Costs are expected to increase due to wage adjustments for employees and additional capital outlay costs.

The Waterworks Fund was budgeted for FY 2014 to have an approximate $2,075,759 positive change in net position. Neither water nor sewer rates were proposed to increase for the 2014 fiscal year. Rate increases of 8.5% for water and 4% for sewer took effect for billings effective July 1, 2009, and again effective July 1, 2010 and were the last rate increases implemented. A service and infiltration/inflow fee increase of 70 cents per month was also passed effective with the 2010 year for sewer customers. Operating expenses were projected to increase by $153,178 or 1.8% due to insurance premium changes, a general wage adjustment, and an increase in electrical costs.

The Demolition Landfill Fund was closed to the public effective the end of the 2013 fiscal year. Therefore, this fund was not budgeted in FY 2014. The available space will be utilized by the Public Works Department and related operational costs were therefore budgeted as an activity in the General Fund.

Requests for Information

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

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

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

CITY OF BRISTOL, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 5,205,533	8,789,443	13,994,976
Investments	16,941,295	29,938,944	46,880,239
Receivables, Net of Allowance	15,689,326	10,564,808	26,254,134
Notes Receivable	92,290	2,531,330	2,623,620
Other Receivables	921,026	606,952	1,527,978
Due from Joint Venture	-	230,278	230,278
Due from Other Governments	14,070,828	26,641	14,097,469
Due from Trust	68,798	-	68,798
Internal Balances	(372,220)	372,220	-
Inventories	275,029	1,601,566	1,876,595
Prepaids and Prepaid Pension Cost	49,696	2,544,777	2,594,473
Other	-	11,861	11,861
Investment in Joint Venture	-	6,909,633	6,909,633
Restricted Cash	853,445	98,382	951,827
Restricted Investments	5,051,228	1,700,593	6,751,821
Property Held for Resale	-	270,584	270,584
Capital Assets, Net of Accumulated Depreciation:			
Land	8,260,568	1,484,201	9,744,769
Land Improvements	3,235,389	-	3,235,389
Buildings and Building Improvements	44,920,121	3,531,423	48,451,544
Infrastructure	65,303,291	111,210,998	176,514,289
Machinery and Equipment	6,537,652	2,206,480	8,744,132
Other Improvements	1,060,124	-	1,060,124
Construction in Progress	6,067,028	3,129,075	9,196,103
Total Assets	194,230,447	187,760,189	381,990,636
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	31,882	-	31,882
Total Deferred Outflows of Resources	31,882	-	31,882
LIABILITIES			
Accounts Payable and Other Current Liabilities	3,716,380	7,638,831	11,355,211
Contracts Payable	1,830,840	-	1,830,840
Retainages Payable	290,197	-	290,197
Accrued Interest Payable	90,305	327,617	417,922
Due to Others and Deposits	108,653	1,720,799	1,829,452
Unearned Revenue	137,153	1,187,421	1,324,574
Noncurrent Liabilities:			
Due Within One Year	3,637,263	1,054,358	4,691,621
Due in More Than One Year	32,125,974	25,528,449	57,654,423
Total Liabilities	41,936,765	37,457,475	79,394,240
DEFERRED INFLOWS OF RESOURCES			
Unearned Revenue - Property Taxes	23,557,326	-	23,557,326
Total Deferred Inflows of Resources	23,557,326	-	23,557,326
NET POSITION			
Net Investment in Capital Assets	103,861,764	97,612,978	201,474,742
Restricted:			
Community and Economic Development	131,285	-	131,285
Education	26,870	-	26,870
Juvenile Court	3,745	-	3,745
Parks and Recreation	449	-	449
Police and Drug Control	113,273	-	113,273
School Nutrition	1,084,752	-	1,084,752
Unrestricted	23,546,100	52,689,736	76,235,836
Total Net Position	$ 128,768,238	150,302,714	279,070,952

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, 2013

Functions/Programs	Expenses	PROGRAM REVENUES: Charges for Services	PROGRAM REVENUES: Operating Grants and Contributions	PROGRAM REVENUES: Capital Grants and Contributions	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: Primary Government: Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	7,400,014	308,041	2,028,748	96,025	(4,967,200)	-	(4,967,200)
Community Relations	744,539	190,369	-	-	(554,170)	-	(554,170)
Education	38,388,160	912,354	18,513,375	-	(18,962,431)	-	(18,962,431)
Parks and Recreation	3,931,765	572,223	135,997	-	(3,223,545)	-	(3,223,545)
Public Safety	10,973,581	1,237,115	992,447	-	(8,744,019)	-	(8,744,019)
Public Works	8,409,029	1,587,268	1,423,614	85,921	(5,312,226)	-	(5,312,226)
Interest and Related Charges for Long-term Debt	969,560	-	-	-	(969,560)	-	(969,560)
Total Governmental Activities	70,816,648	4,807,370	23,094,181	181,946	(42,733,151)	-	(42,733,151)
Business-type Activities:							
Electric	86,196,336	87,906,086	-	730,093	-	2,439,843	2,439,843
Waterworks	7,702,123	8,817,975	-	260,350	-	1,376,202	1,376,202
Cable and Internet	11,281,780	14,139,479	-	-	-	2,857,699	2,857,699
Telephone	746,718	3,706,665	-	-	-	2,959,947	2,959,947
Demolition Landfill	463,975	96,851	-	-	-	(367,124)	(367,124)
Total Business-type Activities	106,390,932	114,667,056	-	990,443	-	9,266,567	9,266,567
Total Primary Government	$ 177,207,580	119,474,426	23,094,181	1,172,389	(42,733,151)	9,266,567	(33,466,584)
General Revenues:							
Property Taxes					24,098,806	-	24,098,806
Payments in Lieu of Tax					80,429	-	80,429
Sales Taxes					9,837,143	-	9,837,143
Beer and Liquor Taxes					768,538	-	768,538
Business Tax					566,913	-	566,913
Cable Franchise Tax					245,840	-	245,840
Gas Franchise Tax					225,205	-	225,205
Hotel/Motel Taxes					366,890	-	366,890
State Revenue (Unrestricted)					2,819,519	-	2,819,519
Investment Income (Unrestricted)					28,726	352,740	381,466
Other General Revenue					685,434	-	685,434
Transfers					2,651,672	(2,651,672)	-
Total General Revenues and Transfers					42,375,115	(2,298,932)	40,076,183
Change in Net Position					(358,036)	6,967,635	6,609,599
Net Position, Beginning					129,374,320	144,575,188	273,949,508
Prior Period Adjustments					(248,046)	(1,240,109)	(1,488,155)
Net Position, Ending					$ 128,768,238	150,302,714	279,070,952

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

CITY OF BRISTOL, TENNESSEE

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General	Bristol Industrial Development Board	Chapter 420	General Purpose School	School Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	$ 1,997,093	146,261	-	2,448,807	-	613,372	5,205,533
Investments	8,279,946	100,000	-	7,297,125	-	786,505	16,463,576
Receivables, Net of Allowance	15,418,006	-	-	-	-	271,320	15,689,326
Notes Receivable	-	-	-	-	-	92,290	92,290
Other Receivables	499,632	-	51,150	148,482	-	17,380	716,644
Due from Other Funds	2,820,697	1,243,182	-	464,319	-	624,671	5,152,869
Due from Other Governments	2,122,310	-	-	10,640,798	-	1,307,720	14,070,828
Due from Trust	68,798	-	-	-	-	-	68,798
Inventory	232,439	-	-	-	-	42,590	275,029
Restricted Cash	-	702,755	77,512	-	-	73,178	853,445
Restricted Investments	-	-	4,757,588	-	-	293,640	5,051,228
Total Assets	$ 31,438,921	2,192,198	4,886,250	20,999,531	-	4,122,666	63,639,566
LIABILITIES							
Accounts Payable	$ 412,378	7,586	-	1,051,818	-	398,944	1,870,726
Contracts Payable	-	1,703,462	-	-	-	127,378	1,830,840
Retainages Payable	-	228,587	-	31,912	-	29,698	290,197
Accrued Payroll	529,361	-	-	120,015	-	43,978	693,354
Due to Other Funds	1,335,896	5,740	3,014,595	112,652	-	1,126,021	5,594,904
Due to Others	80,270	-	-	-	-	28,383	108,653
Unearned Revenue	11,358	-	-	-	-	125,795	137,153
Total Liabilities	2,369,263	1,945,375	3,014,595	1,316,397	-	1,880,197	10,525,827
DEFERRED INFLOWS OF RESOURCES							
Unearned Revenue - Property Taxes	14,204,903	-	-	9,352,423	-	-	23,557,326
Unavailable Revenue - Property Taxes & Other	1,668,956	-	-	388,070	-	78,494	2,135,520
Total Deferred Inflows of Resources	15,873,859	-	-	9,740,493	-	78,494	25,692,846
FUND BALANCES (DEFICITS)							
Nonspendable:							
Inventory	232,439	-	-	-	-	42,590	275,029
Prepaid Items	-	-	-	49,696	-	-	49,696
Restricted:							
Capital Outlay	-	-	-	-	-	316,976	316,976
Community and Economic Development	-	-	1,871,655	-	-	131,285	2,002,940
Education	-	-	-	26,870	-	-	26,870
Juvenile Court	3,745	-	-	-	-	-	3,745
Parks and Recreation	449	-	-	-	-	-	449
Police and Drug Control	25,659	-	-	-	-	87,614	113,273
School Nutrition	-	-	-	-	-	1,084,752	1,084,752
Committed:							
Solid Waste	-	-	-	-	-	35,214	35,214
Viking Hall Fund	-	-	-	-	-	4,085	4,085
Assigned:							
Birthplace of Country Music	200,000	-	-	-	-	-	200,000
Capital Outlay	-	-	-	-	-	125,000	125,000
Community and Economic Development	-	246,823	-	-	-	-	246,823
Debt Service	-	-	-	-	-	36,593	36,593
Education	-	-	-	9,866,075	-	-	9,866,075
Next Year's Budget	878,273	-	-	-	-	-	878,273
State Street Aid	-	-	-	-	-	299,866	299,866
Unassigned	11,855,234	-	-	-	-	-	11,855,234
Total Fund Balances (Deficits)	13,195,799	246,823	1,871,655	9,942,641	-	2,163,975	27,420,893
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	$ 31,438,921	2,192,198	4,886,250	20,999,531	-	4,122,666	63,639,566

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

CITY OF BRISTOL, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2013

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

Total Fund Balances - Governmental Funds (Page 34)	$ 27,420,893
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	135,384,173
Prepaids are expensed when disbursed in the governmental funds and are not recognized based upon economic benefit or recorded as assets in the funds.	49,696
Deferred outflows of resources, including deferred charges on debt refundings, relates to future periods and, therefore, are not reported in the funds.	31,882
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported unavailable in the funds.	2,135,520
An internal service fund is used by management to charge the costs of employee medical and dental premiums to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.	(400,384)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(35,853,542)
Net Position of Governmental Activities	$ 128,768,238

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, 2013

	General	Bristol Industrial Development Board	Chapter 420	General Purpose School	School Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES							
Taxes	$ 21,525,248	-	-	14,276,394	-	-	35,801,642
Licenses and Permits	167,955	-	-	2,324	-	-	170,279
Intergovernmental	3,386,212	1,000,000	-	14,884,432	-	6,648,361	25,919,005
Charges for Services	1,126,380	-	-	261,352	-	2,219,842	3,607,574
Revenues from Use of Facilities	320,375	-	-	2,475	-	178,459	501,309
Fines and Forfeitures	389,171	-	-	-	-	46,964	436,135
Investment Income	11,306	978	2,695	10,671	18	3,058	28,726
Other	58,575	-	-	418,853	-	344,423	821,851
Total Revenues	26,985,222	1,000,978	2,695	29,856,501	18	9,441,107	67,286,521
EXPENDITURES							
Current:							
General Government	4,918,403	-	-	-	-	1,271,503	6,189,906
Community Relations	433,572	-	-	-	-	294,104	727,676
Economic Development	-	1,047,785	-	-	-	-	1,047,785
Education	-	5,608	-	32,269,176	-	4,315,569	36,590,353
Parks and Recreation	3,493,585	-	-	-	-	117,087	3,610,672
Public Safety	10,364,105	-	-	-	-	219,533	10,583,638
Public Works	3,065,224	-	-	-	-	2,868,662	5,933,886
Capital Outlay	-	7,760,536	-	1,735,278	126,851	2,360,249	11,982,914
Debt Service:							
Principal Retirement	-	-	-	-	-	2,282,323	2,282,323
Interest	-	-	-	-	-	702,406	702,406
Bond Issuance Costs	-	-	258,785	-	-	6,905	265,690
Other Costs	-	-	-	-	-	2,589	2,589
Total Expenditures	22,274,889	8,813,929	258,785	34,004,454	126,851	14,440,930	79,919,838
Excess (Deficiency) of Revenues over Expenditures	4,710,333	(7,812,951)	(256,090)	(4,147,953)	(126,833)	(4,999,823)	(12,633,317)
OTHER FINANCING SOURCES (USES)							
Bonds Issued	-	-	9,800,000	-	-	420,000	10,220,000
Premium on Bonds Issued	-	-	88,324	-	-	16,381	104,705
Notes Payable	-	-	-	-	510,937	-	510,937
Insurance Recoveries	14,345	-	-	261,682	-	227	276,254
Sale of Assets	13,211	-	-	3,377	-	-	16,588
Transfers In	2,741,735	7,816,881	-	4,341,188	109,463	4,712,756	19,722,023
Transfers Out	(8,555,444)	-	(7,760,579)	(1,040,015)	(9,250)	(80,910)	(17,446,198)
Total Other Financing Sources (Uses)	(5,786,153)	7,816,881	2,127,745	3,566,232	611,150	5,068,454	13,404,309
Net Change in Fund Balances	(1,075,820)	3,930	1,871,655	(581,721)	484,317	68,631	770,992
Fund Balance - Beginning	14,281,951	242,893	-	10,524,362	(484,317)	2,097,253	26,662,142
Purchase Method Inventory Adjustment	(10,332)	-	-	-	-	(1,909)	(12,241)
Fund Balance, Ending	$ 13,195,799	246,823	1,871,655	9,942,641	-	2,163,975	27,420,893

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, 2013

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

Net Change in Fund Balance - Total Governmental Funds	$	770,992
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 $1,997,667 and the current year amount of $2,135,520.		137,853
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 $11,982,914 exceeded depreciation of $4,901,537 in the current period.		7,081,377
The net effect of various miscellaneous transactions involving capital assets (e.g., sales and donations) is to increase net assets.		740,471
Inventory for the General Fund and School Nutrition Fund is accounted for by the purchase method 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.		(12,241)
Certain expenses have been reflected in the statement of activities for amounts that have economic benefits in future periods. The prepaid items have not been reflected in the governmental funds. This is the amount by which current year prepaid items of $49,696 were exceeded by the prior year amount of $36,157.		13,539
The issuance of long-term debt (e.g., bonds and 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.		(9,001,484)
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 increased by this amount during the year.		24,472

(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, 2013

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.	(326,430)
An internal service fund is used by management to charge the costs of employee insurance to individual funds.	213,415
Change in Net Position of Governmental Activities	$ (358,036)

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes:				
Property Tax (Net of Discounts, etc.)	$ 14,089,519	14,422,806	14,122,750	(300,056)
Payments in Lieu of Taxes	73,213	73,213	80,429	7,216
Local Sales Tax	5,200,000	5,200,000	5,026,280	(173,720)
Beer and Liquor Taxes	785,000	785,000	764,215	(20,785)
Business Tax	532,300	532,300	566,913	34,613
Gas Franchise Tax	280,000	280,000	243,205	(36,795)
Cable Television Franchise Tax	335,000	335,000	354,566	19,566
Hotel and Motel Taxes	375,000	375,000	366,890	(8,110)
Total Taxes	21,670,032	22,003,319	21,525,248	(478,071)
Licenses and Permits	366,385	366,385	167,955	(198,430)
Intergovernmental:				
State Sales Tax	1,990,000	1,990,000	1,845,695	(144,305)
State Income Tax	432,500	432,500	493,061	60,561
State Highway Maintenance	125,000	125,000	105,723	(19,277)
Bank Excise Tax	33,800	33,800	31,760	(2,040)
Gas and Motor Fuel Tax	56,800	56,800	54,712	(2,088)
Beer and Mixed Drink	106,900	106,900	128,462	21,562
TVA Payments in Lieu	315,000	315,000	308,066	(6,934)
Telecommunications Tax	2,000	2,000	2,386	386
Federal Government	22,460	22,460	-	(22,460)
Federal Thru State and State Grants	73,200	73,200	74,400	1,200
Other Revenue	337,364	337,364	341,947	4,583
Total Intergovernmental	3,495,024	3,495,024	3,386,212	(108,812)
Charges for Services	1,144,055	1,144,055	1,126,380	(17,675)
Revenues from Use of Facilities	348,610	348,610	320,375	(28,235)
Fines and Forfeitures	382,330	382,330	389,171	6,841
Investment Income	20,000	20,000	11,306	(8,694)
Other	36,500	36,500	58,575	22,075
Total Revenues	27,462,936	27,796,223	26,985,222	(811,001)

(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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
EXPENDITURES				
General Government:				
General Administration:				
City Council	143,860	143,860	131,475	12,385
City Manager	211,838	211,838	240,438	(28,600)
Economic Development	422,856	664,856	598,325	66,531
Chapter 420 Administration	-	-	154,008	(154,008)
Information Technology	399,614	399,614	352,920	46,694
Legal	123,913	123,913	88,481	35,432
Finance	446,211	446,211	415,771	30,440
Municipal Court	54,968	54,968	53,261	1,707
Juvenile Court	285,317	285,317	280,140	5,177
Human Resources	263,198	263,198	274,299	(11,101)
Total General Administration	2,351,775	2,593,775	2,589,118	4,657
Other Administration:				
Council Programs	1,411,834	1,503,121	1,393,007	110,114
Natural Events	60,000	60,000	47,863	12,137
Special Events	524,425	524,425	354,056	170,369
School Property Insurance	75,000	75,000	95,045	(20,045)
Total Other Administration	2,071,259	2,162,546	1,889,971	272,575
Community Development				
Planning	259,415	259,415	215,474	43,941
Codes Enforcement	248,757	248,757	223,840	24,917
Total Community Development	508,172	508,172	439,314	68,858
Total General Government	4,931,206	5,264,493	4,918,403	346,090
Community Relations				
Administration	432,258	432,258	433,572	(1,314)
Total Community Relations	432,258	432,258	433,572	(1,314)
Parks and Recreation				
Administration	211,751	211,751	212,442	(691)
Recreation	514,507	514,507	494,686	19,821
Steele Creek Golf Course	218,899	218,899	204,114	14,785
Farmers' Market	26,372	26,372	13,849	12,523
Senior Citizens Programs	214,536	214,536	273,975	(59,439)
Slater Communty Center	156,658	156,658	166,490	(9,832)
Parks and Facilities	1,607,512	1,607,512	1,747,024	(139,512)
Nature Center	114,964	114,964	109,126	5,838
City Hall and Annex	174,614	174,614	178,321	(3,707)
Haynesfield Pool	75,160	75,160	93,558	(18,398)
Total Parks and Recreation	3,314,973	3,314,973	3,493,585	(178,612)

(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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
EXPENDITURES (CONTINUED)				
Public Safety:				
Fire Department:				
Administration	252,984	252,984	251,355	1,629
Fire Suppression	3,353,133	3,353,133	3,323,385	29,748
Emergency Medical Services	133,120	133,120	131,811	1,309
Fire Stations	71,555	71,555	88,813	(17,258)
Fire Prevention	103,594	103,594	96,837	6,757
Total Fire Department	3,914,386	3,914,386	3,892,201	22,185
Police Department:				
Administration	514,537	514,537	491,461	23,076
Patrol	3,190,007	3,190,007	3,208,957	(18,950)
Investigations	978,176	978,176	914,854	63,322
Community Programs	584,328	584,328	648,497	(64,169)
Communications and Records	1,098,353	1,098,353	1,078,939	19,414
Animal Control	138,276	138,276	129,196	9,080
Total Police Department	6,503,677	6,503,677	6,471,904	31,773
Total Public Safety	10,418,063	10,418,063	10,364,105	53,958
Public Works:				
Administration	107,758	107,758	109,317	(1,559)
Engineering	177,948	177,948	155,367	22,581
Geographical Information Systems	133,454	133,454	127,475	5,979
Street Maintenance	1,504,311	1,504,311	1,656,535	(152,224)
Fleet Maintenance	536,742	536,742	527,694	9,048
Street Lighting and Traffic Control	485,000	485,000	488,836	(3,836)
Total Public Works	2,945,213	2,945,213	3,065,224	(120,011)
Total Expenditures	22,041,713	22,375,000	22,274,889	100,111

(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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Excess (Deficiency) of Revenues over Expenditures	5,421,223	5,421,223	4,710,333	(911,112)
OTHER FINANCING SOURCES (USES)				
Insurance Recoveries	233,000	233,000	14,345	(218,655)
Sale of Capital Assets	10,000	10,000	13,211	3,211
Transfer from General Purpose School	125,000	125,000	125,000	-
Transfer from Electric	1,622,000	1,622,000	1,764,537	142,537
Transfer from Waterworks	505,000	505,000	520,615	15,615
Transfer from Demolition Landfill	-	-	250,673	250,673
Transfer from Transportation Grant	32,250	32,250	80,910	48,660
Transfer to Bristol Industrial Development Board	(125,000)	(125,000)	(56,302)	68,698
Transfer to General Purpose School	(4,528,688)	(4,528,688)	(4,341,188)	187,500
Transfer to School Capital Projects	-	-	(10,836)	(10,836)
Transfer to Demolition Landfill	(250,000)	(250,000)	(260,000)	(10,000)
Transfer to Drug	(6,000)	(6,000)	(5,683)	317
Transfer to Grant	(27,199)	(27,199)	(45,608)	(18,409)
Transfer to Solid Waste	(85,000)	(85,000)	(29,000)	56,000
Transfer to State Street Aid	(123,649)	(123,649)	(126,588)	(2,939)
Transfer to Transportation Grant	(175,575)	(175,575)	(143,581)	31,994
Transfer to Viking Hall	(100,000)	(100,000)	(94,000)	6,000
Transfer to Debt Service	(2,344,822)	(2,344,822)	(2,310,925)	33,897
Transfer to Capital Equipment	(572,000)	(572,000)	(730,867)	(158,867)
Transfer to Capital Facilities	(525,000)	(525,000)	(400,866)	124,134
Total Other Financing Sources (Uses)	(6,335,683)	(6,335,683)	(5,786,153)	549,530
Net Change in Fund Balances	(914,460)	(914,460)	(1,075,820)	(361,582)
Fund Balance - Beginning	13,581,848	13,581,848	14,281,951	700,103
Purchase Method Inventory Adjustment	-	-	(10,332)	(10,332)
Fund Balance - Ending	$ 12,667,388	12,667,388	13,195,799	328,189

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

CITY OF BRISTOL, TENNESSEE

BRISTOL INDUSTRIAL DEVELOPMENT BOARD FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental	$ -	1,000,000	1,000,000
Investment Income	-	978	978
Total Revenues	-	1,000,978	1,000,978
EXPENDITURES			
Economic Development	-	1,047,785	(1,047,785)
Education	-	5,608	(5,608)
Capital Outlay	-	7,760,536	(7,760,536)
Total Expenditures	-	8,813,929	(8,813,929)
Excess (Deficiency) of Revenues over Expenditures	-	(7,812,951)	(7,812,951)
OTHER FINANCING SOURCES (USES)			
Transfer from General	-	56,302	56,302
Transfer from Chapter 420	-	7,760,579	7,760,579
Total Other Financing Sources (Uses)	-	7,816,881	7,816,881
Net Change in Fund Balances	-	3,930	3,930
Fund Balance - Beginning	-	242,893	242,893
Fund Balance - Ending	$ -	246,823	246,823

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

CITY OF BRISTOL, TENNESSEE
CHAPTER 420 FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Investment Income	$ -	-	2,695	2,695
Total Revenues	-	-	2,695	2,695
EXPENDITURES				
Debt Service:				
Bond Issuance Costs	-	-	258,785	(258,785)
Total Expenditures	-	-	258,785	(258,785)
Excess (Deficiency) of Revenues over Expenditures	-	-	(256,090)	(256,090)
OTHER FINANCING SOURCES (USES)				
Bonds Issued	-	9,000,000	9,800,000	800,000
Premium on Bonds Issued	-	-	88,324	88,324
Transfer to Bristol Industrial Development Board	-	(9,000,000)	(7,760,579)	1,239,421
Total Other Financing Sources (Uses)	-	-	2,127,745	2,127,745
Net Change in Fund Balances	-	-	1,871,655	1,871,655
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	$ -	-	1,871,655	1,871,655

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes:				
County Property Tax	$ 9,205,020	9,562,020	9,853,601	291,581
Local Sales Tax	4,397,045	4,397,045	4,422,793	25,748
Total Taxes	13,602,065	13,959,065	14,276,394	317,329
Licenses and Permits	2,000	2,000	2,324	324
Intergovernmental:				
Federal Thru State and State	15,099,618	15,099,618	14,874,345	(225,273)
Bank Excise Tax	30,000	30,000	8,099	(21,901)
Telecommunications Tax	3,000	3,000	1,988	(1,012)
Total Intergovernmental Revenues	15,132,618	15,132,618	14,884,432	(248,186)
Charges for Services	279,600	279,600	261,352	(18,248)
Revenues from Use of Facilities	2,400	2,400	2,475	75
Investment Income	12,000	10,000	10,671	671
Other	502,963	524,963	418,853	(106,110)
Total Revenues	29,533,646	29,910,646	29,856,501	(54,145)
EXPENDITURES				
Instruction:				
Regular Education	16,260,130	16,110,913	15,858,593	252,320
Alternate School	209,556	209,556	207,976	1,580
Special Education	2,123,338	2,130,330	2,006,806	123,524
Vocational Education	1,007,496	1,007,496	967,606	39,890
Student Body	5,000	5,000	5,820	(820)
Total Instruction	19,605,520	19,463,295	19,046,801	416,494
Support Services:				
Attendance	131,420	176,116	176,728	(612)
Health Services	372,885	340,089	318,099	21,990
Other Student Support	807,347	819,000	837,233	(18,233)
Regular Instruction	2,472,319	2,647,202	2,634,491	12,711
Special Education	186,164	161,984	159,099	2,885
Vocational Education	7,624	7,624	5,159	2,465

(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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
EXPENDITURES (CONTINUED)				
Support Services (Continued):				
Board of Education	576,134	576,134	573,587	2,547
Director of Schools	317,893	326,893	318,607	8,286
Office of Principal	2,857,401	2,892,719	2,877,248	15,471
Fiscal Services	383,375	383,375	369,216	14,159
Human Resources	-	162,782	169,913	(7,131)
Operation of Plant	2,002,254	1,996,300	1,917,913	78,387
Maintenance of Plant	1,087,193	1,177,193	1,281,739	(104,546)
Student Transportation	879,573	879,573	867,051	12,522
Central and Other	162,782	-	-	-
Total Support Services	12,244,364	12,546,984	12,506,083	40,901
Non-Instructional Services				
School Nutrition	55,024	55,024	55,114	(90)
Community Service	259,953	234,558	201,904	32,654
Early Childhood	437,747	437,747	434,684	3,063
Total Non-Instructional Services	752,724	727,329	691,702	35,627
Noncapitalized Improvements	50,000	50,000	24,590	25,410
Capital Outlay	1,205,788	1,947,788	1,735,278	212,510
Total Expenditures	33,858,396	34,735,396	34,004,454	730,942
Excess (Deficiency) of Revenues over Expenditures	(4,324,750)	(4,824,750)	(4,147,953)	676,797
OTHER FINANCING SOURCES (USES)				
Insurance Recoveries	-	-	261,682	261,682
Sale of Assets	10,000	10,000	3,377	(6,623)
Transfer from General	4,528,688	4,528,688	4,341,188	(187,500)
Transfer to General	(125,000)	(125,000)	(125,000)	-
Transfer to School Capital Projects	-	-	(98,627)	(98,627)
Transfer to Capital Facilities	-	-	(112,652)	(112,652)
Transfer to Debt Service	(773,634)	(773,634)	(703,736)	69,898
Total Other Financing Sources (Uses)	3,640,054	3,640,054	3,566,232	(73,822)
Net Change in Fund Balances	(684,696)	(1,184,696)	(581,721)	602,975
Fund Balance - Beginning	9,303,251	10,524,362	10,524,362	-
Fund Balance - Ending	$ 8,618,555	9,339,666	9,942,641	602,975

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

CITY OF BRISTOL, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Fund
	Electric	Waterworks	Demolition Landfill	Total Enterprise Funds	
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 8,789,443	-	-	8,789,443	-
Investments	26,400,000	3,538,944	-	29,938,944	477,719
Accounts Receivable, (Net)	9,461,721	1,103,087	-	10,564,808	-
Customer Notes Receivable (Net) - Current Portion	400,000	160	-	400,160	-
Other Receivables	585,045	21,907	-	606,952	204,382
Due from Joint Venture	-	213,421	-	213,421	-
Due from Other Funds	62,262	754,603	-	816,865	-
Due from Other Governments	-	26,641	-	26,641	-
Inventories	1,233,026	368,540	-	1,601,566	-
Prepaids	2,257,871	-	-	2,257,871	-
Other	11,861	-	-	11,861	-
Total Current Assets	49,201,229	6,027,303	-	55,228,532	682,101
Noncurrent Assets:					
Capital Assets:					
Capital Assets	142,149,886	71,845,610	-	213,995,496	-
Construction in Progress	2,311,784	817,291	-	3,129,075	-
Total Capital Assets	144,461,670	72,662,901	-	217,124,571	-
Less: Accumulated Depreciation	65,150,684	30,411,710	-	95,562,394	-
Net Capital Assets	79,310,986	42,251,191	-	121,562,177	-
Other Noncurrent Assets:					
Customer Notes Receivable, Less Current Portion	2,131,170	-	-	2,131,170	-
Investment in Joint Venture	-	6,909,633	-	6,909,633	-
Due from Joint Venture	-	16,857	-	16,857	-
Restricted Cash	-	98,382	-	98,382	-
Restricted Investments	-	1,700,593	-	1,700,593	-
Prepaid Pension Cost	286,906	-	-	286,906	-
Property Held for Resale	270,584	-	-	270,584	-
Total Other Noncurrent Assets	2,688,660	8,725,465	-	11,414,125	-
Total Noncurrent Assets	81,999,646	50,976,656	-	132,976,302	-
Total Assets	131,200,875	57,003,959	-	188,204,834	682,101

(Continued)

CITY OF BRISTOL, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Fund
	Electric	Waterworks	Demolition Landfill	Total Enterprise Funds	
LIABILITIES					
Current Liabilities:					
Accounts Payable	5,836,159	137,794	-	5,973,953	-
Accrued Interest	318,591	9,026	-	327,617	-
Accrued Liabilities	1,597,187	-	-	1,597,187	1,152,300
Accrued Payroll	-	67,691	-	67,691	-
Deposits	1,693,678	4,100	-	1,697,778	-
Due to Others	-	23,021	-	23,021	-
Due to Other Funds	51,345	285,624	-	336,969	37,861
Unearned Revenue	1,187,421	-	-	1,187,421	-
Compensated Absences Payable	-	58,500	-	58,500	-
Bonds Payable	540,000	445,000	-	985,000	-
Notes Payable	-	10,858	-	10,858	-
Total Current Liabilities	11,224,381	1,041,614	-	12,265,995	1,190,161
Long-term Liabilities:					
Compensated Absences Payable	-	96,376	-	96,376	-
Bonds Payable, Net of Unamortized Premium	20,831,463	4,000,174	-	24,831,637	-
Notes Payable	-	21,714	-	21,714	-
OPEB Obligation Payable	578,722	-	-	578,722	-
Total Long-term Liabilities	21,410,185	4,118,264	-	25,528,449	-
Total Liabilities	32,634,566	5,159,878	-	37,794,444	1,190,161
NET POSITION					
Net Investment in Capital Assets	57,939,523	39,673,455	-	97,612,978	-
Unrestricted	40,626,786	12,170,626	-	52,797,412	(508,060)
Total Net Position	$ 98,566,309	51,844,081	-	150,410,390	(508,060)

Adjustment to report the cumulative internal balance for the net effect of the activity between the Internal Service Fund and enterprise funds over time	(107,676)
Net Position of Business-type Activities	$ 150,302,714

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

CITY OF BRISTOL, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Fund
	Electric	Waterworks	Demolition Landfill	Total Enterprise Funds	
OPERATING REVENUES					
Charges for Services (Net)	$ 101,739,112	8,671,542	92,388	110,503,042	3,414,159
Other	4,013,118	146,433	4,463	4,164,014	29,652
Total Operating Revenues	105,752,230	8,817,975	96,851	114,667,056	3,443,811
OPERATING EXPENSES					
Maintenance and Administrative	7,441,316	1,539,133	239,341	9,219,790	497,000
Purchased Power	71,699,717	-	-	71,699,717	-
Electric Operations	11,835,524	-	-	11,835,524	-
Water Filtration Plant	-	1,386,054	-	1,386,054	-
Water Distribution	-	1,153,330	-	1,153,330	-
Sewer Collection	-	1,002,909	-	1,002,909	-
Medical Claims	-	-	-	-	2,704,782
Depreciation	5,462,244	744,609	219,451	6,426,304	-
Other	-	1,530,317	-	1,530,317	-
Total Operating Expenses	96,438,801	7,356,352	458,792	104,253,945	3,201,782
Operating Income (Loss)	9,313,429	1,461,623	(361,941)	10,413,111	242,029
NONOPERATING REVENUES (EXPENSES)					
Investment Income	346,896	5,802	42	352,740	637
Gain on Investment in Joint Venture	-	44,354	-	44,354	-
Capital Contribution to Joint Venture	-	(250,000)	-	(250,000)	-
Loss on Closure of Fund	-	-	(375,847)	(375,847)	-
Loss on Disposal of Capital Assets	-	(13,701)	-	(13,701)	-
Interest Expense	(944,220)	(94,889)	(6,619)	(1,045,728)	-
Fiscal Agent Fees	-	(39)	(14)	(53)	-
Other	(841,813)	(59,297)	-	(901,110)	-
Total Nonoperating Revenues (Expenses)	(1,439,137)	(367,770)	(382,438)	(2,189,345)	637
Income Before Capital Contributions and Transfers	7,874,292	1,093,853	(744,379)	8,223,766	242,666

(Continued)

CITY OF BRISTOL, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Fund
	Electric	Waterworks	Demolition Landfill	Total Enterprise Funds	
Income Before Capital Contributions and Transfers (Brought Forward)	7,874,292	1,093,853	(744,379)	8,223,766	242,666
TRANSFERS					
Transfer from General	-	-	260,000	260,000	-
Transfer to General	(1,764,537)	(520,615)	(250,673)	(2,535,825)	-
Total Transfers	(1,764,537)	(520,615)	9,327	(2,275,825)	-
CAPITAL CONTRIBUTIONS AND GRANTS	730,093	260,350	-	990,443	-
Change in Net Position	6,839,848	833,588	(735,052)	6,938,384	242,666
Net Position - Beginning	92,005,433	51,969,405	737,277		(750,726)
Prior Period Adjustments:					
Bond Issuance Costs Removal	(278,972)	(13,067)	(2,225)		-
Capital Assets Adjustment	-	(1,092,149)	-		-
Equity Investment Adjustment	-	146,304	-		-
Net Position - Ending	$ 98,566,309	51,844,081	-		(508,060)

Adjustment for the net effect of the current year activity between the Internal Service Fund and the enterprise funds.	29,251
Change in Net Position of Business-type Activities	$ 6,967,635

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, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities-Internal Service Fund
	Electric	Waterworks	Demolition Landfill	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	$ 106,035,278	8,999,916	100,663	115,135,857	614,307
Receipts from Other	-	15,235	12,367	27,602	29,505
Receipts for Interfund Services Provided	2,676,220	139,534	-	2,815,754	2,799,852
Payments to Suppliers	(80,587,339)	(2,627,444)	(121,667)	(83,336,450)	(3,276,159)
Payments for Employees	(4,525,829)	(1,099,822)	(75,474)	(5,701,125)	-
Payments to Joint Venture	-	(1,453,612)	-	(1,453,612)	-
Payments for Interfund Services Used	-	(1,512,053)	-	(1,512,053)	-
Net Cash Provided by/(Used for) Operating Activities	23,598,330	2,461,754	(84,111)	25,975,973	167,505
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Due From/To General Fund	-	(19,131)	186,650	167,519	(167,505)
State Income Tax	(111,720)	-	-	(111,720)	-
Transfers From Other Funds	-	-	260,000	260,000	-
Transfers To Other Funds	(1,764,537)	(520,615)	(250,673)	(2,535,825)	-
Net Cash Provided by/(Used for) Noncapital Financing Activities	(1,876,257)	(539,746)	195,977	(2,220,026)	(167,505)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Bonds Payable Issued	-	3,580,000	-	3,580,000	-
Premium on Bonds Payable	-	131,781	-	131,781	-
Bond Issuance Costs	-	(59,297)	-	(59,297)	-
Capital Contributions	730,093	260,350	-	990,443	-
Sale of Capital Assets	-	1,680	-	1,680	-
Purchase of Capital Assets	(5,539,952)	(1,235,296)	(19,594)	(6,794,842)	-
Principal Paid on Capital Debt	(520,000)	(1,701,052)	(85,000)	(2,306,052)	-
Interest Paid on Capital Debt	(949,649)	(103,379)	(7,300)	(1,060,328)	-
Fiscal Agent Fees Paid	-	(39)	(14)	(53)	-
Net Cash Provided by/(Used for) Capital and Related Financing Activities	(6,279,508)	874,748	(111,908)	(5,516,668)	-

(Continued)

CITY OF BRISTOL, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Fund
	Electric	Waterworks	Demolition Landfill	Total Enterprise Funds	
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale of Investments	16,400,000	-	-	16,400,000	-
Purchase of Investments	(26,400,000)	(2,446,001)	-	(28,846,001)	(637)
Interest and Dividends Received	361,904	5,802	42	367,748	637
Purchase of Property Held for Resale	(19,150)	-	-	(19,150)	-
Due from Joint Venture	-	(11,899)	-	(11,899)	-
Contribution to Joint Venture	-	(250,000)	-	(250,000)	-
Net Cash Provided by/(Used for) Investing Activities	(9,657,246)	(2,702,098)	42	(12,359,302)	-
Net Increase (Decrease) in Cash and Cash Equivalents	5,785,319	94,658	-	5,879,977	-
Cash and Cash Equivalents - Beginning	3,004,124	3,724	-	3,007,848	-
Cash and Cash Equivalents - Ending	$ 8,789,443	98,382	-	8,887,825	-

(Continued)

CITY OF BRISTOL, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Fund
	Electric	Waterworks	Demolition Landfill	Total Enterprise Funds	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES					
Operating Income (Loss)	$ 9,313,429	1,461,623	(361,941)	10,413,111	242,029
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by/(Used for) Operating Activities:					
Depreciation Expense	5,462,244	744,609	219,451	6,426,304	-
Provision for Losses on Accounts Receivable	93,207	77,294	-	170,501	-
Redemption of Discounted Energy Units	522,000	-	-	522,000	-
(Increase) Decrease:					
Accounts Receivable	585,250	103,240	8,275	696,765	-
Other Receivables	-	15,235	7,904	23,139	(183,980)
Inventories	89,432	30,923	-	120,355	-
Prepaids and Other	2,518,222	-	-	2,518,222	-
Customer Notes Receivable	185,175	678	-	185,853	-
Increase (Decrease):					
Accounts Payable	4,734,965	3,095	(4,125)	4,733,935	-
Accrued Liabilities	408,551	-	59,019	467,570	109,456
Accrued Payroll	-	7,088	(5,277)	1,811	-
Deposits	(118,590)	450	(7,417)	(125,557)	-
Due to Others	-	281	-	281	-
Unearned Revenue	(195,555)	-	-	(195,555)	-
Compensated Absences Payable	-	17,238	-	17,238	-
Net Cash Provided by/(Used for) Operating Activities	$ 23,598,330	2,461,754	(84,111)	25,975,973	167,505

SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Accounts payable were $34,687 in the Waterworks Fund at June 30, 2013, for capital assets.

The Waterworks Fund had a gain on investment of $44,354 which equals the City's share of 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 POSITION
FIDUCIARY FUNDS
June 30, 2013

	Other Post Employment Benefits Trust Fund	Agency Funds
ASSETS		
Cash and Cash Equivalents	$ 2,687	1,492,929
Investments	-	2,609,868
Investments Held in Trust, At Fair Value		
Mutual Funds	2,545,611	-
Total Assets	2,548,298	4,102,797
LIABILITIES		
Accrued Liabilities	15,500	-
Due to General Fund	68,798	-
Due to Others	-	4,102,797
Total Liabilities	84,298	4,102,797
NET POSITION		
Net Position Held In Trust for OPEB Benefits	2,464,000	
Total Net Position	$ 2,464,000	

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 POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2013

	Other Post Employment Benefits Trust Funds
ADDITIONS	
Employer Contributions	$ 597,855
Retiree Contributions	95,778
Investment Earnings	15,780
Net Appreciation (Depreciation) in Value of Investments	239,584
Total Additions	948,997
DEDUCTIONS	
Retiree Benefits	496,900
Administrative Expenses	17,005
Total Deductions	513,905
Change in Net Position	435,092
Net Position - Beginning	2,028,908
Net Position - Ending	$ 2,464,000

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

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

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

The accompanying financial statements present the government and a component unit, entity for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, the blended component unit is appropriately presented as a fund of the primary government.

Blended Component Unit. The Industrial Development Board of the City of Bristol, Tennessee was formed to promote industrial development and provide additional job opportunities in the City of Bristol, Tennessee, and surrounding areas, and to exercise the authority of and pursue the objectives of industrial development corporations as provided for in the Tennessee Code Annotated. The Board is comprised of seven members appointed by Council for six-year terms. All members are required to be City residents at the time of appointment and maintain City residency during the entire term of office. The Board has authority to authorize industrial development bonds under state and federal statute and has other enumerated powers. The entity cannot be included as part of another entity. The government's Council and the government is legally obligated to provide resources in case there are deficiencies in debt service payments and resources are not available from any other remedies. The entity also utilizes the services of City staff for administrative purposes that can be replaced. The Board is reported as a special revenue fund and does not issue separate financial statements. The fund was not previously reflected in the City's Comprehensive Annual Financial Reports. Therefore, the Statement of Activities reflects a different beginning net position for governmental activities compared to the prior year's ending balance by the amount of $242,893.

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

B. Reporting Entity (Continued)

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

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

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

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

B. Reporting Entity (Continued)

The Tri-City Airport Authority is jointly owned by the 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 ownership in the Airport is 16%, there is no equity ownership to the owners due to a lack of ongoing financial interest. The City is represented by one of the twelve airport authority officers. A separate enterprise fund is maintained by the Authority and the owners do not record any financial balances related to the organization.

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, 2013, the City received $6,302 in proceeds from vacant lot sales. Administrators retain only an ongoing financial responsibility for this venture and do not record any financial balances related to this organization in their financial statements. Financial statements are not prepared for the Tri-County Industrial Park.

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.

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

B. Reporting Entity (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 Room 203 Bristol, TN 37620	Networks P.O. Box 1157 Blountville, TN 37617	Tri City Airport Authority 2525 Highway 75 Suite 301 Blountville, TN 37617

Audited information as of June 30, 2013, is presented for the Bristol Public Library and Joint Sewerage System. Information presented for Networks – Sullivan Partnership and Tri-Cities Airport is for the year ended June 30, 2012, since audited financial information has yet to be released for the 2013 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	$ 1,949,628	3,183,856	1,566,301	12,534,443
Expenses	(1,948,711)	(3,095,148)	(1,016,412)	(9,054,880)
Net Income (Loss) Transferred to Net Position	917	88,708	549,889	3,479,563
Net Position - Beginning	78,026	13,730,557	566,303	63,023,491
Net Position - Ending	$ 78,943	13,819,265	1,116,192	66,503,054
Assets	$ 250,975	14,404,402	9,002,550	73,193,702
Liabilities	172,032	585,137	7,886,358	6,690,648
Net Position	$ 78,943	13,819,265	1,116,192	66,503,054

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

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's electric, waterworks, cable and internet, telephone, and demolition landfill 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.

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following major governmental funds:

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

The *Bristol Industrial Development Board Fund* is a special revenue fund used to account for activity of The Industrial Development Board of the City of Bristol, Tennessee which is a blended component unit. This fund account for all financial resources of the Board that are used for economic development purposes, such as contributions from the City, grant revenue, and investment income.

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

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

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

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

The *School Capital Projects Fund* is a capital projects fund used to account for significant capital asset projects related to education that are funded by the General Fund, General Purpose School Fund, debt, or a combination thereof.

The City reports the following major enterprise funds:

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

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

The *Demolition Landfill Fund* is used to account for the administration and operation of the demolition landfill. The demolition landfill was closed to outside operations after June 30, 2013. The remaining unused space will be used for City operations only. Therefore, this fund was closed at year end and all related assets and liabilities were transferred to the General Fund.

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

E. Measurement Focus and Basis of Accounting

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

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

E. Measurement Focus and Basis of Accounting (Continued)

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Grant revenue has a period of availability of one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, and other long-term obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within sixty days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within one year of year end). All other revenue items are considered to be measurable and available only when cash is received by the City. Certain revenues are required to be recognized as a receivable and either as revenue or unearned revenue, depending upon the revenue recognition policies of the entity. The amounts due for penalties, fines and forfeitures, and clerk's fees for business tax were determined to be immaterial; therefore, receivables were not recorded. Gross receipts tax, minimum business tax, and corporate (bank) excise taxes that were earned but not received by June 30, 2013, were not recorded as receivables because they were not estimable.

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

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

F. Budgetary Information

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

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

1. Cash and Cash Equivalents

The City's 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.

2. Investments

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

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

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

3. Inventories and Prepaid Items

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

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

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

4. Capital Assets

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

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

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

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

4. Capital Assets (Continued)

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

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

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

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that is unavailable revenue, which arises only under a modified accrual basis, which meets these criteria. The governmental funds report unavailable revenues from property taxes recorded as a receivable based upon the lien date in the fiscal year prior to the actual levy date. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Net Position Flow Assumption

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

7. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

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

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

7. Fund Balance Flow Assumptions (Continued)

It is the City's policy to consider investment earnings and then restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first and then followed by assigned fund balance. Unassigned fund balance is applied last.

8. Fund Balance Policies

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

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

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council has by resolution authorized the City Manager and Finance Director for City-managed funds and the Director of Schools and Business Services Supervisor for BOE-managed funds to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

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

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

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

3. Compensated Absences

Vacation

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. The proprietary fund financial statements reflect $154,876 of long-term vacation benefits payable. The Electric Fund recognizes the cost of vacation pay as earned. In the event of termination or retirement, an employee is reimbursed for accumulated vacation days. In general, accumulated vacation days are limited to thirty days.

A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Expenditures are recorded in the governmental funds when payments are made to employees upon their termination of employment for their accrued vacation time. At June 30, 2013, 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 $2,085,594 for vacation benefits have been reflected in the Statement of Net Position as compensated absences for the governmental activities.

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

H. Revenues and Expenditures/Expenses (Continued)

3. Compensated Absences (Continued)

Sick

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

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Electric Fund, Waterworks Fund, Demolition Landfill Fund, and Internal Service Fund are charges to customers for sales and services. Operating expenses for enterprise funds and the Internal Service Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

I. Other

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and 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.

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

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

The Governmental Fund Balance Sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds". The details of this $(35,853,452) are as follows:

Bonds and notes payable	$ (31,252,652)
Add: Bond premium (net of amortization of $74,959 recorded as interest expense)	(321,256)
Accrued interest payable	(90,305)
Compensated absences	(2,085,594)
Landfill closure costs	(358,165)
Other post employment benefit obligation	(1,745,570)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (35,853,542)

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

The Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "the net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position". The details of this $740,471 are as follows:

Donations of capital assets increase net position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.	$ 89,723
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.	(181,167)
Demolition Landfill Fund was closed for public use. Therefore, remaining capital assets were transferred to governmental activities.	831,915
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 740,471

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

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

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities". The details of this $(9,001,484) are as follows:

Debt issued or incurred:	
Bonds payable	$ (10,220,000)
Premium on bonds payable	(104,705)
Demolition bonds payable transferred	(90,000)
Notes payable	(510,937)
Demolition landfill closure costs	(358,165)
Principal repayments:	
General obligation debt	2,282,323
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ (9,001,484)

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 $(24,472) are as follows:

Compensated absences for the prior year	$ 2,110,066
Compensated absences for the current year	(2,085,594)
Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at *changes in net position of governmental activities*	$ (24,472)

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 $(326,430) are as follows:

Prior year accrued interest	$ 62,811
Current year accrued interest	(90,305)
Prior year other post employment benefit obligation	1,418,315
Current year other post employment benefit obligation	(1,745,570)
Amortization of deferred charge on refunding	(19,621)
Amortization of bond premiums	47,940
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities.*	$ (326,430)

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 profit allocated to the governmental activities was $213,415 and to the business-type activities was $29,251. 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

The following supplements were made to the original budget:

Fund	Original Budget	Total Revisions	Revised Budget
General	$ 22,041,713	333,287	22,375,000
Chapter 420	-	9,000,000	9,000,000
General Purpose School	33,858,396	877,000	34,735,396
Grant	397,185	377,815	775,000
School Federal Projects	2,410,225	301,066	2,711,291
Solid Waste	1,626,855	23,145	1,650,000
State Street	868,000	32,000	900,000
Viking Hall	577,884	22,116	600,000
School Capital Projects	-	150,000	150,000

The Bristol Industrial Development Board Fund is a special revenue fund used to reflect activity for a blended component unit of the City. This entity is not required legally by the State of Tennessee to prepare or adopt a formal budget. Council is also not required to approve a budget for this entity as part of the budget ordinance. Therefore, amounts are not presented on the fund statement for the original and final budgeted amounts.

NOTE IV. DETAILED NOTES ON ALL FUNDS:

A. Deposits and Investments

Deposits

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

Custodial Credit Risk

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

At year end, the City had $15,739 of cash on hand which has been included in cash and cash equivalents. The City's carrying amount of deposits was $14,931,064 and the balance in financial institutions was $16,768,491. Carrying amounts differ from financial institution balances primarily due to outstanding checks and deposits in transit. State statutes require collateral pledged by each financial institution to equal a certain percentage of the uninsured public deposits it holds. Members of the State of Tennessee Collateral Pool can be assessed if the collateral is inadequate to cover a loss. This is similar to depository insurance. The entire City's bank balance was covered by the State of Tennessee Collateral Pool, which is a multiple financial institution collateral pool, or by amounts insured by the Federal Deposit Insurance Corporation (FDIC), or with securities held by the pledging financial institution's trust department.

The City also manages cash for the agency funds maintained by the City. The City's carrying amount of deposits for the agency funds was $1,492,929 and the balance in financial institutions was $1,726,294. The deposits have not been reflected in the government-wide Statement of Net Position. The entire amount of the deposits was covered by the State of Tennessee Collateral Pool or FDIC Insurance.

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

A. Deposits and Investments (Continued)

Investments

At June 30, 2013, the City's investment balances were as follows:

	Reported Amount	Fair Value
Investments:		
State of Tennessee Local Government Investment Pool	$ 19,602,275	19,602,275
Bonds and Securities	7,529,785	7,529,785
Certificates of Deposit	26,500,000	26,500,000
Total Investments	$ 53,632,060	53,632,060

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

The City also manages investments for the agency funds maintained by the City in the State of Tennessee Local Government Investment Pool. The City's reported amount of investments for the agency funds was $2,609,868 and the fair value was $2,609,868. The investments have not been reflected in the government-wide Statement of Net Position.

Interest Rate Risk

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

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

A. Deposits and Investments (Continued)

However, in an effort to manage exposure to interest rate risk, the City's agent has been directed to purchase a combination of shorter term and longer term investments and time maturities so that a portion of the investment portfolio for the bond related funds (securities) is maturing or coming close to maturity evenly over time to provide cash flow and liquidity needed for operations. All investments held by the City of Bristol had maturities of less than one year remaining as of June 30, 2013.

Bonds and Securities - Investment Type	Par (Maturity < 1 Year)	Portfolio Percentage
Fixed Certificate of Deposits	500,000	6.68 %
Taxable Non-callable Municipal Securities	200,000	2.67 %
Tax Free Non-callable Municipal Securities	5,440,000	72.62 %
Tax Free Callable Municipal Securities	250,000	3.34 %
Treasury Securities	1,100,000	14.69 %

The following table represents the interest rate risk of the investment portfolio of individual fixed income securities. Using a simulation model, the portfolio was subjected to an immediate interest rate shock of +/- 300 bp. The results in weighted average total are presented below which details the average maturity, average market prices, total unrealized gain or loss and percentage price change from the current interest rate environment.

Total Portfolio Shock Table							
Securities Count: 25	Total Par: 7,490,000		Coupon: 2.94				
Data Category	Dn300	Dn200	Dn100	BaseCase	Up100	Up200	Up300
Mkt Value	7,537,908	7,537,891	7,537,874	7,529,785	7,522,558	7,510,031	7,497,610
Pct Change	.04	.04	.04		-.17	-.33	-.5
Mkt Price	100.6396	100.6393	100.6391	100.6033	100.4346	100.2674	100.1015
Avg Life / Duration	.21 / .21	.21 / .21	.21 / .21	.21 / .21	.21 / .21	.21 / .21	.21 / .21
Mkt Yld	-.04	.09	.22	.43	1.22	2.02	2.82
Gain (Loss) $	$8,031	$8,014	$7,997	$5,316	-$7,318	-$19,845	-$32,267

Source: RAYMOND JAMES eFolio® - Interactive Portfolio Management System

Credit Risk

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

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

A. Deposits and Investments (Continued)

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 (TN LGIP); obligations of the Public Housing Authority and bonds of the Tennessee Valley Authority.

Specifically, the TN LGIP was established under Tennessee Code Annotated Title 9, Chapter 4, Part 7. This investment pool is established for the use of idle funds of local governments located within the State of Tennessee. These funds are placed by the participating entity into accounts that are held and invested by the State Treasurer. The TN LGIP invests in time deposits, such as certificates of deposit, commercial paper, United States of America agency securities, repurchase agreements, and United States of America treasuries. By law, the TN LGIP is required to maintain a 90-day or less weighted-average-maturity. The fair value of shares held in the TN LGIP is the same as the value of the TN LGIP shares. The pooled investments are not registered with the Securities and Exchange Commission (SEC) but are managed in a manner consistent with SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the investment in the TN LGIP has been determined based on the pool's share price as adjusted to market. The TN LGIP has not been rated by a nationally recognized statistical rating organization. At June 30, 2013, the LGIP had a weighted average maturity of 112 days. The LGIP is audited as part of the Comprehensive Annual Financial Report for the State of Tennessee. That report may be obtained by writing Tennessee Department of Finance and Administration, 312 Rosa L. Parks Avenue, 21st Floor Tennessee Tower, Nashville, TN 37243 or can be accessed at www.state.tn.us/finance/act/cafr.html.

During the fiscal year ended June 30, 2013, management began utilizing an outside agent to manage investing activities in an effort to achieve greater returns on investments in addition to investing in the TN LGIP. A combination of certificates of deposits, municipal bonds, and United States treasury bills were purchased to achieve this goal. All municipal securities in the City's investment portfolio were rated by either Moody's Investor Services or Standard & Poor's Rating Services at AA or above. Certificates of Deposit were not required to be rated as they are backed by either the State of Tennessee Collateral Pool or other depository insurance.

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

A. Deposits and Investments (Continued)

Custodial Credit Risk

In the case of investments, this is the risk that, the City will not be able to recover the value of the investments or collateral securities that are in possession of an outside party in the event of the failure of the custodian of the City's investments.

Concentration of Credit Risk

In an additional effort to minimize credit risk, the City avoids having a large percentage of its portfolio in one type of security or issuer of a security. The following individual investments represented more than 5% of the portfolio held by the City:

Catoosa County Georgia School District (Par Amount $450,000)	6.01%
Killeen, Texas (Par Amount $550,000)	7.34%
United States Treasury Securities (Par Amount $1,100,000)	14.69%

Reconciliation to Statement of Net Position

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

	Total
Total Deposits and Investments:	
Cash on Hand	$ 15,739
Carrying Amount of Deposits	14,931,064
Carrying Amount of Investments	53,632,060
Total Deposits and Investments	$ 68,578,863
Amounts per Statement of Net Position:	
Cash and Cash Equivalents	$ 13,994,976
Investments	46,880,239
Restricted Cash	951,827
Restricted Investments	6,751,821
Total per Statement of Net Position	$ 68,578,863

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

B. Receivables

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

	General	Chapter 420	General Purpose School	Electric	Waterworks	Nonmajor Governmental	Internal Service	Total
Receivables:								
Taxes	$ 15,987,006	-	-	-	-	-	-	15,987,006
Accounts	-	-	-	10,288,698	1,591,837	357,570	-	12,238,105
Notes Receivable	-	-	-	2,531,170	160	92,290	-	2,623,620
Other Receivables	631,632	51,150	148,482	585,045	21,907	17,380	204,382	1,659,978
Due from Joint Ventures	-	-	-	-	230,278	-	-	230,278
Due from Other Governments:								
Federal Government	42,604	-	-	-	918	543,856	-	587,378
State of Tennessee and Federal Through the State	1,998,696	-	114,494	-	188	668,800	-	2,782,178
Other Governments and Agencies	81,010	-	10,526,304	-	25,535	95,064	-	10,727,913
Due from Trust	68,798	-	-	-	-	-	-	68,798
Gross Receivables	18,809,746	51,150	10,789,280	13,404,913	1,870,823	1,774,960	204,382	46,905,254
Less: Provision for Uncollectibles	(701,000)	-	-	(826,977)	(488,750)	(86,250)	-	(2,102,977)
Total Receivables	$ 18,108,746	51,150	10,789,280	12,577,936	1,382,073	1,688,710	204,382	44,802,277

Governmental funds report deferred inflow of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received but not yet earned and reflect these funds as unearned revenue in the financial statements.

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

B. Receivables (Continued)

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

	Unearned	Unavailable
Grant drawdowns, reimbursements, and payments held prior to meeting all revenue eligibility requirements:		
Community Development Grant Fund	$ 68,067	$ -
General Fund	11,358	-
Grant Fund	12,500	-
HOME Consortium Fund	24,223	-
School Nutrition Fund	21,005	-
Property tax levied for ensuing fiscal year:		
General Fund	14,204,903	-
General Purpose School Fund	9,352,423	-
Receivables not received within period of availability:		
Property tax levied but not collected in period of availability	-	1,123,192
Sales tax	-	388,070
Other taxes	-	50,323
State revenue	-	318,200
Ambulance service charges	-	177,241
Reimbursements and appropriations	-	78,494
	$ 23,694,479	2,135,520

The Electric and Waterworks Funds record unbilled revenue based upon the proportionate number of days related to fiscal year 2013 in the billing cycle of subsequent customer billings. The City also provides loans to customers for heat pump and insulation costs under the Electric Fund's Residential Energy Efficiency Program. The majority of these loans bear interest at rates ranging from 8% to 10.25% and have maturities of up to 10 years. Satisfactory credit reports are required prior to loan approval. Additionally, these loans are secured by a deed of trust on the property. The City recorded interest income of approximately $196,000 in 2013, and $207,000 in 2012, related to these loans. These amounts offset operating expenses in the Statement of Revenues, Expenses, and Changes in Net Position, since management believes this is an operating activity and the income should offset the additional expenses associated with maintaining this loan program.

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

C. Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	$ 4,103,892	3,244,605	-	912,071	8,260,568
Construction in Progress	1,522,762	6,535,837	(65,866)	(1,925,705)	6,067,028
Total Capital Assets, Not Being Depreciated	5,626,654	9,780,442	(65,866)	(1,013,634)	14,327,596
Capital Assets, Being Depreciated:					
Land Improvements	3,134,443	23,268	(92,892)	2,179,979	5,244,798
Building and Building Improvements	61,442,027	462,080	(56,619)	826,979	62,674,467
Infrastructure	111,450,932	-	-	(210,307)	111,240,625
Machinery and Equipment	17,692,781	1,806,847	(352,977)	449,340	19,595,991
Other Improvements	1,413,127	-	-	(139,842)	1,273,285
Total Capital Assets, Being Depreciated	195,133,310	2,292,195	(502,488)	3,106,149	200,029,166
Less Accumulated Depreciation For:					
Land Improvements	(1,041,721)	(89,033)	9,870	(888,525)	(2,009,409)
Building and Building Improvements	(16,211,060)	(1,603,637)	24,340	36,011	(17,754,346)
Infrastructure	(43,751,643)	(2,188,846)	-	3,155	(45,937,334)
Machinery and Equipment	(12,000,784)	(973,371)	352,977	(437,161)	(13,058,339)
Other Improvements	(192,431)	(46,650)	-	25,920	(213,161)
Total Accumulated Depreciation	(73,197,639)	(4,901,537)	387,187	(1,260,600)	(78,972,589)
Total Capital Assets, Being Depreciated, Net	121,935,671	(2,609,342)	(115,301)	1,845,549	121,056,577
Governmental Activities Capital Assets, Net	$ 127,562,325	7,171,100	(181,167)	831,915	135,384,173

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

C. Capital Assets (Continued)

Business-type Activities

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	$ 2,010,635	-	(251,434)	(275,000)	1,484,201
Construction in Progress	2,198,735	2,567,825	(3,800)	(1,633,685)	3,129,075
Total Capital Assets, Not Being Depreciated	4,209,370	2,567,825	(255,234)	(1,908,685)	4,613,276
Capital Assets, Being Depreciated:					
Land Improvements	1,274,127	-	-	(1,274,127)	-
Building and Building Improvements	5,553,988	-	-	1,536,628	7,090,616
Infrastructure	196,475,240	3,129,285	(646,303)	42,364	199,000,586
Machinery and Equipment	6,558,898	498,292	(126,692)	(510,405)	6,420,093
Total Capital Assets, Being Depreciated	209,862,253	3,627,577	(772,995)	(205,540)	212,511,295
Less Accumulated Depreciation For:					
Land Improvements	(557,125)	(204,095)	-	761,220	-
Building and Building Improvements	(3,200,214)	(100,007)	-	(258,972)	(3,559,193)
Infrastructure	(82,790,610)	(5,982,501)	689,551	293,972	(87,789,588)
Machinery and Equipment	(4,517,337)	(309,058)	126,692	486,090	(4,213,613)
Total Accumulated Depreciation	(91,065,286)	(6,595,661)	816,243	1,282,310	(95,562,394)
Total Capital Assets, Being Depreciated, Net	118,796,967	(2,968,084)	43,248	1,076,770	116,948,901
Business-type Activities Capital Assets, Net [1]	$ 123,006,337	(400,259)	(211,986)	(831,915)	121,562,177

[1] Beginning balances of business-type activities have been restated to reflect prior period adjustments in capital assets and any related accumulated depreciation amounts. The effect of this restatement is a decrease of $1,092,149 on beginning Business-type Activities Capital Assets, Net.

During 2013, the Waterworks Fund capitalized $4,443 in interest expense related to capital projects.

When retiring assets, the Electric Fund charges average cost, together with historical cost less salvage value to accumulated depreciation. No gain or loss is recognized. This method may result in accumulated depreciation exceeding historical cost when disposing of assets that are fully depreciated. When property is retired or otherwise disposed of in the Electric Fund, the average cost combined with the cost of removal less salvage is charged to accumulated depreciation; no gain or loss is recognized. This treatment may result in accumulated depreciation exceeding the original cost of the asset when a fully depreciated asset is removed. This is in accordance with the Federal Energy Regulatory Commission (FERC) regulations issued by the Department of Energy in Section 4.10.(2). The net effect of this treatment was $54,829 in 2013.

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

C. Capital Assets (Continued)

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

Governmental Activities:	
General Government	$ 291,880
Community Relations	1,705
Education	1,453,068
Parks and Recreation	191,330
Public Safety	459,843
Public Works	2,503,711
Total Depreciation Expense – Governmental Activities	$ 4,901,537
Business-type Activities:	
Electric	$ 5,462,244
Waterworks	744,609
Demolition Landfill	219,451
Total Depreciation Expense – Business-type Activities	$ 6,426,304

The provision for Electric Fund depreciation does not include depreciation on transportation equipment. The transportation equipment depreciation amount for the year ended June 30, 2013, totaled $169,357 and is reflected as an expense for operations.

Construction Commitments

The City had active construction projects as of June 30, 2013, including the Chapter 420 Project referred to as the Pinnacle. At year-end, the City's commitment with a contractor related to this project was as follows:

Project	Incurred-to-Date	Remaining Commitment
Chapter 420 Project "The Pinnacle"	$ 4,354,036	1,694,284

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

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2013, is as follows:

Receivable Fund	Payable Fund	Amount
General	Bristol Industrial Development Board	$ 132
	Chapter 420	1,777,715
	Electric	51,345
	Waterworks	285,624
	Internal Service	37,861
	Nonmajor Governmental	668,020
Bristol Industrial Development Board	Chapter 420	1,236,880
	General	6,302
General Purpose School	General	710
	Bristol Industrial Development Board	5,608
	Nonmajor Governmental	458,001
Nonmajor Governmental	General	512,019
Nonmajor Governmental	General Purpose School	112,652
Electric	General	62,262
Waterworks	General	754,603
Total		$ 5,969,734

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/due to the General Fund that represents their portion of the operating cash account. In addition, the Drug Fund and Viking Hall Fund have additional bank accounts to be used for either depository or petty cash purposes. The Electric Fund, General Purpose School Fund, School Federal Projects Fund, and School Nutrition Fund maintain their own operating bank accounts.

At the government-wide level at June 30, 2013, the business-type activities owed the governmental activities $107,676 for their portion of the Employee Insurance Fund.

Transfer In	Transfer Out	Amount
General	General Purpose School	$ 125,000
	Nonmajor Governmental	80,910
	Electric	1,764,537
	Waterworks	520,615
	Demolition Landfill	250,673
Bristol Industrial Development Board	General	56,302
	Chapter 420	7,760,579
General Purpose School	General	4,341,188
School Capital Projects	General	10,836
	General Purpose School	98,627
Nonmajor Governmental	General	3,887,118
	General Purpose School	816,388
	School Capital Projects	9,250
Demolition Landfill	General	260,000
Total		$ 19,982,023

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

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, 2013, for the governmental activities are as follows:

	Principal		Interest		Governmental
	Bonds	Notes	Bonds	Notes	Activity Debt
June 30	Payable	Payable	Payable	Payable	Service
2014	2,315,000	465,559	976,138	34,128	3,790,825
2015	1,420,000	468,608	843,743	31,080	2,763,431
2016	1,560,000	471,680	794,768	28,008	2,854,456
2017	1,615,000	414,204	739,167	24,912	2,793,283
2018	1,670,000	417,312	681,318	21,804	2,790,434
2019	1,690,000	420,456	621,124	18,660	2,750,240
2020	1,745,000	423,624	560,505	15,492	2,744,621
2021	1,635,000	426,804	496,974	12,312	2,571,090
2022	1,710,000	430,020	434,711	9,096	2,583,827
2023	1,845,000	433,260	369,436	5,856	2,653,552
2024	705,000	436,524	300,830	2,592	1,444,946
2025	485,000	109,601	277,380	144	872,125
2026	500,000	-	262,830	-	762,830
2027	515,000	-	247,830	-	762,830
2028	525,000	-	232,380	-	757,380
2029	550,000	-	216,105	-	766,105
2030	560,000	-	199,055	-	759,055
2031	575,000	-	181,695	-	756,695
2032	590,000	-	162,720	-	752,720
2033	625,000	-	143,250	-	768,250
2034	650,000	-	122,625	-	772,625
2035	675,000	-	100,687	-	775,687
2036	700,000	-	77,063	-	777,063
2037	725,000	-	52,563	-	777,563
2038	750,000	-	27,187	-	777,187
	$ 26,335,000	4,917,652	9,122,084	204,084	40,578,820

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

E. Long-term Debt (Continued)

Governmental Activity Debt

	Governmental Activity Debt			
	Balance 7/01/12	Additions	Retirements	Balance 6/30/13
Series 2005 General Obligation Refunding Bonds Issue: $3,085,000, Maturity 2015 Interest Rate: 3.00% - 3.50% Fixed, Partial Refunding of Series 1999 General Obligation Bonds	$ 1,320,000	-	425,000	895,000
Series 2007 General Obligation Bonds Issue: $7,750,000, Maturity 2023 Interest Rate: 4.00% - 4.125% Fixed, Funded School Projects	7,750,000	-	-	7,750,000
Series 2007 General Obligation Bonds Issue: $550,000, Maturity 2014 Interest Rate: 4.00% Fixed, Funded Demolition Landfill Expansion	-	90,000	-	90,000
Series 2008 General Obligation Bonds Issue: $5,150,000, Maturity 2020 Interest Rate: 3.00% Fixed, Funded School and Capital Projects	2,400,000	-	1,025,000	1,375,000
Energy Efficiency Capital Outlay Note Issue: $500,000, Maturity 2016 Interest Rate: 0%, Energy Projects	242,286	-	60,571	181,715
Series 2009 General Obligation Refunding Bonds $2,760,000, Maturity 2024 Interest Rate: 3.00% - 4.00% Fixed, Refunding of Series VI-D-4 Local Government Public Improvement Bonds	2,320,000	-	160,000	2,160,000
Series 2011 General Obligation Bonds $4,450,000, Maturity 2023 Interest Rate: 3.00% - 4.00% Fixed, Funded School and Capital Projects	4,155,000	-	310,000	3,845,000

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

E. Long-term Debt (Continued)

Governmental Activity Debt (Continued)

	Governmental Activity Debt			
	Balance 7/01/12	Additions	Retirements	Balance 6/30/13
Energy Efficient Schools Initiative Loan $5,000,000, Plus $37,689 of Accrued Construction Interest, Interest Rate: 0.75%, Energy Projects	4,526,752	510,937	301,752	4,735,937
Series 2012 General Obligation Bonds $420,000, Maturity 2018 Interest Rate: 2.00% Fixed, Funded Capital Projects	-	420,000	-	420,000
Series 2013A General Obligation Bonds $9,800,000, Maturity 2038 Interest Rate: 2.00% - 4.00% Fixed, Funded Chapter 420 Project	-	9,800,000	-	9,800,000
	$ 22,714,038	10,820,937	2,282,323	31,252,652

The Demolition Landfill Fund is a proprietary fund that received proceeds from the Series 2007 General Obligation Bonds to fund a landfill expansion project. This fund was closed at the end of the year due to closure of the landfill for public use. As a result, capital assets and related debt outstanding were transferred to the governmental activities. Therefore, $90,000 has been reflected as an addition above to account for the transfer of the outstanding debt from business-type to governmental activities.

Debt service requirements to maturity for governmental activity debt for the fiscal year ended June 30, 2013, are as follows:

Series 2005 General Obligation Refunding Bonds

Fiscal Year	Principal	Interest	Total Requirements
2014	$ 440,000	31,105	471,105
2015	455,000	15,925	470,925
Total	$ 895,000	47,030	942,030

The Series 2005 General Obligation Refunding Bonds were issued at a premium of $10,345. The unamortized amount of the premium as of June 30, 2013, was $1,679.

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

E. Long-term Debt (Continued)

Series 2007 General Obligation Bonds

Fiscal Year	Principal	Interest	Total Requirements
2014	$ 1,315,000	318,943	1,633,943
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	925,000	38,156	963,156
Total	$ 7,840,000	1,827,818	9,705,974

Series 2008 General Obligation Bonds

Fiscal Year	Principal	Interest	Total Requirements
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	200,000	6,000	206,000
Total	$ 1,375,000	187,500	1,562,500

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

E. Long-term Debt (Continued)

Energy Efficiency State Capital Outlay Note

Fiscal Year	Principal	Interest	Total Requirements
2014	$ 60,571	-	60,571
2015	60,572	-	60,572
2016	60,572	-	60,572
Total	$ 181,715	-	181,715

Series 2009 General Obligation Refunding Bonds

Fiscal Year	Principal	Interest	Total Requirements
2014	$ 160,000	77,744	237,744
2015	180,000	72,944	252,944
2016	180,000	67,544	247,544
2017	175,000	62,144	237,144
2018	195,000	56,894	251,894
2019	195,000	50,800	245,800
2020	190,000	43,000	233,000
2021	215,000	35,400	250,400
2022	210,000	26,800	236,800
2023	230,000	18,400	248,400
2024	230,000	9,200	239,200
Total	$ 2,160,000	520,870	2,680,870

The Series 2009 General Obligation Refunding Bonds were issued at a premium of $65,911. The unamortized amount of the premium as of June 30, 2013, was $48,780.

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

E. Long-term Debt (Continued)

Series 2011 General Obligation Bonds

Fiscal Year	Principal	Interest	Total Requirements
2014	$ 325,000	133,500	458,500
2015	335,000	120,500	455,500
2016	355,000	107,100	462,100
2017	365,000	92,900	457,900
2018	380,000	78,300	458,300
2019	395,000	63,100	458,100
2020	405,000	51,250	456,250
2021	420,000	39,100	459,100
2022	425,000	26,500	451,500
2023	440,000	13,750	453,750
Total	$ 3,845,000	726,000	4,571,000

The Series 2011 General Obligation Bonds were issued at a premium of $215,254. The unamortized amount of the premium as of June 30, 2013, was $174,146.

Energy Efficient Schools Initiative Loan

Fiscal Year	Principal	Interest	Total Requirements
2014	$ 404,988	34,128	439,116
2015	408,036	31,080	439,116
2016	411,108	28,008	439,116
2017	414,204	24,912	439,116
2018	417,312	21,804	439,116
2019	420,456	18,660	439,116
2020	423,624	15,492	439,116
2021	426,804	12,312	439,116
2022	430,020	9,096	439,116
2023	433,260	5,856	439,116
2024	436,524	2,592	439,116
2025	109,601	144	109,745
Total	$ 4,735,937	204,084	4,940,021

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

E. Long-term Debt (Continued)

Series 2012 General Obligation Bonds

Fiscal Year	Principal	Interest	Total Requirements
2014	$ 75,000	8,400	83,400
2015	75,000	6,900	81,900
2016	100,000	5,400	105,400
2017	100,000	3,400	103,400
2018	70,000	1,400	71,400
Total	$ 420,000	25,500	445,500

The Series 2012 General Obligation Bonds were issued at a premium of $104,705. The unamortized amount of the premium as of June 30, 2013, was $96,651.

2013A General Obligation Bonds

Fiscal Year	Principal	Interest	Total Requirements
2014	$ -	365,196	365,196
2015	25,000	319,880	344,880
2016	25,000	319,380	344,380
2017	25,000	318,880	343,880
2018	50,000	318,380	368,380
2019	75,000	317,380	392,380
2020	125,000	315,880	440,880
2021	150,000	312,130	462,130
2022	175,000	306,130	481,130
2023	250,000	299,130	549,130
2024	475,000	291,630	766,630
2025	485,000	277,380	762,380
2026	500,000	262,830	762,830
2027	515,000	247,830	762,830
2028	525,000	232,380	757,380
2029	550,000	216,105	766,105
2030	560,000	199,055	759,055
2031	575,000	181,695	756,695
2032	590,000	162,720	752,720
2033	625,000	143,250	768,250
2034	650,000	122,625	772,625
2035	675,000	100,687	775,687
2036	700,000	77,063	777,063
2037	725,000	52,563	777,563
2038	750,000	27,187	777,187
Total	$ 9,800,000	5,787,366	15,587,366

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

E. Long-term Debt (Continued)

Annual Debt Service Requirements – Business-type Activity Debt

The annual requirements to amortize all debt outstanding as of June 30, 2013, for the business-type activities are as follows:

	Principal			Interest			
June 30	General Obligation Bonds Payable	Revenue Bonds Payable	Notes Payable	General Obligation Bonds Payable	Revenue Bonds Payable	Notes Payable	Business-type Activity Debt Service
2014	445,000	540,000	10,858	108,319	947,000	-	1,688,089
2015	445,000	555,000	10,857	96,419	928,859	-	1,683,947
2016	460,000	575,000	10,857	84,419	909,431	-	1,688,319
2017	465,000	600,000	-	71,919	888,494	-	1,679,925
2018	470,000	625,000	-	59,219	861,994	-	1,676,625
2019	310,000	655,000	-	46,319	829,994	-	1,677,625
2020	200,000	690,000	-	36,188	796,369	-	1,486,369
2021	200,000	725,000	-	32,188	760,994	-	1,485,994
2022	200,000	760,000	-	28,188	724,819	-	1,484,819
2023	225,000	800,000	-	24,188	687,768	-	1,487,768
2024	225,000	835,000	-	19,688	648,938	-	1,483,938
2025	225,000	880,000	-	14,906	608,206	-	1,488,206
2026	225,000	920,000	-	10,125	567,756	-	1,487,756
2027	225,000	960,000	-	5,063	527,806	-	1,487,806
2028	-	1,000,000	-	-	486,157	-	1,486,157
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	-	-	170,265	-	1,485,265
2035	-	1,380,000	-	-	107,000	-	1,487,000
2036	-	1,450,000	-	-	36,250	-	1,486,250
	$ 4,320,000	21,035,000	32,572	637,148	13,150,913	-	35,364,671

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, 2013	Electric Fund	Waterworks Fund
Bonds Payable							
General Obligation Bonds:							
Series 2007 General Obligation Bonds	2007	1,550,000	2014 - 2019	4% - 4.125%	$ 1,000,000	-	1,000,000
Series 2012 General Obligation Bonds	2012	3,580,000	2013 - 2027	0.4% - 2.25%	3,320,000	-	3,320,000
Total General Obligation Bonds					4,320,000	-	4,320,000
Revenue Bonds:							
Series 2005 Electric System Revenue Bonds	2006	23,910,000	2036	3.25% - 5%	21,035,000	21,035,000	-
Total Revenue Bonds					21,035,000	21,035,000	-
Total Bonds					25,355,000	21,035,000	4,320,000
Notes Payable							
Energy Efficiency State Capital Outlay Note			2016	0%	32,572	-	32,572
Total Notes Payable					32,572	-	32,572
Total Business-type Activity Bonds and Notes Payable					$ 25,387,572	21,035,000	4,352,572

In fiscal years prior to 2013, the Demolition Landfill Fund's portion of the Series 2007 General Obligation Bonds was included in business-type activity bonds and notes payable. The Demolition Landfill Fund was closed at the end of the fiscal year and the activity was transferred to the General Fund. Therefore, this portion of the business-type debt has been transferred to governmental activity debt.

Debt service requirements to maturity for business-type activity debt for the fiscal year ended June 30, 2013, are as follows:

Series 2007 General Obligation Bonds

Fiscal Year	Principal	Interest	Total Requirements
2014	$ 150,000	40,231	190,231
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	185,000	7,631	192,631
Total	$ 1,000,000	146,186	1,146,186

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

E. Long-term Debt (Continued)

Series 2012 General Obligation Bonds

Fiscal Year	Principal	Interest	Total Requirements
2014	$ 295,000	68,088	363,088
2015	290,000	62,188	352,188
2016	295,000	56,388	351,388
2017	295,000	50,488	345,488
2018	295,000	44,588	339,588
2019	125,000	38,688	163,688
2020	200,000	36,188	236,188
2021	200,000	32,188	232,188
2022	200,000	28,188	228,188
2023	225,000	24,188	249,188
2024	225,000	19,688	244,688
2025	225,000	14,906	239,906
2026	225,000	10,125	235,125
2027	225,000	5,063	230,063
Total	$ 3,320,000	490,962	3,810,962

The Series 2012 General Obligation Bonds were issued at a premium of $131,781. The unamortized amount of the premium as of June 30, 2013, was $125,174.

Energy Efficiency State Capital Outlay Note

Fiscal Year	Principal	Interest	Total Requirements
2014	$ 10,858	-	10,858
2015	10,857	-	10,857
2016	10,857	-	10,857
Total	$ 32,572	-	32,572

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

E. Long-term Debt (Continued)

Series 2005 Electric System Revenue Bonds

Fiscal Year	Principal	Interest	Total Requirements
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	687,768	1,487,768
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	486,157	1,486,157
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	170,265	1,485,265
2035	1,380,000	107,000	1,487,000
2036	1,450,000	36,250	1,486,250
Total	$ 21,035,000	13,150,913	34,185,913

The Series 2005 Electric System Revenue Bonds were issued in 2006 at a premium of $451,855. The unamortized amount of the premium as of June 30, 2013, was $336,463. The City has obtained a surety bond in lieu of funding a debt service reserve, as required by the bond agreement.

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

E. Long-term Debt (Continued)

Advance Debt Refunding

During 2009, the City refunded $2,775,000 of its outstanding Series VI-D-4 Local Government Public Improvement Bonds that carried a variable interest rate with new Series 2009 General Obligation Refunding Bonds of $2,760,000 that were issued at fixed rates ranging from 3% to 4%. The Series 2009 bonds payable mature June 1, 2024. The primary purpose of the refunding was to restructure the outstanding debt in order to reduce debt service requirements by taking advantage of lower interest rates and to reduce variable interest rate risk. The bonds were issued at a premium of $65,911. As of June 30, 2013, the unamortized amount of the premium reported as an addition in the face amount of the bonds payable in the financial statements was $48,780. The difference in debt service between the refunding debt and the refunded debt was $362,155. The net present value benefit of the transaction was $290,005. The outstanding amount of the Series 2009 General Obligation Refunding Bonds at June 30, 2013, was $2,160,000.

During 2005, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an escrow account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2013, the following bonds outstanding were considered to be defeased:

Date of Refunding		Amount	Issues Refunded
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, 2013, the unamortized amount of the premium reported as an addition in the face amount of the bonds payable in the financial statements is $1,679. 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 $31,882 is reported as a deferred outflow in the government-wide Statement of Net Position. The difference in debt service between the refunding debt and the refunded debt was $99,405. The net present value benefit of the transaction was $83,257.

Current Debt Refunding

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

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, 2013:

	Balance Beginning of Year	Additions	Retirements/ Reductions	Balance End of Year	Due Within One Year
Governmental Activities					
General Obligation Bonds:	$ 17,945,000	10,310,000	1,920,000	26,335,000	2,315,000
Less Deferred Amounts:					
For Issuance Premium	264,491	104,705	47,940	321,256	-
Total General Obligation Bonds	18,209,491	10,414,705	1,967,940	26,656,256	2,315,000
Notes Payable	4,769,038	510,937	362,323	4,917,652	465,559
Compensated Absences	2,110,066	943,172	967,644	2,085,594	856,704
Landfill Closure Costs	-	358,165	-	358,165	-
Net Other Post Employment Benefit Obligation	1,418,315	936,342	609,087	1,745,570	-
Governmental Activity					
Long-term Liabilities	26,506,910	13,163,321	3,906,994	35,763,237	3,637,263
Business-type Activities					
General Obligation Bonds:	1,320,000	3,580,000	580,000	4,320,000	445,000
Less Deferred Amounts:					
For Issuance Premium	-	131,781	6,607	125,174	-
Total General Obligation Bonds Payable	1,320,000	3,711,781	586,607	4,445,174	445,000
Revenue Bonds:	21,555,000	-	520,000	21,035,000	540,000
Less Deferred Amounts:					
For Issuance Premium	351,038	-	14,575	336,463	-
Total Revenue Bonds Payable	21,906,038	-	534,575	21,371,463	540,000
Notes Payable	1,328,625	-	1,296,053	32,572	10,858
Compensated Absences	145,054	70,615	60,793	154,876	58,500
Landfill Closure Costs	290,761	67,404	358,165	-	-
Net Other Post Employment Benefit Obligation	395,929	520,349	337,556	578,722	-
Business-type Activity					
Long-term Liabilities	25,386,407	4,370,149	3,173,749	26,582,807	1,054,358
Total Changes in Long-term Debt	$ 51,893,317	17,533,470	7,080,743	62,346,044	4,691,621

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

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

F. Other Post Employment Benefits Than Pensions (OPEB)

City of Bristol, Tennessee OPEB

Plan Description

The City of Bristol, Tennessee provides post-employment health, dental, and life insurance benefits for certain retirees and their dependents through a single-employer defined benefit plan. As discussed in Note V.J., the City is self-insured for employee group health benefits including the medical plan, prescription drug program, and dental plan. These benefits are offered to certain retired employees, although not required by any statutory, contractual or other authority. The City may change, add or delete health and dental insurance benefits as the City deems appropriate with Council approval. The Plan does not grant retirees vested health or dental coverage benefits. Life insurance is also provided to all retirees with 25 years of service.

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

As of June 30, 2013, the Plan did not issue a stand alone financial report because the Other Post Employment Benefits Trust Fund is included in the financial statements for the City of Bristol, Tennessee.

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.

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

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

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 spouse's death provided that the eligibility requirements are met and applicable premiums are paid. A surviving spouse of a retired employee whose date of death is on or after January 1, 2007, will lose coverage upon the retired employee's death and will be eligible for COBRA continuation coverage for 36 months after the retiree's death.

Membership

The number of participants at June 30, 2013, was as follows:

Retirees Currently Receiving Benefits	15
Active Employees	311
Total	326

Funding Policy

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. Retired employees not Medicare eligible pay 100% of the calculated insurance premiums.

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.

Annual OPEB Cost and Net OPEB Obligation

	2013	2012
Annual Required Contribution	$ 278,850	272,102
Interest on Net OPEB Obligation	-	-
Adjustment to Annual Required Contribution	-	-
Annual OPEB Cost	278,850	272,102
Actual Contributions	(278,850)	(272,102)
Increase in Net OPEB Obligation	-	-
Net OPEB Obligation – Beginning of Fiscal Year	-	-
Net OPEB Obligation – End of Fiscal Year	$ -	-

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

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

The City's annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2013, and the preceding two years are as follows:

Fiscal Year Ending	Annual OPEB Cost	Employer Contribution (1)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	$ 278,850	278,850	100%	-
June 30, 2012	272,102	272,102	100%	-
June 30, 2011	227,602	227,602	100%	-

Funding Status and Funding Progress

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/01/11	$ 1,064,724	$3,552,848	$2,488,124	30.0%	$13,062,788	19.0%

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

Actuarial Methods and Assumptions

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

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

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

In the July 1, 2011, actuarial valuation for the plan, the actuarial asset valuation method was market value. The projected unit credit actuarial cost method was used to determine liabilities. Under this method, future benefits are projected and their present value is determined. The present value is then allocated over the period from date of hire to the full eligibility date. Actuarial assumptions included a discount rate of 7.5%, an investment rate of return (net of administrative expenses) of 7.5%, an annual healthcare cost trend of 9% initially, reduced by decrements to an ultimate rate of 4.5% after nine years, an annual payroll growth rate of 5%, and projected salary increase rates from the TCRS PSPP plan. The ultimate trend rate will be reached in 2020. 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, 2013, is 24 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.J., the Electric Fund is self-insured for employee group health benefits, with the medical plan administered by MCA Administrators and the prescription drug program administered by 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.

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

As of June 30, 2013, the Plan did not issue a stand alone financial report because the BTES Other Post Employment Benefits Trust Fund is included in the financial statements for the City of Bristol, Tennessee.

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

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

Benefits Provided

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

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

Membership

There were 27 retirees eligible to receive benefits under the healthcare portion of the plan as of June 30, 2013. As of year-end, there were also 22 retirees eligible to receive life insurance benefits. There were 65 active employees eligible to participate in the plan as of year-end.

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

	2013	2012
Annual Required Contribution	$ 499,200	395,929
Interest on Net OPEB Obligation	27,715	-
Adjustment to Annual Required Contribution	(25,117)	-
Annual OPEB Cost	501,798	395,929
Actual Contributions	319,005	319,075
Increase / (Decrease) in Net OPEB Obligation	182,793	(76,854)
Net OPEB Obligation – Beginning of Fiscal Year	395,929	319,075
Net OPEB Obligation – End of Fiscal Year	$ 578,722	395,929

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

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

The Electric Fund's annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2013, and the preceding two years are as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	$ 501,798	64%	578,722
June 30, 2012	395,929	81%	395,929
June 30, 2011	743,218	137%	319,075

Funding Status and Funding Progress

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/01/11	$ 829,431	$5,239,148	$4,409,717	15.8%	$3,624,818	121.7%

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

Actuarial Methods and Assumptions

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

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

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

In the July 1, 2011, actuarial valuation for the plan, the actuarial asset valuation method was market value. The projected unit credit actuarial cost method was used to determine liabilities. Under this method, future benefits are projected and their present value is determined. The present value is then allocated over the period from date of hire to the full eligibility date. The actuarial assumptions used an investment rate of return (net of administrative expenses) of 7%, an annual healthcare cost trend of 9% initially, reduced by decrements to an ultimate rate of 5% after three years, an annual payroll growth rate of 2.5%, projected salary increases of 4%, and an inflation rate of 2.5%. The ultimate trend rate will be reached in 2015. The unfunded actuarial accrued liability is being amortized on a closed basis over a thirty year period. The remaining amortization period at June 30, 2013, is 24.92 years.

School Funds OPEB

Plan Description

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

Payments are made to retirees over sixty-five years of age as part of a Medicare Supplemental Plan. This plan is a single-employer defined benefit plan. The School Funds also participate in the state-administered Teacher Group Insurance Plan for healthcare benefits and makes payments to retirees under the age of sixty-five. For accounting purposes, this plan is an agent multiple-employer defined benefit OPEB plan. 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 Medicare Supplemental contribution upon retirement. Employees must have either 30 years of Tennessee Consolidated Retirement System (TCRS) service or attainment of age sixty and five years of TCRS service. Employees who retire on or after June 1, 1999, must also have at least eight years of continuous full-time employment with Bristol Tennessee City Schools. Retirees who retired before June 1, 1999, are eligible if they also had ten years of employment with the School System. The School System will pay the $1,800 until the retiree becomes eligible for Medicare or for a maximum of fifteen years. The System will pay a maximum of $500 per year toward the purchase of a Medicare supplement upon reaching Medicare age for individuals who were eligible for the $1,800 prior to Medicare age.

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

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

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.

Membership

For the fiscal year ended June 30, 2013, 206 retired employees were receiving benefits through either the Teacher Group Insurance Plan or the Medicare Supplemental Plan. There were 412 active employees eligible to participate in the plan as of year-end.

Funding Policy

The Schools currently fund postemployment health care benefits for both plans on a pay-as-you-go basis. Actual contributions were $426,951 for the 2013 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.

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

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

Annual Other Postemployment Benefit Cost and Net OPEB Obligation

For the fiscal year ended June 30, 2013, the following information is presented:

	Teacher Group Plan	Medicare Supplemental Plan	Total
Annual Required Contribution	$ 646,000	112,012	758,012
Interest on Net OPEB Obligation	50,985	5,748	56,733
Adjustment to Annual Required Contribution	(54,119)	(6,420)	(60,539)
Annual OPEB Cost	642,866	111,340	754,206
Actual Contributions	(356,598)	(70,353)	(426,951)
Increase in Net OPEB Obligation	286,268	40,987	327,255
Net OPEB Obligation – Beginning of Fiscal Year	1,274,615	143,700	1,418,315
Net OPEB Obligation – End of Fiscal Year	$ 1,560,883	184,687	1,745,570

For the fiscal year ended June 30, 2012, the following information is presented:

	Teacher Group Plan	Medicare Supplemental Plan	Total
Annual Required Contribution	$ 640,000	108,617	748,617
Interest on Net OPEB Obligation	38,823	4,203	43,026
Adjustment to Annual Required Contribution	(41,210)	(4,645)	(45,855)
Annual OPEB Cost	637,613	108,175	745,788
Actual Contributions	(333,581)	(69,550)	(403,131)
Increase in Net OPEB Obligation	304,032	38,625	342,657
Net OPEB Obligation – Beginning of Fiscal Year	970,583	105,075	1,075,658
Net OPEB Obligation – End of Fiscal Year	$ 1,274,615	143,700	1,418,315

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

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

The School's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2013, and the preceding two years are as follows:

Fiscal Year Ending	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	Teacher Group Ins.	$ 642,866	55.5%	1,560,883
June 30, 2013	Medicare Supplemental Plan	111,340	63.2%	184,687
	Total	$ 754,206	57.2%	1,745,570
June 30, 2012	Teacher Group Ins.	$ 637,613	52.3%	1,274,615
June 30, 2012	Medicare Supplemental Plan	108,175	64.3%	143,700
	Total	$ 745,788	61.6%	1,418,315
June 30, 2011	Teacher Group Ins.	$ 556,901	69.4%	970,583
June 30, 2011	Medicare Supplemental Plan	97,449	69.9%	105,075
	Total	$ 654,350	69.5%	1,075,658

Funding Status and Funding Progress

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

Valuation Date of 7/1/11	Teacher Group Insurance Plan	Medicare Supplemental Plan	Total
Actuarial Accrued Liability (AAL)	$ 5,238,000	1,591,643	6,829,643
Actuarial Value of Plan Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	5,238,000	1,591,643	6,829,643
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%	0%
Covered Payroll (Active Plan Members)	19,529,905	19,529,905	19,529,905
UAAL as a Percentage of Covered Payroll	26.8%	8.1%	35.0%

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

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

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

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

Actuarial Methods and Assumptions

In the July 1, 2011, actuarial valuation for the Teacher Group Insurance Plan, the projected unit credit actuarial cost method was used to determine liabilities. Under this method, future benefits are projected and their present value is determined. The present value is then allocated over the period from date of hire to the full eligibility date. The actuarial assumptions used a 4.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend of 10% initially, reduced by decrements to an ultimate rate of 5% after ten years. Both rates include a 2.5% inflation adjustment. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a thirty year period. The remaining amortization period at June 30, 2013, is 24 years.

In the July 1, 2011, actuarial valuation for the Medicare Supplemental Plan, the projected unit credit actuarial cost method was used to determine liabilities. Under this method, future benefits are projected and their present value is determined. The present value is then allocated over the period from date of hire to the full eligibility date. The actuarial assumptions used a 4.0% investment rate of return (net of administrative expenses). 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, 2013, is 24 years.

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

G. Demolition Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the City to place a final cover on its demolition landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The City commissioned the preparation of closure and post-closure cost estimates based on the use of an outside contractor; however, the City intends to utilize City resources to the maximum extent possible. The City reported a liability for closure and post-closure care in the government-wide financial statements for governmental activities of $358,165 that was estimated assuming that outside resources will be utilized in the closure process. The estimated total costs of closure and post closure care remaining to be recognized is $335,682. These costs will be recognized over the future life of the landfill as capacity is used. Actual costs may be higher upon completion of the cost estimates, or due to inflation, change in technology, changes in regulations, or if the work is performed internally by City staff. Areas 1 and 4 are currently filled to 28.74% and 60.28% of capacity, respectively. Area 2 and Area 3 have been filled to capacity and have been closed. Areas 1 and 4 have estimated remaining lives at June 30, 2013, of 62 and 2.8 years, respectively.

During the fiscal year ending June 30, 2013, Council decided to close the demolition landfill to outside customers as of the end of the fiscal year. The remaining available space will be utilized by the Public Works Department for the disposal of solid waste as deemed necessary. Therefore, the enterprise fund was closed as of the end of the year and the related assets and liabilities were transferred to governmental activities where the Public Works Department will now account for this activity as part of the General Fund.

NOTE V. OTHER INFORMATION:

A. Commitments

Beginning in 2005, Sullivan County Economic Development Commission d/b/a Networks Sullivan Partnership issued $2,500,000 Revenue Bonds, Series 2005, of which the City is contingently liable for 17% or $425,000. 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 Sullivan Partnership is responsible for making the bond payments. In the event of default, the City would have to payoff the bonds if they wanted to retain the project. As of June 30, 2013, $7,385,000 was outstanding in total for these bonds. The City's portion of the total outstanding debt at year end is $1,255,450.

NOTE V. OTHER INFORMATION (CONTINUED):

A. Commitments (Continued)

In September 2011, Council passed Resolution 11-95 that commits the City to pay up to $600,000 for the Cultural Heritage Center. As approved, the City will pay $300,000 in three payments of $100,000 over three years to help cover pre-opening expenses and build an operating reserve. The second $300,000 will be provided over the course of the first five years of operations to backstop operating losses, should any occur.

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

B. Concentration of Credit Risk

The Electric Fund provides electric, cable, internet, and telephone services primarily to customers in northeastern Tennessee. Customers include residential, commercial, and industrial service. Residential and commercial customers are required to have satisfactory credit reports or place deposits that approximate two month's highest expected bill. Industrial customers are generally required to either place deposits that approximate two month's highest expected bill or obtain a letter of credit or surety bond as security. Interest accrues on any deposits at the passbook interest rate of the bank where the funds are deposited and totaled $13,308 in 2013. Unearned revenue in the amount of $1,187,421 is recorded, of which $701,047 relates to Internet, cable and telephone services in the ABS and $486,374 relates to electronic services for customers participating in level monthly billing in the EBU. Service loans are also made to customers for heat pump and insulation costs. A subordinate deed of trust is obtained on the related property for these loans. Loss experience on accounts and notes receivable has historically not been significant to the Electric Fund's operations.

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.

NOTE V. OTHER INFORMATION (CONTINUED):

C. Contingent Liabilities (Continued)

Management is currently evaluating if the City owes a portion of the funds received from the liquor by the drink (mixed drink) tax to school systems located in Sullivan County, Tennessee. One mixed drink tax in Tennessee is a local option set amount that can be implemented by city council resolution/ordinance and is collected by the city. Businesses selling the drinks collect the tax and then remit it to the Tennessee Department of Revenue monthly. The State takes a 50% share plus a small administrative fee and then remits the remaining funds back to the locality where the tax was collected.

In municipalities with city-run school systems, 50% of the tax received from the State will be expended and distributed in the same manner as property tax for schools per T.C.A. 57-4-306. The current issue is that municipalities across the State of Tennessee are receiving the local portion of the mixed drink tax and appear to not be remitting any funds to the school systems. The City of Bristol, Tennessee has not remitted the funds in previous years and is therefore addressing the issue. There is no statute of limitations for accounting errors of a local government when a tax is collected, for a specific purpose from the citizens, and then expended for another purpose. The State of Tennessee has formed a task force to evaluate this issue and to determine if changes need made to the law, if the matter can be corrected for the current and future years only, and/or if settlements need to be made in regards to funds collected in previous years and not properly distributed. The current year funds are not material and have not been reflected in the financial statements as either distributed or due to the school systems due to uncertainty of the distribution process. It is unclear if the distribution from a city should be made to the county and city school systems or only to the city school system. The State is currently addressing this concern as part of the resolution process and management is also working with various agencies on this matter.

NOTE V. OTHER INFORMATION (CONTINUED):

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 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. 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 the City 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 had previously adopted a noncontributory retirement plan for its employees by assuming contributions up to 5.0% of annual covered payroll. As of October 1, 2011, the City elected to discontinue the noncontributory provision for all future hires. This will require all new hires to contribute 5.0% of earnable compensation. Employees who were employed prior to October 1, 2011, will continue to be eligible for the noncontributory provision.

The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2013, was 17.27% 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.

NOTE V. OTHER INFORMATION (CONTINUED):

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Cost

For the year ending June 30, 2013, the City's annual pension cost of $2,719,413 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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% a year compounded annually, (b) projected 3.0% annual rate of inflation, (c) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5% annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5% 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 ten-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, 2011, was six years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ending	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2013	$ 2,719,413	100.00%	0.00
June 30, 2012	2,783,069	100.00%	0.00
June 30, 2011	2,800,030	100.00%	0.00

Funding Status and Funding Process

As of July 1, 2011, the most recent actuarial valuation date, the plan was 88.34% funded. The actuarial accrued liability for benefits was $65.73 million, and actuarial value of assets was $58.07 million, resulting in an unfunded actuarial accrued liability (UAAL) of $7.66 million. The covered payroll (annual payroll of active employees covered by the plan) was $15.19 million, and the ratio of the UAAL to the covered payroll was 50.45%.

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.

NOTE V. OTHER INFORMATION (CONTINUED):

D. Employee Retirement Systems and Pension Plans (Continued)

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan 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, 2011	$58,071	65,735	7,664	88.34%	15,193	50.45%

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 and mortality. Amounts determined regarding the funded status of the plan are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. 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 Electric Fund 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 Electric Fund 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.

NOTE V. OTHER INFORMATION (CONTINUED):

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Policy

The Electric Fund requires employees to contribute 5% of earnable compensation. The Electric Fund is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2013, was 13.01% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the Electric Fund is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2013, the Electric Fund's annual pension cost was $636,831 to TCRS. The required contribution was determined as part of the July 1, 2011, 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% a year compounded annually, (b) projected 3.0% annual rate of inflation, (c) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5% annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5% 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 10-year period. The Electric Fund's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was 18 years. An actuarial valuation was performed July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ending	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Asset
June 30, 2013	$ 636,831	91.29%	286,906
June 30, 2012	574,901	90.35%	342,364
June 30, 2011	539,707	89.72%	397,822

NOTE V. OTHER INFORMATION (CONTINUED):

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 82.06% funded. The actuarial accrued liability for benefits was $19.38 million, and the actuarial value of assets was $15.91 million, resulting in an unfunded actuarial accrued liability (UAAL) of $3.48 million. The covered payroll (annual payroll of active employees covered by the plan) was $3.74 million, and the ratio of the UAAL to the covered payroll was 92.84%.

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan 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, 2011	$ 15,907	19,384	3,477	82.06%	3,745	92.84%

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 and mortality. Amounts determined regarding the funded status of the plan are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Prepaid Pension Cost

Employers who contribute to a pension plan in excess of the annual pension cost are required to record 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, 2013:

Balance at beginning of year		$ 342,364
Annual pension cost:		
Annual required contribution	(581,373)	
Interest on prepaid pension costs	16,210	
Adjustment to required annual contribution	(71,668)	
Total annual pension cost		(636,831)
Contributions made		581,373
Balance at end of year		$ 286,906

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 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 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 0.5 %. The annual COLA is capped at 3.0%.

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/Schools.

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, 2013, was 8.88% 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, 2013, 2012, and 2011 were $1,567,247, $1,534,775, and $1,532,323, respectively, and equal to the required contributions for each year. Other employees of the Board are required to contribute 5% of payroll if hired after October 1, 2011, and the Board is responsible for the remaining contribution. The related contributions are included in the plan for the City of Bristol, Tennessee.

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 2013, the amount of payroll covered by the plan was $3,909,089 of total payroll of $4,468,664. Under the plan terms, the System will match participant contributions up to 3% 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 2013, the Electric Fund contributed $108,201 to the plan, which represents 2.8% of the covered payroll and 100% of the required contribution for each year. The participants contributed $388,746 which represents 9.9% of the covered payroll.

Deferred Compensation Plan

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

E. Leases

Operating Leases

In September 2009, the School Board approved a contract renewal for the operations of school buses. The term is four years ending June 30, 2013, with an unstated number of renewal options of four-year periods. The base contract price is adjusted annually based upon the Consumer's Price Index as of the commencement of each school year. The annual contract price is paid in ten monthly installments over the school year. Total payments under the contract in the current year were $700,430 with additional payments of $3,755 for a total of $704,185.

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information

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

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

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

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information (Continued)

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

STATEMENT OF NET POSITION BY BUSINESS UNIT

	Electric Business Unit	Advanced Broadband Services Business Unit	Telephone Business Unit	Total Electric Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 7,186,525	625,179	977,739	8,789,443
Investments	26,400,000	-	-	26,400,000
Accounts Receivable, (Net)	8,086,401	1,375,320	-	9,461,721
Customer Notes Receivable (Net) - Current	400,000	-	-	400,000
Other Receivables	585,045	-	-	585,045
Due from Other Funds	62,262	-	-	62,262
Due from Other Business Units	-	-	1,223,297	1,223,297
Inventories	1,199,212	33,814	-	1,233,026
Prepaids	2,254,449	-	3,422	2,257,871
Other	11,861	-	-	11,861
Total Current Assets	46,185,755	2,034,313	2,204,458	50,424,526
Noncurrent Assets:				
Capital Assets:				
Capital Assets	126,878,502	14,046,963	1,224,421	142,149,886
Construction in Progress	2,311,784	-	-	2,311,784
Total Capital Assets	129,190,286	14,046,963	1,224,421	144,461,670
Less: Accumulated Depreciation	59,564,519	4,848,915	737,250	65,150,684
Net Capital Assets	69,625,767	9,198,048	487,171	79,310,986
Other Noncurrent Assets:				
Customer Notes Receivable - Less Current	2,131,170	-	-	2,131,170
Prepaid Pension Cost	286,906	-	-	286,906
Property Held For Resale	270,584	-	-	270,584
Total Other Noncurrent Assets	2,688,660	-	-	2,688,660
Total Noncurrent Assets	72,314,427	9,198,048	487,171	81,999,646
Total Assets	118,500,182	11,232,361	2,691,629	132,424,172

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information (Continued)

STATEMENT OF NET POSITION BY BUSINESS UNIT (CONTINUED)

	Electric Business Unit	Advanced Broadband Services Business Unit	Telephone Business Unit	Total Electric Fund
LIABILITIES				
Current Liabilities:				
Accounts Payable	5,019,036	802,080	15,043	5,836,159
Accrued Interest	318,591	-	-	318,591
Accrued Liabilities	1,416,039	181,148	-	1,597,187
Deposits	1,693,678	-	-	1,693,678
Due to Other Funds	-	51,345	-	51,345
Due to Other Business Units	-	1,223,297	-	1,223,297
Unearned Revenue	486,373	701,048	-	1,187,421
Bonds Payable	540,000	-	-	540,000
Total Current Liabilities	9,473,717	2,958,918	15,043	12,447,678
Long-term Liabilities:				
Bonds Payable, Net of Unamortized Deferred Amounts	20,831,463	-	-	20,831,463
OPEB Obligation Payable	578,722	-	-	578,722
Total Long-term Liabilities	21,410,185	-	-	21,410,185
Total Liabilities	30,883,902	2,958,918	15,043	33,857,863
NET POSITION				
Net Investment in Capital Assets	48,254,304	9,198,048	487,171	57,939,523
Unrestricted	39,361,976	(924,605)	2,189,415	40,626,786
Total Net Position	$ 87,616,280	8,273,443	2,676,586	98,566,309

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information (Continued)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY BUSINESS UNIT

	Electric Business Unit	Advanced Broadband Services Business Unit	Telephone Business Unit	Total Electric Fund
OPERATING REVENUES				
Charges for Services (Net)	$ 84,517,493	17,221,619	-	101,739,112
Interunit Revenue	3,343,006	-	883,007	4,226,013
Other Revenue	3,388,593	623,140	1,385	4,013,118
Total Operating Revenues	91,249,092	17,844,759	884,392	109,978,243
OPERATING EXPENSES				
Maintenance and Administrative	6,054,198	1,296,878	76,932	7,428,008
Purchased Power	71,699,717	-	-	71,699,717
Operations	3,148,809	12,364,023	548,705	16,061,537
Depreciation	3,625,186	1,715,977	121,081	5,462,244
Total Operating Expenses	84,527,910	15,376,878	746,718	100,651,506
Operating Income (Loss)	6,721,182	2,467,881	137,674	9,326,737
NONOPERATING REVENUES (EXPENSES)				
Investment Income	331,317	-	15,579	346,896
Interest Expense	(938,328)	(19,200)	-	(957,528)
Other	(730,093)	(111,720)	-	(841,813)
Total Nonoperating Revenues (Expenses)	(1,337,104)	(130,920)	15,579	(1,452,445)
Income Before Capital Contributions and Transfers	5,384,078	2,336,961	153,253	7,874,292
TRANSFERS				
Transfer to General	(1,652,870)	(63,608)	(48,059)	(1,764,537)
Total Transfers	(1,652,870)	(63,608)	(48,059)	(1,764,537)
Capital Contributions and Grants	730,093	-	-	730,093
Change in Net Position	4,461,301	2,273,353	105,194	6,839,848
Net Position - Beginning	83,433,951	6,000,090	2,571,392	92,005,433
Prior Period Adjustments	(278,972)	-	-	(278,972)
Net Position - Ending	$ 87,616,280	8,273,443	2,676,586	98,566,309

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information (Continued)

STATEMENT OF CASH FLOWS BY BUSINESS UNIT

	Electric Business Unit	Advanced Broadband Services Business Unit	Telephone Business Unit	Total Electric Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	$ 87,438,596	17,731,328	865,354	106,035,278
Receipts for Interfund Services Provided	2,608,603	67,617	-	2,676,220
Payments to Suppliers	(66,362,414)	(13,569,554)	(655,371)	(80,587,339)
Payments for Employees	(4,525,829)	-	-	(4,525,829)
Net Cash Provided by/(Used for) Operating Activities	19,158,956	4,229,391	209,983	23,598,330
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Income Tax	-	(111,720)	-	(111,720)
Transfers from/(to) Other Funds	(1,652,870)	(63,608)	(48,059)	(1,764,537)
Net Cash Provided by/(Used for) Noncapital Financing Activities	(1,652,870)	(175,328)	(48,059)	(1,876,257)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Contributions	730,093	-	-	730,093
Purchase of Capital Assets	(4,199,168)	(1,340,784)	-	(5,539,952)
Principal Paid on Capital Debt	(520,000)	-	-	(520,000)
Interest Paid on Capital Debt	(949,649)	-	-	(949,649)
Net Cash Provided by/(Used for) Capital and Related Financing Activities	(4,938,724)	(1,340,784)	-	(6,279,508)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of Investments	16,400,000	-	-	16,400,000
Purchases of Investments	(26,400,000)	-	-	(26,400,000)
Interest and Dividends Received	346,325	-	15,579	361,904
Purchase of Property Held for Resale	(19,150)	-	-	(19,150)
Net Receipts from Interunit Loans	1,495,744	(2,088,100)	592,356	-
Net Cash Provided by/(Used for) Investing Activities	(8,177,081)	(2,088,100)	607,935	(9,657,246)
Net Increase (Decrease) in Cash and Cash Equivalents	4,390,281	625,179	769,859	5,785,319
Cash and Cash Equivalents - Beginning	2,796,244	-	207,880	3,004,124
Cash and Cash Equivalents - Ending	$ 7,186,525	625,179	977,739	8,789,443

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information (Continued)

STATEMENT OF CASH FLOWS BY BUSINESS UNIT (CONTINUED)

	Electric Business Unit	Advanced Broadband Services Business Unit	Telephone Business Unit	Total Electric Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES				
Operating Income (Loss)	$ 6,707,869	2,467,886	137,674	9,313,429
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Depreciation Expense	3,625,261	1,715,976	121,007	5,462,244
Provision for Losses on Accounts Receivable	21,207	72,000	-	93,207
Redemption of Discounted Energy Units	522,000	-	-	522,000
(Increase) Decrease:				
Accounts Receivable	835,208	(249,958)	-	585,250
Inventories	99,730	(10,298)	-	89,432
Prepaids and Other	2,405,041	132,145	(18,964)	2,518,222
Customer Notes Receivable	185,175	-	-	185,175
Increase (Decrease):				
Accounts Payable	4,698,195	65,237	(28,467)	4,734,965
Accrued Liabilities	373,415	36,403	(1,267)	408,551
Deposits	(118,590)	-	-	(118,590)
Unearned Revenue	(195,555)	-	-	(195,555)
Net Cash Provided by/(Used for) Operating Activities	$ 19,158,956	4,229,391	209,983	23,598,330

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information (Continued)

If a municipality provides several utility services (e.g., water/sewer combined) and accounts for all of those activities in a single fund, detailed schedules that provide information consistent with what would have been presented in fund financial statements should be included in the notes to the financial statements or in supplemental information for each division/department (i.e., assets, liabilities and net position; revenues, expenses, and changes in net position; and cash flows). The following information for the Waterworks Fund is necessary to demonstrate compliance with state laws regarding utility operations. The Fund is comprised of a Water Business Unit and Sewer Business Unit.

STATEMENT OF NET POSITION BY BUSINESS UNIT

	Water Business Unit	Sewer Business Unit	Total Waterworks Fund
ASSETS			
Current Assets:			
Investments	$ 650,942	2,888,002	3,538,944
Accounts Receivable, (Net)	509,829	593,258	1,103,087
Customer Notes Receivable (Net) - Current	-	160	160
Other Receivables	17,755	4,152	21,907
Due from Joint Venture	-	213,421	213,421
Due from Other Funds	-	754,603	754,603
Due from Other Governments	918	25,723	26,641
Inventories	327,085	41,455	368,540
Total Current Assets	1,506,529	4,520,774	6,027,303
Noncurrent Assets:			
Capital Assets:			
Capital Assets	40,707,963	31,137,647	71,845,610
Construction in Progress	624,759	192,532	817,291
Total Capital Assets	41,332,722	31,330,179	72,662,901
Less: Accumulated Depreciation	21,354,581	9,057,129	30,411,710
Net Capital Assets	19,978,141	22,273,050	42,251,191
Other Noncurrent Assets:			
Investment in Joint Venture	-	6,909,633	6,909,633
Due from Joint Venture	-	16,857	16,857
Restricted Cash	82,632	15,750	98,382
Restricted Investments	1,486,784	213,809	1,700,593
Total Other Noncurrent Assets	1,569,416	7,156,049	8,725,465
Total Noncurrent Assets	21,547,557	29,429,099	50,976,656
Total Assets	23,054,086	33,949,873	57,003,959

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information (Continued)

STATEMENT OF NET POSITION BY BUSINESS UNIT (CONTINUED)

	Water Business Unit	Sewer Business Unit	Total Waterworks Fund
LIABILITIES			
Current Liabilities:			
Accounts Payable	113,328	24,466	137,794
Accrued Interest	7,096	1,930	9,026
Accrued Payroll	54,957	12,734	67,691
Deposits	1,800	2,300	4,100
Due to Others	23,021	-	23,021
Due to Other Funds	285,624	-	285,624
Compensated Absences Payable	43,000	15,500	58,500
Bonds Payable	278,232	166,768	445,000
Notes Payable	2,429	8,429	10,858
Total Current Liabilities	809,487	232,127	1,041,614
Long-term Liabilities:			
Compensated Absences Payable	75,794	20,582	96,376
Bonds Payable, Net of Unamortized Deferred Amounts	2,981,064	1,019,110	4,000,174
Notes Payable	4,857	16,857	21,714
Total Long-term Liabilities	3,061,715	1,056,549	4,118,264
Total Liabilities	3,871,202	1,288,676	5,159,878
NET POSITION			
Net Investment in Capital Assets	18,376,430	21,297,025	39,673,455
Unrestricted	806,454	11,364,172	12,170,626
Total Net Position	$ 19,182,884	32,661,197	51,844,081

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information (Continued)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY BUSINESS UNIT

	Water Business Unit	Sewer Business Unit	Total Waterworks Fund
OPERATING REVENUES			
Charges for Services (Net)	$ 4,066,491	4,605,051	8,671,542
Other Revenue	106,112	40,321	146,433
Total Operating Revenues	4,172,603	4,645,372	8,817,975
OPERATING EXPENSES			
Maintenance and Administrative	85,521	1,453,612	1,539,133
Water Filtration Plant	1,386,054	-	1,386,054
Water Distribution	1,153,330	-	1,153,330
Sewer Collection	-	1,002,909	1,002,909
Depreciation	433,438	311,171	744,609
Other	722,590	807,727	1,530,317
Total Operating Expenses	3,780,933	3,575,419	7,356,352
Operating Income (Loss)	391,670	1,069,953	1,461,623
NONOPERATING REVENUES (EXPENSES)			
Investment Income	1,744	4,058	5,802
Gain on Investment in Joint Venture	-	44,354	44,354
Capital Contribution to Joint Venture	-	(250,000)	(250,000)
Loss on Disposal of Capital Assets	(10,740)	(2,961)	(13,701)
Interest Expense	(67,226)	(27,663)	(94,889)
Fiscal Agent Fees	(39)	-	(39)
Other	(36,493)	(22,804)	(59,297)
Total Nonoperating Revenues (Expenses)	(112,754)	(255,016)	(367,770)
Income Before Capital Contributions and Transfers	278,916	814,937	1,093,853
TRANSFERS			
Transfer to General	(247,288)	(273,327)	(520,615)
Total Transfers	(247,288)	(273,327)	(520,615)
Capital Contributions and Grants	17,500	242,850	260,350
Change in Net Position	49,128	784,460	833,588
Net Position - Beginning	19,700,722	32,268,683	51,969,405
Prior Period Adjustments	(566,966)	(391,946)	(958,912)
Net Position - Ending	$ 19,182,884	32,661,197	51,844,081

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information (Continued)

STATEMENT OF CASH FLOWS BY BUSINESS UNIT

	Water Business Unit	Sewer Business Unit	Total Waterworks Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	$ 4,238,271	4,761,645	8,999,916
Receipts from Others	10,892	4,343	15,235
Receipts for Interfund Services Provided	139,534	-	139,534
Payments to Suppliers	(1,884,237)	(743,207)	(2,627,444)
Payments for Employees	(814,530)	(285,292)	(1,099,822)
Payments to Joint Venture	-	(1,453,612)	(1,453,612)
Payments for Interfund Services Used	(722,590)	(789,463)	(1,512,053)
Net Cash Provided by/(Used for) Operating Activities	967,340	1,494,414	2,461,754
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Due From/To General Fund	384,022	(403,153)	(19,131)
Transfers from/(to) Other Funds	(247,288)	(273,327)	(520,615)
Net Cash Provided by/(Used for) Noncapital Financing Activities	136,734	(676,480)	(539,746)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Bonds Payable Issued	2,304,163	1,275,837	3,580,000
Premium on Bonds Payable	87,018	44,763	131,781
Bond Issuance Costs	(36,493)	(22,804)	(59,297)
Capital Contributions	17,500	242,850	260,350
Sale of Capital Assets	840	840	1,680
Purchase of Capital Assets	(772,854)	(462,442)	(1,235,296)
Principal Paid on Capital Debt	(520,703)	(1,180,349)	(1,701,052)
Interest Paid on Capital Debt	(73,498)	(29,881)	(103,379)
Fiscal Agent Fees Paid	(39)	-	(39)
Net Cash Provided by/(Used for) Capital and Related Financing Activities	1,005,934	(131,186)	874,748
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of Investments	-	-	-
Purchases of Investments	(2,032,844)	(413,157)	(2,446,001)
Interest and Dividends Received	1,744	4,058	5,802
Due from Joint Venture	-	(11,899)	(11,899)
Contribution to Joint Venture	-	(250,000)	(250,000)
Net Cash Provided by/(Used for) Investing Activities	(2,031,100)	(670,998)	(2,702,098)
Net Increase (Decrease) in Cash and Cash Equivalents	78,908	15,750	94,658
Cash and Cash Equivalents - Beginning	3,724	-	3,724
Cash and Cash Equivalents - Ending	$ 82,632	15,750	98,382

NOTE V. OTHER INFORMATION (CONTINUED):

F. Multiple Function Enterprise Fund Information (Continued)

STATEMENT OF CASH FLOWS BY BUSINESS UNIT (CONTINUED)

	Water Business Unit	Sewer Business Unit	Total Waterworks Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES			
Operating Income (Loss)	$ 391,670	1,069,953	1,461,623
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation Expense	433,438	311,171	744,609
Provision for Losses on Accounts Receivable	58,844	18,450	77,294
(Increase) Decrease:			
Accounts Receivable	6,096	97,144	103,240
Other Receivables	10,893	4,342	15,235
Inventories	27,785	3,138	30,923
Customer Notes Receivable	222	456	678
Increase (Decrease):			
Accounts Payable	15,850	(12,755)	3,095
Accrued Payroll	7,082	6	7,088
Deposits	225	225	450
Due to Others	281	-	281
Compensated Absences Payable	14,954	2,284	17,238
Net Cash Provided by/(Used for) Operating Activities	$ 967,340	1,494,414	2,461,754

Accounts payable were $32,279 in the Water Segment at June 30, 2013, for capital assets.

Accounts payable were $2,408 in the Sewer Segment at June 30, 2013, for capital assets.

The Sewer Segment had a gain on investment of $44,354 which equals the City's share of the assets of the Joint Sewerage System.

NOTE V. OTHER INFORMATION (CONTINUED):

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

For fiscal year 2013, the State of Tennessee contributed payments on behalf of City employees of $39,600 to Police Department staff and $34,800 to Fire Department staff. The State also contributed $237,995 to the General Purpose School Fund on behalf of employees of the Bristol Tennessee School System.

H. Pledged Revenue

The City has pledged a portion of future tax revenues in tax increment financing agreements for the Southgate and West Ridge Redevelopment Projects. In 2004, Council approved the Southgate Redevelopment Project for approximately $4,779,451 of tax increment financing. This amount was 25% of the total project cost of $18,730,000. During the approved fifteen-year tax increment financing period, the City agreed to forego taxes on the improvements projected at an average of $242,289 annually. During the 2013 year, the City paid $195,180 to the Bristol Housing Authority to pay debt service on the outstanding debt related to this project.

Also in 2004, Council approved the West Ridge Redevelopment Project for approximately $1,148,672 of tax increment financing. This amount was 19% of the total project cost of $6,000,000. During the approved fifteen-year tax increment financing period, the City agreed to forego taxes on the improvements projected at an average of $52,205 annually. During the 2013 year, the City paid $56,431 to the Bristol Housing Authority to pay debt service on the outstanding debt related to this project.

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 2013 of $1,469,649 were 14% of the net revenue available for debt service of $10,333,055.

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

I. Risk Management

The City is 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. The City has not had any settlements in the last two years that were not covered by insurance.

NOTE V. OTHER INFORMATION (CONTINUED):

J. 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 $183,000 per person covered for the first claim and $105,000 per person covered for each additional claim. The City accounts for these benefits in the Internal Service Fund. The Electric Fund's risk is $75,000 per covered employee up to an annual maximum of $887,958. An insurance company has insured all claims exceeding the annual maximum.

Activity in the estimated liability for claims incurred but not paid were as follows for the years ended June 30, 2013, and 2012:

	2013	2012
Balance at Beginning of Year	$ 506,427	561,566
Claims Incurred	3,370,045	4,070,604
Claims Paid	(3,453,353)	(4,125,743)
Balance at End of Year	$ 423,119	506,427

K. Prior Period Adjustments

Adjustments were recorded in the financial records for both the government-wide and the fund financial statements.

Government-wide adjustments were made to the governmental activities for the following:

To remove bond issuance costs due to implementation of GASB Statement No. 65	$ (248,046)
Total adjustments at government-wide for governmental activities	$ (248,046)

Government-wide adjustments were made to the business-type activities and to the proprietary funds for the following:

To remove bond issuance costs due to implementation of GASB Statement No. 65	$ (294,264)
To adjust capital assets that were either noncapitalizable or owned by the Joint Sewerage System	(1,092,149)
To adjust equity investment in Joint Sewerage System due to a prior period adjustment in the joint venture for noncapitalizable assets and capital assets not recorded	146,304
Total adjustments to proprietary funds	$ (1,240,109)

NOTE V. OTHER INFORMATION (CONTINUED):

K. Prior Period Adjustments (Continued)

The Internal Schools Agency Fund required a restatement of the beginning assets and liabilities to correctly report amounts owed to the Bristol Tennessee School System Activity Funds of $669,794. In previous years, the City did not report these balances as either cash and cash equivalents or due to others in the financial statements of the Internal Schools Fund. The effect of this entry on beginning assets and liabilities is to increase both by $669,794.

The Bristol Industrial Development Board was not included in the financial statements for the City in the Comprehensive Annual Financial Reports for previous years since the entity did not meet the criteria for inclusion as a component unit. In the current year, the entity qualified as a blended component unit and has been incorporated in this report. Rather than reflecting the beginning balance as a prior period adjustment, the beginning equity balance of $242,893 has been incorporated in the beginning net position for governmental activities.

L. New Accounting Standards Implemented

The Governmental Accounting Standards Board (GASB) issued Statement No. 61, *The Financial Reporting Entity: An Amendment to GASB 14*. This standard modifies the criteria for determining which component units are part of the City's reporting entity and how they are presented. The Emergency Communications District was presented as a discrete component unit in Comprehensive Annual Financial Reports of the City in previous years. This entity has been reviewed and was deemed to be a related organization and is reflected as such in the current year. This Statement was implemented for the fiscal year beginning July 1, 2012.

GASB also issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements in the Statement should improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. It eliminates the need for management to determine which FASB and AICPA pronouncement provisions apply which will result in a more consistent application of applicable guidance. This Statement was implemented for the fiscal year beginning July 1, 2012.

The City also implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows and Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, as of July 1, 2012. These new standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

NOTE V. OTHER INFORMATION (CONTINUED):

L. New Accounting Standards Implemented (Continued)

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

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

M. Subsequent Events

The City closed on August 29, 2013, the Series 2013B General Obligation Refunding Bonds for $8,585,000 to refund the Series 2005 General Obligation Refunding Bonds, Series 2007 General Obligation Bonds for the General Fund and Water Segment portions, and the Series 2008 General Obligation Bonds. The new debt obligation was issued at a premium of $557,232. Management elected not to refund the portion of the Series 2007 General Obligation Bonds that was used to fund the demolition landfill expansion since the last principal payment will be made in fiscal year 2014 for this portion. The debt refunding resulted in a net present value benefit to the City of $254,988. The Series 2013B Bonds are payable over ten years with fixed interest rates ranging from 2.25% to 4%. The true interest cost of the borrowing is 2.21%.

Also, the City closed on October 30, 2013, the Series 2013 Electric Revenue Refunding and Improvement Bonds for $28,505,000 to refund the Series 2005 Electric System Revenue Bonds of $22,230,043 and to provide additional funding of $7,000,649 for capital improvements. The new debt obligation was issued at a premium of $708,101. The debt refunding resulted in a net present value benefit to the City of $134,532. The Series 2013 Electric Revenue Refunding and Improvement Bonds are payable over thirty years with fixed interest rates ranging from 3% to 5%. The true interest cost of the borrowing is 4.09%.

CITY OF BRISTOL, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS – DEFINED BENEFIT PENSION PLANS
For the Fiscal Year Ended June 30, 2013

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan 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, 2011	$58,071	65,735	7,664	88.34%	$15,193	50.45%
July 01, 2009	48,379	49,823	1,444	97.10%	15,064	9.59%
July 01, 2007	46,750	48,552	1,802	96.29%	14,366	12.54%

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan 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, 2011	$15,907	19,384	3,477	82.06%	3,745	92.84%
July 01, 2009	13,951	17,603	3,652	79.26%	3,533	103.36%
July 01, 2007	13,703	14,519	816	94.38%	3,222	25.33%

See Note V.D. for actuarial assumptions.

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS – OPEB PLANS
For the Fiscal Year Ended June 30, 2013

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

The funded status of the plan as of June 30, 2013, 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
7/01/12	$1,064,724	$3,552,848	$2,488,124	30.0%	$13,062,788	19.0%
7/01/11	$ 851,057	$3,291,136	$2,440,079	25.9%	$12,440,751	19.6%
7/01/10	$ 569,076	$2,639,601	$2,070,525	21.6%	$13,027,096	15.9%

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

Fiscal Year	Annual Required Contribution	Contribution Made	Percentage Contributed
2013	$ 278,850	278,850	100%
2012	272,102	272,102	100%
2011	227,602	227,602	100%

Bristol Tennessee Essential Services Schedule of Funding Progress – OPEB Plan

The funded status of the plan as of June 30, 2013, 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
7/01/11	$ 829,431	$5,239,148	$4,409,717	15.8%	$3,624,818	121.7%
7/01/09	$ 200,000	$3,841,608	$3,641,608	5.2%	$3,231,177	112.7%
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
2013	$ 499,200	319,005	64%
2012	395,929	319,075	81%
2011	319,075	595,607	137%

(Continued)

CITY OF BRISTOL, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS – OPEB PLANS
For the Fiscal Year Ended June 30, 2013

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

The funded status of the plans as of June 30, 2013, was as follows:

Valuation Date of 7/1/11	Teacher Group Insurance Plan	Medicare Supplemental Plan	Total
Actuarial Accrued Liability (AAL)	$ 5,238,000	1,591,643	6,829,643
Actuarial Value of Plan Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	5,238,000	1,591,643	6,829,643
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%	0%
Covered Payroll (Active Plan Members)	19,529,905	19,529,905	19,529,905
UAAL as a Percentage of Covered Payroll	26.8%	8.1%	35.0%

Valuation Date of 7/1/09	Teacher Group Insurance Plan	Medicare Supplemental Plan	Total
Actuarial Accrued Liability (AAL)	$ 4,852,000	1,498,637	6,350,637
Actuarial Value of Plan Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	4,852,000	1,498,637	6,350,637
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%	0%
Covered Payroll (Active Plan Members)	19,657,553	19,657,553	19,657,553
UAAL as a Percentage of Covered Payroll	24.7%	7.6%	32.3%

Valuation Date of 7/1/07	Teacher Group Insurance Plan	Medicare Supplemental Plan	Total
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%

(Continued)

CITY OF BRISTOL, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS – OPEB PLANS
For the Fiscal Year Ended June 30, 2013

Bristol Tennessee City School System Schedule of Contributions – OPEB Plan

Teacher Group Plan

Fiscal Year	Annual Required Contribution	Contribution Made	Percentage Contributed
2013	$ 646,000	$ 356,598	55%
2012	640,000	333,581	52%
2011	555,000	386,403	70%

Medicare Supplemental Plan

Fiscal Year	Annual Required Contribution	Contribution Made	Percentage Contributed
2013	$ 112,012	$ 70,353	63%
2012	108,617	69,550	64%
2011	97,358	68,158	70%

See Note IV.F. for actuarial assumptions.

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 used to account for all the non-community development, housing type, transit, and MPO expenditures that are supported by grants. This fund aids in the management of grant supported activities and staff.

HOME Consortium Fund – This fund is used to account for the HOME Consortium formed by City of Bluff City, TN, City of Bristol, TN, City of Bristol, VA, City of Johnson City, TN, City of Kingsport, TN, Sullivan County, TN, Washington County, TN, and CHDO. The City acts as the lead entity for the grant from the United States Department of Housing and Urban Development.

School Federal Projects Fund – This fund is used to account for programs and expenditures of the Bristol, Tennessee Board of Education which are funded by grants from various Federal agencies.

School Nutrition Fund – This fund is used to account for the financial activities relative to the Bristol, Tennessee Board of Education school breakfast and lunch programs.

Solid Waste Fund – This fund is used to account for the financial activities related to the collection and transportation of solid waste committed for use by Council.

State Street Aid Fund – This fund is used to account for maintenance of all non-state streets in the City. Revenues are provided from a portion of the State of Tennessee gasoline and motor fuels tax restricted by the State for certain expenditures.

Transportation Grant Fund – This fund is used to account for all Metropolitan Planning Organization (MPO) and transit-related operating, capital, and planning grants.

Viking Hall Fund – This fund is used to account for the financial activities relating to the operations of Viking Hall, a combination sports arena and concert hall operated by the City for which revenues are committed.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term debt.

Capital Project Funds

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Capital Equipment Fund – This fund is used to account for machinery and equipment capital asset activity of the municipality, excluding education related capital.

Capital Facilities Fund – This fund is used to account for land and improvements, buildings and building improvements, other improvements, infrastructure, and construction in progress capital asset activity of the municipality, excluding education related capital projects.

CITY OF BRISTOL, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

	Special Revenue Funds							
	Community Development Grant	Drug	Grant	HOME Consortium	School Federal Projects	School Nutrition	Solid Waste	State Street Aid
ASSETS								
Cash and Cash Equivalents	$ -	4,808	-	-	100,398	503,526	-	-
Investments	-	-	-	-	-	600,000	-	74,005
Accounts Receivable	-	-	-	-	-	-	271,320	-
Notes Receivable	68,067	-	-	24,223	-	-	-	-
Other Receivables	-	-	-	-	-	798	-	-
Due from Other Funds	98,547	88,527	-	-	-	-	-	181,283
Due from Other Governments & Agencies	92,940	181	279,330	69,390	359,361	6,585	25,294	124,959
Inventory	-	-	-	-	-	42,590	-	-
Restricted Cash	-	-	-	-	-	-	-	-
Restricted Investment	-	-	-	-	-	-	-	-
Total Assets	$ 259,554	93,516	279,330	93,613	459,759	1,153,499	296,614	380,247
LIABILITIES								
Accounts Payable	$ 55,914	5,902	9,433	14,612	1,758	5,152	82,922	80,381
Contracts Payable	4,000	-	-	7,000	-	-	-	-
Retainages Payable	-	-	-	-	-	-	-	-
Accrued Payroll and Deductions	288	-	3,053	1,630	-	-	20,328	-
Due to Other Funds	-	-	254,344	46,148	458,001	-	158,150	-
Due to Others	-	-	-	-	-	-	-	-
Unearned Revenue	68,067	-	12,500	24,223	-	21,005	-	-
Total Liabilities	128,269	5,902	279,330	93,613	459,759	26,157	261,400	80,381
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)								
Nonspendable:								
Inventory	-	-	-	-	-	42,590	-	-
Restricted:								
Capital Outlay	-	-	-	-	-	-	-	-
Community Development	131,285	-	-	-	-	-	-	-
Drug Control	-	48,477	-	-	-	-	-	-
Federal Forfeitures	-	34,651	-	-	-	-	-	-
School Nutrition	-	-	-	-	-	1,084,752	-	-
Virginia Forfeitures	-	4,486	-	-	-	-	-	-
Committed:								
Solid Waste	-	-	-	-	-	-	35,214	-
Viking Hall	-	-	-	-	-	-	-	-
Assigned:								
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
State Street Aid	-	-	-	-	-	-	-	299,866
Total Fund Balances (Deficits)	131,285	87,614	-	-	-	1,127,342	35,214	299,866
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	$ 259,554	93,516	279,330	93,613	459,759	1,153,499	296,614	380,247

(Continued)

CITY OF BRISTOL, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

	Special Revenue Funds (Continued)				Capital Projects Funds			Total Nonmajor Governmental Funds
	Transportation Grant	Viking Hall	Total Special Revenue Funds	Debt Service	Capital Equipment	Capital Facilities	Total Capital Projects	
ASSETS								
Cash and Cash Equivalents	-	4,626	613,358	-	-	14	14	613,372
Investments	-	-	674,005	-	112,500	-	112,500	786,505
Accounts Receivable	-	-	271,320	-	-	-	-	271,320
Notes Receivable	-	-	92,290	-	-	-	-	92,290
Other Receivables	506	-	1,304	-	5,363	10,713	16,076	17,380
Due from Other Funds	-	1,715	370,072	36,593	165	217,841	218,006	624,671
Due from Other Governments & Agencies	263,722	-	1,221,762	-	-	85,958	85,958	1,307,720
Inventory	-	-	42,590	-	-	-	-	42,590
Restricted Cash	-	-	-	-	73,178	-	73,178	73,178
Restricted Investment	-	-	-	-	238,785	54,855	293,640	293,640
Total Assets	264,228	6,341	3,286,701	36,593	429,991	369,381	799,372	4,122,666
LIABILITIES								
Accounts Payable	9,065	979	266,118	-	57,325	75,501	132,826	398,944
Contracts Payable	-	-	11,000	-	55,690	60,688	116,378	127,378
Retainages Payable	-	-	-	-	-	29,698	29,698	29,698
Accrued Payroll and Deductions	17,506	1,173	43,978	-	-	-	-	43,978
Due to Other Funds	209,378	-	1,126,021	-	-	-	-	1,126,021
Due to Others	28,279	104	28,383	-	-	-	-	28,383
Unearned Revenue	-	-	125,795	-	-	-	-	125,795
Total Liabilities	264,228	2,256	1,601,295	-	113,015	165,887	278,902	1,880,197
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue	-	-	-	-	-	78,494	78,494	78,494
Total Deferred Inflows of Resources	-	-	-	-	-	78,494	78,494	78,494
FUND BALANCES (DEFICITS)								
Nonspendable:								
Inventory	-	-	42,590	-	-	-	-	42,590
Restricted:								
Capital Outlay	-	-	-	-	316,976	-	316,976	316,976
Community Development	-	-	131,285	-	-	-	-	131,285
Drug Control	-	-	48,477	-	-	-	-	48,477
Federal Forfeitures	-	-	34,651	-	-	-	-	34,651
School Nutrition	-	-	1,084,752	-	-	-	-	1,084,752
Virginia Forfeitures	-	-	4,486	-	-	-	-	4,486
Committed:								
Solid Waste	-	-	35,214	-	-	-	-	35,214
Viking Hall	-	4,085	4,085	-	-	-	-	4,085
Assigned:								
Capital Outlay	-	-	-	-	-	125,000	125,000	125,000
Debt Service	-	-	-	36,593	-	-	-	36,593
State Street Aid	-	-	299,866	-	-	-	-	299,866
Total Fund Balances (Deficits)	-	4,085	1,685,406	36,593	316,976	125,000	441,976	2,163,975
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	264,228	6,341	3,286,701	36,593	429,991	369,381	799,372	4,122,666

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, 2013

	Special Revenue Funds							
	Community Development Grant	Drug	Grant	HOME Consortium	School Federal Projects	School Nutrition	Solid Waste	State Street Aid
REVENUES								
Intergovernmental	$ 168,337	33,166	634,852	855,840	2,454,228	1,184,802	-	687,263
Charges for Services	-	-	-	-	-	648,527	1,530,023	-
Revenue from Use of Facilities	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	22,322	-	-	-	-	24,642	-
Investment Income	-	14	-	-	-	2,126	-	116
Other	143,571	102	-	47,337	-	-	16,179	194
Total Revenues	311,908	55,604	634,852	903,177	2,454,228	1,835,455	1,570,844	687,573
EXPENDITURES								
Current:								
General Government	180,623	-	4,605	903,177	-	-	-	-
Community Relations	-	-	-	-	-	-	-	-
Education	-	-	-	-	2,420,975	1,894,594	-	-
Parks and Recreation	-	-	57,312	-	-	-	-	-
Public Safety	-	54,565	164,968	-	-	-	-	-
Public Works	-	-	-	-	-	-	1,572,236	821,351
Capital Outlay	-	7,000	453,575	-	33,253	6,995	-	-
Debt Service:								
Principal Retirement	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-
Other Costs	-	-	-	-	-	-	-	-
Total Expenditures	180,623	61,565	680,460	903,177	2,454,228	1,901,589	1,572,236	821,351
Excess (Deficiency) of Revenues over Expenditures	131,285	(5,961)	(45,608)	-	-	(66,134)	(1,392)	(133,778)
OTHER FINANCING SOURCES (USES)								
Bonds Issued	-	-	-	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-	-	-	-
Insurance Recoveries	-	-	-	-	-	-	227	-
Transfer from General	-	5,683	45,608	-	-	-	29,000	126,588
Transfer from General Purpose School	-	-	-	-	-	-	-	-
Transfer from School Capital Projects	-	-	-	-	-	-	-	-
Transfer to General	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	5,683	45,608	-	-	-	29,227	126,588
Net Change in Fund Balances	131,285	(278)	-	-	-	(66,134)	27,835	(7,190)
Fund Balance - Beginning	-	87,892	-	-	-	1,195,385	7,379	307,056
Purchase Method Inventory Adjustment	-	-	-	-	-	(1,909)	-	-
Fund Balance - Ending	$ 131,285	87,614	-	-	-	1,127,342	35,214	299,866

(Continued)

CITY OF BRISTOL, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2013

	Special Revenue Funds (Continued)				Capital Projects Funds			Total Nonmajor Governmental Funds
	Transportation Grant	Viking Hall	Total Special Revenue Funds	Debt Service	Capital Equipment	Capital Facilities	Total Capital Projects	
REVENUES								
Intergovernmental	622,673	-	6,641,161	-	-	7,200	7,200	6,648,361
Charges for Services	32,604	8,688	2,219,842	-	-	-	-	2,219,842
Revenue from Use of Facilities	-	178,459	178,459	-	-	-	-	178,459
Fines and Forfeitures	-	-	46,964	-	-	-	-	46,964
Investment Income	-	10	2,266	-	350	442	792	3,058
Other	-	124	207,507	-	-	136,916	136,916	344,423
Total Revenues	655,277	187,281	9,296,199	-	350	144,558	144,908	9,441,107
EXPENDITURES								
Current:								
General Government	183,098	-	1,271,503	-	-	-	-	1,271,503
Community Relations	-	294,104	294,104	-	-	-	-	294,104
Education	-	-	4,315,569	-	-	-	-	4,315,569
Parks and Recreation	59,775	-	117,087	-	-	-	-	117,087
Public Safety	-	-	219,533	-	-	-	-	219,533
Public Works	475,075	-	2,868,662	-	-	-	-	2,868,662
Capital Outlay	-	-	500,823	-	843,717	1,015,709	1,859,426	2,360,249
Debt Service:								
Principal Retirement	-	-	-	2,282,323	-	-	-	2,282,323
Interest	-	-	-	702,406	-	-	-	702,406
Bond Issuance Costs	-	-	-	-	6,905	-	6,905	6,905
Other Costs	-	-	-	2,589	-	-	-	2,589
Total Expenditures	717,948	294,104	9,587,281	2,987,318	850,622	1,015,709	1,866,331	14,440,930
Excess (Deficiency) of Revenues over Expenditures	(62,671)	(106,823)	(291,082)	(2,987,318)	(850,272)	(871,151)	(1,721,423)	(4,999,823)
OTHER FINANCING SOURCES (USES)								
Bonds Issued	-	-	-	-	420,000	-	420,000	420,000
Premium on Bonds Issued	-	-	-	-	16,381	-	16,381	16,381
Insurance Recoveries	-	-	227	-	-	-	-	227
Transfer from General	143,581	94,000	444,460	2,310,925	730,867	400,866	1,131,733	3,887,118
Transfer from General Purpose School	-	-	-	703,736	-	112,652	112,652	816,388
Transfer from School Capital Projects	-	-	-	9,250	-	-	-	9,250
Transfer to General	(80,910)	-	(80,910)	-	-	-	-	(80,910)
Total Other Financing Sources (Uses)	62,671	94,000	363,777	3,023,911	1,167,248	513,518	1,680,766	5,068,454
Net Change in Fund Balances	-	(12,823)	72,695	36,593	316,976	(357,633)	(40,657)	68,631
Fund Balance - Beginning	-	16,908	1,614,620	-	-	482,633	482,633	2,097,253
Purchase Method Inventory Adjustment	-	-	(1,909)	-	-	-	-	(1,909)
Fund Balance - Ending	-	4,085	1,685,406	36,593	316,976	125,000	441,976	2,163,975

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, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental	$ 221,941	168,337	(53,604)
Other	12,000	143,571	131,571
Total Revenues	233,941	311,908	77,967
EXPENDITURES			
General Government	233,941	180,623	53,318
Total Expenditures	233,941	180,623	53,318
Excess (Deficiency) of Revenues over Expenditures	-	131,285	131,285
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	$ -	131,285	131,285

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, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental	$ -	33,166	33,166
Fines and Forfeitures	26,000	22,322	(3,678)
Investment Income	25	14	(11)
Other	5,000	102	(4,898)
Total Revenues	31,025	55,604	24,579
EXPENDITURES			
Public Safety	105,882	54,565	51,317
Capital Outlay	10,000	7,000	3,000
Total Expenditures	115,882	61,565	54,317
Excess (Deficiency) of Revenues over Expenditures	(84,857)	(5,961)	78,896
OTHER FINANCING SOURCES (USES)			
Transfer from General Fund	6,000	5,683	(317)
Total Other Financing Sources (Uses)	6,000	5,683	(317)
Net Change in Fund Balances	(78,857)	(278)	78,579
Fund Balance, Beginning	78,857	87,892	9,035
Fund Balance, Ending	$ -	87,614	87,614

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 369,986	747,801	634,852	264,866
Total Revenues	369,986	747,801	634,852	264,866
EXPENDITURES				
General Government	-	-	4,605	(4,605)
Parks and Recreation	67,632	67,632	57,312	10,320
Public Safety	329,553	707,368	164,968	164,585
Capital Outlay	-	-	453,575	(453,575)
Total Expenditures	397,185	775,000	680,460	(283,275)
Excess (Deficiency) of Revenues over Expenditures	(27,199)	(27,199)	(45,608)	(18,409)
OTHER FINANCING SOURCES (USES)				
Transfer from General	27,199	27,199	45,608	18,409
Total Other Financing Sources (Uses)	27,199	27,199	45,608	18,409
Net Change in Fund Balances	-	-	-	-
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	$ -	-	-	-

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, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental:			
City of Bluff City, Tennessee	$ 178,846	2,789	(176,057)
City of Bristol, Tennessee	94,403	54,787	(39,616)
City of Bristol, Virginia	181,266	21,500	(159,766)
City of Johnson City, Tennessee	291,799	281,988	(9,811)
City of Kingsport, Tennessee	241,347	56,009	(185,338)
Sullivan County, Tennessee	225,969	138,427	(87,542)
Washington County, Virginia	182,718	44,725	(137,993)
CHDO	336,258	144,370	(191,888)
Administration	151,172	111,245	(39,927)
Other	40,000	47,337	7,337
Total Revenues	1,923,778	903,177	(1,020,601)
EXPENDITURES			
General Government:			
City of Bluff City, Tennessee	178,845	2,789	176,056
City of Bristol, Tennessee	94,403	66,175	28,228
City of Bristol, Virginia	181,266	21,500	159,766
City of Johnson City, Tennessee	291,799	298,238	(6,439)
City of Kingsport, Tennessee	241,347	68,208	173,139
Sullivan County, Tennessee	225,969	138,427	87,542
Washington County, Virginia	182,718	52,225	130,493
CHDO	336,258	144,370	191,888
Administration	191,173	111,245	79,928
Total Expenditures	1,923,778	903,177	1,020,601
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	$ -	-	-

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 2,410,225	2,711,291	2,454,228	(257,063)
Total Revenues	2,410,225	2,711,291	2,454,228	(257,063)
EXPENDITURES				
Education:				
Instruction:				
Regular Education	841,440	1,186,818	1,123,714	63,104
Special Education	914,442	834,371	735,647	98,724
Vocational Education	16,690	18,190	18,003	187
Total Instruction	1,772,572	2,039,379	1,877,364	162,015
Support Services:				
Health Services	36,500	51,500	34,255	17,245
Other Student Support	157,233	179,974	168,953	11,021
Regular Instruction	377,652	331,550	265,240	66,310
Special Education	16,500	18,588	17,951	637
Vocational Education	2,500	1,800	2,212	(412)
Student Transportation	14,268	500	-	500
Total Support Services	604,653	583,912	488,611	95,301
Total Education	2,377,225	2,623,291	2,365,975	257,316
Non-Instructional Services:				
Community Services	-	55,000	55,000	-
Non-Instructional Services:	-	55,000	55,000	-
Capital Outlay	33,000	33,000	33,253	(253)
Total Expenditures	2,410,225	2,711,291	2,454,228	257,063
Net Change in Fund Balances	-	-	-	-
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	$ -	-	-	-

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, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental	$ 1,296,000	1,184,802	(111,198)
Charges for Services	741,000	648,527	(92,473)
Investment Income	3,000	2,126	(874)
Total Revenues	2,040,000	1,835,455	(204,545)
EXPENDITURES			
Education	2,169,500	1,894,594	274,906
Capital Outlay	90,500	6,995	83,505
Total Expenditures	2,260,000	1,901,589	358,411
Net Change in Fund Balances	(220,000)	(66,134)	153,866
Fund Balance - Beginning	1,252,547	1,195,385	(57,162)
Purchase Method Inventory Adjustment	-	(1,909)	(1,909)
Fund Balance - Ending	$ 1,032,547	1,127,342	94,795

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Charges for Services	$ 1,513,400	1,513,400	1,530,023	16,623
Fines and Forfeitures	27,000	27,000	24,642	(2,358)
Other	-	-	16,179	16,179
Total Revenues	1,540,400	1,540,400	1,570,844	30,444
EXPENDITURES				
Public Works:				
Refuse Collection:				
Personnel	231,999	231,999	226,933	5,066
Operating Expenditures	561,750	573,323	534,166	39,157
Other Expenditures	4,970	4,970	11,671	(6,701)
Total Refuse Collection	798,719	810,292	772,770	37,522
Brush and Bulk Collection:				
Personnel	597,211	597,211	576,752	20,459
Operating Expenditures	218,750	230,322	211,305	19,017
Other Expenditures	12,175	12,175	11,409	766
Total Brush and Bulk Collection	828,136	839,708	799,466	40,242
Total Expenditures	1,626,855	1,650,000	1,572,236	77,764
Excess (Deficiency) of Revenues over Expenditures	(86,455)	(109,600)	(1,392)	108,208
OTHER FINANCING SOURCES (USES)				
Insurance Recoveries	-	-	227	227
Transfer from General	85,000	108,145	29,000	(79,145)
Total Other Financing Sources (Uses)	85,000	108,145	29,227	(78,918)
Net Change in Fund Balances	(1,455)	(1,455)	27,835	29,290
Fund Balance, Beginning	2,730	2,730	7,379	4,649
Fund Balance, Ending	$ 1,275	1,275	35,214	33,939

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 695,000	695,000	687,263	(7,737)
Investment Income	500	500	116	(384)
Other	-	-	194	194
Total Revenues	695,500	695,500	687,573	(7,927)
EXPENDITURES				
Guardrails	25,000	25,000	37,400	(12,400)
Pavement Markings	15,000	15,000	15,792	(792)
Resurfacing	550,000	582,000	512,091	69,909
Sidewalk Maintenance	25,000	25,000	3,971	21,029
Signage	3,000	3,000	2,097	903
Street Maintenance	250,000	250,000	250,000	-
Total Expenditures	868,000	900,000	821,351	78,649
Excess (Deficiency) of Revenues over Expenditures	(172,500)	(204,500)	(133,778)	70,722
OTHER FINANCING SOURCES (USES)				
Transfer from General	123,649	155,649	126,588	(29,061)
Total Other Financing Sources (Uses)	123,649	155,649	126,588	(29,061)
Net Change in Fund Balances	(48,851)	(48,851)	(7,190)	41,661
Fund Balance, Beginning	340,433	340,433	307,056	(33,377)
Fund Balance, Ending	$ 291,582	291,582	299,866	8,284

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
TRANSPORTATION GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental	$ 626,303	622,673	(3,630)
Charges for Services	28,000	32,604	4,604
Total Revenues	654,303	655,277	974
EXPENDITURES			
ADA Transit	48,971	51,918	(2,947)
Job Access	129,088	69,647	59,441
MPO	226,599	183,098	43,501
Senior Citizen Transportation	58,647	59,775	(1,128)
Transit	334,323	353,510	(19,187)
Total Expenditures	797,628	717,948	79,680
Excess (Deficiency) of Revenues over Expenditures	(143,325)	(62,671)	80,654
OTHER FINANCING SOURCES (USES)			
Transfer from General	175,575	143,581	(31,994)
Transfer to General	(32,250)	(80,910)	(48,660)
Total Other Financing Sources (Uses)	143,325	62,671	(80,654)
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	$ -	-	-

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Charges for Services	$ 17,000	17,000	8,688	(8,312)
Revenue from Use of Facilities	456,000	456,000	178,459	(277,541)
Investment Income	20	20	10	(10)
Other	5,000	5,000	124	(4,876)
Total Revenues	478,020	478,020	187,281	(290,739)
EXPENDITURES				
Community Relations:				
Personnel	113,559	135,675	92,300	43,375
Operating Expenditures	64,325	64,325	45,095	19,230
Show Expenditures	400,000	400,000	156,709	243,291
Total Expenditures	577,884	600,000	294,104	305,896
Excess (Deficiency) of Revenues over Expenditures	(99,864)	(121,980)	(106,823)	15,157
OTHER FINANCING SOURCES (USES)				
Transfer from General	100,000	122,116	94,000	(28,116)
Total Other Financing Sources (Uses)	100,000	122,116	94,000	(28,116)
Net Change in Fund Balances	136	136	(12,823)	(12,959)
Fund Balance, Beginning	7,117	7,117	16,908	9,791
Fund Balance, Ending	$ 7,253	7,253	4,085	(3,168)

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, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Investment Income	$ -	-	-
Total Revenues	-	-	-
EXPENDITURES			
Principal Retirement	2,390,556	2,282,323	108,233
Interest	1,532,788	702,406	830,382
Other Costs	25,000	2,589	22,411
Total Expenditures	3,948,344	2,987,318	961,026
Excess (Deficiency) of Revenues over Expenditures	(3,948,344)	(2,987,318)	961,026
OTHER FINANCING SOURCES (USES)			
Transfer from General	2,344,822	2,310,925	(33,897)
Transfer from General Purpose School	773,634	703,736	(69,898)
Transfer from School Capital Projects	-	9,250	9,250
Transfer from Chapter 420	829,888	-	(829,888)
Total Other Financing Sources (Uses)	3,948,344	3,023,911	(924,433)
Net Change in Fund Balances	-	36,593	36,593
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	$ -	36,593	36,593

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
CAPITAL EQUIPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Investment Income	$ -	350	350
Total Revenues	-	350	350
EXPENDITURES			
Capital Outlay	1,072,000	843,717	228,283
Bond Issuance Costs	3,750	6,905	(3,155)
Total Expenditures	1,075,750	850,622	225,128
Excess (Deficiency) of Revenues over Expenditures	(1,075,750)	(850,272)	225,478
OTHER FINANCING SOURCES (USES)			
Bonds Issued	253,750	420,000	166,250
Premium on Bonds Issued	-	16,381	16,381
Transfer from General	572,000	730,867	158,867
Total Other Financing Sources (Uses)	825,750	1,167,248	341,498
Net Change in Fund Balances	(250,000)	316,976	566,976
Fund Balance, Beginning	250,000	-	(250,000)
Fund Balance, Ending	$ -	316,976	316,976

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
CAPITAL FACILITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental	$ 687,000	7,200	(679,800)
Investment Income	-	442	442
Other	190,000	136,916	(53,084)
Total Revenues	877,000	144,558	(732,442)
EXPENDITURES			
Capital Outlay	1,952,000	1,015,709	936,291
Other	-	-	-
Total Expenditures	1,952,000	1,015,709	936,291
Excess (Deficiency) of Revenues over Expenditures	(1,075,000)	(871,151)	203,849
OTHER FINANCING SOURCES (USES)			
Insurance Recoveries	350,000	-	(350,000)
Transfer from General	525,000	400,866	(124,134)
Transfer from General Purpose School	-	112,652	112,652
Total Other Financing Sources (Uses)	875,000	513,518	(361,482)
Net Change in Fund Balances	(200,000)	(357,633)	(157,633)
Fund Balance, Beginning	200,000	482,633	282,633
Fund Balance, Ending	$ -	125,000	125,000

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Investment Income	$ -	-	18	18
Total Revenues	-	-	18	18
EXPENDITURES				
Capital Outlay	-	150,000	126,851	(126,851)
Total Expenditures	-	150,000	126,851	(126,851)
Excess (Deficiency) of Revenues over Expenditures	-	(150,000)	(126,833)	(126,833)
OTHER FINANCING SOURCES (USES)				
Notes Payable	-	26,000	510,937	510,937
Transfer from General	-	10,000	10,836	10,836
Transfer from General Purpose School	-	114,000	98,627	98,627
Transfer to Debt Service	-	-	(9,250)	(9,250)
Total Other Financing Sources (Uses)	-	150,000	611,150	611,150
Net Change in Fund Balances	-	-	484,317	484,317
Fund Balance, Beginning	-	-	(484,317)	(484,317)
Fund Balance, Ending	$ -	-	-	-

See Independent Auditors' Report.

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Fiduciary Funds

Agency Funds

Agency Funds are used to account for assets held be the City as an agent for private organizations, other governments, and/or other funds.

Trust Funds

Other Post Employee Benefits Trust Funds are used to account for deposits and disbursements held in trust for the future payment of health benefits for retirees.

CITY OF BRISTOL, TENNESSEE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL TRUST FUNDS
June 30, 2013

	Other Post Employment Benefits Trust Fund	BTES Other Post Employment Benefits Trust Fund	Total Other Post Employment Benefits Trust Funds
ASSETS			
Cash and Cash Equivalents	$ -	2,687	2,687
Investments Held in Trust, At Fair Value			
Mutual Funds	1,248,691	1,296,920	2,545,611
Total Assets	1,248,691	1,299,607	2,548,298
LIABILITIES			
Accrued Liabilities	15,500	-	15,500
Due to General Fund	68,798	-	68,798
Total Liabilities	84,298	-	84,298
NET POSITION			
Net Position Held In Trust for OPEB Benefits	1,164,393	1,299,607	2,464,000
Total Net Position	$ 1,164,393	1,299,607	2,464,000

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
ALL TRUST FUNDS
For the Fiscal Year Ended June 30, 2013

	Other Post Employment Benefits Trust Fund	BTES Other Post Employment Benefits Trust Fund	Total Other Post Employment Benefits Trust Funds
ADDITIONS			
Employer Contributions	$ 278,850	319,005	597,855
Retiree Contributions	95,778	-	95,778
Investment Income	-	15,780	15,780
Net Appreciation (Depreciation) in Value of Investments	118,115	121,469	239,584
Total Additions	492,743	456,254	948,997
DEDUCTIONS			
Retiree Benefits	177,895	319,005	496,900
Administrative Expenses	13,660	3,345	17,005
Total Deductions	191,555	322,350	513,905
Change in Net Position	301,188	133,904	435,092
Net Position - Beginning	863,205	1,165,703	2,028,908
Net Position - Ending	$ 1,164,393	1,299,607	2,464,000

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
June 30, 2013

	Internal Schools Fund	Joint Sewer System	Youth Counselor Office	Total Agency Funds
ASSETS				
Cash and Cash Equivalents	$ 738,548	754,381	-	1,492,929
Investments	-	2,609,868	-	2,609,868
Total Assets	$ 738,548	3,364,249	-	4,102,797
LIABILITIES				
Due to Others	$ 738,548	3,364,249	-	4,102,797
Total Liabilities	$ 738,548	3,364,249	-	4,102,797

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, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
INTERNAL SCHOOLS FUND				
ASSETS				
Cash and Cash Equivalents	$ 669,794	1,674,475	1,605,721	738,548
TOTAL ASSETS	$ 669,794	1,674,475	1,605,721	738,548
LIABILITIES				
Due to Others	$ 669,794	1,674,475	1,605,721	738,548
JOINT SEWER SYSTEM FUND				
ASSETS				
Cash and Cash Equivalents	$ 590,025	3,773,599	3,609,243	754,381
Investments	2,421,665	188,203	-	2,609,868
TOTAL ASSETS	$ 3,011,690	3,961,802	3,609,243	3,364,249
LIABILITIES				
Due to Others	$ 3,011,690	3,961,802	3,609,243	3,364,249
YOUTH COUNSELOR OFFICE FUND				
ASSETS				
Due from Other Funds	$ -	1,583	1,583	-
LIABILITIES				
Due to Others	$ -	1,583	1,583	-
TOTAL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	$ 1,259,819	5,448,074	5,214,964	1,492,929
Due from Other Funds	-	1,583	1,583	-
Investments	2,421,665	188,203	-	2,609,868
TOTAL ASSETS	$ 3,681,484	5,637,860	5,216,547	4,102,797
LIABILITIES				
Due to Others	$ 3,681,484	5,637,860	5,216,547	4,102,797

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, 2013

	2013
Governmental Funds Capital Assets:	
Land	$ 8,260,568
Land Improvements	5,244,798
Buildings and Building Improvements	62,674,467
Infrastructure	111,240,625
Machinery and Equipment	19,595,991
Other Improvements	1,273,285
Construction in Progress	6,067,028
Total Governmental Funds Capital Assets	$ 214,356,762
Investments in Governmental Funds Capital Assets by Source:	
Bond Issue	$ 83,166,971
Capital Outlay Notes	6,254,400
Capital Leases	467,557
Donated	84,242,468
Grant Funds	10,569,942
School Activity Funds	168,910
General Fund	16,764,289
Special Revenue/Capital Projects Funds	12,722,225
Total Governmental Funds Capital Assets	$ 214,356,762

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION AND ACTIVITY

June 30, 2013

Function and Activity	Land	Land Improvements	Buildings and Improvements	Infrastructure	Machinery & Equipment	Other Improvements	Construction in Progress	Total
General Government:								
General Administration	$ 169,772	150,047	1,694,986	90,974	569,208	387,973	-	3,062,960
Community Development	68,264	-	571,019	-	183,179	-	-	822,462
Economic Development	3,167,263	173,955	-	-	-	-	4,593,273	7,934,491
Other Administrative	286,157	-	5,988,840	-	1,097,766	-	-	7,372,763
Total General Government	3,691,456	324,002	8,254,845	90,974	1,850,153	387,973	4,593,273	19,192,676
Community Relations	-	-	-	-	154,614	-	-	154,614
Education:								
General Operations	3,142,401	164,661	44,859,858	-	2,575,104	-	999,520	51,741,544
Child Nutrition	-	-	-	-	551,710	-	-	551,710
Total Education	3,142,401	164,661	44,859,858	-	3,126,814	-	999,520	52,293,254
Parks and Recreation	874,438	2,772,553	2,962,468	-	1,555,401	-	42,992	8,207,852
Public Safety:								
Fire	82,624	-	731,365	-	3,772,518	-	-	4,586,507
Police	6,925	-	3,842,270	-	3,102,719	-	-	6,951,914
Total Public Safety	89,549	-	4,573,635	-	6,875,237	-	-	11,538,421
Public Works:								
Public Services	462,724	1,983,582	2,023,661	111,149,651	3,738,879	885,312	431,243	120,675,052
Solid Waste	-	-	-	-	2,294,893	-	-	2,294,893
Total Public Works	462,724	1,983,582	2,023,661	111,149,651	6,033,772	885,312	431,243	122,969,945
Total Governmental Funds Capital Assets	$ 8,260,568	5,244,798	62,674,467	111,240,625	19,595,991	1,273,285	6,067,028	214,356,762

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, 2013

Function and Activity	Governmental Funds Capital Assets July 1, 2012	Additions	Deductions	Transfers	Governmental Funds Capital Assets June 30, 2013
General Government:					
General Administration	$ 2,985,861	118,799	34,749	(6,951)	3,062,960
Community Development	1,281,888	37,992	-	(497,418)	822,462
Economic Development	-	7,760,536	-	173,955	7,934,491
Other Administrative	7,393,017	110,229	130,483	-	7,372,763
Total General Government	11,660,766	8,027,556	165,232	(330,414)	19,192,676
Community Relations	101,508	21,716	-	31,390	154,614
Education:					
General Operations	49,862,132	1,895,382	15,970	-	51,741,544
Child Nutrition	544,715	6,995	-	-	551,710
Total Education	50,406,847	1,902,377	15,970	-	52,293,254
Parks and Recreation	7,403,895	746,039	179,287	237,205	8,207,852
Public Safety:					
Fire	4,256,952	389,740	46,837	(13,348)	4,586,507
Police	6,698,529	427,672	116,486	(57,801)	6,951,914
Total Public Safety	10,955,481	817,412	163,323	(71,149)	11,538,421
Public Works:					
Public Services	118,049,074	445,037	44,542	2,225,483	120,675,052
Solid Waste	2,182,393	112,500	-	-	2,294,893
Total Public Works	120,231,467	557,537	44,542	2,225,483	122,969,945
Total Governmental Funds Capital Assets	$ 200,759,964	12,072,637	568,354	2,092,515	214,356,762

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2013

CFDA Number	Program Name/Grant Number	Contract/Grant Number	Balance July 1, 2012	Cash Receipts	Expenditures	Balance June 30, 2013
DEPARTMENT OF AGRICULTURE						
Pass Through State of Tennessee:						
Child Nutrition Cluster						
10.553	National School Breakfast Program	ED0000HD12AAX12	$ (19,132)	71,797	52,665	-
10.553	National School Breakfast Program	ED0000HD13AAX13	-	179,882	179,882	-
10.555	USDA: Commodity Supplemental Feeding-Commodities Distributed		-	98,983	98,983	-
10.555	National School Lunch Program	ED0000HC12AAX12	(60,867)	246,721	185,854	-
10.555	National School Lunch Program	ED0000HC13AAX13	-	622,816	629,401	(6,585) *
Total Child Nutrition Cluster			(79,999)	1,220,199	1,146,785	(6,585)
10.582	Fresh Fruit and Vegetable Program	ED0000HQ13AAX13	-	20,293	20,293	-
Total Department of Agriculture			(79,999)	1,240,492	1,167,078	(6,585)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
CDBG Entitlement Grants Cluster						
14.218	Community Development Block Grant	B-11-MC-47-0003	(74,773)	137,185	62,412	-
14.218	Community Development Block Grant	B-12-MC-47-0003	-	3,183	82,939	(79,756) *
Total CDBG Entitlement Grants Cluster			(74,773)	140,368	145,351	(79,756)
14.239	HOME Investment Partnership Program	M-11-DC-47-0208	(322,688)	1,156,476	903,178	(69,390) *
Emergency Shelter Grants Cluster						
Pass Through State of Tennessee:						
14.231	Emergency Shelter Grant	ESG-11-22	(2,279)	2,279	-	-
14.231	Emergency Shelter Grant	ESG-12-08	-	9,802	22,986	(13,184) *
Total Emergency Shelter Grants Cluster			(2,279)	12,081	22,986	(13,184)
Total Department of Housing and Urban Development			(399,740)	1,308,925	1,071,515	(162,330)

* Receivable ** Unused Revenue

(Continued)

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2013

CFDA Number	Program Name/Grant Number	Contract/Grant Number	Balance July 1, 2012	Cash Receipts	Expenditures	Balance June 30, 2013
DEPARTMENT OF JUSTICE						
16.588	STOP Grant	9920	-	27,022	27,022	-
16.607	Bulletproof Vest Partnership Grant	FY 11 Authorization	(4,155)	4,155	1,955	(1,955) *
16.710	COPS Hiring Recovery Program	2009-RK-WX-0811	(11,837)	28,720	16,883	-
Total Department of Justice			(15,992)	59,897	45,860	(1,955)
DEPARTMENT OF TRANSPORTATION						
Pass Through State of Tennessee:						
Highway Planning and Construction Cluster						
20.205	Section 112: Transportation Planning	Z-07-036290-00	(35,389)	99,830	93,303	(28,862) *
20.205	Section 5303: Transit Planning	STP-M/HPP-9102(6)	(5,616)	5,616	7,200	(7,200) *
20.205	Section 5303: Transit Planning	SRTS-9102(5)	-	1,667	1,667	-
Total Highway Planning and Construction Cluster			(41,005)	107,113	102,170	(36,062)
Pass Through State of Tennessee:						
Metropolitan Transporation Planning Cluster						
20.505	Section 5303: Transit Planning	GG-13-34267	-	5,196	15,399	(10,203) *
Pass Through State of Virginia						
20.505	Section 5303: Transit Planning	46012-01	(6,581)	6,581	-	-
20.505	Section 5303: Transit Planning	46013-01	-	5,299	18,350	(13,051) *
Total Metropolitan Transporation Planning Cluster			(6,581)	17,076	33,749	(23,254)
Federal Transit Cluster						
20.507	Section 5307: Operating Assistance	TN-90-X341	(124,383)	235,308	110,925	-
20.507	Section 5307: Operating Assistance	TN-90-X356	-	75,121	179,470	(104,349) *
Total Federal Transit Cluster			(124,383)	310,429	290,395	(104,349)

* Receivable ** Unused Revenue

(Continued)

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2013

CFDA Number	Program Name/Grant Number	Contract/Grant Number	Balance July 1, 2012	Cash Receipts	Expenditures	Balance June 30, 2013
DEPARTMENT OF TRANSPORTATION (CONTINUED)						
Pass Through State of Tennessee						
High Risk Crash and Alcohol Saturation Cluster						
20.607	High Risk Crash and Alcohol Saturation	154AL-12-14	(18,088)	19,576	1,488	-
20.607	High Risk Crash and Alcohol Saturation	154AL-13-26	-	6,160	14,302	(8,142) *
Total High Risk Crash and Alcohol Saturation Cluster			(18,088)	25,736	15,790	(8,142)
Total Department of Transportation			(190,057)	460,354	442,104	(171,807)
DEPARTMENT OF EDUCATION						
Pass Through State of Tennessee:						
Title I Cluster						
84.010	Title I, Project 2012.01	ED0000CB12ABX12	(30,379)	30,379	-	-
84.010	Title I, Project 2013.01	ED0000CB13ABX13	-	860,567	865,715	(5,148) *
84.010	Title I, Part A (1003)a 2012		-	-	160,331	(160,331) *
Total Title I Cluster			(30,379)	890,946	1,026,046	(165,479)
Special Education Cluster (IDEA)						
84.027	IDEA, Project 2012.01	ED0000LL12ABX12	(9,883)	9,883	-	-
84.027	IDEA, Project 2013.21	ED0000LL13ABX13	-	646,372	697,026	(50,654) *
84.027A	Special Education Grant - Inclusion	ED0000LL13ACX13	-	54,279	71,919	(17,640) *
84.173	Preschool Incentive, Project 2013.01	ED0000LM13ABX13	-	20,244	20,244	-
Total Special Education Cluster (IDEA)			(9,883)	730,778	789,189	(68,294)
Carl Perkins Cluster						
84.048	Carl Perkins (Vocational Program Improvements)	ED0000RA12BAX12	(5,980)	5,980	-	-
84.048	Carl Perkins (Vocational Program Improvements)	ED0000RA13BAX13	-	26,102	62,690	(36,588) *
Total Carl Perkins Cluster			(5,980)	32,082	62,690	(36,588)
Title II Cluster						
84.367	Title II, Part A Project 2013.01	ED0000CD13ABX13	-	144,435	144,435	-
Total Title II Cluster			-	144,435	144,435	-

* Receivable ** Unused Revenue

(Continued)

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2013

CFDA Number	Program Name/Grant Number	Contract/Grant Number	Balance July 1, 2012	Cash Receipts	Expenditures	Balance June 30, 2013
DEPARTMENT OF EDUCATION (CONTINUED)						
Title IV Cluster						
84.287	Title IV, Part B, Twenty-First Century Community Learning Centers, Project 2013.01		-	-	55,000	(55,000) *
Total Title IV Cluster			-	-	55,000	(55,000)
Pass Through State of Tennessee:						
First to the Top Cluster						
84.395	ARRA - First to the Top, Project 2012.01	EDRTTTLEAFUND12	(11,163)	11,163	-	-
84.395	ARRA - First to the Top, Project 2013.01	EDRTTTLEAFUND13	-	342,868	376,868	(34,000) *
Total First to the Top Cluster			(11,163)	354,031	376,868	(34,000)
Total Department of Education			(57,405)	2,152,272	2,454,228	(359,361)
DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Pass Through Other Entities:						
93.043	Title III B Grant for Health Promotion and Medication Management	(Subrecipient from First Tennessee Development District)	-	1,500	1,500	-
93.044	Title III B Grants for Supportive Services and Senior Centers Grant	(Subrecipient from First Tennessee Development District)	(1,408)	24,119	23,922	(1,211) *
93.052	Title III E National Family Caregiver	(Subrecipient from First Tennessee Development District)	(72)	1,424	1,471	(119) *
Total Department of Health and Human Services			(1,480)	27,043	26,893	(1,330)
DEPARTMENT OF HOMELAND SECURITY						
97.044	Assistance to Firefighters (AFG)	EMW-2012-FO-03072	-	-	266,400	(266,400) *
Pass Through State of Tennessee:						
97.036	Federal Emergency Management Agency	34101-0000009706	(64,417)	-	-	(64,417) *
Pass Through Other Entities:						
97.067	Homeland Security Training Grant (Fire)	2009-SS-T9-0086	(6,980)	6,980	-	-
97.078	Buffer Zone Protection Program	GG-26445	-	195,989	195,989	-
Total Department of Homeland Security			(71,397)	202,969	462,389	(330,817)
TOTAL FEDERAL AWARDS			$ (816,070)	5,451,952	5,670,067	(1,034,185)

* Receivable ** Unused Revenue

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2013

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Bristol, Tennessee Board of Education and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B: FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule of expenditures of federal awards at the fair market value of commodities received and used.

NOTE C: PAYMENTS TO SUB-RECIPIENTS

Payments were made from the Community Development Block Grant to the YWCA and Believe in Bristol, Inc. in the amounts of $23,000

Payments were made from proceeds of the Emergency Shelter Grant to Abuse Alternatives and Salvation Army in the amounts of $9,114 and $13,321, respectively.

Payments were made from the HOME Investment Partnership Program to People, Inc. of Virginia in the amount of $550.

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2013

Program Name/Grant Number	Contract/Grant Number	Balance July 1, 2012	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2013
TENNESSEE COMMISSION ON CHILDREN AND YOUTH						
Juvenile Court Grant (Subrecipient of Sullivan County)	GG1029964	$ -	2,903	2,903	-	-
TENNESSEE DEPARTMENT OF AGRICULTURE						
School Nutrition Fund - State Matching Funds	3313500000	-	17,723	17,723	-	-
TAEP Community Tree Planting Project	DG1339727	-	-	1,098	-	(1,098) *
TAEP Farmers Market - Promotional and Retail Program	Contract 30358	-	5,000	5,000	-	-
Total Tennessee Department of Agriculture		-	22,723	23,821	-	(1,098)
TENNESSEE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT						
Seaman Corporation Drainage and Utility Improvements	GG-11-35508	(448,507)	-	-	448,507	-
Sprint Corporation Drainage and Utility Improvements	GG-12-38824	-	448,507	-	(448,507)	-
US Solutions Economic Development Grant	Contract 35169	-	1,000,000	1,000,000	-	-
Total Tennessee Department of Economic and Community Development		(448,507)	1,448,507	1,000,000	-	-
TENNESSEE DEPARTMENT OF EDUCATION						
Career Ladder Supplement	3311000000	1,033	122,460	128,122	-	(4,629) *
Coordinated School Health	3310902000	(14,872)	101,769	95,000	-	(8,103) *
Driver's Education	3314300000	-	8,202	18,537	-	(10,335) *
Early Childhood Grant	3313200000	(48,421)	372,062	327,548	-	(3,907) *
Energy Efficient Schools	3313400000	-	-	-	-	-
Extended Contract	3311000000	22,210	65,800	76,327	-	11,683 **
Internet Connectivity	3311100000	-	12,680	12,680	-	-
LEAPS	3311900000	(118,462)	240,189	197,211	-	(75,484) *
Safe Schools Act	3310901000	-	-	15,500	-	(15,500) *
Total Tennessee Department of Education		(158,512)	923,162	870,925	-	(106,275)

* Receivable ** Unused Revenue

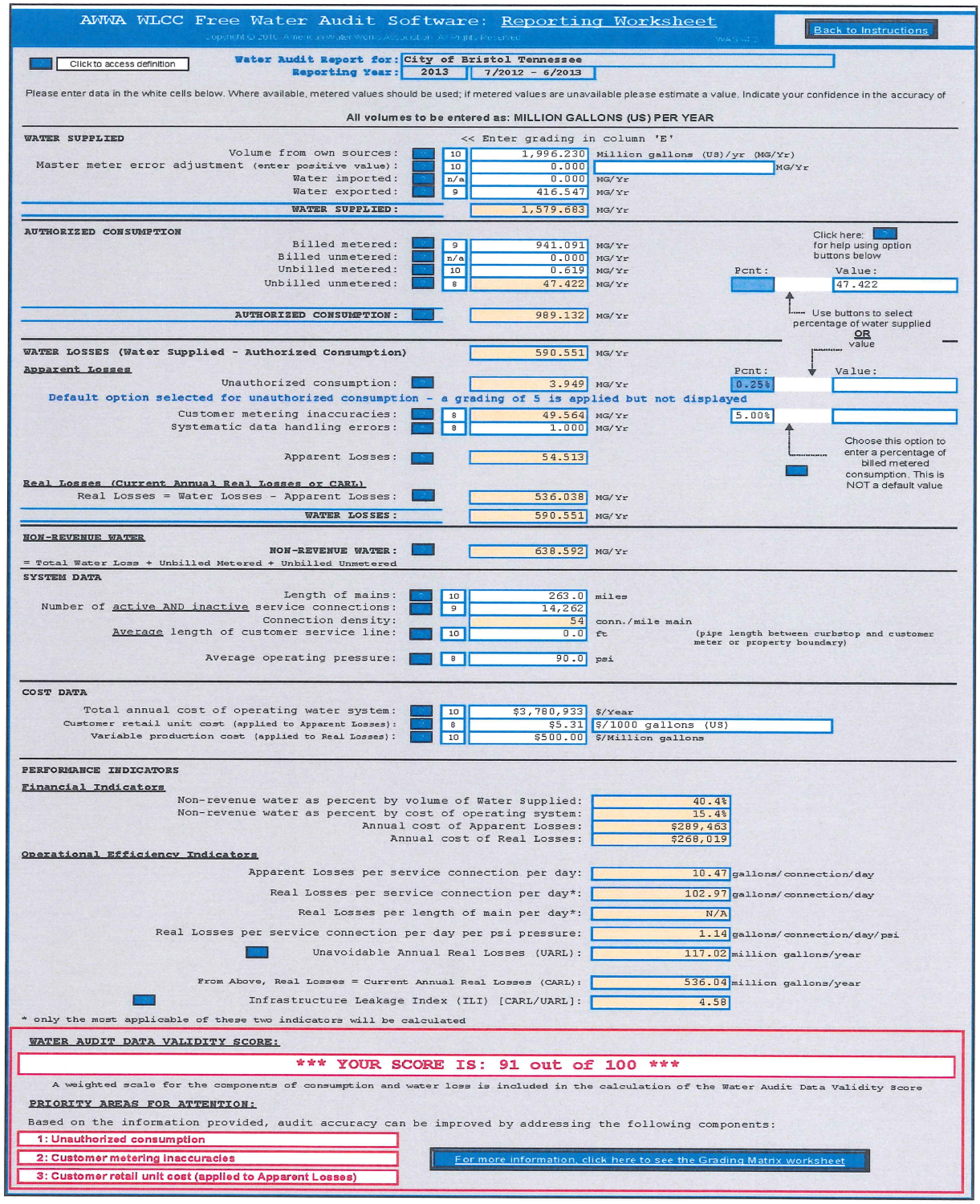
(Continued)

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2013

Program Name/Grant Number	Contract/Grant Number	Balance July 1, 2012	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2013
TENNESSEE DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Service Coordination Funds	(Subrecipient from First Tennessee Development District)	(325)	4,573	4,624	-	(376) *
State Senior Center Operations Grant	(Subrecipient from First Tennessee Development District)	-	18,600	18,600	-	-
Total Tennessee Department of Health and Human Services		(325)	23,173	23,224	-	(376)
TENNESSEE DEPARTMENT OF TRANSPORTATION						
Roadway Median Landscaping		-	-	29	-	(29) *
State Transit Operating Assistance Grant	GG-12-38833	(62,191)	62,191	-	-	-
State Transit Operating Assistance Grant	GG-13-34063	-	75,023	179,372	-	(104,349) *
State Transit Operating Assistance Grant	GG-13-34267	-	650	1,926	-	(1,276) *
Total Tennessee Department of Transportation		(62,191)	137,864	181,327	-	(105,654)
TENNESSEE EMERGENCY MANAGEMENT AGENCY						
Public Assistance Grant	34101-0000009706	(11,897)	-	-	-	(11,897) *
Total Tennessee Emergency Management Agency		(11,897)	-	-	-	(11,897)
VIRGINIA DEPARTMENT OF TRANSPORTATION						
Section 112: Transportation	Planning FY 13 Authorization	-	24,279	24,279	-	-
Section 5303: Transit Planning	46012-01	(823)	823	-	-	-
Section 5303: Transit Planning	46013-01	-	8,297	9,929	-	(1,632) *
Total Virginia Department of Transportation		(823)	33,399	34,208	-	(1,632)
TOTAL STATE AWARDS		$ (682,255)	2,591,731	2,136,408	-	(226,932)

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
SUPPLEMENTARY INFORMATION
SCHEDULE OF UNACCOUNTED FOR WATER
For the Fiscal Year Ended June 30, 2013
(All Amounts in Gallons)



AWWA WLCC Free Water Audit Software: Reporting Worksheet

Back to Instructions

Click to access definition

Water Audit Report for: City of Bristol Tennessee
Reporting Year: 2013 7/2012 - 6/2013

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

		<< Enter grading in column 'E'		
WATER SUPPLIED				
Volume from own sources:	10	1,996.230	Million gallons (US)/yr (MG/Yr)	
Master meter error adjustment (enter positive value):	10	0.000		MG/Yr
Water imported:	n/a	0.000	MG/Yr	
Water exported:	9	416.547	MG/Yr	
WATER SUPPLIED:		1,579.683	MG/Yr	
AUTHORIZED CONSUMPTION				
Billed metered:	9	941.091	MG/Yr	
Billed unmetered:	n/a	0.000	MG/Yr	
Unbilled metered:	10	0.619	MG/Yr	
Unbilled unmetered:	8	47.422	MG/Yr	
AUTHORIZED CONSUMPTION:		989.132	MG/Yr	
WATER LOSSES (Water Supplied - Authorized Consumption)		590.551	MG/Yr	
Apparent Losses				
Unauthorized consumption:		3.949	MG/Yr	
Customer metering inaccuracies:	8	49.564	MG/Yr	
Systematic data handling errors:	8	1.000	MG/Yr	
Apparent Losses:		54.513		
Real Losses (Current Annual Real Losses or CARL)				
Real Losses = Water Losses - Apparent Losses:		536.038	MG/Yr	
WATER LOSSES:		590.551	MG/Yr	
NON-REVENUE WATER				
NON-REVENUE WATER:		638.592	MG/Yr	
= Total Water Loss + Unbilled Metered + Unbilled Unmetered				
SYSTEM DATA				
Length of mains:	10	263.0	miles	
Number of active AND inactive service connections:	9	14,262		
Connection density:		54	conn./mile main	
Average length of customer service line:	10	0.0	ft	(pipe length between curbstop and customer meter or property boundary)
Average operating pressure:	8	90.0	psi	
COST DATA				
Total annual cost of operating water system:	10	$3,780,933	$/Year	
Customer retail unit cost (applied to Apparent Losses):	8	$5.31	$/1000 gallons (US)	
Variable production cost (applied to Real Losses):	10	$500.00	$/Million gallons	

Click here: for help using option buttons below

Pcnt: Value:
47.422

Use buttons to select percentage of water supplied OR value

Pcnt: Value:
0.25%

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

5.00%

Choose this option to enter a percentage of billed metered consumption. This is NOT a default value

PERFORMANCE INDICATORS

Financial Indicators

Non-revenue water as percent by volume of Water Supplied:	40.4%
Non-revenue water as percent by cost of operating system:	15.4%
Annual cost of Apparent Losses:	$289,463
Annual cost of Real Losses:	$268,019

Operational Efficiency Indicators

Apparent Losses per service connection per day:	10.47	gallons/connection/day
Real Losses per service connection per day*:	102.97	gallons/connection/day
Real Losses per length of main per day*:	N/A	
Real Losses per service connection per day per psi pressure:	1.14	gallons/connection/day/psi
Unavoidable Annual Real Losses (UARL):	117.02	million gallons/year
From Above, Real Losses = Current Annual Real Losses (CARL):	536.04	million gallons/year
Infrastructure Leakage Index (ILI) [CARL/UARL]:	4.58	

* only the most applicable of these two indicators will be calculated

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 91 out of 100 ***

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Unauthorized consumption
2: Customer metering inaccuracies
3: Customer retail unit cost (applied to Apparent Losses)

For more information, click here to see the Grading Matrix worksheet

AWWA Water Loss Control Committee Reporting Worksheet 1

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:
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. 177

Revenue Capacity:
These schedules contain information to help the reader assess the government's most significant local revenue source, property tax. 184

Debt Capacity:
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. 188

Demographic and Economic Information:
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. 193

Operating Information:
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. 195

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

CITY OF BRISTOL, TENNESSEE

NET POSITION BY COMPONENT (UNAUDITED)

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net Investment in Capital Assets	$ 79,103,024	81,067,139	83,981,613	93,104,918	96,106,222	96,973,876	98,061,071	97,767,105	103,837,189	103,861,764
Restricted for:										
Capital Assets	422,494	302,716	371,487	111,896	114,854	40,767	-	1,513,636	123,962	-
Community and Economic Development	811,039	832,684	300	210,000	212,427	542	-	-	-	131,285
Debt Service	8,673	5,755	8,367	7,670	10,556	-	-	-	-	-
Education	76,424	72,567	56,278	66,841	254,772	34,415	109,885	21,375	44,061	26,870
Juvenile Court	-	-	-	-	-	-	-	4,020	3,835	3,745
Parks and Recreation	8,645	9,085	9,481	12,926	20,616	22,149	21,929	9,806	586	449
Police and Drug Control	26,727	29,328	15,173	75,793	66,519	95,315	103,414	123,302	111,609	113,273
School Nutrition	-	-	-	-	-	-	-	1,183,865	1,150,887	1,084,752
State Street Aid	333,208	387,413	155,100	274,952	257,545	313,797	394,512	137,852	-	-
Unrestricted	13,185,677	14,898,035	15,743,113	17,737,719	19,628,771	22,421,022	24,679,361	24,200,501	23,859,298	23,546,100
Total Governmental Activities Net Position	$ 93,975,911	97,604,722	100,340,912	111,602,715	116,672,282	119,901,883	123,370,172	124,961,462	129,131,427	128,768,238
Business-type Activities										
Net Investment in Capital Assets	$ 58,999,654	63,038,755	65,850,200	70,802,179	83,359,835	90,020,144	94,732,789	97,370,921	99,577,539	97,612,978
Restricted for:										
Capital Assets	-	-	-	-	85,552	-	-	-	-	-
Debt Service	26,170	17,367	22,201	19,728	21,471	-	-	-	-	-
Unrestricted	40,276,516	40,659,583	42,213,567	42,769,401	34,036,004	29,218,356	32,865,088	39,587,510	44,997,649	52,689,736
Total Business-type Activities Net Position	$ 99,302,340	103,715,705	108,085,968	113,591,308	117,502,862	119,238,500	127,597,877	136,958,431	144,575,188	150,302,714
Primary Government										
Net Investment in Capital Assets	$ 138,102,678	144,105,894	149,831,813	163,907,097	179,466,057	186,994,020	192,793,860	195,138,026	203,414,728	201,474,742
Restricted for:										
Capital Assets	422,494	302,716	371,487	111,896	200,406	40,767	-	1,513,636	123,962	-
Community Development	811,039	832,684	300	210,000	212,427	542	-	-	-	131,285
Debt Service	34,843	23,122	30,568	27,398	32,027	-	-	-	-	-
Education	76,424	72,567	56,278	66,841	254,772	34,415	109,885	21,375	44,061	26,870
Juvenile Court	-	-	-	-	-	-	-	4,020	3,835	3,745
Parks and Recreation	8,645	9,085	9,481	12,926	20,616	22,149	21,929	9,806	586	449
Police and Drug Control	26,727	29,328	15,173	75,793	66,519	95,315	103,414	123,302	111,609	113,273
School Nutrition	-	-	-	-	-	-	-	1,183,865	1,150,887	1,084,752
State Street Aid	333,208	387,413	155,100	274,952	257,545	313,797	394,512	137,852	-	-
Unrestricted	53,462,193	55,557,618	57,956,680	60,507,120	53,664,775	51,639,378	57,544,449	63,788,011	68,856,947	76,235,836
Total Primary Government Net Position	$ 193,278,251	201,320,427	208,426,880	225,194,023	234,175,144	239,140,383	250,968,049	261,919,893	273,706,615	279,070,952

See Independent Auditors' Report.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
Community Relations	$ 813,240	431,653	713,071	436,089	727,869	424,190	655,858	336,205	230,007	190,369
Education	873,535	959,619	1,017,952	1,034,228	1,062,804	1,104,559	993,765	981,072	974,526	912,354
Public Safety	696,580	968,232	940,308	1,024,723	1,096,054	1,130,864	1,280,204	1,195,597	1,219,182	1,237,115
Public Works	917,361	1,041,003	1,050,484	1,299,926	1,367,015	1,474,102	1,477,648	1,503,086	1,566,755	1,587,268
Other Activities	205,474	216,159	351,087	494,202	537,565	532,586	581,115	750,179	700,182	880,264
Operating Grants and Contributions	15,207,426	17,190,201	18,116,491	20,496,547	22,672,953	23,432,053	23,167,349	22,546,392	22,627,282	23,094,181
Capital Grants and Contributions	7,816,413	3,721,803	1,676,462	10,859,682	3,105,457	1,815,257	1,800,530	2,687,416	1,971,092	181,946
Total Governmental Activities Program Revenues	26,530,029	24,528,670	23,865,855	35,645,397	30,569,717	29,913,611	29,956,469	29,999,947	29,289,026	28,083,497
Business-type Activities:										
Charges for Services:										
Electric	57,758,354	57,323,729	66,375,813	69,850,039	74,105,047	86,116,901	76,634,117	90,400,573	87,475,104	87,906,086
Waterworks	-	-	-	-	-	-	-	-	9,140,319	8,817,975
Water	3,757,324	3,665,432	3,809,582	4,022,347	4,165,607	3,969,542	4,333,217	4,551,885	-	-
Sewer	4,210,408	4,261,403	4,316,970	4,494,021	4,543,321	4,402,386	4,611,349	4,863,871	-	-
Cable and Internet	-	-	353,441	2,322,091	4,137,724	6,727,008	9,501,469	11,040,654	12,314,751	14,139,479
Telephone	-	-	-	387,950	1,412,239	2,458,309	3,154,712	3,335,118	3,584,367	3,706,665
Demolition Landfill	142,483	183,976	128,252	126,749	144,780	136,633	324,476	140,480	299,348	96,851
Operating Grants and Contributions	-	-	-	-	-	-	-	-	1,393	-
Capital Grants and Contributions	1,010,191	824,657	1,356,555	443,301	1,435,843	353,026	2,844,275	1,837,330	977,103	990,443
Total Business-type Activities Program Revenues	66,878,760	66,259,197	76,340,613	81,646,498	89,944,561	104,163,805	101,403,615	116,169,911	113,792,385	115,657,499
Total Primary Government Program Revenues	93,408,789	90,787,867	100,206,468	117,291,895	120,514,278	134,077,416	131,360,084	146,169,858	143,081,411	143,740,996
EXPENSES										
Governmental Activities:										
General Government	3,467,305	4,757,598	5,139,301	4,844,996	5,725,884	5,886,703	5,742,353	6,119,207	6,767,956	7,400,014
Community Relations	1,329,476	777,834	1,011,156	878,437	1,231,929	990,187	1,021,044	806,526	785,992	744,539
Education	26,789,598	28,655,626	30,762,189	33,899,981	35,867,305	36,477,834	36,319,527	36,497,096	34,345,109	38,388,160
Parks and Recreation	1,965,461	2,083,955	2,380,400	2,719,955	2,777,750	3,098,924	3,379,825	3,751,378	3,459,276	3,931,765
Public Safety	8,702,306	9,127,336	9,801,256	10,666,085	10,482,040	10,936,224	10,896,643	11,154,395	11,199,071	10,973,581
Public Works	6,243,406	6,624,843	7,181,502	7,487,226	7,985,529	7,866,136	8,607,962	8,771,220	8,494,725	8,409,029
Interest on Long-Term Debt	337,407	288,457	362,144	354,645	663,021	688,148	709,656	686,811	787,533	969,560
Total Governmental Activities Expenses	48,834,959	52,315,649	56,637,948	60,851,325	64,733,458	65,944,156	66,677,010	67,786,633	65,839,662	70,816,648
Business-type Activities:										
Electric	56,028,377	54,779,542	64,250,450	67,115,121	72,017,098	82,867,552	76,642,189	88,320,850	89,191,957	86,196,336
Waterworks	-	-	-	-	-	-	-	-	8,625,518	7,702,123
Water	3,482,281	3,351,293	3,445,194	3,780,756	3,799,575	4,162,169	3,922,749	4,227,801	-	-
Sewer	3,861,979	3,997,785	4,069,436	4,247,002	3,986,849	4,087,508	4,212,119	4,447,561	-	-
Cable and Internet	-	-	287,785	2,006,040	3,556,780	5,986,284	5,319,340	6,784,251	5,651,531	11,281,780
Telephone	-	-	-	267,905	989,310	2,475,214	1,449,062	1,471,246	586,463	746,718
Demolition Landfill	172,974	205,875	235,954	297,023	521,450	309,878	573,344	448,652	528,697	463,975
Total Business-type Activities Expenses	63,545,611	62,334,495	72,288,819	77,713,847	84,871,062	99,888,605	92,118,803	105,700,361	104,584,166	106,390,932
Total Primary Government Expenses	112,380,570	114,650,144	128,926,767	138,565,172	149,604,520	165,832,761	158,795,813	173,486,994	170,423,828	177,207,580

(Continued)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
NET (EXPENSE)/REVENUE:										
Governmental Activities	(22,304,930)	(27,786,979)	(32,772,093)	(25,205,928)	(34,163,741)	(36,030,545)	(36,720,541)	(37,786,686)	(36,550,636)	(42,733,151)
Business-type Activities	3,333,149	3,924,702	4,051,794	3,932,651	5,073,499	4,275,200	9,284,812	10,469,550	9,208,219	9,266,567
Total Primary Government Net Expense	(18,971,781)	(23,862,277)	(28,720,299)	(21,273,277)	(29,090,242)	(31,755,345)	(27,435,729)	(27,317,136)	(27,342,417)	(33,466,584)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Taxes:										
Property Tax	17,267,372	18,444,597	19,707,656	20,368,771	21,570,386	22,672,187	23,786,875	23,445,917	23,898,070	24,098,806
Sales Tax	7,520,906	7,875,796	8,496,412	9,128,039	9,209,471	8,965,002	8,457,598	8,615,701	8,856,652	9,837,143
Other Tax	-	-	-	-	-	-	-	-	-	-
Payments in Lieu of Tax	135,760	44,747	169,114	49,633	68,188	71,763	57,601	31,169	118,970	80,429
Beer and Liquor Tax	579,679	599,166	633,125	684,167	743,257	763,540	761,487	772,930	795,954	768,538
Business Tax	408,936	444,651	408,536	434,742	459,760	549,846	455,662	514,496	586,303	566,913
Cable Franchise Tax	257,760	252,742	270,531	309,638	336,777	264,588	324,127	373,356	407,664	245,840
Gas Franchise Tax	492,642	383,611	465,381	449,630	306,354	448,978	286,077	281,099	268,235	225,205
Hotel/Motel Tax	198,179	173,756	381,292	412,529	467,276	442,883	417,098	394,732	361,031	366,890
State Revenue (Unrestricted)	2,002,575	2,000,732	3,210,502	2,945,885	3,003,642	2,577,203	2,620,546	2,488,186	2,683,525	2,819,519
Insurance Recoveries	-	-	-	-	-	-	-	242,639	-	-
Investment Earnings (Unrestricted)	98,253	259,373	471,877	620,085	844,732	337,543	97,925	18,854	28,121	28,726
Other General Revenue	254,067	417,167	460,039	446,679	700,723	455,964	621,309	543,133	744,116	685,434
Proceeds from Sale of Equipment	951	-	-	-	-	-	-	-	-	-
Transfers	815,020	476,146	833,818	843,142	1,485,934	1,710,649	1,464,747	1,655,764	1,971,960	2,651,672
Total Governmental Activities	30,032,100	31,372,484	35,508,283	36,692,940	39,196,500	39,260,146	39,351,052	39,377,976	40,720,601	42,375,115
Business-type Activities:										
Investment Earnings (Unrestricted)	673,381	976,405	1,152,287	1,862,795	587,558	850,552	594,065	505,356	379,216	352,740
Insurance Recoveries	-	-	-	-	-	-	-	65,883	-	-
Other General Revenue	-	-	-	-	-	3,645	-	-	1,282	-
Transfers	(815,020)	(476,146)	(833,818)	(843,142)	(1,485,934)	(1,710,649)	(1,464,747)	(1,680,235)	(1,971,960)	(2,651,672)
Total Business-type Activities	(141,639)	500,259	318,469	1,019,653	(898,376)	(856,452)	(870,682)	(1,108,996)	(1,591,462)	(2,298,932)
Total Primary Government	29,890,461	31,872,743	35,826,752	37,712,593	38,298,124	38,403,694	38,480,370	38,268,980	39,129,139	40,076,183
CHANGE IN NET POSITION										
Governmental Activities	7,727,170	3,585,505	2,736,190	11,487,012	5,032,759	3,229,601	2,630,511	1,591,290	4,169,965	(358,036)
Business-type Activities	3,191,510	4,424,961	4,370,263	4,952,304	4,175,123	3,418,748	8,414,130	9,360,554	7,616,757	6,967,635
Total Primary Government	$ 10,918,680	8,010,466	7,106,453	16,439,316	9,207,882	6,648,349	11,044,641	10,951,844	11,786,722	6,609,599

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE (UNAUDITED)

Last Ten Fiscal Years

(Accrual Basis of Accounting)

Fiscal Year	Property Tax	Sales Tax	Payments in Lieu of Tax	Beer and Liquor Tax	Business Tax	Cable Franchise Tax	Gas Franchise Tax	Hotel/Motel Tax	Total
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
2010	23,786,875	8,457,598	57,601	761,487	455,662	324,127	286,077	417,098	34,546,525
2011	23,445,917	8,615,701	31,169	772,930	514,496	373,356	281,099	394,732	34,429,400
2012	23,898,070	8,856,652	118,970	795,954	586,303	407,664	268,235	361,031	35,292,879
2013	24,098,806	9,837,143	80,429	768,538	566,913	245,840	225,205	366,890	36,189,764

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE

FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED)

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Nonspendable for:										
Inventory	$ -	-	-	-	-	-	-	344,681	241,658	232,439
Restricted for:										
Juvenile Court	-	-	-	-	-	-	-	4,020	3,835	3,745
Parks and Recreation	-	-	-	-	-	-	-	9,806	586	449
Police and Drug Control	-	-	-	-	-	-	-	18,143	23,717	25,659
Assigned for:										
Birthplace of Country Music	-	-	-	-	-	-	-	-	-	200,000
Next Year's Budget	-	-	-	-	-	-	-	694,881	914,460	878,273
Unassigned	-	-	-	-	-	-	-	12,890,134	13,097,695	11,855,234
Total General Fund	$ -	-	-	-	-	-	-	13,961,665	14,281,951	13,195,799
All Other Governmental Funds										
Nonspendable for:										
Inventory	$ -	-	-	-	-	-	-	68,682	44,498	42,590
Prepaid Items	-	-	-	-	-	-	-	59,283	36,157	49,696
Restricted for:										
Capital Outlay	-	-	-	-	-	-	-	1,513,636	123,962	316,976
Community and Economic Development	-	-	-	-	-	-	-	-	-	2,002,940
Education	-	-	-	-	-	-	-	21,375	44,061	26,870
Police and Drug Control	-	-	-	-	-	-	-	105,159	87,892	87,614
School Nutrition	-	-	-	-	-	-	-	1,183,865	1,150,887	1,084,752
State Street Aid	-	-	-	-	-	-	-	137,852	-	-
Committed for:										
Solid Waste	-	-	-	-	-	-	-	285	7,379	35,214
Viking Hall Fund	-	-	-	-	-	-	-	13,274	16,908	4,085
Assigned for:										
Capital Outlay	-	-	-	-	-	-	-	945,251	358,671	125,000
Community Development	-	-	-	-	-	-	-	-	-	246,823
Debt Service	-	-	-	-	-	-	-	-	-	36,593
Education	-	-	-	-	-	-	-	9,165,753	10,444,144	9,866,075
State Street Aid	-	-	-	-	-	-	-	207,552	307,056	299,866
Unassigned	-	-	-	-	-	-	-	-	(484,317)	-
Total All Other Governmental Funds	$ -	-	-	-	-	-	-	13,421,967	12,137,298	14,225,094

* Comparable information was not available for years prior to 2011.

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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Taxes	$ 26,768,949	27,908,857	30,588,527	31,690,741	33,139,066	34,061,218	34,589,335	34,589,362	35,615,164	35,801,642
Licenses and Permits	150,097	152,054	180,044	233,850	266,443	208,669	138,008	152,642	323,148	170,279
Intergovernmental	17,898,825	19,731,646	21,141,889	24,971,548	27,103,389	26,153,592	25,775,163	25,510,683	26,341,830	25,919,005
Charges for Services	2,181,013	2,758,197	2,912,522	3,260,413	3,554,961	3,554,587	3,556,771	3,537,824	3,648,245	3,607,574
Revenues from Use of Facilities	779,290	364,210	618,497	353,474	651,151	626,002	835,243	744,223	564,516	501,309
Fines and Forfeitures	338,483	453,706	417,834	532,898	456,877	436,468	443,434	471,269	461,731	436,135
Investment Income	98,254	259,373	471,877	620,086	844,732	337,543	70,725	46,055	28,121	28,726
Other	304,691	420,321	663,705	378,462	1,206,892	569,940	835,415	1,333,614	515,641	821,851
Total Revenues	48,519,602	52,048,364	56,994,895	62,041,472	67,223,511	65,948,019	66,244,094	66,385,672	67,498,396	67,286,521
EXPENDITURES										
General Government	3,272,598	4,456,212	4,731,009	4,502,006	5,308,254	5,466,955	5,263,518	5,178,458	6,855,466	6,189,906
Community Relations	1,098,890	774,916	1,001,575	868,050	1,228,660	1,000,991	1,011,166	788,484	766,782	727,676
Economic Development	-	-	-	-	-	-	-	-	-	1,047,785
Education	26,484,146	28,140,633	30,224,340	33,280,755	34,862,919	35,545,327	35,296,739	35,168,736	35,262,345	36,590,353
Parks and Recreation	1,852,794	1,978,440	2,192,522	2,571,850	2,638,797	2,926,362	3,219,908	3,440,821	3,457,346	3,610,672
Public Safety	8,195,469	8,746,803	9,320,840	10,123,040	10,202,548	10,490,276	10,195,665	10,436,462	10,655,798	10,583,638
Public Works	4,195,117	4,549,484	4,975,117	5,007,853	5,461,576	5,360,172	6,046,216	6,153,484	5,951,943	5,933,886
Capital Outlay	2,914,911	5,921,420	3,268,205	3,453,600	5,506,964	11,619,001	6,841,729	6,682,487	8,623,641	11,982,914
Debt Service:										
Principal	889,192	1,122,650	1,320,253	1,373,901	1,139,346	1,380,569	1,335,571	1,729,155	1,940,571	2,282,323
Interest	342,576	295,137	347,683	333,886	616,284	678,490	646,982	645,363	750,606	702,406
Bond Issuance Costs	-	-	-	-	197,805	-	50,911	65,107	-	265,690
Other Costs	-	123,155	22,124	21,503	18,453	18,109	4,593	1,906	2,547	2,589
Total Expenditures	49,245,693	56,108,850	57,403,668	61,536,444	67,181,606	74,486,252	69,912,998	70,290,463	74,267,045	79,919,838
Excess (Deficiency) of Revenues over Expenditures	(726,091)	(4,060,486)	(408,773)	505,028	41,905	(8,538,233)	(3,668,904)	(3,904,791)	(6,768,649)	(12,633,317)

(Continued)

CITY OF BRISTOL, TENNESSEE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED)

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
OTHER FINANCING SOURCES (USES)										
Bonds Issued	-	6,585,000	-	-	12,900,000	323,584	2,760,000	4,450,000	-	10,220,000
Premium on Bonds Issued	-	10,345	-	-	727	-	65,911	215,254	-	104,705
Notes Payable	578,000	-	-	-	-	424,000	-	1,378,410	3,148,342	510,937
Proceeds from County Bonds	-	253,050	-	-	-	-	-	-	-	-
Insurance Recoveries	-	-	-	-	-	-	-	242,640	658,398	276,254
Sale of Capital Assets	951	-	-	-	-	-	-	25,830	49,750	16,588
Payments to Refund Bonds	-	(3,033,276)	-	-	-	(323,584)	(2,775,000)	-	-	-
Transfers In	7,708,398	6,684,907	8,025,416	8,142,449	9,413,843	8,623,229	11,209,910	10,138,655	11,551,300	19,722,023
Transfers Out	(6,893,378)	(6,208,761)	(6,842,198)	(7,170,000)	(7,927,909)	(6,912,580)	(9,645,163)	(8,482,891)	(9,579,340)	(17,446,198)
Total Other Financing Sources (Uses)	1,393,971	4,291,265	1,183,218	972,449	14,386,661	2,134,649	1,615,658	7,967,898	5,828,450	13,404,309
Net Change in Fund Balances	1,393,971	3,565,174	(2,877,268)	563,676	14,891,689	2,176,554	(6,922,575)	4,298,994	(940,199)	770,992
Debt Service as a Percentage of Noncapital Expenditures	2.66%	2.82%	3.08%	2.94%	2.85%	3.28%	3.14%	3.73%	4.10%	4.39%

CITY OF BRISTOL, TENNESSEE

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE (UNAUDITED)

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	County Property Tax	Payment in Lieu of Tax	Local Sales Tax	Beer and Liquor Taxes	Business Tax	Gas Franchise Tax	Cable Television Franchise Tax	Hotel and Motel Taxes	Total
2004	10,364,130	7,000,053	12,022	7,521,533	579,679	409,451	431,142	252,760	198,179	26,768,949
2005	10,702,871	7,767,721	6,873	7,561,966	599,166	444,651	399,111	252,742	173,756	27,908,857
2006	11,389,121	8,201,640	74,659	8,790,242	633,125	408,536	442,881	267,031	381,292	30,588,527
2007	11,749,320	8,479,043	44,633	9,118,039	684,167	434,742	447,130	321,138	412,529	31,690,741
2008	12,805,954	8,695,041	56,677	9,204,471	743,256	459,759	350,277	356,355	467,276	33,139,066
2009	13,464,973	9,007,115	71,763	8,975,533	763,540	549,846	415,977	369,588	442,883	34,061,218
2010	14,463,056	9,101,993	297,068	8,439,767	761,487	455,662	329,077	324,127	417,098	34,589,335
2011	14,440,726	9,171,698	71,179	8,598,770	772,930	514,496	294,485	330,346	394,732	34,589,362
2012	14,793,210	9,168,016	72,970	9,215,883	795,954	586,303	279,849	341,948	361,031	35,615,164
2013	14,122,750	9,853,601	80,429	9,449,073	764,215	566,913	243,205	354,566	366,890	35,801,642

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						
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%
2010	281,179	285,413	9,241	72,970	16,467	665,269	2.19	2,148,387	30.97%
2011	280,548	286,832	9,401	66,929	16,673	660,383	2.19	2,130,288	31.00%
2012	282,750	289,345	9,160	66,328	15,086	662,669	2.19	2,147,718	30.85%
2013	284,251	284,456	8,733	55,655	14,747	647,842	2.19	2,106,102	30.76%

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

Fiscal Year	Total City of Bristol, Tennessee Millage	Overlapping Rates Sullivan County, Tennessee Millage	Direct & Overlapping Rates
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
2010	2.19	2.13	4.32
2011	2.19	2.13	4.32
2012	2.19	2.33	4.52
2013	2.19	2.33	4.52

Overlapping rates are those of local and county governments that apply to property owners within the City of Bristol, Tennessee.

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

CITY OF BRISTOL, TENNESSEE
PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)
June 30, 2013

Taxpayer:	2013 Taxable Assessed Valuation	2013 Rank	2013 Percentage of Total Taxable Assessed Value	2004 Taxable Assessed Valuation	2004 Rank	2004 Percentage of Total Taxable Assessed Value
Bristol Motor Speedway, Inc.	$ 54,775,295	1	8.47%	29,282,462	1	6.70%
King Pharmaceutical, Inc.	17,275,912	2	2.67%	18,646,350	2	4.26%
Godsey Leasing	12,405,980	3	1.92%	2,275,970	9	0.52%
Royal Mouldings Ltd.	9,867,956	4	1.53%			
Highlands Wellmont Health Network	8,669,186	5	1.34%	5,984,495	6	1.37%
United Telephone Southeast	8,410,874	6	1.30%	12,951,369	4	2.96%
Beecham Lab, Inc.	7,559,511	7	1.17%	17,526,533	3	4.01%
Exide Corporation	7,420,707	8	1.15%	10,537,833	5	2.41%
Bristol Metals, LP	6,669,592	9	1.03%	3,014,534	8	0.69%
Wal-Mart	5,289,194	10	0.82%			
Comprehensive Care	-		-	3,175,480	7	0.73%
Gatton, C M	-		-	2,258,835	10	0.52%
	$ 138,344,207		21.4%	105,653,861		24.17%

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, 2013
				Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy	
2004	10,230,605	(91,149)	10,139,456	9,917,752	97.8%	194,118	10,111,870	99.7%	27,586
2005	10,764,095	(68,976)	10,695,119	10,362,411	96.9%	295,555	10,657,966	99.7%	37,153
2006	11,518,027	(40,834)	11,477,193	11,068,858	96.4%	367,522	11,436,380	99.6%	40,813
2007	11,955,217	24,156	11,979,373	11,516,911	96.1%	405,555	11,922,466	99.5%	56,907
2008	12,980,029	823	12,980,852	12,507,378	96.4%	419,325	12,926,703	99.6%	54,149
2009	13,628,721	54,874	13,683,595	13,065,284	95.5%	524,675	13,589,959	99.3%	93,636
2010	14,569,729	(28,495)	14,541,234	13,795,578	94.9%	587,194	14,382,772	98.9%	158,462
2011	14,464,758	(40,966)	14,423,792	13,684,810	94.9%	551,365	14,236,175	98.7%	187,617
2012	14,512,491	(21,549)	14,490,942	13,796,991	95.2%	369,991	14,166,982	97.8%	323,960
2013	14,187,921	(55,972)	14,131,949	13,432,991	95.1%	-	13,432,991	95.1%	698,958

Note: As of June 30, 2013, tax years prior to 2012 had been turned over to Sullivan County, Tennessee Clerk and Master for collections.

CITY OF BRISTOL, TENNESSEE

RATIOS OF OUTSTANDING DEBT BY TYPE (UNAUDITED)

Last Ten Fiscal Years

Fiscal Year	Government Activities			Business Type Activities					Total Primary Government	Percentage of Personal Income [1]	Per Capita [1]
	General Obligation Bonds	Notes Payable	Capital Leases	Electric System Revenue Bonds	Water, Sewer, and Demolition Landfill General Obligation Bonds	Water and Sewer Revenue Bonds	Water and Sewer Notes Payable	Capital Leases			
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	9.85%	1,835
2010	17,043,584	363,429	-	22,545,000	2,731,416	-	1,705,887	-	44,389,316	9.36%	1,736
2011	19,825,000	1,681,267	-	22,060,000	1,540,000	-	1,519,842	-	46,626,109	8.24%	1,746
2012	17,945,000	4,769,038	-	21,555,000	1,320,000	-	1,328,625	-	46,917,663	8.29%	1,757
2013	26,335,000	4,917,652	-	21,035,000	4,320,000	-	32,572	-	56,640,224	9.59%	2,123

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

[1] See the Schedule of Demographic and Economic Statistics on page 193 for personal income and population data.

CITY OF BRISTOL, TENNESSEE

RATIOS OF GENERAL BONDED DEBT OUTSTANDING (UNAUDITED)

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds [1]	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property [2]	Per Capita [3]
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	0.60%	353
2007	7,953,499	221,457	7,732,042	0.48%	304
2008	19,714,153	221,457	19,492,696	1.16%	766
2009	18,333,584	-	18,333,584	1.04%	721
2010	17,043,584	-	17,043,584	0.95%	666
2011	19,825,000	-	19,825,000	0.92%	775
2012	17,945,000	-	17,945,000	0.84%	672
2013	26,335,000	-	26,335,000	1.23%	987

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 184 for property value data.

[3] See the Schedule of Demographic and Economic Statistics on page 193 for population data.

CITY OF BRISTOL, TENNESSEE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)

June 30, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [1]	Share of Overlapping Debt
Debt Repaid with Property Taxes: Sullivan County, Tennessee	$ 43,699,010	19%	$ 8,302,812
Subtotal, Overlapping Debt			8,302,812
City of Bristol, Tennessee Direct Debt			31,252,652
Total Direct and Overlapping Debt			$ 39,555,464

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	Debt Service		Coverage	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
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	88,046,906	81,373,139	6,673,767	455,000	1,031,738	4.49	8,409,916	6,107,153	2,302,763	1,425,000	33,250	1.58
2010	80,464,925	72,465,366	7,999,559	470,000	1,016,000	5.38	-	-	-	-	-	-
2011	94,277,806	82,819,693	11,458,113	485,000	998,837	7.72	-	-	-	-	-	-
2012	90,332,236	80,213,447	11,668,434	505,000	982,807	7.84	-	-	-	-	-	-
2013	91,249,092	80,916,037	10,333,055	520,000	949,649	7.03	-	-	-	-	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Charges and other includes charges for services, other revenue, and investment earnings.
Investment earnings is excluded from the calculation in the electric fund. Operating expenses do not include interest, amortization, depreciation, or capital contribution to and loss from joint venture.

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE

DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Income	Median Age	School Enrollment	Unemployment Rate
2004	25,259	416,123,000	*	39.9	3,616	5.9%
2005	25,259	420,915,000	*	39.9	3,675	4.9%
2006	25,435	431,080,000	*	39.9	3,675	5.6%
2007	25,435	455,206,700	*	39.7	3,864	4.1%
2008	25,435	471,437,725	18,535	39.9	3,898	5.3%
2009	25,573	473,995,555	18,535	39.9	3,908	11.6%
2010	25,573	473,995,555	18,535	39.9	3,843	9.0%
2011	26,702	565,868,784	21,192	42.3	3,859	8.3%
2012	26,702	565,868,784	21,192	42.3	3,819	7.8%
2013	26,675	590,611,175	22,141	41.9	3,896	8.3%

*Comparable information was not available for prior years.

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

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

	2013			2004		
EMPLOYER:	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment*
Wellmont Health System at Bristol Regional Medical Center	1,708	1	14.20%	1,095	1	
Century Link	640	2	5.32%			
U.S. Solutions Groups	620	3	5.15%			
Sprint Telecenters	575	4	4.78%	514	4	
Bristol, Tennessee School System	412	5	3.42%	397	5	
City of Bristol, Tennessee	336	6	2.79%	311	7	
Bristol Metals LP	321	7	2.67%	239	9	
Robinette Company	251	8	2.09%	260	8	
Walmart	300	9	2.49%			
Lowe's Home Improvement	250	10	2.08%			
Exide Corporation				899	2	
King Pharmaceuticals				525	3	
GlaxoSmithKline Laboratories				333	6	
Seaman Corporation				115	10	
	5,413		45.00%	4,688		

Source: Department of Economic & Community Development Board and Comprehensive Annual Financial Reports of the City of Bristol, Tennessee.

*Note: Total employment for 2004 was unavailable.

CITY OF BRISTOL, TENNESSEE

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

FUNCTION	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	37	30	31	31	37	41	41	42	43	43
Community Relations	7	6	5.5	5.5	5.5	7	5	6	6	6
Education	517.5	518	531	540	544.67	536.3	542.4	539.8	529.6	523
Parks and Recreation	32	32	33	33	34	34	36	36	37	38
Public Safety										
Police	88	91	91	92	92	89	91	90	90	90
Fire	47	47	50.5	50.5	51.5	58	58	58	58	58
Public Works										
Engineering & GIS	-	7	8	8	8	8	8	7	7	7
Fleet Maintenance	10	10	10	10	10	10	10	10	9	9
Street Maintenance	24	24.5	24.5	24.5	25	25	23	24	24	24
Solid Waste	16	16	16	16	16	16	15	15	17	15
Other	9	8.5	8.5	8.5	7.7	7.7	7.7	7.7	10	10
Electric	60	60	60	60	60	60	58	59	62.5	65
Water	26.5	26.5	26.5	26.5	25	26.5	24.5	24.5	23	23
Sewer	12.5	12.5	12.5	12.5	14	12.5	11.5	11.5	12	12
Demolition Landfill	2	2	2	2	2.3	2.3	2.3	2.3	2.3	1
Total	888.5	891	910	920	932.67	933.3	933.4	932.8	930.4	924

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Education										
Average Daily Membership	3,616	3,675	3,675	3,864	3,898	3,908	3,843	3,859	3,819	3,896
Public Safety										
Police:										
Average Emergency Response Time	4.5 min.	4.5 min.	6 min.	6.24 min.	6.32 min.	6.35 min.	6.05 min.	6.33 min.	6.21 min.	6.22 min.
Number of Calls for Service	42,914	55,729	53,591	47,097	47,156	47,292	67,225	80,375	68,005	74,426
Number of Arrests	1,911	1,454	2,088	2,313	2,507	2,758	2,035	2,106	2,171	1,991
Fire:										
Average Response Time	6.41 min.	4.59 min.	5.02 min.	4.46 min.	5.05 min.	3.27 min.	4.18 min.	4.57 min	4.5 min.	4.01 min.
Number of Alarms Answered	2,554	3,914	4,085	4,192	4,569	4,988	5,011	5,281	5,389	4,938
Number of Code Inspections	5,941	6,813	6,288	7,381	1,210	892	1,024	216	1,439	1,364
Public Works										
Refuse Collected (Cubic Yards or Tons)	45,234 CY	11,272 T	10,821 T	10,656 T	10,569 T	10,306 T	10,162 T	9,900 T	10140 T	9839 T
Brush Collection (Cubic Yards)	37,239	41,928	42,280	40,943	41,311	39,902	39,902	44,734	50,751	38,302
Junk Collection (Cubic Yards)	27,333	29,052	27,899	24,196	25,205	24,266	21,958	19,072	17,500	15,900
Leaf Collection (Cubic Yards or Tons)	5,973 CY	5,782 CY	5,249 CY	1,031 T	5,101 CY	1,092 T	944 T	976 T	589.16 T	940 T
Number of Customers	9,559	9,741	9,873	10,041	10,074	9,661	9,682	9,768	9,769	9,756
Water										
Daily Average Treatment (Million Gallons)	6.52	5.7	5.7	5.5	6.1	5.7	5.9	5.7	5.6	5.6
Number of Customers	11,789	11,820	11,938	12,256	12,298	12,368	12,451	12,405	12,384	12,415
Sewer										
Daily Average Treatment (Bristol, VA/TN) (Million Gallons)	9.5	11.75	9.5	9.5	8.3	9.3	10.7	10.8	10.6	11.5
Number of Customers	9,771	10,335	10,425	10,584	10,865	11,021	11,402	11,417	11,455	11,175
Demolition Landfill										
Waste Received (Cubic Yards)	51,527	49,102	52,935	51,479	63,423	22,000	26,000	20,000	18,000	19,000

Note: Beginning in 2008, inspections other than fire were conducted within Community Development Department.
Source: Summarized from internal records.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Education										
Number of Elementary Schools	6	6	6	6	5	5	6	5	5	5
Number of Junior High Schools	1	1	1	1	1	1	1	1	1	1
Number of High Schools	1	1	1	1	1	1	1	1	1	1
Parks and Recreation										
Community Centers	1	1	1	1	1	1	1	1	1	1
Parks	24	24	24	24	24	27	27	27	27	28
Parks Acreage	2,388	2,388	2,388	2,388	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	1	1	1	1
Basketball Court Facilities	6	6	6	6	6	6	7	7	7	7
Disc Golf Courses	-	-	-	-	-	1	1	1	1	1
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	44	43	43	43	43	43	43	43	43	43
Fire:										
Fire Stations	4	4	4	4	4	4	4	4	4	4
Public Works										
Streets (miles)	341	346	347	351	352	353	353	356	356	360
Electric										
Miles of Service Lines	1,226	1,226	1,239	1,251	1,272	1,276	1,276	1,280	1,280	1,280
Miles of Cable Lines	*	69.8	69.8	69.8	937.0	878.0	944.2	946.5	946.8	946.8
Water										
Water Mains (Miles)	250	250	250	259	261	393	265	272	272	263
Fire Hydrants	1,050	1,050	1,050	1,067	1,212	1,214	1,191	1,242	1,194	1,241
Maximum Daily Capacity (Millions of Gallons)	10	10	10	10	10	10	10	10	10	10
Number of Booster Stations	5	5	5	5	5	6	7	5	5	5
Number of Water Reservoirs	8	8	8	8	8	9	9	9	9	9
Sewer										
Sanitary Sewers (Miles)	210	210	210	228	229	241	241	249	249	260
Maximum Daily Treatment Capacity (Million of Gallons)	15	15	15	15	15	15	15	15	15	15
Number of Wastewater Lift Stations	28	28	28	28	29	32	32	32	32	32

*Comparable information was not available for prior years.
Source: Summarized from internal records.

See Independent Auditors' Report.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Residential										
Monthly Customer Charge	6.29	6.29	6.29	6.29	6.42	6.42	6.42	8.42	8.42	8.42
Energy Charge:										
Summer	-	-	-	-	-	-	-	0.08712	0.08897	0.08885
Winter	-	-	-	-	-	-	-	0.08438	0.08615	0.08603
Transition	-	-	-	-	-	-	-	0.08267	0.08438	0.08426
First 1,000 kWh Per Month	0.05374	0.05374	0.06352	0.06157	0.07212	0.07407	0.07661	-	-	-
Additional kWh Per Month	0.05918	0.05918	0.06896	0.06701	0.07767	0.07962	0.08216	-	-	-
Commercial, Industrial, Governmental and Institutional										
Plan A-1 (Demand up to 50 kW and usage up to 15,000 kWh):										
Monthly Customer Charge	14.00	14.00	14.00	14.00	14.29	14.29	14.29	-	-	-
Customer Charge Per Month:										
Single Phase Sef Contained	-	-	-	-	-	-	-	13.86	13.86	13.86
Single Phase CT	-	-	-	-	-	-	-	13.86	13.86	13.86
Three Phase Self Contained	-	-	-	-	-	-	-	40.90	40.90	40.90
Three Phase CT	-	-	-	-	-	-	-	40.90	40.90	40.90
Energy Charge	0.06240	0.06240	0.06240	0.07112	0.08236	0.08461	0.08799	-	-	-
Summer	-	-	-	-	-	-	-	0.09821	0.10020	0.10008
Winter	-	-	-	-	-	-	-	0.09547	0.09737	0.09725
Transition	-	-	-	-	-	-	-	0.09376	0.09561	0.09549
Plan A-2 (Demand of 50 kW to 1,000 kW or demand less than 50kW but usage in excess of 15,000 kWh):										
Monthly Customer Charge	25.00	25.00	25.00	25.00	25.51	25.51	25.51	-	-	-
Customer Charge Per Month:										
Single Phase Sef Contained	-	-	-	-	-	-	-	48.43	48.43	48.43
Single Phase CT	-	-	-	-	-	-	-	48.43	48.43	48.43
Three Phase Self Contained	-	-	-	-	-	-	-	71.99	71.99	71.99
Three Phase CT	-	-	-	-	-	-	-	71.99	71.99	71.99
Demand Charge:										
Excess of 50kW	8.56	8.56	10.06	9.63	10.49	10.83	11.76	-	-	-
Summer	-	-	-	-	-	-	-	10.15	10.45	10.45
Winter	-	-	-	-	-	-	-	9.33	9.60	9.60
Transition	-	-	-	-	-	-	-	9.33	9.60	9.60
Energy Charge:										
First 15,000 kWh Per Month	0.06194	0.06194	0.07300	0.07066	0.08189	0.08414	0.08752	-	-	-
Summer	-	-	-	-	-	-	-	0.09491	0.09682	0.09670
Winter	-	-	-	-	-	-	-	0.09217	0.09400	0.09388

* In April of 2011 BTES went to seasonal billing
The seasonal rates above include the June 2013 Fuel Cost Adjustment

(Continued)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Energy Charge (Continued):										
Transition	-	-	-	-	-	-	-	0.09046	0.09223	0.09211
Additional kWh Per Month	0.03420	0.03420	0.04042	0.03947	0.04785	0.04900	0.04945	-	-	-
Summer	-	-	-	-	-	-	-	0.06377	0.06484	0.06473
Winter	-	-	-	-	-	-	-	0.06106	0.06204	0.06193
Transition	-	-	-	-	-	-	-	0.05990	0.06085	0.06074
Plan A-3 (Demand of 1,001 kW to 5,000 kW):										
Monthly Customer Charge	25.00	25.00	25.00	25.00	25.51	25.51	25.51	100.00	100.00	100.00
Demand Charge:										
First 1,000 kW	8.56	8.56	10.14	9.67	10.58	10.94	11.92	-	-	-
Excess of 1,000 kW	10.06	10.06	11.94	11.39	12.45	12.88	14.04	-	-	-
Summer	-	-	-	-	-	-	-	10.50	10.82	10.82
Winter	-	-	-	-	-	-	-	9.68	9.98	9.98
Transition	-	-	-	-	-	-	-	9.68	9.98	9.98
Energy Charge	0.03420	0.03420	0.04042	0.03947	0.04785	0.04900	0.04945	-	-	-
Summer	-	-	-	-	-	-	-	0.06377	0.06479	0.06468
Winter	-	-	-	-	-	-	-	0.06106	0.06200	0.06189
Transition	-	-	-	-	-	-	-	0.05990	0.06080	0.06069
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	-	-	-
Demand Charge	10.96	10.96	12.89	12.33	13.16	13.59	14.78	-	-	-
Energy Charge:										
First 620 kWh Per Month	0.03050	0.03050	0.03588	0.03514	0.04234	0.04333	0.04336	-	-	-
Additional kWh Per Month	0.02477	0.02477	0.02928	0.02883	0.03559	0.03636	0.03576	-	-	-
Plan C (Demand of 15,001 kW to 25,000 kW):										
Monthly Customer Charge	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	-	-	-
Demand Charge	11.07	11.07	13.00	12.44	13.27	13.70	14.89	-	-	-
Energy Charge:										
First 620 kWh Per Month	0.03050	0.03050	0.03588	0.03514	0.04234	0.04333	0.04336	-	-	-
Additional kWh Per Month	0.02477	0.02477	0.02928	0.02883	0.03559	0.03636	0.03576	-	-	-
Plan D (Demand in excess of 25,000 kW):										
Monthly Customer Charge	-	-	-	-	-	-	-	-	-	-
Demand Charge	-	-	-	-	-	-	-	-	-	-
Energy Charge	-	-	-	-	-	-	-	-	-	-

* In April of 2011 BTES went to seasonal billing
The seasonal rates above include the June 2013 Fuel Cost Adjustment

(Continued)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
TOU GSB										
Monthly Customer Charge	-	-	-	-	-	-	1,500.00	1,500.00	1,500.00	1,500.00
Admin Charge	-	-	-	-	-	-	-	350.00	350.00	350.00
Demand Charge:										
Summer										
OnPeak KW	-	-	-	-	-	-	15.45	15.38	15.83	15.83
OffPeak KW Excess Onpeak	-	-	-	-	-	-	3.36	3.30	3.38	3.38
KW Excess Contract KW	-	-	-	-	-	-	15.45	15.38	15.83	15.83
Winter										
OnPeak KW	-	-	-	-	-	-	8.54	8.49	8.73	8.73
OffPeak KW Excess Onpeak	-	-	-	-	-	-	3.36	3.30	3.38	3.38
KW Excess Contract KW	-	-	-	-	-	-	8.54	8.49	8.73	8.73
Transition										
OffPeak KW Excess Onpeak	-	-	-	-	-	-	3.36	3.30	3.38	3.38
KW Excess Contract KW	-	-	-	-	-	-	3.36	3.30	3.38	3.38
Energy Charge										
Summer OnPeak	-	-	-	-	-	-	0.09158	0.09483	0.09694	0.09683
Summer OffPeak-First 425 HUD	-	-	-	-	-	-	0.05793	0.06119	0.06226	0.06215
Summer OffPeak-Next 195 HUD	-	-	-	-	-	-	0.03982	0.04308	0.04360	0.04349
Summer OffPeak-Over 620 HUD	-	-	-	-	-	-	0.02445	0.02771	0.02775	0.02764
Winter OnPeak	-	-	-	-	-	-	0.06183	0.06509	0.06628	0.06617
Winter OffPeak- First 425 HUD	-	-	-	-	-	-	0.05793	0.06119	0.06226	0.06215
Winter OffPeak- Next 195 HUD	-	-	-	-	-	-	0.03982	0.04308	0.04360	0.04349
Winter OffPeak- Over 620 HUD	-	-	-	-	-	-	0.02445	0.02771	0.02775	0.02764
Transition OffPeak- First 425 HUD	-	-	-	-	-	-	0.05793	0.06119	0.06226	0.06215
Transition OffPeak- Next 195 HUD	-	-	-	-	-	-	0.03982	0.04308	0.04360	0.04349
Transition OffPeak- Over 620 HUD	-	-	-	-	-	-	0.02445	0.02771	0.02775	0.02764
TOU MSB										
Monthly Customer Charge	-	-	-	-	-	-	1,500.00	1,500.00	1,500.00	1,500.00
Admin Charge	-	-	-	-	-	-	-	350.00	350.00	350.00
Demand Charge:										
Summer										
OnPeak KW	-	-	-	-	-	-	15.46	15.38	15.83	15.83
OffPeak KW Excess Onpeak	-	-	-	-	-	-	3.37	3.30	3.38	3.38
KW Excess Contract KW	-	-	-	-	-	-	15.46	15.38	15.83	15.83
Winter										
OnPeak KW	-	-	-	-	-	-	8.55	8.49	8.73	8.73

* In April of 2011 BTES went to seasonal billing
The seasonal rates above include the June 2013 Fuel Cost Adjustment

(Continued)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Winter (Continued)										
OffPeak KW Excess Onpeak	-	-	-	-	-	-	3.37	3.30	3.38	3.38
KW Excess Contract KW	-	-	-	-	-	-	8.55	8.49	8.73	8.73
Transition										
OffPeak KW Excess Onpeak	-	-	-	-	-	-	3.37	3.30	3.38	3.38
KW Excess Contract KW	-	-	-	-	-	-	3.37	3.30	3.38	3.38
Energy Charge										
Summer OnPeak	-	-	-	-	-	-	0.07685	0.08011	0.08177	0.08166
Summer OffPeak-First 425 HUD	-	-	-	-	-	-	0.04357	0.04685	0.04748	0.04737
Summer OffPeak-Next 195 HUD	-	-	-	-	-	-	0.02546	0.02874	0.02882	0.02871
Summer OffPeak-Over 620 HUD	-	-	-	-	-	-	0.01009	0.01337	0.01297	0.01286
Winter OnPeak	-	-	-	-	-	-	0.04771	0.05097	0.05173	0.05162
Winter OffPeak- First 425 HUD	-	-	-	-	-	-	0.04357	0.04685	0.04748	0.04737
Winter OffPeak- Next 195 HUD	-	-	-	-	-	-	0.02546	0.02874	0.02882	0.02871
Winter OffPeak- Over 620 HUD	-	-	-	-	-	-	0.01009	0.01337	0.01297	0.01286
Transition OffPeak- First 425 HUD	-	-	-	-	-	-	0.04357	0.04685	0.04748	0.04737
Transition OffPeak- Next 195 HUD	-	-	-	-	-	-	0.02546	0.02874	0.02882	0.02871
Transition OffPeak- Over 620 HUD	-	-	-	-	-	-	0.01009	0.01337	0.01297	0.01286
SDE SMSB										
Monthly Customer Charge	-	-	-	-	-	-	-	1,500.00	1,500.00	1,500.00
Admin Charge	-	-	-	-	-	-	-	350.00	350.00	350.00
Demand Charge:										
Summer	-	-	-	-	-	-	-	17.60	18.12	18.12
Winter	-	-	-	-	-	-	-	11.46	11.79	11.79
Transition	-	-	-	-	-	-	-	6.85	7.03	7.03
Energy Charge										
Summer	-	-	-	-	-	-	-	0.04170	0.04217	0.04206
Winter	-	-	-	-	-	-	-	0.03719	0.03753	0.03742
Transition	-	-	-	-	-	-	-	0.03614	0.03644	0.03633
SDE SMSC										
Monthly Customer Charge	-	-	-	-	-	-	-	1,500.00	1,500.00	1,500.00
Admin Charge	-	-	-	-	-	-	-	350.00	350.00	350.00
Demand Charge:										
Summer	-	-	-	-	-	-	-	17.71	18.23	18.23
Winter	-	-	-	-	-	-	-	11.57	11.90	11.90
Transition	-	-	-	-	-	-	-	6.96	7.14	7.14

* In April of 2011 BTES went to seasonal billing
The seasonal rates above include the June 2013 Fuel Cost Adjustment

(Continued)

CITY OF BRISTOL, TENNESSEE

SCHEDULE OF ELECTRIC RATES (UNAUDITED)

Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Energy Charge										
Summer	-	-	-	-	-	-	-	0.04140	0.04186	0.04175
Winter	-	-	-	-	-	-	-	0.03718	0.03751	0.0374
Transition	-	-	-	-	-	-	-	0.03617	0.03647	0.03647

* In April of 2011 BTES went to seasonal billing
The seasonal rates above include the June 2013 Fuel Cost Adjustment

Source: Summarized from internal records.

CITY OF BRISTOL, TENNESSEE

SCHEDULE OF TELEPHONE, CABLE AND INTERNET RATES (UNAUDITED)

Past Seven Fiscal Years

	2007	2008	2009	2010	2011	2012	2013
Telephone							
Basic Telephone Service	$ 22.90	22.90	22.90	22.90	22.90	22.90	22.90
Enhanced Telephone Service	28.90	28.90	28.90	28.90	28.90	28.90	28.90
100 Minutes Long Distance	6.95	6.95	6.95	6.95	6.95	6.95	6.95
200 Minutes Long Distance	12.95	12.95	12.95	12.95	12.95	12.95	12.95
500 Minutes Long Distance	24.95	24.95	24.95	24.95	24.95	24.95	24.95
Unlimited Minutes Long Distance	29.95	29.95	29.95	29.95	29.95	29.95	29.95
Cable Television							
Expanded Basic	39.95	39.95	39.95	39.95	39.95	42.95	42.95
Expanded Basic (IPTV)	-	-	-	-	-	49.95	49.95
Digital:							
Basic	49.95	50.95	50.95	51.95	51.95	55.95	55.95
IPTV	-	-	-	-	-	74.95	74.95
Bronze	59.95	59.95	59.95	62.95	62.95	62.95	62.95
Silver	67.95	67.95	67.95	70.95	70.95	70.95	70.95
Gold	72.95	72.95	72.95	78.95	78.95	78.95	78.95
Spanish Tier	4.95	4.95	4.95	4.95	4.95	4.95	4.95
High Definition Tier	9.95	9.95	9.95	9.95	9.95	9.95	9.95
Sports Tier	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Pay-Per-View Movies:							
New Release	3.95	3.95	3.95	3.99	3.99	3.99	3.99
Premium Packages:							
Cinemax	9.95	9.95	9.95	12.95	12.95	15.95	15.95
HBO	11.95	11.95	11.95	14.95	14.95	17.95	17.95
Showtime	11.95	11.95	11.95	12.95	12.95	15.95	15.95
Starz	9.95	9.95	9.95	10.95	10.95	13.95	13.95
Internet							
Fiber Optic:							
512K Tier (64K prior to 2012)	16.95	16.95	16.95	16.95	16.95	16.95	16.95
2 Mbps Tier (1.5 Mbps in 2007)	29.95	29.95	29.95	29.95	29.95	29.95	29.95
8 Mbps Tier (4 Mbps prior to 2012, 3 Mbps in 2007)	39.95	39.95	39.95	39.95	39.95	39.95	39.95
16 Mbps Tier (6 Mbps prior to 2012, 5 Mbps in 2007)	49.95	49.95	49.95	49.95	49.95	49.95	49.95
30 Mbps Tier (12 prior to 2012)	-	-	59.95	59.95	59.95	59.95	59.95
50 Mbps Tier	-	-	-	-	-	69.95	69.95

Note: Telephone services commenced in 2007.
Cable and Internet services commenced in 2006.

Source: Summarized from internal records.

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF WATER AND SEWER RATES (UNAUDITED)
For the Fiscal Year Ended June 30, 2013

WATER RATES	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Residential:										
Inside the City (Per 1,000 Gallon):										
First 1,000 Gallons (Minimum)	5.00	5.00	-	-	-	-	-	-	-	-
From 1,001 to 50,000	2.10	2.10	-	-	-	-	-	-	-	-
From 50,001 to 100,000	2.00	2.00	-	-	-	-	-	-	-	-
Over 100,000	1.80	1.80	-	-	-	-	-	-	-	-
Rural/Outside the City (Per 1,000 Gallon):										
First 1,000 Gallons (Minimum)	10.00	10.00	-	-	-	-	-	-	-	-
From 1,001 to 50,000	4.20	4.20	-	-	-	-	-	-	-	-
From 50,001 to 100,000	4.00	4.00	-	-	-	-	-	-	-	-
Over 100,000	4.00	4.00	-	-	-	-	-	-	-	-
Commercial:										
Inside the City:										
First 100,000 Gallons	240.00	240.00	-	-	-	-	-	-	-	-
Over 100,000 Gallons (Per 1,000 Gallon)	1.20	1.20	-	-	-	-	-	-	-	-
Rural/Outside the City:										
First 100,000 Gallons	400.00	400.00	-	-	-	-	-	-	-	-
Over 100,000 Gallons (Per 1,000 Gallon)	2.60	2.60	-	-	-	-	-	-	-	-
All Customers:										
Inside the City (Per 1,000 Gallon):										
First 1,000 Gallons (Minimum)	-	-	5.30	5.62	5.93	5.93	6.43	6.98	6.98	6.98
From 1,001 to 50,000	-	-	2.23	2.36	2.49	2.49	2.70	2.93	2.93	2.93
From 50,001 to 100,000	-	-	2.12	2.25	2.38	2.38	2.58	2.80	2.80	2.80
From 100,001 to 250,000	-	-	1.91	2.02	2.13	2.13	2.31	2.51	2.51	2.51
Over 250,001	-	-	1.35	1.43	1.51	1.51	1.64	1.78	1.78	1.78

(Continued)

CITY OF BRISTOL, TENNESSEE

SCHEDULE OF WATER AND SEWER RATES (UNAUDITED)

For the Fiscal Year Ended June 30, 2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Rural/Outside the City (Per 1,000 Gallon):										
First 1,000 Gallons (Minimum)	-	-	10.60	11.24	11.87	11.87	12.86	13.96	13.96	13.96
From 1,001 to 50,000	-	-	4.46	4.72	4.98	4.98	5.40	5.86	5.86	5.86
From 50,001 to 100,000	-	-	4.24	4.50	4.75	4.75	5.16	5.60	5.60	5.60
From 100,001 to 250,000	-	-	3.82	4.04	4.27	4.27	4.62	5.02	5.02	5.02
Over 250,001	-	-	2.70	2.86	3.03	3.03	3.28	3.56	3.56	3.56
Blountville Utility District (Per 1,000 Gallon)	2.60	2.60	2.60	2.60	1.50	1.50	1.50	1.50	1.55	1.55
Intermont Utility District (Per 1,000 Gallon)	2.60	2.60	2.60	2.60	1.50	1.50	2.20	2.20	2.20	2.20
Other Utility Districts (Per 1,000 Gallon)	2.60	2.60	2.60	2.60	2.60	2.60	2.95	2.95	2.95	2.95
SEWER RATES										
Monthly Charge for Cost of Supplying Service	3.00	3.00	3.09	3.18	3.18	3.18	3.50	3.50	3.50	3.50
Monthly Charge for I/I Rehabilitation	2.00	2.00	2.06	2.12	2.12	2.12	2.50	2.50	2.50	2.50
Inside Rates:										
Monthly Customer Charge (Per 1,000 Gallon)										
Minimum Bill of 2,000 Gallons and Up to 2,500,000 Gallons	3.30	3.30	3.40	3.50	3.50	3.50	3.64	3.79	3.79	3.79
Over 2,500,000 Gallons	2.20	2.20	2.31	2.38	2.38	2.38	2.48	2.58	2.58	2.58
Outside Rates (Per 1,000 Gallon):										
Monthly Residential Customer Charge										
Minimum Bill of 3,000 Gallons	4.95	4.95	5.10	5.25	5.25	5.25	5.46	5.68	5.68	5.68
Monthly Non-residential Customer Charge										
Minimum Bill of 3,000 Gallons	5.50	5.50	5.67	5.84	5.84	5.84	6.07	6.31	6.31	6.31
City of Johnson City, Tennessee (Per 1,000 Gallon)	1.55	1.60	1.70	1.80	1.83	1.90	2.01	1.97	2.05	2.14
Town of Bluff City, Tennessee (Per 1,000 Gallon)	1.55	1.60	1.70	1.80	1.83	1.90	2.01	1.97	2.05	2.14

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

Source: Summarized from internal records.

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing* Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bristol, Tennessee (the "City") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 10, 2014. Our report includes a reference to the changes in accounting principle resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities.* Our report also includes a reference to other auditors who audited the financial statements of the Electric Fund and the BTES Other Post Employment Benefits Trust Fund, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal* control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as items 2013-001 and 2013-002, to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

City of Bristol Tennessee's Response to the Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 10, 2014

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Bristol, Tennessee's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Bristol, Tennessee's major federal programs for the year ended June 30, 2013. The City of Bristol, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Bristol, Tennessee's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Bristol, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Bristol, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the City of Bristol, Tennessee is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Bristol, Tennessee's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Bristol, Tennessee's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 10, 2014

CITY OF BRISTOL, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	__X__ yes ___ no
Significant deficiency(ies) identified?	___ yes __X__ none reported
Noncompliance material to financial statements noted?	___ yes __X__ no

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	___ yes __X__ no
Significant deficiency(ies) identified?	___ yes __X__ none reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular?	___ yes __X__ no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.395	Race to the Top

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	__X__ yes ___ no

CITY OF BRISTOL, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SECTION II
FINANCIAL STATEMENT FINDINGS

2013 - 001. Restatement of Prior Period Capital Asset Balances -

Criteria: Internal controls should be in place to ensure that financial statements properly present the net position and results of operations of the City.

Condition: Internal controls were not sufficient to detect material misstatements in the City's financial statements for the fiscal year ended June 30, 2012.

Context/Cause: During our audit for the year ended June 30, 2013, management made us aware some prior period adjustments had come to their attention related to capital asset balances. The nature and magnitude of these corrections for the prior period errors are as follows:

- An adjustment with a net effect on the prior period's net position and capital assets of approximately $480,000 was required to move capital assets previously recorded by the City of Bristol which should have been recorded by the Joint Sewer System;
- Adjustments with a net effect on the prior period's net position and capital assets of approximately $602,000 were required to remove assets which should have previously been expensed by the System;
- An adjustment with a net effect on the prior period's net position and capital assets of approximately $10,000 was required to remove capital assets no longer held by the City .

Effects: The financial statements as of and for the year ended June 30, 2012 were materially misstated causing opening equity balances to also be materially misstated.

Recommendation: We recommend the City carefully review the financial statements and their applicable reporting requirements under generally accepted accounting principles (GAAP) to ensure that all information and financial data is properly reported.

Section II – Financial Statement Findings and Responses (Continued)

2013 - 001. Restatement of Prior Period Capital Asset Balances – (Continued)

Auditee's Response: Capital assets were not tracked in detail by City staff until the 1990's. During this period of time, Finance management worked with prior Comprehensive Annual Financial Reports, bond related documentation, and insurance records to create a listing based upon known data at that time. Estimated capital asset useful lives used for depreciation purposes were obtained from the State of Tennessee's Internal Control and Compliance Manual.

During the year ending June 30, 2013, management reviewed capital asset detail and noted that several estimated useful lives required revision. Knowledge of industry standards and the capital asset replacement plan indicated that longer periods should be utilized. Finance and Public Works staff analyzed each asset on an individualized basis to determine if adjustments were required. Finance management also worked with the State of Tennessee Division of Local Government Audit to determine if the lives provided by the State were applicable in the City's situation. State representatives are working on this issue and the guidelines will be altered in the future and our research has been forwarded for review. Management implemented revised lives based upon the trends experienced by the City. Staff also noticed and corrected the capital asset discrepancies during this review that resulted in the noted prior period adjustments.

Management does not disagree with the finding. Efforts have been made to ensure that capital asset related activity is presented fairly for governmental and business-type activities. Staff is aware of applicable reporting requirements under generally accepted accounting principles (GAAP) and the State of Tennessee. This finding is not expected to be a recurring issue.

2013 - 002. Inclusion of Agency Funds in Comprehensive Annual Report -

Criteria: Internal controls should be in place to ensure that financial statements properly present all financial activity of the City.

Condition: Internal controls were not sufficient to detect material misstatements in the City's financial statements for the fiscal year ended June 30, 2013.

Context/Cause: During our audit for the year ended June 30, 2013, we noted the school activity bank accounts of the Bristol City Schools were reported under the Federal Employer Identification Number ("FEIN") of the Bristol Tennessee Schools. All cash included in bank accounts reported under the FEIN of the Bristol Tennessee Schools should be reported in the City's financial statements. The activity in these cash accounts should be reported in the City's financial statements as agency funds, which means they are merely held by the City for the benefit of another entity.

Section II – Financial Statement Findings and Responses (Continued)

2013 - 002. Inclusion of Agency Funds in Comprehensive Annual Report – (Continued)

Effects: The financial statements as of and for the year ended June 30, 2013 should have included approximately $740,000 in cash in the school activity funds of the schools.

Recommendation: We recommend the Bristol Tennessee Schools carefully review all known bank accounts associated with the City to ensure all financial activity is reported correctly.

Auditee's Response: Finance management of the City has reviewed all instances where the City's federal tax identification number has been utilized to establish bank accounts for related entities, such as the Joint Sewerage System and funds held by Juvenile Court. Management had not considered the bank accounts for the school activity funds and whether or not the accounts had been established by utilizing the federal tax identification number for Bristol Tennessee City Schools. This matter was brought to the attention of City staff by the auditing firm as part of the audit process and the matter has been corrected. Finance management of the City will work with each entity that is included in the report of the City as the primary government to ensure that accounts of this nature are properly reflected as an agency fund, if applicable.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported

SECTION IV
STATUS OF PRIOR AUDIT FINDINGS

None reported