

CITY OF BRISTOL, TENNESSEE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011



Prepared by:

Tara Musick, CPA, Director of Finance

CITY OF BRISTOL, TENNESSEE
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December 27, 2011

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

Tennessee statute requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the *Comprehensive Annual Financial Report* of the City of Bristol, Tennessee for the fiscal year ended June 30, 2011.

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

Brown, Edwards & Company, L.L.P., certified public accountants, have issued an unqualified ("clean") opinion on the City of Bristol, Tennessee's financial statements for the fiscal year ended June 30, 2011. The independent auditors' report is presented as the first component of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The City of Bristol, Tennessee, which was incorporated on February 22, 1856, is located in the northeastern part of the state bordering Bristol Virginia. The City occupies a land area of 32.6 square miles and serves a population of 26,702. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by City Council.

The City of Bristol operates under the council-manager form of government. Policy-making and legislative authority are vested in a five-member City Council. The City Council is responsible for enacting ordinances, adopting a budget, appointing members to boards and commissions, and hiring

a City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the council, overseeing the day-to-day operation of the government, and appointing the heads of the various departments and all city employees. The City Council is elected on a non-partisan basis for four-year, staggered terms. In July of each year, the City Council selects one of its members to serve as mayor and another as vice-mayor for the coming one-year period.

The City of Bristol provides a full range of services including police and fire protection; the construction and maintenance of streets and other infrastructure; provision of water, sewer, and sanitation services; and recreational or cultural activities and events. The City also is financially accountable for an electric system with broadband services that is an enterprise fund of the City, and an emergency communications district that is a discrete component unit of the City. Both entities are reported in these financial statements. Additional information on the emergency communications district can be found in the notes to the financial statements. The City also participates in several joint ventures that are also disclosed in Note I.

The annual budget serves as the foundation for the City of Bristol's financial planning and control. All 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. The Tri-Cities World Trade Center, a part of the Regional Alliance for Economic Development, is located in Sullivan County and serves a larger 13 county economic region. More than 50 motor freight carriers serve the area and the Norfolk Southern Railway has a major transfer yard in Bristol with a main line running through the city.

The community is the home of the Bristol Regional Medical Center, Exide Technologies, Pfizer, Dr. Reddy's Laboratories, Bristol Metals L.P., Royal Mouldings, and Graceway Pharmaceuticals. Wellmont Health Systems is the largest employer in the City with more than 270 board-certified or board-eligible physicians and over 1,615 nurses, technicians, and support staff members at Bristol Regional Medical Center.

Modest employment growth has been seen from this employer group which was offset with the acquisition of Touchpoint Wireless by Brightpoint North America which resulted in the transfer or layoff of over 400 full-time positions as a part of the closing of the Bristol facility. In addition,

Pfizer announced that it will end manufacturing by 2014 at its recently acquired King Pharmaceutical plant, cutting 130 positions; as well as a planned closure of a logistics center in 2012, affecting 18 positions. Efforts are underway by the city and state to find new owners to continue contract manufacturing and reverse logistics at these facilities. Exide Technologies announced that it will lay off 236 manufacturing jobs in late 2012 or 2013 and will be evaluating the remaining Bristol operations in the months ahead. City and state officials continue to work with Exide to overcome impediments for operational success with their older battery lines. Despite the Exide announcement, the company is still poised to begin production of a new spiral wound battery in 2012 at its Bristol plant to serve the growing hybrid automobile market with an expected \$27 million investment that will ultimately employ 120 workers. Other positive announcements included the decision of Dr. Reddy's Laboratories, the world's second largest maker of generic drugs, to purchase the former GlaxoSmithKline plant and add a minimum 100 full-time jobs while investing \$18 million in the penicillin plant over the next five year. Dr. Reddy's began production in the spring of 2011. In addition, Sprint Telecenters announced the planned move of 673 jobs to the city in a new 48,000 square-foot call center that will be fully operational in 2013; while DLH Industries decided to locate its newest manufacturing facility (air and fluid management assemblies for the automotive market) and initially employ 25, with plans to expand over the next year to a projected 75 employees. Networks Sullivan Partnership, the countywide economic development organization created by the Cities of Bristol, Kingsport, Bluff City, and Sullivan County, is also actively recruiting companies to the new 224-acre regional industrial park, Partnership Park II, within the corporate limits. During the past year, Networks, in conjunction with the City and the State of Tennessee, has overseen the design, engineering, and construction of the industrial road serving the Partnership Park II at a cost of \$1,534,304. The Tennessee Department of Transportation primarily funded the project.

Designation of this industrial park and the adjacent Bristol Metals industrial site as a Foreign Trade Zone was accomplished this year, which is expected to assist Bristol Metals in expanding its stainless steel pipe export business while also serving as a recruitment tool for new industries looking to locate in the new industrial park.

The Bristol Economic Development Strategy emphasizes assistance to local companies through the combination of local and state incentives, training, and technical assistance programs; as well as the recruitment of new industries and businesses. In recent years, the City has provided in-lieu assistance to a number of new and existing companies as inducement to locate and expand in Bristol. Nearly \$20 million in capital investments have been made under this program in the past few years. In 2009, the City approved a tax increment-financing project with Reclaimed Resources as inducement for the construction of a \$157 million waste-to-energy project with 100 new jobs. The size and complexity of this project has afforded an opportunity for the City to receive commitments for assistance from the Tennessee Department of Transportation on the improvement of the principal road serving the facility and the Tennessee Department of Economic and Community Development on a new rail spur to the facility. Project financing is being finalized and construction on the project is expected to begin in 2012.

Bristol continues to emphasize the redevelopment of the downtown central business district and the City as a tourist destination. In 1998, the U.S. Congress recognized Bristol's contribution to music history by passing a resolution recognizing Bristol as the "Birthplace of Country Music". A Main Street community, Bristol has facilitated the continued growth of music venues downtown with weekly summer concerts and the annual Rhythm and Roots Reunion festival, which has grown to become a major southeast music event covering a three-day collection of known music talents. The City is also collaborating with the Paramount Theater to expand the entertainment opportunities to City and area residents. Additional events such as the Crooked Road, the Sunny Side Early Country

Trail, and other bluegrass oriented music festivals are increasing the recognition of Bristol as a tourist destination. The downtown restaurants have added to this growth in musical opportunities with music offered on a weekly and nightly basis in several downtown establishments.

To add to the emphasis on downtown redevelopment, the City continued the replacement of the existing streetlights with period lighting on 7th and 8th Streets from State Street to Shelby Street and the addition of matching street signs and parking signage. The City continues to work with the U.S. Army Corp of Engineers on the Beaver Creek Flood Mitigation Project, which will include the addition of a linear green space and pocket park on the Beaver Creek remainder of the Sears site, including period lighting on 8th Street and Shelby Street. This project, the first of a four-phase project, will be accomplished in the spring of 2012 and design and engineering of the future phases of this project is continuing.

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

A major attraction to the City of Bristol during the spring and summer months is the internationally recognized NASCAR facility at Bristol Motor Speedway (BMS), "The World's Fastest Half-Mile". The facility seats over 160,000 fans for each of the two NASCAR Sprint Cup races and is a very popular venue for NASCAR Nationwide and Truck Series races as well. The BMS "Thunder Valley" drag strip hosts national drag racing events sanctioned by NHRA and others. Bristol Motor Speedway is one of the largest tourist attractions in the State of Tennessee and brings over a million visitors to Bristol each year.

This fiscal year ended with 985 construction permits being issued with a total estimated construction value of \$19.5 million. Construction value was approximately 50% lower than the previous year due to economic conditions affecting private sector investment.

LONG-TERM FINANCIAL PLANNING

In the upcoming fiscal year, a borrowing is planned to be used for the purchase of an automated meter reading system for use in the water and sewer billing process. The current meter reading process involves manual readings that are imported into the utility billing software package. The borrowing will also be of adequate sizing to fund water distribution system improvements and for a new financial software package. A total of \$3,000,000 is planned to be borrowed in the second half of the year for these projects. Management budgeted the first interest-only payment in the 2012 fiscal year.

The City began implementation of energy conservation measures throughout the Bristol Tennessee City Schools in the 2011 fiscal year. Several school buildings are scheduled for upgrading including Tennessee High School, Vance Middle School, and Anderson, Avoca, Haynesfield, and Holston View elementary schools; as well as the administrative building and the maintenance shop. The total completed cost of the projects is estimated to be \$8,500,000. An Energy Efficient Schools Initiative (EESI) Loan Agreement with the Tennessee Energy Efficient Schools Council will provide a total of \$5,088,000 in loan and grant funds of which \$5,000,000 will be in the form of a low-interest loan. The loan will be repaid over 12 years with a fixed interest rate of 0.75%. An \$88,000 grant rounds out this portion of the funding. The remaining project funds will be provided through a \$3,500,000 general obligation bond that was obtained in the 2011 fiscal year. A portion of the EESI funding was drawn by the City during the year under review. The remaining loan funds and the grant portion will be received in the 2012 fiscal year as the projects are completed and reimbursements to the contractor are disbursed.

The City, under the stewardship of the Board of Education, completed the construction of a new 600-student Fairmount Elementary School to replace the old Fairmount School and Central Elementary School, with the first classes held in January 2010. The \$14,340,000 project was funded with a two-year phased tax rate increase. One hundred percent of the tax increase is dedicated to retire debt service. Subject to economic conditions, other major school facility improvements are planned commencing in 2014 that will likewise be funded with property tax revenue. As current general obligation debt service requirements decrease, the available funds previously allocated for debt service will also be used to partially fund these school projects.

In the next five years, approximately \$11.8 million in utilities construction and upgrades are planned. The proposed projects include new construction of water and sewer lines that will promote growth and development. The projects also include upgrading existing utilities to provide better service to existing customers. Management is currently planning to use funds from a Sullivan County Sewer Agreement to fund the bulk of the sewer projects. The majority of existing water and sewer bonds were extinguished in fiscal year 2011. Reduced current debt service requirements will provide additional funding for either capital projects or operations.

RELEVANT FINANCIAL POLICIES

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

MAJOR INITIATIVES

The City completed a long-range transportation plan in 2006 and is in the process of implementing the plan. Transportation projects were identified over a 25-year planning horizon with the reconstruction of East Cedar Street from 5th Street to King College Road now under preliminary design, with full engineering being developed in the 2012 fiscal year.

The City is continuing its investment in water system upgrades to improve fire protection in the east end of the City with \$235,000 of capital improvements planned for the 2012 fiscal year. Other planned capital improvements include Anderson area water improvements, phase 1 of implementation of an automated meter reading system, Belmont water improvements, and Georgia Avenue water upgrades. Sullivan County is also continuing to fund sewer system upgrades in the 2012 fiscal year with a total planned contribution of \$800,000 to the City for the Akard School (Back Creek trunk sewer improvements) and Beaver Creek Road sewer improvements.

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, 2010. This was the eighth consecutive year the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the 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 the Bristol Board of Education 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,

Jeffrey J. Broughton
City Manager



Tara E. Musick, CPA
Director of Finance

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, 2010

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



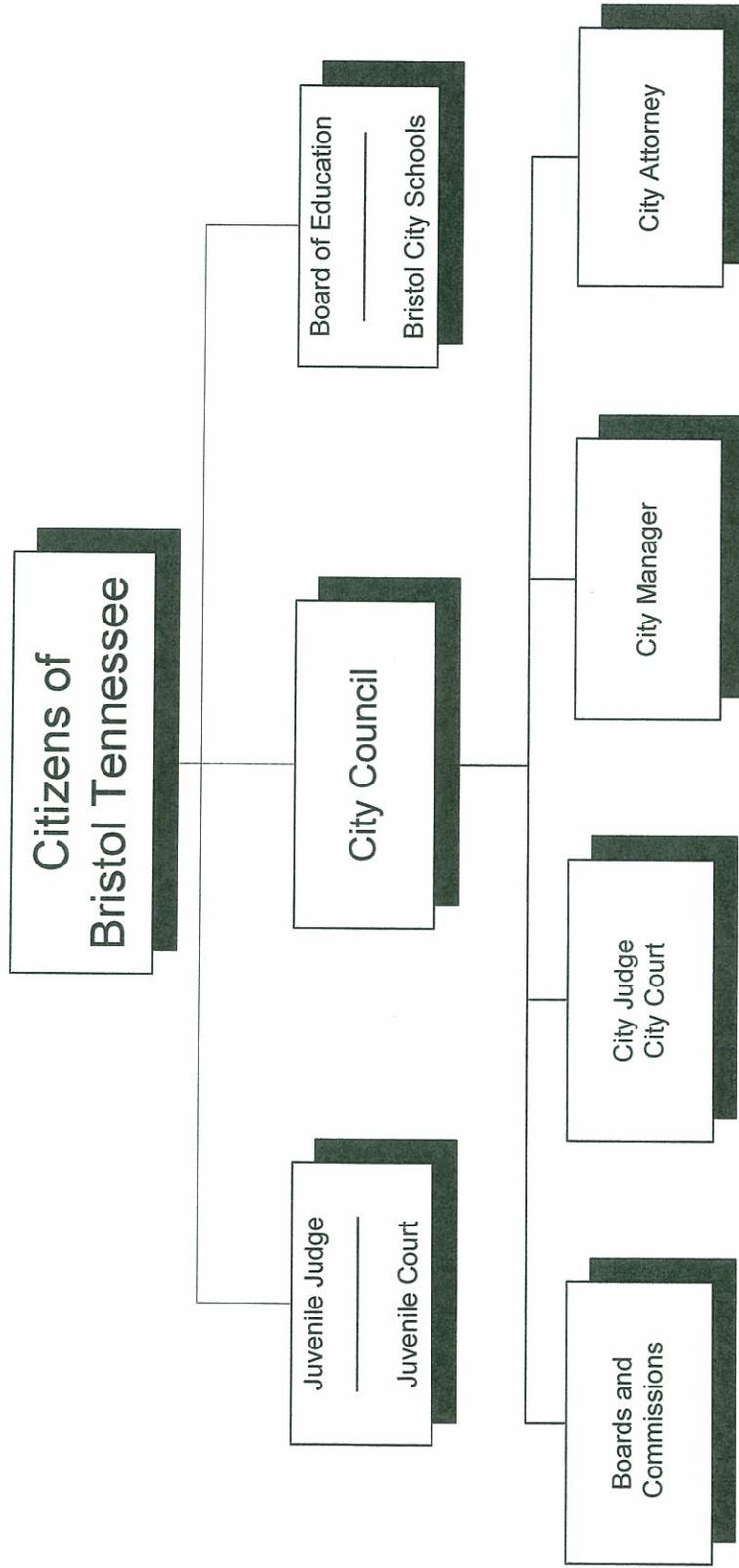
Linda C. Davidson

President

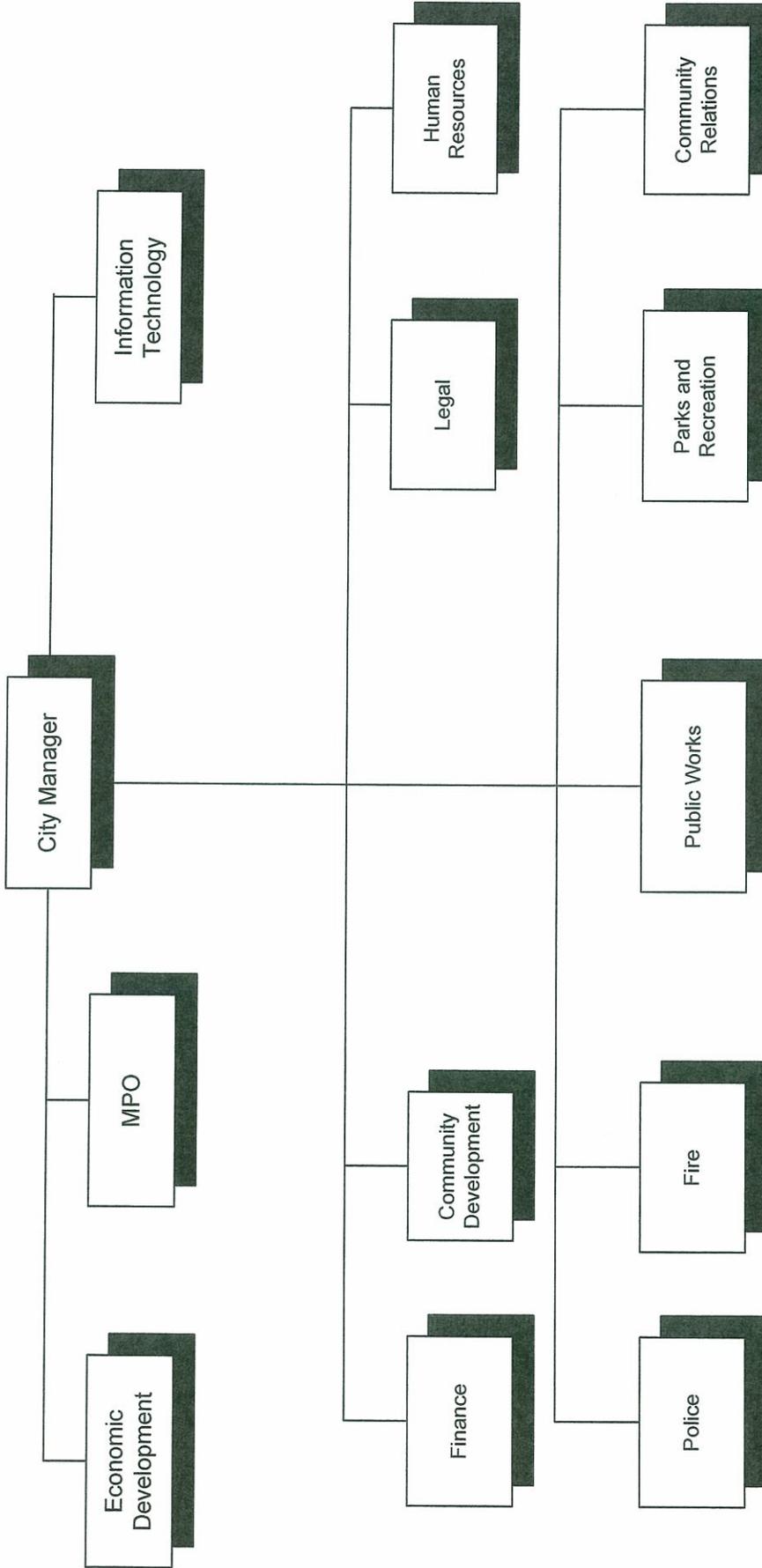
Jeffrey R. Emery

Executive Director

CITY OF BRISTOL TENNESSEE ORGANIZATIONAL CHART



CITY OF BRISTOL TENNESSEE ORGANIZATIONAL CHART



CITY OF BRISTOL, TENNESSEE
LIST OF PRINCIPAL OFFICIALS

City Council

David Shumaker
Joel Staton
Michelle Dolan
Margaret Feierabend
Ben Zandi

City Manager

Jeffrey J. Broughton

Deputy City Managers

Development	C. Michael Sparks
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 Sorah

City Attorney

Jack W. Hyder, Jr.



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bristol, Tennessee, ("the City") as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bristol, Tennessee's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Electric Fund, which represents 67, 62 and 92 percent, respectively, of the assets, net assets and revenues of the proprietary fund types of the City. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Electric Fund, is based on the report of the other auditors. We did not audit the financial statements of the Bristol Tennessee/Virginia Public Library, which represents 4 percent of the capital assets of the governmental activities of the City. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Library, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements prescribed by the Comptroller of the Treasury, State of Tennessee. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2011, on our consideration of the City of Bristol, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 13-27 and the required supplementary information on pages 117-121 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 the 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bristol, Tennessee's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Virginia
December 22, 2011

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, 2011. Management's Discussion and Analysis should be read in conjunction with the City's financial statements for fiscal year 2011, including related notes.

Financial Highlights

- The assets of the City of Bristol exceeded its liabilities at the close of the 2011 fiscal year by \$261,919,893 (*total net assets*). Of this amount, \$63,788,011 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$10,951,844 due to current year activity. For governmental activities, this \$1,591,290 increase was due to several factors. However, the primary factor in the increase was additional capital asset donations. The City received \$2,687,416 of capital assets as grants or contributions from various sources throughout the year related to governmental activities. For business activities, capital asset contributions of \$1,837,330 were received from outside sources, such as contractors and Sullivan County, Tennessee.
- As of the close of the current fiscal year, the City of Bristol's governmental activities reported combined unrestricted net assets of \$24,200,501 for a \$478,860 decrease from the previous year. The invested in capital assets, net of related debt, amount for governmental activities decreased by \$293,966 throughout the course of the 2011 year. Management has had to restrain capital spending over the past few years in response to decreased funding and the overall decline in the economy. However, depreciation expense has not changed significantly. This combined impact of the capital transactions has contributed to the decline in both classifications of net assets.
- At the end of the current fiscal year, fund balance for the General Fund was \$13,961,665 for an increase of \$1,039,159 from the prior year. This increase in fund balance is due in part to increased revenues over expected results and reduced spending across several of the various departments in anticipation of a decline in revenues due to the change in the economic situation. Property held for resale was also sold during the year for \$564,385 that contributed to the increase.
- The City of Bristol, Tennessee's total liabilities increased by \$505,327 during the current fiscal year. Accounts payable and other current liabilities decreased by \$3,097,898. Noncurrent liabilities increased by \$2,467,980 from the prior year due to a new Series 2011 General Obligation Bond and an Energy Efficient Schools Initiative (EESI) loan to fund energy conservation measures and upgrades at several of the school buildings. Contracts payable and retainages payable increased \$311,718 primarily to the ongoing energy conservation measures projects that were still in progress at year-end.

Overview of the Financial Statements

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

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

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

Government-wide Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 28 - 29 of this report.

Fund Financial Statements

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

- ***Governmental Funds*** – are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on impending inflows and outflows of spendable resources. These statements also highlight the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City’s imminent financing requirements.

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

The City maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the three major funds: General Fund, General Purpose School Fund, and the School Capital Projects Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements and the budgetary comparison statements can be found on pages 30-40 of this report.

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

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

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 49 - 116 of this report.

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds and agency funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 124 - 144 of this report.

Government-Wide Financial Analysis

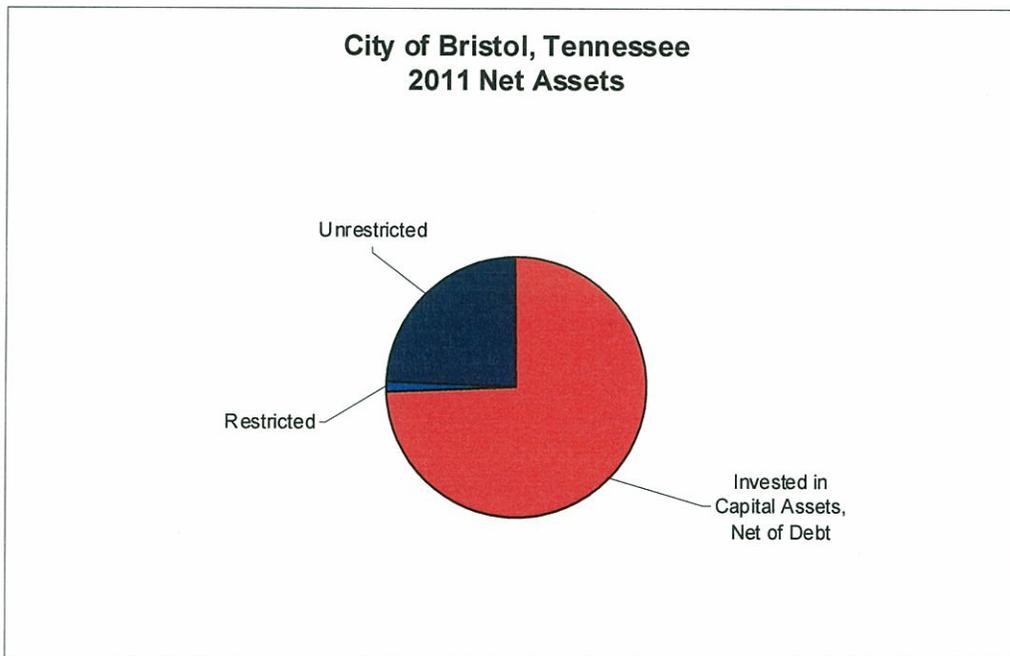
As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Bristol, total assets exceeded total liabilities by \$261,919,893 at the close of the most recent fiscal year.

By far the largest portion of the City of Bristol's net assets (75%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* may be used to meet the government's ongoing obligations to citizens and creditors.

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

City of Bristol, Tennessee Net Assets
(Excluding Component Unit)
June 30, 2011
(Presented in Actual Dollars)

	Governmental Activities		Business Activities		Total	
	2011	2010	2011	2010	2011	2010
ASSETS:						
Current and Other Assets	\$ 58,673,705	53,444,233	47,465,016	44,006,695	106,138,721	97,450,928
Capital Assets, Net of Accumulated Depreciation	119,473,736	116,163,178	122,814,233	123,355,413	242,287,969	239,518,591
Total Assets	178,147,441	169,607,411	170,279,249	167,362,108	348,426,690	336,969,519
LIABILITIES:						
Current Liabilities	28,299,701	25,911,392	7,145,065	11,496,027	35,444,766	37,407,419
Long-term Liabilities	24,886,278	20,325,847	26,175,753	28,268,204	51,062,031	48,594,051
Total Liabilities	53,185,979	46,237,239	33,320,818	39,764,231	86,506,797	86,001,470
NET ASSETS:						
Invested in Capital Assets, Net of Debt	97,767,105	98,061,071	97,370,921	94,732,789	195,138,026	192,793,860
Restricted	2,993,856	629,740	-	-	2,993,856	629,740
Unrestricted	24,200,501	24,679,361	39,587,510	32,865,088	63,788,011	57,544,449
Total Net Assets	\$ 124,961,462	123,370,172	136,958,431	127,597,877	261,919,893	250,968,049



The government's net assets increased by \$10,951,844 during the fiscal year. Part of the increase was from revenue related to either contributed capital assets from outside sources, rate increases, or from the sale of property held for resale

Governmental Activities. Governmental activities increased the City's net assets by \$1,591,290 relating to current year activity. This increase accounts for 15 percent of the total current year change in net assets. Key elements of this increase are as follows:

- The City was able to record \$1,406,435 for contributed capital assets in the year. The majority of this total relates to the donation of the State's portion of Bristol Metals Road and Partnership Park Road to the City. Donations were also received for assets purchased through the school activity funds and assets purchased by the Bristol Public Library. The City owns 50 percent of Library assets.
- Sales tax revenue increased by \$158,103 from the prior year. This is significant since the City had suffered a decline in this revenue source over the past few years due to the decline in economic conditions. Management is anticipating this revenue source to continue to slowly increase as the economic situation improves. Beer and liquor tax, business tax, and cable franchise tax experienced modest growth during the year. Property taxes, gas tax, and hotel/motel tax experienced decreases over the prior year. The governmental activities also recorded \$242,639 as insurance recoveries for proceeds due to the City to reimburse for hail and windstorms that damaged City equipment and facilities during the months of April and May.
- Community Relations decreased program expenses during the fiscal year by \$214,518. This function varies from year to year dependent upon activity at Viking Hall Civic Center. The promotional cost and related expenses are recorded in this function for all civic center activities. During the 2011 year, management also transferred operational control of the Farmers' Market to Parks and Recreation. Therefore, a portion of the decline in this function can be attributable to the increase in the other related function.
- General Government, Education, Parks and Recreation, Public Safety, and Public Works all experienced growth in expenses from the prior fiscal year. Almost all of these functions were impacted by the hail and windstorms previously mentioned. Therefore, each of these functions experienced additional unplanned costs in response to these storms. The Public Works function also incurred more costs for winter storm related events than in prior year due to more ice and snowstorms that required additional road maintenance.
- For three 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 from each function of the governmental funds the portion required as a contribution to fully fund the 2011 ARC. Therefore, the functions' current year expenses reflect their portion of the OPEB trust contribution.

Business-type Activities. Business-type activities increased the City's net assets by \$9,360,554 relating to current year activity. This increase accounts for 85 percent of the total current year change in net assets. Key elements of this increase are as follows.

- Operating revenues in the Electric Fund were principally derived from retail sales of electricity. Temperature has historically been a main driver in electric sales. The Electric Fund experienced an \$8,192,363 increase in net assets because of growth. In addition, the fuel cost adjustment was positive and resulted in an increase in purchased power expense and increased revenue. The Electric Fund also recorded \$1,136,525 in donated capital and capital grants during the fiscal year.

- The service rates for the Water Fund and the Sewer Fund were increased during the 2011 year. See schedules of rates on pages 187 - 188 for additional information. The Water and Sewer Funds also recorded \$230,519 and \$470,286 in donated capital and capital grants during the fiscal year, respectively.

City of Bristol, Tennessee Changes in Net Assets
(Excluding Component Unit)
For the Fiscal Year Ended June 30, 2011
(Presented in Actual Dollars)

	Governmental Activities		Business Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues:						
Charges for Services	\$ 4,766,139	4,988,590	114,332,581	98,559,340	119,098,720	103,547,930
Operating Grants	22,546,392	23,167,349	-	-	22,546,392	23,167,349
Capital Grants	2,687,416	1,800,530	1,837,330	2,844,275	4,524,746	4,644,805
General Revenues:						
Property Taxes	23,445,917	23,786,875	-	-	23,445,917	23,786,875
Payments in Lieu of Tax	31,169	57,601	-	-	31,169	57,601
Sales Taxes	8,615,701	8,457,598	-	-	8,615,701	8,457,598
Beer and Liquor Taxes	772,930	761,487	-	-	772,930	761,487
Business Tax	514,496	455,662	-	-	514,496	455,662
Cable Franchise Tax	373,356	324,127	-	-	373,356	324,127
Gas Franchise Tax	281,099	286,077	-	-	281,099	286,077
Hotel/Motel Taxes	394,732	417,098	-	-	394,732	417,098
State Revenue (Unrestricted)	2,488,186	2,620,546	-	-	2,488,186	2,620,546
Insurance Recoveries	242,639	-	65,883	-	308,522	-
Investment Earnings (Unrestricted)	18,854	97,925	505,356	594,065	524,210	691,990
Other General Revenues	543,133	621,309	-	-	543,133	621,309
Total Revenues	67,722,159	67,842,774	116,741,150	101,997,680	184,463,309	169,840,454
Expenses:						
Governmental Activities:						
General Government	6,119,207	5,742,353	-	-	6,119,207	5,742,353
Community Relations	806,526	1,021,044	-	-	806,526	1,021,044
Education	36,497,096	36,319,527	-	-	36,497,096	36,319,527
Parks and Recreation	3,751,378	3,379,825	-	-	3,751,378	3,379,825
Public Safety	11,154,395	10,896,643	-	-	11,154,395	10,896,643
Public Works	8,771,220	8,607,962	-	-	8,771,220	8,607,962
Interest on Long-Term Debt	686,811	709,656	-	-	686,811	709,656
Business-type Activities:						
Electric	-	-	88,320,850	76,642,189	88,320,850	76,642,189
Water	-	-	4,227,801	3,922,749	4,227,801	3,922,749
Sewer	-	-	4,447,561	4,212,119	4,447,561	4,212,119
Cable and Internet	-	-	6,784,251	5,319,340	6,784,251	5,319,340
Telephone	-	-	1,471,246	1,449,062	1,471,246	1,449,062
Demolition Landfill	-	-	448,652	573,344	448,652	573,344
Total Expenses	67,786,633	66,677,010	105,700,361	92,118,803	173,486,994	158,795,813
Increase in Net Assets Before Transfers	(64,474)	1,165,764	11,040,789	9,878,877	10,976,315	11,044,641
Transfers	1,655,764	1,464,747	(1,680,235)	(1,464,747)	(24,471)	-
Increase in Net Assets	1,591,290	2,630,511	9,360,554	8,414,130	10,951,844	11,044,641
Net Assets, Beginning	123,370,172	119,901,883	127,597,877	119,238,500	250,968,049	239,140,383
Prior Period Adjustments	-	837,778	-	(54,753)	-	783,025
Net Assets, Restated	123,370,172	120,739,661	127,597,877	119,183,747	250,968,049	239,923,408
Net Assets, Ending	\$ 124,961,462	123,370,172	136,958,431	127,597,877	261,919,893	250,968,049

Financial Analysis of the Government's Funds

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

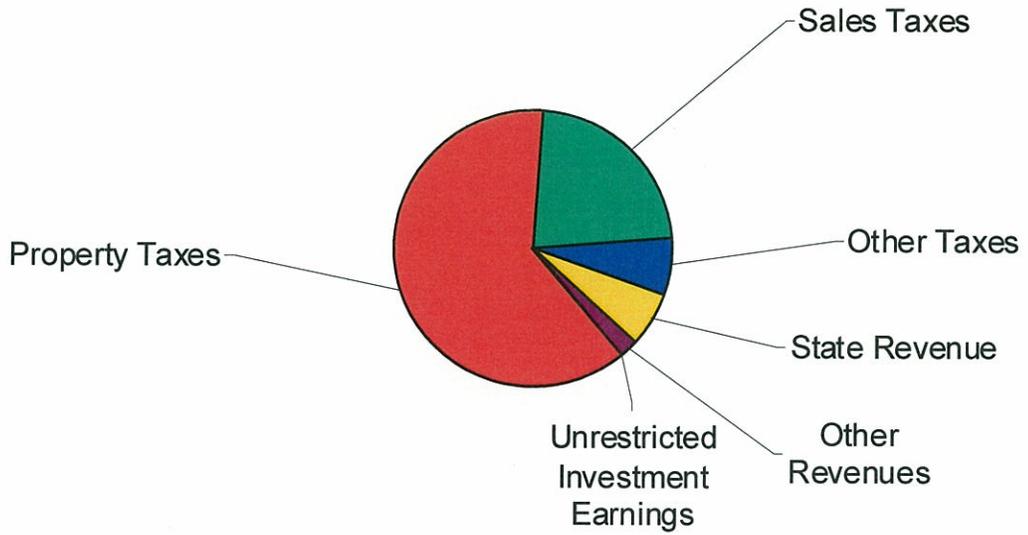
Governmental Funds. The focus of the City of Bristol's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as 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 \$27,383,632 for the year, an increase of \$4,068,420. The General Fund, General Purpose School Fund, and School Capital Projects Fund had changes of \$1,039,159, \$1,086,858, and \$512,628, respectively. The change in fund balance also included activity in the non-major funds. All of the non-major funds experienced either no change or an increase in fund balance, except for the State Street Aid Fund. This fund incurred a loss for the year of \$49,108 due to increased cost of materials.

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 \$12,890,134 while total fund balance was reported to be \$13,961,665. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and other financing uses. Unassigned fund balance and total fund balance represent approximately 45 percent and 49 percent, respectively, of total general fund expenditures and other financing uses.

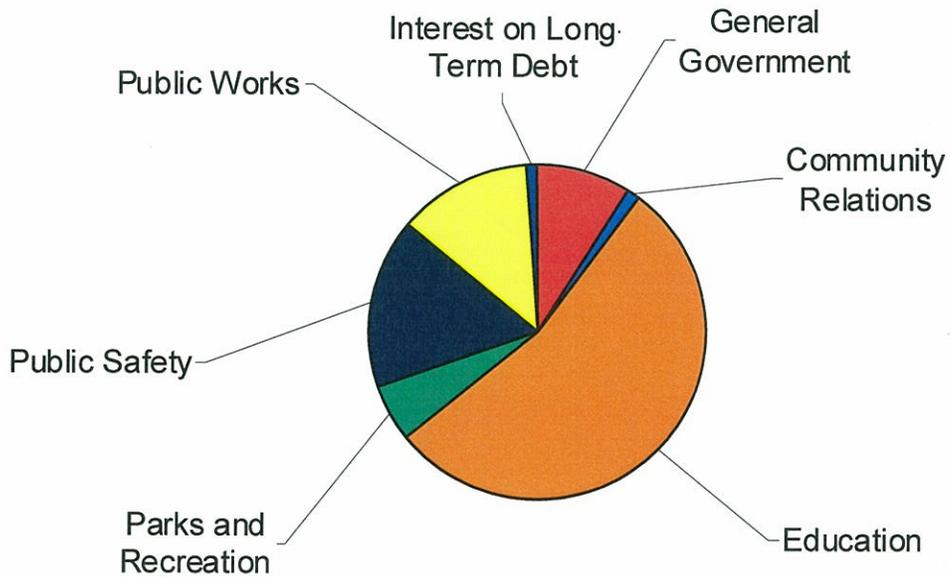
The General Purpose School Fund is the chief operating fund of the Board of Education. At the end of the current fiscal year, total fund balance was \$9,246,411. A portion of this amount is either classified as nonspendable or restricted to indicate that it is not available to new spending or only available if certain criteria can be met. The remainder of the fund balance is unassigned. The total fund balance increased from the prior year due to several factors. Key factors included increased property tax revenue, additional intergovernmental revenue (grants), and a decrease in capital outlay.

The School Capital Projects Fund had an increase in fund balance of \$512,628. This increase was due to funding for the energy conservation projects in excess of current year expenditures. The fund received \$3,290,000 from Series 2011 general obligation bonds and \$1,378,410 in Energy Efficient Schools Initiative (EESI) loan proceeds during the 2011 year. The remaining proceeds have been classified as restricted cash and are being held to partially fund the remainder of the projects in the 2012 fiscal year.

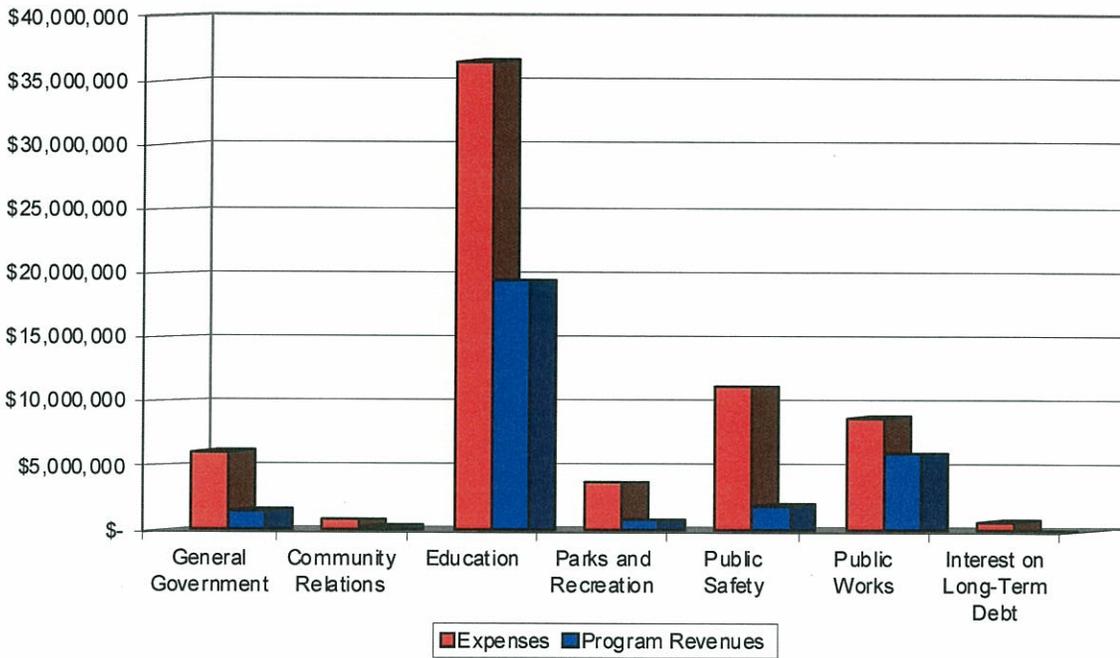
Governmental Activities Revenues



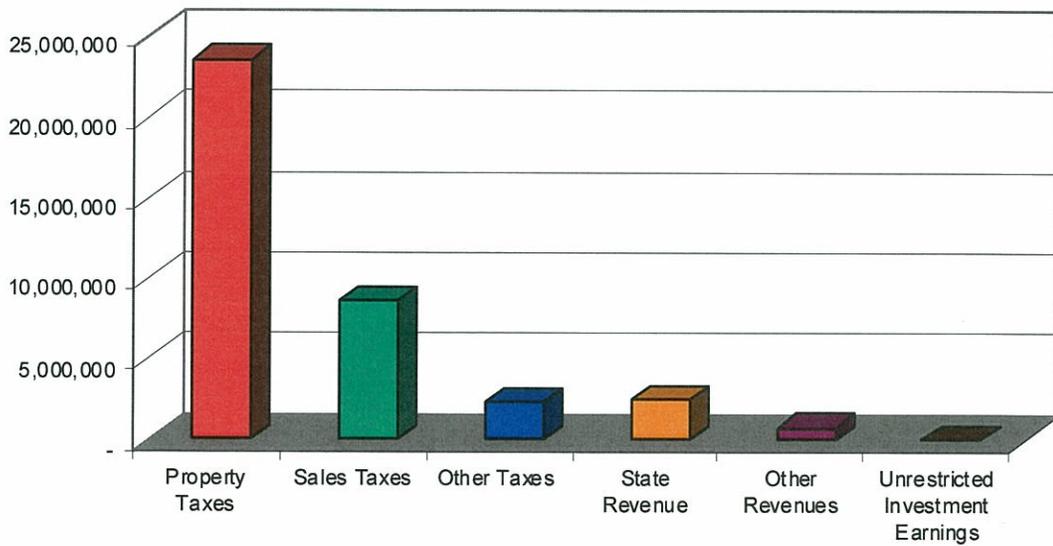
Governmental Activities Expenses



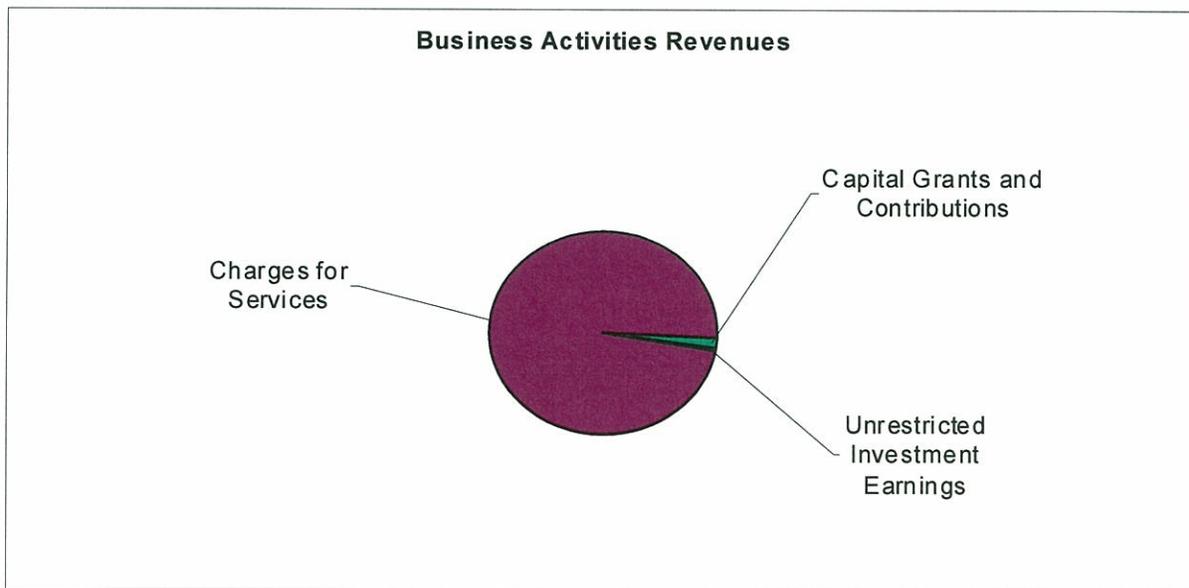
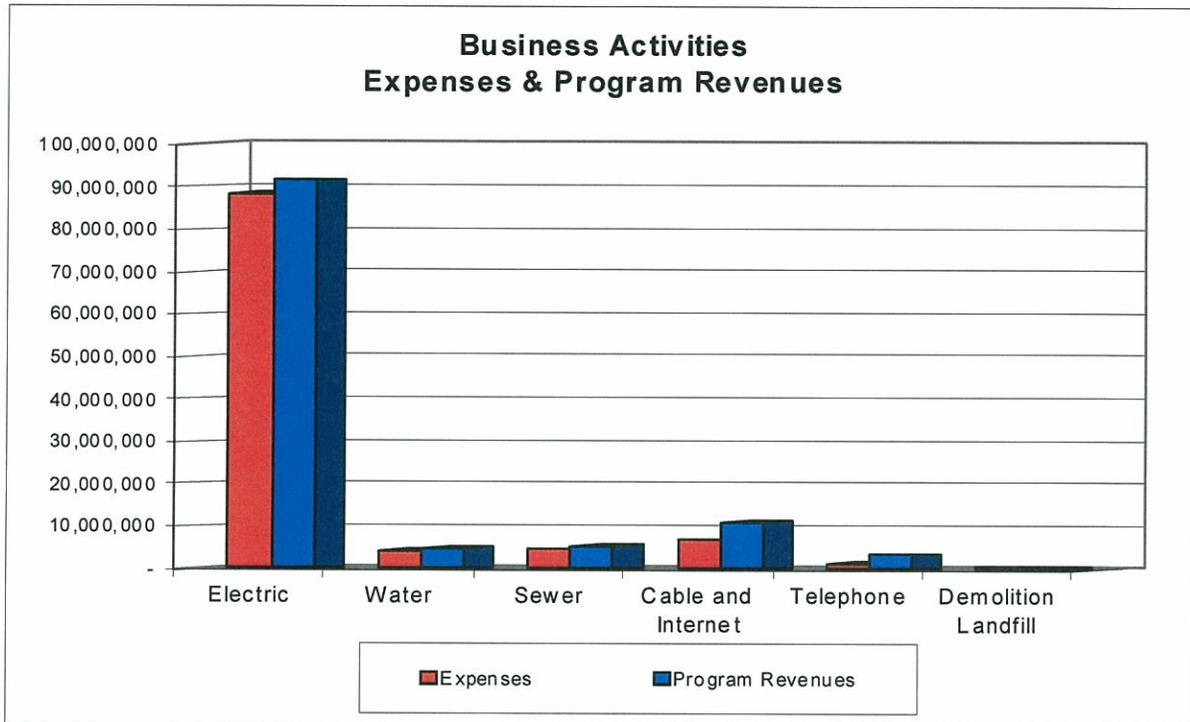
Governmental Activities Expenses & Program Revenues



Governmental Activities General Revenues



Proprietary Funds. The City of Bristol’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Electric Fund at the end of the year totaled \$28,998,544. The Water, Sewer, and Demolition Landfill Funds unrestricted net assets amounted to \$754,853, \$10,019,588, and \$(152,570), respectively. The total change in net assets was \$8,192,363, \$439,465, \$657,257, and \$144,058 for the Electric, Water, Sewer, 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. The budget amendment was required to address unexpected technology issues, damage to City equipment and facilities because of hail and windstorms in the spring, and additional road maintenance costs related to an increase in winter weather related events.

Management designed the 2011 budget with a conservative approach in light of the economic trends of the area. Actual revenues exceeded the original budget and amended budget amounts by \$1,451,945 and \$968,809, respectively. Property tax revenue exceeded budget by \$262,139 due to increased collection efforts of Finance staff and the City Attorney. Staff has been much more aggressive in the 2011 fiscal year and was able to increase delinquent tax collections. Local sales tax increased \$1,933 from the amount received in the previous year. However, management expected the decline in revenue experienced in previous years to continue longer than it actually did and lowered the budget for this revenue source for 2011. Receipts were \$179,940 higher than the budgeted amount as a result. The largest deviation from the original budget was the sale of property held for resale. A building owned by the City in the downtown area was being held as inventory. Management staff had worked to sell this asset to aid economic development in the area. The sale was not budgeted, as part of the conservative approach, since staff was unsure if a sale would occur during the fiscal year. The building was sold during the year for \$564,385.

Management continued the prior year plan of altered spending while designing the budget for the 2011 fiscal year. The original expenditure budget for 2011 was \$95,935 lower than the budget for the prior fiscal year. Vacant positions were held open as long as possible and tasks were evaluated to see if they could be done in a more efficient and cost effective manner. Spending for capital was increased due to the necessity. However, capital outlay for equipment had previously been recorded in each respective governmental fund in prior years. An Equipment Capital Projects Fund was established in the 2011 year to track capital spending for equipment of the governmental funds. This will allow expenditure activity of the General Fund to represent recurring operating costs and allow for a more accurate comparison of data between fiscal years. The General Fund transferred \$491,025 to the Equipment Capital Projects Fund during the year. If the new fund had not been established and capital outlay for equipment had remained in the General Fund, the original budget for the 2011 fiscal year would have exceeded the prior year budget by \$471,065.

Capital Asset and Debt Administration

Capital Assets. The City of Bristol's investment in capital assets for its governmental and business type activities as of June 30, 2011, amounts to \$195,138,026 (net of related debt.) This investment in capital assets includes land, land improvements, buildings and improvements, other improvements, machinery and equipment, infrastructure, and construction in progress. The total increase in the City's investment in capital assets for the current year was 1.2 percent (a 2.8 percent increase for governmental activities and a 0.4 percent decrease for business-type activities).

**City of Bristol, Tennessee Capital Assets
(Net of Depreciation)
June 30, 2011
(Presented in actual dollars)**

	Governmental Activities		Business Activities		Total	
	2011	2010	2011	2010	2011	2010
Net Capital Assets:						
Land	\$ 4,038,348	4,038,348	2,010,635	1,972,626	6,048,983	6,010,974
Land Improvements	1,696,748	1,753,738	655,524	701,249	2,352,272	2,454,987
Buildings and Improvements	33,960,733	34,911,703	2,478,431	2,769,648	36,439,164	37,681,351
Other Improvements	1,091,512	953,200	61,478,697	60,250,240	62,570,209	61,203,440
Machinery and Equipment	4,841,339	4,694,115	54,008,683	52,401,992	58,850,022	57,096,107
Infrastructure	68,969,192	69,633,212	-	-	68,969,192	69,633,212
Construction in Progress	4,875,864	178,862	2,182,263	5,259,658	7,058,127	5,438,520
Capital Assets	<u>\$ 119,473,736</u>	<u>116,163,178</u>	<u>122,814,233</u>	<u>123,355,413</u>	<u>242,287,969</u>	<u>239,518,591</u>

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

- Several of the capital asset projects funded through the governmental funds have been previously discussed or mentioned in the letter of transmittal. In addition to these projects, the City began razing the old Central Elementary School during the year. This site will be improved upon in the 2012 fiscal year to allow extra athletic fields and facilities for school use. The City also constructed a dog park at Charlie Robinette Park and continued the ballpark fence replacement project with fencing replaced at a ball field at Whitetop Creek Park.
- Electric system construction, equipment, and prepayments totaling \$7,064,029 was paid for during the 2011 year, while \$29,935 was included in accounts payable at year end. The Electric Fund has had increases in capital additions the past two years as a result of build out of the fiber backbone and fiber to the home system.
- Water and sewer system construction and equipment totaling \$520,731 were incurred for various projects. Included in accounts payable at year-end was \$30,758 for construction related costs. Completed water projects included \$163,046 of water line improvements at Crown Circle/Shirley Drive. Other projects were also completed, such as the Georgia Avenue water upgrade, water plant media and filter improvement project, and the water plant energy conservation measures project to upgrade the variable frequency drives. Many water projects were still in construction in progress at year-end, including the East End fire protection improvements project, Fox Ridge project, and the water plant screen/hoist project. The cost of these projects for the 2011 year was \$321,808.
- Completed sewer projects included the completion of the \$1,855,137 Evans Creek sewer project. Current year additions to this project before completion were \$158,951. The Cedar Valley sewer shed project was also completed during the year and \$23,336 was transferred to other improvements. A few sewer projects were also still in construction in progress at year end, including the Akard School sewer trunk project, Beaver Creek sewer project, Apple Ridge Sanitary sewer project, and the HWY 394 at Interstate 81/Exit 69 project. Sullivan County, Tennessee reimburses the Akard School sewer trunk project, Beaver Creek sewer project, Evans Creek sewer project, and the HWY 394 at Interstate 81/Exit 69 project. The cost of the additions for these projects for the 2011 year was \$173,548.

- A project to expand Area IV of the Demolition Landfill began during the 2010 year. In addition to other costs, total additions related to this project during the year were \$197,056. The project continued into fiscal year 2012.

Additional information on the City of Bristol, Tennessee’s capital assets can be found in note IV.C on pages 71- 74 of this report.

Long-term Debt. At the end of the current fiscal year, the City of Bristol had total bonded debt outstanding of \$43,425,000. Of this amount, 49 percent comprises debt backed by the full faith and credit of the government. The remaining 51 percent of the City’s debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

During 2011, the City issued Series 2011 General Obligation Bonds at a premium to finance improvements to school facilities and recreational facilities. The bonds were issued in March 2011 for \$4,450,000 with a maturity date of June 1, 2023. The interest rate is fixed at 4% for the first seven years, 3% for the next four years, and 3.125% for the final year.

The City also has a \$5,000,000 loan agreement with the State of Tennessee Energy Efficient Schools Initiative Program to fund energy conservation measures at several school facilities. The money is being drawn as disbursements are paid. As of year-end, \$1,378,410 of the loan was outstanding. The repayment schedule will be finalized when the entire loan has been obtained and the project is finalized. The loan will have a twelve-year repayment schedule, monthly payments, and a 0.75% interest rate.

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 a low 0.92 percent.

Additional information on the City of Bristol, Tennessee’s long-term debt can be found in note IV.E on pages 76 - 88 of this report.

City of Bristol, Tennessee's Outstanding Debt
General Obligation and Revenue Bonds
 June 30, 2011
 (Presented in actual dollars)

	Governmental Activities		Business Activities		Total	
	2011	2010	2011	2010	2011	2010
<u>Outstanding Bond Debt</u>						
General Obligation	\$ 19,825,000	17,043,584	1,540,000	2,731,416	21,365,000	19,775,000
Revenue Bonds	-	-	22,060,000	22,545,000	22,060,000	22,545,000
Total Outstanding Bond Debt	<u>\$ 19,825,000</u>	<u>17,043,584</u>	<u>23,600,000</u>	<u>25,276,416</u>	<u>43,425,000</u>	<u>42,320,000</u>

Economic Factors and Next Year’s Budgets and Rates

- The unemployment rate for the City of Bristol at June 30, 2011, was 8.3%. This is a decrease from the 9.0% estimate listed in the prior year’s audit, and favorable compared with the trends seen across the State of Tennessee. As of June 2011, the national unemployment rate was 9.2% and the unemployment rate for the State of Tennessee was 9.8%. Therefore, Bristol’s rate of 8.3% was lower than the national average, the rates of others in the surrounding area, and rates across Tennessee.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Bristol's budget for the 2012 fiscal year.

During the current fiscal year, unassigned fund balance in the General Fund increased to \$12,890,134. The City budgeted a \$694,881 decrease for the 2012 budget year for the General Fund. Revenues are expected to increase 1.7%. The major areas of growth from the 2011 budgeted amounts include local sales tax, in lieu of payments, state income taxes, delinquent property taxes, ambulance service charges, and building permit fees. No change in the \$2.19 per \$100 of assessed valuation was planned. Operating expenditures are 2.7% higher than 2011 budgeted levels. Costs are expected to increase due to higher health insurance costs, a general wage adjustment for employees, and increased overtime. First time funding of \$50,000 for the Bristol Industrial Development Board for economic development is also part of the increase. Offsetting the increase is lower retirement costs due to requiring new employees after October 1, 2011 to be contributory and lower workers compensation premiums.

The Water Fund was budgeted for FY 2012 to have an approximate \$302,818 positive change in net assets. Water rates were not proposed to increase for the 2012 fiscal year. A rate increase of 8.5 percent took effect for billings effective July 1, 2009, and again effective July 1, 2010. The rates had remained unchanged for the previous 24-month period. Operating expenses were projected to be \$76,612 higher due to capital projects planned for the year and the general wage adjustment previously mentioned.

The Sewer Fund was budgeted for FY 2012 to have an approximate \$948,515 positive change in net assets. This balance reflects an estimated \$800,000 of capital contributions that is expected to be received from Sullivan County to fund capital projects. Sewer rates were not proposed to increase for the 2012 fiscal year. A rate increase of 4 percent took effect for billings effective July 1, 2009, and again effective July 1, 2010. A service and infiltration/inflow fee increase of 70 cents per month was also passed effective with the 2010 year. The rates have remained unchanged for the previous 36-month period. Operating expenses were projected to be \$131,951 higher due to capital projects planned for the year, additional funding required for the Joint Sewerage System, and the general wage adjustment for employees.

Requests for Information

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance; 801 Anderson Street; Bristol, Tennessee 37620 or Post Office Box 1189; Bristol, Tennessee 37621-1189.

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

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

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

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

CITY OF BRISTOL, TENNESSEE
STATEMENT OF NET ASSETS
June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Emergency Communications District
ASSETS:				
Cash and Cash Equivalents	\$ 23,554,282	10,790,628	34,344,910	746,582
Receivables, Net of Allowance	15,540,346	11,419,184	26,959,530	31,809
Notes Receivable	154,791	2,868,009	3,022,800	-
Other Receivables	1,251,959	861,350	2,113,309	-
Due from Other Governments	13,579,569	207,305	13,786,874	-
Due from Component Unit	-	-	-	-
Due from Joint Venture	8,429	343,688	352,117	-
Internal Balances	(82,549)	82,549	0	-
Inventories	158,344	1,573,126	1,731,470	-
Prepays and Prepaid Pension Cost	61,611	2,761,623	2,823,234	8,744
Discounted Energy Units	-	1,499,909	1,499,909	-
Investment in Joint Venture	-	6,748,748	6,748,748	-
Restricted Cash	3,914,792	-	3,914,792	-
Long-term Certificates of Deposit	-	8,000,000	8,000,000	-
Other Assets	277,112	308,897	586,009	-
Property Held for Resale	255,019	-	255,019	-
Capital Assets, Net of Accumulated Depreciation:				
Land	4,038,348	2,010,635	6,048,983	-
Land Improvements	1,696,748	655,524	2,352,272	-
Buildings and Building Improvements	33,960,733	2,478,431	36,439,164	-
Other Improvements	1,091,512	61,478,697	62,570,209	-
Machinery and Equipment	4,841,339	54,008,683	58,850,022	86,626
Infrastructure	68,969,192	-	68,969,192	-
Construction in Progress	4,875,864	2,182,263	7,058,127	-
Total Assets	178,147,441	170,279,249	348,426,690	873,761
LIABILITIES:				
Accounts Payable and Other Current Liabilities	2,925,931	3,999,883	6,925,814	778
Contracts Payable	1,987,292	35,280	2,022,572	-
Retainages Payable	215,777	-	215,777	-
Accrued Interest Payable	70,119	341,168	411,287	-
Due to Others and Deposits	63,740	2,174,372	2,238,112	-
Unearned Revenue	23,036,842	594,362	23,631,204	-
Noncurrent Liabilities:				
Due Within One Year	2,768,912	980,718	3,749,630	-
Due in More Than One Year	22,117,366	25,195,035	47,312,401	-
Total Liabilities	53,185,979	33,320,818	86,506,797	778
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	97,767,105	97,370,921	195,138,026	86,626
Restricted For:				
Capital Assets	1,513,636	-	1,513,636	-
Education	21,375	-	21,375	-
Juvenile Court	4,020	-	4,020	-
Parks and Recreation	9,806	-	9,806	-
Police and Drug Control	123,302	-	123,302	-
School Nutrition	1,183,865	-	1,183,865	-
State Street Aid	137,852	-	137,852	-
Unrestricted	24,200,501	39,587,510	63,788,011	786,357
Total Net Assets	\$ 124,961,462	136,958,431	261,919,893	872,983

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, 2011

Functions/Programs	NET (EXPENSE) REVENUE AND CHANGES										Component Unit
	IN NET ASSETS										
	PROGRAM REVENUES					Primary Government					
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Emergency Communications District	
Primary Government:											
Governmental Activities:											
General Government	\$ 6,119,207	124,495	1,258,039	89,280	(4,647,393)	-	(4,647,393)	-	(4,647,393)	-	
Community Relations	806,526	336,205	11,046	-	(459,275)	-	(459,275)	-	(459,275)	-	
Education	36,497,096	981,072	18,416,845	18,478	(17,080,701)	-	(17,080,701)	-	(17,080,701)	-	
Parks and Recreation	3,751,378	625,684	232,986	-	(2,892,708)	-	(2,892,708)	-	(2,892,708)	-	
Public Safety	11,154,395	1,195,597	734,550	-	(9,224,248)	-	(9,224,248)	-	(9,224,248)	-	
Public Works	8,771,220	1,503,086	1,892,926	2,579,658	(2,795,550)	-	(2,795,550)	-	(2,795,550)	-	
Interest on Long-Term Debt	686,811	-	-	-	(686,811)	-	(686,811)	-	(686,811)	-	
Total Governmental Activities	67,786,633	4,766,139	22,546,392	2,687,416	(37,786,686)	0	(37,786,686)	0	(37,786,686)	0	
Business-type Activities:											
Electric	88,320,850	90,400,573	-	1,136,525	-	3,216,248	-	3,216,248	3,216,248	-	
Water	4,227,801	4,551,885	-	230,519	-	554,603	-	554,603	554,603	-	
Sewer	4,447,561	4,863,871	-	470,286	-	886,596	-	886,596	886,596	-	
Cable and Internet	6,784,251	11,040,654	-	-	-	4,256,403	-	4,256,403	4,256,403	-	
Telephone	1,471,246	3,335,118	-	-	-	1,863,872	-	1,863,872	1,863,872	-	
Demolition Landfill	448,652	140,480	-	-	-	(308,172)	-	(308,172)	(308,172)	-	
Total Business-type Activities	105,700,361	114,332,581	0	1,837,330	0	10,469,550	0	10,469,550	10,469,550	0	
Total Primary Government	\$ 173,486,994	119,098,720	22,546,392	4,524,746	(37,786,686)	10,469,550	(37,786,686)	10,469,550	(27,317,136)	0	
Component Unit:											
Emergency Communications District	\$ 396,832	425,572	-	26,000	-	-	-	-	-	54,740	
General Revenues:											
Property Taxes					23,445,917				23,445,917		
Payments in Lieu of Tax					31,169				31,169		
Sales Taxes					8,615,701				8,615,701		
Beer and Liquor Taxes					772,930				772,930		
Business Tax					514,496				514,496		
Cable Franchise Tax					373,356				373,356		
Gas Franchise Tax					281,099				281,099		
Hotel/Motel Taxes					394,732				394,732		
State Revenue (Unrestricted)					2,488,186				2,488,186		
Insurance Recoveries					242,639			65,883	308,522		
Investment Earnings (Unrestricted)					18,854			505,356	524,210	4,352	
Other General Revenue					543,133			-	543,133		
Transfers					1,655,764			(1,680,235)	(24,471)		
Total General Revenues and Transfers					39,377,976			(1,108,996)	38,268,980	4,352	
Change in Net Assets					1,591,290			9,360,554	10,951,844	59,092	
Net Assets, Beginning					123,370,172			127,597,877	250,968,049	813,891	
Net Assets, Ending					\$ 124,961,462			136,958,431	261,919,893	872,983	

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

CITY OF BRISTOL, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General Fund	General Purpose School Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 12,565,686	8,298,962	-	1,702,671	22,567,319
Receivables, Net of Allowance	15,387,453	-	-	152,893	15,540,346
Notes Receivable	-	-	-	154,791	154,791
Other Receivables	1,084,158	145,992	-	6,778	1,236,928
Due from Other Funds	861,630	37,445	28,167	792,648	1,719,890
Due from Other Governments	2,300,799	10,129,882	-	1,148,888	13,579,569
Due from Joint Venture	8,429	-	-	-	8,429
Inventory	89,662	-	-	68,682	158,344
Restricted Cash	-	-	2,527,237	1,387,555	3,914,792
Property Held for Resale	255,019	-	-	-	255,019
Total Assets	<u>\$ 32,552,836</u>	<u>18,612,281</u>	<u>2,555,404</u>	<u>5,414,906</u>	<u>59,135,427</u>
<u>LIABILITIES AND FUND BALANCES:</u>					
<u>Liabilities:</u>					
Accounts Payable	\$ 349,761	270,651	4,500	799,832	1,424,744
Contracts Payable	-	-	1,822,499	164,793	1,987,292
Retainages Payable	-	-	215,777	-	215,777
Accrued Payroll and Related Deductions	444,984	103,811	-	35,428	584,223
Due to Other Funds	1,297,543	-	-	530,908	1,828,451
Due to Others	38,887	-	-	24,853	63,740
Deferred Revenue	16,459,996	8,991,408	-	196,164	25,647,568
Total Liabilities	<u>18,591,171</u>	<u>9,365,870</u>	<u>2,042,776</u>	<u>1,751,978</u>	<u>31,751,795</u>
Fund Balances:					
Nonspendable for:					
Inventory and Property Held For Resale	344,681	-	-	68,682	413,363
Prepaid Items	-	59,283	-	-	59,283
Restricted for:					
Capital Outlay	-	-	512,628	1,001,008	1,513,636
Education	-	21,375	-	-	21,375
Juvenile Court	4,020	-	-	-	4,020
Parks and Recreation	9,806	-	-	-	9,806
Police and Drug Control	18,143	-	-	105,159	123,302
School Nutrition	-	-	-	1,183,865	1,183,865
State Street Aid	-	-	-	137,852	137,852
Committed for:					
Solid Waste	-	-	-	285	285
Viking Hall Fund	-	-	-	13,274	13,274
Assigned for:					
Capital Outlay	-	-	-	945,251	945,251
Education	-	9,165,753	-	-	9,165,753
Next Year's Budget	694,881	-	-	-	694,881
State Street Aid	-	-	-	207,552	207,552
Unassigned	12,890,134	-	-	-	12,890,134
Total Fund Balances	<u>13,961,665</u>	<u>9,246,411</u>	<u>512,628</u>	<u>3,662,928</u>	<u>27,383,632</u>
Total Liabilities and Fund Balances	<u>\$ 32,552,836</u>	<u>18,612,281</u>	<u>2,555,404</u>	<u>5,414,906</u>	

(Continued)

CITY OF BRISTOL, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

Total Governmental Funds - Total Fund Balances (Brought Forward)	27,383,632
Amounts reported for governmental activities in the statement of net assets are different because:	
Revenue for amounts not received during the period of availability and, therefore, not considered "available" has been deferred in the funds.	2,610,726
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	119,473,736
Prepays are expensed when disbursed in the governmental funds and are not recognized based upon economic benefit or recorded as assets in the funds.	61,611
An internal service fund is used to charge costs of employee insurance to the funds. The assets and liabilities of the fund are included in governmental activities in the statement of net assets.	111,042
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(24,956,397)
Governmental funds report the effect of debt issuance costs when debt is issued. These amounts are reported as other assets and amortized over the life of the debt for the statement of net assets.	<u>277,112</u>
Net Assets of Governmental Activities	<u><u>\$ 124,961,462</u></u>

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

CITY OF BRISTOL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2011

	General Fund	General Purpose School Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	\$ 21,298,834	13,290,528	-	-	34,589,362
Licenses and Permits	150,377	2,265	-	-	152,642
Intergovernmental	3,298,445	14,493,755	-	7,718,483	25,510,683
Charges for Services	1,059,261	273,103	-	2,205,460	3,537,824
Revenues from Use of Facilities	418,506	2,400	-	323,317	744,223
Fines and Forfeitures	400,211	-	-	71,058	471,269
Investment Earnings	21,428	12,004	1,455	11,168	46,055
Other	601,097	332,201	-	400,316	1,333,614
Total Revenues	<u>27,248,159</u>	<u>28,406,256</u>	<u>1,455</u>	<u>10,729,802</u>	<u>66,385,672</u>
EXPENDITURES:					
Current:					
General Government	3,615,375	-	-	1,563,083	5,178,458
Community Relations	338,479	-	-	450,005	788,484
Education	-	30,929,854	-	4,238,882	35,168,736
Parks and Recreation	3,309,796	-	-	131,025	3,440,821
Public Safety	10,188,736	-	-	247,726	10,436,462
Public Works	3,018,047	-	-	3,135,437	6,153,484
Capital Outlay	-	425,753	4,296,376	1,960,358	6,682,487
Debt Service:					
Principal Retirement	-	-	-	1,729,155	1,729,155
Interest	-	-	-	645,363	645,363
Other Costs	-	-	-	1,906	1,906
Bond Issuance Costs	-	-	48,135	16,972	65,107
Total Expenditures	<u>20,470,433</u>	<u>31,355,607</u>	<u>4,344,511</u>	<u>14,119,912</u>	<u>70,290,463</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,777,726</u>	<u>(2,949,351)</u>	<u>(4,343,056)</u>	<u>(3,390,110)</u>	<u>(3,904,791)</u>
Other Financing Sources (Uses):					
Bonds Issued	-	-	3,290,000	1,160,000	4,450,000
Notes Payable	-	-	1,378,410	-	1,378,410
Premium on Bonds Issued	-	-	159,107	56,147	215,254
Insurance Recoveries	219,801	12,839	-	10,000	242,640
Sale of Capital Assets	8,523	10,606	-	6,701	25,830
Transfers In	2,295,916	4,164,000	28,167	3,650,572	10,138,655
Transfers Out	(8,262,807)	(151,236)	-	(68,848)	(8,482,891)
Total Other Financing Sources (Uses)	<u>(5,738,567)</u>	<u>4,036,209</u>	<u>4,855,684</u>	<u>4,814,572</u>	<u>7,967,898</u>
Net Change in Fund Balances	<u>1,039,159</u>	<u>1,086,858</u>	<u>512,628</u>	<u>1,424,462</u>	<u>4,063,107</u>
Fund Balance, July 1, 2010	12,922,506	8,159,553	0	2,233,153	23,315,212
Purchase Method Inventory Adjustment	-	-	-	5,313	5,313
Fund Balance, June 30, 2011	<u>\$ 13,961,665</u>	<u>9,246,411</u>	<u>512,628</u>	<u>3,662,928</u>	<u>27,383,632</u>

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

CITY OF BRISTOL, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

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

Net change in fund balances - total governmental funds	\$ 4,063,107
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 \$3,295,960 and the current year amount of \$2,610,726.	(685,234)
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 \$6,682,487 exceeded depreciation of \$4,712,555 in the current period.	1,969,932
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets.	1,340,626
Inventory for the Child Nutrition Fund is accounted for by the purchase method on the fund level. The government wide financial statements reflect inventory accounted for on the consumption method. This is the amount by which expenses were adjusted to comply with the consumption method.	5,313
Certain expenditures have been reflected in the statement of activities for amounts that have economic benefits in future periods. The prepaid items have not been reflected in the governmental funds. This is the amount by which current year prepaid items of \$61,611 were exceeded by the prior year amount of \$115,897.	(54,286)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(4,249,401)
Compensated absences are measured by the amounts earned during the year in the statement of activities. However, expenditures for these items are measured by the amount of financial resources used in the governmental funds. Compensated absences decreased by this amount during the year.	(37,247)

(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, 2011

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.	(241,233)
An internal service fund is used by management to charge the costs of employee insurance to individual funds.	<u>(520,287)</u>
Change in net assets of governmental activities	<u><u>\$ 1,591,290</u></u>

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

CITY OF BRISTOL, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
<u>Taxes:</u>				
Property Tax (Net of Discounts, etc.)	\$ 14,178,587	14,178,587	14,440,726	262,139
Payments in Lieu of Taxes	69,924	69,924	71,179	1,255
Local Sales Tax	4,300,000	4,300,000	4,479,940	179,940
Beer and Liquor Taxes	755,000	755,000	772,930	17,930
Business Tax	431,000	431,000	514,496	83,496
Gas Franchise Tax	350,000	350,000	294,485	(55,515)
Cable Television Franchise Tax	320,000	320,000	330,346	10,346
Hotel and Motel Taxes	375,000	375,000	394,732	19,732
Total Taxes	<u>20,779,511</u>	<u>20,779,511</u>	<u>21,298,834</u>	<u>519,323</u>
<u>Licenses and Permits</u>	<u>172,415</u>	<u>172,415</u>	<u>150,377</u>	<u>(22,038)</u>
<u>Intergovernmental:</u>				
State Sales Tax	1,630,000	1,630,000	1,701,866	71,866
State Income Tax	350,000	383,136	370,662	(12,474)
State Highway Maintenance	125,000	125,000	94,514	(30,486)
Bank Excise Tax	52,000	52,000	38,996	(13,004)
Gas and Motor Fuel Tax	55,000	55,000	54,882	(118)
Beer and Mixed Drink	105,000	105,000	117,694	12,694
TVA Payments in Lieu	310,000	310,000	291,356	(18,644)
Telecommunications Tax	2,500	2,500	1,658	(842)
Federal Government	123,000	123,000	215,985	92,985
Federal Thru State and State Grants	66,600	66,600	89,344	22,744
Other Revenue	320,738	320,738	321,488	750
Total Intergovernmental	<u>3,139,838</u>	<u>3,172,974</u>	<u>3,298,445</u>	<u>125,471</u>
<u>Charges for Services</u>	<u>940,670</u>	<u>940,670</u>	<u>1,059,261</u>	<u>118,591</u>
<u>Revenues from Use of Facilities</u>	<u>325,910</u>	<u>475,910</u>	<u>418,506</u>	<u>(57,404)</u>
<u>Fines and Forfeitures</u>	<u>365,770</u>	<u>365,770</u>	<u>400,211</u>	<u>34,441</u>
<u>Investment Earnings</u>	<u>25,000</u>	<u>25,000</u>	<u>21,428</u>	<u>(3,572)</u>
<u>Other</u>	<u>47,100</u>	<u>347,100</u>	<u>601,097</u>	<u>253,997</u>
Total Revenues	<u>25,796,214</u>	<u>26,279,350</u>	<u>27,248,159</u>	<u>968,809</u>

(Continued)

CITY OF BRISTOL, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>Expenditures:</u>				
<u>General Government:</u>				
<u>General Administration:</u>				
City Council	126,799	126,799	119,100	7,699
City Court	50,384	50,384	50,313	71
Juvenile Court	273,885	273,885	268,361	5,524
City Manager	200,453	200,453	206,019	(5,566)
Economic Development	310,861	310,861	289,017	21,844
Legal	119,740	119,740	101,893	17,847
Finance	434,235	434,235	419,006	15,229
Information Technology	209,440	257,576	281,066	(23,490)
Human Resources	237,394	237,394	231,539	5,855
Total General Administration	<u>1,963,191</u>	<u>2,011,327</u>	<u>1,966,314</u>	<u>45,013</u>
<u>Other Administration:</u>				
Council Programs	1,132,853	1,172,853	1,104,899	67,954
School Insurance	76,300	76,300	79,541	(3,241)
Total Other Administration	<u>1,209,153</u>	<u>1,249,153</u>	<u>1,184,440</u>	<u>64,713</u>
<u>Community Development</u>				
Planning	247,655	247,655	244,582	3,073
Codes Enforcement	236,396	236,396	220,039	16,357
Total Community Development	<u>484,051</u>	<u>484,051</u>	<u>464,621</u>	<u>19,430</u>
Total General Government	<u>3,656,395</u>	<u>3,744,531</u>	<u>3,615,375</u>	<u>129,156</u>
<u>Community Relations</u>				
Administration	360,507	360,507	338,479	22,028
Total Community Relations	<u>360,507</u>	<u>360,507</u>	<u>338,479</u>	<u>22,028</u>
<u>Parks and Recreation</u>				
Administration	163,323	163,323	160,631	2,692
Recreation	503,447	503,447	476,715	26,732
Steele Creek Golf Course	213,420	213,420	205,917	7,503
Senior Citizens Programs	185,066	185,066	183,620	1,446
Slater Center	148,648	148,648	168,622	(19,974)
Parks and Facilities	1,490,243	1,590,243	1,733,513	(143,270)
Nature Center	111,858	111,858	105,090	6,768
Municipal Building	186,342	186,342	187,397	(1,055)
Haynesfield Pool	63,523	63,523	88,291	(24,768)
Total Parks and Recreation	<u>3,065,870</u>	<u>3,165,870</u>	<u>3,309,796</u>	<u>(143,926)</u>

(Continued)

CITY OF BRISTOL, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures (Continued):</u>				
<u>Public Safety:</u>				
<u>Fire Department:</u>				
Administration	249,327	249,327	242,061	7,266
Fire Suppression	3,232,295	3,232,295	3,312,996	(80,701)
Emergency Medical Services	127,272	127,272	128,724	(1,452)
Fire Stations	74,448	74,448	64,559	9,889
Fire Prevention	100,925	100,925	98,294	2,631
Total Fire Department	<u>3,784,267</u>	<u>3,784,267</u>	<u>3,846,634</u>	<u>(62,367)</u>
<u>Police Department:</u>				
Administration	589,795	589,795	518,416	71,379
Patrol	3,240,391	3,240,391	3,139,984	100,407
Investigations	982,613	982,613	913,911	68,702
Community Programs	512,577	512,577	571,878	(59,301)
Communications and Records	1,071,022	1,071,022	1,081,378	(10,356)
Animal Control	113,949	113,949	116,535	(2,586)
Total Police Department	<u>6,510,347</u>	<u>6,510,347</u>	<u>6,342,102</u>	<u>168,245</u>
Total Public Safety	<u>10,294,614</u>	<u>10,294,614</u>	<u>10,188,736</u>	<u>105,878</u>
<u>Public Works:</u>				
Administration	119,170	119,170	124,088	(4,918)
Engineering	175,482	175,482	162,785	12,697
GIS	125,250	125,250	125,604	(354)
Street Maintenance	1,359,091	1,654,091	1,548,016	106,075
Fleet Maintenance	604,485	604,485	577,264	27,221
Street Lighting and Traffic Control	456,000	456,000	480,290	(24,290)
Total Public Works	<u>2,839,478</u>	<u>3,134,478</u>	<u>3,018,047</u>	<u>116,431</u>
Total Expenditures	<u>20,216,864</u>	<u>20,700,000</u>	<u>20,470,433</u>	<u>229,567</u>

(Continued)

CITY OF BRISTOL, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,579,350	5,579,350	6,777,726	1,198,376
<u>Other Financing Sources (Uses):</u>				
Insurance Recoveries	-	-	219,801	219,801
Sale of Capital Assets	10,000	10,000	8,523	(1,477)
Transfer from Electric Fund	1,600,000	1,600,000	1,646,426	46,426
Transfer from Water Fund	200,000	200,000	200,000	-
Transfer from Sewer Fund	265,000	265,000	283,809	18,809
Transfer from General Purpose School Fund	125,000	125,000	125,000	-
Transfer from Transportation Grant Fund	63,750	63,750	40,681	(23,069)
Transfer to Demolition Landfill Fund	(300,000)	(300,000)	(450,000)	(150,000)
Transfer to General Purpose School Fund	(4,164,000)	(4,164,000)	(4,164,000)	-
Transfer to Employee Insurance Fund	(29,500)	(29,500)	(24,471)	5,029
Transfer to Drug Fund	(12,500)	(12,500)	(8,257)	4,243
Transfer to Grant Fund	(18,054)	(18,054)	(13,220)	4,834
Transfer to Solid Waste Fund	(60,000)	(60,000)	(27,000)	33,000
Transfer to State Street Aid Fund	(125,193)	(125,193)	(126,836)	(1,643)
Transfer to Transportation Grant Fund	(167,743)	(167,743)	(192,810)	(25,067)
Transfer to Viking Hall Fund	(175,000)	(175,000)	(95,000)	80,000
Transfer to Debt Service Fund	(2,195,952)	(2,195,952)	(2,350,188)	(154,236)
Transfer to Capital Projects - Equipment Fund	(567,000)	(567,000)	(491,025)	75,975
Transfer to Capital Projects - Facilities Fund	(304,000)	(304,000)	(320,000)	(16,000)
Total Other Financing Sources (Uses)	(5,855,192)	(5,855,192)	(5,738,567)	116,625
Net Change in Fund Balances	(275,842)	(275,842)	1,039,159	1,315,001
Fund Balance, July 1, 2010	12,182,982	12,182,982	12,922,506	739,524
Fund Balance, June 30, 2011	\$ 11,907,140	11,907,140	13,961,665	2,054,525

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, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>Revenues:</u>			
<u>Taxes:</u>			
County Property Tax	\$ 9,134,000	9,171,698	37,698
Local Sales Tax	3,955,100	4,118,830	163,730
Total Taxes	<u>13,089,100</u>	<u>13,290,528</u>	<u>201,428</u>
<u>Licenses and Permits</u>	<u>2,000</u>	<u>2,265</u>	<u>265</u>
<u>Intergovernmental Revenues:</u>			
Federal Thru State and State	14,848,644	14,477,801	(370,843)
Bank Excise Tax	25,000	14,204	(10,796)
Telecommunications Tax	3,000	1,750	(1,250)
Total Intergovernmental Revenues	<u>14,876,644</u>	<u>14,493,755</u>	<u>(382,889)</u>
<u>Charges for Services</u>	<u>260,000</u>	<u>273,103</u>	<u>13,103</u>
<u>Revenues from Use of Facilities</u>	<u>2,400</u>	<u>2,400</u>	<u>-</u>
<u>Investment Earnings</u>	<u>30,000</u>	<u>12,004</u>	<u>(17,996)</u>
<u>Other</u>	<u>395,166</u>	<u>332,201</u>	<u>(62,965)</u>
Total Revenues	<u>28,655,310</u>	<u>28,406,256</u>	<u>(249,054)</u>
<u>Expenditures:</u>			
<u>Instruction:</u>			
Regular Education	16,230,134	15,521,226	708,908
Alternate School	134,083	130,241	3,842
Special Education	1,897,610	1,887,025	10,585
Vocational Education	993,704	981,796	11,908
Student Body	5,000	3,830	1,170
Total Instruction	<u>19,260,531</u>	<u>18,524,118</u>	<u>736,413</u>
<u>Support Services:</u>			
Attendance	162,511	167,723	(5,212)
Health Services	280,608	247,576	33,032
Other Student Support	781,303	771,889	9,414
Regular Instruction	2,884,041	2,925,234	(41,193)
Special Education	183,275	175,805	7,470
Vocational Education	107,975	59,719	48,256

(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, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>Expenditures (Continued):</u>			
<u>Support Services (Continued):</u>			
Board of Education	564,487	526,242	38,245
Director of Schools	313,808	303,693	10,115
Office of Principal	2,233,350	2,232,163	1,187
Fiscal Services	372,435	376,922	(4,487)
Operation of Plant	2,564,239	2,092,131	472,108
Maintenance of Plant	1,162,652	1,123,394	39,258
Student Transportation	815,962	791,464	24,498
Total Support Services	<u>12,426,646</u>	<u>11,793,955</u>	<u>632,691</u>
<u>Non-Instructional Services</u>			
School Nutrition	154,600	153,705	895
Community Service	13,000	5,014	7,986
Early Childhood	401,231	403,258	(2,027)
Total Non-Instructional Services	<u>568,831</u>	<u>561,977</u>	<u>6,854</u>
<u>Noncapitalized Equipment</u>	<u>0</u>	<u>49,804</u>	<u>(49,804)</u>
<u>Capital Outlay</u>	<u>930,000</u>	<u>425,753</u>	<u>504,247</u>
Total Expenditures	<u>33,186,008</u>	<u>31,355,607</u>	<u>1,830,401</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,530,698)</u>	<u>(2,949,351)</u>	<u>1,581,347</u>
<u>Other Financing Sources (Uses):</u>			
Insurance Recoveries	10,000	10,606	606
Sale of Capital Assets	-	12,839	12,839
Transfer from General Fund	4,164,000	4,164,000	-
Transfer to General Fund	(125,000)	(125,000)	-
Transfer to School Capital Projects Fund	-	(26,236)	(26,236)
Total Other Financing Sources (Uses)	<u>4,049,000</u>	<u>4,036,209</u>	<u>(12,791)</u>
Net Change in Fund Balances	(481,698)	1,086,858	1,568,556
Fund Balance, July 1, 2010	<u>5,670,025</u>	<u>8,159,553</u>	<u>2,489,528</u>
Fund Balance, June 30, 2011	<u>\$ 5,188,327</u>	<u>9,246,411</u>	<u>4,058,084</u>

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

CITY OF BRISTOL, TENNESSEE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Demolition Landfill Fund	Total Enterprise Funds	
ASSETS:						
Current Assets:						
Cash and Cash Equivalents	\$ 8,574,079	27,294	2,189,255	-	10,790,628	986,962
Accounts Receivable, (Net)	9,984,851	938,087	489,872	6,374	11,419,184	-
Customer Notes Receivable (Net) - Current Portion	440,000	-	579	-	440,579	-
Other Receivables	837,641	6,033	17,676	-	861,350	15,030
Due from Other Governments	-	104,879	102,426	-	207,305	-
Due from Joint Venture	-	-	309,974	-	309,974	-
Due from Other Funds	181,324	-	208,594	86,810	476,728	-
Inventories	1,204,776	316,926	51,424	-	1,573,126	-
Prepays	1,100,000	-	-	-	1,100,000	-
Discounted Energy Units - Current Portion	986,131	-	-	-	986,131	-
Other	163,801	-	-	-	163,801	-
Total Current Assets	23,472,603	1,393,219	3,369,800	93,184	28,328,806	1,001,992
Noncurrent Assets:						
Capital Assets						
Capital Assets	131,504,494	41,248,169	31,158,306	1,817,075	205,728,044	-
Construction in Progress	1,092,637	321,808	568,979	198,839	2,182,263	-
Total Capital Assets	132,597,131	41,569,977	31,727,285	2,015,914	207,910,307	0
Less: Accumulated Depreciation	54,738,214	21,090,978	8,445,147	821,735	85,096,074	-
Net Capital Assets	77,858,917	20,478,999	23,282,138	1,194,179	122,814,233	0
Other Noncurrent Assets:						
Customer Notes Receivable, Less Current Portion	2,427,430	-	-	-	2,427,430	-
Certificates of Deposit - Long-term	8,000,000	-	-	-	8,000,000	-
Investment in Joint Venture	-	-	6,748,748	-	6,748,748	-
Due from Joint Venture	-	-	33,714	-	33,714	-
Prepays	1,100,000	-	-	-	1,100,000	-
Prepaid Pension Cost	397,822	-	-	-	397,822	-
Discounted Energy Units, Less Current Portion	513,778	-	-	-	513,778	-
Other	290,555	14,956	-	3,386	308,897	-
Total Other Noncurrent Assets	12,729,585	14,956	6,782,462	3,386	19,530,389	0
Total Noncurrent Assets	90,588,502	20,493,955	30,064,600	1,197,565	142,344,622	0
Total Assets	114,061,105	21,887,174	33,434,400	1,290,749	170,673,428	1,001,992

(Continued)

CITY OF BRISTOL, TENNESSEE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2011

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Demolition Landfill Fund	Total Enterprise Funds	
LIABILITIES:						
Current Liabilities:						
Accounts Payable	2,535,342	107,881	44,152	16,063	2,703,438	-
Contracts Payable	-	35,280	-	-	35,280	-
Accrued Interest	332,946	6,392	980	850	341,168	-
Accrued Liabilities	1,233,654	-	-	-	1,233,654	916,964
Accrued Payroll and Related Liabilities	-	45,755	11,942	5,094	62,791	-
Deposits	2,143,249	4,575	-	-	2,147,824	-
Due to Other Funds	45,016	316,258	-	-	361,274	6,891
Due to Others	-	23,595	2,953	-	26,548	-
Deferred Revenue	594,362	-	-	-	594,362	-
Compensated Absences Payable	-	45,000	17,500	2,000	64,500	-
Bonds Payable	505,000	140,000	-	80,000	725,000	-
Notes Payable	-	43,271	147,947	-	191,218	-
Total Current Liabilities	7,389,569	768,007	225,474	104,007	8,487,057	923,855
Long-term Liabilities:						
Compensated Absences Payable	-	68,586	13,004	3,927	85,517	-
Bonds Payable, Net of Unamortized Deferred Amounts	21,920,614	1,145,000	-	175,000	23,240,614	-
Notes Payable	-	254,755	1,073,869	-	1,328,624	-
OPEB Obligation Payable	319,075	-	-	-	319,075	-
Landfill Closure Costs	-	-	-	221,205	221,205	-
Total Long-term Liabilities	22,239,689	1,468,341	1,086,873	400,132	25,195,035	0
Total Liabilities	29,629,258	2,236,348	1,312,347	504,139	33,682,092	923,855
NET ASSETS:						
Invested in Capital Assets, Net of Related Debt	55,433,303	18,895,973	22,102,465	939,180	97,370,921	-
Unrestricted	28,998,544	754,853	10,019,588	(152,570)	39,620,415	78,137
Total Net Assets	\$ 84,431,847	19,650,826	32,122,053	786,610	136,991,336	78,137
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(32,905)	
Net Assets of Business-type Activities					\$ 136,958,431	

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

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

For the Fiscal Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Demolition Landfill Fund	Total Enterprise Funds	
<u>Operating Revenues:</u>						
Charges for Services (Net)	\$ 100,533,814	4,412,006	4,765,609	140,480	109,851,909	2,975,111
Other Revenue	4,242,531	176,113	127,911	-	4,546,555	20,850
Total Operating Revenues	<u>104,776,345</u>	<u>4,588,119</u>	<u>4,893,520</u>	<u>140,480</u>	<u>114,398,464</u>	<u>2,995,961</u>
<u>Operating Expenses:</u>						
Maintenance and Administrative Purchased Power	14,986,877	114,643	1,361,132	280,383	16,743,035	446,509
Water Filtration Plant	75,426,055	-	-	-	75,426,055	-
Water Distribution	-	1,462,867	-	-	1,462,867	-
Sewer Collection	-	961,095	-	-	961,095	-
Medical Claims	-	-	1,052,669	-	1,052,669	-
Depreciation	4,092,948	854,169	705,150	151,731	5,803,998	3,168,810
Other Expenses	-	713,737	822,919	-	1,536,656	-
Total Operating Expenses	<u>94,505,880</u>	<u>4,106,511</u>	<u>3,941,870</u>	<u>432,114</u>	<u>102,986,375</u>	<u>3,615,319</u>
Operating Income (Loss)	<u>10,270,465</u>	<u>481,608</u>	<u>951,650</u>	<u>(291,634)</u>	<u>11,412,089</u>	<u>(619,358)</u>
<u>Nonoperating Revenues (Expenses):</u>						
Interest Revenue	502,266	217	2,873	-	505,356	2,011
Interest Expense	(982,807)	(70,951)	(57,388)	(13,133)	(1,124,279)	-
Fiscal Agent Fees	-	(39)	-	(14)	(53)	-
Amortization of Bond Costs	(10,618)	(1,889)	-	(1,161)	(13,668)	-
Capital Contribution to Joint Venture	-	-	(250,000)	-	(250,000)	-
Loss on Investment in Joint Venture	-	-	(176,355)	-	(176,355)	-
Other Expenses	(1,077,042)	-	-	-	(1,077,042)	-
Total Nonoperating Revenues (Expenses)	<u>(1,568,201)</u>	<u>(72,662)</u>	<u>(480,870)</u>	<u>(14,308)</u>	<u>(2,136,041)</u>	<u>2,011</u>
Net Income (Loss) Before Operating Transfers and Capital Contributions	<u>8,702,264</u>	<u>408,946</u>	<u>470,780</u>	<u>(305,942)</u>	<u>9,276,048</u>	<u>(617,347)</u>

(Continued)

CITY OF BRISTOL, TENNESSEE
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 For the Fiscal Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Demolition Landfill Fund	
Net Income (Loss) Before Operating Transfers and Capital Contributions (Brought Forward)	8,702,264	408,946	470,780	(305,942)	(617,347)
Transfers:					
Transfer from General Fund	-	-	-	450,000	24,471
Transfer to General Fund	(1,646,426)	(200,000)	(283,809)	-	-
Total Transfers	(1,646,426)	(200,000)	(283,809)	450,000	24,471
Capital Contributions and Grants	1,136,525	230,519	470,286	-	-
Change in Net Assets	8,192,363	439,465	657,257	144,058	(592,876)
Net Assets, July 1, 2010	76,239,484	19,211,361	31,464,796	642,552	671,013
Net Assets, June 30, 2011	\$ 84,431,847	19,650,826	32,122,053	786,610	78,137
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(72,589)	
Change in Net Assets of Business-type Activities				\$ 9,360,554	

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, 2011

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Demolition Landfill Fund	Total Enterprise Funds	
<u>Cash Flows from Operating Activities:</u>						
Receipts from Customers and Users	\$ 98,102,705	4,480,852	4,865,193	138,005	107,586,755	571,958
Receipts from Other	-	-	-	-	-	12,550
Receipts for Interfund Services Provided	2,888,465	187,100	-	-	3,075,565	2,403,152
Payments to Suppliers	(87,720,635)	(1,799,175)	(755,238)	(158,533)	(90,433,581)	(3,260,472)
Payments for Employees	(4,009,530)	(914,335)	(288,782)	(67,702)	(5,280,349)	-
Payments to Joint Venture	-	-	(1,368,015)	-	(1,368,015)	-
Payments for Interfund Services Used	-	(713,687)	(806,850)	-	(1,520,537)	-
Net Cash Provided by/(Used for) Operating Activities	9,261,005	1,240,755	1,646,308	(88,230)	12,059,838	(272,812)
<u>Cash Flows from Noncapital Financing Activities:</u>						
Due From/To General Fund	-	505,729	(357,366)	(75,980)	72,383	198,296
State Income Tax	(121,841)	-	-	-	(121,841)	-
Transfers From/(To) Other Funds	(1,646,426)	(200,000)	(283,809)	450,000	(1,680,235)	24,471
Net Cash Provided by/(Used for) Noncapital Financing Activities	(1,768,267)	305,729	(641,175)	374,020	(1,729,693)	222,767
<u>Cash Flows from Capital and Related Financing Activities:</u>						
Purchase of Capital Assets and Prepayments	(7,064,029)	(520,731)	(329,863)	(192,376)	(8,106,999)	-
Principal Paid on Capital Debt	(485,000)	(1,020,284)	(277,177)	(80,000)	(1,862,461)	-
Capital Contributions	955,201	-	1,320,945	-	2,276,146	-
Interest Paid on Capital Debt	(985,636)	(84,741)	(57,701)	(13,400)	(1,141,478)	-
Fiscal Agent Fees Paid	-	(39)	-	(14)	(53)	-
Net Cash Provided by/(Used for) Capital and Related Financing Activities	(7,579,464)	(1,625,795)	656,204	(285,790)	(8,834,845)	0
<u>Total Net Assets</u>						
Purchase of Investments	(27,105,906)	-	-	-	(27,105,906)	-
Sale of Investments	27,105,906	-	-	-	27,105,906	-
Interest and Dividends Received	400,563	217	2,873	-	403,653	2,011
Due from Joint Venture	-	-	8,428	-	8,428	-
Contribution to Joint Venture	-	-	(250,000)	-	(250,000)	-
Net Cash Provided by/(Used for) Investing Activities	400,563	217	(238,699)	0	162,081	2,011
Net Increase (Decrease) in Cash and Cash Equivalents	313,837	(79,094)	1,422,638	-	1,657,381	(48,034)
Cash and Cash Equivalents, Beginning of Year	8,260,242	106,388	766,617	0	9,133,247	1,034,996
Cash and Cash Equivalents, End of Year	\$ 8,574,079	27,294	2,189,255	0	10,790,628	986,962

(Continued)

CITY OF BRISTOL, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Demolition Landfill Fund	Total Enterprise Funds	
Reconciliation of Operating Income (Loss) to Net Cash Provided by/(Used for) Operating Activities:						
Operating Income (Loss)	\$ 10,270,465	481,608	951,650	(291,634)	11,412,089	(619,358)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by/(Used for) Operating Activities:						
Depreciation Expense	4,092,948	854,169	705,150	151,731	5,803,998	-
Increase in Allowance for Uncollectible Accounts	121,247	75,000	-	-	196,247	-
Redemption of Discounted Energy Units (Increase) Decrease:	1,044,000	-	-	-	1,044,000	-
Accounts Receivable	(1,060,466)	(183,215)	(14,313)	(2,475)	(1,260,469)	-
Other Receivables	(326,547)	(3,460)	(23,311)	-	(353,318)	(8,300)
Inventories	(137,651)	2,566	5,783	-	(129,302)	-
Prepaid Items	55,457	-	-	-	55,457	-
Other Assets	(25,745)	-	-	-	(25,745)	-
Customer Notes Receivable	(176,872)	-	(539)	-	(177,411)	-
Increase (Decrease):	(4,548,124)	(6,877)	22,753	(3,322)	(4,535,570)	-
Accounts Payable	(112,239)	-	-	61,423	(50,816)	354,846
Accrued Liabilities	-	15,191	(4,157)	2,730	13,764	-
Accrued Payroll and Related Deductions	-	4,825	339	(6,683)	(1,519)	-
Compensated Absences Payable	64,532	525	-	-	65,057	-
Deposits	-	423	2,953	-	3,376	-
Due to Others	-	-	-	-	-	-
Net Cash Provided by/(Used for) Operating Activities	\$ 9,261,005	1,240,755	1,646,308	(88,230)	12,059,838	(272,812)

Schedule of Noncash Investing, Capital and Financing Activities:

Accounts payable were \$29,935 in the Electric Fund at June 30, 2011, for capital assets.

Accounts payable were \$30,758 in the Water Fund at June 30, 2011, for capital assets. Water lines were also contributed that were valued at \$125,640.

Sewer lines were contributed that were valued at \$268,140.

The Sewer Fund had a loss on investment of \$176,355 which equals the City's share of depreciation and amortization in the assets of the Joint Sewerage System.

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

CITY OF BRISTOL, TENNESSEE
STATEMENT OF FIDUCIARY AND PLAN NET ASSETS
FIDUCIARY FUNDS
June 30, 2011

	<u>Other Post Employment Benefits Trust Fund</u>	<u>BTES Other Post Employment Benefits Trust Fund</u>	<u>Agency Funds</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ -	43,365	2,805,441
Pooled Cash Held by General Fund	19	-	-
Investments Held in Trust, At Fair Value			
Mutual Funds	<u>851,057</u>	<u>786,066</u>	<u>-</u>
Total Assets	<u>851,076</u>	<u>829,431</u>	<u>2,805,441</u>
<u>LIABILITIES:</u>			
Accrued Liabilities	7,000	-	-
Due to Others	<u>-</u>	<u>-</u>	<u>2,805,441</u>
Total Liabilities	<u>7,000</u>	<u>0</u>	<u>2,805,441</u>
<u>NET ASSETS</u>			
Net Assets Held In Trust for OPEB Benefits	<u>844,076</u>	<u>829,431</u>	
Total Net Assets	<u>\$ 844,076</u>	<u>829,431</u>	

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

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

For the Fiscal Year Ended June 30, 2011

	<u>Other Post Employment Benefits Trust Fund</u>	<u>BTES Other Post Employment Benefits Trust Fund</u>
<u>ADDITIONS</u>		
Employer Contributions	\$ 227,602	982,578
Retiree Contributions	70,952	-
Investment Earnings	11,021	6,326
Net Appreciation (Depreciation) in Value of Investments	<u>88,140</u>	<u>37,603</u>
Total Additions	<u>397,715</u>	<u>1,026,507</u>
<u>DEDUCTIONS</u>		
Retiree Benefits	113,771	386,971
Administrative Expenses	<u>16,280</u>	<u>3,000</u>
Total Deductions	<u>130,051</u>	<u>389,971</u>
Change in Net Assets	267,664	636,536
Net Assets, July 1, 2010	<u>576,412</u>	<u>192,895</u>
Net Assets, July 1, 2011	<u>\$ 844,076</u>	<u>829,431</u>

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

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Bristol, Tennessee, (the City) was incorporated in 1856 and operates under a council-manager form of government that provides services as authorized by its charter. Along with two other comparably-sized cities within a twenty mile radius, the City is part of a twelve county area in northeast Tennessee and southwest Virginia known as the Tri-Cities Tennessee/Virginia region.

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

A. Reporting Entity

Primary Government

The accompanying financial statements present the City (primary government) and its component units, entities for which the City is considered to be financially accountable. The City is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on the organization or (2) there is a potential for the entity to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other entities for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. Discretely presented component units are reported in separate columns in the government-wide financial statements (see note below for description) to emphasize that those entities are legally separate from the City.

Discretely Presented Component Unit

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

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

A. Reporting Entity (Continued)

Discretely Presented Component Unit (Continued)

The voters in Bristol, Tennessee approved a referendum to form the Bristol Tennessee Emergency Communications District (the "District") in March 1994. The District began operations July 1, 1994, and is responsible for providing emergency communication services to the residents of the City. The Board is appointed by the City and the City must approve all bonded debt issues. The District is reported as an enterprise fund and is presented in a separate column as the Bristol Tennessee Emergency Communications District on the government-wide financial statements to emphasize that it is a legally separate unit. For the year ended June 30, 2011, the District reimbursed \$165,866 to the City for payment.

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

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

Related Organizations

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

Bristol Tennessee Housing and Redevelopment Authority
Bristol Industrial Development Board

However, the City has no further accountability for any of these organizations. The City cannot impose its will on these boards since it does not have the ability to modify or approve their budgets or overrule or modify decisions of the boards. The boards are fiscally independent and there is no financial benefit or burden relationship with the City. Therefore, they are not included in the City's financial statements.

Joint Ventures

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

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

A. Reporting Entity (Continued)

Joint Ventures (Continued)

The City is a participant in a joint venture with Bristol Virginia Utility 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-committee members that 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 Bristol Virginia Utility 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 Sewer Fund.

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

The Tri-County Industrial Park is a joint venture between City of Bristol, Tennessee; City of Johnson City, Tennessee; and Sullivan County, Tennessee. The purpose is to promote regional economic development. The joint venture owns vacant parcels of land used for industrial and economic development. The City holds a 12.5% interest in the proceeds from all sales of vacant lots. During the year ended June 30, 2011, the City received no proceeds from vacant lot sales. Administrators retain only an ongoing financial responsibility for this venture and do not record any balances in their financial statements. Financial statements are not prepared for the Tri-County Industrial Park.

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

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

A. Reporting Entity (Continued)

Joint Ventures (Continued)

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

Bristol Public Library 701 Goode Street Bristol, VA 24201	Joint Sewerage System City of Bristol, Tennessee 801 Anderson Street Bristol, TN 37620	Networks P.O. Box 1157 Blountville, TN 37617	Tri-Cities Airport Commission P. O. Box 1055 Blountville, TN 37617
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Audited information as of June 30, 2011, is presented for Bristol Public Library, Joint Sewerage System, and Tri-Cities Airport. Information presented for Networks is for the year ended June 30, 2010, since audited financial information has yet to be released for the 2011 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	\$ 1,876,883	3,163,848	1,197,119	10,803,255
Expenses	<u>(2,053,200)</u>	<u>(3,516,558)</u>	<u>(1,107,052)</u>	<u>(8,838,501)</u>
Net Income (Loss) Transferred to Net Assets	(176,317)	(352,710)	90,067	1,964,754
Net Assets, July 1	<u>1,484,842</u>	<u>13,850,206</u>	<u>48,967</u>	<u>61,058,737</u>
Net Assets, June 30	<u>\$ 1,308,525</u>	<u>13,497,496</u>	<u>139,034</u>	<u>63,023,491</u>
Total Assets	\$ 1,557,853	14,411,836	8,649,361	70,662,959
Total Liabilities	249,328	914,340	8,510,327	7,639,468
Total Net Assets	<u>\$ 1,308,525</u>	<u>13,497,496</u>	<u>139,034</u>	<u>63,023,491</u>

B. Government-wide and Fund Financial Statements

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

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

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

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

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

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

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

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

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

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

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

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

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

In accordance with GASB 33, certain revenues are required to be recognized as a receivable and either as revenue or deferred revenue, depending upon the revenue recognition policies of the entity. The amounts due for penalties, fines and forfeitures, and clerk's fees for business tax were determined to be immaterial; therefore, receivables were not recorded. Gross receipts tax, minimum business tax, and corporate (bank) excise taxes that were earned but not received by June 30, 2011, were not recorded as receivables because they were not estimable.

The City reports the following major governmental funds:

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

The *General Purpose School Fund* is the operating fund of the City of Bristol, Tennessee Board of Education (BOE) and accounts for all general revenues and other receipts that are not allocated by law or contractual agreement to another BOE fund. General operating expenditures and capital improvement costs that are not paid through other BOE funds are paid from the General Purpose School Fund.

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

The City reports the following major proprietary funds:

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

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

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

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

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

Additionally, the City reports the following fund types:

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

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

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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments-in-lieu of taxes and other charges between the government's water and sewer functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and the internal service fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the related system. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The City's and the District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The Electric Fund also considers those investments which are generally a part of the short-term cash management activities as cash equivalents.

Investments for the City are reported at fair value. The Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Temporary investments in the Electric Fund, consisting entirely of certificates of deposits, are stated at cost which approximates fair value.

2. Receivables and Payables

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

Property taxes receivable are recognized as of the date when an enforceable legal claim to the taxable property arises. This is January 1 in Tennessee and is referred to as the "lien date." Revenues from property taxes are recognized in the period for which the taxes are levied. The City's levy date is October 1, even though the receivable is recognized in the prior period when the enforceable legal claim arises. Property taxes recognized as receivable before the period of revenue recognition have been reported as deferred revenues. Tax notices are typically mailed in mid-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.

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

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

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

2. Receivables and Payables (Continued)

The City provides loans to customers for heat pump and insulation costs under the Electric Fund's Residential Energy Efficiency Program. The majority of these loans bear interest at rates ranging from 8% to 10.25% and have maturities of up to 10 years. Satisfactory credit reports are required prior to loan approval. Additionally, these loans are secured by a deed of trust on the property. The City recorded interest income of approximately \$239,000 in 2011 related to these loans. These amounts offset operating expenses in the Statement of Revenues, Expenses, and Changes in Net Assets, since management believes this is an operating activity and the income should offset the additional expenses associated with maintaining this loan program.

3. Inventories

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

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements and on the fund level for the proprietary funds. The payments are being recorded as expenditures on the fund level for the governmental funds. During 2011, the Electric Fund prepaid \$2,200,000 for devices used to implement a new water heater program in coordination with TVA and the Electric Power Research Institute. The prepayment resulted in a 12% discount on future purchases of Water Heater Intelligent System for Energy (WISE) devices. Management anticipates expending \$1,100,000 during fiscal year 2012 and the remainder in fiscal year 2013.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

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

5. Restricted Assets

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

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years for machinery and equipment. The individual costs used for buildings and improvements and for infrastructure are \$10,000 and \$50,000, respectively. The City has also collectively capitalized library books. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Infrastructure (Roads, etc.)	50
Water and Sewer Lines	45
Buildings	40-50
Building Improvements	20-50
Transmission Equipment, Fixtures, and Devices	30-40
Fiber Optic System Cable, Equipment, Fixtures, and Devices	40
Distribution Transformers, Fixtures, and Devices	15-50
Electronic Communication Equipment	15-20
Machinery and Equipment	5-25
Library Books	6

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

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

6. Capital Assets (Continued)

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. The net effect of this treatment was \$18,468 in 2011 as reflected in Note IV.C.

7. Discounted Energy Units

During 2003, the Electric Fund purchased \$8,000,000 in discounted energy units from TVA that were redeemable on a straight-line basis over ten years. The units carry a discount of 5.5% and amounted to \$1,499,909 as of June 30, 2011.

8. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Accumulated sick leave does not vest upon the employee's termination; accordingly, no liability is reported for unpaid accumulated sick leave. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. The proprietary fund financial statements reflect \$150,017 of long-term vacation benefits payable. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Expenditures are recorded in the governmental funds when payments are made to employees upon their termination of employment for their accrued vacation time. At June 30, 2011, 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 \$2,103,988 for vacation benefits have been reflected in the statement of net assets as compensated absences for the governmental activities.

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.

9. Long-Term Obligations

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

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

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

9. Long-Term Obligations (Continued)

the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Net Assets/Fund Balances

Net assets in the government-wide and proprietary financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations.

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- *Nonspendable* – Amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans or advances.
- *Restricted* – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed* – Amounts constrained to specific purpose by City Council, using its highest level of decision-making authority. For an amount to be reported as committed, amounts cannot be used for any other purpose unless the same highest level of action is taken to remove or change the constraint.
- *Assigned* – Amounts the City intends to use for a specified purpose. Intent can be expressed by the governing body or by management which has been designated this authority by the governing body.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

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

10. Net Assets/Fund Balances (Continued)

- *Unassigned* – Amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The City applies investment earnings and then restricted resources when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts are used when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

11. Minimum Fund Balance Policy

The City will maintain an adequate, unreserved 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.

12. 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.

13. New Accounting Standards Issued

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

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(24,956,397) difference are as follows:

Bonds and notes payable	\$ (21,506,267)
Less: Deferred charge on refunding (net of amortization of \$125,084 recorded as interest expense)	71,124
Add: Bond premium (net of amortization of \$20,021 recorded as interest expense)	(271,489)
Accrued interest payable	(70,119)
Compensated absences	(2,103,988)
Other Post Employment Benefit Obligation	<u>(1,075,658)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	\$ <u>(24,956,397)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to increase net assets.” The details of this \$1,340,626 difference are as follows:

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	\$ 1,406,435
The statement of activities reports adjustment to expenses arising from the disposal of capital assets. Conversely, governmental funds do not report any gain or loss on disposals of capital assets.	<u>(65,809)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>1,340,626</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

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

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(4,249,401) difference are as follows:

Debt issued or incurred:	
Bonds issued	\$ (4,450,000)
Notes payable	(1,378,410)
Premium on bonds issued	(215,254)
Bond issuance costs	65,107
Principal repayments:	
General obligation debt	<u>1,729,156</u>

Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>(4,249,401)</u>
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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 \$(37,247) difference are as follows:

Compensated absences for the prior year	\$ 2,066,741
Compensated absences for the current year	<u>(2,103,988)</u>

Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>(37,247)</u>
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CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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 \$(241,233) difference are as follows:

Prior year accrued interest	\$ 62,781
Current year accrued interest	(70,119)
Prior year other post employment benefit obligation	875,869
Current year other post employment benefit obligation	(1,075,658)
Amortization of deferred charge on refunding	(19,622)
Amortization of bond issuance costs	(25,219)
Amortization of bond premiums	10,735

Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> .	\$ <u>(241,233)</u>
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The assets and liabilities of the internal service fund were recorded at the government-wide level as part of the governmental activities. The internal service fund’s current year change in net assets was proportionately allocated to the governmental and business-type activities based upon an allocation of fund usage. The loss allocated to the governmental activities was \$520,287 and to the business-type activities was \$72,589. The allocation to the business-type activities was recorded at the government-wide level as an interfund receivable and payable between governmental activities and business-type activities.

NOTE III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary Information

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

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

A. Budgetary Information (Continued)

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

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

The following supplements were made to the original budget.

<u>Fund</u>	<u>Original Budget</u>	<u>Total Revisions</u>	<u>Revised Budget</u>
General Fund	\$ 20,216,864	483,136	20,700,000
Solid Waste Fund	1,515,742	99,258	1,615,000
State Street Aid Fund	832,000	43,000	875,000
Debt Service Fund	2,195,952	204,048	2,400,000
School Capital Projects Fund	3,500,000	2,000,000	5,500,000

For the year ending June 30, 2011, the State Street Aid Fund incurred expenditures totaling \$876,319. The amended budget for this fund was \$875,000. Therefore, the State Street Aid Fund's total expenditures exceeded the amended budget by \$1,319.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE IV. DETAILED NOTES ON ALL FUNDS:

A. Deposits and Investments

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

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

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

INVESTMENTS - State statutes authorize the City to invest in treasury bonds, notes or bills of the United States of America; nonconvertible debt securities of the Federal Home Loan Bank, The Federal National Mortgage Association, The Federal Farm Credit Bank and the State Loan Marketing Association; other obligations not listed above which are guaranteed as to principal and interest by the United States of America or any of its agencies; Certificates of Deposit and other evidences of deposit at State and Federal chartered banks and Savings and Loan Associations; obligations of the United States of America or its agencies under a repurchase agreement and money market funds whose portfolios consist of any of the foregoing investments if approved by the State Director of Local Finance and made in accordance with procedures established by the State Funding Board; the State of Tennessee Local Government Investment Pool (LGIP); obligations of the Public Housing Authority and bonds of the Tennessee Valley Authority.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

A. Deposits and Investments (Continued)

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

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

Deposits

At year end, the City had \$16,432 of cash on hand which has been included in cash and cash equivalents. The City's carrying amount of deposits was \$20,275,047 and the balance in financial institutions was \$21,886,221. Carrying amounts differ from financial institution balances primarily due to outstanding checks and deposits in transit. State statutes require collateral pledged by each financial institution to equal a certain percentage of the uninsured public deposits it holds. Members of the State Pool can be assessed if the collateral is inadequate to cover a loss. This is similar to depository insurance. The entire City's bank balance was covered by the State of Tennessee Collateral Pool, which is a multiple financial institution collateral pool, or by amounts insured by the Federal Deposit Insurance Corporation (FDIC), or with securities held by the pledging financial institution's trust department.

The City also manages cash for the agency funds maintained by the City. The City's carrying amount of deposits for the agency funds was \$650,982 and the balance in financial institutions was \$650,607. The deposits have not been reflected in the statement of net assets. The entire amount of the deposits was covered by the State of Tennessee Collateral Pool or FDIC Insurance.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

A. Deposits and Investments (Continued)

Investments

At June 30, 2011, the City's investment balances were as follows:

	<u>Reported Amount</u>	<u>Fair Value</u>
Investments:		
State of Tennessee Local Government Investment Pool	\$ <u>25,968,223</u>	<u>25,968,223</u>

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

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

<i>Total Deposits:</i>	<u>Total</u>
Cash on Hand	\$ 16,432
Carrying Amount of Deposits	20,275,047
Carrying Amount of Short-term Investments	<u>25,968,223</u>
Total Deposits	\$ <u>38,755,218</u>

Amounts per Statement of Net Assets:

Cash and Cash Equivalents	\$ 34,344,910
Long-term Certificates of Deposit	8,000,000
Restricted Cash	<u>3,914,792</u>
Total per Statement of Net Assets	\$ <u>46,259,702</u>

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 \$2,154,459 and the fair value was \$2,154,459. The investments have not been reflected in the statement of net assets.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

A. Deposits and Investments (Continued)

Discretely Presented Component Unit

All of the District's cash and cash equivalents were deposited with financial institutions at June 30, 2011. All deposits in excess of the Federal Deposit Insurance Corporation (FDIC) limits were fully collateralized by the Tennessee Bank Collateral Pool.

B. Receivables

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

	General	General Purpose School	Electric	Water	Sewer	Demolition Landfill	Nonmajor Governmental Funds	Internal Service Fund	Total
Receivables:									
Taxes	\$ 15,819,453	-	-	-	-	-	-	-	15,819,453
Accounts	-	-	10,691,946	1,708,087	489,872	6,374	152,893	-	13,049,172
Notes Receivable	-	-	2,867,430	-	579	-	154,791	-	3,022,800
Other Receivables	1,209,158	145,992	837,641	6,033	17,676	-	6,778	15,030	2,238,308
Due from Other Governments:									
Federal Government	262,631	-	-	14,296	13,807	-	365,282	-	656,016
State of Tennessee and Federal Through the State	1,821,286	356,155	-	90,583	2,301	-	751,380	-	3,021,705
Other Governments and Agencies	216,882	9,773,727	-	-	86,318	-	32,226	-	10,109,153
Due from Joint Ventures	8,429	-	-	-	343,688	-	-	-	352,117
Gross Receivables	19,337,839	10,275,874	14,397,017	1,818,999	954,241	6,374	1,463,350	15,030	48,268,724
Less: Allowance for Uncollectibles	(557,000)	-	(707,095)	(770,000)	-	-	-	-	(2,034,095)
Total Receivables	\$ 18,780,839	10,275,874	13,689,922	1,048,999	954,241	6,374	1,463,350	15,030	46,234,629

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

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

B. Receivables (Continued)

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

	<u>Unavailable</u>	<u>Unearned</u>
Grant drawdowns, reimbursements, and payments held prior to meeting all revenue eligibility requirements:		
Community Development Grant Fund	\$ -	122,835
Drug Fund	-	2,241
General Fund	-	4,257
Grant Fund	-	16,787
HOME Consortium Fund	-	31,956
School Nutrition Fund	-	21,628
Viking Hall Fund	-	717
Receivables not received within period of availability:		
Property tax levied for ensuing fiscal year:		
General Fund	-	14,204,244
General Purpose School Fund	-	8,632,177
Property tax levied but not collected in period of availability	1,063,893	-
Sales taxes	359,231	-
Other taxes	43,010	-
State revenue	195,313	-
Ambulance service charges	145,547	-
Insurance proceeds	514,824	-
Reimbursements and appropriations	288,908	-
	<u>\$ 2,610,726</u>	<u>23,036,842</u>

Deferred revenue is \$25,647,568 for the current year on the fund financial statement level for the governmental activities.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

C. Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 4,038,348	-	-	-	4,038,348
Construction in Progress	1,788,62	6,497,096	(145)	(1,799,949)	4,875,864
Total Capital Assets, Not Being Depreciated	<u>4,217,210</u>	<u>6,497,096</u>	<u>(145)</u>	<u>(1,799,949)</u>	<u>8,914,212</u>
Capital Assets, Being Depreciated:					
Land Improvements	2,680,087	-	-	-	2,680,087
Buildings and Improvements	54,134,989	310,251	(495,296)	78,120	54,028,064
Other Improvements	1,035,852	-	-	187,525	1,223,377
Machinery and Equipment	15,745,054	1,281,575	(372,661)	-	16,653,968
Infrastructure	109,039,515	-	(32,941)	1,534,304	110,540,878
Total Capital Assets, Being Depreciated	<u>182,635,497</u>	<u>1,591,826</u>	<u>(900,898)</u>	<u>1,799,949</u>	<u>185,126,374</u>
Less Accumulated Depreciation For:					
Land Improvements	(926,349)	(56,990)	-	-	(983,339)
Buildings and Improvements	(19,223,286)	(1,302,699)	458,654	-	(20,067,331)
Other Improvements	(82,652)	(49,213)	-	-	(131,865)
Machinery and Equipment	(11,050,939)	(1,125,753)	364,063	-	(11,812,629)
Infrastructure	(39,406,303)	(2,177,900)	12,517	-	(41,571,686)
Total Accumulated Depreciation	<u>(70,689,529)</u>	<u>(4,712,555)</u>	<u>835,234</u>	<u>0</u>	<u>(74,566,850)</u>
Total Capital Assets, Being Depreciated, Net	<u>111,945,968</u>	<u>(3,120,729)</u>	<u>(65,664)</u>	<u>1,799,949</u>	<u>110,559,524</u>
Governmental Activities Capital Assets, Net	<u>\$ 116,163,178</u>	<u>3,376,367</u>	<u>(65,809)</u>	<u>0</u>	<u>119,473,736</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

C. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,972,626	38,009	-	-	2,010,635
Construction in Progress	5,259,658	1,152,595	(23,336)	(4,206,654)	2,182,263
Total Capital Assets, Not Being Depreciated	<u>7,232,284</u>	<u>1,190,604</u>	<u>(23,336)</u>	<u>(4,206,654)</u>	<u>4,192,898</u>
Capital Assets, Being Depreciated:					
Land Improvements	1,020,705	-	(100,000)	75,965	996,670
Building and Building Improvements	5,746,647	-	-	(192,457)	5,554,190
Other Improvements	128,423,563	393,779	(228,283)	4,077,408	132,666,467
Machinery and Equipment	60,802,720	3,853,907	(402,284)	245,738	64,500,081
Total Capital Assets, Being Depreciated	<u>195,993,635</u>	<u>4,247,686</u>	<u>(730,567)</u>	<u>4,206,654</u>	<u>203,717,408</u>
Less Accumulated Depreciation For:					
Land Improvements	(319,456)	(121,690)	100,000	-	(341,146)
Building and Building Improvements	(2,976,999)	(119,981)	4,475	16,746	(3,075,759)
Other Improvements	(68,173,323)	(3,315,567)	317,866	(16,746)	(71,187,770)
Machinery and Equipment	(8,400,728)	(2,417,363)	326,693	-	(10,491,398)
Total Accumulated Depreciation	<u>(79,870,506)</u>	<u>(5,974,601)</u>	<u>749,034</u>	<u>0</u>	<u>(85,096,073)</u>
Total Capital Assets, Being Depreciated, Net	<u>116,123,129</u>	<u>(1,726,915)</u>	<u>18,467</u>	<u>4,206,654</u>	<u>118,621,335</u>
Business-type Activities Capital Assets, Net	<u>\$ 123,355,413</u>	<u>(536,311)</u>	<u>(4,869)</u>	<u>0</u>	<u>122,814,233</u>

During 2011, the Water Fund capitalized \$11,959 in interest expense related to the Series 2007 Bonds Payable that were issued to fund capital projects.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

C. Capital Assets (Continued)

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

Governmental Activities:	
Community Relations	\$ 6,840
General Government	430,848
Education	1,099,660
Parks and Recreation	173,005
Public Safety	445,522
Public Works	<u>2,556,680</u>
Total Depreciation Expense – Governmental Activities	\$ <u>4,712,555</u>
Business-type Activities:	
Electric	\$ 4,092,948
Water	854,169
Sewer	705,150
Demolition Landfill	<u>151,731</u>
Total Depreciation Expense – Business-type Activities	\$ <u>5,803,998</u>

The provision for electric depreciation does not include depreciation on transportation equipment. The transportation equipment depreciation amount for the year ended June 30, 2011, totaled \$170,603 and was charged as an operating expense.

Construction Commitments

The City has active construction projects as of June 30, 2011. The projects include razing central Elementary School, East Cedar Street design work, energy conservation measures for several school facilities, and for construction of a new fire fighting apparatus. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Central Elementary Razing	\$ 23,667	134,110
East Cedar Street Design Work	39,613	447,627
Fire Fighting Apparatus	-	444,224
School Energy Conservation Measures	<u>3,854,933</u>	<u>4,742,780</u>
Total	\$ <u>3,918,213</u>	<u>5,768,741</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

C. Capital Assets (Continued)

Discretely Presented Component Unit

Activity for the District for the year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 465,551	-	40,689	424,862
Total Capital Assets, Being Depreciated	<u>465,551</u>	<u>0</u>	<u>40,689</u>	<u>424,862</u>
Less Accumulated Depreciation For:				
Machinery and Equipment	(322,737)	(56,188)	(40,689)	(338,236)
Total Accumulated Depreciation	<u>(322,737)</u>	<u>(56,188)</u>	<u>(40,689)</u>	<u>(338,236)</u>
Total Capital Assets, Net	\$ <u>142,814</u>	<u>(56,188)</u>	<u>0</u>	<u>86,626</u>

Depreciation expense for the fiscal year ended June 30, 2011, was \$56,188.

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2011, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Electric	\$ 45,016
	Water	316,258
	Internal Service Fund	6,891
	Nonmajor Governmental	493,465
General Purpose School	Nonmajor Governmental	37,445
School Capital Projects Fun	General	28,167
Nonmajor Governmental	General	792,648
Electric	General	181,324
Sewer	General	208,594
Demolition Landfill	General	<u>86,810</u>
Total		\$ <u>1,696,618</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

D. Interfund Receivables, Payables and Transfers

The bank accounts that are used as the operating accounts for the City are recorded in the General Fund. The other funds have either a due from/to the General Fund that represents their portion of the operating cash account. 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 Child Nutrition Fund maintain their own operating bank accounts.

At the government-wide level at June 30, 2011, the business-type activities owed the governmental activities \$32,905 for their portion of the Employee Insurance Fund.

Interfund Transfers:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Electric Fund	\$ 1,646,426
	Water Fund	200,000
	Sewer Fund	283,809
	General Purpose School Fund	125,000
	Nonmajor Governmental	40,681
General Purpose School Fund	General Fund	4,164,000
School Capital Projects Fund	Nonmajor Governmental	28,167
Nonmajor Governmental	General Fund	3,624,336
Nonmajor Governmental	General Purpose School Fund	26,236
Demolition Landfill Fund	General Fund	450,000
Internal Service Fund	General Fund	24,471
Total		<u>\$ 10,613,126</u>

Most transfers were either routine transfers between the governmental funds or transfers from the enterprise funds to the general fund to compensate for public services received. A transfer of \$24,471 was made from the General Fund to the Internal Service Fund to aid in funding premiums for post 65 retirees. This amount was paid from the Internal Service Fund to the Other Post Employment Benefits Trust Fund to pay for the premium costs.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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, 2011, for the governmental activities are as follows:

June 30	Principal		Interest		Governmental Activity Debt Service
	Bonds Payable	Notes Payable	Bonds Payable	Notes Payable	
2012	\$ 1,880,000	60,571	722,168	-	2,662,739
2013	1,920,000	170,760	661,768	9,961	2,762,489
2014	2,150,000	171,590	598,942	9,131	2,929,663
2015	1,320,000	172,428	516,963	8,294	2,017,685
2016	1,435,000	173,269	469,988	7,453	2,085,710
2017	1,490,000	113,543	416,887	6,607	2,027,037
2018	1,550,000	114,400	361,538	5,750	2,031,688
2019	1,615,000	115,260	303,744	4,890	2,038,894
2020	1,620,000	116,127	244,625	4,023	1,984,775
2021	1,485,000	117,001	184,844	3,149	1,789,994
2022	1,535,000	117,884	128,581	2,266	1,783,731
2023	1,595,000	118,770	70,306	1,380	1,785,456
2024	230,000	119,664	61,106	486	411,256
	<u>\$ 19,825,000</u>	<u>1,681,267</u>	<u>4,741,460</u>	<u>63,390</u>	<u>26,311,117</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

E. Long-Term Debt (Continued)

Governmental Activity Debt	Governmental Activity Debt			Balance 6/30/11
	Balance 7/01/10	Additions	Retirements	
Series 2005 General Obligation Refunding Bonds Issue: \$3,085,000, maturity 2015 Interest Rate: Fixed Rate of 5% Partial Refunding of Series 1999 General Obligation Bonds	\$ 2,145,000	-	405,000	1,740,000
Series 2007 General Obligation Bonds Issue: \$7,750,000, maturity 2023 Interest Rate: 4.00%-4.125% Funded School Projects	7,750,000	-	-	7,750,000
Series 2008 General Obligation Bonds Issue: \$5,150,000, maturity 2020 Interest Rate: 3.00% Fixed Funded School and Capital Projects	4,200,000	-	800,000	3,400,000
Series 2008B General Obligation Refunding Bonds Issue: \$323,584, maturity 2011 Interest Rate: 3.21% Fixed Refunding of Series 2003 General Obligation Refunding Bonds	323,584	-	323,584	0
Energy Efficiency Capital Outlay Note Issue: \$500,000, maturity 2016 Interest Rate: 0%, Energy Projects	363,429	-	60,572	302,857
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	2,625,000	-	140,000	2,485,000
Series 2011 General Obligation Bonds \$4,450,000, maturity 2023 Interest Rate: 3.00% - 4.00% Fixed, Funded School and Capital Projects	0	4,450,000	-	4,450,000
Energy Efficient Schools Initiative Loan \$1,378,410 of \$5,000,000 Total Drawn Interest Rate: 0.75%, Energy Projects	0	1,378,410	-	1,378,410
	<u>\$ 17,407,013</u>	<u>5,828,410</u>	<u>1,729,156</u>	<u>21,506,267</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

E. Long-Term Debt (Continued)

Debt service requirements to maturity for general obligation bonds for the fiscal year ended June 30, 2011, are as follows:

Series 2005 General Obligation Refunding Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	\$ 420,000	59,630	479,630
2013	425,000	45,980	470,980
2014	440,000	31,105	471,105
2015	<u>455,000</u>	<u>15,925</u>	<u>470,925</u>
Total	\$ <u>1,740,000</u>	<u>152,640</u>	<u>1,892,640</u>

Series 2007 General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	\$ -	315,344	315,344
2013	-	315,344	315,344
2014	1,225,000	315,343	1,540,343
2015	175,000	266,344	441,344
2016	650,000	259,344	909,344
2017	700,000	233,343	933,343
2018	725,000	205,344	930,344
2019	775,000	176,344	951,344
2020	825,000	144,375	969,375
2021	850,000	110,344	960,344
2022	900,000	75,281	975,281
2023	<u>925,000</u>	<u>38,156</u>	<u>963,156</u>
Total	\$ <u>7,750,000</u>	<u>2,454,906</u>	<u>10,204,906</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

E. Long-Term Debt (Continued)

Series 2008 General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	\$ 1,000,000	102,000	1,102,000
2013	1,025,000	72,000	1,097,000
2014	-	41,250	41,250
2015	175,000	41,250	216,250
2016	250,000	36,000	286,000
2017	250,000	28,500	278,500
2018	250,000	21,000	271,000
2019	250,000	13,500	263,500
2020	<u>200,000</u>	<u>6,000</u>	<u>206,000</u>
Total	\$ <u>3,400,000</u>	<u>361,500</u>	<u>3,761,500</u>

Energy Efficiency State Capital Outlay Note

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	\$ 60,571	-	60,571
2013	60,571	-	60,571
2014	60,571	-	60,571
2015	60,572	-	60,572
2016	<u>60,572</u>	<u>-</u>	<u>60,572</u>
Total	\$ <u>302,857</u>	<u>0</u>	<u>302,857</u>

CITY OF BRISTOL, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2011

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

E. Long-Term Debt (Continued)

Series 2009 General Obligation Refunding Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	\$ 165,000	87,494	252,494
2013	160,000	82,544	242,544
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	<u>230,000</u>	<u>9,200</u>	<u>239,200</u>
Total	\$ <u>2,485,000</u>	<u>690,908</u>	<u>3,175,908</u>

Series 2011 General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	\$ 295,000	157,700	452,700
2013	310,000	145,900	455,900
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	<u>440,000</u>	<u>13,750</u>	<u>453,750</u>
Total	\$ <u>4,450,000</u>	<u>1,029,600</u>	<u>5,479,600</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

E. Long-Term Debt (Continued)

Energy Efficient Schools Initiative Loan

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	\$ -	-	0
2013	110,189	9,961	120,150
2014	111,019	9,131	120,150
2015	111,856	8,294	120,150
2016	112,697	7,453	120,150
2017	113,543	6,607	120,150
2018	114,400	5,750	120,150
2019	115,260	4,890	120,150
2020	116,127	4,023	120,150
2021	117,001	3,149	120,150
2022	117,884	2,266	120,150
2023	118,770	1,380	120,150
2024	<u>119,664</u>	<u>486</u>	<u>120,150</u>
Total	\$ <u>1,378,410</u>	<u>63,390</u>	<u>1,441,800</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

E. Long-Term Debt (Continued)

Annual Debt Service Requirements – Business-type Activity Debt

The annual requirements to amortize all business-type activity debt as of June 30, 2011, are as follows:

June 30	Principal			Interest			Business-type Activity Debt Service
	General Obligation Bonds Payable	Revenue Bonds Payable	Notes Payable	General Obligation Bonds Payable	Revenue Bonds Payable	Notes Payable	
2012	\$ 220,000	505,000	191,218	61,832	981,513	62,023	1,959,754
2013	230,000	520,000	196,618	53,031	964,225	53,992	1,964,835
2014	240,000	540,000	202,268	43,831	947,000	45,709	1,974,977
2015	155,000	555,000	208,160	34,231	928,859	37,175	1,884,194
2016	165,000	575,000	214,328	28,031	909,431	28,388	1,892,147
2017	170,000	600,000	209,916	21,431	888,494	19,313	1,887,723
2018	175,000	625,000	216,648	14,631	861,994	9,951	1,888,593
2019	185,000	655,000	80,686	7,631	829,994	1,044	1,751,724
2020	-	690,000	-	-	796,369	-	1,486,369
2021	-	725,000	-	-	760,994	-	1,485,994
2022	-	760,000	-	-	724,819	-	1,484,819
2023	-	800,000	-	-	687,769	-	1,487,769
2024	-	835,000	-	-	648,938	-	1,483,938
2025	-	880,000	-	-	608,206	-	1,488,206
2026	-	920,000	-	-	567,756	-	1,487,756
2027	-	960,000	-	-	527,806	-	1,487,806
2028	-	1,000,000	-	-	486,156	-	1,486,156
2029	-	1,050,000	-	-	438,656	-	1,488,656
2030	-	1,100,000	-	-	384,906	-	1,484,906
2031	-	1,155,000	-	-	332,141	-	1,487,141
2032	-	1,205,000	-	-	280,516	-	1,485,516
2033	-	1,260,000	-	-	226,594	-	1,486,594
2034	-	1,315,000	-	-	170,266	-	1,485,266
2035	-	1,380,000	-	-	107,000	-	1,487,000
2036	-	1,450,000	-	-	36,250	-	1,486,250
	<u>\$ 1,540,000</u>	<u>22,060,000</u>	<u>1,519,842</u>	<u>264,649</u>	<u>15,096,652</u>	<u>257,595</u>	<u>40,474,089</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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, 2011	Electric Fund	Water Fund	Sewer Fund	Demolition Landfill Fund
Bonds Payable:									
General Obligation Bonds:									
2007 General Obligation Bonds	2007	2,100,000	2014 -2019	4.00% - 4.125%	\$ 1,540,000	-	1,285,000	-	255,000
Total General Obligation Bonds					<u>1,540,000</u>	<u>0</u>	<u>1,285,000</u>	<u>0</u>	<u>255,000</u>
Revenue Bonds:									
2005 Electric System Revenue Bonds	2006	23,910,000	2036	3.25% - 5.00%	22,060,000	22,060,000	-	-	-
Total Revenue Bonds					<u>22,060,000</u>	<u>22,060,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Bonds					<u>23,600,000</u>	<u>22,060,000</u>	<u>1,285,000</u>	<u>0</u>	<u>255,000</u>
Notes Payable:									
Tennessee State Revolving Fund			2019	4.40%	1,045,558	-	-	1,045,558	-
2006 Capital Outlay Note			2018	3.90 - 4.38%	420,000	-	285,884	134,116	-
Energy Efficiency State Capital Outlay Note			2016	0%	54,284	-	12,142	42,142	-
Total Notes Payable					<u>1,519,842</u>	<u>0</u>	<u>298,026</u>	<u>1,221,816</u>	<u>0</u>
Total Business-type Activity Bonds and Notes Payable					<u>\$ 25,119,842</u>	<u>22,060,000</u>	<u>1,583,026</u>	<u>1,221,816</u>	<u>255,000</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

E. Long-Term Debt (Continued)

Debt service requirements to maturity for the business-type activity bonds and notes payable are as follows:

2005 Electric System Revenue Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	\$ 505,000	981,513	1,486,513
2013	520,000	964,225	1,484,225
2014	540,000	947,000	1,487,000
2015	555,000	928,859	1,483,859
2016	575,000	909,431	1,484,431
2017	600,000	888,494	1,488,494
2018	625,000	861,994	1,486,994
2019	655,000	829,994	1,484,994
2020	690,000	796,369	1,486,369
2021	725,000	760,994	1,485,994
2022	760,000	724,819	1,484,819
2023	800,000	687,769	1,487,769
2024	835,000	648,938	1,483,938
2025	880,000	608,206	1,488,206
2026	920,000	567,756	1,487,756
2027	960,000	527,806	1,487,806
2028	1,000,000	486,156	1,486,156
2029	1,050,000	438,656	1,488,656
2030	1,100,000	384,906	1,484,906
2031	1,155,000	332,141	1,487,141
2032	1,205,000	280,516	1,485,516
2033	1,260,000	226,594	1,486,594
2034	1,315,000	170,266	1,485,266
2035	1,380,000	107,000	1,487,000
2036	<u>1,450,000</u>	<u>36,250</u>	<u>1,486,250</u>
Total	\$ <u>22,060,000</u>	<u>15,096,652</u>	<u>37,156,652</u>

The 2005 Series Electric System Revenue Bonds were issued in 2006 at a premium of \$451,855. The unamortized amount of the premium as of June 30, 2011, was \$365,614. The City has obtained a surety bond in lieu of funding a debt service reserve, as required by the bond agreement.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

E. Long-Term Debt (Continued)

Series 2007 General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	\$ 220,000	61,832	281,832
2013	230,000	53,031	283,031
2014	240,000	43,831	283,831
2015	155,000	34,231	189,231
2016	165,000	28,031	193,031
2017	170,000	21,431	191,431
2018	175,000	14,631	189,631
2019	<u>185,000</u>	<u>7,631</u>	<u>192,631</u>
Total	\$ <u>1,540,000</u>	<u>264,649</u>	<u>1,804,649</u>

Tennessee State Revolving Fund Note Payable

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	\$ 120,360	43,608	163,968
2013	125,760	38,208	163,968
2014	131,412	32,556	163,968
2015	137,304	26,652	163,956
2016	143,472	20,496	163,968
2017	149,916	14,052	163,968
2018	156,648	7,320	163,968
2019	<u>80,686</u>	<u>1,044</u>	<u>81,730</u>
Total	\$ <u>1,045,558</u>	<u>183,936</u>	<u>1,229,494</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

E. Long-Term Debt (Continued)

2006 Capital Outlay Note

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	\$ 60,000	18,415	78,415
2013	60,000	15,784	75,784
2014	60,000	13,153	73,153
2015	60,000	10,523	70,523
2016	60,000	7,892	67,892
2017	60,000	5,261	65,261
2018	<u>60,000</u>	<u>2,631</u>	<u>62,631</u>
Total	\$ <u>420,000</u>	<u>73,659</u>	<u>493,659</u>

Energy Efficiency State Capital Outlay Note

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	\$ 10,858	-	10,858
2013	10,858	-	10,858
2014	10,856	-	10,856
2015	10,856	-	10,856
2016	<u>10,856</u>	<u>-</u>	<u>10,856</u>
Total	\$ <u>54,284</u>	<u>0</u>	<u>54,284</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

E. Long-Term Debt (Continued)

Refunding of Debt

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 new bonds 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, 2011, the unamortized amount of the premium reported as an addition in the face amount of the bonds payable in the financial statements is \$57,718. 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.

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, 2011, the following bonds outstanding are considered to be defeased:

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

The City refunded \$2,775,000 as a partial refunding of its outstanding Series 1999 General Obligation Bonds that carry a variable interest rate with new Series 2005 General Obligation Bonds of \$3,085,000 that were issued at a fixed rate of 5%. The new bonds mature April 1, 2015. The primary purpose of the refunding was to restructure the outstanding debt in order to reduce debt service requirements by taking advantage of lower interest rates. The bonds were issued at a premium of \$10,345 and as of June 30, 2011, the unamortized amount of the premium reported as an addition in the face amount of the bonds payable in the financial statements is \$3,749. 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 \$71,124 is reported as a deduction in the face amount of the bonds payable in the financial statements. 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.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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, 2011:

	Balance Beginning of Year	Additions	Retirements/ Reductions	Balance End of Year	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 17,043,584	4,450,000	1,668,584	19,825,000	1,880,000
Less Deferred Amounts:					
On Refunding	(90,746)	-	(19,622)	(71,124)	-
For Issuance Premium	66,970	215,254	10,735	271,489	-
Total General Obligation Bonds	17,019,808	4,665,254	1,659,697	20,025,365	1,880,000
Notes Payable	363,429	1,378,410	60,572	1,681,267	60,571
Compensated Absences	2,066,741	978,442	941,195	2,103,988	828,341
Other Post Employment Benefit Obligation	875,869	855,550	655,761	1,075,658	-
Governmental Activity Long-term Liabilities	20,325,847	7,877,656	3,317,225	24,886,278	2,768,912
Business-type Activities:					
General Obligation Bonds	2,731,416	-	1,191,416	1,540,000	220,000
Revenue Bonds	22,545,000	-	485,000	22,060,000	505,000
Less Deferred Amounts:					
For Issuance Premium	378,976	-	13,362	365,614	-
Total Revenue Bonds Payable	22,923,976	0	498,362	22,425,614	505,000
Notes Payable	1,705,887	-	186,045	1,519,842	191,218
Compensated Absences	151,536	62,711	64,230	150,017	64,500
Landfill Closure Costs	159,782	61,423	-	221,205	-
Other Post Employment Benefit Obligation	595,607	345,477	622,009	319,075	-
Business-type Activity Long-term Liabilities	28,268,204	469,611	2,562,062	26,175,753	980,718
Total Changes in Long-Term Debt	\$ 48,594,051	8,347,267	5,879,287	51,062,031	3,749,630

Other long-term liabilities have been liquidated through the use of the General, Water, Sewer, 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. The Demolition Landfill Fund also liquidates landfill closure costs when necessary.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

Benefits Provided

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

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

Retired employees paid 100% of the health and dental care premiums in the period of time covered by the initial actuarial study. 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 continue to pay 100% of the calculated premiums.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

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

All eligible future retirees receive \$10,000 of life insurance coverage upon retirement. Current retirees have varying amounts of life insurance coverage ranging from \$5,000 to \$30,000 based upon previous provisions in effect at the time of their retirement.

Membership

The number of participants at June 30, 2011, was as follows:

Retirees Currently Receiving Benefits	13	
Active Employees	311	311
 Total		324

Funding Policy

The City funds postemployment health care and life insurance benefits on a pay-as-you-go basis. The City established an other employment benefits trust fund in 2009 in order to accumulate and invest assets necessary to pay for the accumulated liability and related claims. As of June 30, 2011, the Plan did not issue a stand alone financial report.

Annual Other Postemployment Benefit Cost and Net OPEB Obligation

<u>Annual OPEB Cost and Net OPEB Obligation</u>	<u>2011</u>	<u>2010</u>
Annual Required Contribution	\$ 227,602	222,213
Interest on Net OPEB Obligation	-	-
Adjustment to Annual Required Contribution	-	-
Annual OPEB Cost	227,602	222,213
Actual Contributions	(227,602)	(222,213)
Increase in Net OPEB Obligation	0	0
Net OPEB Obligation – Beginning of Year	0	0
Net OPEB Obligation – End of Year	\$ 0	0

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

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

The City's annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2011 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, 2011	\$ 227,602	\$ 227,602	100%	\$ 0
June 30, 2010	\$ 222,213	\$ 222,213	100%	\$ 0
June 30, 2009	\$ 200,500	\$ 456,968	227.9%	\$ 0

Funding Status and Funding Progress

The funded status of the plan as of June 30, 2011 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
7/01/10	\$ 569,076	\$2,639,601	\$2,070,525	21.6%	\$13,027,096	15.9%
7/01/09	\$ 398,517	\$2,424,841	\$2,026,324	16.4%	\$12,406,758	16.3%
7/01/08	\$ 0	\$2,600,380	\$2,600,380	0%	\$10,283,000	25.3%

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

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

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2009, actuarial valuation, the projected unit credit actuarial cost method was used to determine liabilities. Under this method, future benefits are projected and their present value is determined. The present value is then allocated over the period from date of hire to the full eligibility date. The actuarial assumptions used a 7.50% discount rate. Assumptions also included an annual healthcare cost trend of 10% initially, reduced by decrements to an ultimate rate of 4.5% after twelve years. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over 30 years. The remaining amortization period at June 30, 2011, is 26 years.

Electric Fund OPEB

Plan Description

Bristol Tennessee Essential Services (the Electric Fund) administers the Bristol Tennessee Essential Services Retiree Benefit Plan as a single-employer defined benefit Other Post Employment Benefit plan (OPEB). As discussed in Note V.K., the Electric Fund is self-insured for employee group health benefits, with the medical plan administered by 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.

Benefits Provided

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

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

Membership

There were 27 retirees eligible to receive benefits under the healthcare portion of the plan as of June 30, 2011. As of year end, there were also 21 retirees eligible to receive life insurance benefits.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

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

Funding Policy

Bristol Tennessee Essential Services Board established the Bristol Tennessee Essential Post Employment Benefits Trust for the purpose of funding other post employment benefits accrued by its employees, to be paid as they come due in accordance with BTES post employment benefit plan. The Electric Fund's annual contribution is based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The costs of administering the plan are paid by the Trust.

<u>Annual OPEB Cost and Net OPEB Obligation</u>	<u>2011</u>	<u>2010</u>
Annual Required Contribution	\$ 319,075	306,568
Interest on Net OPEB Obligation	-	-
Adjustment to Annual Required Contribution	-	-
Annual OPEB Cost	319,075	306,568
Actual Contributions	<u>595,607</u>	<u>200,000</u>
Increase / (Decrease) in Net OPEB Obligation	(276,532)	106,568
Net OPEB Obligation – Beginning of Year	<u>595,607</u>	<u>489,039</u>
Net OPEB Obligation – End of Year	\$ <u>319,075</u>	<u>595,607</u>

The Electric Fund's annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2011, 2010, and 2009 fiscal years ended, are as follows.

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 319,075	187%	\$ 319,075
June 30, 2010	\$ 306,568	65%	\$ 595,607
June 30, 2009	\$ 247,432	0%	\$ 489,039

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

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

Funding Status and Funding Progress

The funded status of the plan as of June 30, 2011, 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
7/01/09	\$ 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

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

Actuarial Methods and Assumptions

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

In the July 1, 2009, actuarial valuation for the plan, the projected unit credit actuarial cost method was used to determine liabilities. Under this method, future benefits are projected and their present value is determined. The present value is then allocated over the period from date of hire to the full eligibility date. The actuarial assumptions used a 7% investment rate of return (net of administrative expenses) and an annual healthcare cost trend of 9-10% initially, reduced by decrements to an ultimate rate of 5% after three years. The unfunded actuarial accrued liability is being amortized over a thirty year period. The remaining amortization period at June 30, 2010, is 26.39 years.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

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

School Funds OPEB

Plan Description

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

Payments are made to retirees over sixty-five years of age as part of a Medicare Supplemental Plan. This plan is a single-employer defined contribution plan. The School Funds also participate in the state-administered Teacher Group Insurance Plan for healthcare benefits and makes payments to retirees under the age of sixty-five. For accounting purposes, this plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Tennessee Code Annotated (TCA) 8-27-302. The plan is reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/fiannce/act/cafr.html>.

Benefits Provided

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

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

CITY OF BRISTOL, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2011

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

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

Membership

For the fiscal year ended June 30, 2011, 207 retired employees were receiving benefits through either the Teacher Group Insurance Plan or the Medicare Supplemental Plan.

Funding Policy

The Schools currently fund postemployment health care benefits for both plans on a pay-as-you-go basis at a cost of \$195,975 for the 2011 year. The Schools do not intend to establish a trust to pre-fund this liability. For the Teacher Group Insurance Plan, the premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants.

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

Annual Other Postemployment Benefit Cost and Net OPEB Obligation

For the fiscal year ended June 30, 2011, the following information is presented.

	<u>Teacher Group Plan</u>	<u>Medicare Supplemental Plan</u>	<u>Total</u>
Annual Required Contribution	\$ 555,000	97,358	652,358
Interest on Net OPEB Obligation	36,004	3,410	39,414
Adjustment to Annual Required Contribution	<u>(34,103)</u>	<u>(3,319)</u>	<u>(37,422)</u>
Annual OPEB Cost	556,901	97,449	654,350
Actual Contributions	<u>(386,403)</u>	<u>(68,158)</u>	<u>(454,561)</u>
Increase in Net OPEB Obligation	170,498	29,291	199,789
Net OPEB Obligation – Beginning of Year	<u>800,085</u>	<u>75,784</u>	<u>875,869</u>
Net OPEB Obligation – End of Year	\$ <u>970,583</u>	<u>105,075</u>	<u>1,075,658</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

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

For the fiscal year ended June 30, 2010, the following information is presented.

	<u>Teacher Group Plan</u>	<u>Medicare Supplemental Plan</u>	<u>Total</u>
Annual Required Contribution	\$ 543,000	94,282	637,282
Interest on Net OPEB Obligation	26,798	2,181	28,979
Adjustment to Annual Required Contribution	<u>(25,383)</u>	<u>(2,095)</u>	<u>(27,478)</u>
Annual OPEB Cost	544,415	94,368	638,783
Actual Contributions	<u>(339,845)</u>	<u>(67,043)</u>	<u>(406,888)</u>
Increase in Net OPEB Obligation	204,570	27,325	231,895
Net OPEB Obligation – Beginning of Year	<u>595,515</u>	<u>48,459</u>	<u>643,974</u>
Net OPEB Obligation – End of Year	\$ <u>800,085</u>	<u>75,784</u>	<u>875,869</u>

The School's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2011 and 2010 are as follows.

<u>Fiscal Year Ending</u>	<u>Plan</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	Teacher Group Ins.	\$ 556,901	69.4%	\$ 970,583
June 30, 2011	Medicare Supplemental Plan	<u>97,449</u>	<u>69.9%</u>	<u>105,075</u>
	Total	<u>\$ 654,350</u>	<u>69.5%</u>	<u>\$1,075,658</u>
June 30, 2010	Teacher Group Ins.	\$ 544,415	62.4%	\$ 800,085
June 30, 2010	Medicare Supplemental Plan	<u>94,368</u>	<u>71.0%</u>	<u>75,784</u>
	Total	<u>\$ 638,783</u>	<u>63.7%</u>	<u>\$ 875,869</u>
June 30, 2009	Teacher Group Ins.	\$ 552,342	43.7%	\$ 595,515
June 30, 2009	Medicare Supplemental Plan	<u>85,038</u>	<u>72.8%</u>	<u>48,459</u>
	Total	<u>\$ 637,380</u>	<u>47.4%</u>	<u>\$ 643,974</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

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

Funding Status and Funding Progress

The funded status of the plans as of June 30, 2011, was as follows:

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

The funded status of the plans as of June 30, 2010, was as follows:

Valuation Date of 7/1/09	Teacher Group Insurance <u>Plan</u>	Medicare Supplemental <u>Plan</u>	<u>Total</u>
Actuarial Accrued Liability (AAL)	\$ 4,822,000	1,473,187	6,295,187
Actuarial Value of Plan Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	4,822,000	1,473,187	6,295,187
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	24.5%	7.5%	32.0%

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 liabilities for benefits.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

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

Actuarial Methods and Assumptions

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

In the July 1, 2009, actuarial valuation for the Teacher Group Insurance Plan, the projected unit credit actuarial cost method was used to determine liabilities. Under this method, future benefits are projected and their present value is determined. The present value is then allocated over the period from date of hire to the full eligibility date. The actuarial assumptions used a 4.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend of 10% initially, reduced by decrements to an ultimate rate of 5% after ten years. Both rates include a 3% inflation adjustment. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a thirty year period. The remaining amortization period at June 30, 2011, is 26 years.

In the July 1, 2009, 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 4.5% 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, 2011, is 26 years.

G. Closure and Postclosure Care Costs

State and Federal laws and regulations require the City to place a final cover on its demolition landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The City commissioned the preparation of closure and post-closure cost estimates based on the use of an outside contractor; however, the City intends to utilize City resources to the maximum extent possible. The City reported a liability for closure and post-closure care in the Demolition Landfill Fund of \$221,205 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 \$729,648. These costs will be recognized over the future life of the landfill as capacity is used. Actual costs may be higher upon completion of the cost estimates, or due to inflation, change in technology, changes in regulations, or if the work is performed internally by City staff.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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

G. Closure and Postclosure Care Costs (Continued)

Areas 1 and 4 are currently filled to 25% and 36% 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, 2011, of 66 and 4 years, respectively.

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 is responsible for making the bond payments. However, in the event of default, the City would have to payoff the bonds if they wanted to retain the project. As of June 30, 2011, \$8,150,000 was outstanding of these bonds.

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

B. Concentration of Credit Risk

The Electric Fund provides electric, cable, internet, and telephone services service primarily to customers in northeastern Tennessee. Customers include residential, commercial, and industrial service. Residential and commercial customers are required to have satisfactory credit reports or place deposits that approximate two month's highest expected bill. Industrial customers are generally required to either place deposits with the System that approximate two month's highest expected bill or obtain a letter of credit or surety bond as security. Interest accrues on any deposits at the passbook interest rate of the bank where the funds are deposited and totaled \$12,970 in 2011. Cable, internet, and telephone customers are billed in advance of their service. Deferred revenue in the amount of \$594,362 is recorded, of which \$483,324 relates to cable and internet services and \$111,038 relates to telephone services. Service loans are also made to customers for heat pump and insulation costs. A subordinate deed of trust is obtained on the related property for these loans. Loss experience on accounts and notes receivable has historically not been significant to the Electric Fund's operations.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE V. OTHER INFORMATION (CONTINUED):

C. Contingent Liabilities

The City generally follows the practice of recording liabilities from claims and legal actions only when it is probable that both (1) an asset has been impaired or a liability has been incurred, and (2) the amount of loss can be reasonably estimated. No material pending or threatened claims, litigation or assessments, asserted or unasserted against the City exist at this time.

D. Pole Attachment Settlement

During 2011, the Electric Fund entered into a settlement agreement with a local provider of cable, internet, and telephone services related to a disagreement about pole attachment fees. The settlement resulted in the Electric Fund receiving \$435,331 for pole attachments related to prior years.

E. Employee Retirement Systems and Pension Plans:

City of Bristol, Tennessee Plan Description

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

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

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

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE V. OTHER INFORMATION (CONTINUED):

E. Employee Retirement Systems and Pension Plans (Continued)

Funding Policy

The City of Bristol has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5% of annual covered payroll.

The City of Bristol is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2011, was 18.30% 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.

Annual Pension Cost

For the year ending June 30, 2011, the City's annual pension cost of \$2,800,030 to TCRS was equal to the City's required and actual contributions.

The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 3.0 percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was 6 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost(APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2011	\$ 2,800,030	100.00%	\$ 0.00
June 30, 2010	2,608,690	100.00%	0.00
June 30, 2009	2,646,398	100.00%	0.00

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE V. OTHER INFORMATION (CONTINUED):

E. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Process

As of July 1, 2009, the most recent actuarial valuation date, the plan was 78.42% percent funded. The actuarial accrued liability for benefits was \$61.69 million, and actuarial value of assets was \$48.38 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$13.31 million. The covered payroll (annual payroll of active employees covered by the plan) was \$15.06 million, and the ratio of the UAAL to the covered payroll was 88.35% percent.

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

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 01, 2009	\$48,379	\$61,689	\$13,310	78.42%	\$15,064	88.35%
July 01, 2007	\$46,750	\$57,678	\$10,928	81.05%	\$14,366	76.07%

Electric Fund Plan Description

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

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE V. OTHER INFORMATION (CONTINUED):

E. Employee Retirement Systems and Pension Plans (Continued)

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

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

Funding Policy

Bristol Tennessee Essential Services requires employees to contribute 5% of earnable compensation. Bristol Tennessee Essential Services is required to contribute at an actuarially determined rate using the frozen entry age actuarial cost method; the rate for the fiscal year ending June 30, 2011, was 12.76% of annual covered payroll. The contribution requirement of the plan members is set by state statute. The contribution requirement for Bristol Tennessee Essential Services is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2011, the Electric Fund's annual pension cost of \$484,250 to TCRS was equal to the required and actual contributions. The required contribution was determined as part of the July 1, 2009, 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. Bristol Tennessee Essential Service's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009 was 20 years. An actuarial valuation was performed July 1, 2009, which established contribution rates effective July 1, 2010.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE V. OTHER INFORMATION (CONTINUED):

E. Employee Retirement Systems and Pension Plans (Continued)

Trend Information

Fiscal Year Ending	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 484,250	100%	\$ 0
June 30, 2010	490,763	100%	0
June 30, 2009	471,232	100%	0

Funding Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 79.26% funded. The actuarial accrued liability for benefits was \$17.60 million, and the actuarial value of assets was \$14.00 million, resulting in an unfunded actuarial accrued liability of \$3.7 million. The covered payroll (annual payroll of active employees covered by the plan) was \$3.5 million, and the ratio of the UAAL to the covered payroll was 103.36%.

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.

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 01, 2009	\$13,951	\$17,603	\$3,652	79.26%	\$3,533	103.36%
July 01, 2007	\$13,703	\$16,363	\$2,660	83.74%	\$3,222	82.56%

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE V. OTHER INFORMATION (CONTINUED):

E. Employee Retirement Systems and Pension Plans (Continued)

Prepaid Pension Cost

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

Activity in the prepaid pension cost is as follows for the year ended June 30:

Balance at beginning of year		\$ 453,279
Annual pension cost:		
Annual required contribution	(484,250)	
Interest on prepaid pension costs	28,208	
Adjustment to required annual contribution	<u>(83,665)</u>	
Total annual pension cost		(539,707)
Contributions made		<u>484,250</u>
Balance at end of year		\$ <u>397,822</u>

School Funds Plan Description

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

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

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE V. OTHER INFORMATION (CONTINUED):

E. Employee Retirement Systems and Pension Plans (Continued)

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

Funding Policy

Most teachers are required by state statute to contribute 5.0% of salary to the plan. The employer contribution rate for Bristol Schools is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2011, was 9.05% 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, 2011, 2010, and 2009 were \$1,532,323, \$1,098,446, and \$1,132,434, respectively, equal to the required contributions for each year. Other employees of the Board are noncontributory whereby the Board is responsible for the entire contribution.

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 2011, the amount of payroll covered by the plan was \$3,398,970 of total payroll of \$3,959,676. 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 2011, the System contributed \$174,770 to the plan, which represents 5.1% of the covered payroll and 100% of the required contribution for each year. The participants contributed \$249,963 which represents 7.3% of the covered payroll.

Deferred Compensation Plan

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

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE V. OTHER INFORMATION (CONTINUED):

F. Leases

Capital Leases

The District entered into a license agreement on February 17, 2009, that is classified as a capital lease agreement. The cost of the license is included in the balance sheet as machinery and equipment totaling \$29,109 at June 30, 2011. Accumulated amortization of the license at year end was approximately \$19,154. Amortization expense of the license under the agreement is included in depreciation expense. The final lease payment was made during the current year.

Operating Leases

In September 2009, the School Board approved an operating contract for the operation of school buses. The term is for 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 \$658,943 with additional payments of \$1,808 for a total of \$660,751.

The District leases certain telecommunications equipment under a sixty (60) month operating lease, which began October 1, 2005, with Century Link that expired on October 1, 2010. The lease had an automatic renewal function that the District allowed to renew. The District is now on a month-to-month lease and is required to provide a ninety day notice to Century Link prior to discontinuing the lease. The lease payments remain \$5,865 per month.

Lease and rental expenses were \$102,719 for the fiscal year ended June 30, 2011.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE V. OTHER INFORMATION (CONTINUED):

G. Multiple Function Enterprise Fund Information

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

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

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

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE V. OTHER INFORMATION (CONTINUED):

G. Multiple Function Enterprise Fund Information (Continued)

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

STATEMENT OF NET ASSETS BY BUSINESS UNIT

	Electric Business Unit	Cable and Internet Business Unit	Telephone Business Unit	Total Electric Fund
ASSETS:				
<u>Current Assets:</u>				
Cash and Cash Equivalents	\$ 6,730,779	-	1,843,300	8,574,079
Accounts Receivable, (Net)	6,563,341	732,567	207,840	7,503,748
Customer Notes Receivable (Net) - Current Portion	440,000	-	-	440,000
Other Receivables	3,328,899	-	-	3,328,899
Due From Other Funds	181,324	-	-	181,324
Due From Other Business Units	2,194,132	-	-	2,194,132
Inventories	1,165,050	39,726	-	1,204,776
Prepays and Other Current Assets	1,231,942	16,945	4,759	1,253,646
Discounted Energy Units - Current Portion	986,131	-	-	986,131
Total Current Assets	<u>22,821,598</u>	<u>789,238</u>	<u>2,055,899</u>	<u>25,666,735</u>
Noncurrent Assets:				
Capital Assets				
Capital Assets	122,075,455	8,205,059	1,223,979	131,504,493
Construction in Progress	1,092,637	-	-	1,092,637
Total Capital Assets	<u>123,168,092</u>	<u>8,205,059</u>	<u>1,223,979</u>	<u>132,597,130</u>
Less: Accumulated Depreciation	<u>52,731,552</u>	<u>1,510,322</u>	<u>496,339</u>	<u>54,738,213</u>
Net Capital Assets	<u>70,436,540</u>	<u>6,694,737</u>	<u>727,640</u>	<u>77,858,917</u>
<u>Other Noncurrent Assets:</u>				
Customer Notes Receivable, Less Current Portion	2,427,430	-	-	2,427,430
Certificates of Deposit - Long-term	8,000,000	-	-	8,000,000
Prepaid Pension Cost	397,822	-	-	397,822
Prepays	1,100,000	-	-	1,100,000
Discounted Energy Units, Less Current Portion	513,778	-	-	513,778
Other	290,555	-	-	290,555
Total Other Noncurrent Assets	<u>12,729,585</u>	<u>0</u>	<u>0</u>	<u>12,729,585</u>
Total Noncurrent Assets	<u>83,166,125</u>	<u>6,694,737</u>	<u>727,640</u>	<u>90,588,502</u>
Total Assets	<u>\$ 105,987,723</u>	<u>7,483,975</u>	<u>2,783,539</u>	<u>116,255,237</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE V. OTHER INFORMATION (CONTINUED):

G. Multiple Function Enterprise Fund Information (Continued)

STATEMENT OF NET ASSETS BY BUSINESS UNIT (CONTINUED)

	Electric Business Unit	Cable and Internet Business Unit	Telephone Business Unit	Total Electric Fund
	<u>Unit</u>	<u>Business Unit</u>	<u>Unit</u>	<u>Fund</u>
LIABILITIES:				
<u>Current Liabilities:</u>				
Accounts Payable	\$ 2,017,450	489,011	28,881	2,535,342
Accrued Interest	332,946	-	-	332,946
Accrued Liabilities	1,114,322	62,623	56,709	1,233,654
Deposits	2,143,249	-	-	2,143,249
Due to Other Business Units	-	2,194,132	-	2,194,132
Due to Other Funds	-	45,016	-	45,016
Deferred Revenue	-	483,324	111,038	594,362
Bonds Payable	505,000	-	-	505,000
Total Current Liabilities	<u>6,112,967</u>	<u>3,274,106</u>	<u>196,628</u>	<u>9,583,701</u>
<u>Long-term Liabilities:</u>				
Bonds Payable, Net of Unamortized				
Deferred Amounts	21,920,614	-	-	21,920,614
Other Noncurrent Accrued Liabilities	319,075	-	-	319,075
Total Long-term Liabilities	<u>22,239,689</u>	<u>0</u>	<u>0</u>	<u>22,239,689</u>
Total Liabilities	<u>28,352,656</u>	<u>3,274,106</u>	<u>196,628</u>	<u>31,823,390</u>
<u>NET ASSETS:</u>				
Invested in Capital Assets, Net of				
Related Debt	50,307,846	4,500,605	727,640	55,536,091
Unrestricted	27,327,221	(290,736)	1,859,271	28,895,756
Total Net Assets	<u>77,635,067</u>	<u>4,209,869</u>	<u>2,586,911</u>	<u>84,431,847</u>
Total Liabilities and Net Assets	<u>\$ 105,987,723</u>	<u>7,483,975</u>	<u>2,783,539</u>	<u>116,255,237</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE V. OTHER INFORMATION (CONTINUED):

G. Multiple Function Enterprise Fund Information (Continued)

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

	Electric Business Unit	Cable and Internet Business Unit	Telephone Business Unit	Total Electric Fund
<u>Operating Revenues:</u>				
Charges for Services (Net)	\$ 86,158,042	11,040,654	3,335,118	100,533,814
Interunit Revenue	4,300,260	-	-	4,300,260
Other Revenue	3,819,504	230,634	192,393	4,242,531
Total Operating Revenues	<u>94,277,806</u>	<u>11,271,288</u>	<u>3,527,511</u>	<u>109,076,605</u>
<u>Operating Expenses:</u>				
Maintenance and Administrative	7,574,961	9,135,701	2,576,475	19,287,137
Purchased Power	75,426,055	-	-	75,426,055
Depreciation	3,404,645	569,111	119,192	4,092,948
Total Operating Expenses	<u>86,405,661</u>	<u>9,704,812</u>	<u>2,695,667</u>	<u>98,806,140</u>
Operating Income (Loss)	<u>7,872,145</u>	<u>1,566,476</u>	<u>831,844</u>	<u>10,270,465</u>
<u>Nonoperating Revenues (Expenses):</u>				
Interest Revenue	535,703	-	-	535,703
Interest Expense	(982,807)	(33,437)	-	(1,016,244)
Amortization of Bond Costs	(10,618)	-	-	(10,618)
State Income Tax	-	(121,841)	-	(121,841)
Plant Costs Recovered Through Contributions	(955,201)	-	-	(955,201)
Total Nonoperating Revenues (Expenses)	<u>(1,412,923)</u>	<u>(155,278)</u>	<u>0</u>	<u>(1,568,201)</u>
Net Income (Loss) Before Operating Transfers and Capital Contributions	<u>6,459,222</u>	<u>1,411,198</u>	<u>831,844</u>	<u>8,702,264</u>
<u>Transfers:</u>				
Transfer to General Fund	(1,549,794)	(35,779)	(60,853)	(1,646,426)
Total Transfers	<u>(1,549,794)</u>	<u>(35,779)</u>	<u>(60,853)</u>	<u>(1,646,426)</u>
Capital Contributions and Grants	<u>1,136,525</u>	<u>-</u>	<u>-</u>	<u>1,136,525</u>
Change in Net Assets	6,045,953	1,375,419	770,991	8,192,363
Net Assets, July 1, 2010	<u>71,589,114</u>	<u>2,834,450</u>	<u>1,815,920</u>	<u>76,239,484</u>
Net Assets, June 30, 2011	<u>\$ 77,635,067</u>	<u>4,209,869</u>	<u>2,586,911</u>	<u>84,431,847</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE V. OTHER INFORMATION (CONTINUED):

G. Multiple Function Enterprise Fund Information (Continued)

STATEMENT OF CASH FLOWS BY BUSINESS UNIT

	Electric Business Unit	Cable and Internet Business Unit	Telephone Business Unit	Total Electric Fund
<u>Cash Flows from Operating Activities:</u>				
Receipts from Customers and Users	\$ 83,457,866	11,116,706	3,528,133	98,102,705
Receipts for Interfund Services Provided	2,863,130	25,335	-	2,888,465
Payments to Suppliers	(74,819,493)	(10,300,933)	(2,600,209)	(87,720,635)
Payments for Employees	(4,009,530)	-	-	(4,009,530)
Net Cash Provided by/(Used for) Operating Activities	<u>7,491,973</u>	<u>841,108</u>	<u>927,924</u>	<u>9,261,005</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Net Repayments on Interunit Loans	-	5,543	-	5,543
Interest Payments on Interunit Loans	-	(33,437)	-	(33,437)
State Income Tax	-	(121,841)	-	(121,841)
Transfers From/(To) Other Funds	(1,549,794)	(35,779)	(60,853)	(1,646,426)
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>(1,549,794)</u>	<u>(185,514)</u>	<u>(60,853)</u>	<u>(1,796,161)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Capital Contributions	955,201	-	-	955,201
Purchase of Capital Assets and Prepayments	(6,361,668)	(655,594)	(46,767)	(7,064,029)
Principal Paid on Capital Debt	(485,000)	-	-	(485,000)
Interest Paid on Capital Debt	(985,636)	-	-	(985,636)
Net Cash Provided by/(Used for) Capital and Related Financing Activities	<u>(6,877,103)</u>	<u>(655,594)</u>	<u>(46,767)</u>	<u>(7,579,464)</u>
<u>Cash Flows from Investing Activities:</u>				
Interest and Dividends Received	400,563	-	-	400,563
Sales of Certificates of Deposits	27,105,906	-	-	27,105,906
Purchases of Certificates of Deposits	(27,105,906)	-	-	(27,105,906)
Net Receipts from Interunit Loans	(5,543)	-	-	(5,543)
Interest Receipts on Interunit Loans	33,437	-	-	33,437
Net Cash Provided by/(Used for) Investing Activities	<u>428,457</u>	<u>0</u>	<u>0</u>	<u>428,457</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(506,467)	0	820,304	313,837
Cash and Cash Equivalents, Beginning of Year	7,237,246	-	1,022,996	8,260,242
Cash and Cash Equivalents, End of Year	<u>\$ 6,730,779</u>	<u>0</u>	<u>1,843,300</u>	<u>8,574,079</u>

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE V. OTHER INFORMATION (CONTINUED):

G. Multiple Function Enterprise Fund Information (Continued)

STATEMENT OF CASH FLOWS BY BUSINESS UNIT (CONTINUED)

	Electric Business Unit	Cable and Internet 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)	\$ 7,872,145	1,566,476	831,844	10,270,465
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Depreciation Expense	3,404,645	569,111	119,192	4,092,948
Increase in Allowance for Uncollectible Accounts	62,691	48,765	9,791	121,247
Redemption of Discounted Energy Units	1,044,000	-	-	1,044,000
(Increase) Decrease:				
Accounts Receivable	(802,075)	(236,514)	(21,877)	(1,060,466)
Other Receivables	(326,547)	-	-	(326,547)
Inventories	(97,925)	(39,726)	-	(137,651)
Prepaid Items	55,457	-	-	55,457
Other Assets	(5,271)	(16,328)	(4,146)	(25,745)
Customer Notes Receivable	(176,872)	-	-	(176,872)
Increase (Decrease):				
Accounts Payable	(3,420,527)	(1,105,812)	(21,785)	(4,548,124)
Accrued Liabilities	(182,280)	55,136	14,905	(112,239)
Deposits	64,532	-	-	64,532
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 7,491,973</u>	<u>841,108</u>	<u>927,924</u>	<u>9,261,005</u>

Schedule of Noncash Investing, Capital and Financing Activities:

Accounts payable in the Electric Fund at June 30, 2011, included \$29,935 for capital assets.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE V. OTHER INFORMATION (CONTINUED):

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

For fiscal year 2011, the State of Tennessee contributed payments on behalf of City employees of \$39,000 to Police Department staff and \$34,200 to Fire Department staff. The State also contributed \$260,479 to the General Purpose School Fund on behalf of employees of the Bristol Tennessee School System.

I. Pledged Revenue

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 2011 of \$1,483,837 were 13% of the net revenue available for debt service of \$11,458,113.

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

J. Risk Management

The City and the District are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions, natural disasters; and injuries of employees for which commercial insurance is purchased from independent third parties. The City purchases conventional insurance coverage through TML for certain policies. Even though the TML policies contain an assessment clause, no assessment has been levied during the years the City has participated in this program. There has been no significant reduction in insurance coverage from the prior year. The City and Electric Fund experienced extensive damage to several facilities and machinery and equipment during April and May 2011 as a result of hail and high winds. Insurance coverage has been adequate to replace the capital items that were insured. The City and Electric Fund incurred losses up to the deductible amounts and for items not insured. However, Federal Emergency Management Agency (FEMA) and Tennessee Emergency Management Agency (TEMA) funds are available which should reimburse approximately 87.5% of the nonreimbursed loss amount incurred. Neither the City nor the District have had any settlements in the last two years which were not covered by insurance.

CITY OF BRISTOL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE V. OTHER INFORMATION (CONTINUED):

K. Self-Insurance Plans

The City is self-insured for employee group health and dental benefits, other than the school funds. A liability has been established for those claims incurred but not paid prior to year-end, both reported and unreported, based on prior experience and claims reported subsequent to year-end. Changes in estimates for claims incurred but not reported are recorded in the year that the estimates are revised. The City has purchased specific stop-loss insurance with an independent third party for the City in the amount of \$136,000 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 \$852,583. An insurance company has insured all claims exceeding the annual maximum.

Activity in the estimated liability for claims incurred but not paid is as follows for the years ended June 30, 2011 and 2010:

	2011	2010
Balance at beginning of year	\$ 472,416	312,416
Claims Incurred	3,732,235	3,342,318
Claims Paid	<u>(3,643,085)</u>	<u>(3,182,318)</u>
Balance at end of year	\$ <u>561,566</u>	<u>472,416</u>

L. Subsequent Events

Management evaluated all activity of the City through December 22, 2011. On November 1, 2011, City Council passed a resolution to combine the Water Fund and Sewer Fund into one Waterworks Fund effective for the 2012 fiscal year. Water operations and sewer operations will still be able to be reviewed independently if necessary for management decision-making purposes, such as rate analysis. However, all data will be combined and reflected as the Waterworks Fund for external reporting purposes.

M. Surcharge Revenue

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

CITY OF BRISTOL, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS – DEFINED BENEFIT PENSION PLANS
For the Fiscal Year Ended June 30, 2011

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 01, 2009	\$48,379	\$61,689	\$13,310	78.42%	\$15,064	88.35%
July 01, 2007	\$46,750	\$57,678	\$10,928	81.05%	\$14,366	76.07%

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made for the 2007 valuation and therefore only two years of data is presented.

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 01, 2009	\$13,951	\$17,603	\$3,652	79.26%	\$3,533	103.36%
July 01, 2007	13,703	16,363	2,660	83.74%	3,222	82.56%
July 01, 2005	12,335	13,290	955	92.81%	2,890	33.06%

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS – OPEB PLANS
For the Fiscal Year Ended June 30, 2011

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

The funded status of the plan as of June 30, 2011, 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
7/01/10	\$ 569,076	\$2,639,601	\$2,070,525	21.6%	\$13,027,096	15.9%
7/01/09	\$ 398,517	\$2,424,841	\$2,026,324	16.4%	\$12,406,758	16.3%
7/01/08	\$ 0	\$2,600,380	\$2,600,380	0%	\$11,815,960	22.0%

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

Fiscal Year	Annual Required Contribution	Contribution Made	Percentage Contributed
2011	\$ 227,602	227,602	100%
2010	222,213	222,213	100%
2009	200,500	456,968	227.9%

Bristol Tennessee Essential Services Schedule of Funding Progress – OPEB Plan

The funded status of the plan as of June 30, 2011, 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
7/01/09	\$ 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
2011	\$ 319,075	595,607	187%
2010	306,568	200,000	65%
2009	247,432	0	0%

(Continued)

CITY OF BRISTOL, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS – OPEB PLANS
For the Fiscal Year Ended June 30, 2011

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

The funded status of the plans as of June 30, 2011, was as follows:

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%

The funded status of the plans as of June 30, 2010, was as follows:

Valuation Date of 7/1/09	Teacher Group Insurance Plan	Medicare Supplemental Plan	Total
Actuarial Accrued Liability (AAL)	\$ 4,822,000	1,473,187	6,295,187
Actuarial Value of Plan Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	4,822,000	1,473,187	6,295,187
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	24.5%	7.5%	32.0%

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

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, 2011

Bristol Tennessee City School System Schedule of Contributions – OPEB Plan

Teacher Group Plan

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Contribution Made</u>	<u>Percentage Contributed</u>
2011	\$ 555,000	\$ 386,403	70%
2010	543,000	339,845	63%
2009	552,000	241,129	44%

Medicare Supplemental Plan

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Contribution Made</u>	<u>Percentage Contributed</u>
2011	\$ 97,358	\$ 68,158	70%
2010	94,282	67,043	71%
2009	84,944	61,923	73%

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF UNACCOUNTED FOR WATER
For the Fiscal Year Ended June 30, 2011
(All Amounts in Gallons)

<u>Water Treated and Purchased:</u>		
Water Pumped (Potable)	2,114,684,000	
Water Purchased	-	
Total Water Treated and Purchased	-	2,114,684,000
 Accounted for Water:		
Water Sold	1,478,231,300	
Metered for Consumption (In House Usage)	-	
Fire Department(s) Usage	119,550	
Flushing	42,349,006	
Tank Cleaning/Filling	2,290,000	
Street Cleaning	65,020	
Bulk Sales	-	
Water Bill Adjustments	-	
Total Accounted for Water	-	1,523,054,876
Unaccounted for Water		591,629,124
Percent Unaccounted for Water		27.98%

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

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.

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.

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.

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.

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

Facilities Capital Projects 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, 2011

	Special Revenue Funds							
	Community Development Grant Fund	Drug Fund	Grant Fund	HOME Consortium Fund	School Federal Projects Fund	School Nutrition Fund	Solid Waste Fund	State Street Aid Fund
ASSETS:								
Cash and Cash Equivalents	-	6,444	-	-	8,166	1,196,657	-	481,093
Accounts Receivable	-	-	-	-	-	-	145,040	-
Notes Receivable	122,835	-	-	31,956	-	-	-	-
Other Receivables	165	-	-	-	-	867	3,876	720
Due from Other Funds	-	93,445	-	-	-	-	-	162,083
Due from Other Governments	53,232	12,078	62,459	61,608	29,279	7,969	70,822	122,864
Inventory	-	-	-	-	-	68,682	-	-
Restricted Cash	-	-	-	-	-	-	-	-
Total Assets	\$ 176,232	111,967	62,459	93,564	37,445	1,274,175	219,738	766,760

LIABILITIES AND FUND BALANCES:

Liabilities:	
Accounts Payable	\$ 11,337
Contracts Payable	5,000
Accrued Payroll and Deductions	-
Due to Other Funds	37,060
Due to Others	-
Deferred Revenue	122,835
Total Liabilities	176,232
Fund Balances:	
Nonspendable for Inventory	-
Restricted for:	
Capital Outlay	-
Drug Control	81,588
Drug Education	325
Federal Forfeitures	18,760
School Nutrition	-
State Street Aid	-
Virginia Forfeitures	4,486
Committed for:	
Solid Waste	-
Viking Hall	-
Assigned for:	
Capital Outlay	-
State Street Aid	-
Total Fund Balances	0
Total Liabilities and Fund Balances	\$ 176,232

Accounts Payable	\$ 11,337	40,402	-	-	-	-	53,389	421,356
Contracts Payable	5,000	8,000	-	-	-	-	-	-
Accrued Payroll and Deductions	-	-	-	-	-	-	18,673	-
Due to Other Funds	37,060	44,369	44,369	13,206	37,445	-	147,391	-
Due to Others	-	-	-	-	-	-	-	-
Deferred Revenue	122,835	2,241	16,787	31,956	-	21,628	-	-
Total Liabilities	176,232	6,808	62,459	93,564	37,445	21,628	219,453	421,356
Fund Balances:								
Nonspendable for Inventory	-	-	-	-	-	68,682	-	-
Restricted for:								
Capital Outlay	-	-	-	-	-	-	-	-
Drug Control	-	81,588	-	-	-	-	-	-
Drug Education	-	325	-	-	-	-	-	-
Federal Forfeitures	-	18,760	-	-	-	-	-	-
School Nutrition	-	-	-	-	-	1,183,865	-	-
State Street Aid	-	-	-	-	-	-	-	137,852
Virginia Forfeitures	-	4,486	-	-	-	-	-	-
Committed for:								
Solid Waste	-	-	-	-	-	-	285	-
Viking Hall	-	-	-	-	-	-	-	-
Assigned for:								
Capital Outlay	-	-	-	-	-	-	-	-
State Street Aid	-	-	-	-	-	-	-	207,552
Total Fund Balances	0	105,159	0	0	0	1,252,547	285	345,404
Total Liabilities and Fund Balances	\$ 176,232	111,967	62,459	93,564	37,445	1,274,175	219,738	766,760

(Continued)

CITY OF BRISTOL, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2011

	Special Revenue Funds (Continued)			Capital Projects Funds			Total Nonmajor Governmental Funds
	Transportation Grant Fund	Viking Hall Fund	Total Special Revenue Funds	Debt Service Fund	Equipment Capital Projects Fund	Facilities Capital Projects Fund	
ASSETS:							
Cash and Cash Equivalents	-	10,311	1,702,671	-	-	-	0
Accounts Receivable	-	7,853	152,893	-	-	-	0
Notes Receivable	-	-	154,791	-	-	-	0
Other Receivables	1,150	-	6,778	-	-	-	0
Due from Other Funds	-	6,263	261,791	-	31,495	499,362	530,857
Due from Other Governments	293,683	-	713,994	-	-	434,894	434,894
Inventory	-	-	68,682	-	-	-	0
Restricted Cash	-	-	0	-	501,465	886,090	1,387,555
Total Assets	294,833	24,427	3,061,600	0	532,960	1,820,346	2,353,306

LIABILITIES AND FUND BALANCES:

Liabilities:							
Accounts Payable	11,954	270	544,578	-	31,496	223,758	255,254
Contracts Payable	-	-	13,000	-	-	151,793	151,793
Accrued Payroll and Deductions	16,755	-	35,428	-	-	-	0
Due to Other Funds	251,437	-	530,908	-	-	-	0
Due to Others	14,687	10,166	24,853	-	-	-	0
Deferred Revenue	-	717	196,164	-	-	-	0
Total Liabilities	294,833	11,153	1,344,931	0	31,496	375,551	407,047

Fund Balances:

Nonspendable for Inventory	-	-	68,682	-	-	-	0	68,682
Restricted for:								
Capital Outlay	-	-	0	-	-	1,001,008	1,001,008	1,001,008
Drug Control	-	-	81,588	-	-	-	0	81,588
Drug Education	-	-	325	-	-	-	0	325
Federal Forfeitures	-	-	18,760	-	-	-	0	18,760
School Nutrition	-	-	1,183,865	-	-	-	0	1,183,865
State Street Aid	-	-	137,852	-	-	-	0	137,852
Virginia Forfeitures	-	-	4,486	-	-	-	0	4,486
Committed for:								
Solid Waste	-	-	285	-	-	-	0	285
Viking Hall	-	13,274	13,274	-	-	-	0	13,274
Assigned for:								
Capital Outlay	-	-	0	-	501,464	443,787	945,251	945,251
State Street Aid	-	-	207,552	-	-	-	0	207,552
Total Fund Balances	0	13,274	1,716,669	0	501,464	1,444,795	1,946,259	3,662,928
Total Liabilities and Fund Balances	294,833	24,427	3,061,600	0	532,960	1,820,346	2,353,306	5,414,906

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, 2011

	Special Revenue Funds							
	Community Development Grant Fund	Drug Fund	Grant Fund	HOME Consortium Fund	School Federal Projects Fund	School Nutrition Fund	Solid Waste Fund	State Street Aid Fund
REVENUES:								
Intergovernmental	\$ 323,414	7,883	252,901	931,844	2,473,534	1,207,203	70,822	697,113
Charges for Services	-	-	-	-	-	705,569	1,451,890	-
Revenue from Use of Facilities	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	47,225	-	-	-	-	23,833	-
Investment Earnings	-	29	-	-	-	9,430	-	608
Other	33,904	505	-	27,695	-	-	2,340	2,654
Total Revenues	357,318	55,642	252,901	959,539	2,473,534	1,922,202	1,548,885	700,375
EXPENDITURES:								
Current:								
General Government	357,318	-	2,781	959,539	-	-	-	-
Community Relations	-	-	11,046	-	-	-	-	-
Education	-	-	-	-	2,410,740	1,828,142	-	-
Parks and Recreation	-	-	48,420	-	-	-	-	-
Public Safety	-	43,908	191,879	-	-	-	-	-
Public Works	-	-	-	-	-	-	1,584,322	876,319
Capital Outlay	-	-	11,995	-	62,794	-	-	-
Debt Service:								
Principal Retirement	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other Costs	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-
Total Expenditures	357,318	43,908	266,121	959,539	2,473,534	1,833,310	1,584,322	876,319
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	11,734	(13,220)	0	0	88,892	(35,437)	(175,944)
Other Financing Sources (Uses):								
Bonds Issued	-	-	-	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-	-	-	-
Insurance Recoveries	-	-	-	-	-	-	10,000	-
Sale of Capital Assets	-	-	-	-	-	6,701	-	-
Transfer from General Fund	-	8,257	13,220	-	-	-	27,000	126,836
Transfer from General Purpose School Fund	-	-	-	-	-	-	-	-
Transfer to General Fund	-	-	-	-	-	-	-	-
Transfer to School Capital Projects Fund	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	0	8,257	13,220	0	0	6,701	37,000	126,836
Net Change in Fund Balances	0	19,991	0	0	0	95,593	1,563	(49,108)
Fund Balance, July 1, 2010	0	85,168	0	0	0	1,151,641	(1,278)	394,512
Purchase Method Inventory Adj.	-	-	-	-	-	5,313	-	-
Fund Balance, June 30, 2011	\$ 0	105,159	0	0	0	1,252,547	285	345,404

(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, 2011

	Special Revenue Funds (Continued)			Capital Projects Funds			Nonmajor Governmental Funds
	Transportation Grant Fund	Viking Hall Fund	Total Special Revenue Funds	Capital Projects - Equipment Fund	Capital Projects - Facilities Fund	Total Capital Projects Funds	
REVENUES:							
Intergovernmental	1,178,687	-	7,143,401	-	575,082	575,082	7,718,483
Charges for Services	27,231	20,770	2,205,460	-	-	0	2,205,460
Revenue from Use of Facilities	-	323,317	323,317	-	-	0	323,317
Fines and Forfeitures	-	-	71,058	-	-	0	71,058
Investment Earnings	-	33	10,100	242	826	1,068	11,168
Other	-	1,995	69,093	-	331,223	331,223	400,316
Total Revenues	1,205,918	346,115	9,822,429	242	907,131	907,373	10,729,802
EXPENDITURES:							
Current:							
General Government	241,088	-	1,560,726	-	2,357	2,357	1,563,083
Community Relations	-	438,959	450,005	-	-	0	450,005
Education	-	-	4,238,882	-	-	0	4,238,882
Parks and Recreation	66,577	-	114,997	-	16,028	16,028	131,025
Public Safety	-	-	235,787	-	11,939	11,939	247,726
Public Works	490,954	-	2,951,595	-	183,842	183,842	3,135,437
Capital Outlay	559,428	-	639,385	491,026	829,947	1,320,973	1,960,358
Debt Service:							
Principal Retirement	-	-	0	-	-	0	1,729,155
Interest	-	-	0	1,729,155	-	0	645,363
Other Costs	-	-	0	645,363	-	0	1,906
Bond Issuance Costs	-	-	0	1,906	-	0	16,972
Total Expenditures	1,358,047	438,959	10,191,377	498,122	1,053,989	1,552,111	14,119,912
Excess (Deficiency) of Revenues Over (Under) Expenditures	(152,129)	(92,844)	(368,948)	(497,880)	(146,858)	(644,738)	(3,390,110)
Other Financing Sources (Uses):							
Bonds Issued	-	-	0	485,000	675,000	1,160,000	1,160,000
Premium on Bonds Issued	-	-	0	23,319	32,828	56,147	56,147
Insurance Recoveries	-	-	10,000	-	-	0	10,000
Sale of Capital Assets	-	-	6,701	-	-	0	6,701
Transfer from General Fund	192,810	95,000	463,123	491,025	320,000	811,025	3,624,336
Transfer from General Purpose School Fund	(40,681)	-	(40,681)	-	-	0	26,236
Transfer to General Fund	-	-	0	-	-	0	(40,681)
Transfer to School Capital Projects Fund	-	-	0	-	(28,167)	(28,167)	(28,167)
Total Other Financing Sources (Uses)	152,129	95,000	439,143	999,344	999,661	1,999,005	4,814,572
Net Change in Fund Balances	0	2,156	70,195	501,464	852,803	1,354,267	1,424,462
Fund Balance, July 1, 2010	0	11,118	1,641,161	0	591,992	591,992	2,233,153
Purchase Method Inventory Adj.	-	-	5,313	-	-	0	5,313
Fund Balance, June 30, 2011	0	13,274	1,716,669	501,464	1,444,795	1,946,259	3,662,928

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, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 343,503	323,414	20,089
Other	25,000	33,904	(8,904)
Total Revenues	<u>368,503</u>	<u>357,318</u>	<u>11,185</u>
<u>Expenditures:</u>			
Operating Expenditures	368,503	357,318	(11,185)
Total Expenditures	<u>368,503</u>	<u>357,318</u>	<u>(11,185)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30, 2011	<u>\$ 0</u>	<u>0</u>	<u>0</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ -	7,883	7,883
Fines, Forfeitures, Restituion, Seizures	22,500	47,225	24,725
Investment Earnings	50	29	(21)
Other	-	505	505
Total Revenues	<u>22,550</u>	<u>55,642</u>	<u>33,092</u>
<u>Expenditures:</u>			
Public Safety	<u>76,154</u>	<u>43,908</u>	<u>32,246</u>
Total Expenditures	<u>76,154</u>	<u>43,908</u>	<u>32,246</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(53,604)</u>	<u>11,734</u>	<u>65,338</u>
<u>Other Financing Sources (Uses):</u>			
Transfer from General Fund	<u>12,500</u>	<u>8,257</u>	<u>(4,243)</u>
Total Other Financing Sources (Uses)	<u>12,500</u>	<u>8,257</u>	<u>(4,243)</u>
Net Change in Fund Balances	(41,104)	19,991	61,095
Fund Balance, July 1, 2010	<u>41,104</u>	<u>85,168</u>	<u>44,064</u>
Fund Balance, June 30, 2011	<u>\$ 0</u>	<u>105,159</u>	<u>105,159</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 530,715	252,901	(277,814)
Total Revenues	<u>530,715</u>	<u>252,901</u>	<u>(277,814)</u>
<u>Expenditures:</u>			
Community Relations Grants	14,000	11,046	2,954
Economic Development Grants	25,000	-	25,000
Finance Grants	3,000	2,781	219
Parks and Recreation Grants	49,600	48,420	1,180
Police Grants	457,169	191,879	265,290
Police Capital Outlay	-	11,995	(11,995)
Total Expenditures	<u>548,769</u>	<u>266,121</u>	<u>282,648</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(18,054)</u>	<u>(13,220)</u>	<u>4,834</u>
<u>Other Financing Sources (Uses):</u>			
Transfer from General Fund	18,054	13,220	(4,834)
Total Other Financing Sources (Uses)	<u>18,054</u>	<u>13,220</u>	<u>(4,834)</u>
Net Change in Fund Balances	0	0	0
Fund Balance, July 1, 2010	-	-	-
Fund Balance, June 30, 2011	<u>\$ 0</u>	<u>0</u>	<u>0</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
HOME CONSORTIUM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>Revenues:</u>			
Intergovernmental:			
City of Bluff City, Tennessee	\$ 121,600	-	(121,600)
City of Bristol, Tennessee	171,158	111,228	(59,930)
City of Bristol, Virginia	149,371	-	(149,371)
City of Johnson City, Tennessee	383,272	206,587	(176,685)
City of Kingsport, Tennessee	275,419	100,650	(174,769)
Sullivan County, Tennessee	303,000	81,456	(221,544)
Washington County, Virginia	192,046	128,526	(63,520)
CHDO	297,281	172,662	(124,619)
Administration	183,328	132,935	(50,393)
Other	55,000	25,495	(29,505)
Total Revenues	<u>2,131,475</u>	<u>959,539</u>	<u>(1,171,936)</u>
<u>Expenditures:</u>			
Program Expenditures:			
City of Bluff City, Tennessee	121,600	5,300	116,300
City of Bristol, Tennessee	196,158	112,836	83,322
City of Bristol, Virginia	149,371	-	149,371
City of Johnson City, Tennessee	408,272	209,087	199,185
City of Kingsport, Tennessee	275,419	105,650	169,769
Sullivan County, Tennessee	303,000	92,543	210,457
Washington County, Virginia	197,046	128,526	68,520
CHDO	297,281	172,662	124,619
Administrative Expenditures	183,328	132,935	50,393
Total Expenditures	<u>2,131,475</u>	<u>959,539</u>	<u>1,171,936</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance, July 1, 2010	-	-	-
Fund Balance, June 30, 2011	<u>\$ 0</u>	<u>0</u>	<u>0</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
 SCHOOL FEDERAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 2,900,145	2,473,534	(426,611)
Total Revenues	<u>2,900,145</u>	<u>2,473,534</u>	<u>(426,611)</u>
<u>Expenditures:</u>			
<u>Instruction:</u>			
Regular Education	1,137,903	969,926	167,977
Alternate School	75,391	61,584	13,807
Special Education	1,089,061	999,661	89,400
Vocational Education	44,973	25,323	19,650
Total Instruction	<u>2,347,328</u>	<u>2,056,494</u>	<u>290,834</u>
<u>Support Services:</u>			
Health Services	28,408	27,331	1,077
Other Student Support	105,170	126,015	(20,845)
Regular Instruction	394,451	178,454	215,997
Special Education	21,500	19,042	2,458
Vocational Education	2,788	2,456	332
Student Transportation	500	948	(448)
Total Support Services	<u>552,817</u>	<u>354,246</u>	<u>198,571</u>
Capital Outlay	<u>0</u>	<u>62,794</u>	<u>(62,794)</u>
Total Expenditures	<u>2,900,145</u>	<u>2,473,534</u>	<u>426,611</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30, 2011	<u>\$ 0</u>	<u>0</u>	<u>0</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
SCHOOL NUTRITION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 1,256,000	1,207,203	(48,797)
Charges for Services	811,000	705,569	(105,431)
Investment Earnings	-	9,430	9,430
Total Revenues	<u>2,067,000</u>	<u>1,922,202</u>	<u>(144,798)</u>
<u>Expenditures:</u>			
Food Services	2,079,000	1,828,142	250,858
Capital Outlay	-	5,168	(5,168)
Total Expenditures	<u>2,079,000</u>	<u>1,833,310</u>	<u>245,690</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,000)</u>	<u>88,892</u>	<u>100,892</u>
<u>Other Financing Sources (Uses):</u>			
Sale of Capital Assets	12,000	6,701	(5,299)
Total Other Financing Sources (Uses)	<u>12,000</u>	<u>6,701</u>	<u>(5,299)</u>
Net Change in Fund Balances	-	95,593	95,593
Fund Balance, July 1, 2010	1,069,876	1,151,641	81,765
Purchase Method Inventory Adjustment	-	5,313	5,313
Fund Balance, June 30, 2011	<u>\$ 1,069,876</u>	<u>1,252,547</u>	<u>182,671</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
SOLID WASTE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Intergovernmental	\$ -	-	70,822	70,822
Charges for Services	1,433,000	1,433,000	1,451,890	18,890
Fines and Forfeitures	23,000	23,000	23,833	833
Other	-	-	2,340	2,340
Total Revenues	<u>1,456,000</u>	<u>1,456,000</u>	<u>1,548,885</u>	<u>92,885</u>
<u>Expenditures:</u>				
<u>Refuse Collection:</u>				
Personnel	246,619	246,619	233,047	13,572
Operating Expenditures	514,600	514,600	536,918	(22,318)
Other Expenditures	7,097	7,097	6,758	339
Total Refuse Collection	<u>768,316</u>	<u>768,316</u>	<u>776,723</u>	<u>(8,407)</u>
<u>Brush and Bulk Collection:</u>				
Personnel	556,411	605,669	583,001	22,668
Operating Expenditures	178,500	228,500	215,294	13,206
Other Expenditures	12,515	12,515	9,304	3,211
Total Brush and Bulk Collection	<u>747,426</u>	<u>846,684</u>	<u>807,599</u>	<u>39,085</u>
Total Expenditures	<u>1,515,742</u>	<u>1,615,000</u>	<u>1,584,322</u>	<u>30,678</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(59,742)</u>	<u>(159,000)</u>	<u>(35,437)</u>	<u>123,563</u>
<u>Other Financing Sources (Uses):</u>				
Insurance Recoveries	-	-	10,000	10,000
Transfer from General Fund	60,000	159,258	27,000	(132,258)
Total Other Financing Sources (Uses)	<u>60,000</u>	<u>159,258</u>	<u>37,000</u>	<u>(122,258)</u>
Net Change in Fund Balances	258	258	1,563	1,305
Fund Balance, July 1, 2010	<u>2,906</u>	<u>2,906</u>	<u>(1,278)</u>	<u>(4,184)</u>
Fund Balance, June 30, 2011	<u>\$ 3,164</u>	<u>3,164</u>	<u>285</u>	<u>(2,879)</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
STATE STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Intergovernmental	\$ 679,000	714,600	697,113	(17,487)
Investment Earnings	1,000	1,000	608	(392)
Other	-	-	2,654	2,654
Total Revenues	<u>680,000</u>	<u>715,600</u>	<u>700,375</u>	<u>(15,225)</u>
<u>Expenditures:</u>				
Guardrails	12,000	12,000	-	12,000
Pavement Markings	45,000	45,000	16,433	28,567
Resurfacing	500,000	500,000	542,758	(42,758)
Sidewalk Maintenance	20,000	63,000	67,128	(4,128)
Signage	5,000	5,000	-	5,000
Street Maintenance	250,000	250,000	250,000	-
Total Expenditures	<u>832,000</u>	<u>875,000</u>	<u>876,319</u>	<u>(1,319)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(152,000)</u>	<u>(159,400)</u>	<u>(175,944)</u>	<u>(16,544)</u>
<u>Other Financing Sources (Uses):</u>				
Transfer from General Fund	125,193	125,193	126,836	1,643
Total Other Financing Sources (Uses)	<u>125,193</u>	<u>125,193</u>	<u>126,836</u>	<u>1,643</u>
Net Change in Fund Balances	(26,807)	(34,207)	(49,108)	(14,901)
Fund Balance, July 1, 2010	<u>392,529</u>	<u>392,529</u>	<u>394,512</u>	<u>1,983</u>
Fund Balance, June 30, 2011	<u>\$ 365,722</u>	<u>358,322</u>	<u>345,404</u>	<u>(12,918)</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
TRANSPORTATION GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 1,179,375	1,178,687	(688)
Charges for Services	24,500	27,231	2,731
Total Revenues	<u>1,203,875</u>	<u>1,205,918</u>	<u>2,043</u>
<u>Expenditures:</u>			
ADA Transit	43,696	46,892	(3,196)
Job Access	115,705	109,617	6,088
MPO	263,428	241,088	22,340
Senior Citizen Transportation	64,081	66,577	(2,496)
Transit	298,228	334,445	(36,217)
Capital Outlay	522,730	559,428	(36,698)
Total Expenditures	<u>1,307,868</u>	<u>1,358,047</u>	<u>(50,179)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(103,993)</u>	<u>(152,129)</u>	<u>(48,136)</u>
<u>Other Financing Sources (Uses):</u>			
Transfer from General Fund	167,743	192,810	25,067
Transfer to General Fund	(63,750)	(40,681)	23,069
Total Other Financing Sources (Uses)	<u>103,993</u>	<u>152,129</u>	<u>48,136</u>
Net Change in Fund Balances	0	0	0
Fund Balance, July 1, 2010	-	-	-
Fund Balance, June 30, 2011	<u>\$ 0</u>	<u>0</u>	<u>0</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
VIKING HALL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>Revenues:</u>			
Charges for Services	\$ 22,000	20,770	(1,230)
Revenue from Use of Facilities	411,000	323,317	(87,683)
Investment Earnings	300	33	(267)
Other	-	1,995	1,995
Total Revenues	<u>433,300</u>	<u>346,115</u>	<u>(87,185)</u>
<u>Expenditures:</u>			
Personnel	198,652	104,682	93,970
Operating Expenditures	63,040	44,454	18,586
Show Expenditures	350,000	280,301	69,699
Other Expenditures	2,485	9,522	(7,037)
Total Expenditures	<u>614,177</u>	<u>438,959</u>	<u>175,218</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(180,877)</u>	<u>(92,844)</u>	<u>88,033</u>
<u>Other Financing Sources (Uses):</u>			
Transfer from General Fund	175,000	95,000	(80,000)
Total Other Financing Sources (Uses)	<u>175,000</u>	<u>95,000</u>	<u>(80,000)</u>
Net Change in Fund Balances	(5,877)	2,156	8,033
Fund Balance, July 1, 2010	<u>10,198</u>	<u>11,118</u>	<u>920</u>
Fund Balance, June 30, 2011	<u>\$ 4,321</u>	<u>13,274</u>	<u>8,953</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Investment Earnings	\$ -	-	-	-
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Expenditures:</u>				
Principal Retirement	1,561,140	1,729,237	1,729,155	82
Interest	609,812	645,763	645,363	400
Other Costs	25,000	25,000	1,906	23,094
Total Expenditures	<u>2,195,952</u>	<u>2,400,000</u>	<u>2,376,424</u>	<u>23,576</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,195,952)</u>	<u>(2,400,000)</u>	<u>(2,376,424)</u>	<u>23,576</u>
<u>Other Financing Sources (Uses):</u>				
Transfer from General Fund	2,195,952	2,376,764	2,350,188	(26,576)
Transfer from General Purpose School Fund	-	23,236	26,236	3,000
Total Other Financing Sources (Uses)	<u>2,195,952</u>	<u>2,400,000</u>	<u>2,376,424</u>	<u>(23,576)</u>
Net Change in Fund Balances	0	0	0	0
Fund Balance, July 1, 2010	-	-	-	-
Fund Balance, June 30, 2011	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
EQUIPMENT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>Revenues:</u>			
Investment Earnings	\$ -	242	242
Other	180,000	-	(180,000)
Total Revenues	<u>180,000</u>	<u>242</u>	<u>(179,758)</u>
<u>Expenditures:</u>			
Capital Outlay	1,417,000	491,026	925,974
Bond Issuance Costs	-	7,096	(7,096)
Total Expenditures	<u>1,417,000</u>	<u>498,122</u>	<u>918,878</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,237,000)</u>	<u>(497,880)</u>	<u>739,120</u>
<u>Other Financing Sources (Uses):</u>			
Bonds Issued	670,000	485,000	(185,000)
Premium on Bonds Issued	-	23,319	23,319
Transfer from General Fund	567,000	491,025	(75,975)
Total Other Financing Sources (Uses)	<u>1,237,000</u>	<u>999,344</u>	<u>(237,656)</u>
Net Change in Fund Balances	0	501,464	501,464
Fund Balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30, 2011	<u>\$ 0</u>	<u>501,464</u>	<u>501,464</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
FACILITIES CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 833,043	575,082	(257,961)
Investment Earnings	-	826	826
Other	596,600	331,223	(265,377)
Total Revenues	<u>1,429,643</u>	<u>907,131</u>	<u>(522,512)</u>
<u>Expenditures:</u>			
Capital Outlay	1,548,643	829,947	718,696
Other	185,000	214,166	(29,166)
Bond Issuance Costs	-	9,876	(9,876)
Total Expenditures	<u>1,733,643</u>	<u>1,053,989</u>	<u>679,654</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(304,000)</u>	<u>(146,858)</u>	<u>157,142</u>
<u>Other Financing Sources (Uses):</u>			
Bonds Issued	-	675,000	675,000
Premium on Bonds Issued	-	32,828	32,828
Transfer from General Fund	304,000	320,000	16,000
Transfer to School Capital Projects Fund	-	(28,167)	(28,167)
Total Other Financing Sources (Uses)	<u>304,000</u>	<u>999,661</u>	<u>695,661</u>
Net Change in Fund Balances	0	852,803	852,803
Fund Balance, July 1, 2010	-	591,992	591,992
Fund Balance, June 30, 2011	<u>\$ 0</u>	<u>1,444,795</u>	<u>1,444,795</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
SCHOOL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Investment Earnings	\$ -	-	1,455	1,455
Total Revenues	<u>0</u>	<u>0</u>	<u>1,455</u>	<u>1,455</u>
<u>Expenditures:</u>				
Capital Outlay	3,500,000	5,500,000	4,296,376	1,203,624
Bond Issuance Costs	-	-	48,135	(48,135)
Total Expenditures	<u>3,500,000</u>	<u>5,500,000</u>	<u>4,344,511</u>	<u>1,155,489</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,500,000)</u>	<u>(5,500,000)</u>	<u>(4,343,056)</u>	<u>1,156,944</u>
<u>Other Financing Sources (Uses):</u>				
Bonds Issued	3,500,000	3,800,000	3,290,000	(510,000)
Notes Payable	-	1,400,000	1,378,410	(21,590)
Premium on Bonds Issued	-	-	159,107	159,107
Transfer from Capital Projects Fund	-	300,000	28,167	(271,833)
Total Other Financing Sources (Uses)	<u>3,500,000</u>	<u>5,500,000</u>	<u>4,855,684</u>	<u>(644,316)</u>
Net Change in Fund Balances	0	0	512,628	512,628
Fund Balance, July 1, 2010	-	-	-	-
Fund Balance, June 30, 2011	<u>\$ 0</u>	<u>0</u>	<u>512,628</u>	<u>512,628</u>

See Independent Auditors' Report.

Fiduciary Funds

Agency Funds

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

CITY OF BRISTOL, TENNESSEE
COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
June 30, 2011

	<u>Youth Counselor Office</u>	<u>Joint Sewer System</u>	<u>Total Agency Funds</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ -	2,805,441	2,805,441
Total Assets	<u>\$ 0</u>	<u>2,805,441</u>	<u>2,805,441</u>
<u>LIABILITIES:</u>			
Due to Others	\$ -	2,805,441	2,805,441
Total Liabilities	<u>\$ 0</u>	<u>2,805,441</u>	<u>2,805,441</u>

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Fiscal Year Ended June 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>YOUTH COUNSELOR OFFICE FUND</u>				
ASSETS				
Pooled Cash Held by General Fund	\$ 0	3,809	3,809	0
TOTAL ASSETS	<u>\$ 0</u>	<u>3,809</u>	<u>3,809</u>	<u>0</u>
LIABILITIES				
Due to Others	<u>\$ 0</u>	<u>3,809</u>	<u>3,809</u>	<u>0</u>
 <u>JOINT SEWER SYSTEM FUND</u>				
ASSETS				
Cash and Cash Equivalents	<u>\$ 2,371,638</u>	<u>3,235,967</u>	<u>2,802,164</u>	<u>2,805,441</u>
LIABILITIES				
Due to Others	<u>\$ 2,371,638</u>	<u>3,235,967</u>	<u>2,802,164</u>	<u>2,805,441</u>
 <u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Pooled Cash Held by General Fund	\$ -	3,809	3,809	0
Cash and Cash Equivalents	<u>2,371,638</u>	<u>3,235,967</u>	<u>2,802,164</u>	<u>2,805,441</u>
TOTAL ASSETS	<u>\$ 2,371,638</u>	<u>3,239,776</u>	<u>2,805,973</u>	<u>2,805,441</u>
LIABILITIES				
Due to Others	<u>\$ 2,371,638</u>	<u>3,239,776</u>	<u>2,805,973</u>	<u>2,805,441</u>

See Independent Auditors' Report.

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

CITY OF BRISTOL, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
June 30, 2011

	2011
Governmental Funds Capital Assets:	
Land	\$ 4,038,348
Land Improvements	2,680,087
Buildings	43,742,480
Building Improvements	10,285,584
Other Improvements	1,223,377
Machinery and Equipment	16,653,968
Infrastructure	110,540,878
Construction in Progress	4,875,864
Total Governmental Funds Capital Assets	\$ 194,040,586
Investments in Governmental Funds Capital Assets by Source:	
Bond Issue	\$ 74,464,139
Capital Outlay Notes	3,993,395
Capital Leases	537,438
Donated	82,393,236
Grant Funds	7,499,317
School Activity Funds	135,306
General Fund	14,243,494
Special Revenue/Capital Projects Funds	10,774,261
Total Governmental Funds Capital Assets	\$ 194,040,586

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
 June 30, 2011

Function and Activity	Land	Land Improvements	Buildings	Building Improvements	Other Improvements	Machinery & Equipment	Infrastructure	Construction in Progress	Total
General Government:									
General Administration	\$ 113,469	-	1,753,647	-	387,973	421,083	90,974	-	2,767,146
Community Development	65,975	497,417	476,992	84,106	-	166,898	-	-	1,291,388
Other Administrative	286,157	-	5,805,150	158,722	-	1,179,192	-	-	7,429,221
Total General Government	465,601	497,417	8,035,789	242,828	387,973	1,767,173	90,974	0	11,487,755
Education:									
General Operations	2,711,741	-	28,682,354	8,329,957	75,000	2,049,559	-	4,390,671	46,239,282
Child Nutrition	-	-	-	-	-	533,848	-	-	533,848
Total Education	2,711,741	0	28,682,354	8,329,957	75,000	2,583,407	0	4,390,671	46,773,130
Parks and Recreation	632,788	2,182,670	1,538,045	646,365	58,413	1,409,775	0	42,597	6,510,653
Public Safety:									
Police	6,925	-	3,103,930	807,962	-	2,376,077	-	-	6,294,894
Fire	82,624	-	583,270	-	-	2,796,958	-	-	3,462,852
Total Public Safety	89,549	0	3,687,200	807,962	0	5,173,035	0	0	9,757,746
Community Relations									
Viking Hall	-	-	33,901	-	-	101,508	-	-	135,409
Total Community Relations	0	0	33,901	0	0	101,508	0	0	135,409
Public Works:									
Streets	138,669	-	1,765,191	258,472	701,991	3,510,401	110,449,904	442,596	117,267,224
Solid Waste	-	-	-	-	-	2,108,669	-	-	2,108,669
Total Public Works	138,669	0	1,765,191	258,472	701,991	5,619,070	110,449,904	442,596	119,375,893
Total Governmental Funds	\$ 4,038,348	2,680,087	43,742,480	10,285,584	1,223,377	16,653,968	110,540,878	4,875,864	194,040,586

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, 2011

Function and Activity	Governmental Funds Capital Assets June 30, 2010	Additions	Deductions	Transfers	Adjustments	Governmental Funds Capital Assets June 30, 2011
General Government:						
General Administration	\$ 2,751,847	8,308	8,007	14,998	-	2,767,146
Community Development	1,291,388	-	-	-	-	1,291,388
Other Administrative	7,457,548	89,280	117,607	-	-	7,429,221
Total General Government	11,500,783	97,588	125,614	14,998	0	11,487,755
Education:						
General Operations	41,995,758	4,803,400	559,876	-	-	46,239,282
Child Nutrition	546,905	5,168	18,225	-	-	533,848
Total Education	42,542,663	4,808,568	578,101	0	0	46,773,130
Parks and Recreation	6,508,977	142,222	0	(140,546)	0	6,510,653
Public Safety:						
Police	6,234,730	179,923	119,759	-	-	6,294,894
Fire	3,432,199	65,000	34,347	-	-	3,462,852
Total Public Safety	9,666,929	244,923	154,106	0	0	9,757,746
Community Relations:						
Viking Hall	128,567	6,842	-	-	-	135,409
Total Public Venue	128,567	6,842	0	0	0	135,409
Public Works:						
Streets	114,495,292	2,689,606	43,077	125,548	(145)	117,267,224
Solid Waste	2,009,496	99,173	-	-	-	2,108,669
Total Public Works	116,504,788	2,788,779	43,077	125,548	(145)	119,375,893
Total Governmental Funds Capital Assets	\$ 186,852,707	8,088,922	900,898	0	(145)	194,040,586

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended June 30, 2011

CFDA Number	Program Name/Grant Number	Grantor Agency	Balance July 1, 2010	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2011
Community Development Block Grant Fund:							
14.218	Community Development Block Grant	U.S. Department of Housing and Urban Development	\$ (88,239)	322,415	281,180	-	(47,004) *
14.253	Community Development Block Grant ARRA Entitlement Grant	U.S. Department of Housing and Urban Development	0	29,708	35,936	-	(6,228) *
Pass Through State of Tennessee:							
14.231	Emergency Shelter Grant ESG-09-21	U.S. Department of Housing and Urban Development	0	40,202	40,202	-	0
Total Community Development Block Grant Fund			(88,239)	392,325	357,318	0	(53,232)
Facilities Capital Projects Fund							
Pass Through State of Tennessee:							
20.205	Highway Planning & Construction ARRA-STP-M-9102(7)	U.S. Department of Transportation	(621,179)	689,658	168,732	-	(100,253) *
20.205	Highway Planning & Construction ARRA-STP-M-473(2)	U.S. Department of Transportation	0	-	91,211	-	(91,211) *
20.205	Section 5303: Transit Planning STP-M/HPP-9102(6)	U.S. Department of Transportation	(14,237)	85,946	116,253	-	(44,544) *
20.205	Section 5303: Transit Planning SRTS-9201	U.S. Department of Transportation	0	-	187,086	-	(187,086) *
81.128	Energy Efficiency Conservation Block Grant ARRA GG-1133-082	U.S. Department of Energy	0	-	11,800	-	(11,800) *
Total Facilities Capital Projects Fund			(635,416)	775,604	575,082	0	(434,894)
General Fund:							
97.083	SAFER Grant EMW-2007-FF-00158	U.S. Department of Homeland Security	(13,713)	124,662	119,118	-	(8,169) *
Pass Through State of Tennessee:							
97.036	Federal Emergency Management Agency Vehicles less than 10,000	U.S. Department of Homeland Security	0	-	5,762	-	(5,762) *

* Receivable ** Unused Revenue

(Continued)

CITY OF BRISTOL, TENNESSEE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended June 30, 2011

CFDA Number	Program Name/Grant Number	Grantor Agency	Balance July 1, 2010	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2011
<u>General Fund (Continued):</u>							
97.036	Federal Emergency Management Agency Assistance BRLC23A 163-08540-00	U.S. Department of Homeland Security	0	-	8,819	-	(8,819) *
97.036	Federal Emergency Management Agency Assistance BRLC14B 163-08540-00	U.S. Department of Homeland Security	0	-	8,345	-	(8,345) *
Total General Fund			(13,713)	124,662	142,044	0	(31,095)
<u>General Purpose School Fund:</u>							
Pass Through State of Tennessee:							
84.394	ARRA SFSF - BEP - Basic Education Program	U.S. Department of Education	0	1,214,166	1,214,166	-	0
84.397	ARRA SFSF - CSH - Coordinated School Health	U.S. Department of Education	(17,569)	106,385	95,000	-	(6,184) *
84.397	ARRA SFSF - Extended Contracts	U.S. Department of Education	(67,263)	127,687	105,974	-	(45,550) *
84.397	ARRA SFSF - Internet Connectivity	U.S. Department of Education	0	11,529	11,529	-	0
84.397	ARRA SFSF - Safe Schools	U.S. Department of Education	0	16,700	16,700	-	0
ARRA-Emergency Contingency Fund for Temporary Assistance for Needy Families - TANF - State Program							
93.714		U.S. Dept. of Health & Human Services	0	26,191	26,191	-	0
Total General Purpose School Fund			(84,832)	1,502,658	1,469,560	0	(51,734)
<u>Grant Fund:</u>							
10.769	Rural Business Enterprise Grant	U.S. Department of Agriculture	(7,588)	8,818	1,230	-	0
16.607	Bulletproof Vest Partnership Grant	U.S. Department of Justice	(1,401)	2,009	4,208	-	(3,600) *
16.710	COPS Hiring Recovery Program 2009 RK WX0811	U.S. Department of Justice	4,914	30,101	44,797	-	(9,782) *
16.580	Edward Byrne Memorial Justice 2009-DJ-BX-0547	U.S. Department of Justice	(502)	636	134	-	0
16.738	Edward Byrne Memorial Justice 2010-DJ-BX-0086	U.S. Department of Justice	0	11,995	13,500	-	(1,505) *
16.804	Edward Byrne Memorial Justice 2009-SB-B9-2387	U.S. Department of Justice	(35,442)	46,295	10,853	-	0
Pass Through State of Tennessee:							
10.664	Cooperative Forestry Assistance Z-09-213674-00	U.S. Department of Agriculture	(1,236)	-	-	1,236	0

* Receivable ** Unused Revenue

(Continued)

CITY OF BRISTOL, TENNESSEE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended June 30, 2011

CFDA Number	Program Name/Grant Number	Grantor Agency	Balance July 1, 2010	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2011
<u>Grant Fund (Continued):</u>							
10.664	Cooperative Forestry Assistance Z-08-21278-00	U.S. Department of Agriculture	(5,000)	-	-	5,000	0
16.751	Edward Byrne Memorial Justice Assistance Grant 206027526 00	U.S. Department of Justice	(4,012)	4,012	-	-	0
16.588	STOP Grant 9920	U.S. Department of Justice	(6,167)	38,572	42,435	-	(10,030) *
97.078	Buffer Zone Protection Program 2009-BF-T9-0011	U.S. Department of Homeland Security	0	-	24,728	-	(24,728) *
Pass Through Other Entities:							
93.043	Title III D Grant for Health Promotion and Medication Management	U.S. Department of Health and Human Services (Subrecipient from First Tennessee Development District)	(2,500)	2,500	2,500	-	(2,500) *
93.044	Title III B Grants for Supportive Services and Senior Centers Grant	U.S. Department of Health and Human Services (Subrecipient from First Tennessee Development District)	(1,741)	21,293	21,583	-	(2,031) *
93.052	Title III E National Family Caregiver	U.S. Department of Health and Human Services (Subrecipient from First Tennessee Development District)	128	1,517	1,952	-	(307) *
Total Grant Fund			(60,547)	167,748	167,920	6,236	(54,483)
<u>HOME Consortium Fund</u>							
14.239	HOME Investment Partnership Program	U.S. Department of Housing and Urban Development	(34,569)	932,500	959,539	0	(61,608) *
School Federal Projects Fund:							
Pass Through State of Tennessee:							
84.010	Title I, Project 2011.01	U.S. Department of Education	(13,835)	812,870	821,339	-	(22,304) *
84.389	Title I - ARRA, Project 2010.21	U.S. Department of Education	0	237,104	237,104	-	0
Total Title I			(13,835)	1,049,974	1,058,443	0	(22,304)

* Receivable ** Unused Revenue

(Continued)

CITY OF BRISTOL, TENNESSEE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended June 30, 2011

CFDA Number	Program Name/Grant Number	Grantor Agency	Balance July 1, 2010	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2011
<u>School Federal Projects Fund (Continued):</u>							
84.027	IDEA, Project 2011.01	U.S. Department of Education	(433)	779,921	779,488	-	0
84.027	IDEA, Project 2010.21	U.S. Department of Education	0	73,371	73,371	-	0
84.027A	Special Education Grant - Inclusion	U.S. Department of Education	(4,477)	4,477	-	-	0
84.391	IDEA - ARRA, Project 2010.21	U.S. Department of Education	(6,845)	240,903	234,058	-	0
	Total IDEA		(11,755)	1,098,672	1,086,917	0	0
84.173	Preschool Incentive, Project 2011.01	U.S. Department of Education	0	20,302	20,302	-	0
84.392	Preschool Incentive-ARRA, Proj. 2010.01	U.S. Department of Education	0	2,875	2,875	-	0
	Total IDEA - Preschool		0	23,177	23,177	0	0
84.048	Carl Perkins (Vocational Program Improvements)	U.S. Department of Education	0	48,786	55,761	-	(6,975) *
84.186	Drug Free Schools, Project 2011.01	U.S. Department of Education	(2,162)	2,162	-	-	0
84.395	First to the Top, Project 2011.01	U.S. Department of Education	0	84,461	84,461	-	0
	Total School Federal Projects Fund		(27,752)	2,307,232	2,308,759	0	(29,279)
<u>School Nutrition Fund:</u>							
Pass Through State of Tennessee:							
10.553	National School Breakfast Program	U.S. Department of Agriculture	0	210,763	210,763	-	0
10.555	National School Lunch Program	U.S. Department of Agriculture	0	754,579	754,579	-	0
10.582	Fresh Fruit and Vegetable Program	U.S. Department of Agriculture	(3,226)	15,779	20,522	-	(7,969) *
Pass Through Northeast Tennessee Cooperative:							
10.555	USDA: Commodity Supplemental Feeding-Commodities Distributed	Tennessee Department of Agriculture	0	202,762	202,762	-	0
	Total School Nutrition Fund		(3,226)	1,183,883	1,188,626	0	(7,969)

* Receivable ** Unused Revenue

(Continued)

CITY OF BRISTOL, TENNESSEE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended June 30, 2011

CFDA Number	Program Name/Grant Number	Grantor Agency	Balance July 1, 2010	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2011
<u>Sewer Fund</u>							
97.036	Federal Emergency Management Agency Assistance BRLC23A 163-08540-00	U.S. Department of Homeland Security	0	-	453	-	(453) *
97.036	Federal Emergency Management Agency Assistance BRLC14B 163-08540-00	U.S. Department of Homeland Security	0	-	2,531	-	(2,531) *
Total Sewer Fund			0	0	2,984	0	(2,984)
<u>Solid Waste Fund</u>							
97.036	Federal Emergency Management Agency Assistance BRLC23A 163-08540-00	U.S. Department of Homeland Security	0	0	60,705	0	(60,705) *
<u>Transportation Grant Fund:</u>							
20.507	Section 5307: Operating Assistance TN-90-X304	U.S. Department of Transportation	(108,062)	186,383	78,321	-	0
20.507	Section 5307: Operating Assistance TN-90-X326	U.S. Department of Transportation	0	147,363	258,636	-	(111,273) *
20.507	Section 5307: ARRA Operating Assistance TN-96-X011	U.S. Department of Transportation	(9,664)	504,436	509,772	-	(15,000) *
<u>Pass Through State of Tennessee:</u>							
20.205	Section 112: Transportation Planning Z-07-036290-00	U.S. Department of Transportation	(32,878)	139,123	130,390	-	(24,145) *
20.205	Section 5303: Transit Planning GG-07-26132-00	U.S. Department of Transportation	(4,662)	8,967	4,305	-	0
20.205	Section 5303: Transit Planning GG-09-30999-00	U.S. Department of Transportation	0	15,037	15,037	-	0
20.205	Section 5303: Transit Planning GG-11-36194-00	U.S. Department of Transportation	0	-	11,289	-	(11,289) *

* Receivable ** Unused Revenue

(Continued)

CITY OF BRISTOL, TENNESSEE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended June 30, 2011

CFDA Number	Program Name/Grant Number	Grantor Agency	Balance July 1, 2010	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2011
<u>Transportation Grant Fund (Continued):</u>							
Pass Through State of Virginia							
20.205	Section 112: Transportation Planning FY 10 Authorization	U.S. Department of Transportation	(1,722)	1,722	-	-	0
20.205	Section 112: Transportation Planning FY 11 Authorization	U.S. Department of Transportation	0	13,878	18,124	-	(4,246) *
20.205	Section 5303: Transit Planning 41009-01	U.S. Department of Transportation	0	-	13,055	-	(13,055) *
Total Transportation Grant Fund			(156,988)	1,016,909	1,038,929	0	(179,008)
<u>Water Fund</u>							
97.036	Federal Emergency Management Agency Assistance BRLC23A 163-08540-00	U.S. Department of Homeland Security	0	-	2,080	-	(2,080) *
97.036	Federal Emergency Management Agency Assistance BRLC14B 163-08540-00	U.S. Department of Homeland Security	0	-	1,215	-	(1,215) *
Pass Through State of Tennessee:							
81.128	Energy Efficiency Conservation Block Grant ARRA GG-1133-082	U.S. Department of Energy	0	-	88,200	-	(88,200) *
Total Water Fund			0	0	91,495	0	(91,495)
TOTAL FEDERAL GRANTS			\$ (1,105,282)	8,403,521	8,362,961	6,236	(1,058,486)

* Receivable ** Unused Revenue

(Continued)

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

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, Believe in Bristol Inc., and the Patricia Freedman Literacy Academy in the amounts of \$25,000, \$22,500, and \$16,000, respectively.

Payments were made from proceeds of the Emergency Shelter Grant to Abuse Alternatives and Salvation Army in the amounts of \$19,144 and \$19,144, respectively.

Payments were made from the HOME Investment Partnership Program to People Inc. of Virginia in the amount of \$172,662.

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 For the Fiscal Year Ended June 30, 2011

CFDA Number	Program Name/Grant Number	Grantor Agency	Balance July 1, 2010	Cash Receipts	Expenditures	Balance June 30, 2011
<u>General Fund:</u>						
N/A	Tennessee Emergency Management Agency FEMA-1974-DR-TN	Tennessee Department of Military	0	-	1,470	(1,470) *
N/A	Tennessee Emergency Management Agency FEMA-1974-DR-TN	Tennessee Department of Military	0	-	1,391	(1,391) *
Total General Fund			0	0	2,861	(2,861)
<u>General Purpose School Fund</u>						
N/A	Career Ladder Supplement	Tennessee Department of Education	13,018	143,360	155,654	724 **
N/A	Driver's Education	Tennessee Department of Education	0	22,062	22,062	0
N/A	Early Childhood Grant - Pilot / State	Tennessee Department of Education	(16,604)	335,382	327,548	(8,770) *
N/A	Extended Contract	Tennessee Department of Education	1,218	-	1,218	0
N/A	Internet Connectivity	Tennessee Department of Education	0	2,115	2,115	0
Total General Purpose School Fund			(2,368)	502,919	508,597	(8,046)
<u>Grant Fund:</u>						
N/A	Tennessee Agricultural Enhancement Program Grants	Tennessee Department of Agriculture	0	9,816	9,816	0
N/A	Juvenile Court	Tennessee Commission on Children and Youth (Subrecipient of Sullivan County)	0	2,781	2,781	0
N/A	State Senior Center Operations Grant	Tennessee Department of Health and Human Services (Subrecipient from First Tennessee Development District)	0	14,750	17,700	(2,950) *
N/A	Service Coordination Funds	Tennessee Department of Health and Human Services (Subrecipient from First Tennessee Development District)	0	3,947	4,685	(738) *
Total Grant Fund			0	31,294	34,982	(3,688)
<u>School Nutrition Fund:</u>						
N/A	State Matching Funds	Tennessee Department of Agriculture	0	18,577	18,577	0

* Receivable ** Unused Revenue

(Continued)

CITY OF BRISTOL, TENNESSEE
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 For the Fiscal Year Ended June 30, 2011

CFDA Number	Program Name/Grant Number	Grantor Agency	Balance July 1, 2010	Cash Receipts	Expenditures	Balance June 30, 2011
<u>Sewer Fund</u>						
N/A	Disaster Recovery Revenue FEMA-1974-DR-TN	Tennessee Department of Military	0	-	75	(75) *
N/A	Disaster Recovery Revenue FEMA-1974-DR-TN	Tennessee Department of Military	0	-	422	(422) *
Total Sewer Fund			0	0	497	(497)
<u>Solid Waste Fund</u>						
N/A	TEMA Disaster Recovery Revenue FEMA-1974-DR-TN	Tennessee Department of Military	0	0	10,117	(10,117) *
<u>Transportation Grant Fund:</u>						
N/A	State Transit Operating Assistance Grant GG-11-33097	Tennessee Department of Transportation	(78,748)	114,365	73,461	(37,844) *
N/A	State Transit Operating Assistance Grant GG-11-36688	Tennessee Department of Transportation	0	-	73,257	(73,257) *
N/A	Section 5303: Transit Planning GG-07-26132	Tennessee Department of Transportation	(583)	1,121	538	0
N/A	Section 5303: Transit Planning GG-09-30999	Tennessee Department of Transportation	0	1,880	1,880	0
N/A	Section 5303: Transit Planning GG-11-36194	Tennessee Department of Transportation	0	-	1,411	(1,411) *
N/A	Section 112: Transportation Planning FY 10 Authorization	Virginia Department of Transportation	(215)	215	-	0
N/A	Section 112: Transportation Planning FY 11 Authorization	Virginia Department of Transportation	0	1,735	2,266	(531) *
N/A	Section 5303: Transit Planning 41009-01	Virginia Department of Transportation	0	-	1,632	(1,632) *
Total Transportation Grant Fund			(79,546)	119,316	154,445	(114,675)

* Receivable ** Unused Revenue

(Continued)

CITY OF BRISTOL, TENNESSEE
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 For the Fiscal Year Ended June 30, 2011

CFDA Number	Program Name/Grant Number	Grantor Agency	Balance July 1, 2010	Cash Receipts	Expenditures	Balance June 30, 2011
<u>Water Fund</u>						
N/A	TEMA Disaster Recovery Revenue FEMA-1974-DR-TN	Tennessee Department of Military	0	-	346	(346) *
N/A	TEMA Disaster Recovery Revenue FEMA-1974-DR-TN	Tennessee Department of Military	0	-	202	(202) *
Total Water Fund			0	0	548	(548) *
TOTAL STATE GRANTS			\$ (81,914)	672,106	730,624	(140,432)

* Receivable ** Unused Revenue

See Independent Auditors' Report.

STATISTICAL SECTION

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

Contents	Page
Financial Trends: <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	160
Revenue Capacity: <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	167
Debt Capacity: <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	171
Demographic and Economic Information: <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	176
Operating Information: <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities that it performs.</i>	178

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 ASSETS BY COMPONENT (UNAUDITED)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities										
Invested in Capital Assets, Net of Related Debt Restricted for:	66,453,969	71,883,689	79,103,024	81,067,139	83,981,613	93,104,918	96,106,222	96,973,876	98,061,071	97,767,105
Capital Assets	2,513,580	1,020,535	422,494	302,716	371,487	111,896	114,854	40,767	-	1,513,636
Community and Economic Development	933,761	944,011	811,039	832,684	300	210,000	212,427	542	-	-
Debt Service	-	8,122	8,673	5,755	8,367	7,670	10,556	-	-	-
Education	227,210	74,227	76,424	72,567	56,278	66,841	254,772	34,415	109,885	21,375
Juvenile Court	-	-	-	-	-	-	-	-	-	4,020
Parks and Recreation	16,829	9,299	8,645	9,085	9,481	12,926	20,616	22,149	21,929	9,806
Police and Drug Control	56,136	40,377	26,727	29,328	15,173	75,793	66,519	95,315	103,414	123,302
School Nutrition	-	-	-	-	-	-	-	-	-	1,183,865
State Street Aid	298,972	288,046	333,208	387,413	155,100	274,952	257,545	313,797	394,512	137,852
Unrestricted	13,502,697	12,264,260	13,185,677	14,898,035	15,743,113	17,737,719	19,628,771	22,421,022	24,679,361	24,200,501
Total Governmental Activities Net Assets	84,003,154	86,532,566	93,975,911	97,604,722	100,340,912	111,602,715	116,672,282	119,901,883	123,370,172	124,961,462
Business-type Activities										
Invested in Capital Assets, Net of Related Debt Restricted for:	50,357,971	55,473,399	58,999,654	63,038,755	65,850,200	70,802,179	83,359,835	90,020,144	94,732,789	97,370,921
Capital Assets	-	-	-	-	-	-	85,552	-	-	-
Debt Service	-	24,507	26,170	17,367	22,201	19,728	21,471	-	-	-
Unrestricted	42,328,341	39,095,248	40,276,516	40,659,583	42,213,567	42,769,401	34,036,004	29,218,356	32,865,088	39,587,510
Total Business-type Activities Net Assets	92,686,312	94,593,154	99,302,340	103,715,705	108,083,968	113,591,308	117,502,862	119,238,500	127,597,877	136,958,431
Primary Government										
Invested in Capital Assets, Net of Related Debt Restricted for:	116,811,940	127,357,088	138,102,678	144,105,894	149,831,813	163,907,097	179,466,057	186,994,020	192,793,860	195,138,026
Capital Assets	2,513,580	1,020,535	422,494	302,716	371,487	111,896	200,406	40,767	-	1,513,636
Community Development	933,761	944,011	811,039	832,684	300	210,000	212,427	542	-	-
Debt Service	-	32,629	34,843	23,122	30,568	27,398	32,027	-	-	-
Education	227,210	74,227	76,424	72,567	56,278	66,841	254,772	34,415	109,885	21,375
Juvenile Court	-	-	-	-	-	-	-	-	-	4,020
Parks and Recreation	16,829	9,299	8,645	9,085	9,481	12,926	20,616	22,149	21,929	9,806
Police and Drug Control	56,136	40,377	26,727	29,328	15,173	75,793	66,519	95,315	103,414	123,302
School Nutrition	-	-	-	-	-	-	-	-	-	1,183,865
State Street Aid	298,972	288,046	333,208	387,413	155,100	274,952	257,545	313,797	394,512	137,852
Unrestricted	55,831,038	51,359,508	53,462,193	55,557,618	57,956,680	60,507,120	53,664,775	51,639,378	57,544,449	63,788,011
Total Primary Government Net Assets	176,689,466	181,125,720	193,278,251	201,320,427	208,426,880	225,194,023	234,175,144	239,140,383	250,968,049	261,919,893

See Independent Auditors' Report.

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
PROGRAM REVENUES:										
Governmental Activities:										
Charges for Services:										
Community Relations	1,212,845	789,493	813,240	431,653	713,071	436,089	727,869	424,190	655,858	336,205
Education	1,007,388	886,533	873,535	959,619	1,017,952	1,034,228	1,062,804	1,104,559	993,765	981,072
Public Safety	405,281	317,710	696,580	968,232	940,308	1,024,723	1,096,054	1,130,864	1,280,204	1,195,597
Public Works	759,158	753,107	917,361	1,041,003	1,050,484	1,299,926	1,367,015	1,474,102	1,477,648	1,503,086
Other Activities	214,185	199,687	205,474	216,159	351,087	494,202	537,565	532,586	581,115	750,179
Operating Grants and Contributions	13,520,352	14,547,715	15,207,426	17,190,201	18,116,491	20,496,547	22,672,953	23,432,053	23,167,349	22,546,392
Capital Grants and Contributions	2,050,271	3,980,480	7,816,413	3,721,803	1,676,462	10,859,682	3,105,457	1,815,257	1,800,530	2,687,416
Total Governmental Activities Program Revenues	19,169,480	21,474,725	26,530,029	24,528,670	23,865,855	35,645,397	30,569,717	29,913,611	29,956,469	29,999,947
Business-type Activities:										
Charges for Services:										
Electric	49,995,435	53,346,617	57,758,354	57,323,729	66,375,813	69,850,039	74,105,047	86,116,901	76,634,117	90,400,573
Water	3,584,724	3,858,608	3,757,324	3,665,432	3,809,582	4,022,347	4,165,607	3,969,542	4,333,217	4,551,885
Sewer	3,995,541	4,100,590	4,210,408	4,261,403	4,316,970	4,494,021	4,543,321	4,402,386	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
Telephone	-	-	-	-	-	387,950	1,412,239	2,458,309	3,154,712	3,335,118
Demolition Landfill	129,234	167,132	142,483	183,976	128,252	126,749	144,780	136,633	324,476	140,480
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	1,359,540	962,120	1,010,191	824,657	1,356,555	443,301	1,435,843	353,026	2,844,275	1,837,330
Total Business-type Activities Program Revenues	59,064,474	62,435,067	66,878,760	66,259,197	76,340,613	81,646,498	89,944,561	104,163,805	101,403,615	116,169,911
Total Primary Government Program Revenues	78,233,954	83,909,792	93,408,789	90,787,867	100,206,468	117,291,895	120,514,278	134,077,416	131,360,084	146,169,858
EXPENSES:										
Governmental Activities:										
General Government	2,489,895	3,056,001	3,467,305	4,757,598	5,139,301	4,844,996	5,725,884	5,886,703	5,742,353	6,119,207
Community Relations	1,627,953	1,281,469	1,329,476	777,834	1,011,156	878,437	1,231,929	990,187	1,021,044	806,526
Education	26,871,014	26,698,577	26,789,598	28,655,626	30,762,189	33,899,981	35,867,305	36,477,834	36,319,527	36,497,096
Parks and Recreation	1,923,751	1,933,967	1,965,461	2,083,955	2,380,400	2,719,955	2,777,750	3,098,924	3,379,825	3,751,378
Public Safety	7,514,877	8,280,905	8,702,306	9,127,336	9,801,256	10,666,085	10,482,040	10,936,224	10,896,643	11,154,395
Public Works	5,700,459	5,985,646	6,243,406	6,624,843	7,181,502	7,487,226	7,985,529	7,866,136	8,607,962	8,771,220
Interest on Long-Term Debt	437,294	386,922	337,407	288,457	362,144	354,645	663,021	688,148	709,656	686,811
Total Governmental Activities Expenses	46,565,243	47,623,487	48,834,959	52,315,649	56,637,948	60,851,325	64,733,458	65,944,156	66,677,010	67,786,633
Business-type Activities:										
Electric	49,345,554	53,523,123	56,028,377	54,779,542	64,250,450	67,115,121	72,017,098	82,867,552	76,642,189	88,320,850
Water	3,643,130	3,822,469	3,482,281	3,351,293	3,445,194	3,780,756	3,799,575	4,162,169	3,922,749	4,227,801
Sewer	3,663,039	3,777,955	3,861,979	3,997,785	4,069,436	4,247,002	3,986,849	4,087,508	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
Telephone	-	-	-	-	-	267,905	989,310	2,475,214	1,449,062	1,471,246
Demolition Landfill	168,401	154,109	172,974	205,875	235,954	297,023	521,450	309,878	573,344	448,652
Total Business-type Activities Expenses	56,820,124	61,277,656	63,545,611	62,334,495	72,288,819	77,713,847	84,871,062	99,888,605	92,118,803	105,700,361
Total Primary Government Expenses	103,385,367	108,901,143	112,380,570	114,650,144	128,926,767	138,565,172	149,604,520	165,832,761	158,795,813	173,486,994

(Continued)

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
NET (EXPENSE)/REVENUE:										
Governmental Activities	(27,395,763)	(26,148,762)	(22,304,930)	(27,786,979)	(32,772,093)	(25,205,928)	(34,163,741)	(36,030,545)	(36,720,541)	(37,786,686)
Business-type Activities	2,244,350	1,157,411	3,333,149	3,924,702	4,051,794	3,932,651	5,073,499	4,275,200	9,284,812	10,469,550
Total Primary Government Net Expense	(25,151,413)	(24,991,351)	(18,971,781)	(23,862,277)	(28,720,299)	(21,273,277)	(29,090,242)	(31,755,345)	(27,435,729)	(27,317,136)
GENERAL REVENUES AND OTHER CHANGES										
IN NET ASSETS:										
Governmental Activities:										
Taxes:										
Property Tax	16,136,399	16,584,591	17,267,372	18,444,597	19,707,656	20,368,771	21,570,386	22,672,187	23,786,875	23,445,917
Sales Tax	7,369,526	7,188,764	7,520,906	7,875,796	8,496,412	9,128,039	9,209,471	8,965,002	8,457,598	8,615,701
Other Tax	2,729,399	2,645,992	-	-	-	-	-	-	-	-
Payments in Lieu of Tax	-	-	135,760	44,747	169,114	49,633	68,188	71,763	57,601	31,169
Beer and Liquor Tax	-	-	579,679	599,166	633,125	684,167	743,257	763,540	761,487	772,930
Business Tax	-	-	408,936	444,651	408,536	434,742	459,760	549,846	455,662	514,496
Cable Franchise Tax	-	-	257,760	252,742	270,531	309,638	336,777	264,588	324,127	373,356
Gas Franchise Tax	-	-	492,642	383,611	465,381	449,630	306,354	448,978	286,077	281,099
Hotel/Motel Tax	-	-	198,179	173,756	381,292	412,529	467,276	442,883	417,098	394,732
State Revenue (Unrestricted)	2,231,724	2,078,617	2,002,575	2,000,732	3,210,502	2,945,885	3,003,642	2,577,203	2,620,546	2,488,186
Insurance Recoveries	-	-	-	-	-	-	-	-	-	242,639
Investment Earnings (Unrestricted)	456,157	174,647	98,253	259,373	471,877	620,085	844,732	337,543	97,925	18,854
Other General Revenue	257,132	211,602	254,067	417,167	460,039	446,679	700,723	455,964	621,309	543,133
Proceeds from Sale of Equipment	21,454	496	951	-	-	-	-	-	-	-
Transfers	(30,000)	-	815,020	476,146	833,818	843,142	1,485,934	1,710,649	1,464,747	1,655,764
Total Governmental Activities	29,171,791	28,884,709	30,032,100	31,372,484	35,508,283	36,692,940	39,196,500	39,260,146	39,351,052	39,377,976
Business-type Activities:										
Investment Earnings (Unrestricted)	893,783	749,431	673,381	976,405	1,152,287	1,862,795	587,558	850,552	594,065	505,356
Insurance Recoveries	-	-	-	-	-	-	-	-	-	65,883
Other General Revenue	-	-	-	-	-	-	-	3,645	-	-
Transfers	30,000	-	(815,020)	(476,146)	(833,818)	(843,142)	(1,485,934)	(1,710,649)	(1,464,747)	(1,680,235)
Total Business-type Activities	923,783	749,431	(141,639)	500,259	318,469	1,019,653	(898,376)	(856,452)	(870,682)	(1,108,996)
Total Primary Government	30,095,574	29,634,140	29,890,461	31,872,743	35,826,752	37,712,593	38,298,124	38,403,694	38,480,370	38,268,980
CHANGE IN NET ASSETS:										
Governmental Activities	1,776,028	2,735,947	7,727,170	3,585,505	2,736,190	11,487,012	5,032,759	3,229,601	2,630,511	1,591,290
Business-type Activities	3,168,133	1,906,842	3,191,510	4,424,961	4,370,263	4,952,304	4,175,123	3,418,748	8,414,130	9,360,554
Total Primary Government	\$ 4,944,161	4,642,789	10,918,680	8,010,466	7,106,453	16,439,316	9,207,882	6,648,349	11,044,641	10,951,844

See Independent Auditors' Report.

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

Fiscal Year	Property Tax	Sales Tax	Payments in Lieu of Tax	Beer and Liquor Tax	Business Tax	Cable Franchise Tax	Gas Franchise Tax	Hotel/Motel Tax	Other Tax	Total
2002	16,136,399	7,369,526	-	-	-	-	-	-	2,729,399	26,235,324
2003	16,584,591	7,188,764	-	-	-	-	-	-	2,645,992	26,419,347
2004	17,267,372	7,520,906	135,760	579,679	408,936	257,760	492,642	198,179	-	26,861,234
2005	18,444,597	7,875,796	44,747	599,166	444,651	252,742	383,611	173,756	-	28,219,066
2006	19,707,656	8,496,412	169,114	633,125	408,536	270,531	465,381	381,292	-	30,532,047
2007	20,368,771	9,128,039	49,633	684,167	434,742	309,638	449,630	412,529	-	31,837,149
2008	21,570,386	9,209,471	68,188	743,257	459,760	336,777	306,354	467,276	-	33,161,469
2009	22,672,187	8,965,002	71,763	763,540	549,846	264,588	448,978	442,883	-	34,178,787
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

See Independent Auditors' Report.

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:										
Nonspendable for:										
Inventory	-	-	-	-	-	-	-	-	-	344,681
Prepaid Items	-	-	-	-	-	-	-	-	-	-
Restricted for:										
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Juvenile Court	-	-	-	-	-	-	-	-	-	4,020
Parks and Recreation	-	-	-	-	-	-	-	-	-	9,806
Police and Drug Control	-	-	-	-	-	-	-	-	-	18,143
School Nutrition	-	-	-	-	-	-	-	-	-	-
State Street Aid	-	-	-	-	-	-	-	-	-	-
Committed for:										
Solid Waste	-	-	-	-	-	-	-	-	-	-
Viking Hall Fund	-	-	-	-	-	-	-	-	-	-
Assigned for:										
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Next Year's Budget	-	-	-	-	-	-	-	-	-	694,881
State Street Aid	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	12,890,134
Total General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,961,665
All Other Governmental Funds:										
Nonspendable for:										
Inventory	\$ -	-	-	-	-	-	-	-	-	68,682
Prepaid Items	-	-	-	-	-	-	-	-	-	59,283
Restricted for:										
Capital Outlay	-	-	-	-	-	-	-	-	-	1,513,636
Education	-	-	-	-	-	-	-	-	-	21,375
Juvenile Court	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-	-
Police and Drug Control	-	-	-	-	-	-	-	-	-	105,159
School Nutrition	-	-	-	-	-	-	-	-	-	1,183,865
State Street Aid	-	-	-	-	-	-	-	-	-	137,852
Committed for:										
Solid Waste	-	-	-	-	-	-	-	-	-	285
Viking Hall Fund	-	-	-	-	-	-	-	-	-	13,274
Assigned for:										
Capital Outlay	-	-	-	-	-	-	-	-	-	945,251
Education	-	-	-	-	-	-	-	-	-	9,165,753
Next Year's Budget	-	-	-	-	-	-	-	-	-	-
State Street Aid	-	-	-	-	-	-	-	-	-	207,552
Unassigned	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,421,967

* Comparable information was not available for prior years. The City implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the 2011 fiscal year.

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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
REVENUES:										
Taxes	26,199,256	26,321,671	26,768,949	27,908,857	30,588,527	31,690,741	33,139,066	34,061,218	34,589,335	34,589,362
Licenses and Permits	147,648	154,566	150,097	152,054	180,044	233,850	266,443	208,669	138,008	152,642
Intergovernmental	15,917,410	16,525,184	17,898,825	19,731,646	21,141,889	24,971,548	27,103,389	26,153,592	25,775,163	25,510,683
Charges for Services	1,942,475	1,944,232	2,181,013	2,758,197	2,912,522	3,260,413	3,554,961	3,554,587	3,556,771	3,537,824
Revenues from Use of Facilities	1,237,506	839,660	779,290	364,210	618,497	532,474	651,151	626,002	835,243	744,223
Fines and Forfeitures	327,680	309,323	338,483	453,706	417,834	532,898	456,877	436,468	443,434	471,269
Investment Earnings	456,157	174,646	98,254	259,373	471,877	620,086	844,732	337,543	70,725	46,055
Other	375,412	445,451	304,691	420,321	663,705	378,462	1,206,892	569,940	835,415	1,333,614
Total Revenues	46,603,544	46,714,733	48,519,602	52,048,364	56,994,895	62,041,472	67,223,511	65,948,019	66,244,094	66,385,672
EXPENDITURES:										
General Government	2,388,030	2,843,801	3,272,598	4,456,212	4,731,009	4,502,006	5,308,254	5,466,955	5,263,518	5,178,458
Community Relations	1,612,413	1,099,437	1,098,890	774,916	1,001,575	868,050	1,228,660	1,000,991	1,011,166	788,484
Education	24,735,794	26,383,469	26,484,146	28,140,633	30,224,340	33,280,755	34,862,919	35,545,327	35,296,739	35,168,736
Parks and Recreation	1,693,506	1,816,447	1,852,794	1,978,440	2,192,522	2,571,850	2,638,797	2,926,362	3,219,908	3,440,821
Public Safety	6,917,638	7,704,931	8,195,469	8,746,803	9,320,840	10,123,040	10,202,548	10,490,276	10,195,665	10,436,462
Public Works	3,745,754	4,050,090	4,195,117	4,549,484	4,975,117	5,007,853	5,461,576	5,360,172	6,046,216	6,153,484
Capital Outlay	6,741,774	4,237,172	2,914,911	5,921,420	3,268,205	3,453,600	5,506,964	11,619,001	6,841,729	6,682,487
Debt Service:										
Principal	1,336,375	1,046,549	889,192	1,122,650	1,320,253	1,373,901	1,139,346	1,380,569	1,335,571	1,729,155
Interest	451,641	399,692	342,576	295,137	347,683	333,886	616,284	678,490	646,982	645,363
Other Costs	-	-	-	123,155	22,124	21,503	18,453	18,109	4,593	1,906
Bond Issuance Costs	-	-	-	-	-	-	197,805	-	50,911	65,107
Total Expenditures	49,622,925	49,581,588	49,245,693	56,108,850	57,403,668	61,536,444	67,181,606	74,486,252	69,912,998	70,290,463
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(3,019,381)	(2,866,855)	(726,091)	(4,060,486)	(408,773)	505,028	41,905	(8,538,233)	(3,668,904)	(3,904,791)

(Continued)

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Other Financing Sources (Uses):</u>										
Bonds Issued	3,080,000	1,120,097	-	6,585,000	-	-	12,900,000	323,584	2,760,000	4,450,000
Notes Payable	-	-	578,000	-	-	-	-	424,000	-	1,378,410
Premium on Bonds Issued	-	-	-	10,345	-	-	727	-	65,911	215,254
Payments to Refund Bonds	(3,000,000)	(1,086,754)	-	(3,033,276)	-	-	-	(323,584)	(2,775,000)	-
Proceeds from Capital Leases	316,436	-	-	-	-	-	-	-	-	-
Proceeds from County Bonds	-	-	-	253,050	-	-	-	-	-	-
Insurance Recoveries	-	-	-	-	-	-	-	-	-	242,640
Refund to the State of Tennessee	(3,941)	-	-	-	-	-	-	-	-	-
Sale of Capital Assets	21,454	496	951	-	-	-	-	-	-	25,830
Transfers In	7,063,014	6,626,725	7,708,398	6,684,907	8,025,416	8,142,449	9,413,843	8,623,229	11,209,910	10,138,655
Transfers Out	(7,093,014)	(6,626,725)	(6,893,378)	(6,208,761)	(6,842,198)	(7,170,000)	(7,927,909)	(6,912,580)	(9,645,163)	(8,482,891)
Total Other Financing Sources	383,949	33,839	1,393,971	4,291,265	1,183,218	972,449	14,386,661	2,134,649	1,615,658	7,967,898
(Uses)										
Net Change in Fund Balances	(2,635,432)	(2,833,016)	667,880	230,779	774,445	1,477,477	14,428,566	(6,403,584)	(2,053,246)	4,063,107
Debt Service as a Percentage of Noncapital Expenditures	4.17%	3.19%	2.66%	3.07%	3.12%	2.98%	3.20%	3.30%	3.23%	3.84%

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

Fiscal Year	Local Sales Tax	Beer and Liquor Taxes	Business Tax	Gas Franchise Tax	Cable Television Franchise Tax	Hotel and Motel Taxes	Total
2002	7,368,989	509,119	404,542	464,252	242,659	194,421	9,183,982
2003	7,187,612	522,380	431,073	307,961	243,604	205,559	8,898,189
2004	7,521,533	579,679	409,451	431,142	252,760	198,179	9,392,744
2005	7,561,966	599,166	444,651	399,111	252,742	173,756	9,431,392
2006	8,790,242	633,125	408,536	442,881	267,031	381,292	10,923,107
2007	9,118,039	684,167	434,742	447,130	321,138	412,529	11,417,745
2008	9,204,471	743,256	459,759	350,277	356,355	467,276	11,581,394
2009	8,975,533	763,540	549,846	415,977	369,588	442,883	11,517,367
2010	8,439,767	761,487	455,662	329,077	324,127	417,098	10,727,218
2011	8,598,770	772,930	514,496	294,485	330,346	394,732	10,905,759

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			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					
2002	171,855	157,389	5,572	21,538	402,391	2.35	1,295,703	31.06%
2003	174,990	159,018	5,985	19,247	410,525	2.35	1,327,302	30.93%
2004	182,127	168,864	6,165	17,953	434,194	2.35	1,404,844	30.91%
2005	185,490	175,882	6,712	18,060	457,179	2.35	1,477,999	30.93%
2006	212,465	203,952	7,958	19,473	500,783	2.30	1,616,706	30.98%
2007	220,370	214,699	8,570	17,635	519,526	2.30	1,678,705	30.95%
2008	226,299	221,936	8,416	15,110	535,568	2.42	1,769,471	30.27%
2009	234,354	226,234	8,756	14,550	545,058	2.50	1,801,620	30.25%
2010	281,179	285,413	9,241	16,467	665,269	2.19	2,148,387	30.97%
2011	280,548	286,832	9,401	16,673	660,383	2.19	2,130,288	31.00%

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

See Independent Auditors' Report.

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

<u>Fiscal Year</u>	<u>Total City of Bristol, Tennessee Millage</u>	<u>Overlapping Rates Sullivan County, Tennessee Millage</u>	<u>Total Direct & Overlapping Rates</u>
2002	2.35	2.35	4.70
2003	2.35	2.35	4.70
2004	2.35	2.67	5.02
2005	2.35	2.56	4.91
2006	2.30	2.53	4.83
2007	2.30	2.53	4.83
2008	2.42	2.53	4.95
2009	2.50	2.53	5.03
2010	2.19	2.13	4.32
2011	2.19	2.13	4.32

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

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

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)
June 30, 2011

<u>Taxpayer</u>	<u>2011</u>			<u>2002</u>		
	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Bristol Motor Speedway, Inc.	\$ 54,706,732	1	8.28%	27,592,861	1	6.86%
King Pharmaceutical, Inc.	21,022,108	2	3.18%	7,771,381	5	1.93%
Beecham Lab, Inc.	14,525,173	3	2.20%	11,561,667	3	2.87%
Godsey Leasing	12,341,340	4	1.87%	2,764,370	10	0.69%
Royal Mouldings Ltd.	11,048,762	5	1.67%	-		0.00%
United Telephone Southeast	10,237,542	6	1.55%	16,334,005	2	4.06%
Highlands Wellmont Health Network	9,047,171	7	1.37%	6,386,895	6	1.59%
Exide Corporation	7,467,400	8	1.13%	10,778,536	4	2.68%
Bristol Metals, LP	5,531,209	9	0.84%	2,878,539	9	0.72%
Gatton	4,838,145	10	0.73%	-		0.00%
Comprehensive Care	-		0.00%	3,175,480	7	0.79%
Robinette Company	-		0.00%	3,113,506	8	0.77%
	<u>\$150,765,582</u>		<u>22.8%</u>	<u>92,357,240</u>		<u>23.0%</u>

See Independent Auditors' Report.

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Subsequent Tax Levy Adjustments			Adjusted Tax Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes at June 30, 2011
		Levy Adjustments	Levy	Subsequent Tax Levy Adjustments		Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy	
2002	\$ 9,456,180	(40,907)	9,415,273	9,055,623	96.2%	338,195	9,393,818	99.8%	21,455		
2003	9,650,913	(117,009)	9,533,904	9,189,163	96.4%	292,828	9,481,991	99.5%	51,913		
2004	10,230,605	(91,149)	10,139,456	9,917,752	97.8%	190,869	10,108,621	99.7%	30,835		
2005	10,764,095	(68,976)	10,695,119	10,362,411	96.9%	290,038	10,652,449	99.6%	42,670		
2006	11,518,027	(40,834)	11,477,193	11,068,858	96.4%	358,966	11,427,824	99.6%	49,369		
2007	11,955,217	24,156	11,979,373	11,516,911	96.1%	390,061	11,906,972	99.4%	72,401		
2008	12,980,029	823	12,980,852	12,507,378	96.4%	399,529	12,906,907	99.4%	73,945		
2009	13,628,721	54,874	13,683,595	13,065,284	95.5%	491,606	13,556,890	99.1%	126,705		
2010	14,569,729	(15,542)	14,554,187	13,795,578	94.8%	415,943	14,211,521	97.6%	342,666		
2011	14,464,758	(6,486)	14,458,272	13,712,408	94.8%	-	13,712,408	94.8%	745,864		

Note: As of June 30, 2011, tax years prior to 2010 had been turned over to Sullivan County, Tennessee Clerk and Master for collections.

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
RATIOS OF OUTSTANDING DEBT BY TYPE (UNAUDITED)
Last Ten Fiscal Years

Fiscal Year	Government Activities				Business Type Activities							Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes Payable	Capital Leases	Electric System Revenue Bonds	Demolition and Landfill Obligation Bonds	Water, Sewer, and General	Sewer Revenue Bonds	Water and Sewer Notes Payable	Capital Leases					
2002	8,962,715	-	323,103	-	-	-	9,690,284	5,812,965	134,857	24,923,924	5.40%	1,004		
2003	8,085,097	-	187,514	-	3,379,903	7,575,000	2,448,703	87,904	21,764,121	4.77%	862			
2004	7,303,087	578,000	80,332	-	3,041,913	6,555,000	2,312,041	38,597	19,908,970	4.78%	788			
2005	10,249,855	385,000	12,798	-	2,685,145	5,350,000	2,135,693	-	20,818,491	4.95%	824			
2006	9,135,400	192,000	-	23,910,000	2,309,600	4,095,000	2,669,459	-	42,311,459	9.82%	1,664			
2007	7,953,499	-	-	23,910,000	1,896,501	2,795,000	2,416,468	-	38,971,468	8.56%	1,532			
2008	19,714,153	-	-	23,470,000	3,475,847	1,425,000	2,158,518	-	50,243,518	10.66%	1,975			
2009	18,333,584	424,000	-	23,015,000	2,936,416	-	1,972,960	-	46,681,960	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			

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

See the Schedule of Demographic and Economic Statistics on page 176 for personal income and population data.

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
RATIOS OF GENERAL BONDED DEBT OUTSTANDING (UNAUDITED)
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
	¹			²	³
2002	\$ 8,962,715	273,313	8,689,402	0.67%	350
2003	8,085,097	142,023	7,943,074	0.60%	314
2004	7,303,087	189,971	7,113,116	0.51%	282
2005	10,249,855	178,984	10,070,871	0.68%	399
2006	9,135,400	220,891	8,914,509	0.60%	350
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%	717
2010	17,043,584	-	17,043,584	0.95%	666
2011	19,825,000	-	19,825,000	0.92%	742

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 167 for property value data.

³ See the Schedule of Demographic and Economic Statistics on page 176 for population data.

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)
As of June 30, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u> ¹	<u>Share of Overlapping Debt</u>
Debt Repaid with Property Taxes: Sullivan County, Tennessee	\$ 49,035,696	18%	<u>\$ 8,826,425</u>
Subtotal, Overlapping Debt			8,826,425
City of Bristol, Tennessee Direct Debt			21,506,267
Total Direct and Overlapping Debt			<u><u>\$ 30,332,692</u></u>

Sources: Debt outstanding data provided by Sullivan County, Tennessee staff.

Note:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Bristol, Tennessee. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residences and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
LEGAL DEBT MARGIN INFORMATION (UNAUDITED)
Last Ten Fiscal Years

Neither the City Charter nor the State of Tennessee has placed any restrictions on the amount of debt that may be issued by the City of Bristol, Tennessee.

See Independent Auditors' Report.

CITY OF BRISTOL, TENNESSEE
PLEDGED-REVENUE COVERAGE (UNAUDITED)
 Last Ten Fiscal Years

Fiscal Year	Electric System Bonds				Water and Sewer Bonds					
	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Coverage	
2002	\$ -	-	-	-	7,881,868	4,706,829	3,175,039	1,619,270	754,749	1.34
2003	-	-	-	-	8,119,359	5,140,320	2,979,039	2,143,958	655,081	1.06
2004	-	-	-	-	8,011,049	4,947,084	3,063,965	1,156,662	379,665	1.99
2005	-	-	-	-	8,006,620	5,180,928	2,825,692	1,205,000	258,481	1.93
2006	66,375,813	62,283,217	4,092,596	-	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	-	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	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	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	-	-	-	-	-	-
2011	94,277,806	82,819,693	11,458,113	485,000	-	-	-	-	-	-

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2002	24,821	461,900,000	*	39.9	3,493	5.0%
2003	25,259	455,902,000	*	39.9	3,580	6.1%
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%

*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

<u>EMPLOYER</u>	<u>2011</u>			<u>2002</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment*</u>
Wellmont Health System at Bristol Regional Medical Center	1,748	1	14.34%	1,125	1	
Pfizer	510	2	4.18%	468	4	
Bristol, Tennessee School System	417	3	3.42%	403	5	
Exide Corporation	414	4	3.40%	950	2	
City of Bristol, Tennessee	334	5	2.74%	311	7	
Bristol Metals LP	306	6	2.51%	215	9	
Robinette Company	300	7	2.46%	280	8	
Walmart	300	8	2.46%			
Lowe's	250	9	2.05%			
Century Link	199	10	1.63%	514	3	
Seaman Corporation				115	10	
GlaxoSmithKline Laboratories				402	6	
	<u>4,778</u>		<u>39.20%</u>	<u>4,783</u>		

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

*Note: Total employment for 2002 was unavailable.

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

FUNCTION	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	38	39	37	30	31	31	37	41	41	42
Community Relations	10	6	7	6	5.5	5.5	5.5	7	5	6
Education	399.5	401.5	399.5	400	413	422	427	423	413	417
Parks and Recreation	32	32	32	32	33	33	34	34	36	36
Public Safety										
Police	86	88	88	91	91	92	92	89	91	90
Fire	46	47	47	47	50.5	50.5	51.5	58	58	58
Public Works										
Engineering & GIS	-	-	-	7	8	8	8	8	8	7
Fleet Maintenance	10	10	10	10	10	10	10	10	10	10
Street Maintenance	24	24	24	24.5	24.5	24.5	25	25	23	24
Solid Waste	18	16	16	16	16	16	16	16	15	15
Other	9	9	9	8.5	8.5	8.5	7.7	7.7	7.7	7.7
Electric	60	60	60	60	60	60	60	60	58	59
Water	25.5	25.5	26.5	26.5	26.5	26.5	25	26.5	24.5	24.5
Sewer	12.5	12.5	12.5	12.5	12.5	12.5	14	12.5	11.5	11.5
Demolition Landfill	2	2	2	2	2	2	2.3	2.3	2.3	2.3
Total	772.5	772.5	770.5	773	792	802	815	820	804	810

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Education</u>										
Average Daily Membership	3,493	3,580	3,616	3,675	3,675	3,864	3,898	3,908	3,843	3,859
<u>Public Safety</u>										
Police:										
Average Emergency Response Time	4.5 min.	4.5 min.	4.5 min.	4.5 min.	6 min.	6.24 min.	6.32 min.	6.35 min.	6.05 min.	6.33 min.
Number of Calls for Service	23,544	32,683	42,914	55,729	53,591	47,097	47,156	47,292	67,225	80,375
Number of Arrests	1,359	1,807	1,911	1,454	2,088	2,313	2,507	2,758	2,035	2,106
Fire:										
Average Response Time	4.5 min.	4.5 min.	6.41 min.	4.59 min.	5.02 min.	4.46 min.	5.05 min.	3.27 min.	4.18 min.	4.57 min.
Number of Alarms Answered	2,851	2,617	2,554	3,914	4,085	4,192	4,569	4,988	5,011	5,281
Number of Code Inspections	6,360	4,913	5,941	6,813	6,288	7,381	1,210	892	1,024	216
<u>Public Works</u>										
Refuse Collected (Cubic Yards or Tons)	10,132 T	10,521 T	45,234 CY	11,272 T	10,821 T	10,656 T	10,569 T	10,306 T	10,162 T	9,900 T
Brush Collection (Cubic Yards)	47,416	49,512	37,239	41,928	42,280	40,943	41,311	39,902	39,902	44,734
Junk Collection (Cubic Yards)	35,273	39,212	27,333	29,052	27,899	24,196	25,205	24,266	21,958	19,072
Leaf Collection (Cubic Yards or Tons)	1,547 T	1,207 T	5,973 CY	5,782 CY	5,249 CY	1,031 T	5,101 CY	1,092 T	944 T	976 T
Number of Customers	9,313	9,328	9,559	9,741	9,873	10,041	10,074	9,661	9,682	9,768
<u>Water</u>										
Daily Average Treatment (Million Gallons)	6	6	6.52	5.7	5.7	5.5	6.1	5.7	5.9	5.7
Number of Customers	11,591	11,994	11,789	11,820	11,938	12,256	12,298	12,368	12,451	12,405
<u>Sewer</u>										
Daily Average Treatment (Bristol, VA/TN) (Million Gallons)	9.5	9.5	9.5	11.75	9.5	9.5	8.3	9.3	10.7	10.8
Number of Customers	9,858	10,165	9,771	10,335	10,425	10,584	10,865	11,021	11,402	11,417
<u>Demolition Landfill</u>										
Waste Received (Cubic Yards)	30,000	35,000	51,527	49,102	52,935	51,479	63,423	22,000	26,000	43,984

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

See Independent Auditors' Report.

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Education</u>										
Number of Elementary Schools	6	6	6	6	6	6	5	5	6	5
Number of Junior High Schools	1	1	1	1	1	1	1	1	1	1
Number of High Schools	1	1	1	1	1	1	1	1	1	1
<u>Parks and Recreation</u>										
Community Centers	1	1	1	1	1	1	1	1	1	1
Parks	24	24	24	24	24	24	24	27	27	27
Parks Acreage	2,377	2,377	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
Basketball Court Facilities	6	6	6	6	6	6	6	6	7	7
Disc Golf Courses	-	-	-	-	-	-	-	1	1	1
<u>Public Safety</u>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	44	44	44	43	43	43	43	43	43	43
Fire:										
Fire Stations	4	4	4	4	4	4	4	4	4	4
<u>Public Works</u>										
Streets (miles)	338	341	341	346	347	351	352	353	353	356
<u>Electric</u>										
Miles of Service Lines	*	*	1,226	1,226	1,239	1,251	1,272	1,276	1,276	1,280
Miles of Cable Lines	*	*	*	69.8	69.8	69.8	937.0	878.0	944.2	946.5
<u>Water</u>										
Water Mains (Miles)	*	*	250	250	250	259	261	393	265	272
Fire Hydrants	900	1,050	1,050	1,050	1,050	1,067	1,212	1,214	1,191	1,242
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	5	5	6	7	5
Number of Water Reservoirs	8	8	8	8	8	8	8	9	9	9
<u>Sewer</u>										
Sanitary Sewers (Miles)	*	*	210	210	210	228	229	241	241	249
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	28	28	29	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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Residential										
Monthly Customer Charge	5.52	5.52	6.29	6.29	6.29	6.29	6.42	6.42	6.42	8.42
Energy Charge:										
Summer	-	-	-	-	-	-	-	-	-	0.08712
Winter	-	-	-	-	-	-	-	-	-	0.08438
Transition	-	-	-	-	-	-	-	-	-	0.08267
First 1,000 kWh Per Month	0.05018	0.05018	0.05374	0.05374	0.06352	0.06157	0.07212	0.07407	0.07661	-
Additional kWh Per Month	0.05615	0.05615	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	10.00	10.00	14.00	14.00	14.00	14.00	14.29	14.29	14.29	-
Customer Charge Per Month:										
Single Phase Self Contained	-	-	-	-	-	-	-	-	-	13.86
Single Phase CT	-	-	-	-	-	-	-	-	-	13.86
Three Phase Self Contained	-	-	-	-	-	-	-	-	-	40.90
Three Phase CT	-	-	-	-	-	-	-	-	-	40.90
Energy Charge	0.05820	0.05820	0.06240	0.06240	0.06240	0.07112	0.08236	0.08461	0.08799	-
Summer	-	-	-	-	-	-	-	-	-	0.09821
Winter	-	-	-	-	-	-	-	-	-	0.09547
Transition	-	-	-	-	-	-	-	-	-	0.09376
Plan A-2 (Demand of 50 kW to 1,000 kW or demand less than 50kW but usage in excess of 15,000 kWh):										
Monthly Customer Charge	10.00	10.00	25.00	25.00	25.00	25.00	25.51	25.51	25.51	-
Customer Charge Per Month:										
Single Phase Self Contained	-	-	-	-	-	-	-	-	-	48.43
Single Phase CT	-	-	-	-	-	-	-	-	-	48.43
Three Phase Self Contained	-	-	-	-	-	-	-	-	-	71.99
Three Phase CT	-	-	-	-	-	-	-	-	-	71.99
Demand Charge:										
Excess of 50kW	7.86	7.86	8.56	8.56	10.06	9.63	10.49	10.83	11.76	-
Summer	-	-	-	-	-	-	-	-	-	10.15
Winter	-	-	-	-	-	-	-	-	-	9.33
Transition	-	-	-	-	-	-	-	-	-	9.33
Energy Charge:										
First 15,000 kWh Per Month	0.05774	0.05774	0.06194	0.06194	0.07300	0.07066	0.08189	0.08414	0.08752	-
Summer	-	-	-	-	-	-	-	-	-	0.09491
Winter	-	-	-	-	-	-	-	-	-	0.09217

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

(Continued)

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Transition	-	-	-	-	-	-	-	-	-	0.09046
Additional kWh Per Month	0.03184	0.03184	0.03420	0.03420	0.04042	0.03947	0.04785	0.04900	0.04945	-
Summer	-	-	-	-	-	-	-	-	-	0.06377
Winter	-	-	-	-	-	-	-	-	-	0.06106
Transition	-	-	-	-	-	-	-	-	-	0.05990
Plan A-3 (Demand of 1,001 kW to 5,000 kW):										
Monthly Customer Charge	10.00	10.00	25.00	25.00	25.00	25.00	25.51	25.51	25.51	100.00
Demand Charge:										
First 1,000 kW	7.89	7.89	8.56	8.56	10.14	9.67	10.58	10.94	11.92	-
Excess of 1,000 kW	9.09	9.09	10.06	10.06	11.94	11.39	12.45	12.88	14.04	-
Summer	-	-	-	-	-	-	-	-	-	10.50
Winter	-	-	-	-	-	-	-	-	-	9.68
Transition	-	-	-	-	-	-	-	-	-	9.68
Energy Charge	0.03184	0.03184	0.03420	0.03420	0.04042	0.03947	0.04785	0.04900	0.04945	-
Summer	-	-	-	-	-	-	-	-	-	0.06377
Winter	-	-	-	-	-	-	-	-	-	0.06106
Transition	-	-	-	-	-	-	-	-	-	0.05990
Plan B (Demand of 5,001 kW to 15,000 kW):										
Monthly Customer Charge	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	-
Demand Charge	10.23	10.23	10.96	10.96	12.89	12.33	13.16	13.59	14.78	-
Energy Charge:										
First 620 kWh Per Month	0.02825	0.02825	0.03050	0.03050	0.03588	0.03514	0.04234	0.04333	0.04336	-
Additional kWh Per Month	0.02306	0.02306	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	1,500.00	1,500.00	-
Demand Charge	10.34	10.34	11.07	11.07	13.00	12.44	13.27	13.70	14.89	-
Energy Charge:										
First 620 kWh Per Month	0.02825	0.02825	0.03050	0.03050	0.03588	0.03514	0.04234	0.04333	0.04336	-
Additional kWh Per Month	0.02306	0.02306	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	1,500.00	1,500.00	-	-	-	-	-	-	-	-
Demand Charge	12.60	12.60	-	-	-	-	-	-	-	-
Energy Charge	0.02265	0.02265	-	-	-	-	-	-	-	-

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

(Continued)

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
TOU GSB										
Monthly Customer Charge	-	-	-	-	-	-	-	-	1,500.00	1,500.00
Admin Charge	-	-	-	-	-	-	-	-	-	350.00
Demand Charge:										
Summer	-	-	-	-	-	-	-	-	-	-
OnPeak KW	-	-	-	-	-	-	-	-	15.45	15.38
OffPeak KW Excess Onpeak	-	-	-	-	-	-	-	-	3.36	3.30
KW Excess Contract KW	-	-	-	-	-	-	-	-	15.45	15.38
Winter										
OnPeak KW	-	-	-	-	-	-	-	-	8.54	8.49
OffPeak KW Excess Onpeak	-	-	-	-	-	-	-	-	3.36	3.30
KW Excess Contract KW	-	-	-	-	-	-	-	-	8.54	8.49
Transition										
OffPeak KW Excess Onpeak	-	-	-	-	-	-	-	-	3.36	3.30
KW Excess Contract KW	-	-	-	-	-	-	-	-	3.36	3.30
Energy Charge										
Summer OnPeak	-	-	-	-	-	-	-	-	0.09158	0.09483
Summer OffPeak-First 425 HUD	-	-	-	-	-	-	-	-	0.05793	0.06119
Summer OffPeak-Next 195 HUD	-	-	-	-	-	-	-	-	0.03982	0.04308
Summer OffPeak-Over 620 HUD	-	-	-	-	-	-	-	-	0.02445	0.02771
Winter OnPeak	-	-	-	-	-	-	-	-	0.06183	0.06509
Winter OffPeak- First 425 HUD	-	-	-	-	-	-	-	-	0.05793	0.06119
Winter OffPeak- Next 195 HUD	-	-	-	-	-	-	-	-	0.03982	0.04308
Winter OffPeak- Over 620 HUD	-	-	-	-	-	-	-	-	0.02445	0.02771
Transition OffPeak- First 425 HUD	-	-	-	-	-	-	-	-	0.05793	0.06119
Transition OffPeak- Next 195 HUD	-	-	-	-	-	-	-	-	0.03982	0.04308
Transition OffPeak- Over 620 HUD	-	-	-	-	-	-	-	-	0.02445	0.02771
TOU MSB										
Monthly Customer Charge	-	-	-	-	-	-	-	-	1,500.00	1,500.00
Admin Charge	-	-	-	-	-	-	-	-	-	350.00
Demand Charge:										
Summer	-	-	-	-	-	-	-	-	-	-
OnPeak KW	-	-	-	-	-	-	-	-	15.46	15.38
OffPeak KW Excess Onpeak	-	-	-	-	-	-	-	-	3.37	3.30
KW Excess Contract KW	-	-	-	-	-	-	-	-	15.46	15.38
Winter										
OnPeak KW	-	-	-	-	-	-	-	-	8.55	8.49

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

(Continued)

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
OffPeak KW Excess Onpeak	-	-	-	-	-	-	-	-	3.37	3.30
KW Excess Contract KW	-	-	-	-	-	-	-	-	8.55	8.49
Transition										
OffPeak KW Excess Onpeak	-	-	-	-	-	-	-	-	3.37	3.30
KW Excess Contract KW	-	-	-	-	-	-	-	-	3.37	3.30
Energy Charge										
Summer OnPeak	-	-	-	-	-	-	-	-	0.07685	0.08011
Summer OffPeak-First 425 HUD	-	-	-	-	-	-	-	-	0.04357	0.04685
Summer OffPeak-Next 195 HUD	-	-	-	-	-	-	-	-	0.02546	0.02874
Summer OffPeak-Over 620 HUD	-	-	-	-	-	-	-	-	0.01009	0.01337
Winter OnPeak	-	-	-	-	-	-	-	-	0.04771	0.05097
Winter OffPeak- First 425 HUD	-	-	-	-	-	-	-	-	0.04357	0.04685
Winter OffPeak- Next 195 HUD	-	-	-	-	-	-	-	-	0.02546	0.02874
Winter OffPeak- Over 620 HUD	-	-	-	-	-	-	-	-	0.01009	0.01337
Transition OffPeak- First 425 HUD	-	-	-	-	-	-	-	-	0.04357	0.04685
Transition OffPeak- Next 195 HUD	-	-	-	-	-	-	-	-	0.02546	0.02874
Transition OffPeak- Over 620 HUD	-	-	-	-	-	-	-	-	0.01009	0.01337
SDE SMSB										
Monthly Customer Charge	-	-	-	-	-	-	-	-	-	1,500.00
Admin Charge	-	-	-	-	-	-	-	-	-	350.00
Demand Charge:										
Summer	-	-	-	-	-	-	-	-	-	17.60
Winter	-	-	-	-	-	-	-	-	-	11.46
Transition	-	-	-	-	-	-	-	-	-	6.85
Energy Charge										
Summer	-	-	-	-	-	-	-	-	-	0.04170
Winter	-	-	-	-	-	-	-	-	-	0.03719
Transition	-	-	-	-	-	-	-	-	-	0.03614
SDE SMSC										
Monthly Customer Charge	-	-	-	-	-	-	-	-	-	1,500.00
Admin Charge	-	-	-	-	-	-	-	-	-	350.00
Demand Charge:										
Summer	-	-	-	-	-	-	-	-	-	17.71
Winter	-	-	-	-	-	-	-	-	-	11.57
Transition	-	-	-	-	-	-	-	-	-	6.96

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

(Continued)

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Energy Charge	-	-	-	-	-	-	-	-	-	-
Summer	-	-	-	-	-	-	-	-	-	0.04140
Winter	-	-	-	-	-	-	-	-	-	0.03718
Transition	-	-	-	-	-	-	-	-	-	0.03617

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

Source: Summarized from internal records.

See Independent Auditors' Report.

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

	2007	2008	2009	2010	2011
<u>Telephone</u>					
Basic Telephone Service	\$ 22.90	22.90	22.90	22.90	22.90
Enhanced Telephone Service	28.90	28.90	28.90	28.90	28.90
100 Minutes Long Distance	6.95	6.95	6.95	6.95	6.95
200 Minutes Long Distance	12.95	12.95	12.95	12.95	12.95
500 Minutes Long Distance	24.95	24.95	24.95	24.95	24.95
Unlimited Minutes Long Distance	29.95	29.95	29.95	29.95	29.95
<u>Cable Television</u>					
Expanded Basic	39.95	39.95	39.95	39.95	39.95
Digital:					
Basic	49.95	50.95	50.95	51.95	51.95
Bronze	59.95	59.95	59.95	62.95	62.95
Silver	67.95	67.95	67.95	70.95	70.95
Gold	72.95	72.95	72.95	78.95	78.95
Spanish Tier	4.95	4.95	4.95	4.95	4.95
High Definition Tier	9.95	9.95	9.95	9.95	9.95
Sports Tier	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
Premium Packages:					
Cinemax	9.95	9.95	9.95	12.95	12.95
HBO	11.95	11.95	11.95	14.95	14.95
Showtime	11.95	11.95	11.95	12.95	12.95
Starz	9.95	9.95	9.95	10.95	10.95
<u>Internet</u>					
Fiber Optic:					
64K Tier	16.95	16.95	16.95	16.95	16.95
1Mbps Tier	29.95	29.95	29.95	29.95	29.95
2Mbps Tier	39.95	39.95	39.95	39.95	39.95
4Mbps Tier	49.95	49.95	49.95	49.95	49.95
12Mbps Tier	-	-	59.95	59.95	59.95

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, 2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Water Rates										
<u>Residential</u>										
Inside the City (Per 1,000 Gallon):										
First 1,000 Gallons (Minimum)	5.00	5.00	5.00	5.00	-	-	-	-	-	-
From 1,001 to 50,000	2.10	2.10	2.10	2.10	-	-	-	-	-	-
From 50,001 to 100,000	2.00	2.00	2.00	2.00	-	-	-	-	-	-
Over 100,000	1.80	1.80	1.80	1.80	-	-	-	-	-	-
Rural/Outside the City (Per 1,000 Gallon):										
First 1,000 Gallons (Minimum)	10.00	10.00	10.00	10.00	-	-	-	-	-	-
From 1,001 to 50,000	4.20	4.20	4.20	4.20	-	-	-	-	-	-
From 50,001 to 100,000	4.00	4.00	4.00	4.00	-	-	-	-	-	-
Over 100,000	4.00	4.00	4.00	4.00	-	-	-	-	-	-
<u>Commercial</u>										
Inside the City:										
First 100,000 Gallons	200.00	240.00	240.00	240.00	-	-	-	-	-	-
Over 100,000 Gallons (Per 1,000 Gallon)	1.00	1.10	1.20	1.20	-	-	-	-	-	-
Rural/Outside the City:										
First 100,000 Gallons	400.00	400.00	400.00	400.00	-	-	-	-	-	-
Over 100,000 Gallons (Per 1,000 Gallon)	2.00	2.60	2.60	2.60	-	-	-	-	-	-
<u>All Customers</u>										
Inside the City (Per 1,000 Gallon):										
First 1,000 Gallons (Minimum)	-	-	-	-	5.30	5.62	5.93	5.93	6.43	6.98
From 1,001 to 50,000	-	-	-	-	2.23	2.36	2.49	2.49	2.70	2.93
From 50,001 to 100,000	-	-	-	-	2.12	2.25	2.38	2.38	2.58	2.80
From 100,001 to 250,000	-	-	-	-	1.91	2.02	2.13	2.13	2.31	2.51
Over 250,001	-	-	-	-	1.35	1.43	1.51	1.51	1.64	1.78

(Continued)

CITY OF BRISTOL, TENNESSEE
 SCHEDULE OF WATER AND SEWER RATES (UNAUDITED)
 For the Fiscal Year Ended June 30, 2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
From 1,001 to 50,000	-	-	-	-	4.46	4.72	4.98	4.98	5.40	5.86
From 50,001 to 100,000	-	-	-	-	4.24	4.50	4.75	4.75	5.16	5.60
From 100,001 to 250,000	-	-	-	-	3.82	4.04	4.27	4.27	4.62	5.02
Over 250,001	-	-	-	-	2.70	2.86	3.03	3.03	3.28	3.56
Utility Districts (Per 1,000 Gallon)	N/A	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.95	2.95
Sewer Rates										
Monthly Charge for Cost of Supplying Service	3.00	3.00	3.00	3.00	3.09	3.18	3.18	3.18	3.50	3.50
Monthly Charge for I/I Rehabilitation	2.00	2.00	2.00	2.00	2.06	2.12	2.12	2.12	2.50	2.50
Inside Rates										
Monthly Customer Charge (Per 1,000 Gallon)										
Minimum Bill of 2,000 Gallons	3.30	3.30	3.30	3.30	3.40	3.50	3.50	3.50	3.64	3.79
and Up to 2,500,000 Gallons	2.20	2.20	2.20	2.20	2.31	2.38	2.38	2.38	2.48	2.58
Over 2,500,000 Gallons										
Outside Rates (Per 1,000 Gallon)										
Monthly Residential Customer Charge	4.95	4.95	4.95	4.95	5.10	5.25	5.25	5.25	5.46	5.68
Minimum Bill of 3,000 Gallons										
Monthly Non-residential Customer Charge	5.50	5.50	5.50	5.50	5.67	5.84	5.84	5.84	6.07	6.31
Minimum Bill of 3,000 Gallons										

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

Source: Summarized from internal records.

See Independent Auditors' Report.



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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bristol, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise the City of Bristol, Tennessee's basic financial statements and have issued our report thereon dated December 22, 2011. Our report was modified to include reference to the other auditors. We did not audit the financial statements of the Electric Fund, which represents 67, 62 and 92 percent, respectively, of the assets, net assets, and revenues of the business-type activities of the City. Those financial statements were audited by other auditors whose report thereon was furnished to us, and our opinion, insofar as it relates to the amounts included for the Electric Fund, was based on the report of the other auditors. We did not audit the financial statements of the Bristol Tennessee/Virginia Public Library, which represents 4 percent of the capital assets of the governmental activities of the City. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Library, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements prescribed by the Comptroller of the Treasury, State of Tennessee. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. **We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.**

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Bristol, Tennessee in a separate letter dated December 22, 2011.

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Virginia
December 22, 2011



**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

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

Compliance

We have audited the 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's major federal programs for the year ended June 30, 2011. The City of Bristol, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Bristol, Tennessee's management. Our responsibility is to express an opinion on the City of Bristol, Tennessee's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Bristol, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Bristol, Tennessee's compliance with those requirements.

In our opinion, the City of Bristol, Tennessee, complied, in all material respects, with the 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, 2011.

Internal Control over Compliance

Management of the City of Bristol, Tennessee, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Bristol, Tennessee's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies or material weaknesses. **We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.**

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Virginia
December 22, 2011

CITY OF BRISTOL, TENNESSEE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2011

Section I - Summary of Auditors' Results

1. The auditor's report expresses an **unqualified opinion** on the basic financial statements.
2. **No significant deficiencies** related to the audit of the financial statements were reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the basic financial statements were disclosed.
4. **No significant deficiencies** related to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with *OMB Circular A-133*.
5. The auditors' report on compliance for the major federal award programs expresses an **unqualified opinion**.
6. The audit disclosed **no audit findings** relating to major programs.
7. The programs tested as major programs include:

<u>Name of Program</u>	<u>CFDA Number</u>
Operating Assistance	20.507
Operating Assistance-ARRA	20.507
Transportation Planning	20.205
Transportation Planning-ARRA	20.205
Title I	84.010
Title I-ARRA	84.389
IDEA	84.027
IDEA-ARRA	84.391
Preschool Incentive	84.173
Preschool Incentive ARRA	84.392
State Fiscal Stabilization Fund-ARRA	84.394
State Fiscal Stabilization Fund-ARRA	84.397
Community Development Block Grant	14.218
Community Development Block Grant-ARRA	14.253
Child Nutrition Cluster:	
USDA Commodity Supplemental Feeding Program	10.555
National School Breakfast Program	10.553
National School Lunch Program	10.555

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

CITY OF BRISTOL, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

Section II – Findings - Financial Statement Audit

None

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

None

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

None